

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

4 TO: Amado S. Guloy
5 2400 Skyline Boulevard, #A3
6 Pacifica, California 94044

7 Rex Animal Health, Inc. aka Rex or Rex Ag Labs
8 449 Illinois Street, Suite 210
9 San Francisco, California 94158

10 and

11 1901 Olathe Boulevard
12 Kansas City, Kansas 66103

13 **DESIST AND REFRAIN ORDER**

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

15 The Commissioner of Business Oversight (Commissioner) finds:

16 1. Amado S. Guloy (Guloy) is, and at all relevant times was a resident of 2400 Skyline
17 Boulevard, #A3, Pacifica, California.

18 2. Rex Animal Health, Inc., also known as Rex or Rex Ag Labs (Rex), is a Delaware
19 Corporation. Guloy is Rex’s Chief Executive Officer and founder. Rex is a technology startup that
20 claims to use data to transform the animal health industry.

21 3. Rex’s principal places of business were 449 Illinois Street, Suite 210, San Francisco,
22 California 94158, and 1901 Olathe Boulevard, Kansas City, Kansas 66103. These office spaces were
23 provided to Rex by startup accelerators. Startup accelerators support early stage companies through
24 financing, mentorship, and education.

25 4. Rex was registered with the California Secretary of State on or around August 17,
26 2016. Rex’s status is currently forfeited by the Franchise Tax Board for failure to meet tax
27 requirements.

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1 5. Beginning in at least September 2016 through at least May of 2018, Guloy offered and
2 sold securities in the form of a convertible promissory note and a simple agreement for future equity
3 in Rex in California, to at least two investors, raising at least \$55,000.00.

4 6. In connection with the offer and sale of securities in Rex in September through
5 November of 2016, Guloy and Rex misrepresented that:

- 6 a. Rex had on-boarded five new customers in July through September of 2016;
- 7 b. Rex had revenue in 2015, and was projecting to at least double the 2015 revenue in
8 2016;
- 9 c. Rex had eight existing clients;
- 10 d. Rex had \$2 million in booked revenue from major animal pharmaceutical
11 companies; and
- 12 e. Rex had mathematicians, computer scientists, and biologists working for the
13 company.

14 7. In reality, Rex: did not have eight existing customers and five new customers in 2016;
15 did not have \$2 million in booked revenue from major animal pharmaceutical companies; and was
16 not generating strong revenues. Rex had four employees including one biologist, one data scientist,
17 one software engineer, and a part time assistant. By March of 2017, all employees had quit, leaving
18 Guloy as Rex's sole employee. To date, Rex and Guloy continue to use the former employees'
19 likeness on its website to make it appear as if Rex has employees.

20 8. In connection with the offer and sale of securities in Rex from September 2016
21 through November of 2016, Guloy and Rex failed to disclose that:

- 22 a. Rex had not regularly paid its employees' wages and was liable for backpay;
- 23 b. investor money would be used to pay wages, including backpay owed to former
24 employees;
- 25 c. investor money would be used to pay legal expenses; and
- 26 d. investor money would be used for Guloy's personal expenses including apartment
27 rental, domestic and international travel, groceries, and meals.

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1 9. On May 5, 2018, a potential investor asked Guloy about Rex’s team. In response,
2 Guloy inflated the Rex’s team’s qualifications, by falsely including the name of a former vice-
3 president of an agricultural business who had experience in agricultural finance. Guloy went on to
4 state that “[w]e’re almost four years into this and have already gotten deals with some of the largest
5 producers on the planet in our platform. I like to think our work speaks for itself at this point.”

6 10. In reality, the person Guloy represented was a part of the Rex team had talked to
7 Guloy about becoming Rex’s Chief Operating Officer in the summer of 2017, but decided against it,
8 and therefore never performed any work for, and was never a part of, the Rex team.

9 This information was material and necessary in order to make the statements made, in the
10 light of the circumstances under which they were made, not misleading.

11 Based on the foregoing findings, the Commissioner is of the opinion that the securities in the
12 form of a convertible promissory note and a simple agreement for future equity in Rex, offered by
13 Amado S. Guloy and Rex Animal Health, Inc., also known as Rex or Rex Ag Labs, were offered in
14 this state by means of written or oral communications that included untrue statements of material fact
15 or omitted to state material facts necessary in order to make the statements made, in the light of the
16 circumstances under which they were made, not misleading, in violation of section 25401 of the
17 Corporate Securities Law of 1968.

18 Pursuant to section 25532 of the Corporate Securities Law of 1968, Amado S. Guloy and Rex
19 Animal Health, Inc., also known as Rex and Rex Ag Labs, are hereby ordered to desist and refrain
20 from offering or selling or buying or offering to buy any security in the State of California, including
21 but not limited to, convertible promissory note and a simple agreement for future equity, by means of
22 any written or oral communication which includes an untrue statement of a material fact or omits to
23 state a fact necessary in order to make the statements made, in the light of the circumstances under
24 which they were made, not misleading.

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

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

Dated: September 16, 2019
Los Angeles, California

MANUEL P. ALVAREZ
Commissioner of Business Oversight

By _____
MARY ANN SMITH
Deputy Commissioner