

1 STATE OF CALIFORNIA
2 BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY
3 DEPARTMENT OF BUSINESS OVERSIGHT

4 TO: AuctionAddicts.com a.k.a Auction Addicts, Auction Attics
5 Darryle D. Douglas

6 1855 East Rose Avenue, Apartment 17-C
7 Orange, California 92867

8 DESIST AND REFRAIN ORDER

9 (For violations of section 25401 of the Corporations Code)

10 The Commissioner of Business Oversight finds that:

11 1. At all relevant times, AuctionAddicts.com also known as Auction Addicts and
12 Auction Attics (Auction Addicts) was a company of unknown origin and maintained an address at
13 1855 East Rose Avenue, Apartment 17-C, Orange, California 92867.

14 2. Auction Addicts operated and maintained an internet website located at:
15 <http://www.auctionaddicts.com>. Auction Addicts claimed it would sell space on its website to
16 costumers who wanted to sell new or slightly used items online. Auction Addicts claimed after an
17 item was posted on its website, Auction Addicts would use radio, television, and other advertising
18 media to help its customers sell their items through auctions.

19 3. At all relevant times, Darryle D. Douglas (Douglas) was the founder and owner of
20 Auction Addicts.

21 4. Beginning or about May 2015, Auction Addicts and Douglas offered and sold
22 securities to investors in the form of investment contracts called a "Crowdfunding Offer". To
23 promote this investment opportunity, Auction Addicts and Douglas sent power point presentations;
24 held conference calls; and sent information about the Crowdfunding Offer to potential investors.
25 Auction Addicts and Douglas also represented that investors would receive profits for items sold on
26 the Auction Addicts' website.

27 5. Auction Addicts and Douglas represented that they would accept investments of
28 anywhere between \$250.00 and \$30,000.000 in the Crowdfunding Offer.

1 6. At least one person invested \$30,000.00 with Auction Addicts and Douglas in the
2 Crowdfunding Offer.

3 7. In connection with the offer and sale of these securities, Auction Addicts and Douglas
4 made, or caused to be made, misrepresentations of material fact or omitted to state material facts
5 necessary in order to make the statements made, in the light of the circumstances under which they
6 were made, not misleading. These misrepresentations and omissions included, but are not limited to
7 the following:

8 (a) Auction Addicts and Douglas misrepresented to investors that investors would
9 receive an investment contract after investment funds were received. Investors sent their investment
10 funds to Auction Addicts and Douglas, but never received their investment contract in the
11 Crowdfunding Offer.

12 (b) Auction Addicts and Douglas omitted to disclose to investors that Douglas had
13 a civil judgment issued against him on September 4, 2014, in the amount of \$2,271,239.20 in
14 *Kenneth D. Bell v. Paul R. Burks, et al.*, in the Western District of North Carolina, United States
15 District Court, Case Number 3:14-cv-89.

16 (c) Auction Addicts and Douglas misrepresented to investors that “there is no need
17 to worry” about losing their investment funds because Auction Addicts has a reserve minimum
18 system that guarantees it will “not to lose money.” Investors did not receive any profits and did not
19 recover their any of their initial investment funds.

20 Based on the foregoing findings, the Commissioner of the Business Oversight is of the
21 opinion that the securities in the form of investment contracts in the Crowdfunding Offer offered and
22 sold by AuctionAddicts.com also known as Auction Addicts and Auction Attics, and Darryle D.
23 Douglas were offered in this state by means of written or oral communications that included untrue
24 statements of material fact or omitted to state material facts necessary in order to make the statements
25 made, in the light of the circumstances under which they were made, not misleading, in violation of
26 section 25401 of the Corporate Securities Law of 1968.

27 Pursuant to Section 25532 of the Corporate Securities Law of 1968, AuctionAddicts.com also
28 known as Auction Addicts and Auction Attics, and Darryle D. Douglas, are hereby ordered to desist

1 and refrain from offering or selling or buying or offering to buy any security in the State of
2 California, including but not limited to, investment contracts in Crowdfunding Offers, by means of
3 any written or oral communication which includes an untrue statement of a material fact or omits to
4 state a material fact necessary in order to make the statements made, in the light of the circumstances
5 under which they were made, not misleading.

6 This Order is necessary, in the public interest, for the protection of investors and consistent
7 with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

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9 Dated: May 2, 2018

JAN LYNN OWEN
Commissioner of Business Oversight

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By: _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division