

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SECURITIES EXCHANGE ACT OF 1934  
Release No. 52454/September 16, 2005

ADMINISTRATIVE PROCEEDING  
File No. 3-12009

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In the Matter of :  
: ORDER MAKING FINDINGS AND  
F. THOMAS ECK, III : IMPOSING SANCTION BY DEFAULT

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**SUMMARY**

This Order bars F. Thomas Eck, III (Eck), from participating in an offering of penny stock. Eck was previously convicted of securities fraud and enjoined against violations of the securities laws based on his wrongdoing in a scheme to defraud involving penny stocks.

**I. BACKGROUND**

The Securities and Exchange Commission (Commission) issued its Order Instituting Proceedings (OIP) against Eck on August 12, 2005, pursuant to Section 15(b) of the Securities Exchange Act of 1934 (Exchange Act). The OIP alleges that he was convicted of, and enjoined from, securities fraud, based on his wrongdoing in 1999 and 2000 while participating in offerings of stock of M&A West, Inc. (M&A West), and Virtual Lender.Com, Inc. (Virtual Lender). The only sanction authorized by the OIP is a penny stock bar.

Eck was served with the OIP on August 18, 2005. Accordingly, his answer to the OIP was due by September 7, 2005, that is, within twenty days of service. See 17 C.F.R. § 201.220(b); OIP at 3. Previously, Eck was advised that if his answer were not received by that date, the undersigned would enter an order by default imposing a penny stock bar. See F. Thomas Eck, III, Admin. Proc. No. 3-12009 (A.L.J. Sept. 2, 2005) (unpublished); OIP at 3 (citing 17 C.F.R. §§ 201.155(a), .220(f)). Eck failed to file an answer. A respondent who fails to file an answer to the OIP may be deemed to be in default, and the administrative law judge may determine the proceeding against him. See 17 C.F.R. §§ 201.155(a), .220(f); OIP at 3. Thus, Eck is in default, and the undersigned finds that the allegations in the OIP are true.

## II. FINDINGS OF FACT

Eck was convicted of securities fraud and is currently in prison, serving a seventy-month sentence. United States v. Eck, CR-01-0325 (N.D. Cal. July 9, 2004). He was also permanently enjoined from violating the antifraud and registration provisions of the federal securities laws. SEC v. M&A West, Inc., CV-01-03376 VRW (N.D. Cal. April 27, 2005). The wrongdoing that underlies his conviction and injunction occurred during 1999 and 2000. Eck, formerly of Napa, California, participated in the offering of stock by M&A West and by Virtual Lender. Eck arranged reverse mergers, in which private companies controlled by Eck and others purchased shell corporations without significant assets that had previously issued stock to the public. Then, once the private companies converted into public companies through the mergers, Eck and others offered and sold stock in the newly public companies to the public through nominee accounts he controlled. The price per share in the transactions was less than \$5, and each company had average revenue of less than \$6 million during the prior three years. The actions of Eck and others working with him carried out their plans to illegally offer and sell securities to the public without registration and to defraud the public by failing to disclose their control over the securities. Eck and others also made false and misleading statements to the public and in required filings with the Commission about the financial condition of M&A West in order to make it appear to be a successful “internet incubator.” Eck and others also manipulated the prices of the securities issued in the reverse mergers.

## III. CONCLUSIONS OF LAW

Eck has been convicted, within ten years of the commencement of this proceeding, of a felony that “involves the purchase or sale of any security” within the meaning of Sections 15(b)(4)(B) and 15(b)(6)(A)(ii) of the Exchange Act. Additionally, he has been permanently enjoined “from engaging in or continuing any conduct or practice in connection . . . with the purchase or sale of any security” within the meaning of Sections 15(b)(4)(C) and 15(b)(6)(A)(iii) of the Exchange Act. Further, M&A West and Virtual Lender stock were penny stocks within the meaning of Exchange Act Section 3(a)(51) and Rule 3a51-1, and in the wrongdoing that underlay his conviction and injunction, Eck was a “person participating in an offering of penny stock” within the meaning of Exchange Act Section 15(b)(6)(C).

## IV. SANCTION

Eck will be barred from participating in an offering of penny stock. Thus, he will be barred from acting as a promoter, finder, consultant, or agent; or otherwise engaging in activities with a broker, dealer, or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock. This sanction will serve the public interest and the protection of investors, pursuant to Section 15(b) of the Exchange Act. It accords with Commission precedent and the sanction considerations set forth in Steadman v. SEC, 603 F.2d 1126, 1140 (5th Cir. 1979), aff’d on other grounds, 450 U.S. 91 (1981). Eck’s unlawful conduct was recurring and egregious, extending over a period of many months. There are no mitigating circumstances.

**V. ORDER**

IT IS ORDERED that, pursuant to Section 15(b) of the Securities Exchange Act of 1934, F. THOMAS ECK, III, IS BARRED from participating in an offering of penny stock.

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Carol Fox Foelak  
Administrative Law Judge