

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

IN THE MATTER OF DETERMINING) Order No.: S-15-1640-15-FO01
Whether there has been a violation of the)
Securities Act of Washington by:) ENTRY OF FINDINGS OF FACT AND
Haley L. Lile;) CONCLUSIONS OF LAW AND
Respondent.) FINAL ORDER TO CEASE AND DESIST,
) TO IMPOSE A FINE, AND
) TO CHARGE COSTS
)

THE STATE OF WASHINGTON TO: Haley L. Lile

On April 6, 2015, the Securities Administrator of the State of Washington issued Statement of Charges and Notice of Intent to Enter Order to Cease and Desist and to Charge Costs, Order No. S-15-1640-15-SC01 (“Statement of Charges”). The Statement of Charges, together with a Notice of Opportunity to Defend and Opportunity for Hearing (“Notice of Opportunity for Hearing”) and an Application for Adjudicative Hearing (“Application for Hearing”) were served on Respondent Haley L. Lile on April 8, 2015. The Notice of Opportunity for Hearing advised Respondent Haley L. Lile that a written application for an administrative hearing on the Statement of Charges must be received within twenty days from the date of receipt of the notice. Respondent Haley L. Lile failed to request an administrative hearing within twenty days of receipt of the Statement of Charges and Notice of Opportunity for Hearing, either on the Application for Hearing provided, or otherwise.

The Securities Administrator therefore will adopt as final the following Findings of Fact and Conclusions of Law as set forth in the Statement of Charges and enter a final order against the Respondent to cease and desist from violations of the Securities Act, and impose the fine and costs sought in the Statement of Charges.

The Securities Administrator makes the following Findings of Fact and Conclusions of Law:

FINDINGS OF FACT

Respondent

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3 1. Haley L. Lile (“Lile”) was previously a resident of Washington until approximately 2012 and
4 now resides in Sante Fe, New Mexico.

Nature of the Conduct

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6 2. Between 2009 and 2012, Lile raised approximately \$24,450 through the sale of promissory
7 note investments that were offered and sold to a Washington resident (hereinafter, “Washington investor”).
8 Years earlier, Lile was student of the Washington investor when she was in middle school.

9 3. In approximately 2009, Lile spoke with the Washington investor by telephone and they
10 discussed the status of his investment portfolio. At the time, the Washington investor had some of his
11 retirement funds invested in mutual funds, which were not performing well. Lile advised the Washington
12 investor that mutual funds were a “rip off” due to the fees associated with them. Lile represented to the
13 Washington investor that she could invest his retirement funds and earn a return of 12%. Over the course of
14 the next few years, Lile periodically spoke to the Washington investor by telephone and mailed pre-signed
15 promissory notes to him. The investor signed the notes, and mailed a copy to Lile along with his investment
16 check.

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18 4. In October 2009, Lile provided the Washington investor with a promissory note for a
19 \$10,000 investment. Under the terms of the promissory note, Lile was to pay him a 12% return on the
20 investment. Lile was to make quarterly interest-only payments, with a full repayment approximately one
21 year later on October 1, 2010. Lile represented that the investor would receive quarterly statements for the
22 investment. The Washington investor provided Lile with a \$10,000 check made out to her personally. The
23 Washington investor used funds he had saved for his retirement.

1 5. Over the next several years, the investor made additional investments with Lile. Lile
2 provided new promissory notes with varying terms to evidence some of these investments. In some
3 instances, Lile also provided a notarized certificate of acknowledgement that was signed by a notary public.

4 6. In June 2010, the Washington investor invested an additional \$5,000 with Lile. Lile
5 provided the investor with a promissory note dated June 1, 2010 that issued by her and which promised to
6 pay a 12% return through quarterly interest payments. In October 2010, the Washington investor made an
7 additional investment of \$5,000 and received another promissory note from Lile. Between December 2010
8 and September 2012, the Washington investor made six other smaller investment checks totaling
9 approximately \$4,450 that were made out to Lile, bringing his investment total to approximately \$24,450.
10 Shortly after receiving a payment of \$875 in September 2012, Lile provided the Washington investor with a
11 handwritten statement that indicated that his investment had grown to a total of \$32,000.

12 7. Contrary to her initial representations, Lile did not make any quarterly payments to the
13 Washington investor and did not provide quarterly statements. The Washington investor agreed to roll-over
14 his expected quarterly returns into his prior investments. Lile provided additional promissory notes to the
15 Washington investor, which purportedly increased the return on the investment to 15%. Lile did not
16 disclose the basis for her ability to provide a higher rate of return on the investment.
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18 8. Other than the promissory notes, Lile did not provide any other written disclosure document
19 with material information concerning the investment. Lile failed to disclose the intended and actual use of
20 proceeds, the specific risks associated with investing in an unsecured promissory note, and detailed
21 information regarding her personal financial condition and her ability to pay the promised returns of 12% to
22 15%. Lile also failed to disclose material information concerning her prior experience and investment track
23 record.
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1 9. Lile did not pay the Washington investor the funds that were due under the terms of the
2 promissory notes. The Washington investor repeatedly contacted Lile regarding repayment of his
3 investments. In December 2013, Lile sent an email to the Washington investor regarding the status of his
4 investments. Lile stated that she had a “trusted and highly accurate advisor whose insights turned subtly and
5 profoundly bad gradually, cruelly resulting in losses I estimate to be in excess [of] \$100,000.” In March
6 2015, the Washington investor sent a demand letter to Lile seeking immediate repayment of his investment
7 funds. Lile responded by sending an e-mail to the Washington investor that indicated that she was
8 unemployed, living in “poverty”, and was considering filing for bankruptcy.

9 **Registration Status**

10 10. The offering of promissory notes by Lile is not currently and has not previously been
11 registered in the state of Washington, and no notice of claim of exemption is on file with the Securities
12 Administrator of the State of Washington.

13 11. Lile is not currently registered as a securities salesperson or investment adviser representative
14 in the state of Washington and has not previously been so registered.

15 Based upon the above Findings of Fact, the following Conclusions of Law are made:

16 **CONCLUSIONS OF LAW**

17 1. The offer and/or sale of promissory notes by Lile described above constitute the offer and/or
18 sale of a security as defined in RCW 21.20.005(10) and (12).

19 2. Haley L. Lile has violated RCW 21.20.010, because, in connection with the offer and sale of
20 said securities, she made untrue statements of material fact or omitted to state material facts necessary in
21 order to make the statements made, in the light of the circumstances under which they were made, not
22 misleading.
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1 Based upon the foregoing and finding it in the public interest:

2 **FINAL ORDER**

3 IT IS FURTHER ORDERED that the Respondent Haley L. Lile, and her agents and employees, shall
4 each cease and desist from violating RCW 21.20.010, the anti-fraud section of the Securities Act of
5 Washington.

6 IT IS FURTHER ORDERED that the Respondent Haley L. Lile shall be liable for and pay a fine in
7 the amount of \$5,000.

8 IT IS FURTHER ORDERED that the Respondent Haley L. Lile shall be liable for and pay costs in
9 the amount of \$500.

10 **AUTHORITY AND PROCEDURE**

11 This FINAL ORDER is entered pursuant to the provisions of RCW 21.20.390, and is subject to the
12 provisions of Chapter 34.05 RCW. The Respondent has the right to petition the superior court for judicial
13 review of this agency action under the provisions of RCW 34.05. For the requirements for Judicial Review,
14 see RCW 34.05.510 and sections following. Pursuant to RCW 21.20.395, a certified copy of this Order may
15 be filed in Superior Court. If so filed, the clerk shall treat the Order in the same manner as a Superior Court
16 judgment as to the fine, and the fine may be recorded, enforced, or satisfied in like manner.
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19 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

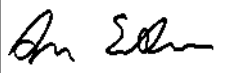
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21 SIGNED and ENTERED this 29th day of April 2015.

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24 William M. Beatty
25 Securities Administrator

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Approved by:



Suzanne Sarason
Chief of Enforcement

Presented by:



Robert Kondrat
Financial Legal Examiner Supervisor