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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-SC01

STATEMENT OF CHARGES AND NOTICE
OF INTENT TO ENTER AN ORDER TO
CEASE AND DESIST, TO IMPOSE A FINE,
AND TO CHARGE COSTS

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THE STATE OF WASHINGTON TO:

Josef Erick Ewert,
d/b/a Atlanta Ad Screens (ATLAS)
d/b/a Visioncom Media
d/b/a Frontline Medical Systems

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STATEMENT OF CHARGES

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Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondent, Josef Erick Ewert, has violated the Securities Act of Washington and that his violations justify the entry of an order of the Securities Administrator under RCW 21.20.390 to cease and desist from such violations and to charge costs and under RCW 21.20.395 to impose a fine. The Securities Administrator finds as follows:

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TENTATIVE FINDINGS OF FACT

Respondent

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

STATEMENT OF CHARGES AND NOTICE OF
INTENT TO ENTER AN ORDER TO CEASE AND
DESIST, TO IMPOSE A FINE, AND TO CHARGE
COSTS

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

1 Introduction

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

10 Atlanta Ad Screens (ATLAS) Offering

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

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

22 5. When offering and selling the ATLAS investment, Ewert represented to the
23 investor that Ewert would be responsible for contacting vendors to place the screens, for
24 negotiating payment contracts, and for installing and maintaining the screens. Ewert
25 represented to the investor that Ewert would sell advertisements and would develop an

1 Internet website and marketing materials for the business. Ewert represented to the investor
2 that Ewert would be responsible for maintaining the books and records of the business.
3 Ewert also represented that he was operating similar business ventures in Boston, New
4 York, and Seattle.
5

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

14 7. When offering and selling the ATLAS investment, Ewert gave the investor some
15 written offering materials, including an offering brochure, a list of advertisers and
16 advertising locations, a blank standard form lease agreement for the placement of
17 advertising screens, and a “media kit” with advertising information.
18

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

1 Misrepresentations and Omissions

2 9. When offering and selling the ATLAS investment, Ewert falsely represented to the
3 investor that ATLAS had negotiated “major national advertising contracts” with Apple,
4 AT&T, Ford, Pepsi, and the United States Air Force. Sometime around February 2010, the
5 investor contacted representatives of those companies and found that Ewert never had any
6 contracts with those companies. When confronted, Ewert told the investor that he did not
7 have those contracts.
8

9 10. When offering and selling the ATLAS investment, Ewert falsely represented to
10 the investor that the investment would be “extremely profitable” and that the investment
11 would generate net profits of \$19,000 per month by the first quarter of 2010. Ewert failed
12 to provide any reasonable basis for the profit projection. Ewert failed to provide any
13 financial statements or financial information about the assets, the liabilities, and the
14 operating results of the business or of any similar business ventures that were purportedly
15 being operated by Ewert.
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18 11. When offering and selling the ATLAS investment, Ewert failed to disclose his
19 business background and performance history. Ewert failed to disclose the specific
20 intended use of the investor funds. Ewert failed to disclose other significant risks of the
21 investment, including inadequate capitalization, competition, operational risks,
22 technological risks, and the risk of investing in an unproven market.
23

24 Visioncom Media Offering

25 12. After offering and selling the ATLAS investment to the Texas investor, Ewert
solicited the investor to invest in another business named Visioncom Media. Ewert

1 represented he had established advertising screen businesses in Boston, New York, Seattle,
2 and Atlanta and that he wanted to start the same type of business in Chicago and San
3 Francisco. Ewert represented that all of these business ventures would be operated “under
4 one corporate umbrella company” named Visioncom Media.
5

6 13. When offering and selling the Visioncom Media investment, Ewert represented
7 that the investor could purchase a 25% ownership interest in “the entire Visioncom Media
8 network” for an investment of \$55,000. Ewert represented that for an investment of
9 \$55,000, the investor would receive a 25% share of the profits from Visioncom Media and
10 Ewert would receive a 75% share of the profits from Visioncom Media. The investor was a
11 passive participant who did not have any responsibilities except to provide the invested
12 funds, which would purportedly be used to provide operating capital for Visioncom Media.
13 The investor was relying upon Ewert to conduct the business activities that would generate a
14 profit from the investment.
15

16 14. When offering and selling the Visioncom Media investment, Ewert gave the
17 investor an offering brochure, a bank account statement for “Visioncom dba Boston Ad
18 Screens” that listed a Seattle, Washington mailing address, a standard form advertising
19 display contract, invoices, a list of advertising clients and locations, and a contact list for
20 prospective advertising clients.
21

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

1 Misrepresentations and Omissions

2 16. When offering and selling the Visioncom Media investment, Ewert falsely
3 represented to the investor that Visioncom Media had four national advertising clients.
4 Ewert represented that “The Company as a whole is conservatively estimated to be worth:
5 over \$1,200,000. That is two year’s [sic] worth of net profit.” Ewert failed to provide any
6 reasonable basis for the valuation or provide any substantiation for the claimed net profits.
7

8 17. When offering and selling the Visioncom Media investment, Ewert represented to
9 the investor that “The Company is currently netting the following: New York: \$17,225 per
10 mo., Boston: \$21,700 per mo., Atlanta: \$6,370 per mo., and Seattle: \$7,450 per mo., for a
11 total of \$52,745 per month.” Ewert failed to provide any financial statements or financial
12 information about the assets, the liabilities, and the operating results of the business. Ewert
13 failed to fully disclose the relationship between Visioncom Media and the regional
14 businesses that comprised Visioncom Media’s “national network.”
15

16 18. When offering and selling the Visioncom Media investments, Ewert failed to
17 disclose his business background and performance history. Ewert also failed to disclose
18 other significant risks of the investment, including inadequate capitalization, competition,
19 operational risks, technological risks, and the risk of investing in unproven markets.
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21 Frontline Medical Systems Offering

22 19. During 2010, Ewert offered and sold an investment in Frontline Medical Systems,
23 a business that would purportedly develop, market, and sell a medical device named the
24 “Redi-Steth” that would sterilize stethoscopes. Ewert offered the investment to two
25 Washington residents, one of which later invested. The Washington residents responded to

1 an Internet advertisement posted on Craigslist, which sought investors for an unnamed
2 medical products company.

3 20. In June 2010, one of the Washington residents invested \$8,250 in exchange for a
4 2.5% interest in Frontline Medical Systems. Ewert gave the investor a general partnership
5 agreement, which provided that the investor would share in the profits of Frontline Medical
6 Systems in proportion to the amount of their investment. The agreement also provided that
7 Ewert and Ewert's girlfriend would each have a 47.5% interest in Frontline Medical
8 Systems and would each receive a 47.5% share of the profits from Frontline Medical
9 Systems.
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12 21. The investor was a passive participant whose only responsibility was to provide
13 the invested funds. The investor did not have any medical background or training. The
14 investor relied on Ewert to conduct the business activities that would generate a profit from
15 the investment. As provided in the general partnership agreement, Ewert was to conduct
16 most of the day-to-day operations and make all decisions dealing with the company's sales
17 and marketing activities. Ewert's girlfriend was to be responsible for making government
18 filings, complying with FDA regulations, and utilizing her contacts to assist with sales and
19 business development.
20

21 Misrepresentations and Omissions

22 22. When offering and selling the Frontline Medical Systems investment, Ewert
23 represented to the investor and the investor's son that Frontline Medical Systems would
24 have profits of \$500,000 during its first year of operations, but Ewert failed to provide any
25 reasonable basis for the projected profits. Ewert also represented to the investor and the

1 investor's son that Frontline Medical Systems had pre-orders from UW Medicine and
2 Charles River Medical Group, but Ewert failed to disclose the terms and conditions that
3 were required by the purported contracts.
4

5 23. When offering and selling the Frontline Medical Systems investment, Ewert
6 showed drawings of the "Redi-Steth" medical device, but failed to disclose the production
7 status of the device. Ewert failed to disclose that the device had not been patented. Ewert
8 failed to disclose the cost to produce, patent, and market the device.
9

10 24. When offering and selling the Frontline Medical Systems investment, Ewert failed
11 to disclose significant risks of the investment. Ewert failed to disclose his own business and
12 medical experience and track record. Ewert failed to disclose the specific intended use of
13 the investor funds. Ewert failed to provide financial information about Frontline Medical
14 Systems, including the assets, liabilities, and operating history of the company. Ewert failed
15 to disclose other risks of the investment, including inadequate capitalization, competition,
16 operational risks, technological risks, regulatory risks, litigation risks, marketing risks, and
17 the risk of investing in an unapproved, undeveloped, and untested medical device.
18

19 Registration Status

20 24. Josef Erick Ewert has never been registered as a securities broker-dealer or as a
21 securities salesperson in the state of Washington.
22

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

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

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4 **CONCLUSIONS OF LAW**

5 1. As set forth in the Tentative Findings of Fact, the offer or sale of the
6 investments described above constitutes the offer or sale of a security, as defined in RCW
7 21.20.005(14) and (17), whether in the form of stock or an investment contract.

8 2. As set forth in the Tentative Findings of Fact, Respondent, Josef Erick Ewert, in
9 connection with the offer or sale of securities, has made untrue statements of material fact or
10 omitted to state material facts necessary in order to make the statements made, in the light
11 of the circumstances under which they are made, not misleading, in violation of RCW
12 21.20.010, the anti-fraud section of the Securities Act of Washington.

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

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

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21 **NOTICE OF INTENT TO ORDER RESPONDENTS TO CEASE AND DESIST**

22 Pursuant to RCW 21.20.390, and based on the above Tentative Findings of Fact and
23 Conclusions of Law, the Securities Administrator intends to order that Respondent, Josef
24 Erick Ewert, shall cease and desist from any violation of RCW 21.20.010, RCW 21.20.040
25 and RCW 21.20.140.

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NOTICE OF INTENT TO IMPOSE A FINE

Pursuant to RCW 21.20.395, and based on the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that Josef Erick Ewert shall be liable for and shall pay a fine of \$10,000.

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NOTICE OF INTENT TO CHARGE COSTS

Pursuant to RCW 21.20.390, and based on the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that Josef Erick Ewert shall be liable for and shall pay investigative costs of at least \$2,500.

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AUTHORITY AND PROCEDURE

This Statement of Charges is entered pursuant to the provisions of chapter 21.20 RCW and is subject to the provisions of chapter 34.05 RCW. Respondent, Josef Erick Ewert, may make a written request for a hearing, as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Statement of Charges.

If Respondent does not make a hearing request in the time allowed, the Securities Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final, to enter a permanent cease and desist order as to the respondent, and to impose any fine and charge any costs that are sought against the respondent.

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

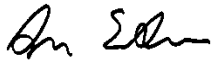
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3 Signed and Entered this 22nd day of May, 2012

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WILLIAM M. BEATTY
Securities Administrator

Approved by:



Suzanne E. Sarason
Chief of Enforcement

Presented by:



Janet So
Enforcement Attorney

Reviewed by:



Robert Kondrat
Financial Legal Examiner Supervisor