

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

IN THE MATTER OF DETERMINING) Order Number S-19-2736-20-FO01
Whether there has been a violation of the)
Securities Act of Washington by:) ENTRY OF FINDINGS OF FACT AND
) CONCLUSIONS OF LAW AND FINAL
) ORDER TO CEASE AND DESIST, TO
Halydean Corporation;) IMPOSE FINES AND CHARGE COSTS AS
Taylor Forrester Moffitt a.k.a. Taylor Moffitt) TO TAYLOR FORRESTER MOFFITT
of Halydean)
)
Respondents)

THE STATE OF WASHINGTON TO: Taylor F. Moffitt a.k.a. Taylor Moffitt of
Halydean

On April 8, 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 Impose Fines, and To Charge Costs, Order No. S-19-2736-20-SC01 (“Statement of Charges”). The Statement of Charges, together with a Notice of Opportunity for Hearing (“Notice”) and an Application for Adjudicative Hearing (“Application”), were served on Respondent Taylor Forrester Moffitt a.k.a. Taylor Moffitt of Halydean (“Respondent”) on April 23, 2020 by U.S. Mail. The Notice advised Respondent Taylor Forrester Moffitt a.k.a. Taylor Moffitt of Halydean that the Application must be received within twenty days from the date of service. The Respondent failed to request an administrative hearing within twenty days of the date of service. Therefore, the Securities Administrator adopts as final the following Findings of Fact and Conclusions of Law as set forth in the Statement of Charges and enters a final order against the Respondent to cease and desist from violations of the Securities Act.

FINAL ORDER

1

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

1 **FINDINGS OF FACT**

2 **RESPONDENTS**

3 1. Halydean Corporation (“Halydean”) is a Delaware corporation with its principal
4 place of business in Hayward, Wisconsin. Halydean holds itself out as an agricultural land
5 holding company that specializes in dairy and beef production.

6
7 2. Taylor Forrester Moffitt a.k.a. Taylor Moffitt of Halydean (“Moffitt”), an Iowa
8 resident, is a founder and former Chief Financial Officer and Director of Halydean.

9 **MOFFITT BANKRUPTCY**

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

13 **MOFFITT SEC RELATED EVENTS**

14 4. On October 7, 2016 Moffitt caused to be filed with the U. S. Securities and
15 Exchange Commission (“SEC”) on behalf of Halydean a Form D. The purpose of the form D
16 was to notify the SEC of Halydean’s intention to raise an estimated \$24,000,000 under the
17 exemptions of either SEC Rule 504(b)(1), SEC Rule 505, or SEC Rule 506(c). Moffitt stated on
18 the Form D that the company would only accept a minimum investment of \$10,000 from any
19 outside investor. Halydean failed to notice file its claim of exemption with the Washington State
20 Securities Division as required under WAC 460-44A-503.

21
22 5. In 2018, the SEC charged Moffitt and others with selling an unregistered stock
23 offering in the U.S. District Court for Northern Iowa in the matter titled *United States Securities*
24 *and Exchange Commission v. Moffitt et al*, case #3:18-cv-03034. The SEC alleged that from
25 2014 to 2015, Moffitt and his co-defendants acquired, offered, and sold over a billion of shares

1 of unregistered Bud Genius, Inc. stock. Without admitting or denying the SEC’s allegations,
2 Moffitt agreed to a judgment enjoining him from violating Sections 5(a) and 5(c) (the
3 registration section) of the Securities Act of 1933. Moffitt agreed to pay the SEC disgorgement,
4 to pay a \$35,000 fine and to be barred from selling penny stock for three years.

5 **NATURE OF THE OFFERING**

6 6. In 2016, Tyler Moffitt met a Washington resident, “Investor A,” online through a
7 mutual hobby interest. After becoming acquainted with Investor A, Moffitt offered to give him
8 the opportunity to acquire Halydean stock. In exchange for approximately \$4,500 of hobby
9 equipment, Moffitt gave Investor 500 shares of Halydean stock.
10

11 7. Investor A referred a group of friends, all Washington residents, to Moffitt, who
12 communicated with them by telephone, Skype, and/or email. Moffitt offered each of the friends
13 the opportunity to buy Halydean stock.

14 8. Moffitt provided some of the friends a Halydean document titled "Confidential
15 Private Placement Offering Memorandum, 14,814,814 shares common stock” (“PPM”). The
16 PPM contained a lengthy description of a proposed offering of Halydean stock to what it
17 described as “only a limited number of individuals and / or companies, who by definition fall
18 within certain exemptions contained in the Securities Exchange Act of 1934 as amended.”
19 Under Washington law, the definition of "accredited investor” includes, among other things,
20 “any natural person whose individual net worth, or joint net worth with that person's spouse,
21 exceeds \$1,000,000” or “any natural person who had an individual income in excess of \$200,000
22 in each of the two most recent years or joint income with that person's spouse in excess of
23 \$300,000 in each of those years and has a reasonable expectation of reaching the same income
24 level in the current year.”
25

1 9. In or about February 2016, Moffitt communicated with Investor B, a WA
2 resident, who had been referred to Moffitt by Investor A, by email and telephone. Moffitt offered
3 Investor B the opportunity to buy Halydean stock. Moffitt provided Investor B a Halydean PPM.
4 Moffitt provided Investor B instructions to wire the \$5,000 purchase price. Moffitt caused a
5 stock certificate for 500 shares of Halydean stock to be issued to Investor B. At the time of the
6 sale, Investor B did not meet the definition of accredited investor.
7

8 10. In or about March 2016, Moffitt communicated with Investor C, a WA resident,
9 who had been referred to Moffitt by Investor A, by email and telephone. Moffitt offered Investor
10 Investor C the opportunity to buy Halydean stock. Moffitt provided Investor C a Halydean PPM.
11 Moffitt provided Investor C instructions to pay the \$5,000 purchase price. Moffitt caused a stock
12 certificate for 500 shares of Halydean stock to be issued to Investor C. At the time of the sale,
13 Investor C did not meet the definition of accredited investor.
14

15 11. In or about October 2016, Moffitt communicated with Investor D, a WA resident,
16 who had been referred to Moffitt by Investor A, by email and telephone. Moffitt offered Investor
17 Investor D the opportunity to buy Halydean stock. Moffitt provided Investor D a Halydean PPM.
18 Moffitt provided Investor D instructions to pay the \$5,000 purchase price. Moffitt caused a
19 stock certificate for 500 shares of Halydean stock to be issued to Investor D. At the time of the
20 sale, Investor D did not meet the definition of accredited investor.
21

22 12. In or about 2017, Moffitt communicated with Investor E, a WA resident, who had
23 been referred to Moffitt by Investor A, by email and telephone. Moffitt offered Investor E the
24 opportunity to buy Halydean stock. Moffitt provided Investor E a Halydean PPM. Moffitt
25 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.

1
2 **MISREPRESENTATIONS AND OMISSIONS**

3 13. Moffitt failed to disclose to certain of the investors that he had filed for personal
4 bankruptcy in 2009.

5 14. Moffitt and Halydean provided the prospective investors with pro forma financial
6 statements in the PPM that indicated that Halydean expected to have assets of over \$116,000,000
7 before a planned Initial Public Offering (“IPO”) of its stock and that it expected to have assets of
8 over \$305,000,000 after the IPO. Neither Moffitt nor Halydean had a reasonable basis for the
9 forecast.
10

11 15. Moffitt and Halydean represented to investors in the PPM that the offering was
12 only being made available to “accredited investors” when they knew or should have known that
13 the Washington investors did not satisfy the “accredited investor” criteria. To claim an
14 exemption under Regulation D Rule 506(c), all investors must be accredited and the issuer must
15 take reasonable steps to verify that purchasers are accredited investors. Respondents failed to sell
16 their offering only to accredited investors and did not take reasonable steps to verify that their
17 purchasers were accredited.
18

19 16. For an offering exempt from registration under federal Regulation D Rules 504
20 and 505, an issuer must provide investors, who are not accredited, with specific information
21 relating to the business in order to qualify for an exemption. The issuer must provide
22 unaccredited investors with financial information (such as an audited balance sheet, an income
23 statement, and a cash flow statement). Respondents failed to provide investors, who were not
24 accredited investors, with the financial information required by Regulation D.
25

1 **REGISTRATION**

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

4 18. Moffitt is not currently registered as a securities salesperson or broker-dealer in
5 the state of Washington and has not previously been so registered.

6 Based upon the Findings of Fact, the following Conclusions of Law are made:
7

8 **CONCLUSIONS OF LAW**

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

11 2. The offer or sale of said securities is in violation of RCW 21.20.140 because no
12 registration or notification of claim of exemption for such offer or sale is on file with the
13 Securities Administrator and no valid claim of exemption under Regulation D exists.

14 3. Moffitt has violated RCW 21.20.040 by offering or selling said securities while
15 not registered as a securities salesperson or broker-dealer in the state of Washington.

16 4. The offer or sale of said securities was made in violation of RCW 21.20.010
17 because Moffitt and Halydean misrepresented or omitted to disclose material facts about the
18 offering of Halydean stock.

19 Based upon the foregoing and finding it in the public interest:
20

21 **FINAL ORDER**

22 IT IS HEREBY ORDERED that Taylor Forrester Moffitt; his agents and employees each
23 cease and desist from violations of RCW 21.20.010, RCW 21.20.040, and RCW 21.20.140.

24 IT IS HEREBY ORDERED that Taylor Forrester Moffitt shall be liable for and pay a
25 fine of \$24,500.

1 IT IS HEREBY ORDERED that Taylor Forrester Moffitt shall be liable for, and shall
2 pay, the costs, fees, and other expenses incurred in the administrative investigation of this matter,
3 in an amount of \$16,470.17.

4 **AUTHORITY AND PROCEDURE**

5 This FINAL ORDER is entered pursuant to the provisions of RCW 21.20.390 and RCW
6 21.20.110, and is subject to the provisions of RCW 21.20.440 and Chapter 34.05 RCW. The
7 Respondent has the right to petition the superior court for judicial review of this agency action under
8 the provisions of Chapter 34.05 RCW. For the requirements for judicial review, see RCW 34.05.510
9 and sections following. Pursuant to RCW 21.20.395, a certified copy of this Order may be filed in
10 Superior Court. If so filed, the clerk shall treat the Order in the same manner as a Superior Court
11 judgment as to the fine, and the fine may be recorded, enforced, or satisfied in like manner.
12

13 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

14 Dated this 20th day of May, 2020

15 

16 WILLIAM BEATTY
17 Securities Administrator

18 Approved by:

19 

20 SUZANNE SARASON
21 Chief of Enforcement

22 Presented by:

23 

24 MARTIN CORDELL
25 Financial Legal Examiner

Reviewed by:



Jack McClellan
Financial Legal Examiner Supervisor

FINAL ORDER

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