



and without trial, argument, or adjudication of any issue of fact or law herein, having consented to the entry of this Order of Permanent Injunction and Other Equitable Relief (“Order”), and it further appearing that the Court has jurisdiction over the parties and the subject matter hereof, and the Court being fully advised in the premises:

I.

**IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED** that Rude, his officers, agents, servants, employees, attorneys, and those persons in active concert or participation with him who receive actual notice of this Order by personal service or otherwise, and each of them, be and hereby are permanently restrained and enjoined from, directly or indirectly:

- (1) making use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell or offer to sell securities through the use or medium of any prospectus or otherwise, unless a registration statement is in effect with the Commission as to such securities;
- (2) carrying or causing to be carried such securities through the mails or in interstate commerce, by any means or instruments of transportation, for the purpose of sale or for delivery after sale, unless a registration statement is in effect with the Commission as to such securities; or
- (3) making use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy such securities, through the use or medium of any prospectus or otherwise, unless a

registration statement has been filed with the Commission as to such securities, or while a registration statement as to such securities is the subject of a refusal order or stop order or any public proceeding or examination under Section 8 of the Securities Act [15 U.S.C. 77h],

in violation of Sections 5(a) or 5(c) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§77e(a) or (c)].

## II.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Rude, his officers, agents, servants, employees, attorneys, and those persons in active concert or participation with him who receive actual notice of this Order by personal service or otherwise, and each of them, be and hereby are permanently restrained and enjoined from, directly or indirectly, by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, in the offer or sale of any securities:

- (1) employing any device, scheme or artifice to defraud;
- (2) obtaining money or property by means of any untrue statement of material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
- (3) engaging in any transaction, practice or course of business which operates or would operate as a fraud or deceit upon the purchaser of such securities,

in violation of Sections 17(a)(1), (2) or (3) of the Securities Act [15 U.S.C. §§77q(a)(1), (2) or (3)].

**III.**

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Rude, his officers, agents, servants, employees, attorneys, and those persons in active concert or participation with him who receive actual notice of this Order by personal service or otherwise, and each of them, be and hereby are permanently restrained and enjoined from, directly or indirectly, by the use of any means or instrumentality of interstate commerce or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any security:

- (1) employing any device, scheme or artifice to defraud;
- (2) making any untrue statement of material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
- (3) engaging in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person,

in violation of Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §78j(b)] and Rule 10b-5 thereunder [17 C.F.R. 240.10b-5].

**IV.**

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Rude, his officers, agents, servants, employees, attorneys and those persons in active concert or

participation with him who receive actual notice of this Order by personal service or otherwise, and each of them, be and hereby are permanently enjoined from, directly or indirectly, by the use of the mails or any means or instrumentality of interstate commerce, effecting any transactions in, or inducing or attempting to induce the purchase or sale of any security (other than an exempted security or commercial paper, bankers' acceptances or commercial bills) unless registered with the Commission as a broker or dealer in accordance with Section 15(b) of the Exchange Act [15 U.S.C. §78o(b)].

V.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Rude, his officers, agents, servants, employees, attorneys and those persons in active concert or participation with him who receive actual notice of this Order by personal service or otherwise, and each of them, be and hereby are permanently enjoined from, while acting as a broker or dealer, directly or indirectly, by the use of the mails or any means or instrumentality of interstate commerce, effecting any transactions in, or inducing or attempting to induce the purchase or sale of any security (other than an exempted security or commercial paper, bankers' acceptances or commercial bills) otherwise than on a national exchange of which they are members, by means of any manipulative, deceptive or other fraudulent device or contrivance; or by means of any act, practice or course of business which operates or would operate as a fraud or deceit upon any person; or by means of any untrue statement of material fact, or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, where such

statement or omission is made with knowledge or reasonable grounds to believe that it is untrue or misleading, in violation of Section 15(c) of the Exchange Act [15 U.S.C. § 78o(c)] and Rule 15c1-2 [17 C.F.R. §240.15c1-2] thereunder.

**VI.**

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Rude pay disgorgement in the amount of \$237,351, representing his gains from the conduct alleged in the Complaint, plus prejudgment interest in the amount of \$94,019 thereon, for a total payment of \$331,370. Based upon Rude's sworn representations in his Statement of Financial Condition dated April 20,1999, and submitted to the Commission, payment of the aforementioned amount and prejudgment interest thereon is waived, contingent upon the accuracy and completeness of his Statement of Financial Condition.

**VII.**

**IT IS FURTHER ORDERED, ADJUDGED AND DECREED** that based upon Defendant Rude's sworn representations in his Statement of Financial Condition dated April 20, 1999, and submitted to the Commission, the Court is not ordering him to pay a civil penalty pursuant to Section 20(d) of the Securities Act [15 U.S.C. §77t(d)] and Section 21(d)(3) of the Exchange Act, as amended [15 U.S.C. §78u(d)(3)]. The determination not to impose a civil penalty and to waive payment of the aforementioned amount described in Paragraph VI and prejudgment interest thereon is contingent upon the accuracy and completeness of his Statement of Financial Condition. If at any time following the entry of this Order the Commission obtains information indicating that Defendant Rude's

representations to the Commission concerning his assets, income, liabilities, or net worth were fraudulent, misleading, inaccurate or incomplete in any material respect as of the time such representations were made, the Commission may, at its sole discretion and without prior notice to Defendant Rude, petition this Court for an order requiring Defendant Rude to pay the aforementioned amount described in Paragraph VI, prejudgment and post-judgment interest thereon, and a civil penalty. In connection with any such petition, the only issues shall be whether the financial information provided by Defendant Rude was fraudulent, misleading, inaccurate or incomplete in any material respect as of the time such representations were made, and the amount of civil penalty to be imposed. In its petition, the Commission may move this Court to consider all available remedies, including, but not limited to, ordering Defendant Rude to pay funds or assets, directing the forfeiture of any assets, or sanctions for contempt of this Order, and the Commission may also request additional discovery. Defendant Rude may not, by way of defense to such petition, challenge the validity of the Consent or the Order of Permanent Injunction and Other Equitable Relief, contest the allegations in the Complaint filed by the Commission, the amount ordered to be paid in Paragraph VI above, prejudgment judgment interest thereon, or assert that the payment of a civil penalty should not be ordered.

**VIII.**

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that the attached Consent of Rude be, and hereby is, incorporated herein with the same force and effect as if fully set out herein.

**IX.**

**IT IS FURTHERED ORDERED, ADJUDGED AND DECREED** that this Court grants leave to Defendant Rude to withdraw his answer to the Complaint filed by him in this action, which answer is hereby withdrawn.

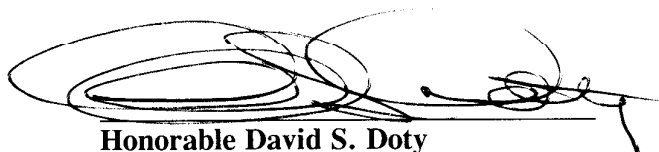
**X.**

**IT IS FURTHER ORDERED, ADJUDGED AND DECREED** that there being no just reason for delay, the Clerk of the Court is hereby directed to enter this Order.

**XI.**

**IT IS FURTHER ORDERED, ADJUDGED AND DECREED** that this Court shall retain jurisdiction of this action for all purposes, including enforcement of the Order of Permanent Injunction and Other Equitable Relief.

**SO ORDERED:**

  
**Honorable David S. Doty**  
**UNITED STATES DISTRICT JUDGE**

Dated: November 30, 1999





Rude's sworn Statement of Financial Condition dated April 20, 1999, and submitted to the Commission. Rude acknowledges that the Court is not imposing a civil penalty pursuant to Section 20(d) of the Securities Act of 1933 or Section 21(d)(3) of the Securities Exchange Act of 1934 or requiring payment of disgorgement and pre-judgment interest thereon based upon the accuracy and completeness of Rude's sworn representations to the Commission concerning his assets, income, liabilities, and net worth, as described in his sworn Statement of Financial Condition dated 4/20/99, and submitted to the Commission. Rude further consents that if at any time following the entry of the Order the Commission obtains information indicating that Rude's representations to the Commission concerning his assets, income, liabilities, or net worth were fraudulent, misleading, inaccurate or incomplete in any material respect as of the time such representations were made, the Commission may, at its sole discretion and without prior notice to Rude, petition the Court for an order requiring Rude to pay disgorgement of \$237,351, pre-judgment and post-judgment interest thereon, and a civil penalty. In connection with any such petition, the only issues shall be whether the financial information provided by Rude was fraudulent, misleading, inaccurate or incomplete in any material respect as of the time such representations were made, and the amount of civil penalty to be imposed. In any such petition, the Commission may move the Court to consider all available remedies, including, but not limited to, ordering Rude to pay funds or assets, directing the forfeiture of any assets, or sanctions for contempt of the Court's Order, and the Commission may also request additional discovery. Rude may not, by way of defense to such petition, challenge the validity of this Consent or the Order, contest the allegations in the Complaint filed by the Commission, contest

the amount of disgorgement and interest, or assert that disgorgement or payment of a civil penalty should not be ordered.

4. Acknowledges that he enters into this Consent voluntarily and that no tender, offer, promise, or threat of any kind whatsoever has been made by the Commission or any member, officer, employee, agent or representative of the Commission to induce him to enter into this Consent;

5. Understands that the terms of the Order are enforceable through contempt proceedings;

6. Agrees that the Order may be presented to the Court by the Commission for consideration and entry without further notice, waives service of the Order and agrees that the entry of the Order by the Court and its filing by the Clerk of the Court will constitute notice of its terms and conditions;

7. Waives any right he may have to appeal from the Order;

8. Agrees that he will not oppose enforcement of the Order on the ground that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure and hereby waives any objections based thereon;

9. Rude understands and agrees to comply with the Commission's policy "not to permit a defendant or respondent to consent to a judgment or order that imposes a sanction while denying the allegations in the complaint or order for proceedings." (17 C.F.R. § 202.5(e)) In compliance with this policy, Rude agrees: (i) not to take any action or to make or permit to be made any public statement denying, directly or indirectly, any allegation in the Complaint or

creating the impression that the Complaint is without factual basis; and (ii) that upon the filing of this Consent, Rude hereby withdraws any papers filed in this action to the extent that they deny any allegation in the Complaint. If Rude breaches this agreement, the Commission may petition the Court to vacate the Order and restore this case to its active docket. Nothing in this provision affects Rude's testimonial obligations or right to take legal positions in litigation in which the Commission is not a party.

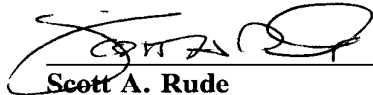
10. Acknowledges and agrees that this proceeding, the order of payment of disgorgement and prejudgment interest contemplated as part of the resolution thereof, the order of payment of a money penalty contemplated as part of the resolution thereof, and this Consent to the entry of the Order, are for the purpose of resolving this civil proceeding only, in conformity with the provisions of 17 C.F.R. § 202.5(f), and do not resolve, affect, or preclude any other proceeding which may be brought against him. Consistent with the provisions of 17 C.F.R. § 202.5(f), Rude waives any claim of Double Jeopardy based upon the settlement of this proceeding, including the imposition of any remedy or civil penalty herein; and

11. Agrees that the Court shall retain jurisdiction of this matter for all purposes.

B. The Commission and Rude waive entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure.

C. The Commission and Rude agree that this Consent shall be made a part of the Order as if fully set forth therein.

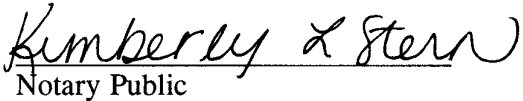
Respectfully Submitted,

  
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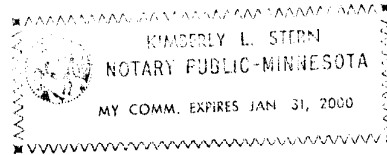
**Scott A. Rude**  
Subscribed to and  
sworn to before me this 20th  
day of Apr, 1999

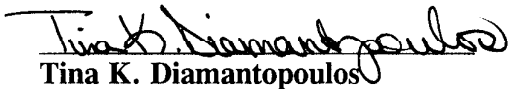
Dated: 4-20-99, 1999

State of Minnesota  
County of St. Louis

  
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Notary Public  
My commission expires January 31, 2000



  
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**Tina K. Diamantopoulos**  
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Chicago, IL 60661  
(312) 353-7390

Dated: November 26, 1999