

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

4 To:

5 Delbert Joe Modlin
6 9580 Oak Avenue Pkwy, Suite 7-291
7 Folsom, CA 95630

8 Kool-Pets, Inc.
9 2966 Church Street, Suite #180
10 Burlington, NC 27215-5108

11 DESIST AND REFRAIN ORDER

12 (For violations of Corporations Code sections 25110 and 25401, subdivision (b))

13 The California Commissioner of Business Oversight (the "Commissioner") finds that:

14 1. Delbert Joe Modlin ("Modlin") is a natural person and a resident of the State of California.
15 Modlin is an attorney, licensed with the California State Bar: State Bar No. 131265. Modlin was
16 formerly licensed with the California Department of Insurance: License No. 0E93756. He was also
17 formerly licensed by the California Bureau of Real Estate: License No. 01774755. Modlin's last
18 known business address is 9580 Oak Avenue Parkway, Suite 7-291.

19 2. At all relevant times, Kool-Pets, Inc. ("Kool-Pets") was a North Carolina corporation formed
20 on or about August 19, 2013. Kool-Pets' last known business address is 2966 Church Street, Suite
21 #180, Burlington, NC 27215-5108. Formation documents and annual reports filed with the North
22 Carolina Secretary of State on behalf of Kool-Pets show that the sole incorporator of Kool-Pets is
23 Jeremy Modlin ("Jeremy"). The Commissioner is informed and believes that Jeremy is Modlin's
24 son.

25 3. Kool-Pets has never qualified any securities offering for sale in California through the
26 Commissioner, nor has it filed a limited offering exemption notice with the Commissioner.
27
28

1 4. Beginning in or about August, 2013, and continuing up to and through April of 2014, Modlin
2 and Kool-Pets offered and sold securities in the form of promissory notes in and from the State of
3 California. These securities were neither qualified nor exempt from qualification under the
4 California Securities Law of 1968 (“CSL”), Corporations Code section 25000 et seq. (See, Corp.
5 Code § 25110.)

6 5. In connection with these offers and sales, on at least one occasion, Modlin made the following
7 material misrepresentations or omissions in violation of Corporations Code section 25401,
8 subdivision (b):

9 a. misrepresented that the investors’ investment in the promissory notes would or could
10 return nearly double the investors’ monies in four (4) years;

11 b. failed to disclose two separate Chapter 7 bankruptcy filings by Modlin since 2004:
12 United States Bankruptcy Court Eastern District of California case numbers 0420605 and 1224337;

13 c. failed to disclose two separate felony criminal cases filed against Modlin in Placer
14 County Superior filed in 2011 and 2012, respectively: case number 62-106041 (Financial Elder
15 Abuse, Grand Theft, Perjury, and Corruption of Records) and case number 62-117056B (Conspiracy
16 and Forgery);

17 d. failed to disclose that Modlin has lost hundreds of thousands of dollars gambling since
18 2010 at Thunder Valley Casino, alone.

19
20 Based upon the foregoing findings, the California Commissioner of Business Oversight is of
21 the opinion that the promissory notes offered and sold by Modlin are securities subject to
22 qualification under the CSL and are being or have been offered or sold without being qualified in
23 violation of section 25110 of the CSL. Pursuant to section 25532, subdivision (a), of the CSL,
24 Delbert Joe Modlin and Kool-Pets, Inc. and any associated individuals, partnerships, corporations, or
25 companies, are hereby ordered to desist and refrain from the further offer or sale in the State of
26 California of securities, including but not limited to promissory notes, until qualification has been
27 made under the law, unless exempt.
28

1 Further, the Commissioner is of the opinion that Delbert Joe Modlin and Kool-Pets, Inc. have
2 offered and sold securities in and from California by means of written or oral communications which
3 included an untrue statement of a material fact or omitted to state a material fact necessary in order to
4 make the statements made, in the light of the circumstances under which they were made, not
5 misleading, in violation of Corporations Code section 25401, subdivision (b).

6 Pursuant to Corporations Code section 25532, Delbert Joe Modlin and Kool-Pets, Inc. and
7 any associated individuals, partnerships, corporations, or companies, are hereby ordered to desist and
8 refrain from the offer and sale of any and all securities in this state by means of written or oral
9 communications which include any untrue statement of a material fact or any omission of a material
10 fact necessary in order to make the statements made, in the light of the circumstances under which
11 they were made, not misleading.

12
13 This Order is necessary, in the public interest, for the protection of investors and consistent
14 with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

15
16 Dated: December 16, 2014
17 Sacramento, California

JAN LYNN OWEN
Commissioner of Business Oversight

18
19
20
21 By _____
22 MARY ANN SMITH
23 Deputy Commissioner
24 Enforcement Division
25
26
27
28