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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:

Josef Erick Ewert,

Respondent

Order Number S-10-443-12-FOO1

ENTRY OF FINDINGS OF FACT AND
CONCLUSIONS OF LAW AND FINAL
ORDER TO CEASE AND DESIST, TO
IMPOSE A FINE, AND TO CHARGE
COSTS

THE STATE OF WASHINGTON TO:

Josef Erick Ewert

INTRODUCTION

On May 22, 2012, the Securities Administrator of the State of Washington issued Statement of Charges and Notice of Intent to Enter an Order to Cease and Desist, to Impose a Fine, and to Charge Costs (“Statement of Charges”), Order Number S-10-443-12-SC01, against Respondent Josef Erick Ewert. The Statement of Charges, together with a Notice of Opportunity to Defend and Opportunity for Hearing (“Notice”) and an Application for Adjudicative Hearing (“Application for Hearing”) were served on Respondent Josef Erick Ewert on June 7, 2012.

The Notice advised that a written application for an administrative hearing on the Statement of Charges must be received within twenty days from the date of receipt of the notice. Respondent failed to request an administrative hearing within twenty days of receipt of the Statement of Charges and Notice of Opportunity for Hearing, either on the Application for Hearing provided or otherwise.

The Securities Administrator therefore will adopt as final the Findings of Fact and Conclusions of Law as set forth in the Statement of Charges and enter a Final Order against Respondent Josef Erick Ewert to cease and desist from violations of the Securities Act, to impose a fine, and to charge costs.

ENTRY OF FINDINGS OF FACT AND
CONCLUSIONS OF LAW AND FINAL
ORDER TO CEASE AND DESIST, TO
IMPOSE A FINE, AND TO CHARGE COSTS.

1 The Securities Administrator makes the following Findings of Fact and Conclusions of Law:

2 **FINDINGS OF FACT**

3 Respondent

4 1. Josef Erick Ewert (“Ewert”) is an individual who resided in Seattle, Washington at all times
5 relevant to this matter, and who did business as Atlanta Ad Screens (ATLAS), Visioncom Media,
6 and Frontline Medical Systems.

7 Introduction

8 2. Between 2009 and 2010, Ewert raised more than \$40,000 through the offer and sale of
9 investments in various forms to at least three investors in Washington and Texas. Between 2009 and
10 2010, Ewert raised at least \$32,000 through the sale of investments in digital advertising businesses
11 named Atlanta Ad Screens (ATLAS) and Visioncom Media. In 2010, Ewert raised an additional
12 \$8,250 through the sale of investments in Frontline Medical Systems, a business that would
13 purportedly produce and market a stethoscope sterilizer device.

14 Atlanta Ad Screens (ATLAS) Offering

15 3. In 2009, Ewert used an Internet advertisement posted on Craigslist to solicit an investor in
16 Texas to purchase a 25% ownership interest in an unnamed advertiser with “major national
17 advertising contracts” that was purportedly seeking to expand its business operations in the Atlanta,
18 Georgia area.

19 4. When offering and selling the investment, Ewert represented to the investor that Atlanta Ad
20 Screens, doing business as ATLAS, owned a “network” of in-store digital advertising screens that
21 were placed in Atlanta-area retail shops, hotels, and restaurants. The screens were supposed to
22 feature digital advertisements that would run on a continuous loop.

1 5. When offering and selling the ATLAS investment, Ewert represented to the investor that
2 Ewert would be responsible for contacting vendors to place the screens, for negotiating payment
3 contracts, and for installing and maintaining the screens. Ewert represented to the investor that
4 Ewert would sell advertisements and would develop an Internet website and marketing materials for
5 the business. Ewert represented to the investor that Ewert would be responsible for maintaining the
6 books and records of the business. Ewert also represented that he was operating similar business
7 ventures in Boston, New York, and Seattle.

8 6. When offering and selling the ATLAS investment, Ewert represented to the investor that
9 Ewert would receive a 75% share of the profits from the ATLAS business and that the investor
10 would receive a 25% share of the profits from the ATLAS business. The investor was a passive
11 participant who did not have any responsibilities except to provide the invested funds, which would
12 purportedly be used to provide operating capital for the ATLAS business. The investor was relying
13 upon Ewert to conduct the business activities that would generate a profit from the investment.

14 7. When offering and selling the ATLAS investment, Ewert gave the investor some written
15 offering materials, including an offering brochure, a list of advertisers and advertising locations, a
16 blank standard form lease agreement for the placement of advertising screens, and a “media kit” with
17 advertising information.

18 8. In November 2009, the investor made two investments totaling \$9,500 to purchase a 25%
19 ownership interest in Atlanta Ad Screens, doing business as ATLAS. When offering and selling the
20 ATLAS investment, Ewert gave the investor a general partnership agreement. The general
21 partnership agreement represented that an “S” corporation would be set up within 30 days after
22 signing the agreement and that the investor would own 25% of the shares in that corporation.

1 Misrepresentations and Omissions

2 9. When offering and selling the ATLAS investment, Ewert falsely represented to the investor
3 that ATLAS had negotiated “major national advertising contracts” with Apple, AT&T, Ford, Pepsi,
4 and the United States Air Force. Sometime around February 2010, the investor contacted
5 representatives of those companies and found that Ewert never had any contracts with those
6 companies. When confronted, Ewert told the investor that he did not have those contracts.

7 10. When offering and selling the ATLAS investment, Ewert falsely represented to the
8 investor that the investment would be “extremely profitable” and that the investment would generate
9 net profits of \$19,000 per month by the first quarter of 2010. Ewert failed to provide any reasonable
10 basis for the profit projection. Ewert failed to provide any financial statements or financial
11 information about the assets, the liabilities, and the operating results of the business or of any similar
12 business ventures that were purportedly being operated by Ewert.

13 11. When offering and selling the ATLAS investment, Ewert failed to disclose his business
14 background and performance history. Ewert failed to disclose the specific intended use of the
15 investor funds. Ewert failed to disclose other significant risks of the investment, including
16 inadequate capitalization, competition, operational risks, technological risks, and the risk of investing
17 in an unproven market.

18 Visioncom Media Offering

19 12. After offering and selling the ATLAS investment to the Texas investor, Ewert solicited the
20 investor to invest in another business named Visioncom Media. Ewert represented he had
21 established advertising screen businesses in Boston, New York, Seattle, and Atlanta and that he
22 wanted to start the same type of business in Chicago and San Francisco. Ewert represented that all of
23

1 these business ventures would be operated “under one corporate umbrella company” named
2 Visioncom Media.

3 13. When offering and selling the Visioncom Media investment, Ewert represented that the
4 investor could purchase a 25% ownership interest in “the entire Visioncom Media network” for an
5 investment of \$55,000. Ewert represented that for an investment of \$55,000, the investor would
6 receive a 25% share of the profits from Visioncom Media and Ewert would receive a 75% share of
7 the profits from Visioncom Media. The investor was a passive participant who did not have any
8 responsibilities except to provide the invested funds, which would purportedly be used to provide
9 operating capital for Visioncom Media. The investor was relying upon Ewert to conduct the
10 business activities that would generate a profit from the investment.

11 14. When offering and selling the Visioncom Media investment, Ewert gave the investor an
12 offering brochure, a bank account statement for “Visioncom dba Boston Ad Screens” that listed a
13 Seattle, Washington mailing address, a standard form advertising display contract, invoices, a list of
14 advertising clients and locations, and a contact list for prospective advertising clients.

15 15. In January 2010, the investor made two investments totaling \$22,700 in order to purchase a
16 share of the ownership in Visioncom Media. Later, after becoming dissatisfied with the investments
17 and retaining an attorney, the investor received a return of \$2,500 on the investments that he made
18 with Ewert.

19 Misrepresentations and Omissions

20 16. When offering and selling the Visioncom Media investment, Ewert falsely represented to
21 the investor that Visioncom Media had four national advertising clients. Ewert represented that “The
22 Company as a whole is conservatively estimated to be worth: over \$1,200,000. That is two year’s
23

1 [sic] worth of net profit.” Ewert failed to provide any reasonable basis for the valuation or provide
2 any substantiation for the claimed net profits.

3 17. When offering and selling the Visioncom Media investment, Ewert represented to the
4 investor that “The Company is currently netting the following: New York: \$17,225 per mo., Boston:
5 \$21,700 per mo., Atlanta: \$6,370 per mo., and Seattle: \$7,450 per mo., for a total of \$52,745 per
6 month.” Ewert failed to provide any financial statements or financial information about the assets,
7 the liabilities, and the operating results of the business. Ewert failed to fully disclose the relationship
8 between Visioncom Media and the regional businesses that comprised Visioncom Media’s “national
9 network.”

10 18. When offering and selling the Visioncom Media investments, Ewert failed to disclose his
11 business background and performance history. Ewert also failed to disclose other significant risks of
12 the investment, including inadequate capitalization, competition, operational risks, technological
13 risks, and the risk of investing in unproven markets.

14 Frontline Medical Systems Offering

15 19. During 2010, Ewert offered and sold an investment in Frontline Medical Systems, a
16 business that would purportedly develop, market, and sell a medical device named the “Redi-Steth”
17 that would sterilize stethoscopes. Ewert offered the investment to two Washington residents, one of
18 which later invested. The Washington residents responded to an Internet advertisement posted on
19 Craigslist, which sought investors for an unnamed medical products company.

20 20. In June 2010, one of the Washington residents invested \$8,250 in exchange for a 2.5%
21 interest in Frontline Medical Systems. Ewert gave the investor a general partnership agreement,
22 which provided that the investor would share in the profits of Frontline Medical Systems in
23 proportion to the amount of their investment. The agreement also provided that Ewert and Ewert’s

1 girlfriend would each have a 47.5% interest in Frontline Medical Systems and would each receive a
2 47.5% share of the profits from Frontline Medical Systems.

3 21. The investor was a passive participant whose only responsibility was to provide the
4 invested funds. The investor did not have any medical background or training. The investor relied
5 on Ewert to conduct the business activities that would generate a profit from the investment. As
6 provided in the general partnership agreement, Ewert was to conduct most of the day-to-day
7 operations and make all decisions dealing with the company's sales and marketing activities.
8 Ewert's girlfriend was to be responsible for making government filings, complying with FDA
9 regulations, and utilizing her contacts to assist with sales and business development.

10 Misrepresentations and Omissions

11 22. When offering and selling the Frontline Medical Systems investment, Ewert represented to
12 the investor and the investor's son that Frontline Medical Systems would have profits of \$500,000
13 during its first year of operations, but Ewert failed to provide any reasonable basis for the projected
14 profits. Ewert also represented to the investor and the investor's son that Frontline Medical Systems
15 had pre-orders from UW Medicine and Charles River Medical Group, but Ewert failed to disclose
16 the terms and conditions that were required by the purported contracts.

17 23. When offering and selling the Frontline Medical Systems investment, Ewert showed
18 drawings of the "Redi-Steth" medical device, but failed to disclose the production status of the
19 device. Ewert failed to disclose that the device had not been patented. Ewert failed to disclose the
20 cost to produce, patent, and market the device.

21 24. When offering and selling the Frontline Medical Systems investment, Ewert failed to
22 disclose significant risks of the investment. Ewert failed to disclose his own business and medical
23 experience and track record. Ewert failed to disclose the specific intended use of the investor funds.

1 Ewert failed to provide financial information about Frontline Medical Systems, including the assets,
2 liabilities, and operating history of the company. Ewert failed to disclose other risks of the
3 investment, including inadequate capitalization, competition, operational risks, technological risks,
4 regulatory risks, litigation risks, marketing risks, and the risk of investing in an unapproved,
5 undeveloped, and untested medical device.

6 Registration Status

7 25. Josef Erick Ewert has never been registered as a securities broker-dealer or as a securities
8 salesperson in the state of Washington.

9 26. The investments in Atlanta Ad Screens (ATLAS), Visioncom Media, and Frontline
10 Medical Systems are not currently registered in the State of Washington, have not previously been so
11 registered, and no claim of exemption for said securities is on file with the Securities Division.

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

13 **CONCLUSIONS OF LAW**

14 1. As set forth in the Findings of Fact, the offer or sale of the investments described above
15 constitute the offer or sale of a security, as defined in RCW 21.20.005(14) and (17), whether in the
16 form of stock or an investment contract.

17 2. As set forth in the Findings of Fact, Respondent, Josef Erick Ewert, in connection with
18 the offer or sale of securities, has made untrue statements of material fact or omitted to state material
19 facts necessary in order to make the statements made, in the light of the circumstances under which
20 they are made, not misleading, in violation of RCW 21.20.010, the anti-fraud section of the
21 Securities Act of Washington.

1 3. As set forth in the Findings of Fact, Respondent, Josef Erick Ewert, has offered and sold
2 unregistered securities in violation of RCW 21.20.140, the securities registration section of the
3 Securities Act of Washington.

4 4. As set forth in the Findings of Fact, Respondent, Josef Erick Ewert, has offered and sold
5 securities in violation of RCW 21.20.040, the securities broker-dealer and securities salesperson
6 registration section of the Securities Act of Washington.

7 **FINAL ORDER**

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

9 It is hereby ORDERED that Respondent Josef Erick Ewert and his agents and employees each
10 shall cease and desist from offering or selling securities in violation of RCW 21.20.140, the securities
11 registration section of the Securities Act of Washington.

12 It is further ORDERED that Respondent Josef Erick Ewert and his agents and employees each
13 shall cease and desist from acting as an unregistered securities broker-dealer or salesperson in violation
14 of RCW 21.20.040, the securities broker-dealer and securities salesperson registration section of the
15 Securities Act of Washington.

16 It is further ORDERED that Respondent Josef Erick Ewert and his agents and employees each
17 shall cease and desist from violating RCW 21.20.010, the anti-fraud section of the Securities Act of
18 Washington.

19 It is further ORDERED that Respondent Josef Erick Ewert shall be liable for and shall pay a fine
20 in the amount of \$10,000.

21 It is further ORDERED that Respondent Josef Erick Ewert shall be liable for and shall pay
22 investigative costs of \$2,500.

1 **AUTHORITY AND PROCEDURE**

2 This Final Order is entered pursuant to the provisions of RCW 21.20.390 and RCW 21.20.395, and
3 is subject to the provisions of RCW 21.20.440 and Chapter 34.05 RCW. Respondent Josef Erick Ewert
4 has the right to petition the superior court for judicial review of this agency action under the provisions of
5 chapter 34.05 RCW. For the requirements for filing a Petition for Judicial Review, see RCW 34.05.510
6 and sections following. Pursuant to RCW 21.20.395, a certified copy of this order may be filed in
7 Superior Court. If so filed, the clerk shall treat the order in the same manner as a Superior Court judgment
8 as to the fine, and the fine may be recorded, enforced, or satisfied in like manner.

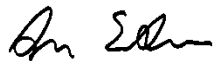
9 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

10
11 DATED and ENTERED this 28th day of June, 2012

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15 WILLIAM M. BEATTY
16 Securities Administrator

17 Approved by:

18 

19 Suzanne E. Sarason
20 Chief of Enforcement

Presented by:

21 

22 Janet So
23 Enforcement Attorney

24 Reviewed by:

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Robert Kondrat
Financial Legal Examiner Supervisor

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