

Division of Securities
Utah Department of Commerce
160 East 300 South
Box 146760
Salt Lake City, UT 84114-6760
Telephone: (801) 530-6600
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**BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH**

IN THE MATTER OF:

BLUE SOVEREIGN, LLC
CARTLAN, LLC
BRETT JASON COBB
EVAN MCKAY NIELSON
BRADLEY GARTH GREEN,

Respondents.

**STIPULATION AND CONSENT
ORDER REGARDING BRADLEY
GARTH GREEN**

Docket No. SD-08-0080
Docket No. SD-08-0081
Docket No. SD-08-0082
Docket No. SD-08-0083
Docket No. SD-08-0084

The Utah Division of Securities (the Division), by and through its Director of Enforcement, Dave R. Hermansen, and Bradley Garth Green (Respondent Green) hereby stipulate and agree as follows:

1. Respondent Green was the subject of an investigation conducted by the Division into allegations that he violated certain provisions of the Utah Uniform Securities Act, Utah

Code Ann. § 61-1-1, *et seq.*, as amended (the Act).

2. In connection with that investigation, the Division initially issued an Order to Show Cause against Respondent Green on August 7, 2008, alleging securities fraud. Criminal charges were also filed against Respondent Green¹ on May 27, 2008 in connection with the investigation.
3. Respondent Green waives any right to a hearing to challenge the Division's evidence and present evidence on his behalf. Respondent Green understands that by waiving a hearing, he is waiving the requirement that the Division prove the allegations against him by a preponderance of evidence, waiving his right to confront and cross-examine witnesses who may testify against him, to call witnesses on his own behalf, and any and all rights to appeal the findings, conclusions and sanctions set forth in this Stipulation and Consent Order.
4. Respondent Green is represented by attorney Marcus Mumford of Mumford Rawson LLC and is satisfied with his representation.
5. Respondent Green acknowledges that this Stipulation and Consent Order does not affect any enforcement action that might be brought by a criminal prosecutor or any other local,

¹ *State of Utah v. Bradley Garth Green*, Case No. 081904013, Third Judicial District Court of Utah (2008). Respondent Green later pleaded guilty to two counts of attempted securities fraud, class A misdemeanors, on October 2, 2009. Respondent Green was ordered to pay a restitution judgment of \$65,472.14 in connection with the criminal proceeding.

state, or federal enforcement authority.

6. Respondent Green admits the jurisdiction of the Division over him and over the subject matter of this action.

I. THE DIVISION'S FINDINGS OF FACT

THE RESPONDENTS

7. Blue Sovereign, LLC (Blue Sovereign) was a Utah limited liability company that registered with the Utah Division of Corporations on June 5, 2006. As of October 6, 2009, its status changed from "active" to "expired." During its existence, Brett Jason Cobb (Cobb) served as sole manager of Blue Sovereign.
8. Cartlan, LLC (Cartlan) was a Utah limited liability company that registered with the Utah Division of Corporations on May 25, 2006. As of September 5, 2007, its status changed from "active" to "expired." During its existence, Cobb served as the sole member of Cartlan.
9. Cobb was, at all relevant times, a resident of the state of Utah. Cobb served as manager of Blue Sovereign and member of Cartlan.
10. Evan McKay Nielson (Nielson) was, at all relevant times, a resident of the state of Utah. Nielson acted as an employee and/or agent of Blue Sovereign and Cartlan.
11. Respondent Green was, at all relevant times, a resident of the state of Utah. Respondent

Green acted as an employee and/or agent of Blue Sovereign and Cartlan.

GENERAL ALLEGATIONS

12. Between March 2006 and December 2007, Cobb, Nielson, and Respondent Green, acting on behalf of Blue Sovereign and/or Cartlan (Respondents), participated in various capacities to raise approximately \$633,275 in investment funds from at least eight Utah investors. A detailed narrative of the investments made by one of these eight Utah investors is included below.
13. Generally, these investors were offered the opportunity to invest their money in “equity milling” programs, an emerald mine, or Blue Sovereign promissory notes.
14. These investors were told that they would receive monthly interest payments of anywhere from one to five percent per month, depending upon the investor. Most investors received an unsecured promissory note from Blue Sovereign to evidence their investment.
15. Blue Sovereign’s “equity milling” programs involved the creation of equity in homes or vehicles, which Blue Sovereign would purportedly invest in various investment opportunities for a profit. Investors were told they could purchase a home or vehicle (financed through a commercial lender) from Blue Sovereign at a significantly higher value than paid by Blue Sovereign, and Blue Sovereign would lease back the home or

vehicle from the investor and rent to someone else at the higher price. Investors were told the lease payments received from Blue Sovereign would not only cover payments due to the financial institutions; they would provide the investors with a profit.

16. The emerald mine was purportedly owned by Cobb's corporation, Fossil Stone Consulting, Inc.
17. Investors received some, but not all, interest and/or lease payments due and received no return of their principal.

Investor NB

18. In mid-January 2007, NB met with Respondent Green, at Respondent Green's office in Draper, Utah, to discuss an investment opportunity.
19. At the meeting, Respondent Green told NB the following:
 - a. The company "mills houses";
 - b. The company purchases properties and uses equity in the properties to make money by selling those properties to investors / buyers;
 - c. The company rents the homes from the investors / buyers for an amount above the buyers' monthly payments, which creates positive cash flow for the investors / buyers; and
 - d. The company also "mills" cars and snowmobiles, and purchases emeralds which

are cut and sold.

20. NB left the meeting not knowing the name of the company.
21. Approximately one or two weeks after the first meeting with Respondent Green, NB met with Respondent Green a second time at his office. Present at the second meeting were NB, NB's friend JJ, and Respondent Green.
22. At the second meeting, Respondent Green told NB and JJ the same things Respondent Green told NB in the first meeting. Respondent Green added that if Blue Sovereign stopped making payments, the investor would need a "back-up plan." Respondent Green also said Blue Sovereign had millions of dollars in assets and was not going away.
23. Respondent Green failed to tell NB, among other things, that Cobb had an unpaid civil judgment against him by Caldwell Real Estate, LLC for \$106,090 in the Third Judicial District Court from November 2005.
24. NB contacted Blue Sovereign and was told to contact a particular lender and ask for "Matt." Matt approved NB for a \$1.5 million loan over the telephone.
25. NB called Respondent Green and told Respondent Green to start looking for a property for NB to purchase. Respondent Green, however, failed to find a suitable property for NB.
26. In early February 2007, NB met for a third time at Blue Sovereign, this time with

Respondent Green and Nielson.

27. At the meeting, NB told Nielson that NB and JJ had approximately \$66,000 to invest, and NB asked if there was a way they could make 2 to 3% per month with the company.
28. Nielson then asked Cobb to join the meeting. Respondent Green did not participate further but may have been present.
29. Cobb told NB the following:
 - a. NB could invest in a promissory note, which would pay interest of 2% per month;
 - b. Cobb would waive the minimum investment amount because NB and JJ had been trying to do business with the company; and
 - c. NB would have to sign a document entitled "Agreement of Understanding."
30. Nielson told NB the promissory note sale was Cobb's sale, not Nielson's. Nielson said Nielson had a securities license and his role at the company involved securities and investing.
31. At one of the prior meetings with NB, Respondent Green told NB the company had a lot of investors and that Respondent Green and Nielson had invested their own money.
32. Cobb, Nielson, and Respondent Green failed to tell NB, among other things, that Cobb had an unpaid civil judgment against him by Caldwell Real Estate, LLC for \$106,090 in the Third Judicial District Court from November 2005; that Nielson and his wife filed for

bankruptcy in 1999; and Nielson had an unpaid civil judgment against him by “Kensington Park” for \$43,422 in the Third Judicial District Court from August 2005.

33. On February 23, 2007, NB sent \$40,000, via wire transfer, to a local Utah bank per Cobb’s assistant’s instructions. A few days later JJ invested \$26,808 in the same account.
34. After investing, NB received two promissory notes from Blue Sovereign, both of which were signed by Cobb as the Managing Director of Blue Sovereign. One of the notes was for JJ’s investment.
35. NB’s note was dated February 23, 2007, promised interest of 2% per month (\$1,336.30), and matured in one year.
36. NB received just one interest payment of \$800 on or about March 20, 2006.
37. On May 17, 2007, NB sent an e-mail to Cobb, asking for the return of NB’s and JJ’s investments.
38. To date, NB has not received his investment from Cobb and is still owed \$40,000 in principal alone.
39. Bank records reveal that some of NB’s funds were used by Cobb to pay what appear to be personal expenses.

CAUSES OF ACTION

Securities Fraud under § 61-1-1 of the Act

40. The Division incorporates and re-alleges paragraphs 1 through 39.
41. The investment opportunities offered and sold by Respondent Green are securities under § 61-1-13 of the Act.
42. In connection with the offer of a security (house “milling”) to NB, Respondent Green, directly or indirectly, made false statements, including, but not limited to, the following description of the Blue Sovereign business plan:
 - a. The company “mills homes” by (1) purchasing homes and selling them to investors for a higher price, and (2) renting the homes back from the investor for an amount above the investor’s monthly payment, which creates positive cash flow for the investor;
 - b. The company also “mills” cars and snowmobiles;
 - c. The company purchases emeralds which are cut and sold; and
 - d. The company has millions of dollars in assets and is not going away.
43. In connection with the offer and sale of a security (promissory note) to NB, Respondent Green, directly or indirectly, made false statements, including, but not limited to, the following:

- a. Misrepresenting the number of investors in the company.
44. In connection with the offer and sale of securities, Respondent Green, directly or indirectly, failed to disclose material information, including, but not limited to, the following, which was necessary in order to make representations made, in the light of the circumstances under which they were made, not misleading:
- a. Cobb had an unpaid civil judgment against him by Caldwell Real Estate, LLC for \$106,090 in the Third Judicial District Court from November 2005;
 - b. Nielson and his wife filed for bankruptcy in 1999;
 - c. Nielson had an unpaid civil judgment against him by “Kensington Park” for \$43,422 in the Third Judicial District Court from August 2005;
 - d. Some or all of the information typically provided in an offering circular or prospectus regarding Blue Sovereign, Cartlan, and Fossil Stone, such as:
 - i. Business and operating history;
 - ii. Identities of principals in the companies, along with their experience in that particular type of business;
 - iii. Financial statements of the companies;
 - iv. The market for the products of the companies;
 - v. The nature of the competition for the products;

- vi. Current capitalization of the companies;
- vii. The track record of the companies to investors;
- viii. Risk factors for investors;
- ix. The number of other investors;
- x. The disposition of any investments received if the minimum capitalization is not achieved;
- xi. The liquidity of the investments;
- xii. Discussion of pertinent suitability factors for the investments;
- xiii. The proposed use of investment proceeds.
- xiv. Any involvement of the companies or the principals in certain legal proceedings, including bankruptcy and prior violation of state or federal securities laws;
- xv. Any conflicts of interest the companies, the principals, or the agent may have with regard to the investments;
- xvi. Agent commissions or compensation for selling investments;
- xvii. Whether the investments are registered securities or exempt from registration; and
- xviii. Whether the person(s) selling the investments were licensed.

II. THE DIVISION'S CONCLUSIONS OF LAW

45. Based on the Division's investigative findings, the Division concludes that:
- a. The investment opportunities offered and sold by Respondent Green are securities under § 61-1-13 of the Act; and
 - b. Respondent Green violated § 61-1-1(2) of the Act by making untrue statements of material fact and omitting to state material facts in connection with the offer and sale of securities, disclosure of which was necessary in order to make representations made not misleading.

III. REMEDIAL ACTIONS/SANCTIONS

46. Respondent Green admits the Division's findings of fact and conclusions of law and consents to the sanctions below being imposed by the Division.
47. Respondent Green agrees to the imposition of a cease and desist order, prohibiting him from any conduct that violates the Act.
48. Respondent Green agrees that he will be barred from (i) associating² with any broker-dealer or investment adviser licensed in Utah; (ii) acting as an agent for any issuer soliciting investor funds in Utah; and (iii) from being licensed in any capacity in the

²“Associating” includes, but is not limited to, acting as an agent of, receiving compensation directly or indirectly from, or engaging in any business on behalf of a broker-dealer, agent, investment adviser, or investment adviser representative licensed in Utah. “Associating” does not include any contact with a broker-dealer, agent, investment adviser, or investment adviser representative licensed in Utah incidental to any personal relationship or business not related to the sale or promotion of securities or the giving of investment advice in the State of Utah.

securities industry in Utah.

49. Respondent Green agrees to cooperate with the Division, the state of Utah, and the federal government in any future investigations and/or prosecutions relevant to the matter herein.
50. Respondent Green agrees to pay restitution as ordered in the criminal case, *State of Utah v. Bradley Garth Green*, Case No. 081904013, Third Judicial District Court of Utah (2008).

IV. FINAL RESOLUTION

51. Respondent Green acknowledges that this Stipulation and Consent Order, upon approval by the Securities Commission, shall be the final compromise and settlement of this matter.
52. Respondent Green further acknowledges that if the Securities Commission does not accept the terms of the Stipulation and Consent Order, it shall be deemed null and void and without any force or effect whatsoever.
53. Respondent Green acknowledges that the Stipulation and Consent Order does not affect any civil or arbitration causes of action that third-parties may have against him rising in whole or in part from his actions and that the Stipulation and Consent Order does not affect any criminal causes of action that may arise as a result of his conduct referenced

herein.

54. Respondent Green acknowledges that a violation of this Stipulation and Consent Order is a third degree felony pursuant to § 61-1-21(1)(b) of the Act.
55. The Stipulation and Consent Order constitutes the entire agreement between the parties herein and supersedes and cancels any and all prior negotiations, representations, understandings, or agreements between the parties. There are no verbal agreements which modify, interpret, construe, or otherwise affect the Stipulation and Consent Order in any way. Upon entry of the Order, any further scheduled hearings are canceled.

Utah Division of Securities

Date: July 8, 2013
By: [Signature]
Dave R. Hermansen
Director of Enforcement

Respondent Green

Date: _____
By: _____
Bradley Garth Green

Approved:

[Signature]
Paul G. Amann
Assistant Attorney General
D.P.

Marcus Mumford
Attorney for Respondent

Utah Division of Securities

Date: _____

By: _____
Dave R. Hermansen
Director of Enforcement

Respondent Green

Date: 7/7/13

By: 
Bradley Garth Green

Approved:

Paul G. Amann
Assistant Attorney General
D.P.

Marcus Mumford
Attorney for Respondent

Utah Division of Securities

Date: _____

By: _____

Dave R. Hermansen
Director of Enforcement

Respondent Green

Date: 7/30/13

By: 

Bradley Garth Green

Approved:

Paul G. Amann
Assistant Attorney General
D.P.



Marcus Mumford
Attorney for Respondent

ORDER

IT IS HEREBY ORDERED THAT:

1. The Division has made a sufficient showing of Findings of Fact and Conclusions of Law to form a basis for this settlement.
2. Respondent Green cease and desist from violating the Utah Uniform Securities Act.
3. Respondent Green is barred from (i) associating with any broker-dealer or investment adviser licensed in Utah; (ii) acting as an agent for any issuer soliciting investor funds in Utah; and (iii) from being licensed in any capacity in the securities industry in Utah.
4. Respondent Green will cooperate with the Division, the state of Utah, and the federal government in any future investigations and/or prosecutions relevant to the matter herein.
5. Respondent Green pay restitution as ordered in the criminal case, *State of Utah v. Bradley Garth Green*, Case No. 081904013, Third Judicial District Court of Utah (2008).

BY THE UTAH SECURITIES COMMISSION:

DATED this 14 day of August, 2013.



Brent Baker



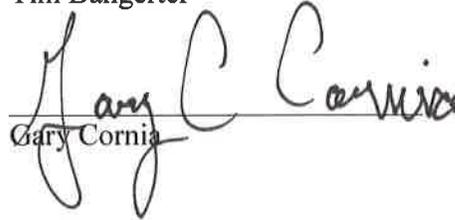
Erik Christiansen



David Russon



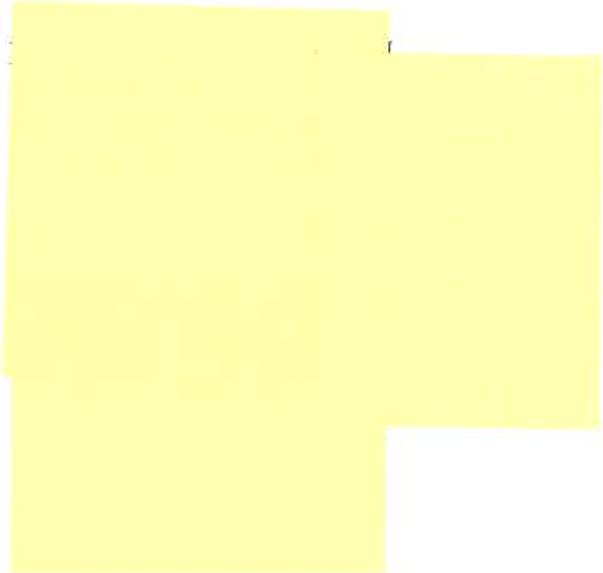
Tim Bangerter



Gary Cornia

Certificate of Mailing

I certify that on the 14th day of August, 2013, I mailed, by regular mail, a true and correct copy of the Stipulation and Consent Order to:



Mai Don

Executive Secretary