

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION
January 30, 2008

ADMINISTRATIVE PROCEEDING
File No. 3-12943

In the Matter of

Thomas J. Dudchik and
Rodney R. Schoemann,
Respondents.

ORDER INSTITUTING CEASE-AND-DESIST
PROCEEDINGS PURSUANT TO SECTION
8A OF THE SECURITIES ACT OF 1933

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”) against Thomas J. Dudchik and Rodney R. Schoemann (collectively, “Respondents”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENTS

1. Thomas J. Dudchik (“Dudchik”), 47, resides in East Haddam, Connecticut.
2. Rodney R. Schoemann (“Schoemann”), 41, resides in Metairie, Louisiana.

B. OTHER RELEVANT ENTITY AND PEOPLE¹

1. Stinger Systems, Inc. (“Stinger”) is a Nevada corporation that was created as a shell company in 1996 under another name (the “Predecessor Corporation”). The Predecessor Corporation had no operations until it was acquired by Robert Gruder and his partner in September 2004. Stinger’s shares began trading publicly in November 2004, and were quoted on the Pink Sheets. The company is now a reporting company and its stock has been quoted on the OTC Bulletin Board since February 2006. Currently, Stinger purportedly manufactures stun guns and other non-lethal electronic products for law enforcement agencies.

¹ The Commission has filed separate civil actions in federal district court against Stinger Systems, Inc., Robert F. Gruder and F. Douglas Murrell. See SEC v. Robert F. Gruder, et al, Civil Action File No. 1:08-CV-0294 (N.D. Ga.). The action against Murrell was filed as a settled matter.

2. Robert F. Gruder (“Gruder”), 48, is Stinger’s Chairman, CEO, and second largest shareholder. Gruder was also the Chairman, CEO, and controlling shareholder of another company from as early as March 1997 until August 2002, when that company was delisted from the Nasdaq for failing to satisfy Nasdaq’s capitalization requirements. Gruder is a friend and business associate of Dudchik and Schoemann. Gruder and Dudchik are former college roommates, have spoken nearly every day for the past twenty years and previously worked together.

3. F. Douglas Murrell (“Murrell”), 61, resides in Austin, Texas and is the owner and operator of a consulting firm. For the past twenty years, Murrell has assisted companies seeking to become publicly traded by identifying and brokering the sale of shell companies for that purpose.

C. THE UNREGISTERED DISTRIBUTION OF STINGER SHARES

1. The Predecessor Corporation was formed as a shell company in 1996. In 1999, Murrell agreed to acquire the Predecessor Corporation and, in April 2000, the Predecessor Corporation’s board of directors approved the issuance of 750,000 shares to Murrell pursuant to this agreement for \$8,250, giving Murrell 75% ownership of the Predecessor Corporation. At this time, no share certificates were issued to Murrell and Murrell’s shares were not designated as freely tradable. The prior controlling shareholder of the Predecessor Corporation, who remained an officer of that company until May 1, 2000, retained Murrell to search for potential buyers for the Predecessor Corporation. The Predecessor Corporation never had any actual operations under the ownership of either Murrell or the prior controlling shareholder.

2. In May 2000, for no consideration, the Predecessor Corporation issued 10,000,000 shares to Murrell’s son. No certificates were issued for these shares and they were not designated as freely tradable. Around the same time, Murrell’s son was named the President, Secretary, Treasurer and sole director of the Predecessor Corporation. Despite Murrell’s son holding these various positions and shares, Murrell remained in control of the Predecessor Corporation.

3. In or around the Spring of 2004, Gruder began searching for a shell company that he and his partner could acquire and merge with an operating company that Gruder and his partner were in the process of buying. In that regard, Gruder began discussing with Murrell the possible acquisition of the Predecessor Corporation in or around May 2004. In September 2004, Gruder and his partner finalized the acquisition of the operating company, a non-public company that produced various non-stun gun security related products (“the Operating Company”).

4. On September 23, 2004, through a series of transactions with companies that Gruder and his partner controlled, Gruder and his partner acquired the Predecessor Corporation, merged the Operating Company into the Predecessor Corporation, and changed the Predecessor Corporation’s name to Stinger. As part of this transaction, (1) Gruder and his partner collectively received 9,250,000 shares of Stinger, which were designated as not freely

tradable, (2) Stinger cancelled the 10 million shares that the Predecessor Corporation had previously issued to Murrell's son for no consideration, and (3) Murrell's son resigned as an officer and director of the company. The 750,000 shares belonging to Murrell were not cancelled.

5. As part of the negotiations to acquire the Predecessor Corporation, Gruder insisted that Murrell transfer some of Murrell's 750,000 shares in the Predecessor Corporation to Dudchik, an "extremely good friend" and former college roommate of Gruder. Accordingly, in July 2004, Murrell and Dudchik executed an agreement whereby Murrell agreed to transfer approximately 350,000 shares in the Predecessor Corporation to Dudchik. These shares supposedly compensated Dudchik for consulting services Dudchik would perform for the Predecessor Corporation or Stinger.

6. On or before September 23, 2004, Schoemann asked Gruder if there was anyone that had any "freely tradable shares" in Stinger or the Predecessor Corporation that they may be willing to sell. Gruder referred Schoemann to Murrell. When Schoemann contacted Murrell, Schoemann advised that he was looking to buy freely tradable shares in Stinger or the Predecessor Corporation.

7. On September 23, 2004, the same day Gruder acquired the Predecessor Corporation, Murrell sold 100,000 shares in the Predecessor Corporation to Schoemann for \$75,000. The purchase agreement that Schoemann and Murrell executed in connection with this sale was dated September 23, 2004 and specified that Schoemann would purchase "freely tradable shares."

8. On September 23, 2004, Murrell authored a letter acknowledging that he had previously "transferred" shares to several parties, including Dudchik and Schoemann, and directing Stinger's transfer agent to issue certificates to Dudchik and Schoemann for 345,000 shares and 100,000 shares, respectively.

9. On or about September 23, 2004, Murrell asked Stinger's counsel to provide a legal opinion, to be relied on by Stinger's transfer agent, that the certificates for the shares Murrell transferred to Dudchik and Schoemann should be issued without any restrictive legend. In connection with seeking this legal opinion, Murrell misled Stinger's counsel that Murrell's son controlled the Predecessor Corporation since April or May 2000.

10. On October 1, 2004, Stinger's counsel authored an opinion letter to Stinger's transfer agent. That letter opined, incorrectly, that Murrell was never affiliated with the Predecessor Corporation and that the transfer agent could issue the certificates for the shares Murrell transferred to Dudchik and Shoemann without any restrictive legend.

11. On October 1, 2004, Stinger's transfer agent, at the request of Stinger's counsel, issued certificates to (1) Murrell for 275,000 shares, (2) Dudchik for 345,000 shares, and (3) Schoemann for 100,000 shares. These certificates were the first ever issued for the stock

of either the Predecessor Corporation or Stinger. None of these certificates had a restrictive legend.

12. On November 11, 2004, a broker dealer entered the first quote on the Pink Sheets and executed the first public trade for Stinger's stock.

13. During the first two weeks of public trading of Stinger's stock, *i.e.*, between November 11, 2004, and November 24, 2004, Dudchik sold approximately 81,000 of the Stinger shares obtained from Murrell through the over-the-counter market in nine transactions and Schoemann sold approximately 100,000 of the Stinger shares he obtained from Murrell through the over-the-counter market in approximately seventy-six transactions. These transactions generated net sales proceeds of approximately \$866,000 for Dudchik and \$1.044 million for Schoemann.

14. Combined, Dudchik and Schoemann sold approximately 181,000 Stinger shares through the Pink Sheets during the first two weeks of public trading, representing approximately 18% of Stinger's public float.

15. At no time during any of these sales by Dudchik or Schoemann was a registration statement for Stinger shares in effect or filed with the Commission. Respondents cannot establish an applicable exemption from the securities registration requirements of Section 5 of the Securities Act.

D. VIOLATIONS

As a result of the conduct described above, Respondents Dudchik and Schoemann violated Sections 5(a) and (c) of the Securities Act, which prohibit the offer and sale of securities through the mails or in interstate commerce, unless a registration statement has been filed with the Commission or is in effect as to such securities.

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it appropriate that cease-and-desist proceedings be instituted to determine:

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

B. Whether, pursuant to Section 8A of the Securities Act, Respondents should be ordered to cease and desist from committing violations of and any future violations of Section 5 of the Securities Act, and whether Respondents should be ordered to pay disgorgement pursuant to Section 8A(e) of the Securities Act.

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 not earlier than 30 days and not later than 60 days from service of this Order 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. § 201.110.

IT IS FURTHER ORDERED that Respondents 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 a Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, that 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), 201.221(f) and 201.310.

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

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 300 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.

Nancy M. Morris
Secretary