

STATE OF OREGON
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

<p>4 In the Matter of:</p> <p>5</p> <p>6 Dennis Reinold Thaut, DBA First</p> <p>7 Security Financial</p> <p>8</p> <p>9 _____ Respondent.</p>	<p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p>	<p style="text-align: right;">S-09-0012</p> <p style="text-align: center;">ORDER TO CEASE AND DESIST</p> <p style="text-align: center;">ORDER DENYING EXEMPTIONS</p> <p style="text-align: center;">AND</p> <p style="text-align: center;">CONSENT TO ENTRY OF ORDER</p>
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10 **WHEREAS** the Director of the Department of Consumer and Business Services
 11 (hereinafter "Director") has conducted an investigation of activities conducted by Dennis
 12 Reinold Thaut (hereinafter "Thaut") and has determined that Thaut offered and sold securities
 13 in violation of the Oregon Securities Law; and

14 **WHEREAS** Thaut wishes to resolve and settle this matter with the **DIRECTOR**;

15 **NOW THEREFORE**, as evidenced by the authorized signature subscribed on this
 16 Order, Thaut hereby **CONSENTS** to entry of this Order to Cease and Desist upon the
 17 Director's Findings of Fact and Conclusions of Law as stated hereafter.

FINDINGS OF FACT

19 1. Thaut dba First Security Financial, resides at 40717 Mohawk River Road, Marcola,
 20 OR 97454. Thaut operated First Security Financial (hereinafter "First Security") at 588 E.
 21 11th Avenue, Eugene, OR 97401.

22 2. Neither Thaut nor First Security have ever been licensed to sell securities in the state
 23 of Oregon.

24 3. Thaut and First Security were the subjects of a December 2002 Cease and Desist
 25 Order, A-02-0042. The Order found that Thaut and First Security had fraudulently sold a

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1 security that was not registered without a license in violation of ORS 59.055, 59.135, and
2 59.165. The Order imposed a \$15,000 civil penalty, of which \$10,000 was suspended so long
3 as Thaut paid the victim full restitution. This order, like all Cease and Desist Orders issued by
4 the Division of Finance and Corporate Securities (hereinafter "DFCS") was a matter of public
5 record.

6 4. In February 2008, a DFCS investigator received a complaint regarding an investment
7 made with Thaut and First Security. Based on this complaint DFCS conducted an
8 investigation of Thaut and First Security. The initial investigation revealed that Thaut was
9 selling securities in violation of the 2002 Cease and Desist Order. Based on the initial
10 findings DFCS contacted the Eugene Police Department for assistance with a criminal
11 investigation.

12 5. From December of 2002 until January 2008 Thaut sold investments to at least 17
13 Oregon residents totaling over \$2,000,000. Thaut told investors that their money would be
14 invested in one of two ways. First, Thaut told investors that their money would be invested in
15 a certificate of deposit earning variable interest. At other times, Thaut told investors their
16 money would be placed in a Real Estate Investment Trust (REIT). All of the investors relied
17 on Thaut to invest their money.

18 6. Thaut provided account statements to the investors which purported to show the return
19 on their investment. These statements were fictitious. In reality, Thaut did not invest the
20 money but rather used it for his own personal benefit or to make payments to earlier investors.

21 7. The investments sold by Thaut were never registered with the Oregon Division of
22 Finance and Corporate Securities.

23 8. In April 2009 Thaut was arrested and indicted on 17 aggravated theft charges
24 stemming from the sale of the fraudulent investments described herein, Lane County Circuit
25 Court Case number 200909024.



1 **CONCLUSIONS OF LAW**

2 The Director **CONCLUDES** that:

3 1. The investments sold by Thaut constitute a security as defined in ORS 59.015(19)(a).

4 2. In at least 17 instances, Thaut and First Security sold unregistered securities to Oregon
5 residents in violation of ORS 59.055.

6 3. In at least 17 instances, Thaut and First Security sold securities in Oregon without a
7 license in violation of ORS 59.165(1).

8 4. In at least 17 instances, Thaut and First Security made a material misrepresentation in
9 the sale of a security by telling Oregon residents that he would invest their money when in
10 fact he used their money for his own personal benefit, in violation of ORS 59.135.

11 5. Between December 2002 and January 2009, Thaut continued to violate an Order of the
12 Director, A-02-0042, in violation of ORS 59.245.

13 **ORDER**

14 The Director, pursuant to ORS 59.245 hereby **ORDERS** that Thaut shall **CEASE**
15 **and DESIST** from:

16 1. Selling securities without a license in violation of Oregon Securities Laws;

17 2. Selling unregistered securities in the State of Oregon in violation of the Oregon
18 Securities Laws;

19 3. Violating any provision of the Oregon Securities Laws, including ORS Chapter 59 and
20 OAR Chapter 441.

21 4. Thaut is permanently **DENIED** the use of securities registration and transaction
22 exemptions that would otherwise be available to him under ORS 59.025 and ORS 59.035,
23 respectively;

24 5. Thaut is permanently **BARRED** from applying for or renewing any investment
25 adviser, broker-dealer or securities salesperson license in the State of Oregon;

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1 6. Thaut is permanently **BARRED** from applying to register or renew any securities
2 registration in the State of Oregon;

3 7. Thaut is permanently **BARRED** from applying for, holding, or renewing any license
4 or registration required by the Director in Oregon, including but not limited to insurance,
5 consumer finance, manufactured structure dealer or mortgage lending. He is further
6 **BARRED** from acting as a mortgage loan originator or mortgage loan processor in Oregon.

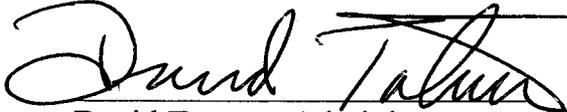
7 8. Thaut is ordered to pay the sum of **SIX HUNDRED AND TEN THOUSAND**
8 **DOLLARS** (\$610,000) as a civil penalty for the violations of ORS 59.055, 59.135, 59.165,
9 and 59.245 described herein. The Civil penalty is calculated as follows: \$85,000 for
10 violations of ORS 59.055 (\$5,000 x 17); \$85,000 for violations of ORS 59.165 (\$5,000 x 17);
11 \$340,000 for violations of ORS 59.135 (\$20,000 x 17); and \$100,000 for the continuing
12 violation of ORS 59.245.

13 9. To ensure that investors receive restitution commensurate with their losses, the
14 Director elects to **SUSPEND** this CIVIL PENALTY so long as Thaut complies with the Lane
15 County Circuit Court's Restitution Order in case number 200909024. If the Director
16 determines that Thaut is not complying with the Court's Restitution Order in case number
17 200909024 the Civil Penalty shall become immediately due and owing in its entirety.

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

20 Dated this 19th day of JUNE, 2009, at Salem, Oregon.

21
22 CORY STREISINGER, Director
Department of Consumer and Business Services

23
24 

25 David Tatman, Administrator
Division of Finance and Corporate Securities

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CONSENT TO ENTRY OF ORDER

I, Dennis Reinold Thaut, state that I am a resident of the State of Oregon, that I have read the foregoing Order and that I know and fully understand the contents hereof; that the factual allegations stated herein are true and correct; that I have been advised of my right to a hearing, and that I have been represented by counsel in this matter; that I voluntarily consent to the entry of this Order without any force or duress, expressly waiving any right to a hearing in this matter; that I understand that the Director reserves the right to take further actions against me to enforce this Order or to take 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.

I understand that this Consent Order is a public document.

Dated this 17 day of June, 2009.

Dennis Reinold Thaut
Dennis Reinold Thaut

SUBSCRIBED AND SWORN to before me this ___ day of _____, 2008.

(Printed Name of Notary Public)
Notary Public
for the State of: _____
My commission expires: _____

Witness
Robert M. Schramm OSB 85325
Attorney for Defendant
Case # 2009 09024

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