

become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by NASD.

BACKGROUND

Rudd entered the securities industry in 1995. She registered with Edward D. Jones & Co., L.P., in April 2001, but was discharged by the firm on July 1, 2003, for maintaining outside employment and receiving compensation without her employer's approval. Rudd has not been registered with a member firm since July 2003. Respondent has no relevant disciplinary history.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:

Rudd circulated fraudulent and misleading investment opinions and research reports on speculative, low-cost securities

Respondent Rudd circulated false and misleading investment opinions and research reports, which included fraudulent and deceptive representations and omissions of material facts about speculative, low-priced securities. While registered with Edward Jones, Rudd also worked for Wall Street Capital Funding LLC ("WSCF"), a stock promotion and public relations firm with its principal place of business in Miami, Florida. WSCF maintained an Internet website, *wallstreetnewsalert.com*, that promoted obscure, high-risk, speculative companies whose securities are traded on the Over-the-Counter Bulletin Board ("OTCBB") or quoted in the Pink Sheets. WSCF was compensated by the issuers for whom it distributed investment opinions and by unnamed third parties. Rudd was compensated by WSCF

between \$600 and \$2,000 per month, while she was registered with Edward Jones, for her investment opinions which were circulated to the investing public through WSCF's website.

Between January 2002 and June 2003, Rudd issued investment opinions on the following OTCBB or Pink Sheet issuers that are the subject of the Complaint filed in this action: Central Wireless, Inc.; ChampionLyte Products, Inc.; Critical Home Care, Inc.; Digital Rooster.com, Ltd.; Dreamfield Holdings, Inc.; Eagle Worldwide Marketing, Inc.; Environmental Technologies, Inc.; Global Energy Group, Inc.; Instapay Systems, Inc.; InterAmerican Resources, Inc.; International Food Products; Netrom, Inc.; Proximity Digital Networks, Inc.; and SiriComm, Inc.

Respondent's investment opinions typically were timed to coincide with the circulation of press releases by the companies she covered and frequently were issued promptly after the company she covered issued a press release. Rudd failed to disclose material negative information about each of the companies she covered, including negative financial information. For example, she failed to disclose when companies' financial statements contained "going concern" clauses or that the companies had considerable liabilities or large deficits or little or no revenues.

By reason of the foregoing conduct, Rudd, directly or indirectly, by use of means or instrumentalities of interstate commerce, intentionally or recklessly employed a device, scheme or artifice to defraud or engaged in an act, practice, or course of business which operated or would operate as a fraud or deceit in connection with the purchase or sale of a security, in violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5

promulgated thereunder. **Rudd's misconduct also** constitutes violations of NASD Conduct Rules 2110 and 2120.

Rudd's investment opinions also constituted "communications with the public," as the term is defined in Conduct Rule 2210(a). **Rudd's** investment opinions were not based on principles of fair dealing and good faith, **were not** fair and balanced, and did not provide a sound basis for evaluating the facts in regard to any particular security or type of security, industry, or service. In the investment opinions, **Rudd omitted material facts or qualifications** that, in the light of the context of the material presented, caused the communications to be misleading. **Rudd made false, exaggerated, unwarranted, or misleading statements or claims** in her communications with the public. **She published, circulated, or distributed public communications, or caused such public communications to be published, circulated, or distributed, that she knew, or had reason to know, contained untrue statements of a material fact or were otherwise false or misleading. In her communications with the public, Rudd predicted or projected performance, implied that past performance will recur, or made exaggerated or unwarranted claims, opinions, or forecasts.**

The foregoing misconduct constitutes violations of Conduct Rules 2110 and 2210(d)(1)(A), 2210(d)(1)(B), and 2210(d)(1)(D).

Rudd wrote only positive research reports in exchange for compensation

Rudd's investment opinions also constituted "research reports" as the term is defined in Conduct Rule 2711(a)(8). **Her investment opinions or research reports contained only favorable research, opinions, or news about the companies she covered. Rudd directly or indirectly offered the favorable research report and a specific rating as consideration or**

inducement for the receipt by her of business or compensation. By reason of the foregoing, Rudd violated Conduct Rules 2110 and 2711(e).

Rudd failed to disclose outside business activities with WSCF to her employer

On an Edward Jones "audit questionnaire" that Rudd signed on April 3, 2002, she falsely stated that she was not engaged in outside business activity and did not receive compensation from sources outside of Edward Jones. Rudd knew she was obligated to disclose all outside employment to Edward Jones. She did not disclose her outside employment because she thought Edward Jones would not consent to her working with WSCF or would fire her if it learned of her outside employment. For the foregoing reasons, Rudd's misconduct also constitutes a violation of Conduct Rules 2110 and 3030.

The findings herein are pursuant to Respondent Rudd's Offer of Settlement and are not binding on any other person or entity named as a respondent in this or any other proceeding.

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondent from any future misconduct, and represent a proper discharge by NASD of its regulatory responsibility under the Securities Exchange Act of 1934.

SANCTIONS

It is ordered that Respondent Sonja Rudd be:

-- permanently barred in all capacities from associating with any member firm.

The sanctions imposed herein shall be effective on a date set by NASD staff. Pursuant to IM-8310-2(f), a bar shall become effective upon approval or acceptance of this Order by the NAC.

SO ORDERED.

NASD

February 23, 2005

By: 
Cameron K. Funkhouser
Senior Vice President
Department of Market Regulation

on behalf of the Director of ODA, pursuant to
delegated authority