

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  
AND BUSINESS SERVICES

5 In the Matter of:

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

Respondents.

C-3822

SECOND AMENDED ORDER TO CEASE  
AND DESIST, ORDER ASSESSING CIVIL  
PENALTIES ENTERED BY DEFAULT  
AS TO SCOTT LEE ONLY

15 On February 24, 2005 the Director of the Department of Consumer and Business  
16 Services for the State of Oregon (the Director), acting pursuant to the Oregon Securities  
17 Law, ORS Chapter 59 (hereinafter cited as ORS Chapter 59), issued Administrative  
18 Order C-3822, Second Amended Order to Cease and Desist, Order Imposing Civil  
19 Penalties and Notice of Right to Hearing. Service on Scott Lee was effected on  
20 February 24, 2005 by mailing the Order and Notice by certified mail with proper postage  
21 affixed to Lee's last known address in Forest Grove, Oregon. The Order and Notice sent  
22 to Lee was returned marked "undeliverable as addressed."

23 Lee has not requested a hearing in this matter.

24 **NOW THEREFORE**, after consideration of the investigative report and accompanying  
25 documents submitted in this matter by Patrick Fitzgerald, the Director hereby issues the  
26 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



1  
2 **FINDINGS OF FACT**

3 The Director **FINDS** that:

4 1. Rex A. Haragan ("Haragan") is a resident of the State of Oregon whose  
5 residence address is 22359 SW Dewey Dr., Sherwood, Oregon, 97140. Haragan  
6 operates a computer-related business called WindowShades MultiGraphics, which uses  
7 a mailing address of 16200 SW Pacific Hwy., Suite H-175, Portland, Oregon 97224.  
8 Haragan also operates or is associated with an enterprise known as or using the  
9 assumed business name Bountiful LLC that uses the same mailing address as  
10 WindowShades MultiGraphics. Haragan authored websites for both Bountiful LLC  
11 ([www.bountifulllc.com](http://www.bountifulllc.com)) and for Redwood Trust ([www.redwoodtrust.net](http://www.redwoodtrust.net)) (see paragraph  
12 2 below).

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

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

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1 residential loans in the United States. The Titus operated entity known as Redwood  
2 Trust is not the same as, and has no connection to, the Mill Valley, California entity  
3 RWT.

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

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

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

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1 identified by Titus. In fact, Titus has not paid off any mortgage foreclosure since he  
2 started 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.



- 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 s. Scott Lee, who is believed to reside at 1218 33<sup>rd</sup> Avenue, Forest Grove,  
24 Oregon 97116.

25 (Hereinafter, these individuals are referred to collectively as "the Oregon  
26 representatives.") Each one of these individuals has been authorized by Haragan to act



1 as an agent of Redwood Trust. Each one of these individuals had a website created for  
2 them by Haragan to advertise and solicit applications for Redwood Trust grants. Each  
3 one of these individuals held themselves out as available to process the Redwood Trust  
4 paperwork and expected, at some point, to receive a commission for acting as a  
5 Redwood Trust agent.

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

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

25 11. Neither Titus nor Haragan are qualified by training or experience to  
26 counsel consumers in the area of credit repair. Haragan is a website designer. Titus



1 formerly worked as a salesperson at Sears and worked as a part-time plumber. These  
2 qualifications were not disclosed to consumer's applying to Redwood Trust or Bountiful  
3 LLC for help in repairing their credit.

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

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

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

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

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

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

### 17 CONCLUSIONS OF LAW

18 The Director **CONCLUDES** that:

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

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

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

26





1 Haragan dba Bountiful LLC, Nancy Alexander, Willie Banks, Aaron Bolleddula, Clyde  
2 DeMoss, Greg Diamond, Lisa Diamond, Sterling Griffiths, Riley Haragan, Leta Mae  
3 Haragan, Christa Kirby, Scott Lee, Christos Mandalides, Mary Ann Mathis, Shawn  
4 McCorkle, Brent Morriss, Linda Pfeiffer, Brett Pitner, Jeff Preece, and Michael Whelan  
5 shall **CEASE and DESIST** from:

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

18 The Director, pursuant to ORS 59.995, **HEREBY ORDERS** the following **CIVIL**  
19 **PENALTIES:**

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



1 | Laws, including ORS Chapter 59 and ORS Chapter 441.

2 | 9. Respondent Kenneth G. Titus Sr. shall pay the following monetary  
3 | penalties for violations of the Oregon law:

4 | a. \$5,000 for violation of ORS 59.165 (sale of securities by unlicensed  
5 | person);

6 | b. \$5,000 for violation of ORS 59.055 (sale of unregistered securities);

7 | c. \$10,000 for violation of ORS 59.135 (engaging in fraud in connection with  
8 | the sale of securities);

9 | d. \$1,000 for violation of ORS 697.612 (operating as debt consolidation  
10 | agency without being registered);

11 | e. \$5,000 for violation of ORS 59.845 (engaging in residential mortgage  
12 | transactions as a mortgage banker without being registered);

13 | f. \$1,000 for violation of ORS 646.386 (operating as a credit services  
14 | organization without being registered);

15 | g. \$1,000 for violation of ORS 646.390 (failing to make required disclosures  
16 | as a credit services organization); and

17 | h. \$1,000 for violation of ORS 646.384 (prohibited conduct by a credit  
18 | services organization)

19 | for a total monetary penalty assessed of \$29,000.

20 | 10. Respondent Rex A. Haragan shall pay the following monetary penalties  
21 | for violations of the Oregon Securities Law:

22 | a. \$5,000 for violation of ORS 59.165 (sale of securities by unlicensed  
23 | person);

24 | b. \$5,000 for violation of ORS 59.055 (sale of unregistered securities);

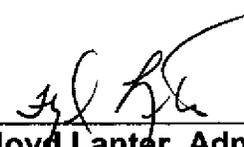
25 | c. \$10,000 for violation of ORS 59.135 (engaging in fraud in connection with  
26 | the sale of securities);

- 1 d. \$1,000 for violation of ORS 697.612 (operating as debt consolidation  
 2 agency without being registered); and  
 3 e. \$5,000 for violation of ORS 59.845 (engaging residential mortgage  
 4 transactions as a mortgage broker);  
 5 f. \$1,000 for violation of ORS 646.386 (operating as a credit services  
 6 organization without being registered);  
 7 g. \$1,000 for violation of ORS 646.390 (failing to make required disclosures  
 8 as a credit services organization); and  
 9 h. \$1,000 for violation of ORS 646.384 (prohibited conduct by a credit  
 10 services organization)  
 11 for a total monetary penalty assessed of \$29,000.

12  
 13 The entry of this Order in no way limits further remedies which may be available  
 14 to the Director under Oregon law.

15 Dated this 12th day of April, 2005, at Salem, Oregon.

16 **CORY STREISINGER, DIRECTOR**  
 17 **DEPARTMENT OF CONSUMER AND BUSINESS SERVICES**

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 20 \_\_\_\_\_  
 21 **Floyd Lanter, Administrator**  
 22 **Division of Finance and Corporate Securities**

Division of Finance and Corporate Securities  
 Labor and Industries Building  
 350 Winter Street NE, Suite 410  
 Salem, OR 97301-3881  
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