BEFORE THE
DIVISION OF SECURITIES
DEPARTMENT OF FINANCIAL INSTITUTIONS
STATE OF WISCONSIN

In the Matter of
ARTHUR P. SANGER, Respondent.

PETITION FOR ORDER

File No. S-00102(LX)

The staff of the Enforcement Unit, Registration & Enforcement Section, of the Division of Securities, Department of Financial Institutions, State of Wisconsin has conducted an investigation in this matter pursuant to sec. 551.56, Wis. Stats. and as a result thereof alleges as follows:

1. Arthur P. Sanger (DOB 9/11/51; CRD #826217) ("Sanger") is an individual who at all times material hereto has been licensed pursuant to Ch. 551, Wis. Stats., as a securities agent with a known residence address of 7310 Southern Oak Pl., Madison, WI 53719.

2. On March 5, 1997, Sanger offered and sold to at least one person in Wisconsin an investment on behalf of PCO, Inc. a/k/a Personal Choice Opportunities ("PCO") ("the PCO investment").

3. The PCO investment was characterized as a "Lender Agreement," pursuant to which the Wisconsin investor agreed to loan money to PCO for a term of 12 months, with interest to be paid at the rate of 21% per annum, to be paid semiannually or at the end of said term, the proceeds from which "Lender Agreements" were said to be used by the borrower to purchase viatical settlement contracts.

4. The PCO investment is a security as defined by sec. 551.02(13), Wis. Stats., and has never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.

5. Sanger has violated sec. 551.21(1), Wis. Stats., by offering and selling an unregistered security in Wisconsin.

6. Sanger's employing broker-dealer did not authorize and the PCO transactions were not recorded on its regular books and records.

7. Pursuant to DFI-Sec 4.06(2), Wis. Adm. Code, effecting any securities transaction not recorded on the regular books or records of the broker-dealer which the agent represents, unless the transaction is disclosed to, and authorized in writing by, the broker-dealer prior to the execution of the transaction, is deemed a "dishonest or unethical business practice" or "taking unfair advantage of a customer" by an agent, which provides a basis, pursuant to sec. 551.34(1)(g), Wis. Stats., for the censure of a licensee.
8. On April 7, 1997, the owner of PCO was arrested and charged in federal court in the Central District of California with conspiracy to commit mail and wire fraud in connection with a scheme to defraud more than 950 investors in PCO, and on April 23, 1997 a receiver was appointed for $80-$100 million in investor funds in PCO.

9. On November 13, 1997 the U.S. Securities and Exchange Commission filed a civil suit alleging that between June 1996 and April 1997, PCO solicited investors by falsely representing, among other things, that they would use investor funds to purchase viatical settlements, which would yield an annual return of 25 percent, but instead misappropriated and otherwise misused the investors' funds. [SECURITIES AND EXCHANGE COMMISSION v. DAVID W. LAING AND PCO, INC., d/b/a PERSONAL CHOICE OPPORTUNITIES 97 Civ. 8439 (LMM)(S.D.N.Y.)].

Therefore, the staff of the Enforcement Unit petitions the Administrator of the Division of Securities for the issuance of the attached Order pursuant to Ch. 551, Wis. Stats.

Susan A. Kittel Moore         Date
Legal Assistant
Enforcement Unit

David A. Cohen                Date
Supervising Attorney
Enforcement Unit