

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU

In the matters of:

KWAKU OSEI
Unregistered

Docket No. 18-013345
Complaint No. 334353

and

COOPERATIVE CAPITAL, LLC
Unregistered

Docket No. 18-013344
Complaint No. 334352

and

DETROIT COMMUNITY CAPITAL, LLC
Unregistered

Docket No. 18-013343
Complaint No. 335356

Respondents.

_____ /

Issued and entered
This 10th day of September, 2018

**STIPULATION AND CONSENT ORDER RESOLVING CEASE AND DESIST
ORDERS AND RESOLVING
PENDING ADMINISTRATIVE HEARINGS**

A. Relevant information and statutory provisions, under the Michigan Uniform Securities Act (2002) (the “Act” or the “Securities Act”), 2008 PA 551, MCL 451.2101 *et seq.*:

1. Respondent Kwaku Osei (“Osei”) is an individual who resides in the State of Michigan. He is not and has never been registered in any capacity under the Securities Act.
2. Respondent Cooperative Capital, LLC (“Cooperative Capital”) is a Delaware-organized limited liability company with a last known address in Detroit, Michigan. Cooperative Capital is not and never has been registered in any capacity pursuant to the Securities Act in Michigan. Respondent filed a notice as a website operator under section 202a of the Securities Act, MCL 451.2202a.
3. Respondent Detroit Community Capital, LLC (“Detroit Community”) is a Michigan limited liability company. It is not registered in any capacity under

the Securities Act in Michigan, nor has it registered any securities offerings under the Securities Act in Michigan.

4. Osei is an owner of interests in, and manages the affairs of, Cooperative Capital and Detroit Community.
5. The Corporations, Securities & Commercial Licensing Bureau's ("Bureau's") Director, as Administrator of the Act ("Administrator"), issued and entered Notices and Orders to Cease and Desist ("Orders") to Osei, Cooperative Capital, and Detroit Community on May 18, 2018.
6. The Administrator alleged in the Orders that
 - a. Detroit Community is offering to sell limited liability company interests which are "investment contract" securities as that term is defined by the Securities Act.
 - b. The Detroit Community investment contracts are not registered under the Securities Act, nor has Detroit Community identified any applicable exemption, exception, preemption, or exclusion from the Securities Act.
 - c. Osei, through Cooperative Capital, designed and published a website intended to advertise securities offerings under section 202a of the Securities Act, MCL 451.2202a.
 - d. Osei facilitated the offer or sale of investment contract securities by Detroit Community, through the publicly-available Cooperative Capital.
 - e. Cooperative Capital, in connection with a website operator filing under section 202a of the Securities Act, MCL 451.2202a, advertised a securities offering by Detroit Community.
7. Osei, Detroit Community, and Cooperative Capital (together, "Respondents") neither admit nor deny the allegations in the Orders and agree to entry of this Consent Order only for the purpose of resolving the Orders.
8. Respondents timely requested a hearing under section 604 of the Act, MCL 451.2604.
9. There is a pending Administrative Hearing scheduled for September 13, 2018.

B. STIPULATION

The Administrator agrees to resolve the Orders subject to Respondents' compliance with the following conditions:

1. Osei will withdraw the non-compliant Michigan Invests Locally Exemption ("MILE") filing made on behalf of Detroit Community. Osei will not re-file or attempt to rely on MILE for a Detroit Community offering for at least six months following the date of this Order.
2. Respondents agree to comply with the Act in connection with all future conduct and activities, including but not limited to ensuring that they are registered, before engaging in activities that require registration under the Act.
3. Respondents agree that the Administrator may use any of the facts set out in the Orders if and when considering future applications for registration by Respondents within the three year period following the date of this Order, and Respondents agree to waive any assertion or claim under MCL 451.2412(9) which would otherwise bar the Administrator from consideration of such facts in making her determination for such three year period.
4. Respondents acknowledge that the Bureau will not provide legal advice or express an opinion on the applicability or satisfaction of exemptions or notice filings claimed by Respondents. Respondents further acknowledge that in any administrative proceeding under the Securities Act, section 503 of the Act, MCL 451.2503, specifically requires that Respondents bear the burden of proving the applicability of any exemption or preemption claimed by Respondents.
5. Respondents are jointly and severally liable for a civil fine of One Thousand Five Hundred Dollars (\$1,500.00) due within sixty (60) days after the mailing date of this Consent Order. The fine must be paid by check or money order payable to the "State of Michigan," contain Respondents' identifying information and Complaint Nos. 334352, 334353, and 335356, and be mailed to:

Corporations, Securities & Commercial Licensing Bureau
Final Order Monitoring – Securities & Audit Division
P.O. Box 30018
Lansing, MI 48909

6. If any portion of the civil fines are overdue for at least six months, the Administrator may refer the fine(s) to the Michigan Department of Treasury for collection against any or all Respondents.
7. The Administrator acknowledges and agrees that this Consent Order will be reported according to the Bureau's standard policy, as follows:
 - a. By posting a summary report on the Bureau's website disclosing Respondents' names and cities, Consent Order effective date, and Action Taken (Consent Order and fine amounts).
 - b. The Bureau will also separately report the Orders on the Bureau website.
8. The Administrator and Respondents agree that, within fifteen (15) business days after entry of the attached Order, they or their designees will notify the Michigan Administrative Hearing System that a settlement was reached and, if necessary, submit a stipulation to dismiss the pending Administrative Hearing with prejudice and without costs or attorney fees to any party.
9. Respondents understand and intend that by signing this Stipulation, they are waiving the right, under the Act, the rules promulgated under the Act and the predecessor Act, and the Administrative Procedures Act, 1969 PA 306, MCL 24.201 *et seq.*, to prior notice and a hearing before an administrative law judge, at which the Bureau would be required to defend any disciplinary action taken under the Act by presentation of evidence and legal authority and at which Respondents would be entitled to appear with or without an attorney to cross-examine all witnesses presented by the Bureau and to present such testimony or other evidence or legal authority deemed appropriate.
10. The Parties agree that this Consent Order Resolving Cease and Desist Orders And Resolving Pending Administrative Hearings: (a) does not and shall not be interpreted to subject Respondents to disqualification, or to form the basis for such a disqualification, under the federal securities laws, or rules or regulations thereunder, including without limitation Section 203(e)(9) of the Investment Advisers Act of 1940, as amended or the securities laws, rules and regulations of the various states, commonwealths, and territories of the United States of America, including without limitation, any disqualification from relying upon the exemptions from securities registration or related safe harbor provisions; (b) does not disqualify Respondents from any business that they are otherwise qualified or registered to perform; (c) does not constitute a finding the Respondents


engaged in any violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct, or; and (d) that, pursuant to Rule 506(d)(2)(iii) and Rule 262(b)(3) of the Securities Act of 1933 ("1933 Act"), disqualification under Rules 505(b)(2)(iii) or 506(d)(1), or Rule 262(a) under the 1933 Act should not arise as a consequence of this Consent Order Resolving Cease And Desist Orders And Resolving Pending Administrative Hearings. The application of this paragraph is limited solely to this Consent Order Resolving Cease and Desist Orders and Resolving Pending Administrative Hearings and the conduct resolved in connection therewith, and it does not otherwise limit or affect application of the cited statutes and rules in any other respect.

Through their signatures, the parties to this Stipulation agree to the above terms and conditions.


Dated: 9/4/18

Signed: 
Kwaku Osei


Dated: 9/4/18

Signed: 
Kwaku Osei, on behalf of
Cooperative Capital, LLC

Dated: 9/4/18

Signed: 
Kwaku Osei, on behalf of
Detroit Community Capital, LLC

Dated: 9-4-18

Signed: 
Richard Manczak, attorney for Respondents

Dated: _____

Signed: _____
Timothy L. Teague, Director
Securities & Audit Division
Corporations, Securities & Commercial
Licensing Bureau

engaged in any violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct, or; and (d) that, pursuant to Rule 506(d)(2)(iii) and Rule 262(b)(3) of the Securities Act of 1933 ("1933 Act"), disqualification under Rules 505(b)(2)(iii) or 506(d)(1), or Rule 262(a) under the 1933 Act should not arise as a consequence of this Consent Order Resolving Cease And Desist Orders And Resolving Pending Administrative Hearings. The application of this paragraph is limited solely to this Consent Order Resolving Cease and Desist Orders and Resolving Pending Administrative Hearings and the conduct resolved in connection therewith, and it does not otherwise limit or affect application of the cited statutes and rules in any other respect.


Through their signatures, the parties to this Stipulation agree to the above terms and conditions.

Dated: _____	Signed: _____ Kwaku Osei
Dated: _____	Signed: _____ Kwaku Osei, on behalf of Cooperative Capital, LLC
Dated: _____	Signed: _____ Kwaku Osei, on behalf of Detroit Community Capital, LLC
Dated: _____	Signed: _____ Richard Manczak, attorney for Respondents
Dated: <u>9.5.18</u>	Signed: <u>Timothy L. Teague</u> Timothy L. Teague, Director Securities & Audit Division Corporations, Securities & Commercial Licensing Bureau

C. ORDER

NOW, THEREFORE, based on the terms of the fully executed Stipulation, the Administrator ORDERS the following, effective on this Order's mailing date:

The Notices and Orders to Cease and Desist as to Kwaku Osei, Cooperative Capital, LLC, and Detroit Community Capital, LLC are resolved.



Julia Dale, Administrator and Director
of the Corporations, Securities & Commercial Licensing Bureau

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU

In the Matter of:

Complaint No. 334353

KWAKU OSEI
Unregistered

Respondent.

Issued and entered
This 18th day of May, 2018

NOTICE AND ORDER TO CEASE AND DESIST

Julia Dale, the Director of the Corporations, Securities & Commercial Licensing Bureau (the “Administrator”), pursuant to her statutory authority and responsibility to administer and enforce the Michigan Uniform Securities Act (2002), 2008 PA 551, as amended, MCL 451.2101 *et seq.* (“Securities Act”), hereby orders Kwaku Osei (“Respondent”) to cease and desist from materially aiding in violations of section 301 of the Securities Act, MCL 451.2301, by Detroit Community Capital, LLC. Respondent is also notified of the opportunity to request a hearing in this matter.

I. BACKGROUND

A. The Respondent

1. Kwaku Osei is an individual who resides in the State of Michigan. Respondent is not and has never been registered in any capacity under the Securities Act. Respondent is an owner of interests in Cooperative Capital, LLC, a Delaware limited liability company, and Detroit Community Capital, LLC, a Michigan limited liability company; he manages the affairs of each entity.

B. Findings of Fact

1. The Bureau conducted an investigation of Respondent’s activities.
2. Respondent, through Cooperative Capital, LLC, designed and published a website intended to advertise securities offerings under section 202a of the

Securities Act, MCL 451.2202a. Cooperative Capital, LLC filed a notice of website operator with the Bureau.

3. Respondent facilitated the offer or sale of investment contract securities by Detroit Community Capital, LLC through the publicly-available Cooperative Capital, LLC website.
4. An investigation by the Bureau resulted in the issuance of a Notice and Order to Cease and Desist against Detroit Community Capital, LLC for offering unregistered securities in violation of section 301 of the Securities Act, MCL 451.2301. (Exhibit 1- Detroit Community Capital, LLC C&D).
5. Respondent materially aided a violation of section 301 of the Securities Act, MCL 451.2301, by facilitating the creation of the Cooperative Capital, LLC website, and facilitating the offer or sale of securities by Detroit Community Capital, LLC through that website.

II. RELEVANT STATUTORY PROVISIONS

1. Section 301 of the Securities Act, MCL 451.2301, states:

A person shall not offer or sell a security in this state unless 1 or more of the following are met:

- (a) The security is a federal covered security.
- (b) The security, transaction, or offer is exempted from registration under section 201 to 203.
- (c) The security is registered under this act.

2. Section 604(1) of the Securities Act, MCL 451.2604(1), states in part:

If the administrator determines that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of this act or a rule adopted or order issued under this act, *or that a person has materially aided, is materially aiding, or is about to materially aid an act, practice, or course of business constituting a violation of this act, or a rule adopted or order issued under this act*, the administrator may do 1 or more of the following:

- (a) Issue an order directing the person to cease and desist from engaging in the act, practice, or course of business or to take other action necessary or appropriate to comply with this act... (*Emphasis added*).

III. CONCLUSIONS OF LAW

1. There was a substantial causal connection between Respondent's conduct of creating the Cooperative Capital, LLC website to facilitate the unregistered and non-exempt offer or sale of securities by Detroit Community Capital, LLC in violation of section 301 of the Securities Act, MCL 451.2301. As a result, Respondent Kwaku Osei materially aided in Detroit Community Capital, LLC's violation of section 301 of the Securities Act, MCL 451.2301.

IV. ORDER

IT IS THEREFORE ORDERED, pursuant to section 604 of the Securities Act, MCL 451.2604, that:

- A. Respondent shall immediately CEASE AND DESIST from materially aiding an issuer in offering or selling unregistered, non-exempt securities, contrary to section 301 of the Securities Act, MCL 451.2301.
- B. Pursuant to section 604(2) of the Securities Act, this Notice and Order to Cease and Desist is IMMEDIATELY EFFECTIVE.
- C. In her Final Order, the Administrator, under section 604(4) of the Securities Act, MCL 451.2604(4), intends to impose a civil fine of \$10,000.00 against Respondent.
- D. Pursuant to section 508 of the Securities Act, MCL 451.2508, a person that willfully violates the Securities Act, or an order issued under the Securities Act, is guilty of a felony punishable by imprisonment for not more than 10 years or a fine of not more than \$500,000.00 for each violation, or both. An individual convicted of violating a rule or order under this act may be fined, but shall not be imprisoned, if the individual did not have knowledge of the rule or order.

V. NOTICE OF OPPORTUNITY FOR HEARING

Section 604 of the Securities Act, MCL 451.2604, provides that Respondent has 30 days beginning with the first day after the date of service of this Notice and Order to Cease and Desist to submit a written request to the Administrator asking that this matter be scheduled for a hearing. If the Administrator receives a written request in a timely manner, the Administrator shall schedule a hearing within 15 days after receipt of the request. The written request for a hearing must be addressed to:

Notice & Order to Cease & Desist
Kwaku Osei (CN 334353)

Corporations, Securities & Commercial Licensing Bureau
Regulatory Compliance Division
P.O. Box 30018
Lansing, MI 48909

VI. ORDER FINAL ABSENT HEARING REQUEST

- A. Under section 604 of the Securities Act, MCL 451.2604, the Respondent's failure to submit a written request for a hearing to the Administrator within 30 days after the service date of this **NOTICE AND ORDER TO CEASE AND DESIST** shall result in this order becoming a **FINAL ORDER** by operation of law. The **FINAL ORDER** includes the imposition of the fines cited described in section IV.C., and the fine amounts set forth below will become due and payable to the Administrator within sixty (60) days after the date this order becomes final:

\$10,000.00 – Kwaku Osei, under section 604 of the
Securities Act, MCL 451.2604.

- B. CIVIL FINE payments should be payable to the STATE OF MICHIGAN and contain identifying information (e.g., names and complaint numbers) and mailed to the following address:

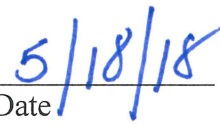
Corporations, Securities & Commercial Licensing Bureau
Final Order Monitoring
P.O. Box 30018
Lansing, MI 48909

- C. Failure to comply with the terms of this Order within the time frames specified may result in additional administrative penalties, including the summary suspension or continued suspension of all registrations held by Respondent under the Securities Act, the denial of any registration renewal, and/or the denial of any future applications for registration, until full compliance is made. Respondent may voluntarily surrender or withdraw a registration under the Securities Act; however, the surrender or withdrawal will not negate the summary suspension or continued suspension of the relevant registrations or any additional administrative proceedings if a violation of this Order or the Securities Act occurred.
- D. Failure to pay the civil fines within six (6) months after this Order becomes final may result in the referral of the civil fines to the Michigan Department of Treasury for collection action against Respondents.

DEPARTMENT OF LICENSING & REGULATORY AFFAIRS
CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU



Julia Dale, Director, Corporations, Securities
& Commercial Licensing Bureau



Date