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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

JEFF HATCH-MILLER, Chairman
WILLIAM A. MUNDELL
MIKE GLEASON
KRISTIN K. MAYES
BARRY WONG

Arizona Corporation Commission

DOCKETED

SEP 12 2006

DOCKETED BY [Handwritten initials]

In the matter of:
LORI LEE SPRANGER (a/k/a LORI MORIARTY and/or LORI LEE LEVANDOWSKI and/or LORI GESSELL), a married person, individually and doing business as VECTOR 90 DEBT PURCHASING, an Arizona registered trade name
3127 West Honor Court
Anthem, Arizona 85086
MARTIN OTTO SPRANGER (a/k/a MARTIN OTTO SPRANGER, III), spouse of LORI LEE SPRANGER
1650 S. Arizona Avenue #293
Chandler, Arizona 85248
MICHAEL ("MIKE") MORIARTY and JANE DOE MORIARTY, individually and doing business as VECTOR 90 DEBT PURCHASING, an Arizona registered trade name
3127 West Honor Court
Anthem, Arizona 85086
Respondents.

Docket No. S-20441A-06-0082

DECISION NO. 68941

ORDER TO CEASE AND DESIST, ORDER OF RESTITUTION, ORDER FOR ADMINISTRATIVE PENALTIES AND CONSENT TO SAME BY:

LORI LEE SPRANGER (a/k/a LORI MORIARTY and/or LORI LEE LEVANDOWSKI and/or LORI GESSELL), individually and doing business as VECTOR 90 DEBT PURCHASING, an Arizona registered trade name; AND

MICHAEL MORIARTY, individually and doing business as VECTOR 90 DEBT PURCHASING, an Arizona registered trade name

Respondents LORI LEE SPRANGER (a/k/a LORI MORIARTY and/or LORI LEE LEVANDOWSKI and/or LORI GESSELL and MICHAEL MORIARTY, both individually and doing business under the Arizona registered trade name VECTOR 90 DEBT PURCHASING ("Respondents") elect to permanently waive any right to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 et seq. ("Securities Act") with respect to this Order To Cease And Desist, Order of Restitution, Order for Administrative Penalty and Consent to Same ("Order"). Respondents admit only for purposes of this proceeding and any other

1 administrative proceeding before the Commission or any other agency of the state of Arizona the  
2 Findings of Fact and Conclusions of Law contained in this Order; and consent to the entry of this  
3 Order by the Commission.

4 **I.**

5 **FINDINGS OF FACT**

6 1. Lori Lee Spranger (a/k/a Lori Moriarty and/or Lori Lee Levandowski and/or Lori  
7 Gessell) ("Spranger") is an unmarried individual whose residential address is 3127 West Honor  
8 Court, Anthem, Arizona 85086.

9 2. Michael Moriarty ("Moriarty") is an unmarried individual whose residential  
10 address is 3127 West Honor Court, Anthem, Arizona 85086.

11 3. At all relevant times, Respondents transacted business under the trade name  
12 "Vector 90 Debt Purchasing" which was registered with the Arizona Secretary of State on March  
13 1, 2005, and whose business physical address is 3127 West Honor Court, Anthem, Arizona 85086  
14 and business mailing address is 3434 West Anthem Way, Suite 118, Anthem, Arizona 85086.

15 4. Vector 90 Debt Purchasing has not been organized as a legal entity under the laws of  
16 the state of Arizona, nor has it been authorized in Arizona to transact business as a foreign entity.

17 5. From at least October, 2004, Spranger and Moriarty have resided together and  
18 conducted their businesses from their personal residence.

19 6. From at least October, 2004, Spranger offered for sale securities in the form of  
20 investment contracts through direct solicitation of potential investors.

21 7. From at least February 1, 2005, Respondents offered for sale securities in the form  
22 of investment contracts through the use of the internet website located at [www.vector90.com](http://www.vector90.com)  
23 ("Website").

24 8. Respondents informed potential investors that the purpose of their business is to  
25 purchase consumer and commercial debt for pennies on the dollar and then to place those  
26 accounts for collection.

1           9.       Respondents informed potential investors that with a minimum investment of  
2 \$500.00, the investor receives a unit of debt ("Unit"). Each Unit represents \$2,500 in debt.

3           10.       Respondents further informed investors that once a Unit is paid off, the investor  
4 will receive a 35% return on their investment; provided, however, even if the collection of the  
5 unit is unsuccessful, or if Respondents collect less than the original \$2,500, the investor will still  
6 receive a 35% return on their investment.

7           11.       Respondents informed potential investors that Spranger has been "working in the  
8 collection and finance industry for a decade."

9           12.       According to the Website, an investment made during the three month period  
10 ending on April 5, 2006 should be paid off (including the 35% return) no later than October 5,  
11 2007. However, the Participation Agreement provided by Respondents to at least one offeree  
12 provides that their February, 2006 investment of \$100,000 would be repaid in quarterly  
13 installments of varying amounts beginning on November 16, 2006, with the last \$35,000  
14 (presumably the 35% return) to be paid to the investor by Respondents on December 15, 2007.

15           13.       According to the offering materials, Respondents informed investors that they are  
16 not a collection agency; rather, the collection accounts are placed with attorneys and collection  
17 agencies. According to their Website, certain accounts are "collected through Encompass West."  
18 According to the records of the Arizona Corporation Commission, Corporation Division,  
19 Encompass West is an Arizona limited liability company that is managed by Spranger and of  
20 which Spranger is at least a 20% owner.

21           14.       According to the Website, Encompass West received a fee for acting as the  
22 collection agent for Respondents. According to the records of the Arizona Department of  
23 Financial Institutions, Encompass West is not licensed (and, at all relevant times hereto, was not  
24 licensed) as a collection agency, and cannot legally act as a debt collector in Arizona.

25           15.       On or about January 28, 2005, Encompass West entered into a consent order with  
26 the Arizona Department of Financial Institutions in which Encompass West agreed to cease and

1 desist all unlicensed debt collection activities and to pay an administrative penalty in the amount  
2 of \$5,000.00 (the "ADFI Order").

3 16. Spranger and Moriarty, despite his knowledge thereof, failed to inform offerees of  
4 the existence of the ADFI Order.

5 17. From at least April, 2000, until October 2002, Spranger transacted business as a  
6 collection agency under the trade names "Kyrazod" and/or "Kyrazod Project of Arizona". In the  
7 collection of the accounts, Spranger hired an attorney to perform legal services on behalf of her  
8 collection agency's clients ("Kyrazod Attorney"). Monies collected by the Kyrazod Attorney  
9 from the debtors would be turned over to Spranger. In turn, Spranger was to then pay to the  
10 attorney all fees for services rendered on behalf of Spranger to Kyrazod Attorney.

11 18. On November 11, 2003, Spranger and her then spouse filed for protection under  
12 Chapter 7 of the United States Bankruptcy Code in the U.S. Bankruptcy Court, District of  
13 Arizona in the matter entitled *In re Spranger*, case no. 2:03-bk-19815 ("Spranger Bankruptcy").  
14 On April 7, 2004, Spranger received a bankruptcy discharge. Spranger included debts associated  
15 with the operation of Kyrazod in the Spranger bankruptcy from which she received a discharge.

16 19. Spranger and Moriarty, despite his knowledge thereof, failed to inform offerees of  
17 the existence of the Spranger Bankruptcy.

18 20. On April 13, 2005, judgment was entered against Spranger for the wrongful  
19 conversion of funds due and owing to the Kyrazod Attorney. Even though the debt arose prior  
20 to the filing of the Spranger Bankruptcy, it was determined by the Bankruptcy Court to be a non-  
21 dischargeable debt as it arose from the wrongful conduct on the part of Spranger ("Kyrazod  
22 Attorney Judgment").

23 21. Spranger and Moriarty, despite his knowledge thereof, failed to inform offerees of  
24 the existence of the Kyrazod Attorney Judgment.

25 22. The Vector 90 Debt Purchasing bank account was controlled solely by Moriarty.  
26 However, deposits to and disbursements from the Vector 90 Debt Purchasing bank account were

1 occasionally made at the direction of Spranger. In fact, at all relevant times hereto, Moriarty  
2 was the only authorized signatory on all personal and business accounts belonging to Spranger  
3 and/or Moriarty.

4 23. Respondents used investor funds for the payment of personal expenses, to repay  
5 other investors, and for the payment of business expenses unrelated to Vector 90 Debt  
6 Purchasing.

7 24. Respondents failed to inform offerees that investor funds would be used for a  
8 purpose other than the acquisition of debt in accordance with Respondents' investment program.

9 25. Respondents failed to inform offerees of any potential risk associated with their  
10 investment.

11 26. Respondents have raised \$295,530.00 from 15 Arizona investors. The principal  
12 amount of \$70,870.00 has been returned to investors. The principal amount of \$224,660.00  
13 remains due and owing to investors.

14 **II.**

15 **CONCLUSIONS OF LAW**

16 1. The Commission has jurisdiction over this matter pursuant to Article XV of the  
17 Arizona Constitution and the Securities Act.

18 2. Respondents offered or sold securities within or from Arizona, within the meaning  
19 of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

20 3. Respondents violated A.R.S. § 44-1841 by offering or selling securities that were  
21 neither registered nor exempt from registration.

22 4. Respondents violated A.R.S. § 44-1842 by offering or selling securities while  
23 neither registered as dealers or salesmen nor exempt from registration.

24 5. Respondents violated A.R.S. § 44-1991 by (a) employing a device, scheme or  
25 artifice to defraud, (b) making untrue statements or misleading omissions of material facts, and (c)  
26

1 engaging in transactions, practices or courses of business which operate or would operate as a  
2 fraud or deceit.

3 6. Respondents' conduct is grounds for a cease and desist order pursuant to A.R.S. §  
4 44-2032.

5 7. Respondents' conduct is grounds for an order of restitution pursuant to A.R.S. § 44-  
6 2032.

7 8. Respondents' conduct is grounds for administrative penalties under A.R.S. § 44-  
8 2036.

9 **III.**

10 **ORDER**

11 THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and Respondents'  
12 consent to the entry of this Order, attached and incorporated by reference, the Commission finds  
13 that the following relief is appropriate, in the public interest, and necessary for the protection of  
14 investors:

15 IT IS ORDERED, pursuant to A.R.S. § 44-2032, that Respondents, and any of  
16 Respondents' agents, employees, successors and assigns, permanently cease and desist from  
17 violating the Securities Act. Respondents shall not sell any securities in or from Arizona without  
18 being registered in Arizona as dealers or salesmen, or exempt from such registration. Respondents  
19 shall not sell securities in or from Arizona unless the securities are registered in Arizona or exempt  
20 from registration.

21 IT IS FURTHER ORDERED that Respondents comply with the attached Consent to Entry  
22 of Order.

23 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that Respondents Spranger  
24 and Moriarty shall, jointly and severally, pay restitution to the Commission in the amount of  
25 \$224,660.00. Any amount outstanding shall accrue interest at the rate of 10% per annum from the  
26 date of this Order until paid in full. Payment shall be made to the "State of Arizona" to be placed

1 in an interest-bearing account maintained and controlled by the Commission. The Commission  
2 shall disburse the funds on a pro rata basis to investors shown on the records of the Commission.  
3 Any restitution funds that the Commission cannot disburse because an investor refuses to accept  
4 such payment shall be disbursed on a pro-rata basis to the remaining investors shown on the  
5 records of the Commission. Any funds that the Commission determines it is unable to or cannot  
6 feasibly disburse shall be transferred to the general fund of the state of Arizona.

7 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that Respondents Spranger  
8 and Moriarty shall, jointly and severally, pay an administrative penalty in the amount of  
9 \$50,000.00. Payment shall be made in full on the date of this Order to the "State of Arizona."  
10 Any amount outstanding shall accrue interest at the rate of 10% per annum from the date of this  
11 Order until paid in full. The payment obligations for these administrative penalties shall be  
12 subordinate to any restitution obligations ordered herein and shall become immediately due and  
13 payable only after restitution payments have been paid in full or upon Respondents' default with  
14 respect of Respondents' restitution obligations.

15 For purposes of this Order, a bankruptcy filing by any of the Respondents shall be an act of  
16 default. If any Respondent does not comply with this Order, any outstanding balance may be  
17 deemed in default and shall be immediately due and payable.

18 IT IS FURTHER ORDERED, that if any Respondent fails to comply with this order, the  
19 Commission may bring further legal proceedings against that Respondent, including application to  
20 the superior court for an order of contempt.

21 ...  
22 ...  
23 ...  
24 ...  
25 ...  
26 ...

1 IT IS FURTHER ORDERED that this Order shall become effective immediately.

2 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

3  
4   
5 CHAIRMAN

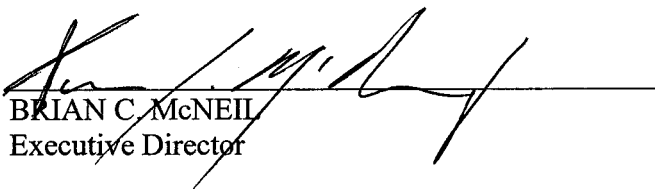
  
6 COMMISSIONER

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10 COMMISSIONER

11 IN WITNESS WHEREOF, I, BRIAN C. McNEIL,  
12 Executive Director of the Arizona Corporation  
13 Commission, have hereunto set my hand and caused the  
14 official seal of the Commission to be affixed at the  
15 Capitol, in the City of Phoenix, this 12<sup>th</sup> day of  
16 September, 2006.

17   
18 BRIAN C. McNEIL  
19 Executive Director

20 \_\_\_\_\_  
21 DISSENT

22 \_\_\_\_\_  
23 DISSENT

24 This document is available in alternative formats by contacting Linda Hogan, Executive Assistant  
25 to the Executive Director, voice phone number 602-542-3931, E-mail [lhogan@azcc.gov](mailto:lhogan@azcc.gov).

26 (JC)



**CONSENT TO ENTRY OF ORDER**

1  
2 1. LORI LEE SPRANGER (a/k/a LORI MORIARTY and/or LORI LEE  
3 LEVANDOWSKI and/or LORI GESSELL and MICHAEL MORIARTY, both individually and  
4 doing business under the Arizona registered trade name VECTOR 90 DEBT PURCHASING  
5 (“Respondents”) admit the jurisdiction of the Commission over the subject matter of this  
6 proceeding. Respondents acknowledge that they have been fully advised of their right to a hearing  
7 to present evidence and call witnesses and Respondents knowingly and voluntarily waive any and  
8 all rights to a hearing before the Commission and all other rights otherwise available under Article  
9 11 of the Securities Act and Title 14 of the Arizona Administrative Code. Respondents  
10 acknowledge that this Order to Cease and Desist, Order of Restitution, Order for Administrative  
11 Penalties and Consent to Same (“Order”) constitutes a valid final order of the Commission.

12 2. Respondents knowingly and voluntarily waive any right under Article 12 of the  
13 Securities Act to judicial review by any court by way of suit, appeal, or extraordinary relief  
14 resulting from the entry of this Order.

15 3. Respondents acknowledge and agree that this Order is entered into freely and  
16 voluntarily and that no promise was made or coercion used to induce such entry.

17 4. Respondents acknowledge that they have been represented by an attorney (Robert  
18 D. Mitchell of the law firm of Mitchell & Forest, P.C.) in this matter, they have reviewed this  
19 Order with their attorney, and understand all terms it contains.

20 5. Respondents admit only for purposes of this proceeding and any other  
21 administrative proceeding before the Commission or any other agency of the state of Arizona the  
22 Findings of Fact and Conclusions of Law contained in this Order. Respondents agree that they  
23 shall not contest the validity of the Findings of Fact and Conclusions of Law contained in this  
24 Order in any present or future administrative proceeding before the Commission or any other state  
25 agency concerning the denial or issuance of any license or registration required by the State to  
26 engage in the practice of any business or profession.

1           6.       By consenting to the entry of this Order, Respondents agree not to take any action  
2 or to make, or permit to be made, any public statement denying, directly or indirectly, any Finding  
3 of Fact or Conclusion of Law in this Order or creating the impression that this Order is without  
4 factual basis. Respondents will undertake steps necessary to assure that all of thier agents and  
5 employees understand and comply with this agreement.

6           7.       While this Order settles this administrative matter between Respondents and the  
7 Commission, Respondents understand that this Order does not preclude the Commission from  
8 instituting other administrative or civil proceedings based on violations that are not addressed by  
9 this Order.

10          8.       Respondents understand that this Order does not preclude the Commission from  
11 referring this matter to any governmental agency for administrative, civil, or criminal proceedings  
12 that may be related to the matters addressed by this Order.

13          9.       Respondents understand that this Order does not preclude any other agency or  
14 officer of the state of Arizona or its subdivisions from instituting administrative, civil, or criminal  
15 proceedings that may be related to matters addressed by this Order.

16          10.      Respondents agree that they will not apply to the state of Arizona for registration as  
17 a securities dealer or salesman or for licensure as an investment adviser or investment adviser  
18 representative until such time as all restitution and penalties under this Order are paid in full.

19          11.      Respondents agree that they will not exercise any control over any entity that offers  
20 or sells securities or provides investment advisory services within or from Arizona until such time  
21 as all restitution and penalties under this Order are paid in full.

22          12.      Respondents agree that they will not sell any securities in or from Arizona without  
23 being properly registered in Arizona as a dealer or salesman, or exempt from such registration;  
24 they will not sell any securities in or from Arizona unless the securities are registered in Arizona or  
25 exempt from registration; and they will not transact business in Arizona as an investment adviser  
26

1 or an investment adviser representative unless properly licensed in Arizona or exempt from  
2 licensure.

3 13. Respondents consent to the entry of this Order and agrees to be fully bound by its  
4 terms and conditions.

5 14. Respondents acknowledge and understand that if they fail to comply with the  
6 provisions of the order and this consent, the Commission may bring further legal proceedings  
7 against them, including application to the superior court for an order of contempt.

8 15. Respondents understand that default shall render them liable to the Commission for  
9 its costs of collection and interest at the maximum legal rate.

10 16. Respondents agree and understand that if they fail to make any payment as required  
11 in the Order, any outstanding balance shall be in default and shall be immediately due and payable  
12 without notice or demand. Respondents agree and understand that acceptance of any partial or late  
13 payment by the Commission is not a waiver of default by Commission.

14  
15 *Lori Spranger*  
16 Lori Lee Spranger (a/k/a Lori Moriarty and/or  
17 Lori Lee Levandowski and/or Lori Gessell)

18 *Michael Moriarty*  
19 Michael Moriarty

20 STATE OF ARIZONA )  
21 ) ss  
22 County of )

23 SUBSCRIBED AND SWORN TO BEFORE me this 22<sup>nd</sup> day of August, 2006.

24 *Jeanne A. Timmerman*  
25 NOTARY PUBLIC

26 My Commission Expires:  
09/30/2009

