

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

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SECURITIES AND EXCHANGE COMMISSION,)	
)	
	Plaintiff,)	
v.)	Civil Action No. _____
)	
GEOFFREY J. EITEN and NATIONAL FINANCIAL)	
COMMUNICATIONS, CORP,)	
)	
	Defendants.)	JURY TRIAL DEMANDED
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COMPLAINT

Plaintiff Securities and Exchange Commission (“Plaintiff” or “Commission”) alleges the following against Geoffrey J. Eiten (“Eiten”) and National Financial Communications, Corp. (“NFC”) (collectively “Defendants”):

PRELIMINARY STATEMENT

1. This case involves material misrepresentations and omissions made in mass mailings and spam email distributions of OTC Special Situations Reports, a publication issued by Eiten (self-proclaimed “America’s Leading Micro-Cap Stock Picker”) and NFC. OTC Special Situations Reports promote in glowing terms the prospects of certain small public companies (issuers of stock referred to hereafter as “issuers”) and induce readers to purchase these small issuers’ securities. Eiten and NFC promote penny stocks on behalf of paying clients in anticipation of a potential increase in the price per share and/or volume of trading in the market for the securities of the small issuer following the distribution of an OTC Special Situations Report. For example, in or about 2010, Eiten and NFC were hired to issue reports touting four penny stock issuers, (1) Clean Power Concepts, Inc. (“Clean Power”), a purported manufacturer and distributor of various fuel additives and lubrication products made from

crushed seed oil; (2) Nexaira Wireless Corp. (“Nexaira”), a purported developer and seller of wireless routers; (3) Gold Standard Mining (“Gold Standard”), a purported owner of Russia gold mining operations; and (4) Endeavor Power Corp. (“Endeavor”), a purported recycler of value metals from electronic waste. In these four reports, Eiten and NFC made material misrepresentations and omissions, concerning, among other things, the companies’ financial condition, future revenue projections, intellectual property rights, and Eiten’s interactions with company management as a basis for his statements.

2. Through the activities alleged in this Complaint, Eiten and NFC made material misrepresentations and omissions in connection with the purchase or sale of securities, in violation of Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 10b-5 thereunder.

3. As a result of the forgoing, the Commission seeks the following relief against Eiten and NFC: (a) permanent injunctive relief including: (i) a prohibition on violating Section 10(b) of the Exchange Act and Rule 10b-5 thereunder; and (ii) a conduct-based prohibition against certain activities involving the promotion of penny stocks as defined by Rule 3a51-1 under the Exchange Act; (b) disgorgement of ill-gotten gains plus prejudgment interest; (c) civil penalties pursuant to Section 21(d)(3) of the Exchange Act; and (d) penny stock bars pursuant to Section 21(d)(6) of the Exchange Act.

JURISDICTION AND VENUE

4. The Commission brings this action pursuant to the enforcement authority conferred upon it by Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)].

5. This Court has jurisdiction over this action pursuant to 28 U.S.C. § 1331 and Sections 21(d) and 27 of the Exchange Act [15 U.S.C. §§ 78u(d) & 78aa].

6. The Commission seeks permanent injunctions and disgorgement pursuant to Section 21(d)(1) of the Exchange Act [15 U.S.C. § 78u(d)(1)].

7. The Commission seeks the imposition of a civil monetary penalty pursuant to Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)].

8. Venue is proper in this district pursuant to 15 U.S.C. § 78aa because Eiten resides in, and NFC is located, in this district.

9. In connection with the conduct alleged in this Complaint, Defendants directly or indirectly made use of the means or instruments of transportation or communication in interstate commerce, the facilities of a national securities exchange or the emails.

10. Unless enjoined, Defendants will continue to engage in the securities laws violations alleged herein, or in similar conduct that would violate the federal securities laws.

DEFENDANTS

11. Eiten, age 61, resides in Dover, Massachusetts. Eiten worked as a registered representative of a broker-dealer for approximately 20 years (1972-1991) and held Series 7 and 63 securities licenses that have since lapsed. In or about 1991, Eiten founded NFC and it is wholly owned and controlled by him.

12. NFC is a Massachusetts corporation, with its principal place of business located at all relevant times in Eiten's residence. NFC purports to be in the business of providing investor relations, financial consulting and promotional services to small issuers of securities.

13. In September 2006, the Secretary of State for the Commonwealth of Massachusetts (Securities Division) filed an administrative complaint against Eiten and NFC alleging, among other things, that they failed to exercise due diligence in making statements about two Massachusetts companies in their promotional materials.

FACTUAL ALLEGATIONS

OTC Special Situations Reports

14. Since approximately the mid-1990s, Eiten and NFC have promoted penny stocks on behalf of paying clients. One method used by Eiten and NFC is the issuance of OTC Special Situations Reports. OTC Special Situations Reports are multiple-page marketing pieces purportedly written by Eiten promoting the positive future prospects of an issuer and recommending the purchase of its stock.

15. NFC and Eiten have, on at least four occasions issued these reports with the intent to increase the price per share and/or volume of trading in the market for the securities of the issuer. OTC Special Situations Reports are directly or indirectly distributed to a large number of individuals in mass mailings and in spam emails by Eiten and NFC and/or by clients who have purchased the report.

16. Prior to the issuance of the reports Eiten made no efforts to ensure the truthfulness and accuracy of the statements contained within them. Eiten did no independent research regarding the statements within the reports but instead simply used the information provided by and approved by third parties that had no discernible connections to the issuer.

17. The reports were written in the first person and were attributed to Eiten. Eiten affixed his signature to the final documents with no meaningful review of the report for substance.

18. OTC Special Situations Reports contain a disclaimer located at the end of the report in small print. The disclaimer states that the stock featured in the report was selected after Eiten completed “due diligence” and OTC Special Situations Reports refer to Eiten as “America’s Leading Micro-Cap Stock Picker.”

**Four OTC Special Situations Reports Issued by Eiten
and NFC in 2010 on Behalf of Two Clients**

19. Over the course of 2010, Eiten and NFC were hired to issue OTC Special Situations Reports concerning four penny stock issuers.

20. Eiten knew little regarding the clients' identities, background or the interests they might have represented. However, Eiten understood that his clients wanted to generate interest in the stocks of the four penny stock issuers.

21. Neither Eiten nor anyone on his behalf contacted the four penny stock issuers to verify the contents of the four OTC Special Situations Reports prior to their respective distributions.

22. After the reports were prepared for his signature, Eiten adopted the four OTC Special Situations Reports as his own statements by affixing his signature to the final document with minimal or no review of the substance.

23. Eiten considered the companies featured in OTC Special Situations Reports as generally "crap-shooting stocks" that would be out of business within a year or two if they do not obtain adequate financing. Eiten failed to disclose in the OTC Special Situations Reports that the companies needed to obtain "adequate financing" to survive more than a couple of years.

24. The four OTC Special Situations Reports were directly or indirectly distributed in mass mailings and spam emails by Eiten and NFC and/or by his clients.

25. The four OTC Special Situations Reports concern issuers whose securities were registered pursuant to Section 12(g) of the Exchange Act [15 U.S.C. § 78l(g)] and qualified as penny stock as defined by Section 3(a)(51) of the Exchange Act [15 U.S.C. § 78c(a)(51)] and Rule 3a51-1[17 C.F.R. 240.3a51-1].

26. The four issuers' securities were quoted on the OTC Bulletin Board at the time of the distribution of the respective OTC Special Situations Reports.

27. The four OTC Special Situations Reports contain certain material misrepresentations and omissions:

Material and Misleading Statements
Contained in the Four OTC Special Situations Reports

The Clean Power Report

28. On or about May 3, 2010, Eiten and NFC issued an OTC Special Situations Report pertaining to Clean Power, a Nevada corporation with its principal place of business at all relevant times in Regina, Saskatchewan, Canada, purportedly in the business of manufacturing and selling various fuel additives and lubrication products made from crushed seed oil (the "Clean Power Report").

29. The Clean Power Report falsely claimed that Clean Power's "proprietary technology and licenses [are] held airtight by the company." In fact, according to filings with the Commission and statements of its CEO to the Commission's staff, Clean Power has one patent pending and does not own any intellectual property.

30. The Clean Power Report contained an illustration showing Clean Power's perceived competitors and noting "strategic partnering" with two of the largest companies, "Cargill" and "Bunge." In fact, Clean Power did not have any sort of relationship with Cargill Inc. and Bunge, Ltd. other than as an occasional purchaser of their products.

31. The Clean Power Report misleadingly represented that Clean Power has a "positive cash flow" and is "making money." In fact, the most current financial statements available at the time of the Clean Power Report showed the company's positive cash flow was solely due to financing and not operations. The company's outside independent auditors had

also issued a “going concern” warning in their opinion for those statements. A “going concern warning” indicates that the auditors are opining that there is a substantial doubt about the entity’s ability to continue as a going concern into the next year.

32. Eiten knowingly or recklessly made the false statements contained in the Clean Power Report.

The Nexaira Report

33. In or about June 2010, Eiten and NFC issued an OTC Special Situations Report pertaining to Nexaira, a Nevada corporation with its headquarters at all relevant times in Vancouver, British Columbia, Canada, purportedly in the business of developing and delivering wireless routers (“Nexaira Report”).

34. The Nexaira Report stated that NFC received \$16,500 in cash from Dynamic International for the composition, design and distribution of this e-mail. Bank records show that in or about May 2010 NFC received two payments far in excess of that amount from Norbaoten Invest. Ltd (an entity linked with Dynamic International) for unspecified marketing and business expenses that appear to be associated with this report.

35. The Nexaira Report falsely reported that the company’s wireless router is the “fastest router in the world.” In fact, the company does not make such a claim and that at the time of the report the router was not yet approved by the Federal Communications Commission.

36. Eiten and NFC also falsely stated that Nexaira has invested \$4.2 million into the development of its product and has no debt. However, the company’s own periodic public filings reflected that the company actually had debts consisting of various notes payable over \$1.6 million with short term payables and accrued expenses of over \$1.8 million at the time.

37. The Nexaira Report falsely stated that the company “owns the patented technology-the license, technology, hardware . . . all of it.” Nexaira did not own any patents,

technologies or licenses. The Nexaira Report lists various major communication carriers as “clients” and “partners,” and states that the company “already has Sprint and Comcast fueling its revenue stream.” Nexaira did not have such relationships. Instead, the company was seeking to have its router certified by the major carriers as compatible with its technology.

38. In the Nexaira Report, Eiten supported one of his optimistic predictions about Nexaira’s future success by indicating that they were based on “what management has shared with me.” In fact, Eiten had not spoken with Nexaira’s management prior to NFC issuing the Nexaira Report.

39. Eiten knowingly or recklessly made material misrepresentations and omissions in the Nexaira Report.

40. In or about May 2010, prior to the distribution of the Nexaira Report recommending that others purchase Nexaira’s stock, Eiten purchased shares of Nexaira that he sold for a profit in May and June 2010.

The Gold Standard Report

41. On or about October 15, 2010, Eiten and NFC issued an OTC Special Situations Report pertaining to Gold Standard, a Nevada corporation with its principal place of business at all relevant times in Agoura Hills, California, purportedly in the business of mining valuable metals in Russia (“Gold Standard Report”).

42. The Gold Standard Report stated that NFC received \$25,000 in cash from Barrington Holdings for the copy, design and endorsement of this piece. Bank records showed that NFC received wires far in excess of that amount between August 17, 2010 and December 21, 2010, from two offshore entities with notations indicating the wires were for “GSTP.”

43. In the Gold Standard Report, Eiten and NFC misleadingly stated in bold print that “Junior gold [Gold Standard] now producing \$9.5 BILLION of pure gold – and you can get in around \$2 a share!” Gold Standard had never produced “billions” worth of gold.

44. Later in the Gold Standard Report, Eiten and NFC predicted that Gold Standard’s revenues that year would hit \$42 million and then a projected \$120 million in the coming thirty-six months. However, the company had no current expectation that it would ever generate these revenues from its alluvial mining operations because such revenues would require obtaining large amounts of capital to develop underground mining operations.

45. Eiten falsely claimed to have “[m]ade some phone calls, spoke with company management and explored Gold Standard’s properties” in support of his report that Gold Standard has high quality infrastructure and equipment already in operation. In fact, Eiten had neither communicated with the company nor visited its operations.

46. Eiten knowingly or recklessly made the misstatement in the Gold Standard Report

The Endeavor Report

47. On or about December 1, 2010, Eiten and NFC issued an OTC Special Situations Report pertaining to Endeavor, a Nevada corporation with its principal place of business at all relevant times in Robesonia, Pennsylvania, purportedly in the business of recovering valuable metals contained in electronic waste (the “Endeavor Report”).

48. The Endeavor Report stated in bold print that “[Endeavor] is already pulling down millions from the hidden gold in high tech.” In fact, Endeavor was a startup with only a few months of operation and had only reported revenues of \$20,397 for the fiscal year ended December 31, 2010, the most current financial statements available at the time of the Endeavor Report.

49. The Endeavor Report also projected revenues of \$13.9 million for 2011, \$35.2 million for 2012 and \$70.4 million for 2013. However, those projections only made sense if the company were able to obtaining funding to acquire a mature recycling company with a national presence, a fact Eiten failed to include in his report.

50. The Endeavor Report stated that the company had “set plans in motion to begin installation of a world class automated plant for electronic recycling complete with automated shredders, granulators and other production equipment.” However, the company had only discussed the idea internally and had not set any plans in motion.

51. Eiten knowingly or recklessly made the misstatements in the Endeavor Report.

CLAIM FOR RELIEF
(Eiten and NFC’s violation of Section 10(b)
of the Exchange Act and Rule 10b-5 Thereunder)

52. The Commission repeats and incorporates by reference the allegations in paragraphs 1-51 above.

53. By engaging in the conduct described above, Eiten and NFC, directly or indirectly, acting knowingly or recklessly, in connection with the purchase or sale of securities, by the use of means and instrumentalities of interstate commerce, or of the mails, or a facility of a national securities exchange: made or are making untrue statements of material fact or has omitted or is omitting to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading.

54. The conduct of Eiten and NFC involved fraud, deceit, manipulation, or deliberate or reckless disregard of regulatory requirements and directly or indirectly resulted in substantial losses to other persons.

55. As a result, Eiten and NFC violated and, unless enjoined, will continue to violate Section 10(b) of the Exchange Act [15 U.S.C. § 78(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder.

PRAYER FOR RELIEF

WHEREFORE, the Commission request that this Court:

A. Enter a permanent injunction restraining Defendants and each of their agents, servants, employees and attorneys and those persons in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise, including facsimile transmission or overnight delivery service, from directly or indirectly engaging in the conduct describe above, or in conduct of similar purport and effect, in violation of:

1. Section 10(b) of the Exchange Act [15 U.S.C. § 78(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder; and
 2. An order prohibiting directly or indirectly promoting, advertising, or marketing any issuer of any penny stock as defined by Rule 3a51-1 under the Exchange Act; deriving compensation from the promotion, advertising, or marketing of any issuer of any penny stock; causing the promotion, advertising, or marketing of any issuer of any penny stock; or engaging in activities with a broker, dealer or issuer for purposes of issuing, trading, or inducing or attempting to induce the purchase or sale of any penny stock;
- B. Require Defendants to disgorge their ill-gotten gains, plus pre-judgment interest;
- C. Order Defendants to pay a civil monetary penalty;

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

E. Award such other and further relief as the Court deems just and proper.

Respectfully submitted,

**SECURITIES AND EXCHANGE
COMMISSION**

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