



Prior Investigation Resulting  
in Criminal Conviction and Administrative Order

3. On or about May 5, 2008, The Office of the Kansas Securities Commissioner (“KSC”) opened an investigation, case number 2008-5451, regarding the offering and sale of securities by Moore.
4. Respondent Moore, while operating MFM, was found to be offering for sale and selling securities not registered with the Office of the Kansas Securities Commissioner.
5. Neither MFM nor Moore was registered as a broker-dealer, an agent, an investment adviser or an investment adviser representative.
6. The investigation found that Moore was offering promissory notes to certain clients of his insurance business.
7. The investigation further found through the examination of the promissory notes, banking records and other documents that Moore was operating an investment fraud known as a Ponzi scheme.
8. On August 5, 2009, KSC filed criminal charges against Moore in Johnson County District Court, case # 09CR1987. Moore was arrested on August 10, 2009. A condition of his bond was he was not to offer or sell securities. On December 21, 2009, Moore through a plea agreement, pled guilty to one count of securities fraud. Moore was sentenced to twelve months in prison (suspended) and two years’ probation. One of the conditions of his probation was not to engage in the offer and sale of securities.

9. On Dec 21, 2009, the Commissioner entered a Consent Order, Docket No. 10E014, against Moore, Barring him from association with any broker-dealer, agent, investment adviser or investment adviser representative registered in the State of Kansas.

#### New Investigation

10. On February 22, 2010, KSC received a new complaint regarding Moore continuing to sell promissory notes. This investigation was opened under KSC 2010-5724. This investigation is on-going.
11. Moore has continued to offer and sell securities from his MFM office. The investigation found that Moore continued to solicit new investors even after his arrest in violation of bond conditions. Records found that on the day Moore pled guilty in Johnson County District Court he received funds in the amount of \$50,000 from an investor.
12. Moore appears to have solicited funds from at least twenty-four potential investors, four of whom are Kansas residents, and six of whom were investors known from the first case against Moore. These solicitations include the time period of September 2009 through June 2011. Moore raised funds from these investors in the amount of \$1,185,000.00.
13. Staff has interviewed thirteen of the twenty-four identified potential investors. Each of these individuals was a customer of MFM and invested in a promissory note with Moore since the end of the first case against Moore. Moore failed to disclose his felony conviction for securities fraud to twelve of the investors.

Further, none of the investors was aware that he was on probation and was not to engage in selling securities as a condition of probation.

14. The examination of banking records show that Moore does not have any other source of income to repay investors and that he must continue to solicit new investors in an on-going Ponzi scheme perpetrated to defraud investors.

## **II. Conclusions of Law**

15. The Office of the Kansas Securities Commissioner has jurisdiction over this matter pursuant to the Kansas Uniform Securities Act.
16. The promissory notes being offered by Moore are securities under K.S.A. 17-12a102(28).
17. Moore is engaging in an act, practice or course of business that operates or would operate as a fraud or deceit upon another person in violation of K.S.A. 17-12a501 (2) &/or (3).

## **III. Cease and Desist Order**

The Commissioner finds that action is appropriate under K.S.A. 17-12a604(a) because sufficient evidence exists to conclude that the Respondent has engaged in, is engaging in, or is about to engage in acts or practices constituting violations of the Kansas Uniform Securities Act, or has materially aided, is materially aiding, or is about to materially aid such violations.

IT IS, THEREFORE, ORDERED by the Commissioner that the Respondent and his officers, agents, servants, employees, and any person in concert or participation with the Respondent who receives actual notice of this order, shall immediately CEASE and DESIST in the State of Kansas from soliciting offers to buy or making offers to sell, or

effecting or transacting sales of securities, or the securities of any other person or issuer, or directly or indirectly aiding and assisting in the same or attempting to do the same, (1) unless and until such securities have been registered for offer and sale pursuant to the provisions of the Kansas Uniform Securities Act, or unless and until such securities are specifically exempt from the registration requirements of the Kansas Uniform Securities Act; and (2) unless and until the Respondent and all other affiliates, employees or contractors of the Respondent who are to be engaged in such solicitations, offers, and sales first become registered as broker-dealers or agents pursuant to the provisions of the Kansas Uniform Securities Act, or unless and until such persons are specifically exempt from such registration requirements of the Kansas Uniform Securities Act; and (3) unless and until the Respondent refrains from all acts and practices which constitute violations or are about to constitute violations of the Kansas Uniform Securities Act.

#### **IV. Opportunity for Hearing**

If the Respondent wishes to contest the issuance of this order, then the Respondent must file a request for hearing. The request for hearing must be in the manner and form prescribed by K.A.R. 81-11-5, and it must be filed with the Office of the Securities Commissioner, 109 SW 9<sup>th</sup> Street, Suite 600, Topeka, Kansas 66612. The request for hearing must be verified under oath by the Respondent, and if the Respondent disputes any of the Findings of Fact or Conclusions of Law set forth above, the Respondent shall specifically deny them or they will be deemed admitted. In addition, the Respondent may offer evidence and argument to mitigate the allegations. If the allegations are properly disputed, the matter will be set for a hearing which shall be conducted in accordance with the provisions of the Kansas Administrative Procedures

Act. If no request for hearing is filed within thirty-three (33) days after the date of mailing shown on the Certificate of Service for this order, the order will become final without further proceedings.

The Office of the Securities Commissioner shall be represented in this matter by Wiley B. Kannarr, Director, Legal Services, 109 SW 9<sup>th</sup> Street, Suite 600, Topeka, Kansas 66612, telephone (785) 296-5215.

IT IS SO ORDERED this 16th day of September, 2011.

/s/ Aaron Jack \_\_\_\_\_  
Aaron Jack  
Securities Commissioner

**NOTICE:**

**(1) Pursuant to K.S.A. 17-12a508(a), any intentional violation of an order issued under the Kansas Uniform Securities Act is a felony criminal offense.**

**(2) This decision may constitute final agency action that is subject to judicial review. The agency officer to receive service of a petition for judicial review on behalf of the Office of the Kansas Securities Commissioner is Aaron Jack, Securities Commissioner, at 109 SW 9<sup>th</sup> Street, Suite 600, Topeka, Kansas 66612.**

**Certificate of Service**

I hereby certify that on this 16th day of September, 2011, a copy of the above Cease and Desist Order was sent by certified mail, return receipt requested, addressed to the following:

Danny M. Moore



/s/ Michelle Lancaster  
Michelle Lancaster  
Legal Assistant