

DEPARTMENT OF CONSUMER AND BUSINESS SERVICES  
DIVISION OF FINANCE AND CORPORATE SECURITIES  
ENFORCEMENT SECTION  
BEFORE THE DIRECTOR OF THE DEPARTMENT OF CONSUMER  
AND BUSINESS SERVICES

In the Matter of:

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

C-3822

AMENDED ORDER TO CEASE AND  
DESIST, ORDER ASSESSING CIVIL  
PENALTIES  
ENTERED BY DEFAULT  
AS TO LINDA PFEIFFER ONLY

Respondents.

On November 26, 2004 the Director of the Department of Consumer and  
Business Services for the State of Oregon (the Director), acting pursuant to the Oregon  
Securities Law, ORS Chapter 59 (hereinafter cited as ORS Chapter 59), issued  
Administrative Order C-3822, Amended Order to Cease and Desist, Order Imposing  
Civil Penalties and Notice of Right to Hearing. Service on Linda Pfeiffer was effected on  
December 14, 2004 by mailing the Order and Notice by certified mail with proper  
postage affixed to her last known address in Gresham, Oregon. The Order and Notice  
sent to Linda Pfeiffer was returned marked "unclaimed."

Linda Pfeiffer has not requested a hearing in this matter.

**NOW THEREFORE**, after consideration of the investigative report and accompanying  
documents submitted in this matter by Patrick A. Fitzgerald, the Director hereby issues  
the following Findings of Fact, Conclusions of Law and Final Order:

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



## FINDINGS OF FACT

The Director **FINDS** that:

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

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

3. Another entity does business under the name Redwood Trust. Redwood Trust, Inc. is a real estate investment trust based in Mill Valley, California. Its common stock trades on the New York Stock Exchange under the ticker symbol RWT. (Hereinafter this entity is referred to as RWT.) According to its website [www.redwoodtrust.com](http://www.redwoodtrust.com), the primary business of RWT "is investing in high-quality residential real estate loans. [RWT] owns or credit-enhances over 359,000 high-quality residential real estate loans with a total loan balance of over \$143 billion. [RWT] also invests in a variety of other residential and commercial real estate loans and securities." RWT also claims to either own or credit-enhance approximately 9% of the jumbo residential loans in the United States. The Titus operated entity known as Redwood

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1 Trust is not the same as, and has no connection to, the Mill Valley, California entity  
2 RWT.

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

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

22 6. After providing either an advance fee or a signed promissory note, the  
23 applicant is told and expects that at some point Redwood Trust will forward 100% of the  
24 amount owed by the applicant to the creditor. The client is also informed that this money  
25 is provided interest free. The source of the money for payment of these debts is not  
26

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1 identified by Titus. In fact, Titus has paid off any mortgage foreclosure since he started  
2 soliciting applications, which has been at least since May 2004.

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

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

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

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- 1 g. Riley Haragan, who is believed to reside at 4215 SW 53<sup>rd</sup> Street, Corvallis,  
2 OR 97333.
- 3 h. Leta Mae Haragan, who is believed to reside at 7033 SE 69<sup>th</sup> Avenue,  
4 Portland, OR 97206.
- 5 i. Christa Kirby, who is believed to reside at 9205 SE Clackamas Road #76,  
6 Clackamas, OR 97015.
- 7 j. Christos Mandalides, who is believed to reside at 5903 SE 84<sup>th</sup> Avenue,  
8 Portland, OR 97206.
- 9 k. Mary Ann Mathis, who is believed to reside at 642 28<sup>th</sup> Street, Springfield,  
10 OR 97477.
- 11 l. Shawn McCorkle, who is believed to reside at 13620 SW Beef Bend  
12 Road, Unit 54, Tigard, OR 97224.
- 13 m. Brent Morriss, who is believed to reside at 22376 Dewey Drive, Sherwood,  
14 OR 97140.
- 15 n. Linda Pfeiffer, who is believed to reside at 720 SE 221<sup>st</sup> Street, Gresham,  
16 OR 97030.
- 17 o. Brett Pitner, who is believed to reside at 5509 SE 80<sup>th</sup> Avenue, Portland,  
18 OR 97206.
- 19 p. Jeff Preece, who is believed to reside at 12925 SW Hanson Road,  
20 Beaverton, OR 97075.
- 21 q. Michael Whelan, who is believed to reside at 13925 SW 27<sup>th</sup> Street,  
22 Beaverton, OR 97008.

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



1 one of these individuals held themselves out as available to process the Redwood Trust  
2 paperwork and expected, at some point, to receive a commission for acting as a  
3 Redwood Trust agent.

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

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

23 11. Neither Titus nor Haragan are qualified by training or experience to  
24 counsel consumers in the area of credit repair. Haragan is a website designer. Titus  
25 formerly worked as a salesperson at Sears and worked as a part-time plumber. These  
26



1 qualifications were not disclosed to consumer's applying to Redwood Trust or Bountiful  
2 LLC for help in repairing their credit.

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

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

8 14. None of the respondents is licensed with the Director to sell securities in  
9 Oregon.

10 15. None of the respondents is registered with the Director as debt  
11 consolidating agencies.

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

14 17. None of the respondents is registered with the Director as credit services  
15 organizations.

#### 16 CONCLUSIONS OF LAW

17 The Director **CONCLUDES** that:

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

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

23 3. Respondents Haragan and Titus sold unregistered securities in Oregon in  
24 violation of ORS 59.055.

25 4. Respondents the Oregon representatives offered unregistered securities  
26 in Oregon in violation of ORS 59.055.





1 Haragan, Christa Kirby, Scott Lee, Christos Mandalides, Mary Ann Mathis, Shawn  
2 McCorkle, Brent Morriss, Linda Pfeiffer, Brett Pitner, Jeff Preece, and Michael Whelan  
3 shall **CEASE and DESIST** from:

4 1. Offering or selling securities without a license in violation of Oregon  
5 Securities Laws;

6 2. Offering or selling unregistered securities in the State of Oregon in  
7 violation of Oregon Securities laws;

8 3. Violating any provision of the Oregon Securities Laws, including ORS  
9 Chapter 59 and OAR Chapter 441;

10 4. Violating any provision of the Oregon Revised Statutes concerning debt  
11 consolidation agencies including ORS Chapter 697 and OAR Chapter 441;

12 5. Violating any provision of the Oregon Mortgage Lender laws including  
13 ORS Chapter 59 and OAR Chapter 441; and

14 6. Violating any provision of the Oregon Revised Statutes concerning credit  
15 services organizations including ORS Chapter 646 and OAR Chapter 441.

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

18 7. Respondent Kenneth G. Titus, Sr., and any business entity owned,  
19 operated or under the control of Kenneth G. Titus Sr., including Redwood Trust, shall be  
20 denied the use of any securities licensing or registration exemptions contained in the  
21 Oregon Securities Laws, including ORS Chapter 59 and ORS Chapter 441.

22 8. Respondent Rex A. Haragan, and any business entity owned, operated or  
23 under the control of Rex A. Haragan including Bountiful LLC, shall be denied the use of  
24 any securities licensing or registration exemptions contained in the Oregon Securities  
25 Laws, including ORS Chapter 59 and ORS Chapter 441.

26 9. Respondent Kenneth G. Titus Sr. shall pay the following monetary



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

18 10. Respondent Rex A. Haragan shall pay the following monetary penalties

19 for violations of the Oregon Securities Law:

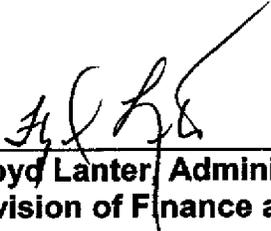
- 20 a. \$5,000 for violation of ORS 59.165 (sale of securities by unlicensed
- 21 person);
- 22 b. \$5,000 for violation of ORS 59.055 (sale of unregistered securities);
- 23 c. \$10,000 for violation of ORS 59.135 (engaging in fraud in connection with
- 24 the sale of securities);
- 25 d. \$1,000 for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

- 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  
11 available to the Director under Oregon law.

12 Dated this 24th day of February, 2005, at Salem, Oregon.

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

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17 \_\_\_\_\_  
18 **Floyd Lanter, Administrator**  
19 **Division of Finance and Corporate Securities**

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