

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

4 TO: Darnell Ellis Cooley
5 252 West Fellars Drive
6 Phoenix, Arizona 85023

7 Cooley Investments, Inc.
8 3017 Douglas Boulevard, Suite 300
9 Roseville, California 95661

10 **DESIST AND REFRAIN ORDER**

11 **(For violations of section 25401 of the Corporations Code)**

12 The Commissioner of Business Oversight (Commissioner) finds:

13 1. Darnell Ellis Cooley (Cooley) resided at all relevant times in Sacramento and Placer
14 Counties, California. Cooley currently resides at 252 West Fellars Drive, Phoenix, Arizona 85023.

15 2. Cooley Investments, Inc. (Cooley Investments) is a California corporation with a
16 principal place of business at 3017 Douglas Boulevard, Suite 300, Roseville, California 95661.
17 Cooley is Cooley Investments' Chief Executive Officer, Secretary, Chief Financial Officer, and sole
18 Director.

19 3. REI Elite, LLC (REI Elite) is a California limited liability company with a principal
20 place of business at 1860 Howe Avenue #250, Sacramento, California 95821. Cooley was REI
21 Elite's managing member. REI Elite's business entity status is currently suspended by the Secretary
22 of State for failure to file required documentation.

23 4. From at least September 13, 2016 through September 12, 2017, Cooley, on behalf of
24 Cooley Investments, offered and sold securities in the form of investment contracts in Cooley
25 Investments in California, to at least one investor, raising at least \$75,449.00. Cooley attracted
26 potential investors through advertisements on Craigslist located at www.craigslist.org.

27 5. In connection with the offer and sales of these securities, from at least September 2016
28 through December 2016, Cooley and Cooley Investments, from their office in California, provided at

1 least one potential investor with a credit union statement that purported to show that REI Elite had
2 \$7,653,052.18 in cash in its account. Cooley also provided the potential investor with a letter that
3 stated that “REI Elite has credit facilities in place to fund a deal for up to \$6,000,000.00 for any
4 Apartment Complex transaction for Cooley Investments”

5 6. Cooley represented that he would pool investor funds, in addition to financing from
6 REI Elite, to purchase apartment complexes. Cooley represented that the Investor would have a 10%
7 equity interest in the investment. The investment was passive, meaning that the investor would not
8 actively participate in the investment. Therefore, the investor contributed capital, expected a return
9 through the effort of others, and was not involved in the operation of the business enterprise.

10 7. Cooley represented that the investment was safe, no risk, would generate a return of
11 \$1.1 million, and that the investor would be given a full refund if the apartment purchases did not
12 close.

13 8. Between January 13, 2017 through September 12, 2017, the investor invested at least
14 \$75,445.00. To date, the investor has not received any return on investment or the initial investment
15 back. Cooley stopped returning the investor’s text messages and telephone calls once the investor
16 asked for a refund.

17 9. The REI Elite credit union statement that Cooley provided to the investor was forged.
18 The credit union has never had any accounts involving Cooley, Cooley Investments, or REI Elite.

19 10. In connection with the offer and sale of these securities, Cooley and Cooley
20 Investments materially misrepresented that:

- 21 a. REI had \$7,653,052.18 in its bank account;
- 22 b. the investment was safe and no risk; and
- 23 c. the investment would generate a return of \$1.1 million or at the very least the
24 investor would get his money.

25 11. In connection with the offer and sale of these securities, Cooley and Cooley
26 Investments failed to disclose that a majority of the investor’s funds would be used for Cooley’s
27 personal expenses including car payments, dining, groceries, entertainment, apparel, and travel.
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1 This information was material and necessary in order to make the statements made, in the
2 light of the circumstances under which they were made, not misleading.

3 Based on the foregoing findings, the Commissioner is of the opinion that the securities in the
4 form of investment contracts offered and sold by Darnell Ellis Cooley and Cooley Investments, Inc.
5 were offered in this state by means of written or oral communications that included untrue statements
6 of material fact or omitted to state material facts necessary in order to make the statements made, in
7 the light of the circumstances under which they were made, not misleading, in violation of section
8 25401 of the Corporate Securities Law of 1968.

9 Pursuant to section 25532 of the Corporate Securities Law of 1968, Darnell Ellis Cooley and
10 Cooley Investments, Inc., are hereby ordered to desist and refrain from offering or selling or buying
11 or offering to buy any security in the State of California, including but not limited to, promissory
12 notes and investment contracts, by means of any written or oral communication which includes an
13 untrue statement of a material fact or omits to state a fact necessary in order to make the statements
14 made, in the light of the circumstances under which they were made, not misleading.

15 Pursuant to Corporations Code section 25403, any person who controls or induces another
16 person to violate a provision of the Corporate Securities Law of 1968, or any person who provides
17 substantial assistance to another person in violation of the Corporate Securities Law of 1968 shall be
18 liable for the violation.

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

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22 Dated: September 3, 2019
23 Los Angeles, California

MANUEL P. ALVAREZ
Commissioner of Business Oversight

24
25 By _____
26 MARY ANN SMITH
27 Deputy Commissioner
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