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,** **Respondents.**	**C-3822** **ORDER TO CEASE AND DESIST AND CONSENT TO ENTRY OF ORDER AS TO CLYDE DEMOSS ONLY**

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

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

Whereas Respondent Clyde Demoss 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, Clyde Demoss 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:

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) and for Redwood Trust (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, 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 Trust is not the same as, and has no connection to, the Mill Valley, California entity RWT.

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

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

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

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

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

a. Nancy Alexander, who is believed to reside at 452 Laksoner Loop, Springfield OR 97478.

b. Willie Banks, who is believed to have a mailing address of 6312 SW Capitol Hwy. #102, Portland OR 97239.

c. Aaron Bolleddula, who is believed to reside at 3164 SW 176th Avenue, Aloha, OR 97006.

d. Clyde DeMoss, who is believed to have a mailing address of 811 E. Burnside, Ste. 119, Portland, OR 97214.

e. Greg and Lisa Diamond, husband and wife, who are believed to reside at 8431 NW Adams Street, Portland, OR 97229.

f. Sterling Griffiths, who is believed to have a mailing address of 811 E. Burnside, Ste. 119, Portland, OR 97214.

g. Riley Haragan, who is believed to reside at 4215 SW 53rd Street, Corvallis, OR 97333.

Division of Finance and Corporate Securities
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h. Leta Mae Haragan, who is believed to reside at 7033 SE 69th Avenue, Portland, OR 97206.

i. Christa Kirby, who is believed to reside at 9205 SE Clackamas Road #76, Clackamas, OR 97015.

j. Christos Mandalides, who is believed to reside at 5903 SE 84th Avenue, Portland, OR 97206.

k. Mary Ann Mathis, who is believed to reside at 642 28th Street, Springfield, OR 97477.

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

m. Brent Morriss, who is believed to reside at 22376 Dewey Drive, Sherwood, OR 97140.

n. Linda Pfeiffer, who is believed to reside at 720 SE 221st Street, Gresham, OR 97030.

o. Brett Pitner, who is believed to reside at 5509 SE 80th Avenue, Portland, OR 97206.

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

q. Michael Whelan, who is believed to reside at 13925 SW 27th Street, Beaverton, OR 97008.

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

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

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

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

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

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

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

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

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

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

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

CONCLUSIONS OF LAW

The Director **CONCLUDES** that:

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

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

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

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

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

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6. Respondents Titus, d/b/a Redwood Trust, Haragan, d/b/a Bountiful LLC, and the Oregon representatives, are acting as debt consolidation agencies. Each of the respondents is engaged in unregistered debt consolidation business in violation of ORS 679.612.

7. Respondent Titus is engaged in the business of a mortgage banker in violation of ORS 59.845.

8. Respondents Haragan and the Oregon representatives are engaged in the business of mortgage brokers in violation of ORS 59.845.

9. Respondents Haragan, Titus and the Oregon representatives are acting as unregistered credit services organizations in violation of ORS 646.386.

10. Respondents Haragan, Titus and the Oregon representatives failed to make the required disclosures as credit services organizations in violation of ORS 646.390.

11. Respondents Haragan and Titus made misrepresentations as credit services organizations including the nature of services to be performed, the time within which the services would be performed, the ability of Redwood Trust and/or Bountiful LLC to improve a consumer's credit report or credit rating, and the qualification, training or experience of either organization's personnel.

ORDER

NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDERS:

The Director, pursuant to ORS 59.245, 59.885 (4), 646.396 (3) and 697.832, hereby **ORDERS** that Respondents Kenneth G. Titus, Sr. dba Redwood Trust, Rex A. Haragan dba Bountiful LLC, 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

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

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

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

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

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

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

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

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

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

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

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

Division of Finance and Corporate Securities
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a. $5,000 for violation of ORS 59.165 (sale of securities by unlicensed person);

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

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

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

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

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

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

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

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

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

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

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

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

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

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e. $5,000 for violation of ORS 59.845 (engaging residential mortgage transactions as a mortgage broker);

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

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

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

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

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

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

CORY STREISINGER, DIRECTOR
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES

Floyd Lanter, Administrator
Division of Finance and Corporate Securities

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CONSENT OF DEMOSS TO ENTRY OF ORDER

I, Clyde Demoss, 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 thereof; that I am not admitting or denying the findings of fact herein; that I have been advised of my right to a hearing; that I voluntarily consent to the entry of this order and expressly waive my 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 15TH day of APRIL, 2005.

CLYDE DEMOSS

SUBSCRIBED AND SWORN TO BEFORE ME THIS 15TH DAY OF APRIL, 2005

SEAN F. HAMILTON

Printed Name of Notary Public

OFFICIAL SEAL
SEAN F. HAMILTON
NOTARY PUBLIC-OREGON
COMMISSION NO. 377296
MY COMMISSION EXPIRES FEBRUARY 10, 2008

NOTARY PUBLIC for State of: OR

My commission expires: 2/10/2008

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