

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

6 In the Matter of:

7 REX A. HARAGAN, d/b/a BOUNTIFUL
8 LLC; KENNETH G. TITUS, Sr., d/b/a
9 REDWOOD TRUST, NANCY
10 ALEXANDER, WILLIE BANKS, AARON
11 BOLLEDDULA, CLYDE DEMOSS,
12 GREG DIAMOND, LISA DIAMOND,
13 STERLING GRIFFITHS, RILEY
14 HARAGAN, LETA MAE HARAGAN,
15 CHRISTA KIRBY, SCOTT LEE,
16 CHRISTOS MANDALIDES, MARY ANN
17 MATHIS, SHAWN MCCORKLE, BRENT
18 MORRISS, LINDA PFEIFFER, BRETT
19 PITNER, JEFF PREECE and MICHAEL
20 WHELAN,

21 Respondents.

C-3822

ORDER TO CEASE AND DESIST AND
CONSENT TO ENTRY OF ORDER AS TO
CHRISTOS MANDALIDES ONLY

22 Whereas the Director of the Department of Consumer and Business Services for
23 the State of Oregon (the Director), acting by the authority of Oregon Revised Statutes
24 ("ORS") Chapters 59, 646 and 697 has a pending investigation into the activities of the
25 above named respondents;

26 Whereas Respondent Christos Mandalides wishes to obtain a disposition of this
matter without invoking any rights to a hearing and without admitting or denying the
findings of fact contained herein;

Now therefore, as evidenced by the authorized signatures subscribed on this
Order, Christos Mandalides hereby CONSENTS to entry of this Order upon the
Director's Findings of Fact and Conclusions of Law as stated hereinafter:

FINDINGS OF FACT

The Director **FINDS** that:

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



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Telephone: (503) 578-4387



1 1. Rex A. Haragan ("Haragan") is a resident of the State of Oregon whose
2 residence address is 22359 SW Dewey Dr., Sherwood, Oregon, 97140. Haragan
3 operates a computer-related business called WindowShades MultiGraphics, which uses
4 a mailing address of 16200 SW Pacific Hwy., Suite H-175, Portland, Oregon 97224.
5 Haragan also operates or is associated with an enterprise known as or using the
6 assumed business name Bountiful LLC that uses the same mailing address as
7 WindowShades MultiGraphics. Haragan authored websites for both Bountiful LLC
8 (www.bountifulllc.com) and for Redwood Trust (www.redwoodtrust.net) (see paragraph
9 2 below).

10 2. Kenneth G. Titus, Sr. ("Titus") is a resident of the State of New York and
11 does business under the name Redwood Trust, which is purportedly located at 901
12 Draper Avenue, Suite 221, Schenectady, New York 12306. On information and belief,
13 Titus is the principal or owner of Redwood Trust. On information and belief, he formerly
14 worked as a salesperson at Sears and as a part-time plumber.

15 3. Another entity does business under the name Redwood Trust. Redwood
16 Trust, Inc. is a real estate investment trust based in Mill Valley, California. Its common
17 stock trades on the New York Stock Exchange under the ticker symbol RWT.
18 (Hereinafter this entity is referred to as RWT.) According to its website
19 www.redwoodtrust.com, the primary business of RWT "is investing in high-quality
20 residential real estate loans. [RWT] owns or credit-enhances over 359,000 high-quality
21 residential real estate loans with a total loan balance of over \$143 billion. [RWT] also
22 invests in a variety of other residential and commercial real estate loans and securities."
23 RWT also claims to either own or credit-enhance approximately 9% of the jumbo
24 residential loans in the United States. The Titus operated entity known as Redwood
25 Trust is not the same as, and has no connection to, the Mill Valley, California entity
26 RWT.



1 4. On the Redwood Trust website, Titus claims Redwood Trust is "a group of
2 agents organized together to help Americans with humanitarian aid in many forms. This
3 aid, usually in the form of grants, is given to adults and families as a way to make a
4 huge difference in their lives." The website claims Redwood Trust "was created as an
5 instrument to help relieve suffering of American families." On the Redwood Trust
6 website, Titus claims to have "direct access" to "humanitarian funds" for use in providing
7 financial assistance to people with debts arising from property foreclosure, residential
8 mortgages, credit cards and other circumstances. He also claims to be able to provide
9 funds for individuals with delinquent child support payments or for expenses arising
10 from medical emergencies. In fact, Titus does not have, or have access to, funding of
11 this kind and is misrepresenting both his financial status and his ability to provide funds.

12 5. Redwood, through agents established by Haragan, solicits funds from
13 individuals as down payments or advance fees toward full payment of the foreclosure,
14 mortgage or credit card debts. For some types of grants, Redwood Trust requires
15 payment of an advance fee. The fee can either be a percentage of the amount needed
16 to pay off the indebtedness, or it can be a flat fee which varies from \$2,000 to \$5,000
17 depending upon the type of grant being applied for. For the mortgage foreclosure grants
18 processed by Haragan, an advance fee is not required but the applicant must sign a
19 two-year promissory note payable to Redwood Trust in the amount of \$5,000.

20 6. After providing either an advance fee or a signed promissory note, the
21 applicant is told and expects that at some point Redwood Trust will forward 100% of the
22 amount owed by the applicant to the creditor. The client is also informed that this money
23 is provided interest free. The source of the money for payment of these debts is not
24 identified by Titus. In fact, Titus has not paid off any mortgage foreclosure since he
25 started soliciting applications, which has been at least since May 2004.
26

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1 7. Bountiful LLC is structured as a multi-level marketing scheme. Haragan
2 has enrolled individuals in Oregon and other states to act as representatives or
3 promoters of the Redwood Trust grant process. These representatives are divided into
4 two groups: "area" representatives, who are the lower level promoters, and "regional"
5 representatives, who are the upper level promoters who have brought area
6 representatives into the scheme. These representatives receive sales commissions
7 from Redwood Trust, a portion or percentage of which is paid to Haragan. Regional
8 representatives receive a portion of the commissions received by the area
9 representatives.

10 8. Haragan has enrolled at least nineteen individuals to act as
11 representatives or promoters of the Redwood Trust grant process in Oregon. These
12 individuals are:

- 13 a. Nancy Alexander, who is believed to reside at 452 Laksoner Loop,
14 Springfield OR 97478.
- 15 b. Willie Banks, who is believed to have a mailing address of 6312 SW
16 Capitol Hwy. #102, Portland OR 97239.
- 17 c. Aaron Bolleddula, who is believed to reside at 3164 SW 176th Avenue,
18 Aloha, OR 97006.
- 19 d. Clyde DeMoss, who is believed to have a mailing address of 811 E.
20 Burnside, Ste. 119, Portland, OR 97214.
- 21 e. Greg and Lisa Diamond, husband and wife, who are believed to reside at
22 8431 NW Adams Street, Portland, OR 97229.
- 23 f. Sterling Griffiths, who is believed to have a mailing address of 811 E.
24 Burnside, Ste. 119, Portland, OR 97214.
- 25 g. Riley Haragan, who is believed to reside at 4215 SW 53rd Street, Corvallis,
26 OR 97333.



- 1 h. Leta Mae Haragan, who is believed to reside at 7033 SE 69th Avenue,
2 Portland, OR 97206.
- 3 i. Christa Kirby, who is believed to reside at 9205 SE Clackamas Road #76,
4 Clackamas, OR 97015.
- 5 j. Christos Mandalides, who is believed to reside at 5903 SE 84th Avenue,
6 Portland, OR 97206.
- 7 k. Mary Ann Mathis, who is believed to reside at 642 28th Street, Springfield,
8 OR 97477.
- 9 l. Shawn McCorkle, who is believed to reside at 13620 SW Beef Bend
10 Road, Unit 54, Tigard, OR 97224.
- 11 m. Brent Morriss, who is believed to reside at 22376 Dewey Drive, Sherwood,
12 OR 97140.
- 13 n. Linda Pfeiffer, who is believed to reside at 720 SE 221st Street, Gresham,
14 OR 97030.
- 15 o. Brett Pitner, who is believed to reside at 5509 SE 80th Avenue, Portland,
16 OR 97206.
- 17 p. Jeff Preece, who is believed to reside at 12925 SW Hanson Road,
18 Beaverton, OR 97075.
- 19 q. Michael Whelan, who is believed to reside at 13925 SW 27th Street,
20 Beaverton, OR 97008.

21 (Hereinafter, these individuals are referred to collectively as "the Oregon
22 representatives.") Each one of these individuals has been authorized by Haragan to act
23 as an agent of Redwood Trust. Each one of these individuals had a website created for
24 them by Haragan to advertise and solicit applications for Redwood Trust grants. Each
25 one of these individuals held themselves out as available to process the Redwood Trust
26



1 paperwork and expected, at some point, to receive a commission for acting as a
2 Redwood Trust agent.

3 9. On October 14, 2004, Haragan faxed a letter to Wells Fargo Bank in care
4 of the bank's Loss Mitigation section at an address in Fort Mill, South Carolina on behalf
5 of an Oregon resident who is facing foreclosure of his home in Portland. In the letter,
6 Haragan claims that Bountiful LLC had applied to Redwood Trust on behalf of the
7 Oregon resident for a grant from Redwood Trust to pay "in full all debts, mortgages,
8 encumbrances, and/or liens owed for the mortgaged property associated" with the Wells
9 Fargo mortgage. Haragan wrote that "Redwood Trust will release funds within the next
10 60 days." The letter requests Wells Fargo to stay foreclosure of the property, effectively
11 requesting that additional credit be extended to the borrower. Haragan has written
12 numerous such letters to lenders for other properties in foreclosure. Redwood Trust and
13 Bountiful LLC also provide other information and services to repair the credit of
14 consumers.

15 10. Both Titus and Haragan have claimed that mortgage foreclosure
16 payments from Redwood Trust would be forthcoming by a certain date. First, the date was to
17 be in September 2004. The date was then changed to be in November 2004 and now
18 they claim payments are to begin in January 2005. Haragan and Titus attempted to
19 make consumers believe that Redwood Trust would be able to repair a consumer's
20 credit within a period of months, if not days. These misrepresentations were made to
21 consumers in an effort to persuade them to enroll in the Redwood Trust program.

22 11. Neither Titus nor Haragan are qualified by training or experience to
23 counsel consumers in the area of credit repair. Haragan is a website designer. Titus
24 formerly worked as a salesperson at Sears and worked as a part-time plumber. These
25 qualifications were not disclosed to consumer's applying to Redwood Trust or Bountiful
26 LLC for help in repairing their credit.

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1 12. Neither Titus as Redwood Trust nor Haragan as Bountiful LLC, acting as a
2 credit services organization, have provided consumers with the written disclosures
3 required to be produced by law.

4 13. The interests offered and sold by Titus and Haragan are not registered
5 with the Director as securities in Oregon.

6 14. None of the respondents is licensed with the Director to sell securities in
7 Oregon.

8 15. None of the respondents is registered with the Director as debt
9 consolidating agencies.

10 16. None of the respondents is registered with the Director to conduct
11 mortgage lending in the state of Oregon.

12 17. None of the respondents is registered with the Director as credit services
13 organizations.

14 CONCLUSIONS OF LAW

15 The Director **CONCLUDES** that:

16 1. The Redwood Trust loans or grants offered, solicited and facilitated by
17 respondents Haragan, Titus and the Oregon representatives constitute securities as
18 defined in ORS 59.015.

19 2. Respondent Haragan sold securities in Oregon without a valid securities
20 license in violation of ORS 59.165.

21 3. Respondents Haragan and Titus sold unregistered securities in Oregon in
22 violation of ORS 59.055.

23 4. Respondents the Oregon representatives offered unregistered securities
24 in Oregon in violation of ORS 59.055.

25 5. Respondent Haragan made material misrepresentations and omissions in
26 connection with the sale of securities in violation of ORS 59.135(2).



1 McCorkle, Brent Morriss, Linda Pfeiffer, Brett Pitner, Jeff Preece, and Michael Whelan
2 shall **CEASE and DESIST** from:

- 3 1. Offering or selling securities without a license in violation of Oregon
4 Securities Laws;
- 5 2. Offering or selling unregistered securities in the State of Oregon in
6 violation of Oregon Securities laws;
- 7 3. Violating any provision of the Oregon Securities Laws, including ORS
8 Chapter 59 and OAR Chapter 441;
- 9 4. Violating any provision of the Oregon Revised Statutes concerning debt
10 consolidation agencies including ORS Chapter 697 and OAR Chapter 441;
- 11 5. Violating any provision of the Oregon Mortgage Lender laws including
12 ORS Chapter 59 and OAR Chapter 441; and
- 13 6. Violating any provision of the Oregon Revised Statutes concerning credit
14 services organizations including ORS Chapter 646 and OAR Chapter 441.

15 The Director, pursuant to ORS 59.995, **HEREBY ORDERS** the following **CIVIL**
16 **PENALTIES:**

- 17 7. Respondent Kenneth G. Titus, Sr., and any business entity owned,
18 operated or under the control of Kenneth G. Titus Sr., including Redwood Trust, shall be
19 denied the use of any securities licensing or registration exemptions contained in the
20 Oregon Securities Laws, including ORS Chapter 59 and ORS Chapter 441.
- 21 8. Respondent Rex A. Haragan, and any business entity owned, operated or
22 under the control of Rex A. Haragan including Bountiful LLC, shall be denied the use of
23 any securities licensing or registration exemptions contained in the Oregon Securities
24 Laws, including ORS Chapter 59 and ORS Chapter 441.
- 25 9. Respondent Kenneth G. Titus Sr. shall pay the following monetary
26 penalties for violations of the Oregon law:



- 1 a. \$5,000 for violation of ORS 59.165 (sale of securities by unlicensed
2 person);
- 3 b. \$5,000 for violation of ORS 59.055 (sale of unregistered securities);
- 4 c. \$10,000 for violation of ORS 59.135 (engaging in fraud in connection with
5 the sale of securities);
- 6 d. \$1,000 for violation of ORS 697.612 (operating as debt consolidation
7 agency without being registered);
- 8 e. \$5,000 for violation of ORS 59.845 (engaging in residential mortgage
9 transactions as a mortgage banker without being registered);
- 10 f. \$1,000 for violation of ORS 646.386 (operating as a credit services
11 organization without being registered);
- 12 g. \$1,000 for violation of ORS 646.390 (failing to make required disclosures
13 as a credit services organization); and
- 14 h. \$1,000 for violation of ORS 646.384 (prohibited conduct by a credit
15 services organization)
16 for a total monetary penalty assessed of \$29,000.

17 10. Respondent Rex A. Haragan shall pay the following monetary penalties
18 for violations of the Oregon Securities Law:

- 19 a. \$5,000 for violation of ORS 59.165 (sale of securities by unlicensed
20 person);
- 21 b. \$5,000 for violation of ORS 59.055 (sale of unregistered securities);
- 22 c. \$10,000 for violation of ORS 59.135 (engaging in fraud in connection with
23 the sale of securities);
- 24 d. \$1,000 for violation of ORS 697.612 (operating as debt consolidation
25 agency without being registered); and
26

- 1 e. \$5,000 for violation of ORS 59.845 (engaging residential mortgage
2 transactions as a mortgage broker);
3 f. \$1,000 for violation of ORS 646.386 (operating as a credit services
4 organization without being registered);
5 g. \$1,000 for violation of ORS 646.390 (failing to make required disclosures
6 as a credit services organization); and
7 h. \$1,000 for violation of ORS 646.384 (prohibited conduct by a credit
8 services organization)
9 for a total monetary penalty assessed of \$29,000.

10 The entry of this Order in no way limits further remedies which may be available
11 to the Director under Oregon law.

12 Dated this 25th day of APRIL, 2005, at Salem, Oregon.

13 **CORY STREISINGER, DIRECTOR**
14 **DEPARTMENT OF CONSUMER AND BUSINESS SERVICES**

15
16 
17 **Floyd Lanter, Administrator**
18 **Division of Finance and Corporate Securities**

19 **CONSENT OF MANDALIDES TO ENTRY OF ORDER**

20 I, Christos Mandalides, state that I am a resident of the State of Oregon; that I
21 have read the foregoing Order and that I know and fully understand the contents
22 thereof; that I am not admitting or denying the findings of fact herein; that I have been
23 advised of my right to a hearing; that I voluntarily consent to the entry of this order and
24 expressly waive my right to a hearing in this matter; that I understand that the Director
25 reserves the right to take further actions against me to enforce this Order or to take
26 appropriate action upon discovery of other violations of the Oregon Securities Law by
me; and that I will fully comply with the terms and conditions stated herein.

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I understand that this Consent Order is a public document.

Dated this 21 day of April, 2005.

Christos Mandalides

CHRISTOS MANDALIDES

SUBSCRIBED AND SWORN TO BEFORE ME THIS 21 DAY OF April, 2005

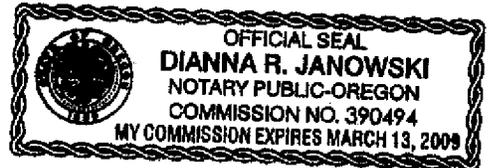
Dianna R Janowski

Dianna R Janowski

Printed Name of Notary Public

NOTARY PUBLIC for State of: Oregon

My commission expires: March 13, 2009



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