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BONNEVILLE COUNTY, IDAHO
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**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 AS TO
DEFENDANT BROCK E. BRUEGEMAN**

Plaintiff, the State of Idaho, Department of Finance (“Department”), and Defendant, Brock E. Bruegeman (“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% annual) return.

Defendants failed to register these securities as required by law. Defendants also failed to disclose material information, which omissions constituted violations of Idaho's Uniform Securities Act.

STIPULATION

The Department and Defendant Brock E. Bruegeman 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 payments to the Department, as specified next, which the Department will provide to investors as restitution.

i. Defendant will pay the amount of six thousand dollars (\$6,000) in a lump sum on or before November 1, 2010.

ii. Beginning on December 1, 2010, and continuing every month through November 1, 2012, Defendant will pay the amount of two hundred fifty dollars (\$250).

iii. Beginning on December 1, 2012, and continuing every month through November 1, 2016, Defendant will pay the amount of four hundred dollars (\$400).

iv. Defendant may prepay any payment, but will continue paying until he has paid the total sum of \$31,200, which includes the six thousand dollar (\$6,000) lump sum payment.

f. If Defendant fails to make any payment on time, Defendant shall be immediately liable for the full amount of the restitution ordered by the court (\$314,508). Time is of the essence for such payments, and the parties specifically agree that failure to make a payment on time is a material breach of this Stipulation and the agreements embodied herein. If Defendant fails to make a payment on time, the Department may immediately commence enforcement of the Judgment. Defendant is not entitled to notice of breach by the Department. The Department will not waive or extend the payment dates for any reason, unless it chooses to do so in its sole discretion, in which case it will do so only in a writing signed by all parties.

g. 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 Stipulation.

h. 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.

i. 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.

j. 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.

k. 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.

l. Defendant waives any applicable statutes of limitation.

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

2. The Department agrees to the following:

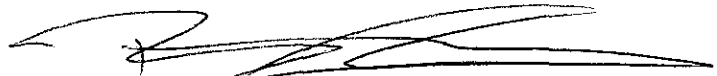
a. That Counts One through Four of the Verified Complaint and the actions giving rise to Counts One through Four are merged into this Stipulation and the associated Judgment, and the terms of this Stipulation and the associated Judgment shall be the Department's sole remedy for the violations giving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

b. That upon receipt of the amount of thirty-one thousand two hundred dollars (\$31,200), 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 at any time after such failure is discovered and commence collection efforts on the full judgment amount. The Department will

notify Defendant before rescinding the satisfaction of judgment and allow Defendant a reasonable opportunity to explain any apparent failure to disclose.

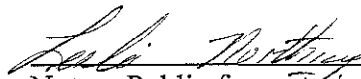
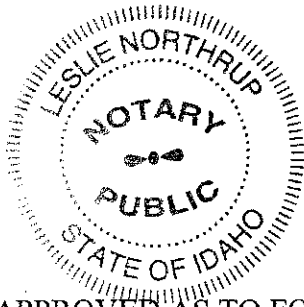
c. The Department agrees to forgo any claim for costs, attorney fees, and reimbursement for investigative efforts in this action pursuant to Idaho Code § 30-14-603(b)(2)(C).

DATED this 25th day of October, 2010.



Brock E. Bruegeman
Defendant

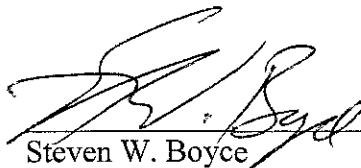
SUBSCRIBED AND SWORN to before me this 25th day of October, 2010.



Notary Public for: Idaho
Residing at: Moore, Idaho
My Comm. Exp.: 9.29.2015


APPROVED AS TO FORM AND CONTENT.

DATED this 25 day of October, 2010.



Steven W. Boyce
JUST LAW
Counsel for Defendant

DATED this 2nd day of November, 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 November, 2010, I served a true and correct copy of the foregoing STIPULATION AND CONSENT TO ENTRY OF JUDGMENT AS TO BROCK E. BRUEGEMAN upon the following by the designated means:

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Paralegal