

STATE OF OKLAHOMA
DEPARTMENT OF SECURITIES
THE FIRST NATIONAL CENTER, SUITE 860
120 NORTH ROBINSON
OKLAHOMA CITY, OKLAHOMA 73102



In the Matter of:

StudioTraffic.com,

Respondents.

ODS File No. 06-070

**SERVICE ON THE ADMINISTRATOR
AND AFFIDAVIT OF COMPLIANCE**

STATE OF OKLAHOMA)
)
COUNTY OF OKLAHOMA) SS.

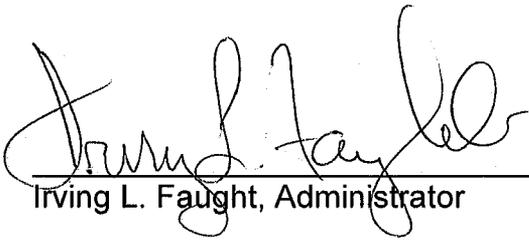
The undersigned affiant, of lawful age, being first duly sworn upon oath deposes and states:

1. That he is the Administrator of the Oklahoma Department of Securities (Department).
2. That a copy of the Order to Cease and Desist (Order) and Notice of Opportunity for Hearing (Notice) was delivered to Affiant in the office of the Administrator of the Department (Administrator) pursuant to Section 1-611 of the Oklahoma Uniform Securities Act (Act), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2003).
3. That the Administrator has received service of process on behalf of StudioTraffic.com, pursuant to Section 1-611 of the Act.
4. That this Affidavit of Compliance is declared filed of record as of the date set forth below in compliance with Section 1-611 of the Act.

FURTHER AFFIANT SAYETH NOT.

Dated this 28th day of August, 2006.

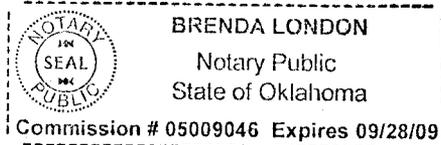
(SEAL)


Irving L. Faught, Administrator

Subscribed and sworn to before me this 28th day of August, 2006.


Notary Public

My Commission Expires:
My Commission No.:
SEAL



STATE OF OKLAHOMA
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120 NORTH ROBINSON
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In the Matter of:

StudioTraffic.com,

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ORDER TO CEASE AND DESIST

Pursuant to Section 1-602 of the Oklahoma Uniform Securities Act of 2004 (Act), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2003), an investigation was conducted by the Enforcement Division of the Oklahoma Department of Securities (Department) into the activities of StudioTraffic.com (StudioTraffic) in connection with the offer and/or sale of securities in and/or from the state of Oklahoma.

Based thereon, the Administrator of the Department (Administrator) determines that StudioTraffic has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation(s) of the Act. The Administrator, pursuant to Section 1-604 of the Act, sets forth the following Findings of Fact, Authorities, and Conclusions of Law.

Findings of Fact

1. StudioTraffic purports to be an "autosurf" program whose members are paid to view advertisements contained within Internet websites. At all times relevant hereto, StudioTraffic maintained a website at <http://www.StudioTraffic.com>.
2. On or about October 1, 2004, Oklahoma resident D. Williams (Williams) received an e-mail from StudioTraffic soliciting him to become a member of StudioTraffic. Williams was told that by becoming a member of StudioTraffic, he could earn money by surfing the Internet. Williams was offered a free StudioTraffic membership and a Ten Dollar (\$10.00) bonus for joining.
3. In the "Members Area" of StudioTraffic's website, members accessed a program called "Surf STV" that purportedly generated advertising revenue by automatically rotating websites into the viewer's Internet browser. Advertisers allegedly paid StudioTraffic for its members to view the advertisements. StudioTraffic then paid its members. Members were told that once the Surf STV program was activated, sitting at their computer to view the advertisements was not required. Members were required to turn the program on and off after a certain amount of time. By surfing a certain

number of websites, members could earn 1% of the value of their StudioTraffic account each month.

4. Members had different surfing requirements, depending on the amount contained in their account. Members having only the free membership were required to surf two hundred (200) websites each day. Members with account levels of \$20 to \$490 were required to surf 100 sites each day and members with account levels of \$500 to \$990 were required to surf 70 sites each day. Members with account levels above \$1,000 were required to surf 50 sites each day. The amount of return to members, was based solely on the amount of money the members had put into their accounts.

5. To upgrade to different account levels, members could leave their earnings in their accounts and/or purchase upgrades with personal funds. The upgrades were offered in ten dollar (\$10) increments.

6. Williams accepted the offer of the free membership in StudioTraffic.

7. On or about April 10, 2005, Williams invested \$650 from his personal funds to upgrade his account. On May 5, 2005, Williams invested \$200 from his personal funds to upgrade his account.

8. As of October 17, 2005, Williams had an account balance of \$3,000. When Williams requested to withdraw the funds from his account, he was denied access to the "Member's Area" of StudioTraffic's website and his account was frozen. To date, Williams has not received the funds that were purportedly in his account.

9. StudioTraffic's website is no longer available on the Internet.

10. The memberships sold by StudioTraffic were not registered under the Act.

11. StudioTraffic omitted to disclose the following facts in connection with the offer and sale of the membership to Williams:

- (a) that funds would not be distributed from member accounts when requested;
- (b) the risks of involved with the memberships;
- (c) that the memberships were securities; and
- (d) that the memberships were not exempt from registration under the Act.

To the extent any of these Findings of Fact are more properly characterized as Conclusions of Law, they should be so considered.

Authorities

1. Section 1-102 provides in part:

In this act, unless the context otherwise requires:

* * *

32. "Security" means a note; stock; treasury stock; security future; bond; debenture; evidence of indebtedness; certificate of interest or participation in a profit-sharing agreement; collateral trust certificate; preorganization certificate or subscription; transferable share; investment contract; voting trust certificate; certificate of deposit for a security; fractional undivided interest in oil, gas, or other mineral rights; put, call, straddle, option, or privilege on a security, certificate of deposit, or group or index of securities, including an interest therein or based on the value thereof; put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency; or, in general, an interest or instrument commonly known as a "security," or a certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing. The term:

* * *

- d. includes as an "investment contract" an investment in a common enterprise with the expectation of profits to be derived primarily from the efforts of a person other than the investor and a "common enterprise" means an enterprise in which the fortunes of the investor are interwoven with those of either the person offering the investment, a third party, or other investors.

2. Section 1-301 of the Act provides:

It is unlawful for a person to offer or sell a security in this state unless:

- (1) The security is a federal covered security;
- (2) The security, transaction, or offer is exempted from registration under Sections 6 through 8 of this act [Sections 1-201 through 1-203 of this title]; or
- (3) The security is registered under the act.

3. Section 1-501 of the Securities Act provides in pertinent part:

It is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly:

* * *

2. To make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statement made, in the light of the circumstances under which it is made, not misleading; or

3. To engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

4. Section 1-604 of the Act provides in part:

A. If the Administrator determines that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of this act or a rule adopted or order issued under this act or constituting a dishonest or unethical practice or that a person has materially aided, is materially aiding, or is about to materially aid an act, practice, or course of business constituting a violation of this act or a rule adopted or order issued under this act or constituting a dishonest or unethical practice, the Administrator may:

1. Issue an order directing the person to cease and desist from engaging in the act, practice, or course of business or to take other action necessary or appropriate to comply with this act[.]

* * *

B. An order under subsection A of this section is effective on the date of issuance. Upon issuance of the order, the Administrator shall promptly serve each person subject to the order with a copy of the order and a notice that the order has been entered. The order must include a statement whether the Administrator will seek a civil penalty or costs of the investigation, a statement of the reasons for the order, and notice that, within fifteen (15) days after receipt of a request in a record from the person, the matter will be scheduled for a hearing and the hearing shall be

commenced within fifteen (15) days of the matter being set for hearing. If a person subject to the order does not request a hearing and none is ordered by the Administrator, within thirty (30) days after the date of service of the order, the order, that may include a civil penalty or costs of the investigation if a civil penalty or costs were sought in the statement accompanying the order, becomes final as to that person by operation of law. If a hearing is requested or ordered, the Administrator, after notice of and opportunity for hearing to each person subject to the order, may modify or vacate the order or extend it until final determination.

* * *

- D. In a final order under subsection C of this section, the Administrator may impose a civil penalty up to a maximum of Five Thousand Dollars (\$5,000.00) for a single violation or up to Two Hundred Fifty Thousand Dollars (\$250,000.00) for multiple violations in a single proceeding or a series of related proceedings.

Conclusions of Law

1. The memberships offered and sold by StudioTraffic to Williams are securities as defined by 1-102 of the Act.
2. StudioTraffic is offering and selling unregistered securities in the state of Oklahoma, in violation of Section 1-301 of the Act.
3. Studio Traffic omitted to state material facts necessary in order to make the statement made, in the light of the circumstances under which they were made, not misleading in connection with the offer and/or sale of a security in the state of Oklahoma, in violation of Section 1-501 of the Act.
4. StudioTraffic engaged in an act, practice, or course of business that operated as a fraud or deceit upon another person in violation of Section 1-501 of the Act.
5. The Administrator has the authority to order Respondent to cease and desist from engaging in an act, practice, or course of business constituting a violation of the Act.
6. It is in the public interest to order Respondent to cease and desist from engaging in an act, practice or course of business constituting a violation of the Act and to impose a civil penalty.

To the extent any of these Conclusions of Law are more properly characterized as Findings of Fact, they should be so considered.

IT IS ORDERED that StudioTraffic cease and desist from engaging in any act, practice, or course of business constituting a violation of the Act and/or the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities.

Witness my Hand and the Official Seal of the Oklahoma Department of Securities this 24th day of August, 2006.

(SEAL)



IRVING L. FAUGHT, ADMINISTRATOR OF THE
OKLAHOMA DEPARTMENT OF SECURITIES

NOTICE OF OPPORTUNITY FOR HEARING

Pursuant to Section 1-604 of the Act, the Administrator hereby gives notice to Respondent of the right to request a hearing. The request for hearing must be received by the Administrator within thirty (30) days after service of this Order. The request for hearing must be in writing and Respondent shall specifically admit or deny each allegation against Respondent that is contained in the Recommendation.

Within fifteen (15) days after receipt of a request for hearing from Respondent, this matter will be scheduled for hearing. The hearing shall commence within fifteen (15) days of the matter being set for hearing. Notice of the date, time and location of the hearing shall be given to Respondent. If a hearing is requested, the Administrator, after notice and opportunity for hearing to Respondent, may modify or vacate this Order or extend it until final determination.

If Respondent does not request a hearing within thirty days (30) days after the date of service of this Order, and none is ordered by the Administrator, the Order becomes final as to Respondent by operation of law.

Witness my Hand and the Official Seal of the Oklahoma Department of Securities this 24th day of August, 2006.

(SEAL)



IRVING L. FAUGHT, ADMINISTRATOR OF THE
OKLAHOMA DEPARTMENT OF SECURITIES

CERTIFICATE OF MAILING

The undersigned hereby certifies that on the 28th day of August, 2006, a true and correct copy of the above and foregoing Order to Cease and Desist and Notice of Opportunity for Hearing was not mailed by certified mail, return receipt requested, delivery restricted, with postage prepaid thereon, addressed to StudioTraffic because there is no known address for StudioTraffic.com. Reasonable and diligent efforts to obtain a mailing address for StudioTraffic.com have been made by the Enforcement Division of the Department.



Rebecca Cryer
Enforcement Attorney