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**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION**

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

bVisual, S.A.; bVisual Group, Ltd.;  
Stephan Anthony Larson; Kenneth Neal;  
Stephen Klos; Brian Larson,  
Respondents

Order Number S-09-382-10-FO01

ENTRY OF FINDINGS OF FACT AND  
CONCLUSIONS OF LAW AND FINAL ORDER  
TO CEASE AND DESIST, AS TO STEPHEN  
KLOS

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THE STATE OF WASHINGTON TO: Stephen Klos

On July 8, 2010, the Securities Administrator of the State of Washington issued Statement of Charges and Notice of Intent to Enter Order to Cease and Desist, to Revoke Exemptions, Impose Fines, and Recover Costs, S-09-382-10-SC01, hereinafter referred to as "Statement of Charges," against Respondents bVisual, S.A.; bVisual Group, Ltd.; Stephan Anthony Larson; Kenneth Neal; Stephen Klos; and Brian Larson.

The Statement of Charges, together with a Notice of Opportunity to Defend and Opportunity for Hearing, hereinafter referred to as "Notice of Opportunity for Hearing" and an Application for Adjudicative Hearing, hereinafter referred to as "Application for Hearing", were served on Stephen Klos on July 13, 2010. The Notice of Opportunity for Hearing advised Stephen Klos that he had twenty days from the date he received the notice to file a written application for an administrative hearing on the Statement of Charges. Stephen Klos waived the right to a hearing in this matter, and, in lieu thereof, submitted a written statement for consideration by the Securities Administrator. In the written statement, Stephen Klos stated "[i]n the matter of determining whether there has been a violation of the Securities Act of Washington by Stephen J. Klos, I admit no wrong

ENTRY OF FINDINGS OF FACT AND  
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1 doing at this time” and “I agree to cease and desist from any violations of securities laws,” and proposed a  
2 payment schedule if a fine was imposed as he is “on the verge of bankruptcy and foreclosure,” but he did not  
3 otherwise address the Tentative Findings of Fact or Conclusions of Law set forth in the Statement of Charges.  
4 After reviewing Stephen Klos’ written statement, the Securities Administrator accepts Stephen Klos’ proposed  
5 payment schedule and modifies the payment of the fine accordingly, but otherwise finds no grounds for  
6 amendment of the Statement of Charges and makes the followings findings of fact and conclusions of law.

## 7 **FINDINGS OF FACT**

### 8 Respondents

9 1. bVisual, S.A. (“bVisual, S.A.”) is a corporation that was established in Panama on May 19, 2005.  
10 bVisual, S.A. was formerly known as Instant Visibility, S.A. Its principal place of business is in Oroville,  
11 Washington.

12 2. bVisual Group, Ltd. (“bVisual Group”) is a company that was established in Ireland on March 12,  
13 2008. bVisual Group was formerly known as bVisual World Distribution, Ltd. Its principal place of  
14 business is in Oroville, Washington.

15 3. Stephan Anthony Larson (“Larson”), also known as S. A. Larson and Tony Larson, resides in  
16 Oroville, Washington. Larson is an employee of bVisual USA, Inc. and is the President/CEO of bVisual  
17 Group and bVisual, S.A.

18 4. Kenneth Neal (“Neal”) resides in Oroville, Washington. Neal is an employee of bVisual USA, Inc.  
19 and is the Vice-President of Business Development of bVisual Group. Neal solicited investors for bVisual,  
20 S.A. and bVisual Group.  
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1 5. Stephen Klos (“Klos”) resides in Mercer Island, Washington. Klos solicited investors for bVisual,  
2 S.A. and bVisual Group.

3 6. Brian Larson (“Brian Larson”) resides in Oroville, Washington. He is Stephan Larson’s son. Brian  
4 Larson is an employee of bVisual USA, Inc., and is the corporate secretary and Vice-President of  
5 Technology of bVisual Group and bVisual, S.A.

6 Related Entities

7 7. bVisual USA, Inc. (“bVisual USA”) is a Delaware corporation that was formed on February 8, 2008.  
8 Its principal place of business is in Oroville, Washington.

9 Nature of the Conduct

10 *Background*

11 8. In 2005, Larson formed bVisual, S.A. to develop an “audio-video screen-sharing service” (“bVisual  
12 product”) that allows multiple people to connect, see and hear each other through their computers. Around  
13 February 2005, Larson began selling stock in bVisual, S.A.

14 9. Around the summer of 2007, an attorney told Larson that bVisual, S.A. might be violating securities  
15 laws in the United States and Panama. According to Larson, the company’s goal was to create a customer  
16 base and be acquired by a publicly-traded company. Larson thought the possible securities laws violations  
17 would create an issue with a future acquisition. Larson claimed that he decided to stop selling shares in  
18 bVisual, S.A. and start a new entity so “if a due diligence team comes in for an acquiring company,  
19 everything would be...perfectly clean.” Around the beginning of 2008, he formed bVisual Group and  
20 bVisual USA.  
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1 10. bVisual, S.A. continues to exist. It purportedly owns the intellectual property rights to the bVisual  
2 product.

3 11. According to bVisual Group's private placement memorandum ("PPM"), bVisual Group "has  
4 obtained the global master license rights...including the right to sublicense the technology to regional  
5 distribution corporations world wide" from bVisual, S.A. The PPM further states that bVisual Group "will  
6 receive royalties from the sub-licensing as its primary revenue source." bVisual Group purportedly pays  
7 bVisual, S.A. a royalty of \$1 for each subscription sold. Larson decided to incorporate bVisual Group in  
8 Ireland for tax reasons.

9 12. bVisual USA is purportedly a wholly-owned subsidiary of bVisual Group. According to Larson, he  
10 formed bVisual USA for two reasons: first, to market the bVisual product to the United States and second,  
11 to allow bVisual, S.A. and bVisual Group to conduct business in the United States. All bVisual employees  
12 are employees of bVisual USA; neither bVisual, S.A. nor bVisual Group have any employees.

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14 *Offering of Investments in bVisual, S.A.*

15 13. Starting in about February 2005, approximately ninety-eight investors, including approximately  
16 twenty-seven Washington residents, invested approximately \$2,250,000 in bVisual, S.A. The price of shares  
17 ranged from \$1 per share to \$25 per share. Although approximately 1,180,990 shares of bVisual, S.A. were  
18 sold, at the time these shares were sold, only 10,000 shares were authorized to be sold.

19 14. Investors generally heard about bVisual, S.A. through Larson, other bVisual employees or other  
20 bVisual investors. Some investors were members of the local community who had heard about bVisual,  
21 S.A. through Neal. At least two investors met Neal at motivational seminars. The investors then learned  
22 about the investment opportunity through subsequent conversations with Neal. Neal told at least one  
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1 investor that bVisual, S.A. was developing software with new conferencing abilities and the company was  
2 currently looking for investors. In addition, Klos solicited at least one investor whom he met at the gym.  
3 Klos told this investor that bVisual, S.A. was a start-up company that was looking to get into the computer  
4 business.

5 15. Potential investors were generally referred to Larson, who would then demonstrate the bVisual  
6 product for the potential investor. Neal participated in at least one product demonstration. Klos also  
7 participated in at least one product demonstration. Investors were generally told that their funds would go  
8 towards creating and developing the bVisual product, and it was the company's goal to be acquired by a  
9 publicly-traded company. Larson told at least one Washington resident that bVisual, S.A. stock would be  
10 worth \$2,000 to \$3,000 soon, and he cited examples of software products that had been acquired by large  
11 companies like Yahoo! and Google. Larson also told at least one investor that there was a "billion-dollar  
12 price tag" on bVisual, S.A. Neal told at least one investor that there was a potential for "lots of money" if  
13 the company was sold, and compared other companies that had been sold for large sums of money. Klos  
14 told at least one investor that the investor could "make a million dollars" and that bVisual, S.A. was  
15 currently "talking" to Google.  
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17 16. Neither bVisual, S.A., Larson, Neal nor Klos provided any offering documents or financial  
18 statements to investors prior to their investment. Around 2006, Larson started to provide investors with what  
19 he calls "Panama 101," a document that contained information about Panama and the benefits of a  
20 Panamanian foundation. He generally provided this document to investors after they had already invested.  
21 According to Larson, bVisual, S.A. provided some investors with a document entitled "Quantitative Market  
22 Analysis," which contained research on possible commercial markets for the bVisual product, and a  
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1 PowerPoint presentation entitled “Mergers & Acquisitions in the Software Industry 2003 – 2005.”  
2 According to the presentation, bVisual, S.A. “wants to be acquired in 18 to 36 months by a company that  
3 has the infrastructure and resources to market and sell [the bVisual product] on the global scale.” The  
4 presentation listed “mergers and acquisitions from prominent software companies whose transactions—either  
5 in cash or stock or combination of both—are valued at \$400 million to \$3 billion or more.” The presentation  
6 did not explain that there was no assurance that bVisual, S.A. would be similarly acquired. The presentation  
7 did not provide a reasonable basis for such comparisons or include the assumptions on which the  
8 comparisons were made. Although bVisual, S.A. did not provide any offering materials or a private  
9 placement memorandum, the subscription agreements bVisual, S.A. required investors to sign stated that the  
10 investor had received a private placement memorandum.

11 17. Almost all investors invested through a Panamanian foundation, which bVisual, S.A. set up for the  
12 investor. According to the “Panama 101” document, a Panamanian foundation is an “[a]ffordable,  
13 anonymous, flexible, private, estate planning vehicle that can be used to hold assets such as corporations,  
14 trusts, bank accounts, investment accounts, real estate, or any other type of asset.” According to Larson, the  
15 purpose of these foundations is to “protect people’s assets and reduce their taxes.” Each investor generally  
16 had his or her own individual foundation. The foundation would be the owner of the stock, and the stock  
17 certificate would be issued in the name of that investor’s foundation.

18 18. bVisual, S.A. sometimes issued stock to employees in lieu of payment for services. No written  
19 employee stock purchase, savings, pension, or profit-sharing plan was in place. bVisual, S.A. issued  
20 approximately \$530,000 worth of stock to approximately twenty-two employees.  
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1 19. Although Larson claimed that he decided to stop selling shares of bVisual, S.A. once he formed  
2 bVisual Group in March 2008, he sold bVisual, S.A. stock to at least four investors in September 2009,  
3 November 2009 and January 2010.

4 *Offering of Investments in bVisual Group*

5 20. Around March 2008, Larson began selling stock in bVisual Group. From 2008 to 2010,  
6 approximately twenty-nine investors, including at least seven Washington residents, invested approximately  
7 \$950,000 in bVisual Group. The price of shares ranged from \$32 per share to \$38 per share. Not all  
8 investors were sophisticated or accredited.

9 21. bVisual Group claimed an exemption from registration for the bVisual Group offering under federal  
10 Regulation D Rule 504 and WAC 460-44A-504 with a notice filing submitted to the Securities  
11 Administrator on or about March 28, 2008 (file number 80035003). The notice filing was signed by Brian E.  
12 Larson. At the time this notice filing was submitted, bVisual Group was conducting business as bVisual  
13 World Distribution, Ltd.

14 22. WAC 460-44A-503(1)(a)(i)(C) requires an issuer claiming an exemption pursuant to WAC-460-  
15 44A-504 to file a notice on Form D with the Securities Administrator at least ten business days prior to the  
16 first sale or delivery of signed subscription agreement from a Washington resident. Although bVisual Group  
17 had executed subscription agreements with two Washington residents prior to March 28, 2008, it falsely  
18 maintained in its filing submitted to the Securities Administrator that it had not yet sold any securities.

19 23. Form D, section B, Item 4 requires, in part, information for each person “who has been or will be  
20 paid or given, directly or indirectly, any commission or similar remuneration for solicitation of purchasers in  
21 connection with sales of securities in the offering.” bVisual Group crossed out the sections requesting such  
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1 information, indicating that no commission or similar remuneration would be paid for sales in the offering.  
2 However, bVisual Group did pay commissions to certain employees and persons for sales in the offering.

3 24. WAC 460-44A-504(3)(a) provides that the aggregate offering price for an offering of securities  
4 under exemption WAC 460-44A-504 cannot exceed \$1,000,000. WAC 460-44A-504(3)(c) further provides  
5 that there may be no more than twenty purchasers of securities in Washington State. Offers and sales of  
6 securities are integrated pursuant to WAC 460-44A-502(1) if they were part of a single plan of financing;  
7 were made at, during or about the same time; and were made for the same general purpose. The offer and  
8 sale of stock in bVisual, S.A. and bVisual Group were part of a single plan of financing to create and  
9 develop the bVisual product, and were made at, during or about the same time.

10 25. Investors generally learned of this investment opportunity through Larson or other bVisual  
11 employees. Neal met at least four investors at motivational seminars. He then called at least three of the  
12 investors at a later date and solicited their investment. Klos solicited at least one investor around July 2008.  
13 This investor invested \$25,000 with Klos. Klos was to combine the investor's funds with \$25,000 of his  
14 own funds to invest in bVisual. This investment was evidenced by a promissory note, which was signed by  
15 Klos individually. According to the terms of the promissory note, Klos was to make monthly payments of  
16 \$2,500 for twelve months. There is no mention of this investor in bVisual, S.A. or bVisual Group's  
17 shareholder records.  
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19 26. Potential investors were referred to Larson, who would then demonstrate the bVisual product to that  
20 investor. Neal participated in at least three demonstrations. Investors were generally told that their funds  
21 would go towards developing and marketing the bVisual product. Neal and Larson told at least one investor  
22 that in some instances, companies with similar plans "made forty times their original investment." Once a  
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1 potential investor had experienced the bVisual product, Larson or Neal would usually provide them with  
2 several documents via email: a PPM, the “Quantitative Market Analysis” document, the PowerPoint  
3 presentation entitled “Mergers & Acquisitions in the Software Industry 2003 – 2005,” a subscription  
4 agreement, and wiring instructions. The PPM did not always contain current financial information. For  
5 example, a PPM dated June 2009 contained an unaudited balance sheet dated October 31, 2008. Although  
6 bVisual Group required investors to sign subscription agreements stating that they received the PPM, at  
7 least one investor did not receive a PPM prior to investing.

8 27. bVisual Group also offered and sold stock to bVisual employees. No written employee stock  
9 purchase, savings, pension, or profit-sharing plan was in place. bVisual Group sometimes issued stock to  
10 employees in lieu of payment for services. bVisual Group also issued stock as bonuses or signing bonuses.  
11 bVisual Group issued approximately \$11,000 worth of stock to approximately nineteen employees.

12 *Commissions to Neal and Klos*

13 28. According to Larson, bVisual, S.A. and bVisual Group paid a commission to certain employees and  
14 persons for referring investors to the bVisual entities. Commissions were generally 10% of the amount  
15 invested, and were paid in cash, stock or a combination of both.

16 29. Neal referred about thirty-three investors to bVisual, S.A., raising approximately \$969,414 in  
17 investor funds. bVisual, S.A. paid Neal approximately \$35,780 in cash commissions and \$35,780 in stock  
18 commissions for those referrals. He also referred about seventeen investors to bVisual Group, raising  
19 approximately \$487,000 in investor funds. bVisual Group paid him approximately \$19,000 in cash  
20 commissions and \$14,000 in stock commissions for those referrals.  
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1 30. Klos referred at least two investors to bVisual, S.A., raising approximately \$39,600 in investor  
2 funds. bVisual, S.A. paid him approximately \$3,960 in cash for referring those investors. Klos also referred  
3 at least two investors to bVisual Group, raising approximately \$125,000 in investor funds. bVisual Group  
4 paid him approximately \$6,250 in cash commissions and approximately \$6,250 in stock commissions for  
5 those referrals.

6 *Litigation History of Larson, Klos and the bVisual Entities*

7 31. In 1992, Larson and Klos were subjects of an action in which the Securities and Exchange  
8 Commission alleged that they offered and sold about \$3,427,000 of unregistered notes and bonds in a Ponzi  
9 scheme. As a result of that action, Klos and Larson were enjoined from violating the antifraud provisions of  
10 the Securities Act of 1933 and the Securities Exchange Act of 1934, and enjoined from violating the  
11 registration provisions of the Securities Act of 1933. Klos was further enjoined from violating the broker-  
12 dealer registration provisions of the Securities Exchange Act of 1934. The Judge ordered disgorgement of  
13 \$380,160.65 by Klos and \$391,000 by Larson.

14 32. In 2008, Larson was subject to an action in which the United States Department of Justice, Tax  
15 Division, alleged that Larson was a member of an organization that was alleged to have participated in the  
16 sale of tax-fraud products. As a result of that action, a stipulated judgment of permanent injunction was  
17 entered on September 19, 2008, and Larson was enjoined from “[o]rganizing, promoting, marketing, or  
18 selling (or assisting in the organization, promotion, marketing or sale of) any tax shelter, plan, or  
19 arrangement, including but not limited to those described in Plaintiff’s Complaint for Permanent Injunction,  
20 or any other tax shelter, plan or arrangement that incites or assists customers to attempt to violate the  
21 internal revenue laws or unlawfully evade the assessment or collection of their federal tax liabilities or  
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1 unlawfully claim improper tax refunds.” Since that date, approximately fourteen investors invested in  
2 bVisual Group. The injunction was not disclosed to at least three of these investors.

3 33. Around January 2009, Numbers Consulting, Inc. (“Numbers Consulting”) filed a lawsuit against the  
4 bVisual entities in Washington State Superior Court. Numbers Consulting alleged in the lawsuit that it had  
5 been hired to develop the bVisual product, and that it was owed \$84,409.00 for unpaid invoices. Around  
6 March 2009, Numbers Consulting filed another lawsuit against the bVisual entities in Washington State  
7 Superior Court, alleging that it had performed accounting and other financial services for the defendants,  
8 and that it was owed \$14,116.75 for such services.

9 34. In March 2009, Numbers Licensing, LLC (“Numbers Licensing”) filed a lawsuit against the bVisual  
10 entities, Larson, and other individuals in the United States District Court, Eastern District of Washington at  
11 Spokane. According to the complaint, Numbers Consulting had been hired as an independent contractor “to  
12 develop source code and software” and in December 2008, it “transferred all of its right, title and interest” in  
13 the bVisual product to Numbers Licensing. Numbers Licensing alleged that it was the registered owner of  
14 the bVisual product and that the defendants were infringing upon their copyright interests.

15 35. Larson informed bVisual, S.A. shareholders of the copyright infringement lawsuit and solicited them  
16 for funds for the company’s defense, raising approximately \$200,000. At least two investors received a  
17 “capital call letter,” which stated that the basis of the lawsuit was a legal technicality and that the company  
18 was “making a call for capital from its shareholders.”  
19

20 36. The lawsuits set forth in Paragraphs 33 and 34 above were settled around November 2009 and in  
21 January 2010, the parties entered into “Settlement Agreement and Releases” (“Settlement Agreement”). The  
22 parties agreed in the Settlement Agreement that the bVisual product was the property of bVisual. Numbers  
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1 Licensing agreed to assign to bVisual any intellectual property rights it may have had in the bVisual  
2 product, and bVisual agreed to pay a settlement amount of \$120,000.

3 Misrepresentations and Omissions

4 37. Respondents, bVisual, S.A.; bVisual Group; Larson; Neal; and Klos, failed to provide material  
5 information to all investors regarding investing in the bVisual entities, including but not limited to: current  
6 financial statements; the fact that Larson had filed for Chapter 7 bankruptcy in 1994; specific use of  
7 proceeds; any reasonable basis for financial projections and any limitations on those projections; and the  
8 risks of investing in a start-up company with limited operating history.

9 38. Respondents, bVisual, S.A.; bVisual Group; Larson; Neal; and Klos, failed to provide material  
10 information to all investors regarding the nature of the relationship among the various bVisual entities,  
11 including but not limited to the respective rights of bVisual, S.A. and bVisual Group investors as to the  
12 intellectual property involved, and the terms of the licensing agreement between bVisual, S.A. and bVisual  
13 Group.

14 39. An attorney told Larson around the summer of 2007 that bVisual, S.A. may be violating securities  
15 laws in the United States and Panama. Thereafter, Respondents, bVisual, S.A.; bVisual Group; Larson;  
16 Neal; and Klos, failed to disclose to later investors that bVisual, S.A. might have significant contingent  
17 liability for the offer and sale of unregistered securities.

18 40. Respondents, bVisual, S.A.; bVisual Group; Larson; Neal; and Klos, failed to provide all investors  
19 with a complete description of all litigation involving Larson, Klos and/or the bVisual entities, as set forth in  
20 Paragraphs 31 through 34 above. The only information provided in bVisual Group's PPM regarding the  
21 copyright infringement action, set forth in Paragraph 34 above, was the following: "On March 5, 2009, a  
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1 complaint was filed in the United States District Court Eastern District of Washington at Spokane. Numbers  
2 Licensing, LLC v. bVisual USA, Inc., bVisual Group Ltd., and bVisual SA et. al. (No. CV-09-00065-EFS)  
3 for Copyright Infringement. The company is contesting the case and believes the claim is principally  
4 without merit.” The PPM did not disclose that Numbers Licensing had filed a copyright registration to the  
5 bVisual product in December 2008, or that Numbers Licensing had filed a provisional patent application for  
6 the bVisual product in February 2009. The PPM did not disclose the risks associated with being found  
7 liable for copyright infringement. The two lawsuits filed in Washington State Superior Court, set forth in  
8 Paragraph 33 above, were not disclosed in the PPM. At least three bVisual Group investors, who invested  
9 after these lawsuits were filed, were not provided information about litigation the company was facing until  
10 after they invested. Furthermore, at least one bVisual, S.A. investor, who made an additional investment in  
11 bVisual, S.A. around September 2009, was not provided any information about the two lawsuits filed in  
12 Washington State Superior Court prior to his additional investment.

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14 41. bVisual, S.A. did not take any steps to secure patent rights to the bVisual product until February  
15 2010. Respondents, bVisual, S.A.; bVisual Group; Larson; Neal; and Klos, failed to disclose the risks  
16 associated with investing in a company that had not taken steps to secure patent rights to its product.

17 42. bVisual Group’s PPM failed to disclose material information concerning the other bVisual entities  
18 that were vital to the success of bVisual Group, including but not limited to information concerning the  
19 financial condition of bVisual, S.A. and bVisual USA.

20 43. Respondents, bVisual, S.A.; bVisual Group; Larson; Neal; and Klos, failed to disclose to all  
21 investors that Neal and Klos would receive a commission for referring investors to bVisual, S.A. and  
22 bVisual Group.

Registration Status

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2 44. bVisual, S.A. is not currently registered to sell its securities in the State of Washington and has not  
3 previously been so registered.

4 45. bVisual Group, Ltd. is not currently registered to sell its securities in the State of Washington and  
5 has not previously been so registered.

6 46. Stephan Anthony Larson is not currently registered as a securities salesperson or broker-dealer in the  
7 State of Washington and was not so registered for the period relevant for this Statement of Charges.

8 47. Kenneth Neal is not currently registered as a securities salesperson or broker-dealer in the State of  
9 Washington and has not previously been so registered.

10 48. Stephen Klos is not currently registered as a securities salesperson or broker-dealer in the State of  
11 Washington and was not so registered for the period relevant for this Statement of Charges.

12 49. Stephen Klos is not currently registered to sell his securities, described above in Paragraph 25, in  
13 the State of Washington and has not previously been so registered.

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

**CONCLUSIONS OF LAW**

17  
18 1. The offer and sale of the investments described above constitutes the offer or sale of a security as  
19 defined in RCW 21.20.005(10) and (12).

20 2. The offer or sale of said securities violated RCW 21.20.140 because Respondents, bVisual, S.A. and  
21 bVisual Group, Ltd., were not registered to sell securities in the State of Washington.

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1 3. Stephan Anthony Larson violated RCW 21.20.040 by offering or selling said securities while not  
2 registered as a securities salesperson or broker-dealer in the State of Washington.

3 4. Kenneth Neal violated RCW 21.20.040 by offering or selling said securities while not registered as a  
4 securities salesperson or broker-dealer in the State of Washington.

5 5. Stephen Klos violated RCW 21.20.040 by offering or selling said securities while not registered as a  
6 securities salesperson or broker-dealer in the State of Washington.

7 6. The offer and sale of the investment by Stephen Klos described above in Paragraph 25 constitutes  
8 the offer or sale of a security as defined in RCW 21.20.005(10) and (12), whether in the form of an  
9 investment contract, a note or evidence of indebtedness .

10 7. The offer or sale of said security violated RCW 21.20.140 because Stephen Klos was not registered  
11 to sell his securities in the State of Washington.

12 8. Stephen Klos violated RCW 21.20.040 by offering or selling said security while not registered as a  
13 securities salesperson in the State of Washington.

14 9. bVisual Group, Ltd. and Brian Larson falsely stated in the notice filing submitted to the Securities  
15 Administrator that bVisual Group had not yet sold any securities at the time the filing was made. bVisual  
16 Group and Brian Larson further falsely indicated that no person would receive a commission or other  
17 remuneration for sales in the offering, despite payments to Neal and Klos as set forth in Paragraphs 29 and  
18 30 above. This filing was false or misleading in a material respect, in violation of RCW 21.20.350, and is  
19 grounds for revoking the exemption under 21.20.320(9), pursuant to RCW 21.20.325.  
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21 10. The offer and sale of bVisual, S.A. and bVisual Group stock are integrated pursuant to WAC 460-  
22 44A-502(1) because they were part of a single plan of financing; were made at, during or about the same  
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1 time; and were made for the same general purpose. Given the combined sales of stock in bVisual, S.A. and  
2 bVisual Group, bVisual Group exceeded both the limitation on aggregate offering price and number of  
3 purchasers of securities in Washington State. Therefore, bVisual Group failed to meet the requirements to  
4 claim the exemption available under federal Regulation D Rule 504 and WAC 460-44A-504. Additionally,  
5 by paying commissions for sales in the offering, bVisual Group further failed to meet the requirements to  
6 claim the exemption available under federal Regulation D Rule 504 and WAC 460-44A-504.

7 11. The offer and sale of the investments described above was made in violation of RCW 21.20.010  
8 because, as set forth in the Tentative Findings of Fact, Respondents, bVisual S.A.; bVisual Group, Ltd;  
9 Stephan Anthony Larson; Kenneth Neal; and Stephen Klos, made misstatements of material facts or omitted  
10 to state material facts necessary in order to make the statements made, in light of the circumstances under  
11 which they were made, not misleading.

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

15 **FINAL ORDER**

16 It is hereby ORDERED that Respondent Stephen Klos, his agents, and employees each cease and  
17 desist from offering and/or selling securities in any manner in violation of RCW 21.20.140, the  
18 section of the Securities Act of Washington requiring registration.

19 It is further ORDERED that Respondent Stephen Klos, his agents, and employees each cease and  
20 desist from violation of RCW 21.20.010, the anti-fraud section of the Securities Act.

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1 It is further ORDERED that Respondent Stephen Klos, his agents, and employees each cease and  
2 desist from violation of RCW 21.20.040, the broker-dealer and securities salesperson registration  
3 section of the Securities Act.

4 It is further ORDERED that Respondent Stephen Klos shall be liable for and pay a fine of \$5,000.  
5 Pursuant to the payment schedule proposed by Respondent Stephen Klos in his written statement, the  
6 payment of the fine shall be made as follows: starting on January 5, 2011, Respondent Stephen Klos  
7 shall make monthly payments of \$500 for ten months.

8 It is further ORDERED that Respondent Stephen Klos shall be liable for and pay the Securities  
9 Division the costs, fees, and other expenses incurred in the investigation of this matter in the amount  
10 of \$1,000.

11  
12 **AUTHORITY AND PROCEDURE**

13  
14 This Final Order is entered pursuant to the provisions of RCW 21.20.390 and RCW 21.20.395,  
15 and is subject to the provisions of RCW 21.20.440 and Chapter 34.05 RCW. Respondent has the right to  
16 petition the superior court for judicial review of this agency action under the provisions of chapter 34.05  
17 RCW. For the requirements for filing a Petition for Judicial Review, see RCW 34.050.510 and sections  
18 following. Pursuant to 21.20.395, a certified copy of this order may be filed in Superior Court. If so  
19 filed, the clerk shall treat the order in the same manner as a Superior Court judgment as to the fine,  
20 and the fine may be recorded, enforced, or satisfied in like manner.  
21

22  
23 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

24 ENTRY OF FINDINGS OF FACT AND  
25 CONCLUSIONS OF LAW AND FINAL  
26 ORDER TO CEASE AND DESIST

1  
2 DATED this 17th day of September, 2010.

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6 \_\_\_\_\_  
WILLIAM M. BEATTY  
Securities Administrator

7 Approved by:

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SUZANNE E. SARASON  
Chief of Enforcement

Presented by:

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Jiyoung C. Kwon  
Financial Legal Examiner

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24 ENTRY OF FINDINGS OF FACT AND  
25 CONCLUSIONS OF LAW AND FINAL  
26 ORDER TO CEASE AND DESIST