

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, GREG DIAMOND, LISA**  
12                   **DIAMOND, RILEY HARAGAN, LETA**  
13                   **MAE HARAGAN, CHRISTA KIRBY,**  
14                   **MARY ANN MATHIS, SHAWN**  
15                   **MCCORKLE, JEFF PREECE and**  
16                   **MICHAEL WHELAN,**

17                                    **Respondents.**

18                                    **S-05-0029-15**

19                                    **ORDER TO CEASE AND DESIST AND**  
20                                    **CONSENT TO ENTRY OF ORDER AS TO**  
21                                    **JEFF PREECE 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 Jeff Preece wishes to obtain a disposition of this matter*  
27                    *without invoking any rights to a hearing and without admitting or denying the findings of*  
28                    *fact contained herein;*

29                    *Now therefore, as evidenced by the authorized signatures subscribed on this*  
30                    *Order, Jeff Preece hereby CONSENTS to entry of this Order upon the Director's*  
31                    *Findings of Fact and Conclusions of Law as stated hereinafter:*

32                                    **FINDINGS OF FACT**

33                    **The Director FINDS that:**

34                    1.     **Rex A. Haragan ("Haragan") is a resident of the State of Oregon whose**  
35                    **residence address is 22359 SW Dewey Dr., Sherwood, Oregon, 97140. Haragan**

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 operates a computer-related business called WindowShades MultiGraphics, which uses  
2 a mailing address of 16200 SW Pacific Hwy., Suite H-175, Portland, Oregon 97224.  
3 Haragan also operates or is associated with an enterprise known as or using the  
4 assumed business name Bountiful LLC that uses the same mailing address as  
5 WindowShades MultiGraphics. Haragan authored websites for both Bountiful LLC  
6 ([www.bountifulllc.com](http://www.bountifulllc.com)) and for Redwood Trust ([www.redwoodtrust.net](http://www.redwoodtrust.net)) (see paragraph  
7 2 below).

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

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

21 RWT also claims to either own or credit-enhance approximately 9% of the jumbo  
22 residential loans in the United States. The Titus operated entity known as Redwood  
23 Trust is not the same as, and has no connection to, the Mill Valley, California entity  
24 RWT.

25 4. On the Redwood Trust website, Titus claims Redwood Trust is "a group of  
26 agents organized together to help Americans with humanitarian aid in many forms. This



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

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

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

24 7. Bountiful LLC is structured as a multi-level marketing scheme. Haragan  
25 has enrolled individuals in Oregon and other states to act as representatives or  
26 promoters of the Redwood Trust grant process. These representatives are divided into

1 two groups: "area" representatives, who are the lower level promoters, and "regional"  
2 representatives, who are the upper level promoters who have brought area  
3 representatives into the scheme. These representatives receive sales commissions  
4 from Redwood Trust, a portion or percentage of which is paid to Haragan. Regional  
5 representatives receive a portion of the commissions received by the area  
6 representatives.

7 8. Haragan has enrolled at least nineteen individuals to act as  
8 representatives or promoters of the Redwood Trust grant process in Oregon. Among  
9 these individuals are:

- 10 a. Nancy Alexander, who is believed to reside at 452 Laksoner Loop,  
11 Springfield OR 97478.
- 12 b. Willie Banks, who is believed to have a mailing address of 6312 SW  
13 Capitol Hwy. #102, Portland OR 97239.
- 14 c. Aaron Bolleddula, who is believed to reside at 3164 SW 176<sup>th</sup> Avenue,  
15 Aloha, OR 97006.
- 16 d. Greg and Lisa Diamond, husband and wife, who are believed to reside at  
17 8431 NW Adams Street, Portland, OR 97229.
- 18 e. Riley Haragan, who is believed to reside at 2045 Ferry Street SW, Albany,  
19 OR 97322-7802.
- 20 f. Leta Mae Haragan, who is believed to reside at 7033 SE 69<sup>th</sup> Avenue,  
21 Portland, OR 97206
- 22 g. Christa Kirby, who is believed to reside at 9205 SE Clackamas Road #76,  
23 Clackamas, OR 97015.
- 24 h. Mary Ann Mathis, who is believed to reside at 642 28<sup>th</sup> Street, Springfield,  
25 OR 97477.
- 26





1 i. Shawn McCorkle, who is believed to reside at 13620 SW Beef Bend  
2 Road, Unit 54, Tigard, OR 97224

3 j. Jeff Preece, who is believed to reside at 12925 SW Hanson Road,  
4 Beaverton, OR 97075.

5 k. Michael Whelan, who is believed to reside at 13925 SW 27<sup>th</sup> Street,  
6 Beaverton, OR 97008.

7 (Hereinafter, these individuals are referred to collectively as "the Oregon  
8 representatives.") Each one of these individuals has been authorized by Haragan to act  
9 as an agent of Redwood Trust. Each one of these individuals had a website created for  
10 them by Haragan to advertise and solicit applications for Redwood Trust grants. Each  
11 one of these individuals held themselves out as available to process the Redwood Trust  
12 paperwork and expected, at some point, to receive a commission for acting as a  
13 Redwood Trust agent.

14 9. On October 14, 2004, Haragan faxed a letter to Wells Fargo Bank in care  
15 of the bank's Loss Mitigation section at an address in Fort Mill, South Carolina on behalf  
16 of an Oregon resident who is facing foreclosure of his home in Portland. In the letter,  
17 Haragan claims that Bountiful LLC had applied to Redwood Trust on behalf of the  
18 Oregon resident for a grant from Redwood Trust to pay "in full all debts, mortgages,  
19 encumbrances, and/or liens owed for the mortgaged property associated" with the Wells  
20 Fargo mortgage. Haragan wrote that "Redwood Trust will release funds within the next  
21 60 days." The letter requests Wells Fargo to stay foreclosure of the property, effectively  
22 requesting that additional credit be extended to the borrower. Haragan has written  
23 numerous such letters to lenders for other properties in foreclosure. Redwood Trust and  
24 Bountiful LLC also provide other information and services to repair the credit of  
25 consumers.

26 10. Both Titus and Haragan have claimed that mortgage foreclosure



1 payments from Redwood would be forthcoming by a certain date. First, the date was to  
2 be in September 2004. The date was then changed to be in November 2004 and now  
3 they claim payments are to begin in January 2005. Haragan and Titus attempted to  
4 make consumers believe that Redwood Trust would be able to repair a consumer's  
5 credit within a period of months, if not days. These misrepresentations were made to  
6 consumers in an effort to persuade them to enroll in the Redwood Trust program.

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

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

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

17 14. None of the respondents is licensed with the Director to sell securities in  
18 Oregon.

19 15. None of the respondents is registered with the Director as debt  
20 consolidating agencies.

21 16. None of the respondents is registered with the Director as credit services  
22 organizations.

### 23 CONCLUSIONS OF LAW

24 The Director **CONCLUDES** that:  
25  
26



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1 **NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDERS:**

2 The Director, pursuant to ORS 59.245, 59.885 (4), 646.396 (3) and 697.832,  
3 hereby **ORDERS** that Respondents Kenneth G. Titus, Sr. dba Redwood Trust, Rex A.  
4 Haragan dba Bountiful LLC, Nancy Alexander, Willie Banks, Aaron Bolleddula, Greg  
5 Diamond, Lisa Diamond, Riley Haragan, Leta Mae Haragan, Christa Kirby, Mary Ann  
6 Mathis, Shawn McCorkle, Jeff Preece, and Michael Whelan shall **CEASE and DESIST**  
7 from:

- 8 1. Offering or selling securities without a license in violation of Oregon  
9 Securities Laws;
- 10 2. Offering or selling unregistered securities in the State of Oregon in  
11 violation of Oregon Securities laws;
- 12 3. Violating any provision of the Oregon Securities Laws, including ORS  
13 Chapter 59 and OAR Chapter 441;
- 14 4. Violating any provision of the Oregon Revised Statutes concerning debt  
15 consolidation agencies including ORS Chapter 697 and OAR Chapter 441;
- 16 5. 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 6. 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 7. 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 |       8.     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.     \$1,000 for violation of ORS 646.386 (operating as a credit services  
12 | organization without being registered);

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

15 |       g.     \$1,000 for violation of ORS 646.384 (prohibited conduct by a credit  
16 | services organization)

17 | for a total monetary penalty assessed of \$24,000.00.

18 |       9.     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);

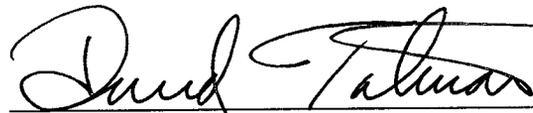
23 |       c.     \$10,000 for violation of ORS 59.135 (engaging in fraud in connection with  
24 | the sale of securities);

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

- 1 e. \$1,000 for violation of ORS 646.386 (operating as a credit services  
2 organization without being registered);  
3 f. \$1,000 for violation of ORS 646.390 (failing to make required disclosures  
4 as a credit services organization); and  
5 g. \$1,000 for violation of ORS 646.384 (prohibited conduct by a credit  
6 services organization),  
7 for a total monetary penalty assessed of \$24,000.00.

8  
9 Dated this 2<sup>nd</sup> day of February, 2006, at Salem, Oregon.

10 **CORY STREISINGER, DIRECTOR**  
11 **DEPARTMENT OF CONSUMER AND BUSINESS SERVICES**

12  
13 

14 **David Tatman, Acting Administrator**  
15 **Division of Finance and Corporate Securities**

16 ///

17 ///

18 **CONSENT OF PREECE TO ENTRY OF ORDER**

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

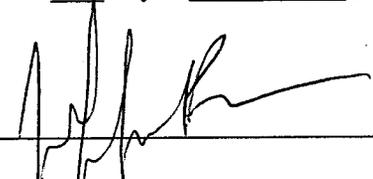
I understand that this Consent Order is a public document.

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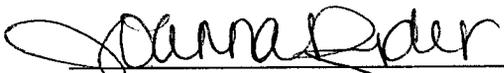


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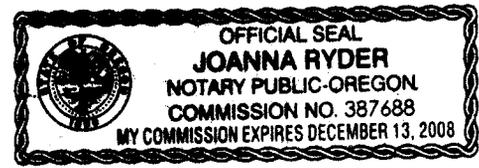
Dated this 5 day of DECEMBER 2005.

  
\_\_\_\_\_  
Jeff Preece

SUBSCRIBED AND SWORN TO BEFORE ME THIS 5<sup>th</sup> DAY OF DEC, 2005

  
\_\_\_\_\_  
Joanna Ryder  
Printed Name of Notary Public

NOTARY PUBLIC for State of: OREGON  
My commission expires: DEC 13 2008



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