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**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:

Order No.: S-18-2534-20-CO01

CONSENT ORDER

Chalice Investments, LLC;
Haystack4Life, LLC;
Haystack Caps, LLC;
Jeffray Lewis

Respondents

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On March 13, 2020, the Securities Administrator of the State of Washington issued Statement of Charges and Notice of Intent to Enter Order to Cease and Desist, to Charge Costs, and to Impose Fines, (“Statement of Charges”), order number S-18-2534-19-SC01, against Respondents Chalice Investments, LLC; Haystack4Life, LLC; Haystack Caps, LLC; and Jeffray Lewis. Pursuant to the Securities Act of Washington, chapter 21.20 RCW, the Securities Division and Respondents Chalice Investments, LLC; Haystack4Life, LLC; Haystack Caps, LLC; and Jeffray Lewis hereby enter into this Consent Order in settlement of the above-captioned matter. The Securities Division has in the Statement of Charges made certain allegations and conclusions, set forth under the headings “Tentative Findings of Fact,” and “Conclusions of Law.” Respondents Chalice Investments, LLC; Haystack4Life, LLC; Haystack Caps, LLC; and Jeffray Lewis each neither admit nor deny the Findings of Fact and Conclusions of Law as stated below.

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FINDINGS OF FACT

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Respondents

1. Chalice Investments, LLC (“Chalice”) was a Washington limited liability company formed in July 2017. The Washington Secretary of State’s office administratively dissolved Chalice on December 3,

CONSENT ORDER

DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
PO Box 9033
Olympia, WA 98507-9033
360-902-8760

1 2019 for failure to file its annual report with that office. Chalice maintained a principal place of business in
2 Woodinville, Washington.

3 2. Haystack4Life, LLC (“Haystack4Life”) is a Washington limited liability company, formed in
4 March 2018. Haystack4Life maintained a principal place of business in Woodinville, Washington. On June
5 29, 2020, the Secretary of State’s office changed Haystack4Life’s status to delinquent for failure to timely
6 file its annual report. Jeffray Lewis formed Haystack4Life to pursue the development and sale of products
7 containing cannabidiol (“CBD”), a non-intoxicating chemical found in hemp plants.

8 3. Haystack Caps, LLC (“Haystack Caps”) is a Washington limited liability company, formed
9 in October 2016. Haystack Caps maintained a principal place of business in Woodinville, Washington. On
10 June 29, 2020, the Secretary of State’s office changed Haystack4Life’s status to delinquent for failure to
11 timely file its annual report. Jeffray Lewis created Haystack Caps to pursue business opportunities involving
12 recreational marijuana.

13 4. Jeffray Lewis (“Lewis”) is a Washington resident. Lewis is the only manager of Chalice, as
14 he was Haystack4Life, and Haystack Caps. In July 2009, Lewis filed bankruptcy in the United States
15 Bankruptcy Court for the Western District of Washington. Lewis was granted a discharge in October 2009.

16 **Background and Overview**

17 5. In late 2016, Lewis first offered interests in Chalice when he stated on Facebook that he was
18 selling a ten percent stake in Chalice for \$20,000. In March and April 2018, Lewis sold thirty percent of
19 Chalice to a Washington couple (“Investors A and B”) in two transactions totaling \$60,000.

20 6. Lewis represented to Investors A and B, and to others whom he solicited, that Chalice was, in
21 essence, the parent company of Haystack4Life and Haystack Caps, and, therefore, that investing in Chalice
22 was akin to investing in those other businesses.

1 7. Lewis offered investments to others after Investors A and B had purchased their interests in
2 Chalice. Lewis made these offers by email, a post on Instagram, and as an incentive for a supplier to
3 temporarily forgo collection of a debt that Lewis owed.

4 **Nature of the Conduct**

5 *Sale of Interests in Chalice Investments, LLC to Investors A and B*

6 8. In late 2016, Investor A viewed the Facebook post that Lewis made concerning investing in
7 Chalice. In the post, Lewis stated that, by selling an interest in Chalice, he was selling a ten percent stake in
8 a number of businesses for \$20,000.

9 9. Lewis also solicited Investors A and B by text message. In a text message dated February 26,
10 2018, Lewis stated that the investors would acquire ten percent of “everything in our Chalice Investments
11 Portfolio,” and identified Haystack4Life, Haystack Caps, and Already Anonymous, LLC (“Already
12 Anonymous”), a greeting card business formed in 2013 and managed by Lewis and his former partner, as
13 those components. However, Chalice had no authority over Haystack4Life and Haystack Caps, as Lewis,
14 not Chalice, was the lone member and manager of both companies. Furthermore, neither Haystack4Life nor
15 Already Anonymous existed at that point, as Lewis would not form Haystack4Life until late March 2018,
16 and the Secretary of State’s office administratively dissolved Already Anonymous in July 2015. Lewis
17 falsely stated in the text message that he had invested over \$500,000 in those three businesses. However,
18 Lewis spent the majority of the \$500,000 on investments in three unrelated, ultimately unsuccessful
19 marijuana-related businesses that Lewis did not own or manage.

20 10. Before they decided to invest, Investors A and B and Lewis met in person to discuss Lewis’s
21 plans to develop and sell products containing CBD. During this conversation, the parties discussed Investor
22 A’s possible role with Chalice, as Investor A wished to help Chalice after investing. However, Lewis made
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1 no representations to either Investor A or B about any employment or managerial role with Chalice for either
2 investor.

3 11. Chalice and Lewis did not provide any documents concerning Chalice or the other businesses
4 that Investors A and B believed they were investing in before giving Lewis their investment funds. Lewis
5 did not otherwise disclose information concerning the risks of investing in Chalice to the investors, such as
6 risks related to Lewis's lack of success in marijuana-related businesses, and risks related to the possibility of
7 significant changes to the regulation of marijuana. Further, Lewis did not otherwise disclose how much
8 money he was seeking in total, or information concerning the businesses' financial state. Lewis also did not
9 otherwise disclose his 2009 bankruptcy to Investors A and B before he received their funds.

10 12. Investors A and B purchased their interests by personal checks. The first check was payable
11 to Lewis for \$20,000. The second check was payable to "Haystack for Life" for \$40,000, notwithstanding
12 Lewis's representations to the investors that they would be purchasing interests in Chalice.

13 13. Shortly after making their second investment in April 2018, Investors A and B became
14 uncomfortable with Lewis's management of the businesses, and asked that Lewis return their investment
15 funds. On September 14, 2018, Investors A and B filed a complaint with the Department, after Lewis failed
16 to give the investors their funds back. In October 2018, Lewis returned Investors A's and B's funds to them.
17 Lewis's partner, at Lewis's request, withdrew money from her inheritance to repay Investors A and B, as
18 neither Lewis, nor Chalice were able to make this repayment.

19 *Other Offers*

20 14. After Investors A and B had invested, Lewis prepared and emailed to potential investors a
21 document entitled "Haystack4Life CBD Business Plan" (the "Business Plan") that promoted Lewis and
22 Haystack4Life. In the Business Plan, Lewis provided two lists of "Haystack4Life Products" that included
23 Haystack4Life's price to acquire the product, and the price at which it sold the product. However, at that

1 time, no entity owned or controlled by Lewis had released a single product to retail. Furthermore,
2 Haystack4Life did not own or rent a facility to create these CBD products. This exposed Haystack4Life to
3 price volatility, a risk that Lewis did not discuss with these potential investors or in the Business Plan. Lewis
4 also failed to disclose the risks of investing in a marijuana-related businesses, such as the risk of significant
5 change in the regulation of marijuana. Lewis also failed to disclose his 2009 bankruptcy in the Business
6 Plan.

7 15. In June 2018, Lewis made a posting on Instagram seeking investment in Chalice. The posting
8 was accessible to the general public. In the posting, Lewis stated that he was selling thirty percent of Chalice
9 for \$120,000. Lewis did not disclose how he determined the valuation of the businesses. Lewis also stated
10 that Chalice would pay a finder's fee for introducing an investor who is the "right fit." Lewis also stated in
11 the posting that Chalice is the "parent company" of Already Anonymous, Haystack Caps, and Haystack4Life.
12 Lewis further stated that he was nearing an agreement with a "prominent company" to sell CBD products.
13 Lewis did not identify that company in the posting. Lewis also stated in the posting that the business would
14 launch in three to four weeks. However, Lewis did not specify which company, or combination of companies,
15 would launch in that time. Lewis also failed to disclose his 2009 bankruptcy and that the Secretary of State's
16 office had administratively dissolved Already Anonymous.

17 16. In June 2019, Lewis offered interests in Haystack4Life and Haystack Caps as part of an offer
18 of five percent of "all Haystack Brands" to a supplier, in exchange for the supplier temporarily forgoing
19 collection of money that Lewis owed him. Haystack Brands was not, and is not presently, a business entity.
20 In a document that Lewis presented to the supplier to memorialize the agreement, Lewis included five product
21 names along with Haystack4Life and Haystack Caps in his description of Haystack Brands. The supplier
22 rejected Lewis's offer because Lewis failed to provide certain financial records that he had requested when
23 Lewis first proposed the transaction.

1 *Failure to Disclose Securities Division's Investigation*

2 17. Lewis did not disclose to the supplier that the Securities Division was investigating possible
3 violations of the Act by Lewis and his businesses. At the time of the Haystack Brands offer, Lewis was
4 aware of the Securities Division's investigation of his businesses. The Securities Division had sent
5 correspondence to Lewis directly and to Lewis's counsel that directed Lewis to cease and desist from
6 violating the Act, and that advised Lewis that the Securities Division was investigating his possible violations
7 of the Act. Further, three days prior to the Haystack Brands offer, the Securities Division and Lewis had
8 negotiated a date for Lewis to testify before the Securities Division about Lewis's possible violations of the
9 Act.

10 **Registration Status**

11 18. Chalice Investments, LLC is not currently registered to sell its securities in the State of
12 Washington, and has not previously been so registered.

13 19. Haystack4Life, LLC is not currently registered to sell its securities in the State of Washington,
14 and has not previously been so registered.

15 20. Haystack Caps, LLC is not currently registered to sell its securities in the State of Washington,
16 and has not previously been so registered.

17 21. Jeffray Lewis is not currently registered as a securities salesperson or a broker-dealer in the
18 State of Washington, and has not previously registered as such.

19 **CONCLUSIONS OF LAW**

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

21
22 1. The offer and sale of limited liability company interests described above constitute the offer
23 and sale of a security as defined in RCW 21.20.005(14) and (17).

1 2. The offer and sale of said securities violated RCW 21.20.140 because no registration is on file
2 for said offering with the Securities Administrator.

3 3. Jeffray Lewis has violated RCW 21.20.040 by offering and selling said securities while not
4 registered as a securities salesperson or broker-dealer in the State of Washington.

5 4. Chalice Investments, LLC; Haystack4Life, LLC; Haystack Caps, LLC; and Jeffray Lewis
6 each violated RCW 21.20.010 because they made untrue statements of material fact, or omitted to state
7 material facts necessary to make the statements made, in light of the circumstances under which they were
8 made, not misleading.

9
CONSENT ORDER

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

11 IT IS AGREED AND ORDERED that Respondents Chalice Investments, LLC; Haystack4Life,
12 LLC; Haystack Caps, LLC; Jeffray Lewis; and their agents and employees shall each cease and desist from
13 violating RCW 21.20.010, the Securities Act's anti-fraud section.

14 IT IS FURTHER AGREED AND ORDERED that Respondents Chalice Investments, LLC;
15 Haystack4Life, LLC; Haystack Caps, LLC; Jeffray Lewis; and their agents and employees shall each cease
16 and desist from violating RCW 21.20.140, the Securities Act's securities registration section.

17 IT IS FURTHER AGREED AND ORDERED that Respondent Jeffray Lewis, and his agents and
18 employees, shall each cease and desist from violations of RCW 21.20.040, the Securities Act's securities
19 salesperson registration section.

20 IT IS FURTHER AGREED AND ORDERED that Respondent Jeffray Lewis shall pay investigative
21 costs of \$500. Payment of such costs shall be made as follows: Respondent Jeffray Lewis shall pay \$250
22 prior to entry of this order, and shall pay \$250 on or before March 12, 2021.

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1 IT IS FURTHER AGREED AND ORDERED that Respondent Jeffray Lewis shall pay a fine of
2 \$500. Payment of this fine shall be made as follows: Respondent Jeffray Lewis shall pay \$250 prior to entry
3 of this order, and shall pay \$250 on or before March 12, 2021.

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

5 IT IS FURTHER AGREED that Respondents Chalice Investments, LLC; Haystack4Life, LLC;
6 Haystack Caps, LLC; and Jeffray Lewis each enters into this Consent Order freely and voluntarily and with
7 a full understanding of its terms and significance.

8 IT IS FURTHER AGREED that in consideration of the foregoing, Respondents Chalice
9 Investments, LLC; Haystack4Life, LLC; Haystack Caps, LLC; and Jeffray Lewis each waive the right to a
10 hearing and to judicial review of this matter.

11 SIGNED this 24th day of February, 2021.

12
13 Signed by:
14
15 s/ Jeffray Lewis
Chalice Investments, LLC
16 Name: Jeffray Lewis
17 Title: owner

18 Signed by:
19
20 s/Jeffray Lewis
Haystack4Life, LLC
21 Name: s/Jeffray Lewis
22 Title: owner

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Signed by:

s/Jeffray Lewis

Haystack Caps, LLC

Name: Jeffray Lewis

Title: owner

Signed by:

s/Jeffray Lewis

Jeffray Lewis

DATED and ENTERED this 2nd day of April, 2021.



William M. Beatty
Securities Administrator

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Approved by:



Suzanne Sarason
Chief of Enforcement

Presented by:



Edward R. Thunen
Financial Legal Examiner

Reviewed by:



Jack McClellan
Financial Legal Examiner Supervisor