

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

10 Respondents

Order Number S-09-382-10-SC01

11 STATEMENT OF CHARGES AND NOTICE
12 OF INTENT TO ENTER ORDER TO CEASE
13 AND DESIST, TO REVOKE EXEMPTIONS,
14 IMPOSE FINES, AND RECOVER COSTS

15 THE STATE OF WASHINGTON TO:

16 bVisual, S.A.
17 bVisual Group, Ltd.
18 Stephan Anthony Larson
19 Kenneth Neal
20 Stephen Klos
21 Brian Larson

22 **STATEMENT OF CHARGES**

23 Please take notice that the Securities Administrator of the State of Washington has reason
24 to believe that Respondents, bVisual, S.A.; bVisual Group, Ltd.; Stephan Anthony Larson;
25 Kenneth Neal; Stephen Klos; and Brian Larson, have each violated the Securities Act of
Washington and that their violations justify the entry of an order of the Securities Administrator
under RCW 21.20.390 against each to cease and desist from such violations, and to revoke
exemptions pursuant to RCW 21.20.325. The Securities Administrator finds as follows:

26 **TENTATIVE FINDINGS OF FACT**

27 Respondents

28 STATEMENT OF CHARGES AND NOTICE OF
29 INTENT TO ENTER ORDER TO CEASE AND
30 DESIST, TO REVOKE EXEMPTIONS, IMPOSE
31 FINES, AND RECOVER COSTS

1

32 DEPARTMENT OF FINANCIAL INSTITUTIONS
33 Securities Division
34 PO Box 9033
35 Olympia, WA 98507-9033
36 360-902-8760

1 1. bVisual, S.A. (“bVisual, S.A.”) is a corporation that was established in Panama on May
2 19, 2005. bVisual, S.A. was formerly known as Instant Visibility, S.A. Its principal place of
3 business is in Oroville, Washington.

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

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

10 4. Kenneth Neal (“Neal”) resides in Oroville, Washington. Neal is an employee of bVisual
11 USA, Inc. and is the Vice-President of Business Development of bVisual Group. Neal solicited
12 investors for bVisual, S.A. and bVisual Group.

13 5. Stephen Klos (“Klos”) resides in Mercer Island, Washington. Klos solicited investors for
14 bVisual, S.A. and bVisual Group.

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

18
19
20 Related Entities

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

23 Nature of the Conduct

24 *Background*

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

4 9. Around the summer of 2007, an attorney told Larson that bVisual, S.A. might be
5 violating securities laws in the United States and Panama. According to Larson, the company’s
6 goal was to create a customer base and be acquired by a publicly-traded company. Larson
7 thought the possible securities laws violations would create an issue with a future acquisition.
8 Larson claimed that he decided to stop selling shares in bVisual, S.A. and start a new entity so
9 “if a due diligence team comes in for an acquiring company, everything would be...perfectly
10 clean.” Around the beginning of 2008, he formed bVisual Group and bVisual USA.

12 10. bVisual, S.A. continues to exist. It purportedly owns the intellectual property rights to the
13 bVisual product.

14 11. According to bVisual Group’s private placement memorandum (“PPM”), bVisual Group
15 “has obtained the global master license rights...including the right to sublicense the technology
16 to regional distribution corporations world wide” from bVisual, S.A. The PPM further states that
17 bVisual Group “will receive royalties from the sub-licensing as its primary revenue source.”
18 bVisual Group purportedly pays bVisual, S.A. a royalty of \$1 for each subscription sold. Larson
19 decided to incorporate bVisual Group in Ireland for tax reasons.

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

Offering of Investments in bVisual, S.A.

1
2 13. Starting in about February 2005, approximately ninety-eight investors, including
3 approximately twenty-seven Washington residents, invested approximately \$2,250,000 in
4 bVisual, S.A. The price of shares ranged from \$1 per share to \$25 per share. Although
5 approximately 1,180,990 shares of bVisual, S.A. were sold, at the time these shares were sold,
6 only 10,000 shares were authorized to be sold.
7

8 14. Investors generally heard about bVisual, S.A. through Larson, other bVisual employees
9 or other bVisual investors. Some investors were members of the local community who had heard
10 about bVisual, S.A. through Neal. At least two investors met Neal at motivational seminars. The
11 investors then learned about the investment opportunity through subsequent conversations with
12 Neal. Neal told at least one investor that bVisual, S.A. was developing software with new
13 conferencing abilities and the company was currently looking for investors. In addition, Klos
14 solicited at least one investor whom he met at the gym. Klos told this investor that bVisual, S.A.
15 was a start-up company that was looking to get into the computer business.
16

17 15. Potential investors were generally referred to Larson, who would then demonstrate the
18 bVisual product for the potential investor. Neal participated in at least one product
19 demonstration. Klos also participated in at least one product demonstration. Investors were
20 generally told that their funds would go towards creating and developing the bVisual product,
21 and it was the company's goal to be acquired by a publicly-traded company. Larson told at least
22 one Washington resident that bVisual, S.A. stock would be worth \$2,000 to \$3,000 soon, and he
23 cited examples of software products that had been acquired by large companies like Yahoo! and
24 Google. Larson also told at least one investor that there was a "billion-dollar price tag" on
25 bVisual, S.A. Neal told at least one investor that there was a potential for "lots of money" if the

1 company was sold, and compared other companies that had been sold for large sums of money.
2 Klos told at least one investor that the investor could “make a million dollars” and that bVisual,
3 S.A. was currently “talking” to Google.

4 16. Neither bVisual, S.A., Larson, Neal nor Klos provided any offering documents or
5 financial statements to investors prior to their investment. Around 2006, Larson started to
6 provide investors with what he calls “Panama 101,” a document that contained information about
7 Panama and the benefits of a Panamanian foundation. He generally provided this document to
8 investors after they had already invested. According to Larson, bVisual, S.A. provided some
9 investors with a document entitled “Quantitative Market Analysis,” which contained research on
10 possible commercial markets for the bVisual product, and a PowerPoint presentation entitled
11 “Mergers & Acquisitions in the Software Industry 2003 – 2005.” According to the presentation,
12 bVisual, S.A. “wants to be acquired in 18 to 36 months by a company that has the infrastructure
13 and resources to market and sell [the bVisual product] on the global scale.” The presentation
14 listed “mergers and acquisitions from prominent software companies whose transactions—either
15 in cash or stock or combination of both—are valued at \$400 million to \$3 billion or more.” The
16 presentation did not explain that there was no assurance that bVisual, S.A. would be similarly
17 acquired. The presentation did not provide a reasonable basis for such comparisons or include
18 the assumptions on which the comparisons were made. Although bVisual, S.A. did not provide
19 any offering materials or a private placement memorandum, the subscription agreements
20 bVisual, S.A. required investors to sign stated that the investor had received a private placement
21 memorandum.
22
23

24 17. Almost all investors invested through a Panamanian foundation, which bVisual, S.A. set
25 up for the investor. According to the “Panama 101” document, a Panamanian foundation is an

1 “[a]ffordable, anonymous, flexible, private, estate planning vehicle that can be used to hold
2 assets such as corporations, trusts, bank accounts, investment accounts, real estate, or any other
3 type of asset.” According to Larson, the purpose of these foundations is to “protect people’s
4 assets and reduce their taxes.” Each investor generally had his or her own individual foundation.
5 The foundation would be the owner of the stock, and the stock certificate would be issued in the
6 name of that investor’s foundation.
7

8 18. bVisual, S.A. sometimes issued stock to employees in lieu of payment for services. No
9 written employee stock purchase, savings, pension, or profit-sharing plan was in place. bVisual,
10 S.A. issued approximately \$530,000 worth of stock to approximately twenty-two employees.

11 19. Although Larson claimed that he decided to stop selling shares of bVisual, S.A. once he
12 formed bVisual Group in March 2008, he sold bVisual, S.A. stock to at least four investors in
13 September 2009, November 2009 and January 2010.

14 *Offering of Investments in bVisual Group*

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

19 21. bVisual Group claimed an exemption from registration for the bVisual Group offering
20 under federal Regulation D Rule 504 and WAC 460-44A-504 with a notice filing submitted to
21 the Securities Administrator on or about March 28, 2008 (file number 80035003). The notice
22 filing was signed by Brian E. Larson. At the time this notice filing was submitted, bVisual Group
23 was conducting business as bVisual World Distribution, Ltd.
24
25

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

7
8 23. Form D, section B, Item 4 requires, in part, information for each person “who has been or
9 will be paid or given, directly or indirectly, any commission or similar remuneration for
10 solicitation of purchasers in connection with sales of securities in the offering.” bVisual Group
11 crossed out the sections requesting such information, indicating that no commission or similar
12 remuneration would be paid for sales in the offering. However, bVisual Group did pay
13 commissions to certain employees and persons for sales in the offering.

14 24. WAC 460-44A-504(3)(a) provides that the aggregate offering price for an offering of
15 securities under exemption WAC 460-44A-504 cannot exceed \$1,000,000. WAC 460-44A-
16 504(3)(c) further provides that there may be no more than twenty purchasers of securities in
17 Washington State. Offers and sales of securities are integrated pursuant to WAC 460-44A-502(1)
18 if they were part of a single plan of financing; were made at, during or about the same time; and
19 were made for the same general purpose. The offer and sale of stock in bVisual, S.A. and
20 bVisual Group were part of a single plan of financing to create and develop the bVisual product,
21 and were made at, during or about the same time.

22
23 25. Investors generally learned of this investment opportunity through Larson or other
24 bVisual employees. Neal met at least four investors at motivational seminars. He then called at
25 least three of the investors at a later date and solicited their investment. Klos solicited at least one

1 investor around July 2008. This investor invested \$25,000 with Klos. Klos was to combine the
2 investor's funds with \$25,000 of his own funds to invest in bVisual. This investment was
3 evidenced by a promissory note, which was signed by Klos individually. According to the terms
4 of the promissory note, Klos was to make monthly payments of \$2,500 for twelve months.
5 There is no mention of this investor in bVisual, S.A. or bVisual Group's shareholder records.

6
7 26. Potential investors were referred to Larson, who would then demonstrate the bVisual
8 product to that investor. Neal participated in at least three demonstrations. Investors were
9 generally told that their funds would go towards developing and marketing the bVisual product.
10 Neal and Larson told at least one investor that in some instances, companies with similar plans
11 "made forty times their original investment." Once a potential investor had experienced the
12 bVisual product, Larson or Neal would usually provide them with several documents via email: a
13 PPM, the "Quantitative Market Analysis" document, the PowerPoint presentation entitled
14 "Mergers & Acquisitions in the Software Industry 2003 – 2005," a subscription agreement, and
15 wiring instructions. The PPM did not always contain current financial information. For example,
16 a PPM dated June 2009 contained an unaudited balance sheet dated October 31, 2008. Although
17 bVisual Group required investors to sign subscription agreements stating that they received the
18 PPM, at least one investor did not receive a PPM prior to investing.

19
20 27. bVisual Group also offered and sold stock to bVisual employees. No written employee
21 stock purchase, savings, pension, or profit-sharing plan was in place. bVisual Group sometimes
22 issued stock to employees in lieu of payment for services. bVisual Group also issued stock as
23 bonuses or signing bonuses. bVisual Group issued approximately \$11,000 worth of stock to
24 approximately nineteen employees.

25
Commissions to Neal and Klos

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

4 29. Neal referred about thirty-three investors to bVisual, S.A., raising approximately
5 \$969,414 in investor funds. bVisual, S.A. paid Neal approximately \$35,780 in cash commissions
6 and \$35,780 in stock commissions for those referrals. He also referred about seventeen investors
7 to bVisual Group, raising approximately \$487,000 in investor funds. bVisual Group paid him
8 approximately \$19,000 in cash commissions and \$14,000 in stock commissions for those
9 referrals.
10

11 30. Klos referred at least two investors to bVisual, S.A., raising approximately \$39,600 in
12 investor funds. bVisual, S.A. paid him approximately \$3,960 in cash for referring those
13 investors. Klos also referred at least two investors to bVisual Group, raising approximately
14 \$125,000 in investor funds. bVisual Group paid him approximately \$6,250 in cash commissions
15 and approximately \$6,250 in stock commissions for those referrals.

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

17 31. In 1992, Larson and Klos were subjects of an action in which the Securities and
18 Exchange Commission alleged that they offered and sold about \$3,427,000 of unregistered notes
19 and bonds in a Ponzi scheme. As a result of that action, Klos and Larson were enjoined from
20 violating the antifraud provisions of the Securities Act of 1933 and the Securities Exchange Act
21 of 1934, and enjoined from violating the registration provisions of the Securities Act of 1933.
22 Klos was further enjoined from violating the broker-dealer registration provisions of the
23 Securities Exchange Act of 1934. The Judge ordered disgorgement of \$380,160.65 by Klos and
24 \$391,000 by Larson.
25

1 32. In 2008, Larson was subject to an action in which the United States Department of
2 Justice, Tax Division, alleged that Larson was a member of an organization that was alleged to
3 have participated in the sale of tax-fraud products. As a result of that action, a stipulated
4 judgment of permanent injunction was entered on September 19, 2008, and Larson was enjoined
5 from “[o]rganizing, promoting, marketing, or selling (or assisting in the organization, promotion,
6 marketing or sale of) any tax shelter, plan, or arrangement, including but not limited to those
7 described in Plaintiff’s Complaint for Permanent Injunction, or any other tax shelter, plan or
8 arrangement that incites or assists customers to attempt to violate the internal revenue laws or
9 unlawfully evade the assessment or collection of their federal tax liabilities or unlawfully claim
10 improper tax refunds.” Since that date, approximately fourteen investors invested in bVisual
11 Group. The injunction was not disclosed to at least three of these investors.
12

13 33. Around January 2009, Numbers Consulting, Inc. (“Numbers Consulting”) filed a lawsuit
14 against the bVisual entities in Washington State Superior Court. Numbers Consulting alleged in
15 the lawsuit that it had been hired to develop the bVisual product, and that it was owed
16 \$84,409.00 for unpaid invoices. Around March 2009, Numbers Consulting filed another lawsuit
17 against the bVisual entities in Washington State Superior Court, alleging that it had performed
18 accounting and other financial services for the defendants, and that it was owed \$14,116.75 for
19 such services.
20

21 34. In March 2009, Numbers Licensing, LLC (“Numbers Licensing”) filed a lawsuit against
22 the bVisual entities, Larson, and other individuals in the United States District Court, Eastern
23 District of Washington at Spokane. According to the complaint, Numbers Consulting had been
24 hired as an independent contractor “to develop source code and software” and in December
25 2008, it “transferred all of its right, title and interest” in the bVisual product to Numbers

1 Licensing. Numbers Licensing alleged that it was the registered owner of the bVisual product
2 and that the defendants were infringing upon their copyright interests.

3 35. Larson informed bVisual, S.A. shareholders of the copyright infringement lawsuit and
4 solicited them for funds for the company's defense, raising approximately \$200,000. At least two
5 investors received a "capital call letter," which stated that the basis of the lawsuit was a legal
6 technicality and that the company was "making a call for capital from its shareholders."
7

8 36. The lawsuits set forth in Paragraphs 33 and 34 above were settled around November 2009
9 and in January 2010, the parties entered into "Settlement Agreement and Releases" ("Settlement
10 Agreement"). The parties agreed in the Settlement Agreement that the bVisual product was the
11 property of bVisual. Numbers Licensing agreed to assign to bVisual any intellectual property
12 rights it may have had in the bVisual product, and bVisual agreed to pay a settlement amount of
13 \$120,000.

14 Misrepresentations and Omissions

15 37. Respondents, bVisual, S.A.; bVisual Group; Larson; Neal; and Klos, failed to provide
16 material information to all investors regarding investing in the bVisual entities, including but not
17 limited to: current financial statements; the fact that Larson had filed for Chapter 7 bankruptcy in
18 1994; specific use of proceeds; any reasonable basis for financial projections and any limitations
19 on those projections; and the risks of investing in a start-up company with limited operating
20 history.
21

22 38. Respondents, bVisual, S.A.; bVisual Group; Larson; Neal; and Klos, failed to provide
23 material information to all investors regarding the nature of the relationship among the various
24 bVisual entities, including but not limited to the respective rights of bVisual, S.A. and bVisual
25

1 Group investors as to the intellectual property involved, and the terms of the licensing agreement
2 between bVisual, S.A. and bVisual Group.

3 39. An attorney told Larson around the summer of 2007 that bVisual, S.A. may be violating
4 securities laws in the United States and Panama. Thereafter, Respondents, bVisual, S.A.; bVisual
5 Group; Larson; Neal; and Klos, failed to disclose to later investors that bVisual, S.A. might have
6 significant contingent liability for the offer and sale of unregistered securities.
7

8 40. Respondents, bVisual, S.A.; bVisual Group; Larson; Neal; and Klos, failed to provide all
9 investors with a complete description of all litigation involving Larson, Klos and/or the bVisual
10 entities, as set forth in Paragraphs 31 through 34 above. The only information provided in
11 bVisual Group's PPM regarding the copyright infringement action, set forth in Paragraph 34
12 above, was the following: "On March 5, 2009, a complaint was filed in the United States District
13 Court Eastern District of Washington at Spokane. Numbers Licensing, LLC v. bVisual USA,
14 Inc., bVisual Group Ltd., and bVisual SA et. al. (No. CV-09-00065-EFS) for Copyright
15 Infringement. The company is contesting the case and believes the claim is principally without
16 merit." The PPM did not disclose that Numbers Licensing had filed a copyright registration to
17 the bVisual product in December 2008, or that Numbers Licensing had filed a provisional patent
18 application for the bVisual product in February 2009. The PPM did not disclose the risks
19 associated with being found liable for copyright infringement. The two lawsuits filed in
20 Washington State Superior Court, set forth in Paragraph 33 above, were not disclosed in the
21 PPM. At least three bVisual Group investors, who invested after these lawsuits were filed, were
22 not provided information about litigation the company was facing until after they invested.
23 Furthermore, at least one bVisual, S.A. investor, who made an additional investment in bVisual,
24
25

1 S.A. around September 2009, was not provided any information about the two lawsuits filed in
2 Washington State Superior Court prior to his additional investment.

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

7 42. bVisual Group's PPM failed to disclose material information concerning the other
8 bVisual entities that were vital to the success of bVisual Group, including but not limited to
9 information concerning the financial condition of bVisual, S.A. and bVisual USA.

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

13
14 Registration Status

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

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

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

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

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

4 49. Stephen Klos is not currently registered to sell his securities, described above in
5 Paragraph 25, in the State of Washington and has not previously been so registered.
6

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

9 **CONCLUSIONS OF LAW**

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

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

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

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

19 5. Stephen Klos violated RCW 21.20.040 by offering or selling said securities while not
20 registered as a securities salesperson or broker-dealer in the State of Washington.
21

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

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

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

5 9. bVisual Group, Ltd. and Brian Larson falsely stated in the notice filing submitted to the
6 Securities Administrator that bVisual Group had not yet sold any securities at the time the filing
7 was made. bVisual Group and Brian Larson further falsely indicated that no person would
8 receive a commission or other remuneration for sales in the offering, despite payments to Neal
9 and Klos as set forth in Paragraphs 29 and 30 above. This filing was false or misleading in a
10 material respect, in violation of RCW 21.20.350, and is grounds for revoking the exemption
11 under 21.20.320(9), pursuant to RCW 21.20.325.

12 10. The offer and sale of bVisual, S.A. and bVisual Group stock are integrated pursuant to
13 WAC 460-44A-502(1) because they were part of a single plan of financing; were made at, during
14 or about the same time; and were made for the same general purpose. Given the combined sales
15 of stock in bVisual, S.A. and bVisual Group, bVisual Group exceeded both the limitation on
16 aggregate offering price and number of purchasers of securities in Washington State. Therefore,
17 bVisual Group failed to meet the requirements to claim the exemption available under federal
18 Regulation D Rule 504 and WAC 460-44A-504. Additionally, by paying commissions for sales
19 in the offering, bVisual Group further failed to meet the requirements to claim the exemption
20 available under federal Regulation D Rule 504 and WAC 460-44A-504.

21 11. The offer and sale of the investments described above was made in violation of RCW
22 21.20.010 because, as set forth in the Tentative Findings of Fact, Respondents, bVisual S.A.;
23 bVisual Group, Ltd; Stephan Anthony Larson; Kenneth Neal; and Stephen Klos, made

1 misstatements of material facts or omitted to state material facts necessary in order to make the
2 statements made, in light of the circumstances under which they were made, not misleading.

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

4 Based on the above Tentative Findings of Fact and Conclusions of Law, the Securities
5 Administrator intends to order that Respondents, bVisual, S.A.; bVisual Group, Ltd; Stephan
6 Anthony Larson; Kenneth Neal; and Stephen Klos, their agents and employees, each cease and
7 desist from violations of RCW 21.20.010, RCW 21.20.040, and RCW 21.20.140.
8

9 Based on the above Tentative Findings of Fact and Conclusions of Law, the Securities
10 Administrator intends to order that Respondents, bVisual Group, Ltd. and Brian Larson, each
11 cease and desist from violations of RCW 21.20.350.

12 **NOTICE OF INTENT TO IMPOSE FINES**

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

- 15 a. Respondents, bVisual, S.A.; bVisual Group, Ltd.; and Stephan Anthony Larson,
16 shall be jointly and severally liable for and pay a fine of \$20,000;
17 b. Respondent Kenneth Neal shall be liable for and pay a fine of \$5,000; and
18 c. Respondent Stephen Klos shall be liable for and pay a fine of \$5,000.
19

20 **NOTICE OF INTENT TO RECOVER COSTS**

21 Pursuant to RCW 21.20.390(5), and based upon the Tentative Findings of Fact and
22 Conclusions of Law, the Securities Administrator intends to order that Respondents, bVisual,
23 S.A.; bVisual Group, Ltd.; Stephan Anthony Larson; Kenneth Neal; and Stephen Klos, shall be
24 jointly and severally liable for and pay the Securities Division the costs, fees, and other expenses
25

1 incurred in the conduct of the administrative investigation and hearing of this matter of not less
2 than \$6,000.

3 **NOTICE OF INTENT TO REVOKE EXEMPTIONS**

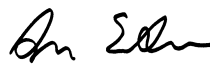
4 Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities
5 Administrator intends to order that the exemption claimed by bVisual Group, Ltd. under RCW
6 21.20.320(9), file number 80035003, be permanently revoked.
7

8 **AUTHORITY AND PROCEDURE**

9 This Statement of Charges is entered pursuant to the provisions of RCW 21.20 and is
10 subject to the provisions of RCW 34.05. The respondents may each make a written request for a
11 hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY
12 FOR HEARING accompanying this order.

13 If a respondent does not request a hearing, the Securities Administrator intends to adopt
14 the above Tentative Findings of Fact and Conclusions of Law as final and enter an order to cease
15 and desist permanent as to that respondent.

16 DATED and ENTERED this 8th day of July, 2010.

17 

18 SUZANNE SARASON
19 Chief of Enforcement

20 Presented by:

21 

22 Jiyoung C. Kwon
23 Financial Legal Examiner
24
25