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10 SUPERIOR COURT OF THE STATE OF CALIFORNIA
11 FOR THE COUNTY OF LOS ANGELES
12

13 THE PEOPLE OF THE STATE OF
CALIFORNIA, by and through the
14 California Corporations Commissioner,

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16 Plaintiff,

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19 v.

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21 GABRIEL OBADAN, COGAR FINANCIAL
SERVICES, INC. and Does 1 through 10,
22 inclusive,

23 Defendants.
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) CASE No.

)
) COMPLAINT FOR PRELIMINARY
) INJUNCTION; PERMANENT INJUNCTION;
) CIVIL PENALTIES; AND ANCILLARY
) RELIEF

) VIOLATIONS OF CORPORATIONS CODE
) SECTION 25110
) (UNQUALIFIED SALES OF SECURITIES)

) VIOLATIONS OF CORPORATIONS CODE
) SECTION 25401
) (FRAUD IN CONNECTION WITH THE
) OFFER AND SALE OF SECURITIES)

) VIOLATIONS OF DESIST AND REFRAIN
) ORDER ISSUED BY THE COMMISSIONER
) (CORPORATIONS CODE SECTION 25530)

26 Preston DuFauchard, California Corporations Commissioner, acting to protect the public
27 from unlawful and fraudulent sales of securities, brings this action in the public interest in the name
28 of the People of the State of California. The People of the State of California allege:

JURISDICTION AND VENUE

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2 1. The California Corporations Commissioner (“Commissioner”) brings this action to
3 enjoin the defendants from violating the California Corporate Securities Law of 1968 (Corporations
4 Code section 25000, et seq.) and to request necessary equitable and ancillary relief. The
5 Commissioner is authorized to administer and enforce the provisions of the Corporate Securities
6 Law.

7 2. The Commissioner brings this action pursuant to Corporations Code section 25530
8 and Government Code section 11180 et seq. in his capacity as head of the California Department of
9 Corporations.

10 3. Defendants have transacted and continue to transact business within Los Angeles
11 County and other counties of California. The violations of law described herein have occurred and
12 will continue to occur within Los Angeles County and elsewhere in California unless enjoined.

DEFENDANTS

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14 4. Defendant Cogar Financial Services, Inc. is a California corporation incorporated on
15 October 18, 2004, with a registered place of business at 1055 East Colorado Boulevard, Pasadena,
16 California 91106. It does business at offices located at 3746 East Foothill Boulevard, Pasadena,
17 California 91107. Cogar Financial Services Inc. also does business under the names “Worldwide
18 Money Express” and “Worldwide Money Express Services.”

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20 5. Defendant Gabriel Obadan, whose full name is Gabriel Ochichioya Obadan is the
21 President and Chief Executive Officer of Cogar Financial Services, Inc.

22 6. Defendants sued herein under the fictitious names Does 1 through 10, inclusive, are
23 unknown to plaintiff who therefore sues such defendants by such fictitious names, pursuant to the
24 provisions of Code of Civil Procedure section 474. The Commissioner asks leave of the court to
25 amend the Complaint and allege the true names and capacities of such defendants at such time as the
26 same have been ascertained.

1 7. The Commissioner is informed and believes, and thereon alleges that, at all relevant
2 times hereto, the defendants named as officers, directors, agents or employees, acted in such
3 capacities in connection with the acts, practices and schemes of business set forth below.

4 8. Whenever any allegation is made in the Complaint to “Defendants” doing any act, the
5 allegation shall mean the act of each defendant acting individually, jointly and severally and the
6 conspiring of these Defendants to so act. The Commissioner is informed and believes, and thereon
7 alleges that each defendant alleged to have committed any act did so pursuant to and in furtherance
8 of a common plan, scheme and conspiracy and as the agent for each and every co-defendant. Each
9 defendant conspired to violate the provisions of the Corporate Securities Law.

10 9. Whenever any allegation is made in this Complaint to any of the business entity
11 defendants doing any act, the allegation shall mean acts done or authorized by the officers, directors,
12 agents and employees of the business entity defendant while actively engaged in the management,
13 direction or control of the affairs of the business entity defendant, and while acting within the course
14 and scope of their employment.

15 10. The Commissioner is informed and believes, and thereon alleges that, at all relevant
16 times, each and every defendant directly or indirectly knowingly controlled and induced the other
17 co-defendants or knowingly provided substantial assistance to the other co-defendants to violate the
18 provisions of the Corporate Securities Law, as alleged in this Complaint, within the meaning of
19 Corporations Code section 25403.¹

20 **STATEMENT OF FACTS**

21 11. Beginning in or about 2006 Cogar Financial Services, Inc. placed advertisements in
22 newspapers including the Los Angeles Times and on the Internet that advertised investment
23 opportunities in a payday lender business operated by Cogar Financial Services, Inc. The
24 advertisements stated:

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26 Investors Wanted Urgently!! A fast-growing and highly profitable
27 financial services company based in Pasadena, California, is urgently

28 ¹ All further statutory references are to the Corporations Code unless otherwise indicated.

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seeking serious private and institutional investors to provide funding to service its huge and rapidly expanding customer base throughout Southern California. Guaranteed 25% annual interest on investments. Minimum investment \$100,000.00. Interest paid every 90 days (Quarterly). Call (626) 204-4016 for details. Cogar Financial Services, Inc. A member of the better business bureau.

In response to telephone inquiries to the phone number listed in the ad Cogar Financial Services Inc. sent out offering materials about the investment opportunity which stated that

[t]he company provides secured cash loans to all its customers through an innovative 1-Hour Emergency Personal Loan Program by using a network of drivers to deliver cash to its customers, wherever they may be. Customers in turn issue post-dated checks, which are given to the company’s drivers in exchange for its small cash loans. The loans are secured by the customers’ monthly incomes and bank accounts similar to the successful payday loan industry, and the payback period is two weeks. All checks are deposited on the days specified by the customers. Cogar Financial Services, Inc., has been providing this convenient service to its customers for about one year. ... The company has already filed for a U.S. Patent and acquired copyrights for its unique business method under the trademark of “Worldwide Money Express Service”...Interested investors can invest a minimum of \$100,000 for a one-year period and receive a guaranteed annual interest rate of 25% on the investment amount, payable every quarter, for twelve (12) calendar months... An investor can, however decide to leave the principal amount indefinitely and collect interest payments each quarter for life.

12. In 2006, Cogar Financial Services, Inc. also placed advertisements on the Internet and in newspapers including the San Gabriel Valley Tribune under the name “Worldwide Money Express Service” which stated “CASH!! CASH!! CASH!! 1-HOUR EMERGENCY CASH LOANS!! From \$200 up to 1,000. No Credit Check. No Collateral. We will deliver Cash Loans to you in person, in one hour, wherever you may be. Pay back within two weeks. 15% interest plus delivery charge. Call (626) 204-4016.” The business plan contained in the offering materials provide by Cogar Financial Services Inc. to prospective investors stated that customers would write a check for the amount of the loan plus 15 percent interest and date it two weeks from the date they

1 receive the loan. Cogar Financial Services, Inc., would then cash the check on the date specified on
2 the check to pay off the loan. The loans offered and made by Cogar Financial Services, Inc.
3 amounted to a “deferred deposit transaction” as described in section 23005(a) of the California
4 Financial Code. Defendants Cogar Financial Services, Inc. and Gabriel Obadan did not obtain a
5 license to operate a deferred deposit transaction business in California as required by the California
6 Financial Code in order to engage in such a loan business.

8 13. A Desist and Refrain Order was issued by the California Department of Corporations
9 on December 15, 2006, to Defendants Gabriel Obadan and Cogar Financial Services, Inc. for
10 violation of section 25110, for selling unqualified non-exempt securities, and for violation of section
11 23005(a) of the California Financial Code for engaging in the business of deferred deposit
12 transactions (pay day loans) without obtaining the necessary license required by the California
13 Deferred Deposit Transaction Law (CDDTL) (California Financial Code §§ 23000 et seq.) (“Desist
14 and Refrain Order”). The order was personally served on Defendants Gabriel Obadan and Cogar
15 Financial Services, Inc. on December 29, 2006.

16 14. In or about June of 2007, Defendants Gabriel Obadan and Cogar Financial Services,
17 Inc. again offered and sold unqualified securities in the form of investment contracts and stock in
18 Cogar Financial Services, Inc. Defendants told investors at that time that the money was to be used
19 to start a new business offering money delivery services under the name Worldwide Money Express
20 Services. According to the companies website at www.cogarfinancial.com “ Worldwide Money
21 Express Services is a unique door to door delivery service which uses a network of agents to deliver
22 gift certificates directly to customers at their homes, apartments, offices or wherever they may be 7
23 days a week.” Defendants Gabriel Obadan and Cogar Financial Services, Inc. represented to
24 investors that Worldwide Money Express Services would have its “agents” deliver cash to the
25 customer at any location for a charge of \$30 per transaction.
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1 15. Defendants Gabriel Obadan and Cogar Financial Services, Inc. also told potential
2 investors in the money delivery business they would receive a return on their investment of 10
3 percent per month for a total of 120 percent per year. In addition they would receive shares of stock
4 in Cogar Financial Services, Inc. which would be equal in worth to the amount of their investment
5 and that the company would go public in three years, at which time they could sell their shares.
6 Defendants, Gabriel Obadan and Cogar Financial Services, Inc. failed to disclose to the potential
7 investors the existence of the Desist and Refrain Order prohibiting them from offering or selling
8 unqualified securities in violation of Section 25110 and engaging in an unlicensed pay day loan
9 business in violation of the CDDTL. Defendants also failed to disclose that Cogar Financial
10 Services, Inc. had failed to pay the interest that had been promised to the prior investors in the pay
11 day loan business and had failed to return their investment.
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13 16. In or about June 2007, Defendants Gabriel Obadan and Cogar Financial Services, Inc.
14 also told prior investors in the loan business that Cogar Financial Services, Inc. had “resolved all
15 pending matters with the Department of Corporations and had complied with all their demands” with
16 respect to the Desist and Refrain Order. They stated they would be resuming business operations
17 with the new money deliver business and would provide them with shares of stock in Cogar
18 Financial Services, Inc. as “compensation for your long-term patience and to give you added security
19 and a way to make additional profits when you eventually sell part or all of your shares.” The prior
20 investors were subsequently sent certificates for shares of stock in Cogar Financial Services, Inc.
21 The representation that “all pending matters” had been resolved with the Department of
22 Corporations as to the Desist and Refrain Order was untrue. The Desist and Refrain Order remained
23 in full effect and prohibited the offer and sale of unqualified securities including the stock issued to
24 the prior investors as compensation for past investments.
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FIRST CAUSE OF ACTION

**OFFER AND SALE OF UNQUALIFIED, NON-EXEMPT SECURITIES
IN VIOLATION OF CORPORATIONS CODE SECTION 25110
(ALL DEFENDANTS)**

17. Plaintiff incorporates by reference paragraphs 1 through 16 of this Complaint as though fully set forth herein.

18. Corporations Code section 25110 provides, in pertinent part, as follows:

It is unlawful for any person to offer or sell in this state any security in an issuer transaction . . . whether or not by or through underwriters . . . unless such sale has been qualified under Section 25111 . . . or unless such security or transaction is exempted under Chapter 1 (commencing with Section 25100) of this part.

19. Beginning in at least 2006 and continuing thereafter, Defendants, and each of them, offered and sold investment contracts and stock in Cogar Financial, Inc. to investors, residing in California and continued to offer to sell investment contracts and stock in Cogar Financial, Inc. even after being ordered to Desist and Refrain from doing so by the Commissioner of the California Department of Corporations on December 15, 2006.

20. The investments offered and sold by Defendants are “securities” within the meaning of Section 25019. The securities include, but are not necessarily limited to; investment contracts entitled “Investment Agreements” or stock in Cogar Financial Services, Inc. which were represented to be used for the loan or cash delivery business operated under the name Worldwide Money Express Services.

21. The sales of investment contracts and stock were “issuer transactions” within the meaning of Sections 25010 and 25011.

22. Defendants, and each of them, “offered and sold” the securities “within the state” of California within the meaning of Sections 25008 and 25017.

23. The Commissioner has not issued a permit or other form of qualification authorizing the offer and sale of the securities referred to herein in the state of California.

24. The offer and sale of securities referred to herein were not exempt from the requirement of qualification under Section 25110.

25. In doing the actions alleged in paragraphs 1 through 24, Plaintiff is informed and

1 believes, and thereon alleges that Defendants, and each of them, conspired and agreed among
2 themselves to offer and sell unqualified, non-exempt securities.

3 26. Plaintiff is informed and believes, and thereon alleges that in pursuance of the above-
4 described conspiracy, Defendants, and each of them, sold unqualified, non-exempt securities.

5 27. Unless enjoined by this Court, Defendants will continue to violate Section 25110.

6 **SECOND CAUSE OF ACTION**

7 **MISREPRESENTATION OR OMISSION OF MATERIAL FACTS**
8 **IN VIOLATION OF CORPORATIONS CODE SECTION 25401**
9 **(ALL DEFENDANTS)**

10 28. Plaintiff incorporates by reference paragraphs 1 through 28 of this Complaint
as though fully set forth herein.

11 29. Corporations Code section 25401 states:

12 It is unlawful for any person to offer or sell a security in this state or
13 buy or offer to buy a security in this state by means of any written or
14 oral communication which includes an untrue statement of a material
15 fact or omits to state a material fact necessary in order to make the
statements made, in the light of the circumstances under which they
were made, not misleading.

16 30. In offering and selling the securities referred to herein, Defendants, and each of them,
17 made untrue statements of material fact and/or omitted to state material facts to some or all of the
18 prospective investors. The untrue statements and/or omissions include but are not necessarily
19 limited to, the following:

20 A. It was not disclosed to prospective investors in the new money delivery business
21 that Defendants Cogar Financial Services, Inc. and its President, Gabriel Obadan, had been
22 the subject of a prior Desist and Refrain Order issued by the California Department of
23 Corporations on December 15, 2006 for violations of sections 25110 of the Corporations
24 Code for selling unqualified nonexempt securities in the form of investment contracts in
25 Cogar Financial Services Inc.
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28 B. It was not disclosed to prospective investors in the new money delivery business

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that prior investors in Cogar Financial Services Inc. had failed to receive the interest payments they had been promised or the return of their original investment.

C. It was misrepresented to previous investors in the pay day loan business that Cogar Financial Services Inc. had resolved all pending matters with the Department of Corporations regarding the Desist and Refrain Order, and that the issuance of stock to the prior investors as compensation for their investment did not violate that order. No “issues had been resolved” with the Department of Corporations which would allow Cogar Financial Services, Inc. to violate the order or offer and sell securities in violation of Section 25110 to new or prior investors.

31. The misstatements and omissions referred to herein were “material facts” within the meaning of Section 25401 since they concerned matters that a “reasonable investor” would consider in deciding whether to invest.

32. Defendants offer and sales of securities were by means of misrepresentations and omissions within the meaning of Section 25401.

33. Some or all of Defendants misrepresentations and omissions of material fact took place “within the state” of California within the meaning of Section 25008.

34. In doing the actions alleged in paragraphs 1 through 33, plaintiff is informed and believes, and thereon alleges that Defendants, and each of them, knowingly and willfully conspired and agreed among themselves to make untrue statements of material fact and/or omitted to state material facts in the offer and sale of the securities described herein.

35. Plaintiff is informed and believes, and thereon alleges that in pursuance of the above-described conspiracy, Defendants, and each of them, misrepresented material facts and/or omitted to state materials facts, including but not limited to defendants failure to disclose prior administrative Orders, their failure to disclose to new investors that prior investor had not been received any return

1 on their investments and by telling prior investors that Cogar Financial, Inc. had resolve all issues
2 with the Department of Corporations regarding the Desist and Refrain Order.

3 36. Unless enjoined, Defendants will continue to violate Section 25401.

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5 **THIRD CAUSE OF ACTION**

6 **VIOLATIONS OF PRIOR DESIST AND REFRAIN ORDER**
7 **ISSUED BY THE COMMISSIONER**
8 **(DEFENDANTS GABRIEL OBADAN AND COGAR FINANCIAL SERVICES, INC.)**

9 37. Plaintiff incorporates by reference paragraphs 1 through 38 of this Complaint as
10 though fully set forth herein.

11 38. Corporations Code section 25530 provides, in pertinent part, as follows:

12 (a) Whenever it appears to the commissioner that any person has engaged or is
13 about to engage in any act or practice constituting a violation of any provision of
14 this division or any rule or order hereunder, the commissioner may in the
15 commissioner’s discretion bring an action in the name of the people of the
16 State of California in the superior court to enjoin the acts or practices or to
17 enforce compliance with this law or any rule or order hereunder

18 39. On or about December 15, 2006, the Commissioner issued a Desist and Refrain Order
19 against Gabriel Obadan and Cogar Financial Services, Inc. for offering and selling unqualified
20 securities in California, in violation of Section 25110. Service was completed by personal service on
21 Gabriel Obadan and Cogar Financial Services, Inc. on December 29, 2006.

22 40. Following the issuance and service of the Desist and Refrain Order discussed in
23 paragraph 13, the Commissioner learned that from at least June, 2007 Gabriel Obadan and Cogar
24 Financial Services, Inc. continued to offer securities in the form of investment contracts and stock to
25 California residents and did so without disclosing material facts. In doing so, Gabriel Obadan and
26 Cogar Financial Services, Inc. violated the Desist and Refrain Order issued by the Commissioner on
27 or about December 15, 2006.

28 41. Unless enjoined, defendant Gabriel Obadan and Cogar Financial Services, Inc. will
continue to violate the Desist and Refrain Order issued by the Commissioner.

PRAYER FOR RELIEF

WHEREFORE, plaintiff prays for judgment against all Defendants, as follows:

1 **I. INJUNCTIVE RELIEF FOR THE VIOLATIONS**

2 1. For a preliminary injunction and permanent injunction enjoining, defendants Cogar
3 Financial Services, Inc., and Gabriel Obadan, and such Does as may subsequently be named, and
4 each of them, their officers, directors, successors in interest, agents, employees, attorneys in fact, and
5 all persons acting in concert or participating with them, or any of them, from directly or indirectly:

6 A. Violating Section 25110, by offering to sell, selling, arranging for the sale of,
7 issuing, engaging in the business of selling, negotiating for the sale of, or otherwise in any
8 way dealing or participating in the offer or sale of, any security of any kind, including but not
9 limited to the securities described in this Complaint, or violating section 23005(a) of the
10 California Financial Code by engaging in the business of deferred deposit transactions (pay
11 day loans) without a license.

12 B. Violating Section 25401 by offering to sell or selling any security of any kind,
13 including but not limited to, the securities described in this Complaint, by means of any
14 written or oral communication which includes any untrue statement of material fact or omits
15 or fails to state any material fact necessary in order to make the statements made, in the light
16 of the circumstances under which they are made, not misleading, including but not limited to
17 the misrepresentations and/or omissions alleged in this Complaint;

18 C. Violating any Desist and Refrain Order issued by the Commissioner including the
19 order issued on December 15, 2006, by offering and selling unqualified, non-exempt
20 securities in violation of California Corporations Code section 25110 or engaging in the
21 business of deferred deposit transactions (pay day loans) without a license in violation
22 section 23005(a) of the California Financial Code.

23 D. Transferring, changing, disbursing, selling, dissipating, converting, pledging,
24 assigning, foreclosing, or otherwise disposing of any real property or personal property in
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their possession or under their control, or in the possession of, or under the control of, any of the Defendants, which property or other assets were derived or emanated from directly, or indirectly, the sale and issuance of securities as alleged in this Complaint, without leave of the Court; and

E. Withdrawing, transferring, changing, disbursing, dissipating, converting, pledging, or assigning any funds or other assets which were derived or emanated, directly or indirectly, from the offer or sale of securities as alleged in this Complaint, from any accounts at any bank, savings and loan association, broker-dealer or any other financial institution in the name of any of the Defendants, or controlled by any of the Defendants, without leave of the Court.

II. RESCISSION AND RESTITUTION

1. For a Final Judgment requiring defendants Cogar Financial Services, Inc., and Gabriel Obadan, and such Does as may be subsequently named, and each of them, individually, jointly and severally, to rescind each and all of the unlawful transactions alleged in this Complaint, as shall be determined by this Court to have occurred, and further requiring defendants Cogar Financial Services, Inc., and Gabriel Obadan and such Does as may be subsequently named, and each of them, individually, jointly and severally, to pay full restitution to each person determined to have been subject to the Defendants’ acts or practices which constitute violations of the Corporate Securities Law, in an amount according to proof. In addition, to pay either the estimated rate of return on investment as represented in the offering materials provided by Defendants to investors or the legal rate of interest on the amounts invested by the investors from the dates of their investments to the date of judgment herein.

2. For a Final Judgment requiring defendants Cogar Financial Services, Inc., Gabriel Obadan, and such Does as may be subsequently named, and each of them, individually, jointly and severally, to disgorge to all known investors all benefits received,

1 including but not limited to, salaries, commissions, fees, profits and any other remuneration,
2 derived directly or indirectly, from the actions or practices which constitute violations of the
3 Corporate Securities Law.

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5 **III. CIVIL PENALTIES**

6 For a Final Judgment requiring defendants Cogar Financial Services, Inc., Gabriel
7 Obadan and such Does as may be subsequently named, and each of them, to pay to the
8 Department of Corporations \$25,000 as a civil penalty for each act in violation of the
9 Corporate Securities Law, and the California Financial Code as authorized by Corporations
10 Code section 25535, in a total amount of one million dollars or according to proof.

11 **IV. OTHER RELIEF**

12 For such other and further relief as this Court may deem necessary and proper.

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14 Dated: March 25, 2008
15 San Francisco, California

PRESTON DuFAUCHARD
California Corporations Commissioner

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By: _____
Kirk E. Wallace
Corporations Counsel
Attorney for Plaintiff

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