

**STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT**

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<b>IN THE MATTER OF:</b>	)	
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	)	
<b>SPRIGGS, RICHARD M. and</b>	)	<b>No 1000081</b>
<b>GIRAFFE LOGISTICS, LLC, their partners,</b>	)	
<b>officers and directors, agents, employees,</b>	)	
<b>members, affiliates, successors</b>	)	
<b>and assigns.</b>	)	

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**ORDER OF PROHIBITION**

**TO RESPONDENT: RICHARD M. SPRIGGS  
and GIRAFFE LOGISTICS, LLC.  
2683 Wabash Circle  
Naperville, Illinois 60565**

**And**

**81 Townsend Circle  
Naperville, Illinois 60565**

**And**

**941 Whalehead Drive  
Corolla, North Carolina 27927**

**And**

**22 The Green Mayglare Abbey  
Maynooth, County Kildare  
Ireland**

WHEREAS, a Temporary Order of Prohibition was issued by the Secretary of State on August 9, 2010 which prohibited Richard M. Spriggs and Giraffe Logistics, LLC and their partners, officers and directors, agents, employees, affiliates, successors and assigns (“Respondents”) from offering or selling securities in or from the State of Illinois until further order of the Secretary of State or his duly authorized representative;

WHEREAS, pursuant to section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5] (the “Act”), the failure to request a hearing within thirty (30) calendar days of the

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entry of the Temporary Order shall constitute an admission of any acts alleged therein and constitute a sufficient basis to make the Temporary Order final;

WHEREAS, the Respondents have failed to request a hearing on the matters contained in the Temporary Order within thirty (30) calendar days of the entry of said Temporary Order and the Respondents are hereby deemed to have admitted the facts alleged in the Temporary Order;

WHEREAS, the Secretary of State, by and through his duly authorized representative, has adopted the Findings of Fact contained in the Temporary Order as the Secretary of State's Findings of Fact as follows:

1. Respondent Richard M. Spriggs (at times hereinafter "Spriggs") at all times relevant herein had last known addresses of 2683 Wabash Circle, Naperville, Illinois 60565 and 81 Townsend Circle, Naperville, Illinois 60565; and 941 Whalehead Drive, Corolla, North Carolina 27927; and 22 The Green Mayglare Abbey, Maynooth, County Kildare Ireland.
2. Respondent Giraffe Logistics, LLC (at times hereinafter "Giraffe") at all times relevant herein was a Delaware Limited Liability Company (established 8/5/2005) doing business in Illinois, with last known addresses of 2683 Wabash Circle, Naperville, Illinois 60565 and 81 Townsend Circle, Naperville, Illinois 60565 and 941 Whalehead Drive, Corolla, North Carolina 27927 and 22 The Green Mayglare Abbey, Maynooth, County Kildare Ireland.
3. Respondent Spriggs at all relevant times was a principal member of Giraffe Logistics, LLC.
4. In July 2007 Respondent Spriggs while acting on behalf of Giraffe solicited at least one individual (hereinafter "Investor") to purchase a 40% membership interest in Giraffe and to receive employment with Giraffe.
5. In November 2007 Investor paid Spriggs \$125,000 and in January 2008 Investor paid Spriggs an additional \$340,000 (total \$465,000) for the purchase of the 40% membership interest in Giraffe.
6. The activities described above in paragraphs 4-5 constitute the offer and sale of membership in a limited liability company (or an investment contract) and are therefore a security as those terms are defined in Sections 2.1, 2.5 and 2.5a of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act").

### **FRAUD IN SALE OF SECURITIES**

7. During the late 2007 negotiations between Spriggs and Investor, Spriggs made written and oral representations to Investor that in 2007 Giraffe had a net value of

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approximately \$13,000,000; and that Giraffe had 2007 profits of approximately \$1,162,000.

8. Spriggs further promised Investor that, as an employee of Giraffe, Investor would earn annual income of 40% of the represented annual profit of \$1,162,000 (\$465,000).
9. In fact, at the time of the sale, Giraffe had a net value of approximately \$7,000,000 (\$6,000,000 less than represented by Spriggs); and had annual profits of approximately \$150,000 (over \$1 million less than represented by Spriggs).
10. In reliance upon Spriggs' misrepresentations Investor quit his job to take employment with Giraffe, and purchased a 40% membership interest in Giraffe for the amount of \$465,000.
11. When confronted by Investor of the misrepresentations as to the value and profits of Giraffe, Spriggs caused Giraffe to repay Investor \$225,000 of the \$465,000 invested, leaving a deficit unpaid to Investor of \$240,000.
12. Section 12.F of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to engage in any transaction, practice or course of business in connection with the sale or purchase of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof.
13. Section 12.G of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to obtain money or property through the sale of securities by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.
14. By virtue of the foregoing, Respondents violated Sections 12.F and 12.G of the Act and will violate them again if they make further offers, or if they make any sales of Notes or other securities described above in the State of Illinois.

NOW THEREFORE IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.F of the Act, Respondents **Richard M. Spriggs and Giraffe Logistics, LLC** and their partners, officers and directors, agents, employees, affiliates, successors and assigns, are **PROHIBITED** from rendering investment advice and from offering or selling securities in or from this State until the further Order of the Secretary of State.


**NOTICE:** Failure to comply with the terms of this Order shall be a violation of Section 12.D of the ACT. Any person or entity that fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of this Order, shall be guilty of a Class 4 felony for each offence.

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**This is a final order subject to administrative review pursuant to the Administrative Review Law [735 ILCS 5/3-101 *et seq.*] and the Rules and Regulations of the Act (14 Ill. Admin. Code, Ch. 1 Sec. 130.1123). Any action for judicial review must be commenced within thirty-five (35) days from the date a copy of this Order is served upon the party seeking review.**

Dated: This 18<sup>th</sup> day of November 2010.



JESSE WHITE  
Secretary of State  
State of Illinois

Attorney for the Secretary of State:

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