

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

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

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

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

3 7. Contrary to her initial representations, Lile did not make any quarterly payments to the
4 Washington investor and did not provide quarterly statements. The Washington investor agreed to roll-over
5 his expected quarterly returns into his prior investments. Lile provided additional promissory notes to the
6 Washington investor, which purportedly increased the return on the investment to 15%. Lile did not
7 disclose the basis for her ability to provide a higher rate of return on the investment.

8 8. Other than the promissory notes, Lile did not provide any other written disclosure document
9 with material information concerning the investment. Lile failed to disclose the intended and actual use of
10 proceeds, the specific risks associated with investing in an unsecured promissory note, and detailed
11 information regarding her personal financial condition and her ability to pay the promised returns of 12% to
12 15%. Lile also failed to disclose material information concerning her prior experience and investment track
13 record.

14 9. Lile did not pay the Washington investor the funds that were due under the terms of the
15 promissory notes. The Washington investor repeatedly contacted Lile regarding repayment of his
16 investments. In December 2013, Lile sent an email to the Washington investor regarding the status of his
17 investments. Lile stated that she had a “trusted and highly accurate advisor whose insights turned subtly and
18 profoundly bad gradually, cruelly resulting in losses I estimate to be in excess [of] \$100,000.” In March
19 2015, the Washington investor sent a demand letter to Lile seeking immediate repayment of his investment
20 funds. Lile responded by sending an e-mail to the Washington investor that indicated that she was
21 unemployed, living in “poverty”, and was considering filing for bankruptcy.
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Registration Status

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

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

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

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CONCLUSIONS OF LAW

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

2. Haley L. Lile has violated RCW 21.20.010, because, in connection with the offer and sale of said securities, she made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

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NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST

Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order, pursuant to RCW 21.20.390(1), that Haley L. Lile, her agents and employees each shall cease and desist from violations of RCW 21.20.010.

NOTICE OF INTENT TO IMPOSE FINES

Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that Respondent Haley L. Lile shall be liable for and shall pay a fine of \$5,000.

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NOTICE OF INTENT TO CHARGE COSTS

Pursuant to 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that Respondent Haley L. Lile shall be liable for and shall pay the costs, fees, and other expenses incurred in the administrative investigation and hearing of this matter, in an amount not less than \$500.

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AUTHORITY AND PROCEDURE

This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is subject to the provisions of Chapter 34.05 RCW. The Respondent may make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Order. If a Respondent does not make a hearing request in the time allowed, the Securities Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final and to enter a permanent order to cease and desist as to that Respondent, to impose any fines sought against that respondent, and to charge any costs sought against that Respondent.

15 Signed and Entered this 6th day of April 2015.


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William M. Beatty
Securities Administrator

21 Approved by:

Presented by:

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Suzanne Sarason
Chief of Enforcement

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Robert Kondrat
Financial Legal Examiner Supervisor