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**IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT
OF THE STATE OF IDAHO, IN AND FOR ADA COUNTY**

STATE OF IDAHO, DEPARTMENT OF
FINANCE, SECURITIES BUREAU,

Plaintiff,

vs.

GLOBAL AUTO SALES LLC, CHAD LONGSON,
and BRANDON BARRINGTON,

Defendants.

Case No. CV01-21-19595

**STIPULATION AND CONSENT TO ENTRY OF
JUDGMENT AS TO DEFENDANT BRANDON
BARRINGTON**

Plaintiff the State of Idaho, Department of Finance (the "Department" or "Plaintiff"), and Brandon Barrington ("Defendant Barrington" or "Barrington"), parties to the above-captioned action, agree to entry of judgment against Defendant Barrington, pursuant to the following Stipulation.

STIPULATION

Plaintiff and Defendant Barrington hereby stipulate to the following facts, violations, remedies, and terms:

1. Plaintiff and Defendant Barrington request this Court to enter judgment in the form and substance set forth in the Judgment and Permanent Injunction filed concurrently herewith (the "Judgment"). Defendant Barrington consents to the entry of the Judgment by the Court.

2. In approximately 2012-2013, Barrington met Chad Longson and they agreed to be partners in the used car business. They became 50-50 members/owners of the Global Auto LLC ("Global Auto") entity that was operating the used car business (collectively, Barrington, Longson, and Global Auto are "Defendants"). Longson intended to help Barrington expand his financing arm of the business, i.e. used car buyers who could not obtain third-party financing to buy used cars from Global Auto could obtain financing "in-house," from an entity also owned by Barrington and Longson. Longson and Barrington registered Xtreme Finance LLC ("Xtreme Finance") with the Idaho Secretary of State on July 30, 2013, and that entity was used as the financing arm of the business. Longson and Barrington were also 50-50 members/owners of Xtreme Finance.

3. To increase their capability to offer private financing to the buyers of their used cars, Longson and Barrington began raising funds from private investors. Similarly, to help fund growth of Global Auto sales and its operations, Longson and Barrington began raising funds from private investors.

4. Longson and Barrington, through their business entities Global Auto and Xtreme Finance, issued promissory notes to investors. The notes typically had a 2-3 year maturity date and provided monthly interest-only payments at 10-15%. Some of the notes were issued by Global Auto and some were issued by Xtreme Finance. Some of the notes were signed by Longson and/or Barrington on behalf of the entity and other notes were also signed by Longson and/or

Barrington individually as additional borrowers.

5. The Defendants disclosed to the Department three investors in Global Auto, for a total of over \$500,000 in principal, and six investors in Xtreme Finance for a total of over \$1,000,000 in principal. The investors received a total of twenty-one promissory notes in exchange for their investment capital (the "Notes").

6. At no time were Global Auto or Xtreme Finance's Notes registered as securities in Idaho nor did they qualify for an exemption. At summary judgment, the District Court in this case found that these Notes were securities under Idaho Code Section 30-14-102(28).

7. Global Auto and Xtreme Finance made their interest-only payments to the investors for several years. The businesses, however, stopped making the interest-only payments to its investors in late 2018. The businesses owed more than \$1,000,000 in principal to investors.

8. Defendants worked out modifications for various of its creditors and investors. One investment remains unresolved. Investor BT and his wife invested \$100,000 in Global Auto in 2016. BT and his wife received \$24,166.28 in interest payments, per the promissory note, from 2016 through 2018. As part of a settlement of a lawsuit brought by BT, Longson paid back \$40,000 of the principal. The Department is seeking recovery of an additional \$35,833.72 on behalf of BT and his wife.

9. In its Complaint filed on December 22, 2021 in this matter, Plaintiff asserted that the Notes were securities, pursuant to Idaho's Uniform Securities Act (2004) (the "IUSA"), Idaho Code § 30-14-102(28), and were unregistered and non-exempt. As such, Plaintiff asserted that Defendant Barrington violated Idaho Code § 30-14-301 of the IUSA -- sale of unregistered, non-exempt securities -- and that he violated that provision numerous times, each time that he sold

one of the twenty-one Notes to investors in exchange for investment capital (collectively, the "Securities Violations").

10. Defendant Barrington admits to at least six violations of § 30-14-301.

11. Defendant Barrington agrees that he shall not deny or contest the Securities Violations in any present or future: (a) bankruptcy proceeding, or (b) non-criminal proceeding in which the Department is a party (collectively, "proceeding(s)"). Defendant Barrington further agrees that in any such proceedings, the Securities Violations may be taken as true and correct and that this Stipulation and its related Judgment (collectively, the "Stipulation & Judgment") shall collaterally estop him from re-litigating with the Department or any other state agency, in any forum, the accuracy of the Securities Violations.

12. In the event Defendant Barrington or Defendant Barrington's spouse pursues bankruptcy protection in the future, Defendant Barrington further agrees that in such bankruptcy proceeding, pursuant to 11 U.S.C. § 523(a)(19), the following circumstances exist:

- a. The obligations incurred as a result of this Stipulation & Judgment are a result of the conduct set forth above and are for the violation of Idaho state securities laws, pursuant to 11 U.S.C. § 523(a)(19)(A)(i);
- b. This Stipulation & Judgment constitutes a judgment, order, consent order, or decree entered in a state proceeding pursuant to 11 U.S.C. § 523(a)(19)(B)(i), a settlement agreement entered into by Defendant Barrington pursuant to 11 U.S.C. § 523(a)(19)(B)(ii), and/or a court order for damages, fine, penalty, citation, restitution payment, disgorgement payment, attorney fee, cost or other payment owed by Defendant Barrington pursuant to 11 U.S.C. § 523(a)(19)(B)(iii).

13. Defendant Barrington consents to a civil penalty of \$25,000 to Plaintiff, as set forth in the Judgment.

14. Defendant Barrington consents to pay restitution to the Department, for the remaining principal amounts owed to Idaho investor BT, in the amount of \$35,833.72, as set forth in the Judgment. Plaintiff already has an award against Longson for that same restitution amount of \$35,833.7, and this restitution amount is owed jointly and severally by Longson and Barrington. Therefore, if Barrington pays any amounts directly to BT or Longson pays any amounts to the Department as restitution to BT, then those amounts will offset the amount owed by Barrington as restitution to BT.

15. Defendant Barrington consents to this Court's entry of an injunction, in the form set forth in the proposed Judgment and Permanent Injunction filed herewith, permanently barring him from issuing, offering, or selling securities in the State of Idaho.

16. The Department agrees that it will record the Judgment in the property records but it will not take any further action to execute on the Judgment until July 31, 2026, as long as Barrington complies with the following terms:

- Barrington will submit a fully completed, accurate, and signed Financial Net Worth Worksheet, using the form provided to him by the Department, along with his last two years of federal income tax returns.
- Barrington will make payments of \$400 a month, which will be applied first to restitution (stated above) until paid in full, then to the civil penalty (stated above) until paid in full, then to post-judgment interest.
- Barrington's monthly payments will be due on the 15th of each month, starting with February 15th, 2023.
- Pursuant to his divorce decree dated July 23, 2021, Case No. CV01-20-09944, Barrington's ex-wife has a contingent obligation to pay an additional amount to Barrington related to their property settlement agreement, specifically related to the value of the Sage Run property that his ex-wife received in the divorce. That


obligation fully vests if his ex-wife sells the Sage Run property or at five years from the divorce (July 23, 2026), whichever is first. If Barrington receives the contingent funds (or some portion thereof), that should be sufficient to pay this Judgment in full. Barrington agrees that if he receives any funds from his ex-wife, he will turn those funds over (within ten days of receiving them) to the Department to apply towards paying off this Judgment. If the Department learns that Barrington has not turned over funds received from his ex-wife as agreed, then Barrington agrees that he forfeits the benefits of this settlement such that the Department can submit an Amended Judgment for the full amount of \$60,000 in restitution and \$50,000 in civil penalties and Barrington will not oppose that Amended Judgment.

- If Barrington defaults on his payment terms stated in the bullet points above, then the Department can immediately proceed to execute on the Judgment.

17. By signing and entering into this Stipulation, and further consenting to the entry of the Judgment, Defendant Barrington waives his rights to a hearing and/or trial on the alleged violations in the Complaint. Defendant Barrington admits that he has had adequate opportunity to review this matter with an attorney, and Defendant Barrington agrees that this Stipulation and Judgment is entered into freely and voluntarily and that no promise was made or coercion used to induce such entry.

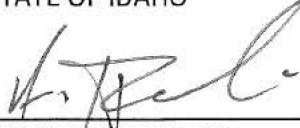
18. The Department agrees to forego any claim for costs, attorney fees, and reimbursement for investigative efforts in this action, and also agrees to forego any additional penalties against Defendant Barrington related to this action. Defendant Barrington agrees to bear his own attorney fees and costs in this action.

DATED this 24 day of January 2023.


BRANDON BARRINGTON
Defendant

DATED this 24th day of January 2023.

DEPARTMENT OF FINANCE
STATE OF IDAHO



ANTHONY POLIDORI
Deputy Director