

1  
2  
3  
4  
5  
6  
7  
8

**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:

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

Respondents

Order Number S-18-2534-19-SC01

STATEMENT OF CHARGES AND NOTICE  
OF INTENT TO ENTER ORDER TO CEASE  
AND DESIST, TO CHARGE COSTS, AND  
TO IMPOSE FINES

9  
10  
11  
12

THE STATE OF WASHINGTON TO:     **Chalice Investments, LLC;**  
  **Haystack 4Life, LLC;**  
  **Haystack Caps, LLC;**  
  **Jeffray Lewis**

13  
14  
15  
16  
17  
18  
19  
20  
21  
22

**STATEMENT OF CHARGES**

Please take notice that the Securities Administrator of the State of Washington has reason to believe that the Respondents, Chalice Investments, LLC, Haystack 4Life, LLC, Haystack Caps, LLC and Jeffray Lewis, have each violated the Securities Act of Washington (the "Act"). The Securities Administrator believes that these violations justify the entry of an order to cease and desist, and to charge costs pursuant to RCW 21.20.390. The Securities Administrator further believes that these violations justify the imposition of fines, pursuant to RCW 21.20.395, against the Respondents. The Securities Administrator finds as follows:

1 **TENTATIVE FINDINGS OF FACT**

2 **Respondents**

3 1. Chalice Investments, LLC (“Chalice”) was a Washington limited liability company formed  
4 in July 2017. The Washington Secretary of State’s office administratively dissolved Chalice on December  
5 3, 2019 for failure to file its annual report with that office. Chalice maintained a principal place of business  
6 in Woodinville, Washington.

7 2. Haystack 4Life, LLC (“Haystack 4Life”) is a Washington limited liability company, formed  
8 in March 2018. Haystack 4Life maintains a principal place of business in Woodinville, Washington. Jeffray  
9 Lewis formed Haystack 4Life to pursue the development and sale of products containing cannabidiol  
10 (“CBD”), a non-intoxicating chemical found in hemp plants.

11 3. Haystack Caps, LLC (“Haystack Caps”) is a Washington limited liability company, formed  
12 in October 2016. Haystack Caps maintains a principal place of business in Woodinville, Washington. Jeffray  
13 Lewis created Haystack Caps to pursue business opportunities involving recreational marijuana.

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

17 **Background and Overview**

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





1           14.     After Investors A and B had invested, Lewis prepared and emailed to potential investors a  
2 document entitled “Haystack 4Life CBD Business Plan” (the “Business Plan”) that promoted Lewis and  
3 Haystack 4Life. In the Business Plan, Lewis provided two lists of “Haystack 4Life Products” that included  
4 Haystack 4Life’s price to acquire the product, and the price at which it sold the product. However, at that  
5 time, no entity owned or controlled by Lewis had released a single product to retail. Furthermore, Haystack  
6 4Life did not own or rent a facility to create these CBD products. This exposed Haystack 4Life to price  
7 volatility, a risk that Lewis did not discuss with these potential investors or in the Business Plan. Lewis also  
8 failed to disclose the risks of investing in a marijuana-related businesses, such as the risk of significant  
9 change in the regulation of marijuana. Lewis also failed to disclose his 2009 bankruptcy in the Business  
10 Plan.

11           15.     In June 2018, Lewis made a posting on Instagram seeking investment in Chalice. The posting  
12 was accessible to the general public. In the posting, Lewis stated that he was selling thirty percent of Chalice  
13 for \$120,000. Lewis did not disclose how he determined the valuation of the businesses. Lewis also stated  
14 that Chalice would pay a finder’s fee for introducing an investor who is the “right fit.” Lewis also stated in  
15 the posting that Chalice is the “parent company” of Already Anonymous, Haystack Caps, and Haystack  
16 4Life. Lewis further stated that he was nearing an agreement with a “prominent company” to sell CBD  
17 products. Lewis did not identify that company in the posting. Lewis also stated in the posting that the  
18 business would launch in three to four weeks. However, Lewis did not specify which company, or  
19 combination of companies, would launch in that time. Lewis also failed to disclose his 2009 bankruptcy and  
20 that the Secretary of State’s office had administratively dissolved Already Anonymous.

21           16.     In June 2019, Lewis offered interests in Haystack 4Life and Haystack Caps as part of an  
22 offer of five percent of “all Haystack Brands” to a supplier, in exchange for the supplier temporarily forgoing

1 collection of money that Lewis owed him. Haystack Brands was not, and is not presently, a business entity.  
2 In a document that Lewis presented to the supplier to memorialize the agreement, Lewis included five  
3 product names along with Haystack 4Life and Haystack Caps in his description of Haystack Brands. The  
4 supplier rejected Lewis's offer because Lewis failed to provide certain financial records that he had  
5 requested when Lewis first proposed the transaction.

6 *Failure to Disclose Securities Division's Investigation*

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

15 **Registration Status**

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

18 19. Haystack 4Life, LLC is not currently registered to sell its securities in the State of  
19 Washington, and has not previously been so registered.

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



1 and Haystack Caps, LLC, and Jeffray Lewis shall be jointly and severally liable for, and shall pay, the  
2 costs, fees, and other expenses incurred in the administrative investigation and hearing of this matter, in an  
3 amount not less than \$1,500.

4 **NOTICE OF INTENT TO IMPOSE FINES**

5 Pursuant to RCW 21.20.395, and based upon the above Tentative Findings of Fact and Conclusions of  
6 Law the Securities Administrator intends to order that Chalice Investments, LLC, Haystack 4Life, LLC,  
7 Haystack Caps, LLC, and Jeffray Lewis shall each be liable for, and shall each pay, a fine of \$2,500.

8 **AUTHORITY AND PROCEDURE**

9 This Statement of Charges is entered pursuant to the provisions of RCW 21.20.390, and is subject  
10 to the provisions of Chapter 34.05 RCW. The Respondents may each make a written request for a hearing  
11 as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING  
12 accompanying this Statement. If a Respondent does not request a hearing in the time allowed, the  
13 Securities Administrator intends to adopt the foregoing Tentative Findings of Fact and Conclusions of Law  
14 as final as to that Respondent, and to enter a permanent order to cease and desist as to that Respondent,  
15 and to impose any fines and to charge any costs sought against that Respondent.

16  
17  
18 DATED AND ENTERED this 13th day of March, 2020.

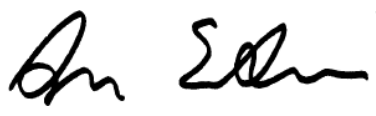
19  
20 

21  
22 \_\_\_\_\_  
William M. Beatty  
Securities Administrator



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

Approved by:



---

Suzanne Sarason  
Chief of Enforcement

Presented by:



---

Edward R. Thunen  
Financial Legal Examiner

Reviewed by:



---

Jack McClellan  
Financial Legal Examiner Supervisor