

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**  
**August 12, 2005**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-12009**

**In the Matter of**

**F. THOMAS ECK, III,**

**Respondent.**

**ORDER INSTITUTING ADMINISTRATIVE  
PROCEEDINGS PURSUANT TO SECTION  
15(b)(6) OF THE SECURITIES EXCHANGE  
ACT OF 1934, AND NOTICE OF HEARING**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b)(6) of the Securities Exchange Act of 1934 (“Exchange Act”) against F. Thomas Eck, III (“Respondent” or “Eck”).

**II.**

After an investigation, the Division of Enforcement alleges that:

**A.     RESPONDENT**

1.     Eck, approximately 57, and formerly of Napa, California, was affiliated with M&A West, Inc. (“M&A West”) as a controlling shareholder. Eck is now incarcerated at the Taft Correctional Institution, in Taft, California.

**B.     THE PENNY STOCKS**

2.     During 1999, Eck participated in the offering of stock by M&A West, and by at least one other company affiliated with M&A West, Virtual Lender.Com, Inc. (“Virtual Lender”). Eck participated in the offerings by, first, arranging so-called “reverse mergers,” in which private companies controlled by Eck and persons working with him 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 working with him offered and sold stock in the newly-public companies to the public. However, Eck sold shares through “nominee” accounts he controlled.

3. After the reverse mergers of Virtual Lender in February 1999 and M&A West in May 1999, the common stock of each of those issuers was quoted on the Over-the-Counter Bulletin Board Service (“OTCBB”). Because these securities traded on the OTCBB, they were also not reported securities as defined in Commission Rule 11Aa3-1(a) [17 C.F.R. § 240.11Aa3-1(a)]. Based on their offering of stock of Virtual Lender and M&A West to the public, Eck and others working with him sold shares in transactions where the price of the securities sold were less than \$5.00 per share. At the time Eck and the others working with him offered and sold shares of Virtual Lender and M&A West, they did so as part of their plan to illegally offer and sell securities to the public without registration and in furtherance of their efforts to defraud the public by failing to disclose their control over the securities. Also at the time that Eck and others offered the securities, both Virtual Lender and M&A West reported average revenue of less than \$6 million during the prior three years.

4. Accordingly, the securities of Virtual Lender and M&A West were “penny stocks,” which do not fit within any of the exceptions from the definition of penny stock established by Section 3(a)(51) of the Exchange Act and Rule 3a51-1 thereunder.

#### C. ECK’S VIOLATIONS AND THE CIVIL AND CRIMINAL JUDGMENTS

5. On three occasions in 1999 and 2000, Eck and others arranged “reverse mergers” between the privately-owned entities affiliated with M&A West and publicly-traded shell companies, and unlawfully sold unregistered securities issued by the companies to the public. Eck, together with other persons, also knowingly caused M&A West to make fraudulent 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 M&A West appear to be a successful “internet incubator,” and he knowingly participated with others in the manipulation of the prices of securities issued in the reverse mergers through their control of the majority of shares sold to the public. Thus, Eck willfully violated Sections 5(a) and 5(c) of the Securities Act of 1933 (“Securities Act”), and willfully violated or aided and abetted the violation by another person of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

6. On April 27, 2005, a partial final judgment was entered against Eck, permanently enjoining him from future violations of Sections 5(a) and 5(c) of the Securities Act, Sections 10(b) and 13(b)(5) of the Exchange Act, and Rules 10b-5, 13b2-1 and 13b2-2 thereunder, and from aiding and abetting violations of Sections 13(a), 13(b)(2)(A) and (B) of the Exchange Act, and Rules 12b-20, 13a-1, 13a-11 and 13a-13 thereunder, in the civil action entitled Securities and Exchange Commission v. M&A West, Inc., et al., Civil Action Number C-01-03376 VRW, in the United States District Court for the Northern District of California (the “civil case”). The Court’s order further found that Eck violated or aided and abetted violations of each of the above provisions of the securities laws. Eck was also ordered to pay a \$550,000 civil penalty. The Court’s order granted the motion of the Commission for summary judgment against Eck, to which Eck had not responded.

7. On September 16, 2003, Eck entered into a plea agreement in which he agreed to plead guilty to two counts of willful securities fraud and aiding and abetting in violation of 15 U.S.C. §§ 78j(b) and 78ff, and 18 U.S.C. § 2, in the related criminal action before the United States District Court for the Northern District of California, United States v. F. Thomas Eck, III, Case No. CR-01-0325 VRW (the “criminal case”). On July 9, 2004, a judgment in the criminal case was entered against Eck based on his guilty plea. He was sentenced to a prison term of 70 months followed by three years of supervised release and ordered to forfeit his interest in \$15.4 million of property to the United States. The Commission’s motion for summary judgment in the civil case was based, in part, on Eck’s admissions in his plea in the criminal case, including his willful violation of the securities laws in connection with sales of Virtual Lender and M&A West stock.

### III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative proceedings be instituted to determine:

A. Whether the allegations set forth in Section II are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations;

B. Whether, pursuant to Section 15(b) of the Exchange Act, it is appropriate and in the public interest to bar Eck from participating in any offering of penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages 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.

### IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission’s Rules of Practice, 17 C.F.R. § 201.200.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission’s Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission’s Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 221(f) and 201.310.

This Order shall be served forthwith upon Respondent personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 210 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Jonathan G. Katz  
Secretary