

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

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SECURITIES AND EXCHANGE)	
COMMISSION,)	
	Plaintiff,)	
)	
	v.)	Civil Action No.
)	
ERIC T. LANDIS and)	
RIDGEVIEW CAPITAL PARTNERS LLC,)	JURY TRIAL DEMANDED
	Defendants.)	
)	
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COMPLAINT

Plaintiff Securities and Exchange Commission (the “Commission”) alleges the following against Defendants Eric Landis (“Landis”) and Ridgeview Capital Partners LLC (“Ridgeview”).

SUMMARY

1. This is a securities fraud enforcement action against Landis and an entity that he controlled, Ridgeview. Beginning in at least January 2015 and continuing through at least January 2018 (the “Relevant Period”), Landis, operating through Ridgeview, engaged in a scheme to manipulate the stock of at least 97 publicly traded companies. Landis sought to induce others to trade in the securities of companies whose stock he manipulated by creating the mirage that those companies’ securities were in high demand.

2. Landis purported to be a stock promoter who was paid by others to generate interest in the stock of various small companies, whose securities are commonly referred to as microcap securities or microcap stock. Landis represented to the parties who paid him for stock promotion activities that he would send emails to prospective investors through email lists purportedly comprised of tens of thousands subscribers. In reality, Landis did not send

promotional emails to nearly the number of subscribers he claimed, and in some instances he did not send any emails at all.

3. Instead, Landis arranged to place thousands of manipulative trades in the stock of the companies he was paid to promote. In furtherance of the scheme, Landis used multiple brokerage accounts, some in the name of Ridgeview and others in the names of another person and entity who had given him access to their accounts. Landis intended to create the false appearance of active trading in the securities, and he infused the securities markets with false information concerning the actual supply and demand of these publicly traded microcap securities.

4. As a result of the conduct alleged herein, the Defendants violated, and unless restrained and enjoined will continue to violate, Section 17(a) of the Securities Act of 1933 (“Securities Act”), and Sections 9(a) and 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 10b-5 thereunder.

5. The Commission seeks a permanent injunction enjoining the Defendants from engaging in the transactions, acts, practices, and courses of business alleged in this Complaint, disgorgement of all ill-gotten gains from the unlawful conduct together with prejudgment interest, civil penalties, an order prohibiting Defendants from participating in any offering of a penny stock, and such other relief as the Court may deem appropriate.

JURISDICTION AND VENUE

6. This Court has jurisdiction over this action pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Sections 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), and 78aa].

7. Venue lies in this Court pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Section 27 of the Exchange Act [15 U.S.C. § 78aa]. Certain of the acts, practices,

transactions and courses of business alleged in this Complaint occurred within the District of Massachusetts, and were effected, directly or indirectly, by making use of means or instrumentalities of transportation or communication in interstate commerce, or the mails. Among other things, various of the stocks affected by Landis's manipulative trading were offered and sold to investors located in Massachusetts.

DEFENDANTS

8. Eric T. Landis, age 53, is a resident of Charlottesville, Virginia. In 2004, Landis settled a prior enforcement action brought by the Commission for his role in a market manipulation scheme, and he pleaded guilty in a related criminal case to a felony count for obstructing justice. *SEC v. 2DoTrade Inc.*, No. 3:03cv02246 (N.D. Tx. Jan. 23, 2004); *United States v. Landis*, No. 1:04cr00098 (D.D.C. Oct. 3, 2006).

9. Ridgeview Capital Partners LLC was incorporated in Virginia by Landis in 2003. During the Relevant Period, Landis was the sole owner of Ridgeview.

FACTS

A. General Description of Landis's Fraudulent Scheme

10. Individuals or entities sometimes hire and pay stock promoters to generate interest in particular publicly traded companies' securities, including securities of small, often relatively infrequently traded, companies (i.e., "microcap" companies). During the Relevant Period, Landis was self-employed as a stock promoter and claimed to be in the business of disseminating information about public companies through email distributions to lists of subscribers.

11. To facilitate his image as a stock promoter, Landis established, paid for, and controlled email distribution lists designed to tout the stock of publicly traded companies, including The Street Alert, The Penny Reporter, and The Stock Beacon.

12. Landis's lists were a sham. Instead of promoting stocks through mass emails, Landis arranged to buy and sell the stock of a number of companies he had agreed to promote. He created the false appearance of increased supply and demand, which in turn induced additional trading activity by other investors.

13. Landis used multiple brokerage accounts to conduct his manipulative trading. These included: a brokerage account held in his name (the "Landis Accounts"), accounts in Ridgeview's name at three different brokerage firms (the "Ridgeview Accounts"), accounts in the name of one of Landis's relatives at two other brokerage firms (the "Relative Accounts"), and accounts in the name of an entity controlled by a business associate (the "Business Associate Accounts"). Landis had electronic access to each of these accounts and could place orders to buy and sell securities in those accounts through the internet.

14. During the Relevant Period, Landis used the Landis, Ridgeview, Relative, and Business Associate Accounts to place manipulative trades in the publicly traded stock of at least 97 companies, engineering thousands of coordinated trades between the accounts to create the false impression that market participants were engaging in arms-lengths transactions. Landis frequently entered orders using various combinations of the accounts to both buy and sell the same security, with opposite orders submitted at substantially the same time, size, and price. This resulted in approximately 1,300 instances in which an account Landis controlled was on both the buy and sell side of a trade in a particular security. Landis coordinated these matched orders for no legitimate economic reason. Instead, he intended to mislead investors about the extent of the trading activity in the market for a given stock.

15. Landis received about \$3.3 million during the Relevant Period to promote various microcap companies, which he created the appearance of doing by placing thousands of manipulative trades. This Complaint details three examples of Landis's fraudulent scheme.

B. Examples of Landis's Fraudulent Scheme

1. 2015: Interactive Multi-Media Auction Corp.

16. Between approximately March 1, 2015, and April 23, 2015, Landis contracted to promote the stock of a microcap company called Interactive Multi-Media Auction Corp. ("Interactive"). Landis received \$10,000 per day from a third party to disseminate marketing emails about Interactive on April 27 and 28, 2015, and May 4, 2015 on The Street Alert. He received an additional \$5,000 to disseminate marketing emails about Interactive on April 29, 2015 on The Penny Reporter.

17. Landis falsely represented to his client that he sent about 37,000 and 27,000 emails on April 28 and 29, respectively. In fact, The Street Alert never had more than 3,000 subscribers, and The Penny Reporter may have had less than 100. On each of the days that Landis had told his client he would disseminate promotional emails, Landis engaged in manipulative trading of Interactive's stock. This trading was designed to create the false appearance of active market interest in Interactive.

18. For example, on April 28 and 29, 2015, Landis used the Ridgeview and Relative Accounts to coordinate sham trading. On each of these days, Landis accessed multiple Ridgeview and Relative Accounts within minutes of each other, each time using the same Internet Protocol (or "IP") address, 71.62.20.199, which is associated with his home in Charlottesville, Virginia.¹ Landis then entered the following orders, among others, to both buy and sell the securities of Interactive:

¹ An IP address is a numerical label assigned, frequently by an Internet Service Provider, to each device or location that is connected to the internet.

LANDIS INTERACTIVE MATCH TRADES - APRIL 28, 2015										
Executed Trades			Buy-Side Order				Sell-Side Order			
Time	Qty	Price	Broker	Account	Time	Qty	Broker	Account	Time	Qty
9:39:36	1,600	\$1.55	Broker1	Relative	9:39:24	3,000	Broker4	Ridgeview	9:39:27	1,600
9:46:54	1,400	\$1.55	Broker1	Relative	9:39:24	3,000	Broker2	Ridgeview	9:46:41	3,050
9:48:29	1,150	\$1.55	Broker1	Relative	9:46:38	2,600	Broker2	Ridgeview	9:46:41	3,050
10:29:05	450	\$1.59	Broker1	Relative	9:46:38	2,600	Broker4	Ridgeview	10:28:58	1,100
11:24:40	1,000	\$1.55	Broker2	Ridgeview	11:24:36	1,000	Broker1	Relative	11:15:36	2,000

LANDIS INTERACTIVE MATCH TRADES - APRIL 29, 2015										
Executed Trades			Buy-Side Order				Sell-Side Order			
Time	Qty	Price	Broker	Account	Time	Qty	Broker	Account	Time	Qty
9:30:37	600	\$1.61	Broker1	Relative	9:19:48	600	Broker2	Ridgeview	9:20:22	2,500
9:30:58	900	\$1.58	Broker1	Relative	9:18:10	2,000	Broker2	Ridgeview	9:20:22	2,500
9:30:58	900	\$1.58	Broker1	Relative	9:18:41	900	Broker2	Ridgeview	9:20:22	2,500

Landis coordinated the above trades, as well as other trades on these and other days in April and May 2015, for the purpose of creating the false or misleading appearance of increased volume in the trading of the securities of Interactive.

19. Landis's overall trading comprised a significant percentage of the total trading volume in the securities of Interactive on April 28 and 29, 2015:

Date	Landis	Market	Percent
04-28-2015	26,650	53,875	49%
04-29-2015	13,210	31,720	42%

20. Prior to April 2015, none of the Landis, Ridgeview, or Relative Accounts had bought or sold Interactive in at least 2015 and possibly longer.

2. 2016: Agora Holdings Inc.

21. On a number of occasions in 2016, Landis contracted to promote the securities of Agora Holdings Inc. ("Agora") and, through Ridgeview, received over \$200,000 to do so. In exchange, Landis agreed to disseminate emails touting Agora to thousands of subscribers on his email distribution lists. Again, Landis created the appearance of increased market interest in Agora by trading in its securities himself.

22. For example, on September 15, 26, and 28, 2016, Landis was paid by a third party to send emails promoting Agora on two of his email lists, each of which, Landis claimed, had approximately 72,000 subscribers. On those days, Landis engaged in manipulative trading designed to create the false appearance of supply and demand in the securities of Agora, and for the purpose of inducing others to invest.

23. On each of September 15, 26, and 28, Landis accessed Ridgeview and Relative Accounts within minutes of each other through the same IP address, 73.251.124.231, which is associated with Landis's home in Charlottesville, Virginia. Landis then entered the following orders, among others, to both buy and sell the securities of Agora:

LANDIS AGORA MATCHED TRADES - SEPTEMBER 15, 2016										
Executed Trades			Buy-Side Order				Sell-Side Order			
Time	Qty	Price	Broker	Account	Time	Qty	Broker	Account	Time	Qty
9:30:31	5,000	\$0.19	Broker3	Relative	9:30:31	5,000	Broker1	Relative	9:28:52	70,000
9:30:31	5,000	\$0.19	Broker3	Relative	9:30:31	5,000	Broker1	Relative	9:28:52	70,000
9:30:31	5,000	\$0.19	Broker3	Relative	9:30:31	5,000	Broker1	Relative	9:28:52	70,000
9:30:31	5,000	\$0.19	Broker3	Relative	9:30:31	5,000	Broker1	Relative	9:28:52	70,000
9:31:26	3,900	\$0.18	Broker3	Relative	9:31:26	3,900	Broker1	Relative	9:28:52	70,000
9:44:21	5,000	\$0.17	Broker2	Ridgeview	9:38:48	5,000	Broker3	Relative	9:44:11	29,550
9:44:21	5,750	\$0.17	Broker2	Ridgeview	9:44:00	20,000	Broker3	Relative	9:44:11	29,550
9:44:46	14,250	\$0.17	Broker2	Ridgeview	9:44:00	20,000	Broker3	Relative	9:44:46	19,250
12:53:16	5,000	\$0.18	Broker2	Ridgeview	12:51:51	5,000	Broker3	Relative	12:53:16	36,000
12:53:27	5,000	\$0.18	Broker2	Ridgeview	12:52:42	20,000	Broker3	Relative	12:53:16	36,000
LANDIS AGORA MATCHED TRADES - SEPTEMBER 26, 2016										
Executed Trades			Buy-Side Order				Sell-Side Order			
Time	Qty	Price	Broker	Account	Time	Qty	Broker	Account	Time	Qty
9:53:24	6,500	\$0.17	Broker3	Relative	9:53:24	6,500	Broker2	Ridgeview	9:53:08	25,350
9:55:34	100	\$0.17	Broker3	Relative	9:54:42	5,000	Broker2	Ridgeview	9:55:15	20,000
9:55:49	5,000	\$0.17	Broker3	Relative	9:55:49	5,000	Broker2	Ridgeview	9:55:15	20,000
9:59:41	5,000	\$0.17	Broker2	Ridgeview	9:59:15	11,000	Broker3	Relative	9:59:41	5,000
9:59:41	5,000	\$0.17	Broker2	Ridgeview	9:59:15	11,000	Broker3	Relative	9:59:41	5,000
10:03:21	5,000	\$0.17	Broker2	Ridgeview	10:02:56	12,500	Broker3	Relative	10:03:21	5,000
10:03:22	5,000	\$0.17	Broker2	Ridgeview	10:02:56	12,500	Broker3	Relative	10:03:22	5,000
10:18:45	5,000	\$0.17	Broker2	Ridgeview	10:18:19	9,500	Broker3	Relative	10:18:45	5,000
LANDIS AGORA MATCHED TRADES - SEPTEMBER 28, 2016										
Executed Trades			Buy-Side Order				Sell-Side Order			
Time	Qty	Price	Broker	Account	Time	Qty	Broker	Account	Time	Qty
9:37:48	10,000	\$0.18	Broker2	Ridgeview	9:37:45	10,000	Broker3	Relative	9:37:18	44,400
9:38:18	5,600	\$0.18	Broker2	Ridgeview	9:33:55	5,600	Broker3	Relative	9:37:18	44,400
9:38:20	5,000	\$0.18	Broker2	Ridgeview	9:38:19	5,000	Broker3	Relative	9:37:18	44,400
9:39:31	13,800	\$0.18	Broker2	Ridgeview	9:39:26	20,000	Broker3	Relative	9:37:18	44,400
9:50:42	5,000	\$0.18	Broker2	Ridgeview	9:39:26	20,000	Broker3	Relative	9:50:31	10,000
9:56:13	5,000	\$0.18	Broker1	Relative	9:53:10	5,000	Broker3	Relative	9:56:13	25,000
10:15:33	10,000	\$0.17	Broker3	Relative	10:15:33	10,000	Broker1	Relative	10:15:29	65,900
11:22:28	5,000	\$0.17	Broker1	Relative	11:18:26	5,000	Broker3	Relative	11:22:07	75,000
11:22:49	18,000	\$0.17	Broker2	Ridgeview	11:21:53	18,000	Broker3	Relative	11:22:07	75,000

Landis coordinated these and other trades for the purpose of creating the false or misleading appearance of increased volume in the trading of the securities of Agora.

24. Landis's trading comprised a significant percentage of the total trading volume in the securities of Agora on September 15, 26, and 28, 2016:

Date	Landis	Market	Percent
09-15-2016	556,700	2,159,395	26%
09-26-2016	612,600	1,482,216	41%
09-28-2016	1,063,200	1,994,020	53%

3. 2017: Environmental Packaging Technologies Holdings Inc.

25. Landis continued to engage in manipulative trading in 2017. For example, in June 2017, Landis agreed to promote the securities of Environmental Packaging Technologies Holdings Inc. ("Environmental Packaging"), and, through Ridgeview, received \$20,000 to disseminate emails on June 12 and June 13, 2017, touting the stock of Environmental Packaging.

26. Landis falsely represented to his client at this time that The Street Alert and The Stock Beacon had approximately 72,000 subscribers each. In fact, The Street Alert never had more than 3,000 subscribers, and The Stock Beacon never had more than 600 subscribers. To create the appearance of increased investor interest in Environmental Packaging, Landis instead traded in Packaging himself.

27. For example, on June 13, Landis accessed Ridgeview and Relative Accounts within minutes of each other through the same home IP address he used when trading in Agora.

28. After accessing the accounts from the same location each day, Landis entered the following orders, among others, to both buy and sell the securities of Environmental Packaging:

LANDIS ENVIRONMENTAL PACKAGING MATCHED TRADES - JUNE 13, 2017										
Executed Trades			Buy-Side Order				Sell-Side Order			
Time	Qty	Price	Broker	Account	Time	Qty	Broker	Account	Time	Qty
9:40:42	100	\$1.27	Broker3	Relative	9:40:40	5,000	Broker2	Ridgeview	9:40:41	10,000
9:43:33	1,000	\$1.27	Broker3	Relative	9:43:33	1,000	Broker2	Ridgeview	9:40:41	10,000
10:03:18	900	\$1.27	Broker3	Relative	10:01:32	1,000	Broker2	Ridgeview	10:03:17	1,891
10:07:58	391	\$1.27	Broker3	Relative	10:07:58	600	Broker2	Ridgeview	10:03:17	1,891
10:15:10	209	\$1.27	Broker3	Relative	10:07:58	600	Broker2	Ridgeview	10:14:50	2,000
10:58:01	1,000	\$1.20	Broker3	Relative	10:58:01	1,000	Broker2	Ridgeview	10:46:14	14,791
10:58:04	1,000	\$1.20	Broker3	Relative	10:58:04	1,000	Broker2	Ridgeview	10:46:14	14,791

Landis coordinated these and other trades for the purpose of creating the false or misleading appearance of increased volume in the trading of the securities of Environmental Packaging.

29. Landis's trading comprised a significant percentage of the total trading volume in the securities of Environmental Packaging on June 12 and 13, 2017:

Date	Landis	Market	Percent
06-12-2017	93,600	424,956	22%
06-13-2017	87,600	226,263	39%

30. Other than June 12 and June 13, 2017, the specific days Landis was paid to promote the stock, neither Landis, nor any of the Ridgeview, Relative, or Business Associate Accounts, ever traded in Environmental Packaging stock.

* * *

31. As a result of the conduct described herein, Landis engaged in a scheme to defraud investors in at least 97 publicly traded companies through fraudulent trading and market manipulation. Landis's conduct created apparent trading activity in the stock of those companies for the purpose of inducing the purchase and sale of the stock of those companies by others.

32. Landis, through Ridgeview, obtained more than \$3.3 million during the Relevant Period for his purported stock promotion services.

FIRST CLAIM FOR RELIEF

**FRAUD IN THE OFFER OR SALE OF SECURITIES
(Violations of Section 17(a)(1) and (3) of the Securities Act)**

33. The Commission repeats and incorporates by reference the allegations in paragraphs 1-32 above.

34. By reason of the conduct described above, the Defendants, in the offer or sale of securities, by the use of the means or instrumentalities of interstate commerce or of the mails, directly or indirectly, acting with the requisite degree of knowledge or state of mind (i) employed devices, schemes, or artifices to defraud; and (ii) engaged in transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon any persons, including purchasers or sellers of the securities.

35. By reason of the conduct described above, the Defendants each violated Securities Act Section 17(a)(1) and (3) [15 U.S.C. § 77q(a)(1) and (3)].

SECOND CLAIM FOR RELIEF

**FRAUD IN CONNECTION WITH THE PURCHASE OR SALE OF SECURITIES
(Violations of Section 10(b) of the Exchange Act and Rules 10b-5(a) and (c) thereunder)**

36. The Commission repeats and incorporates by reference the allegations in paragraphs 1-32 above.

37. By reason of the conduct described above, the Defendants, directly or indirectly, in connection with the purchase or sale of securities, by the use of the means or instrumentalities of interstate commerce or of the mails, or of any facility of any national securities exchange, intentionally, knowingly or recklessly, (i) employed devices, schemes, or artifices to defraud; and (ii) engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon any persons, including purchasers or sellers of the securities.

38. By reason of the conduct described above, the Defendants violated Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rules 10b-5(a) and (c) [17 C.F.R. § 240.10b-5(a) and (c)] thereunder.

THIRD CLAIM FOR RELIEF
MARKET MANIPULATION
(Violations of Section 9(a)(1)-(2) of the Exchange Act)

39. The Commission repeats and incorporates by reference the allegations in paragraphs 1-32 above.

40. Sections 9(a)(1) and (2) of the Exchange Act [15 U.S.C. §78i(a)(1)-(2)] make it unlawful for any person, directly or indirectly, by the use of the mails or any means or instrumentality of interstate commerce, or of any facility of any national securities exchange, (1) to effect any transaction in a security which involves no change in the beneficial ownership of the security and to enter substantially similar orders for the purchase and sale of any security for the purpose of creating a false or misleading appearance of active trading in the security; or (2) to effect a series of transactions in a security creating actual or apparent active trading in such security, or raising or depressing the price of such security, for the purpose of inducing the purchase or sale of such security by others.

41. By engaging in the conduct described above, the Defendants violated Section 9(a)(1) and (2) of the Exchange Act [15 U.S.C. § 78i(a)(1) and (2)].

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that this Court:

A. Enter a permanent injunction restraining the Defendants and each of their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise, including

email, fax, or overnight delivery service, from directly or indirectly engaging in the conduct described above, or in conduct of similar purport and effect, in violation of:

1. Section 9(a) of the Exchange Act [15 U.S.C. 78i(a)];
2. Section 10(b) of the Exchange Act [15 U.S.C. 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. 240.10b-5]; and
3. Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

B. Order the Defendants to disgorge their ill-gotten gains, plus prejudgment interest;

C. Order the Defendants to pay appropriate civil monetary penalties in accordance with Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)];

D. Order the Defendants be unconditionally and permanently prohibited from participating in any offering of a penny stock, as authorized by Section 20(g) of the Securities Act [15 U.S.C. § 77t(g)] and Section 21d(6)(B) of the Exchange Act [15 U.S.C. § 78u(d)(6)(B)];

E. Retain jurisdiction over this action to implement and carry out the terms of all orders and decrees that may be entered; and

F. Grant such other and further relief as this Court may deem just and proper.

JURY DEMAND

The Commission demands a jury in this matter for all claims so triable.

Respectfully submitted,

SECURITIES AND EXCHANGE COMMISSION

By its attorneys,

/s/ Eric A. Forni

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