

BEFORE THE SECURITIES COMMISSIONER
OF THE STATE OF KANSAS



In the Matter of:

Bryan L. Cochran (CRD # 5062915)

Docket No. 23 E 155

KSC No. 2022-6812

Respondent.

Pursuant to K.S.A. 17-12a604

CONSENT ORDER

1. The Staff of the Office of the Kansas Securities Commissioner (“KSC Staff”) allege that Bryan L. Cochran (“Cochran”) engaged in conduct constituting violations of the Kansas Uniform Securities Act, K.S.A. 17-12a101 *et seq.* (“the KUSA”), and that Cochran is subject to administrative sanctions and remedies under K.S.A. 17-12a604.
2. Cochran and KSC Staff desire to settle the matters raised by KSC Staff relating to Cochran’s alleged violations.

CONSENTS AND WAIVERS

3. Cochran and KSC Staff stipulate and agree that, under the KUSA, the Securities Commissioner of Kansas (“the Commissioner”) has jurisdiction over Cochran and this matter.
4. Cochran and KSC Staff stipulate and agree that the Commissioner has authority to enter this Order under K.S.A. 17-12a604.

5. Cochran waives his right to a hearing with respect to these matters.
6. Cochran waives any rights that he may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order.
7. Cochran and KSC Staff agree to the issuance of this Order without further proceedings in this matter and agree to be fully bound by the terms and conditions specified herein.
8. Without admitting or denying the allegations made by the KSC Staff as reflected in the Findings of Fact and Conclusions of Law set forth below, Cochran agrees to the issuance of this Order on the basis of such Findings of Fact and Conclusions of Law solely and only for the purposes of this proceeding and any proceeding that may be brought to enforce the terms of this specific Order.

FINDINGS OF FACT

9. Cochran is a resident of Overland Park, Kansas. Cochran is a licensed insurance agent in the State of Kansas, and conducts his business activities, including the activities described herein, from his residence in Overland Park, Kansas.
10. From approximately July 2019 through August 2020, Cochran assisted Robert Craig Bridgforth ("Bridgforth") in the sale of *Precious Metal Certificates* ("Certificates") to four individuals. These *Certificates* were issued by Bridgforth or Bridgforth's sole proprietorship, Liberty Gold and Silver ("LGS"), from Bridgforth's residence in Overland Park, Kansas.

11. Bridgforth issued the *Certificates* to raise capital for the purported purchase of precious metals for investment purposes. The *Certificates* promised to pay investors their principal plus annually compounding interest of between 5% and 8% upon each *Certificate's* maturity.
12. The four individuals purchased a total of 20 *Certificates*, for which Cochran received transaction-based referral compensation.
13. At the time of the sales, the *Certificates* were not registered as securities under the KUSA as required. Additionally, Cochran was not registered as an agent under the KUSA as required.

Bridgforth and LGS

14. Since approximately 2011, Bridgforth has been in the business of purchasing precious metals in his own name or the name of his sole proprietorship, LGS. Bridgforth conducted his business from his residence in Overland Park, Kansas.
15. To raise funds to purchase the precious metals, Bridgforth sold *Certificates* to investors. Investors were told that Bridgforth would purportedly use the proceeds from the sale of each *Certificate* to purchase precious metals. These precious metals were purchased in the name of Bridgforth or LGS, and all decisions regarding the purchase of the precious metals were made solely by Bridgforth.
16. Generally, Bridgforth sold *Certificates* with maturity terms of one or nine years. The one-year *Certificates* promised to pay investors their principal plus 5%

annually compounding interest, while the nine-year *Certificates* promised to pay investors their principal plus 8% annually compounding interest.

17. Each *Certificate* pledged a specific amount and type of precious metal as collateral for the *Certificate*, which was to be held by Bridgforth until the *Certificate* matured. At the end of each *Certificate*'s term, Bridgforth was supposed to sell the pledged precious metal and then pay the investor the amount owed under the *Certificate*. Bridgforth would then retain any extra funds from the sale of the precious metal as profits for himself.
18. Other than providing funds through their purchase of the *Certificates*, investors had no other role in Bridgforth's precious metals venture.
19. Contrary to what investors were told, Bridgforth did not use all funds raised through the sale of *Certificates* to purchase precious metals. Instead, Bridgforth used a substantial amount of the funds raised through the sale of *Certificates* for personal or other business purposes.
20. Of the 20 *Certificates* purchased, three *Certificates* have matured. One of the matured *Certificates* has matured without the investor receiving the principal and interest as promised by her *Certificate*. The remaining *Certificates* have not yet matured.

Cochran and his Clients' Precious Metal Certificates

21. Cochran first met Bridgforth in June 2019 in Overland Park, Kansas. At this meeting, Bridgforth told Cochran about LGS and that Bridgforth had been a precious metal broker for over ten years and that he had several clients.
22. Bridgforth explained to Cochran that Bridgforth sold *Certificates* to investors and “backed” them by purchasing precious metals. Bridgforth further explained that he would maintain possession of the purchased precious metal as collateral for the *Certificates*. Upon the end of each *Certificate*’s term (either one or nine years) Bridgforth would sell the precious metals which collateralized the *Certificate* and pay the investor the amount owed under the *Certificate*. Bridgforth would retain any extra funds from the sale of the precious metal as profits for himself.
23. Besides speaking with Bridgforth about LGS and the *Certificates*, Cochran did not do any further due diligence because he trusted Bridgforth due to their common religious beliefs.
24. From approximately July 2019 through August 2020, Cochran assisted Bridgforth in the sale of *Certificates* to four individuals: a Kansas resident, a Missouri resident, and a Tennessee couple. One of the Tennessee residents is the daughter of the Missouri resident. When the Missouri resident died on July 11, 2020, her interests in the *Certificates* were transferred to the Tennessee couple.
25. Specifically, Cochran introduced two prior insurance clients (the Kansas and Missouri residents) to Bridgforth to purchase *Certificates* and he attended meetings where Bridgforth discussed the *Certificates* with the Kansas resident, Missouri resident, and Tennessee couple.

26. These four investors purchased a combined 20 *Certificates* for a total of \$445,410. Each *Certificate* was issued by Bridgforth or LGS from Bridgforth's residence in Overland Park, Kansas.
27. For his role in effectuating the sale of the *Certificates*, Cochran received transaction-based referral compensation from LGS and Bridgforth for each *Certificate* sold, totaling \$33,100.
28. On June 14, 2022, Cochran entered into a *Consent Order* with the Securities Division of the Missouri Secretary of State's Office ("Missouri Securities") for Cochran's role, as an unregistered agent, in effecting the sale of *Certificates* to the Missouri resident and Tennessee couple.
29. As agreed to in the *Consent Order*, Cochran paid \$35,000 in disgorgement to Missouri Securities. Missouri Securities then distributed those funds to the Tennessee couple for their *Certificates* and for the Missouri resident's *Certificates* which the Tennessee couple acquired after the Missouri resident's death.
30. On September 8, 2022, Cochran voluntarily paid \$5,000 to the Kansas resident representing the transaction-based referral compensation of \$4,500 that Cochran received after the Kansas resident purchased her *Certificates* and an additional \$500.
31. Based on the foregoing, Cochran has paid approximately \$40,000 to the individuals to whom he effectuated Bridgforth in the sale of the *Certificates*.

32. Cochran substantially cooperated and assisted with the KSC Staff during its investigation in this matter, including voluntarily providing information and documents material to the investigation.

CONCLUSIONS OF LAW

33. The Commissioner has jurisdiction over Cochran and this matter.
34. The *Certificates* described herein are securities as that term is defined in K.S.A. 17-12a102(28).
35. The *Certificates* are not federal covered securities as that term is defined in K.S.A. 17-12a102(7), and are not exempt from registration under K.S.A. 17-12a201 through 17-12a203.
36. Cochran violated K.S.A. 17-12a301 by offering and selling the *Certificates*.
37. In effecting the sale of the *Certificates*, Cochran was an agent of Bridgforth and LGS as that term is defined in K.S.A. 17-12a102(2).
38. Cochran was not exempt from registration as an agent under K.S.A. 17-12a402(b).
39. Cochran violated K.S.A. 17-12a402 by transacting business in this state as an agent when Cochran was neither registered under the KUSA nor exempt from registration and by accepting and receiving transaction-based referral compensation.

ORDER

IT IS THEREFORE ORDERED that Cochran shall pay a civil penalty in the amount of \$1,000. Payment shall be made payable to the “Office of the Kansas

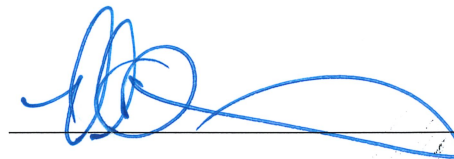
Securities Commissioner,” and delivered to Jack Clayton Johnson, Assistant General Counsel, at 1300 SW Arrowhead Road, Topeka, KS 66604. Such payment shall be made within 30 days of the issuance of this Order. Upon receipt, such payment shall be deposited in the Investor Education and Protection Fund.

IT IS FURTHER ORDERED that Cochran shall immediately and permanently **CEASE AND DESIST** from offering or selling a security in the State of Kansas unless the security is a federal covered security, is exempt from registration under K.S.A. 17-12a201 through 17-12a203, or is registered under the KUSA.

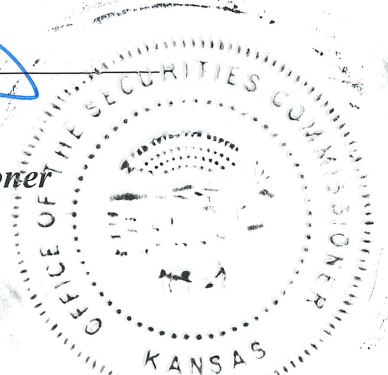
IT IS FURTHER ORDERED that Cochran shall immediately and permanently **CEASE AND DESIST** from transacting business in the State of Kansas as an agent unless Cochran is registered under the KUSA or is exempt from registration under K.S.A. 17-12a402(b).

IT IS SO ORDERED BY THE COMMISSIONER.

Entered at Topeka, Kansas, this 20th day of APRIL, 2023,



Daniel J. Klucas
Kansas Securities Commissioner



NOTICE

- (1) A party to this action may petition the Commissioner for reconsideration within 15 days after service of a final order, following the procedures in K.S.A. 77-529. Under K.S.A. 77-528, a party may petition for a stay of effectiveness of this order until the time at which a petition for judicial review would no longer be timely.
- (2) This decision may be subject to judicial review. The agency officer to receive service of a petition for judicial review on behalf of the Office of the Securities Commissioner is Jack Clayton Johnson, Assistant General Counsel, at 1300 SW Arrowhead Road, Topeka, Kansas 66604.
- (3) This order contains orders to cease and desist issued by the Kansas Securities Commissioner pursuant to K.S.A. 17-12a604(a). An intentional violation of any order to cease and desist contained herein is a severity level 5 nonperson felony.