

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING
whether there has been a violation
of the Securities Act of Washington by:

WALTER TIMOTHY SEIBLY,

Respondent

Order Number S-14-1536-14-CO01

CONSENT ORDER

INTRODUCTION

Pursuant to the Securities Act of Washington, chapter 21.20 RCW, the Securities Division of the Department of Financial Institutions (“Securities Division”) and Respondent Walter Timothy Seibly do hereby enter into this CONSENT ORDER in settlement of the matters alleged herein. Respondent Walter Timothy Seibly neither admits nor denies the Findings of Fact and Conclusions of Law as stated below. Nothing in this paragraph affects Seibly’s: (i) testimonial obligations, or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Securities Division is not a party.

FINDINGS OF FACT

Respondent

1. Walter Timothy Seibly (“Seibly”) is a Montana resident. When he offered and sold the investments described in this Consent Order, Seibly resided in Washington. Between approximately April 2000 and November 2000, Seibly was registered in Washington as a securities salesperson (CRD #4123122). Between approximately March 2007 and March 2009, Seibly was licensed in Washington as a real estate managing broker. Seibly is presently a licensed attorney in both Washington and Idaho. Seibly was admitted by the Washington State Bar Association in November 1989 and by the Idaho State

1 Bar in September 1989. On June 16, 2001, Seibly was suspended by the Washington State Bar
2 Association and the Idaho State Bar as a result of reciprocal lawyer disciplinary proceedings. The
3 suspensions were imposed for violations of lawyer disciplinary rules, including the failure to maintain
4 client funds in a trust account; paying himself from advance fee deposits without having earned those
5 funds; and failing to provide the client with an accounting of the funds. The conduct at issue in
6 connection with the suspensions occurred in the mid-to-late 1990's. Seibly was reinstated to the practice
7 of law in Washington on August 18, 2003 and he was also reinstated to the practice of law in Idaho.
8 Seibly has been an attorney in good-standing in both jurisdictions since that time.

9 Related Companies

10 2. Tevirra Investment Associates II LLC ("Tevirra-Washington") is an inactive Washington limited
11 liability company that was formed on February 4, 2008, with a principal place of business in Issaquah,
12 Washington. Seibly and his wife were the managing members of Tevirra-Washington.

13 3. Tevirra Investment Associates II, LLC ("Tevirra-Montana") is an active Montana limited liability
14 company that was formed on February 29, 2008, with a principal place of business in Missoula, Montana.

15 4. Tevirra Holdings, LLC ("Tevirra Holdings") is an active Montana limited liability company that
16 was formed on March 4, 2008, with a principal place of business in Missoula, Montana. Tevirra Holdings
17 is the managing member of Tevirra-Montana. Seibly is the managing member of Tevirra Holdings.

18 Offering of LLC Membership Units

19 5. In 2008, Seibly offered and sold a total of \$1,170,000 worth of LLC membership units in Tevirra-
20 Washington to ten investors, including nine Washington residents. Tevirra-Washington was conducting a
21 \$2,000,000 offering of LLC membership units at \$10,000 per unit, with a minimum purchase of \$50,000.
22 Seibly represented to investors that Tevirra-Washington was formed to acquire a historic apartment
23 building (known as "the BABS") in downtown Missoula, Montana. The apartments were located near the
24
25

1 University of Montana and were previously used for student housing. The apartments were to be
2 converted into high-end residential condominium units and resold at a profit. Seibly represented to
3 investors that the condominium conversion project would require total investor funds of \$2,000,000 and
4 that the investor funds would be pooled together and used to finance and complete the project. The
5 investors were making a passive investment, and had no participation in the management of the endeavor
6 that would generate a return on the investment. The investors were relying upon Seibly to generate a
7 profit on their investment. Seibly represented to investors that Seibly and companies that he controlled
8 would be responsible for managing the development, construction, and sales of the condominium units.
9 Seibly disclosed to investors that he would be compensated for his managerial efforts, and would be paid a
10 development management services fee equal to six percent of the project's hard costs. Seibly later elected
11 not to receive all such disclosed compensation, in order to increase the amount that would be available to
12 distribute to investors.

13 Misrepresentations and Omissions

14
15 6. When soliciting LLC membership investments, Seibly represented to investors that Tevirra-
16 Washington would purchase the BABS apartment building. Instead, Tevirra-Montana purchased the
17 property, which was not disclosed to the investors at the time of their investments. At least one
18 Washington investor, who invested a total of \$150,000 using a home equity line of credit, would not have
19 invested had he or she known that Tevirra-Montana rather than Tevirra-Washington would be the owner
20 of the property.

21 7. When soliciting LLC membership investments, Seibly represented to investors that the
22 investment would generate an annualized return of more than 90%. Seibly lacked a reasonable basis for
23 this projected return on investment. Seibly also represented to investors that the construction hard costs
24 would total \$477,617.31, but the actual hard costs for the project turned out to be more than double that
25

1 amount (more than \$1,000,000). Seibly also represented to investors that the condominium conversion
2 project would be completed within nine months, but as it turned out, only one of the condominium units
3 was actually sold within nine months, and the purchaser of that unit was Seibly and his wife. The final
4 condominium unit was not sold until January 2015.

5 8. When soliciting LLC membership investments, Seibly failed to disclose to at least one investor
6 that Seibly had been subject to a two-year attorney licensing suspension in Washington and Idaho for
7 failing to properly handle and account for client funds in the mid- to late 1990's.

8 **CONCLUSIONS OF LAW**

9 1. The offer and sale of the limited liability company membership interest investments described above
10 constitute the offer and sale of a security, as defined in RCW 21.20.005(14) and RCW 21.20.005(17), in
11 the form of an investment contract.

12 2. As set forth in the Findings of Fact, Respondent, Walter Timothy Seibly, violated RCW 21.20.010.

13 **CONSENT ORDER**

14 Based upon the foregoing and finding it in the public interest:

15 IT IS AGREED AND ORDERED that Respondent, Walter Timothy Seibly, and his agents and
16 employees each shall cease and desist from violating RCW 21.20.010.

17 IT IS FURTHER AGREED AND ORDERED that Respondent, Walter Timothy Seibly, shall be
18 liable for and shall pay a fine of \$3,500 prior to the entry of this Consent Order.

19 IT IS FURTHER AGREED AND ORDERED that Respondent, Walter Timothy Seibly, shall pay
20 investigative costs of \$1,500 prior to the entry of this Consent Order.

21 IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Consent Order.

22 IT IS FURTHER AGREED that Respondent, Walter Timothy Seibly, enters into this Consent Order
23 freely and voluntarily and with a full understanding of its terms and significance.
24
25

1 IT IS FURTHER AGREED that in consideration of the foregoing, Respondent, Walter Timothy
2 Seibly, waives his right to a hearing and to judicial review of this matter pursuant to RCW 21.20.440 and
3 Chapter 34.05 RCW.

4 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

5 Signed this 3rd day of March, 2015

6
7 Signed by:

Approved for entry by:

8
9 /s/
10 Walter Timothy Seibly

/s/
11 Jeffrey B. Coopersmith, WSBA #30954
12 Attorney for Respondent

13
14 Signed and Entered this 12th day of February, 2015

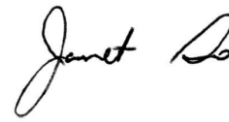
15
16 

17
18 WILLIAM M. BEATTY
19 Securities Administrator

20
21 Approved by:

Presented by:

22
23 
24 Suzanne E. Sarason
25 Chief of Enforcement

22
23 
24 Janet So
25 Financial Legal Examiner

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Reviewed by:



Robert Kondrat
Financial Legal Examiner Supervisor