1 STATE OF WASHINGTON DEPARTMENT OF FINANCIAL INSTITUTIONS 2 SECURITIES DIVISION 3 IN THE MATTER OF DETERMINING) Order Number S-19-2736-20-CO01 4 Whether there has been a violation of the Securities Act of Washington by:) CONSENT ORDER 5 6 HALYDEAN CORPORATION Halydean Corporation; 7 Taylor Forrester Moffitt a.k.a. Taylor Moffitt) of Halydean Respondents) 9 INTRODUCTION 10 On April 8, 2020, the Securities Administrator of the Securities Division of the 11 12 Department of Financial Institutions ("Securities Division") issued a Statement of Charges and 13 Notice of Intent to Enter Order to Cease and Desist, to Impose Fines, and to Charge Costs 14 ("Statement of Charges"), Order Number S-19-2736-20-SC01, against Respondents Halydean 15 Corporation ("Halydean") and Taylor Forrester Moffitt a.k.a. Taylor Moffitt of Halydean 16 ("Moffitt"). Pursuant to the Securities Act of Washington, Chapter 21.20 RCW, the Securities 17 Division and Respondent Halydean do hereby enter into this CONSENT ORDER in settlement 18 of the matters alleged in the Statement of Charges and set forth below. Respondent Halydean 19 neither admits nor denies the Findings of Fact and Conclusions of Law stated below. 20 FINDINGS OF FACT 21 RESPONDENTS 22 1. Halydean is a Delaware corporation with its principal place of business in 23 Hayward, Wisconsin. Halydean holds itself out as an agricultural land holding company that 24 25 specializes in dairy and beef production. CONSENT ORDER DEPARTMENT OF FINANCIAL INSTITUTIONS 1 **Securities Division** PO Box 9033

Olympia, WA 98507-9033

360-902-8760

2. Moffitt, an Iowa resident, is a founder and former Chief Financial Officer and Director of Halydean.

MOFFITT BANKRUPTCY

3. In 2009, Moffitt voluntarily filed for Chapter 7 Bankruptcy in the Bankruptcy Court for the Northern District of Iowa, Case Number 0901215, and was granted a discharge that same year.

MOFFITT SEC RELATED EVENTS

- 4. On October 7, 2016 Moffitt caused to be filed with the U. S. Securities and Exchange Commission ("SEC") on behalf of Halydean a Form D. The purpose of the Form D was to notify the SEC of Halydean's intention to raise an estimated \$24,000,000 under the exemptions of either SEC Rule 504(b)(1), SEC Rule 505, or SEC Rule 506(c). Moffitt stated on the Form D that Halydean would only accept a minimum investment of \$10,000 from any outside investor. Halydean failed to notice file its claim of exemption with the Washington State Securities Division as required under WAC 460-44A-503.
- 5. In 2018, the SEC charged Moffitt and others with selling an unregistered stock offering in the U.S. District Court for Northern Iowa in the matter titled *United States Securities and Exchange Commission v. Moffitt et al*, case #3:18-cv-03034. The SEC alleged that from 2014 to 2015, Moffitt and his co-defendants acquired, offered, and sold over a billion of shares of unregistered Bud Genius, Inc. stock. Without admitting or denying the SEC's allegations, Moffitt agreed to a judgment enjoining him from violating Sections 5(a) and 5(c) (the registration section) of the Securities Act of 1933. Moffitt agreed to pay the SEC disgorgement, to pay a \$35,000 fine and to be barred from selling penny stock for three years.

NATURE OF THE OFFERING

- 6. In 2016, Moffitt met a Washington resident, "Investor A," online through a mutual hobby interest. After becoming acquainted with Investor A, Moffitt offered to give him the opportunity to acquire Halydean stock. In exchange for approximately \$4,500 of hobby equipment, Moffitt gave Investor A 500 of his personal shares of Halydean stock.
- 7. Investor A referred a group of friends, all Washington residents, to Moffitt, who communicated with them by telephone, Skype, and/or email. Moffitt offered each of the friends the opportunity to buy Halydean stock from Halydean.
- 8. Moffitt provided some of the friends a Halydean document titled "Confidential Private Placement Offering Memorandum, 14,814,814 shares common stock" ("PPM"). The PPM contained a lengthy description of a proposed offering of Halydean stock to what it described as "only a limited number of individuals and / or companies, who by definition fall within certain exemptions contained in the Securities Exchange Act of 1934 as amended." Under Washington law, the definition of "accredited investor" includes, among other things, "any natural person whose individual net worth, or joint net worth with that person's spouse, exceeds \$1,000,000" or "any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year."
- 9. In or about February 2016, Moffitt communicated with Investor B, a Washington resident, who had been referred to Moffitt by Investor A, by email and telephone. Moffitt offered Investor B the opportunity to buy Halydean stock. Moffitt provided Investor B a Halydean PPM.

 Moffitt provided Investor B instructions to wire the \$5,000 purchase price. Moffitt caused a CONSENT ORDER

 3 DEPARTMENT OF FINANCIAL INSTITUTIONS Securities Division

stock certificate for 500 shares of Halydean stock to be issued to Investor B. At the time of the sale, Investor B did not meet the definition of accredited investor.

- 10. In or about March 2016, Moffitt communicated with Investor C, a Washington resident, who had been referred to Moffitt by Investor A, by email and telephone. Moffitt offered Investor Investor C the opportunity to buy Halydean stock. Moffitt provided Investor C a Halydean PPM. Moffitt provided Investor C instructions to pay the \$5,000 purchase price. Moffitt caused a stock certificate for 500 shares of Halydean stock to be issued to Investor C. At the time of the sale, Investor C did not meet the definition of accredited investor.
- 11. In or about October 2016, Moffitt communicated with Investor D, a Washington resident, who had been referred to Moffitt by Investor A, by email and telephone. Moffitt offered Investor Investor D the opportunity to buy Halydean stock. Moffitt provided Investor D a Halydean PPM. Moffitt provided Investor D instructions to pay the \$5,000 purchase price. Moffitt caused a stock certificate for 500 shares of Halydean stock to be issued to Investor D. At the time of the sale, Investor D did not meet the definition of accredited investor.
- 12. In or about 2017, Moffitt communicated with Investor E, a Washington resident, who had been referred to Moffitt by Investor A, by email and telephone. Moffitt offered Investor E the opportunity to buy Halydean stock. Moffitt provided Investor E a Halydean PPM. Moffitt provided Investor E instructions to pay the \$10,000 purchase price. Moffitt caused a stock certificate for 500 shares of Halydean stock to be issued to Investor E. At the time of the sale, Investor E did not meet the definition of accredited investor.

MISREPRESENTATIONS AND OMISSIONS

13. Halydean failed to disclose to certain of the Washington investors that Moffitt had filed for personal bankruptcy in 2009.

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14. Halydean provided the prospective Washington investors with pro forma financial statements in the PPM that indicated that Halydean expected to have assets of over \$116,000,000 before a planned Initial Public Offering ("IPO") of its stock and that it expected to have assets of over \$305,000,000 after the IPO. Halydean had a reasonable basis for the forecast.

15. Halydean represented to Washington investors in the PPM that the offering was only being made available to "accredited investors" when they knew or should have known that the Washington investors did not satisfy the "accredited investor" criteria. To claim an exemption under Regulation D Rule 506(c), all investors must be accredited and the issuer must take reasonable steps to verify that purchasers are accredited investors. Halydean failed to sell the offering only to accredited investors and did not take reasonable steps to verify that their purchasers were accredited.

16. For an offering exempt from registration under federal Regulation D Rules 504 and 505, an issuer must provide investors, who are not accredited, with specific information relating to the business in order to qualify for an exemption. The issuer must provide unaccredited investors with financial information (such as an audited balance sheet, an income statement, and a cash flow statement). Halydean failed to provide Washington investors, who were not accredited investors, with the financial information required by Regulation D.

REGISTRATION

17. Halydean is not currently registered and has never filed a registration application or notice of claim of exemption to offer and sell its securities in the state of Washington.

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

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CONCLUSIONS OF LAW

1. The offer or sale of Halydean stock described above constitutes the offer or sale of a security as defined in RCW 21.20.005(10) and (12), to wit: stock.

- 2. The offer or sale of said securities is in violation of RCW 21.20.140 because no registration or notification of claim of exemption for such offer or sale is on file with the Securities Administrator and no valid claim of exemption under Regulation D exists.
- 3. The offer or sale of said securities was made in violation of RCW 21.20.010 because Halydean misrepresented or omitted to disclose material facts about the offering of Halydean stock.

CONSENT ORDER

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

IT IS AGREED AND ORDERED that Respondent Halydean, its agents and employees each shall cease and desist from violations of RCW 21.20.010, the anti-fraud section of the Securities Act of Washington.

IT IS FURTHER AGREED AND ORDERED that Respondent Halydean, its agents and employees each shall cease and desist from violations of RCW 21.20.140, the securities registration section of the Securities Act of Washington.

IT IS FURTHER AGREED AND ORDERED that Respondent Halydean shall be liable for and pay a fine of \$10,000 prior to the entry of this Consent Order.

IT IS FURTHER AGREED AND ORDERED that Respondent Halydean shall be liable for and pay investigative costs of \$10,000 prior to the entry of this Consent Order.

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

CONSENT ORDER

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

1	IT IS FURTHER AGREED that Respondent Halydean enters into this Consent Order
2	freely and voluntarily and with full understanding of its terms and significance.
3	IT IS FURTHER AGREED that in consideration of the foregoing, Respondent Halydean
4	waives its right to a hearing and to judicial review of this matter pursuant to RCW 21.20.440 and
5	Chapter 34.05 RCW.
6	AUTHORITY AND PROCEDURE
7	This Order is entered pursuant to the provisions of chapter 21.20 RCW and is subject to
9	the provisions of RCW 21.20.120 and Chapter 34.05 RCW. The Respondent has been notified
.0	of its right to an administrative hearing and have waived its right to a hearing.
1	WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.
2	Dated this5th day of August, 2020.
3	Signed:
4	/s/
5	Halydean Corporation by Ron Braatz, Chief Executive Officer
6	Signed and Entered thisday of August, 2020.
7	of August, 2020.
8	Millians
9	WILLIAM M. DEATTY
20	WILLIAM M. BEATTY Securities Administrator
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22	Approved by: Presented by:
23	Martin Cordell
24	Suzanne Sarason Martin Cordell
25	Chief of Enforcement Financial Legal Examiner CONSENT ORDER 7 DEPARTMENT OF FINANCIAL INSTITUTIONS

Securities Division

PO Box 9033 Olympia, WA 98507-9033 360-902-8760

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2	Reviewed by:
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5	Jack McClellan
6	Financial Legal Examiner Supervisor
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