

1 **STATE OF WASHINGTON**
2 **DEPARTMENT OF FINANCIAL INSTITUTIONS**
3 **SECURITIES DIVISION**

4 IN THE MATTER OF DETERMINING
5 Whether there has been a violation of the
6 Securities Act of Washington by:

7 Mobile Workforce, Inc.
8 David Weir,
9 Respondents.

Order No. S-20-2837-21-SC01

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

10 **THE STATE OF WASHINGTON TO:** Mobile Workforce, Inc.
11 David Weir

12 **STATEMENT OF CHARGES**

13 Please take notice that the Securities Administrator of the state of Washington has reason to believe
14 that Respondents Mobile Workforce, Inc. and David Weir violated the Securities Act of Washington. The
15 Securities Administrator believes these violations justify the entry of an order against Respondent David
16 Weir to cease and desist from such violations, to impose a fine, and to charge costs pursuant to RCW
17 21.20.390 and RCW 21.20.395. The Securities Administrator finds as follows:

18 **TENTATIVE FINDINGS OF FACT**

19 **Respondents**

20 1. Mobile Workforce, Inc. (Mobile Workforce) is a Delaware corporation formed on October
21 27, 2003 with its principal place of business in Port Orchard, Washington. Mobile Workforce is a medical
22 supply chain management business. Mobile Workforce sells inventory management software and self-
23 contained sterilization kits to the medical industry.

2. David Weir (Weir) resides in Gig Harbor, Washington. Weir is the President and CEO of
Mobile Workforce.

Nature of the Conduct

1 *Overview*

2 3. In 2018, Mobile Workforce and Weir raised at least \$41,000 from three investors through the
3 sale of Mobile Workforce stock. Mobile Workforce and Weir failed to disclose material information about
4 the investment to the investors, including two outstanding federal tax liens against Mobile Workforce and
5 a pending civil lawsuit against Mobile Workforce and Weir.

6 *Mobile Workforce Stock Offering*

7 4. In or around September 2018, Mobile Workforce and Weir offered investors an opportunity
8 to invest in Mobile Workforce stock. Weir offered one of the investors his personal stock. Weir told another
9 investor that a prior Mobile Workforce investment round had never closed and there was some stock still
10 available before the next investment round.

11 5. Mobile Workforce and Weir represented to investors that Mobile Workforce is a successful
12 company. Mobile Workforce and Weir explained to investors that Mobile Workforce manufactures and
13 sells sterilization kits that are designed to be used in operating rooms by medical professionals. Mobile
14 Workforce and Weir also explained to investors that Mobile Workforce has developed software that tracks
15 inventory for the medical industry.

16 6. Mobile Workforce and Weir represented to at least two investors that Mobile Workforce
17 planned to take the company public soon. Mobile Workforce and Weir told at least two investors that they
18 should invest in this private investment opportunity soon before Mobile Workforce goes public, which
19 created in them a sense of urgency to purchase the stock quickly. Both of these investors understood that
20 the value of their private stock would become more valuable once Mobile Workforce had a public offering
21 of its stock. Mobile Workforce and Weir failed to provide at least two investors with a reasonable basis for
22 the representation that Mobile Workforce would go public soon.

1 7. Mobile Workforce and Weir did not provide any written offering materials or subscription
2 agreements to at least one investor. Mobile Workforce and Weir failed to disclose any risks associated with
3 an investment in Mobile Workforce stock to at least one investor.

4 8. In September 2018, investors purchased a total of \$41,000 worth of Mobile Workforce stock.
5 Two of these investors were Washington State residents and invested a total of \$21,000. Mobile Workforce
6 and Weir provided at least one investor with a Notice of Issuance of Stock Certificate. Mobile Workforce
7 and Weir provided two investors with a subscription agreement.

8 9. Mobile Workforce and Weir sold stock to investors at varying prices per share. During a one
9 week period at the end of September 2018, Mobile Workforce and Weir sold stock to one investor at
10 approximately 35 cents per share and to the two other investors for 1 dollar per share. When offering and
11 selling the stock, Mobile Workforce and Weir failed to disclose to at least two investors this variation in
12 stock valuation.

13 10. Mobile Workforce and Weir failed to disclose to investors that the IRS had filed two
14 outstanding federal tax liens totaling approximately \$70,000 against Mobile Workforce. Mobile Workforce
15 and Weir failed to disclose to investors that these tax liens could adversely affect Mobile Workforce's
16 ability to raise further investment funds in a public offering of its stock or otherwise.

17 11. Mobile Workforce and Weir failed to disclose to at least two investors that they were the
18 defendants in a pending civil lawsuit. In this lawsuit, a former Mobile Workforce employee alleged that
19 Mobile Workforce and Weir violated the Washington Law Against Discrimination (RCW 49.60 *et seq.*)
20 and the Washington Wage Payment Act (RCW 49.48 *et seq.*). In or around November 8, 2018, Mobile
21 Workforce and Weir settled this lawsuit with the plaintiff for \$210,000, \$30,333 of which was paid on
22 November 8, 2018.

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1 12. Mobile Workforce has not gone public. Mobile Workforce and Weir have not paid any return
2 on investment to the investors.

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

4 **CONCLUSIONS OF LAW**

5 1. The offer and/or sale of the Mobile Workforce stock described above constitutes the offer
6 and/or sale of a security as defined in RCW 21.20.005(14) and (17).

7 2. Mobile Workforce Inc. and David Weir violated RCW 21.20.010, the anti-fraud section of the
8 Securities Act of Washington, by making untrue statements of material fact or omitting to state material
9 facts necessary to make the statements made, in light of the circumstances in which they were made, not
10 misleading.

11 **NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST**

12 Pursuant to RCW 21.20.390(1), and based upon the Tentative Findings of Fact and Conclusions of
13 Law, the Securities Administrator intends to order Mobile Workforce Inc. and David Weir, and their agents
14 and employees, to each permanently cease and desist from violating RCW 21.20.010.

15 **NOTICE OF INTENT TO IMPOSE FINES**

16 Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and Conclusions of Law,
17 the Securities Administrator intends to order that:

- 18 a. Mobile Workforce Inc. shall be liable for and shall pay a fine of \$10,000; and
19 b. David Weir shall be liable for and shall pay a fine of \$10,000.

20 **NOTICE OF INTENT TO CHARGE COSTS**

21 Pursuant to RCW 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of Law,
22 the Securities Administrator intends to order that Mobile Workforce Inc. and David Weir shall be jointly
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1 and severally liable for and for and shall pay the costs, fees, and other expenses incurred in the
2 administrative investigation and hearing of this matter, in an amount not less than \$5,000.

3 **AUTHORITY AND PROCEDURE**

4 This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is subject
5 to the provisions of Chapter 34.05 RCW. Mobile Workforce Inc. and David Weir may each make a written
6 request for a hearing as set forth in the Notice of Opportunity for Hearing accompanying this Order. If a
7 respondent does not make a hearing request in the time allowed, the Securities Administrator intends to
8 adopt the above Tentative Findings of Fact and Conclusions of Law as final and to enter a permanent order
9 to cease and desist as to that respondent, to impose any fines sought against that respondent, and to charge
10 any costs sought against that respondent.

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12 SIGNED and ENTERED this 2nd day of April, 2021.

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16 _____
William M. Beatty
Securities Administrator

17 Approved by:

Presented by:

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21 _____
Suzanne Sarason
Chief of Enforcement

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Brian J. Guerard
Financial Legal Examiner Supervisor