

1 **DEPARTMENT OF CONSUMER AND BUSINESS SERVICES**
2 **DIVISION OF FINANCE AND CORPORATE SECURITIES**
3 **SECURITIES SECTION**
4 **BEFORE THE DIRECTOR OF THE DEPARTMENT OF CONSUMER AND**
5 **BUSINESS SERVICES**

6 **In the Matter of:**)

A-02-0042

7 **DR Thaut, Inc. dba First Security**)
8 **Financial, and Dennis Reinold Thaut,**)

ORDER TO CEASE AND DESIST
ORDER ASSESSING CIVIL PENALTY
ORDER DENYING USE OF
EXEMPTIONS AND
CONSENT TO ENTRY OF ORDER

9 **Respondents.**)
10 _____)

11 **WHEREAS** the Director of the Department of Consumer and Business Services has
12 conducted an investigation of certain business activities conducted by DR Thaut, Inc. dba
13 First Security Financial and Dennis Reinold Thaut and has determined that DR Thaut, Inc.
14 dba First Security Financial and Dennis Reinold Thaut sold unregistered securities, sold
15 securities without a license and made misrepresentation in connection with the sale of
16 securities in Oregon, all in violation of Oregon Securities Laws;

17 **WHEREAS** DR Thaut, Inc. dba First Security Financial and Dennis Reinold Thaut
18 wish to resolve and settle this matter with the **DIRECTOR**;

19 **NOW THEREFORE**, as evidenced by the authorized signature(s) subscribed on this
20 Order, DR Thaut Inc. dba First Security Financial and Dennis Reinold Thaut hereby
21 **CONSENT** to entry of this Order to Cease and Desist upon the Director's Findings of Fact
22 and Conclusions of Law as stated hereinafter.

FINDINGS OF FACT

23 The Director **FINDS** that:

- 24 1. Respondent DR Thaut Inc. dba First Security Financial ("First Security") is an
25 Oregon corporation formed August 23, 1989. First Security has been licensed as a mortgage
26 banker/broker since January 27, 1994. At all times material to this Order, neither First

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387



1 Security nor Dennis Reinold Thaut were licensed by the State of Oregon to offer or sell
2 securities. At all times material to this Order, First Security's business address was 588 E.
3 11th Avenue, Eugene, OR 97401.

4 2. Respondent Dennis Reinold Thaut ("Thaut") resides at 40717 Mohawk River
5 Road, Marcola, OR 97454. Thaut is President and 51% owner of First Security and is
6 authorized to act on its behalf.

7 3. An investigation of respondents Thaut and First Security was conducted by the
8 Division of Finance and Corporate Securities beginning September 27, 2001.

9 4. On or about September 25, 2000, respondents Thaut and First Security offered
10 and sold a Cash Management Account certificate to Esther M. Harberts and Norman D.
11 Harberts ("Harberts") upon payment of \$50,000 by Harberts to First Security. Said Cash
12 Management Account certificate promised to repay the funds upon one-year maturity
13 (renewable) plus interest at a rate of 11.375%, with the funds to be "used for real estate and
14 related business transactions". Said Cash Management Account is an investment contract and
15 constitutes a security under Oregon law. At the time of the offer and sale, the Cash
16 Management Account was not registered for sale as a security with the State of Oregon.

17 5. On or about September 25, 2001, upon maturity of the investment contract sold
18 by Thaut and First Security to Harberts, the Harberts requested withdrawal and repayment of
19 their investment, plus interest from First Security. First Security failed to make payment to
20 Harberts in accordance with the terms of the investment contract.

21 6. In connection with the offer and sale of the Cash Management Account
22 certificate investment contract, Respondents Thaut and First Security made the following
23 material misrepresentations and/or omissions:

- 24 a. Failed to provide information regarding Respondent Thaut's and
25 Respondent First Security's background and management experience;
26



1 The Director, pursuant to ORS 59.995, **HEREBY ORDERS** the following **CIVIL**
2 **PENALTIES:**

3 1. Respondents DR Thaut Inc. dba First Security Financial, and Dennis Reinold
4 Thaut, and any successor business or corporation, shall be denied the use of any securities
5 licensing or registration exemptions contained in the Oregon Securities Laws, including ORS
6 Chapter 59 and OAR Chapter 441.

7 2. Respondents DR Thaut Inc. dba First Security Financial and Dennis Reinold
8 Thaut shall pay, jointly or severally, the following civil monetary penalties:

- 9 a. \$5,000 for violation of ORS 59.165 (sale of securities by unlicensed
10 person);
- 11 b. \$5,000 for violation of ORS 59.055 (sale of unregistered securities);
- 12 c. \$5,000 for violation of ORS 59.135 (misrepresentations and
13 omissions).

14 Of the \$15,000 imposed, \$10,000 shall be suspended providing:

- 15 a. Respondents comply with all terms of this Order;
- 16 b. Respondents make full and complete restitution in a timely manner;
- 17 c. Respondents comply with all conditions of the Mortgage Lenders
18 license issued by the Division; and
- 19 d. Respondents pay the \$5,000 balance of the monetary penalty on or
20 before December 31, 2002.

21 Failure to comply with any of the conditions and terms of this Order shall result in
22 the suspended portion of the monetary penalty becoming immediately due and payable.

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26 ///

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1 The entry of this Order in no way limits further remedies which may be available
2 to the Director under Oregon Law.

3
4 Dated this 30th day of April, 2003, at Salem, Oregon. *Null Pro Tunc*
December 4, 2002

5
6 *Cory Streisinger* *(DET)* *David Tatum for*
7 ~~MARY NEIDIG~~, DIRECTOR
8 DEPARTMENT OF CONSUMER AND
9 BUSINESS SERVICES

9 APPROVED AS TO FORM:

10
11 _____ Dated: _____
12 Attorney for Respondent

13
14 **CONSENT TO ENTRY OF ORDER**

15 I, Dennis Reinold Thaut, state that I am the President of DR Thaut Inc. dba First
16 Security Financial, and I am authorized to act on its behalf; that I have read the foregoing
17 Order and that I know and fully understand the contents hereof; that I make no admission of
18 liability regarding the Findings of Fact contained herein; that I have been advised of my right
19 to a hearing, and that I have been represented by counsel in this matter; that I voluntarily
20 consent to the entry of this Order without any force or duress, expressly waiving any right to a
21 hearing in this matter; that I understand that the Director reserves the right to take further
22 actions against me to enforce this Order or to take appropriate action upon discovery of other
23 violations of the Oregon Securities Law by me; and that I will fully comply with the terms
24 and conditions stated herein.

25 ///

26 ///



1 I further assure the Director that I will not engage in the activities of a broker-dealer,
2 investment adviser, or mortgage broker, or act as a salesperson for any of these unless such
3 activities are in full compliance with Chapter 59 of the Oregon Revised Statutes.

4 I understand that this Consent Order is a public document.

5 Dated this 3RD day of DECEMBER, 2002.

6
7 
8 Dennis Reinold Thaut, as an Individual

9
10 Dated this 3RD day of DECEMBER, 2002.

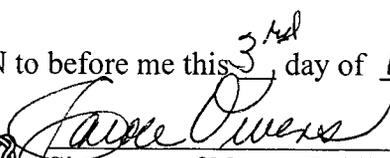
11
12 
13 Dennis Reinold Thaut, as President of
14 DR Thaut Inc. dba First Security Financial

15 **CORPORATE ACKNOWLEDGEMENT**

16 There appeared before me this 3RD day of DECEMBER, 2002,
17 Dennis Reinold Thaut, who was duly sworn on oath, and stated that he was and is the
18 President of DR Thaut Inc. dba First Security Financial and is authorized and empowered
19 to sign this Consent to Entry of Order on behalf of DR Thaut Inc. dba First Security
20 Financial and to bind DR Thaut Inc. dba First Security Financial to the terms thereof.

21
22 SUBSCRIBED AND SWORN to before me this 3rd day of December, 2002.




Signature of Notary Public
Notary Public for the State of Oregon
My commission expires: 3/3/2006

