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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:

Jedisof Incorporated,  
Martin L.K. Johnson,

Respondents

Order No. S-20-2912-21-CO01

CONSENT ORDER

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9

**INTRODUCTION**

10 Pursuant to the Securities Act of Washington, RCW 21.20, the Securities Division and Respondents  
11 Jedisof Incorporated and Martin L.K. Johnson do hereby enter into this Consent Order in settlement of the  
12 matters alleged herein. Respondents Jedisof Incorporated and Martin L.K. Johnson neither admit nor deny  
13 the Findings of Fact and Conclusions of Law as stated below.

14

**FINDINGS OF FACT**

15

**Respondents**

16 1. Jedisof Incorporated (“Jedisof”) is a Washington corporation that was formed on August 3,  
17 2015, with its principal place of business in Marysville, Washington. Jedisof has developed manufacturing  
18 process control software named “ToReCall” that is designed to aid decision making and reduce mistakes  
19 and product recalls, thereby reducing overall production costs and increasing product quality. Jedisof has  
20 also developed project management software named “Infinite KnowledgeBase (“IKB”)” that is designed to  
21 provide document control and promote the on-time delivery of products and services.

22 2. Martin L.K. Johnson (“Johnson”) resides in Marysville, Washington. Johnson is the President  
23 and the Chief Executive Officer of Jedisof.

CONSENT ORDER

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

1 **Nature of the Conduct**

2 **Overview**

3 3. From at least 2017 until at least 2019, Jedisof and Johnson offered and sold more than  
4 \$195,000 worth of Jedisof common stock to at least five investors, including at least three Washington  
5 investors.

6 **Stock Offering**

7 4. The investors were told about the Jedisof investment through word-of-mouth solicitations.  
8 The investors either met Johnson or knew Johnson personally, or they were referred to Johnson by a friend  
9 or relative who had invested with Jedisof.

10 5. When offering and selling Jedisof stock, Johnson provided the investors with a document that  
11 was captioned "Private Placement Memorandum." However, the document that Johnson provided did not  
12 include specific risk disclosures, company financial statements, the company's capital requirements, or the  
13 intended use of proceeds. In some cases, the investors did not receive the offering document until after they  
14 had invested with Jedisof.

15 **Misrepresentations and Omissions**

16 6. Jedisof stock was sold to investors at varying prices per share. When offering and selling the  
17 stock, Jedisof and Johnson failed to disclose to investors that the price per share was set arbitrarily and did  
18 not represent the book value of the company. In 2017 and the first half of 2018, some investors purchased  
19 Jedisof stock for 18 cents per share. However, in 2018, at least one investor paid 40 cents per share for  
20 Jedisof stock, after being told that another investor's Jedisof stock had doubled in price within six months  
21 to one year. In late 2018 and in 2019, another investor purchased Jedisof stock for 30 cents per share, after  
22 having paid 18 cents per share earlier in 2018. The difference in the Jedisof stock price was not due to  
23 positive earnings for the company.

1           7.     When offering and selling Jedisof stock, Jedisof and Johnson each failed to disclose to  
2 investors that Jedisof had no established customers and no firm purchase orders for its software products.  
3 Jedisof and Johnson each failed to disclose the current financial condition and the operating history of  
4 Jedisof. They each failed to disclose that Jedisof had a reported net loss of \$20,373 for 2017 and a reported  
5 net loss of \$21,406 for 2018.

6           8.     When offering and selling Jedisof stock, Jedisof and Johnson each failed to disclose to  
7 investors that Jedisof was paying rent to Johnson for the business use of his own home, usually at a rate of  
8 approximately \$1,000 per month. Jedisof and Johnson also failed to disclose to investors that Jedisof was  
9 paying a salary to Johnson. During 2017, Johnson received annual wages of \$22,424. During 2018,  
10 Johnson received annual wages of \$86,557. During 2018, Jedisof also paid utility expenses totaling \$2,042,  
11 travel expenses totaling \$35,410, and meals and entertainment expenses totaling \$6,808. In 2018, Johnson  
12 attended a bartenders' convention in Las Vegas and made a trip to Belize. According to the July 2019  
13 directors' annual meeting minutes, Jedisof was unable to establish relationships with any major clients from  
14 the conferences or events that Johnson attended.

15           9.     When offering and selling Jedisof stock, Jedisof and Johnson each failed to disclose other  
16 significant risks of the investment. They failed to disclose the competition for Jedisof, including Slack,  
17 which is a much better-capitalized company. They failed to disclose that Jedisof was dependent on Johnson  
18 and his unproven sales ability for the success of its ventures. They failed to disclose that the two Jedisof  
19 software products had not been proven on a large scale.

20           10.    When offering and selling Jedisof stock, Jedisof and Johnson each misrepresented the likely  
21 success of Jedisof. They represented to at least three different investors that Jedisof would be conducting  
22 an initial public offering, without disclosing that the company might have inadequate capital to continue its  
23 operations, let alone launch a public offering. Johnson misleadingly told one investor that he expected

1 investors to receive five or six times what they invested and that he expected the initial public stock offering  
2 price to be \$1 per share. Johnson and Jedisof each failed to provide a reasonable basis for the projected  
3 increase in Jedisof's stock value.

#### 4 **Registration Status**

5 11. Jedisof Incorporated is not currently registered to sell its securities in the state of Washington  
6 and has not previously been so registered.

7 12. Martin L.K. Johnson is not currently registered as a securities salesperson or broker-dealer in  
8 the state of Washington and has not previously been so registered.

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

#### 10 **CONCLUSIONS OF LAW**

11 1. The offer and/or sale of the Jedisof stock described above constitutes the offer and/or sale of  
12 a security as defined in RCW 21.20.005(14) and (17).

13 2. Jedisof Incorporated and Martin L.K. Johnson each violated RCW 21.20.140, the securities  
14 registration section of the Securities Act of Washington, by offering and/or selling securities for which no  
15 registration is on file with the Securities Administrator.

16 3. Martin L.K. Johnson violated RCW 21.20.040, the licensee registration section of the  
17 Securities Act of Washington, by offering and/or selling said securities while not being registered as a  
18 securities salesperson or broker-dealer in the state of Washington.

19 4. Jedisof Incorporated and Martin L.K. Johnson each violated RCW 21.20.010, the anti-fraud  
20 section of the Securities Act of Washington, by making untrue statements of material fact or omitting to  
21 state material facts necessary to make the statements made, in light of the circumstances in which they were  
22 made, not misleading.

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

1 **CONSENT ORDER**

2 IT IS AGREED AND ORDERED that Respondents Jedisof Incorporated and Martin L.K. Johnson,  
3 and their agents and employees, shall each cease and desist from offering and/or selling securities in any  
4 manner in violation of RCW 21.20.140, the securities registration section of the Securities Act of  
5 Washington.

6 IT IS AGREED AND ORDERED that Respondent Martin L.K. Johnson, and his agents and  
7 employees, shall each cease and desist from offering and/or selling securities in any manner in violation of  
8 RCW 21.20.040, the securities broker-dealer registration section of the Securities Act of Washington.

9 IT IS AGREED AND ORDERED that Respondents Jedisof Incorporated and Martin L.K. Johnson,  
10 and their agents and employees, shall each cease and desist from violating RCW 21.20.010, the anti-fraud  
11 section of the Securities Act of Washington.

12 IT IS AGREED AND ORDERED that Respondents Jedisof Incorporated and Martin L.K. Johnson  
13 shall be jointly and severally liable for and pay a fine in the amount of \$2,500. \$500 shall be paid prior to  
14 the entry of this Consent Order. The remaining \$2,000 shall be paid in installments of \$250 that will be  
15 due on the first business day of each month from July 2021 through February 2022.

16 IT IS AGREED AND ORDERED that Respondents Jedisof Incorporated and Martin L.K. Johnson  
17 shall be jointly and severally liable for and pay costs in the amount of \$1,000. The \$1,000 shall be paid in  
18 installments of \$250 that will be due on the first business day of each month from March 2022 through June  
19 2022.

20 IT IS AGREED that Respondents Jedisof Incorporated and Martin L.K. Johnson enter into this  
21 Consent Order freely and voluntarily and with a full understanding of its terms and significance.

22 IT IS AGREED that the Securities Division has jurisdiction to enter this order.  
23

1 IT IS AGREED that in consideration of the foregoing, the Respondents each waive their right to a  
2 hearing and to judicial review of this matter pursuant to RCW 21.20.440 and Chapter 34.05 RCW.

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

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5 Signed this  21st  day of  June , 2021

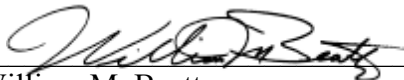
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7 Signed by:  
8 Jedisof Incorporated

9 /s/ \_\_\_\_\_  
10 Martin L.K. Johnson  
11 President

12 Signed by:

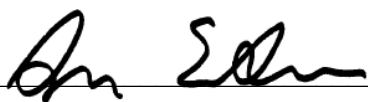
13 /s/ \_\_\_\_\_  
14 Martin L.K. Johnson, Individually

15  
16 SIGNED and ENTERED this 1st day of July, 2021

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19 \_\_\_\_\_  
20 William M. Beatty  
21 Securities Administrator

22 Approved by:

23 Presented by:

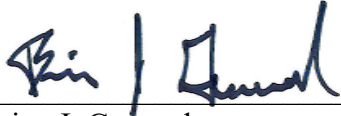
  
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Suzanne E. Sarason  
Chief of Enforcement

Reviewed by:



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Brian J. Guerard  
Financial Legal Examiner Supervisor

Janet So  
Financial Legal Examiner