

LAWRENCE G. WASDEN
Attorney General

ALAN CONILOGUE
Deputy Attorney General
State of Idaho
P. O. Box 83720
Boise, ID 83720-0031
Telephone: 208.332.8093
Fax: 208.332.8016
ISBN 3196
alan.conilogue@finance.idaho.gov

**IN THE DISTRICT COURT OF THE SEVENTH JUDICIAL DISTRICT
OF THE STATE OF IDAHO, IN AND FOR BONNEVILLE COUNTY**

STATE OF IDAHO, DEPARTMENT OF
FINANCE, SECURITIES BUREAU,

Plaintiff,

vs.

BROCK E. BRUEGEMAN, BRIAN J.
BIRCH, SONNY L. JENSEN, and
BRANDON JOHNSON,

Defendants.

Case No. CV 10-04032

**STIPULATION AND CONSENT TO
ENTRY OF JUDGMENT**

Plaintiff, the State of Idaho, Department of Finance (“Department”), and Defendant, Brian Birch (“Defendant”), have agreed to entry of judgment against said Defendant, pursuant to the following Stipulation. The Department and Defendant request this Court to enter judgment in the form and substance set forth in the Judgment and Permanent Injunction filed concurrently herewith. In the event the Judgment is not entered pursuant to this Stipulation, this Stipulation

shall be of no effect whatever, and the making of this Stipulation shall be without prejudice to any party in this or any other proceeding. By signing and entering into this Stipulation, Defendant waives his rights to a hearing and/or trial on the alleged violations in the Verified Complaint.

PLAINTIFF'S ALLEGATIONS

Plaintiff alleges that Defendants Brock E. Bruegeman, Brian J. Birch, Sonny L. Jensen, and Brandon Johnson, individually and dba as one or more LLCs, acting at times individually and at times in concert with each other, issued securities in the form of promissory notes and investment contracts in an aggregate amount greater than two million one hundred eighty thousand dollars (\$2,180,000). These Defendants took investor money and sent it to a Utah company, The Franklin Squires Companies, LLC (Franklin Squires).

Investor money was sent "upline" through a series of companies before it eventually arrived at Franklin Squires. Franklin Squires made "interest" payments "downline" back through the companies.

Franklin Squires paid 5% monthly (60% annually) to the layer of companies immediately "downline" from it. Each succeeding layer took part of the payment, often 1%, and passed the rest on to the next lower layer, thereby making a profit on the investors' investment. Idaho investors were promised a 2% monthly (24% annually) return.

Defendants failed to register these securities as required by law. Defendants also defrauded investors by misrepresenting the investment, and by failing to provide required material information. Defendants' acts comprise a scheme or artifice to defraud.

STIPULATION

The Department and Defendant Brian Birch hereby stipulate and agree to the facts, conclusions of law, terms and conditions set forth in herein.

1. Pursuant to Idaho Code § 30-14-603, Defendant agrees to the following:
 - a. That Defendant issued, sold or offered for sale in Idaho securities in the form of notes and investment contracts. Such securities were not registered with the Department as required by Idaho Code § 30-14-301. Defendant's failure to register such securities with the Department violated Idaho Code § 30-14-301.
 - b. That Defendant transacted business in Idaho as an agent of an issuer. Defendant was not registered as an agent with the Department as required by Idaho Code § 30-14-402(a). Defendant's failure to register as an agent with the Department violated Idaho Code § 30-14-402(a).
 - c. Defendant neither admits nor denies that during the course of offering and issuing the above-described securities, he made material misrepresentations and failed to tell his investors certain material information, thereby violating the anti-fraud provisions of Idaho Code § 30-14-501(2).
 - d. That Defendant will timely and fully cooperate with the Department's reasonable requests for information and documentation to establish full restitution to all Idaho investors.
 - e. That judgment may be entered jointly and severally against Defendant in the amount of two hundred seventy four thousand five hundred eight dollars (\$274,508) as restitution, plus the amount of forty thousand dollars (\$40,000) constituting penalties for the violations listed in Counts One through Four of the Verified Complaint. In satisfaction of this amount, subject to the terms below, Defendant will make a lump sum payment to the Department

in the amount of forty-five thousand seven hundred fifty-one dollars (\$45,751), which the Department will provide to investors as restitution.

f. Defendant will provide the Department with a complete and accurate affidavit of net worth. If Defendant fails to completely identify all assets, income, and anticipated income (such as an inheritance), or if Defendant overstates expenses or liabilities, the Department shall be entitled to rescind any Satisfaction of Judgment it may have filed and immediately commence collection under this Stipulation and for the full amount of the related Judgment (\$314,508), less any amounts Defendant may have paid to the Department pursuant to the Judgment.

g. That Defendant consents to the Court's entry of the Judgment and Permanent Injunction filed concurrently herewith, permanently barring Defendant from any future violations of Idaho's Uniform Securities Act (2004) and from selling or offering for sale securities in any form in the State of Idaho.

h. The Department shall not be required to provide Defendant notice of, nor shall Defendant object to, any request for a renewal of the Judgment and Permanent Injunction, filed concurrently herewith, under Idaho Code §10-1111.

i. Defendant agrees and consents that the Department may obtain credit reports as necessary to assist in collecting amounts owed under this Stipulation and associated Judgment.

j. Defendant agrees and consents that he will fully cooperate, including providing documents and testimony as deemed necessary by the Department, in the Department's efforts to obtain judgment against Defendants Brandon Johnson and Sonny Jensen in this action.

k. Defendant waives any applicable statutes of limitation.

1. Defendant agrees to bear his own attorney fees and costs in this action.

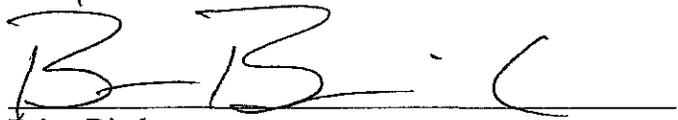
2. The Department agrees to the following:

a. That Counts One through Four of the Verified Complaint and the actions giving rise to Counts One through Four are merged into this Stipulation and the associated Judgment, and the terms of this Stipulation and the associated Judgment shall be the Department's sole remedy for the violations giving rise to the Verified Complaint.

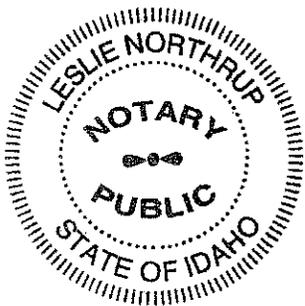
b. That upon receipt of the amount of forty-five thousand seven hundred fifty-one dollars (\$45,751), Plaintiff will file a satisfaction of judgment fully satisfying the judgment amount. Failure to accurately state net worth, income and expenses in the affidavit of net worth, shall entitle the Department to rescind the satisfaction of judgment and immediately commence collection efforts on the full judgment amount.

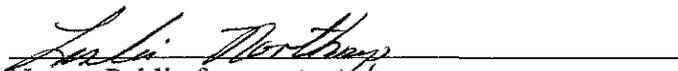
c. The Department agrees to forgo any claim for costs, attorney fees, and reimbursement for investigative efforts in this action pursuant to Idaho Code § 30-14-603(b)(2)(C).

DATED this 26 day of July, 2010.


Brian Birch
Defendant

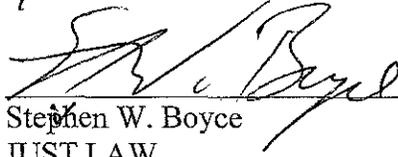
SUBSCRIBED AND SWORN to before me this 26th day of July, 2010.




Notary Public for: Idaho
Residing at: 9-29-2015 Mont, Idaho
My Comm. Exp.: 9-29-2015

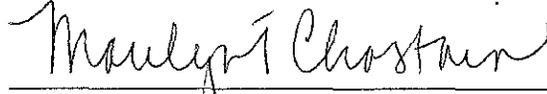
APPROVED AS TO FORM AND CONTENT.

DATED this 26 day of July, 2010.



Stephen W. Boyce
JUST LAW
Counsel for Defendant

DATED this 4th day of August, 2010.



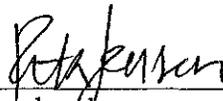
Marilyn T. Chastain
Securities Bureau Chief
State of Idaho, Department of Finance

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 4 day of August, 2010, I served a true and correct copy of the foregoing STIPULATION AND CONSENT TO ENTRY OF JUDGMENT upon the following by the designated means:

Stephen W. Boyce
JUST LAW
P.O. Box 50271
Idaho Falls, ID 83405-0271

- U.S. Mail, postage prepaid
- Certified mail
- Facsimile: (208) 523-9146
- Hand delivery



Paralegal