

1 STATE OF WASHINGTON
2 DEPARTMENT OF FINANCIAL INSTITUTIONS
3 SECURITIES DIVISION

4 IN THE MATTER OF DETERMINING
5 Whether there has been a violation of the
6 Securities Act of Washington by:

7 Alliance Analytical Laboratories, LLC; and Anna
8 V. Cote (aka Anna V. Wilson and Anna V. Finch)

9 Respondents.

Order Number S-04-201-05-TO01

SUMMARY ORDER TO CEASE AND
DESIST, AND NOTICE OF INTENT TO
CHARGE COSTS

10 THE STATE OF WASHINGTON TO:

Alliance Analytical Laboratories, LLC
Anna V. Cote

11 **STATEMENT OF CHARGES**

12 Please take notice that the Securities Administrator of the State of Washington has
13 reason to believe that Respondents, Alliance Analytical Laboratories, LLC, and Anna V. Cote,
14 have each violated the Securities Act of Washington ("Securities Act") and that their violations
15 justify the entry of an Order of the Securities Administrator under RCW 21.20.390 against each
16 to cease and desist from such violations and to charge costs. The Securities Administrator
17 finds that delay in ordering the Respondents to cease and desist from such violations would be
18 hazardous to investors and to the public and that a Summary Order to Cease and Desist should
19 be entered immediately. The Securities Administrator finds as follows:
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1 **TENTATIVE FINDINGS OF FACT**

2 Respondents

3 1. Alliance Analytical Laboratories, LLC ("AAL") is a Washington limited
4 liability company with a principal place of business at 401 East South Street, Yakima,
5 Washington, 98901. AAL became registered with the Washington Secretary of State on
6 November 26, 2001. It was created to provide laboratory testing and analysis services. AAL's
7 certificate of registration was revoked by the State of Washington Department of Revenue on
8 September 11, 2003 for unpaid taxes, and the company was administratively dissolved by the
9 Washington Secretary of State on February 23, 2004.

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11 2. Anna V. Cote ("Cote"), also known as Anna V. Wilson and Anna V. Finch, was
12 the president and managing member of AAL. Prior to forming AAL, Cote opened a laboratory
13 called Central Washington Analytical Laboratories ("CWAL") in July 2001. Its account with
14 the State of Washington Department of Revenue was closed on March 31, 2002.

15 3. In February 1996, Cote filed a bankruptcy petition under Chapter 13 in the
16 Eastern District of Washington. She completed her bankruptcy plan and her debts were
17 discharged in August 1997.

18 Nature of the Offering

19 4. Beginning in December 2001 and continuing through November 2002, Cote
20 offered investments to at least three Washington residents. Cote provided each of the three
21 investors a promissory note, signed by Cote. Cote promised to repay investors principal plus
22 varying rates of interest. Cote told the investors their funds would be used for her business,
23 Alliance Analytical Laboratories, LLC. She also convinced the investors she was the
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1 beneficiary of a trust worth millions of dollars, which she would access, if necessary, to repay
2 the investors. She convinced one investor the trust was worth around 119 million dollars.

3 5. In December 2001, Cote persuaded a 64-year old woman (R.G.) to invest the
4 proceeds of her matured bank certificate of deposit, in the amount of \$50,000, in Cote's new
5 business, Alliance Analytical Laboratories, LLC. R.G.'s daughter was the office manager for
6 AAL. Cote convinced R.G. the business was going to be successful. Cote also led R.G. to
7 believe that because her daughter was working for the company R.G. would know if AAL
8 experienced financial problems at any time. Cote promised to repay R.G. principal plus 12
9 percent interest within a year. Cote had her attorney prepare a promissory note documenting
10 the agreement. Cote indicated in the promissory note that the note was secured by Cote's
11 interest in the Ana [sic] V. Cote Trust.
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13 6. In November 2002, Cote persuaded two small business owners (J.E. and I.H.) to
14 make short-term investments to be used for the purpose of purchasing a laboratory called
15 Laucks Testing Laboratories, Inc. ("Laucks"). Cote told the two investors she had been
16 awarded a multi-million dollar contract by the government and needed to expand her laboratory
17 in order to handle the additional workload. She told J.E. she had most of the funds needed to
18 make the down payment on the laboratory, but still needed to raise approximately \$200,000.
19 Cote convinced J.E. and I.H. that she had a trust worth millions of dollars, but that her
20 attorneys advised her not to access the funds until her divorce was final. Cote promised J.E.
21 and I.H. that she would be able to repay them with funds from the trust within 90 days. J.E.
22 gave Cote \$35,000 to go towards the purchase of Laucks. J.E. borrowed the funds from I.H.,
23 using property he owned in the Tri-Cities as collateral for the loan. Cote gave J.E. a
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1 promissory note for \$55,000, for the full value of the property, which J.E. estimated to be
2 \$50,000, plus \$5,000 interest. I.H. gave Cote \$50,000 for the purchase of Laucks. Cote gave
3 I.H. a promissory note for \$55,000, including principal plus \$5,000 interest.
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5 Misrepresentations and Omissions

6 7. In the offer and sale of the promissory notes, Respondents failed to provide
7 prospectus-type information and to disclose material information, including, but not limited to, the
8 fact that Cote had filed for bankruptcy in 1996. Respondents also failed to disclose the risks of
9 the investment. With respect to the November 2002 sales, Respondents failed to disclose any
10 financial statements or records.
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12 8. When the promissory notes came due, Respondents were unable to repay the
13 investors. Cote lulled the investors by promising to repay them at certain future dates and
14 failing to provide promised payment, and by providing repayment checks for which there were
15 insufficient funds in the bank account. Investors have been unable to contact Cote since
16 approximately the summer 2003.
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18 Registration Status

19 9. The offering of promissory notes by respondents is not currently and has not
20 previously been registered under the Securities Act and no notification of exemption is on file
21 with the Securities Administrator of the State of Washington.

22 10. Cote is not currently registered as a securities salesperson or broker-dealer in the
23 State of Washington and has not previously been so registered.

24 Based upon the Tentative Findings of Fact, the following Conclusions of Law are made:
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2 **CONCLUSIONS OF LAW**

3 1. The offer and/or sale of promissory notes by Respondents, as set forth in the
4 above in the Tentative Findings of Fact, constitutes the offer and/or sale of a security, as
5 defined in RCW 21.20.005(10) and (12).
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7 2. Cote and AAL have each violated RCW 21.20.010 because, in connection with
8 the offer or sale of promissory notes, each made untrue statements of material fact or omitted to
9 state material facts necessary in order to make the statements made, in the light of the
10 circumstances under which they were made, not misleading.

11 3. Cote and AAL have each violated RCW 21.20.140, the securities registration
12 provision of the Securities Act, because they offered and/or sold securities for which there was no
13 registration on file with the Securities Administrator, and it appears that they do not otherwise
14 qualify for an exemption from registration.

15 4. Cote and AAL have each violated RCW 21.20.040, the salesperson and
16 broker/dealer registration provision of the Securities Act, because they offered and/or sold
17 promissory notes while not registered as securities salespersons or broker/dealers in the State of
18 Washington.

19 5. The Securities Administrator finds and concludes that an emergency exists, that
20 the continued violations of RCW 21.20.010, RCW 21.20.140, and RCW 21.20.040, constitute a
21 threat to the investing public. Accordingly, a Summary Order to Cease and Desist from those
22 violations is in the public interest and necessary for the protection of the investing public.
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SUMMARY ORDER

Based upon the foregoing,

IT IS THEREFORE HEREBY SUMMARILY ORDERED that Respondents, AAL and Cote, and their agents, employees, and representatives, shall each cease and desist from violating RCW 21.20.010, the anti-fraud section of the Securities Act.

It is further SUMMARILY ORDERED that Respondents, AAL and Cote, and their agents, employees, and representatives, shall each cease and desist from violating RCW 21.20.140, the securities registration section of the Securities Act.

It is further SUMMARILY ORDERED that Respondents, AAL and Cote, shall each cease and desist from violating RCW 21.20.040, the securities broker-dealer and securities salesperson registration section of the Securities Act.

NOTICE OF INTENT TO CHARGE COSTS

Pursuant to RCW 21.20.390, and based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that Respondents AAL and Cote, shall be liable for and pay the costs, fees, and other expenses, in the amount of at least \$8,000, incurred in the conduct of this investigation.

AUTHORITY AND PROCEDURE

This Order is entered pursuant to the provisions of RCW 21.20.390, and is subject to the provisions of the Administrative Procedures Act, RCW 34.05. The Respondents 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. A request for a hearing should be in

1 writing and should be sent to Michael E. Stevenson, Securities Administrator, Department of
2 Financial Institutions, P.O. Box 9033, Olympia, WA 98507-9033.

3 If a Respondent does not make a timely hearing request, the Securities Administrator
4 intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final and make
5 the Summary Order to Cease and Desist permanent as to that Respondent and impose affirmative
6 relief as set forth.

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9 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

10 Dated and Entered this 28th day of February, 2005

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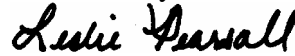
13 _____
14 Michael E. Stevenson
15 Securities Administrator

16 Approved by:

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18 _____
19 Martin Cordell
20 Chief of Enforcement

21 Presented by:

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24 Leslie Pearsall
25 Financial Examiner