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**STATE OF OREGON**  
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES  
DIVISION OF FINANCE AND CORPORATE SECURITIES

In the Matter of: ) Case No. S-12-0080  
)  
)  
)  
TRUE WHOLESALE HOUSES, LLC and ) ORDER TO CEASE AND DESIST AND  
PORTLAND FUNDING, LLC, ) ASSESSING CIVIL PENALTIES AND  
) CONSENT TO ENTRY OF ORDER  
Respondents )  
)  
)

WHEREAS, the Director of the Department of Consumer and Business Services for the State of Oregon (the “Director”), acting pursuant to the authority granted by the Oregon Securities Law, Oregon Revised Statutes (“ORS”) 59.005 *et seq.*, has conducted an investigation into the securities related activities of TRUE WHOLESALE HOUSES, LLC (hereafter “TRUE WHOLESALE HOUSES”) and PORTLAND FUNDING, LLC (hereafter “PORTLAND FUNDING);

WHEREAS, Respondents do not wish to expend additional time or incur additional costs in connection with this matter;

NOW THEREFORE, the Director hereby issues the following Findings of Fact and Conclusions of Law, to which Respondents neither admit nor deny, and Order, to which Respondents consent, as evidenced by the Consent to Entry of Order attached hereto.

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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 FINDINGS OF FACT

2 The Director FINDS that:

3 1. TRUE WHOLESale HOUSES is an Oregon limited liability company  
4 (Oregon Business Registry #742693-91). Its principal place of business is located at  
5 22582 SW Main Street, Suite #9, Sherwood, Oregon 97140. Jay Hinrichs and Michael  
6 Hanks are the sole members of TRUE WHOLESale HOUSES.

7 2. TRUE WHOLESale HOUSES was not, at all relevant times herein, licensed  
8 to sell securities in Oregon.

9 3. PORTLAND FUNDING is an Oregon limited liability company (Oregon  
10 Business Registry #735115-95). Its principal place of business is located at 22582 SW  
11 Main Street, Suite #9, Sherwood, Oregon 97140. Jay Hinrichs and Michael Hanks are the  
12 sole members of PORTLAND FUNDING.

13 4. PORTLAND FUNDING is licensed to conduct mortgage lending activity in  
14 Oregon (DFCS ML #5053/NMLS #499889). However, PORTLAND FUNDING was  
15 not, at all relevant times herein, licensed to sell securities in Oregon.

16 5. In 2011 and 2012 TRUE WHOLESale HOUSES and PORTLAND  
17 FUNDING offered and sold real estate paper-based securities (notes) to members of the  
18 public. (Real estate paper consists of an obligation that is secured by an interest in real  
19 property.) The securities in question did not qualify for any exemption to securities  
20 registration requirements.

21 6. TRUE WHOLESale HOUSES and PORTLAND FUNDING offered and  
22 sold real estate paper-based securities without the use of a prospectus or other securities  
23 disclosure document. TRUE WHOLESale HOUSES and PORTLAND FUNDING did  
24 not disclose reasonably foreseeable risks associated with the purchase of the real estate  
25 paper securities.

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1           7. TRUE WHOLESale HOUSES and PORTLAND FUNDING offered and  
2 sold real estate paper-based securities that were not registered with the Director.

3    CONCLUSIONS OF LAW

4       The Director CONCLUDES that:

5           8.   The notes offered and sold by TRUE WHOLESale HOUSES and  
6 PORTLAND FUNDING are "securities", as defined in ORS 59.015 (19) (a).

7           9.   TRUE WHOLESale HOUSES and PORTLAND FUNDING offered and  
8 sold securities that were not registered with the Director prior to sale, in violation of ORS  
9 59.055.

10          10. TRUE WHOLESale HOUSES and PORTLAND FUNDING offered and  
11 sold securities through unlicensed persons, in violation of ORS 59.165.

12          11. TRUE WHOLESale HOUSES and PORTLAND FUNDING, in connection  
13 with the sale of securities, omitted to state a material fact necessary in order to make all  
14 statements made in connection with the sale, in light of the circumstances under which  
15 they were made, not misleading, in violation of ORS 59.135 (2), by failing to disclose  
16 reasonably foreseeable risks associated with the purchase of real estate paper securities.

17    ORDER

18       Therefore, the Director ORDERS that:

19          12. TRUE WHOLESale HOUSES and PORTLAND FUNDING shall cease and  
20 desist from offering or selling securities in violation of the Oregon Securities Law, ORS  
21 59.005 *et seq.*, its accompanying administrative rules, or the terms of this Order.

22          13. PORTLAND FUNDING shall, no later than fourteen (14) days after the date  
23 of entry of this Order, offer to rescind any transaction entered into by any purchaser of  
24 real estate securities offered by TRUE WHOLESale HOUSES and PORTLAND  
25 FUNDING prior to the date of entry of this Order. Said offer shall include the payment of

1 principal and interest at the rate of nine percent (9%) per annum calculated from the date  
2 of investment, and be tendered in a writing approved by the Director.

3 14. TRUE WHOLESale HOUSES and PORTLAND FUNDING shall, pursuant  
4 to the authority granted by ORS 59.995, pay the sum of TEN THOUSAND DOLLARS  
5 (\$10,000), jointly and severally, as a civil penalty for all violations of ORS 59.055, ORS  
6 59.135, and ORS 59.165 described herein. Of this amount, the sum of FIVE  
7 THOUSAND DOLLARS (\$5,000) shall be SUSPENDED so long as TRUE  
8 WHOLESale HOUSES, PORTLAND FUNDING, or any of its owners do not violate  
9 the securities laws – or the terms of this Order - for a period of three (3) years from the  
10 date of entry of this Order, at which time this sum shall be deemed to be WAIVED. (To  
11 the extent that TRUE WHOLESale HOUSES, PORTLAND FUNDING, or any of its  
12 owners are found to have committed any such violation, the entire sum of TEN  
13 THOUSAND DOLLARS (\$10,000), minus amounts previously paid, shall become  
14 immediately due and owing.)

15 IT IS SO ORDERED.

16 Dated this 16th day of November, 2012 at Salem, Oregon.

17 Patrick M. Allen, Director  
18 Department of Consumer and Business Services

19 */s/ David Tatman*

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David C. Tatman, Administrator  
Division of Finance and Corporate Securities

Division of Finance and Corporate Securities  
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Telephone: (503) 378-4387



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1 **CONSENT TO ENTRY OF ORDER**

2 I, Jay Hinrichs, consent to the entry of this Order by the Director, and state:

- 3 1. I have read the foregoing Order and fully understand the contents thereof.
- 4 2. I have the authority to enter into this Order on behalf of all Respondents.
- 5 3. I am not consenting to the entry of this Order under force or duress.
- 6 4. Respondents have been represented by counsel in connection with this matter, and
- 7 have had the opportunity to discuss the contents of this Order with that attorney.
- 8 5. Respondents waive any right they may have to a hearing before an Administrative
- 9 Law Judge.
- 10 6. Respondents will fully comply with the terms of this Order, and understand the
- 11 Director reserves the right to take actions needed to enforce this Order, or take
- 12 other appropriate action upon discover of other violations of the Oregon
- 13 Securities Law, and accompanying rules, that have not been described in this
- 14 Order.
- 15 7. I understand that this Order is, under the provisions of the Oregon Public Records
- 16 Law, a public document.

17 /s/ Jay Hinrichs  
Jay Hinrichs

18 Dated: 11/8/12

19  
20 Julie Boothby  
(Printed Name of Notary Public)  
Notary Public  
for the State of: Oregon

21 My commission expires: April 5, 2015

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350 Winter Street NE, Suite 410  
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1 **CONSENT TO ENTRY OF ORDER**

2 I, Michael Hanks, consent to the entry of this Order by the Director, and state:

- 3 1. I have read the foregoing Order and fully understand the contents thereof.
- 4 2. I have the authority to enter into this Order on behalf of all Respondents.
- 5 3. I am not consenting to the entry of this Order under force or duress.
- 6 4. Respondents have been represented by counsel in connection with this matter, and
- 7 have had the opportunity to discuss the contents of this Order with that attorney.
- 8 5. Respondents waive any right they may have to a hearing before an Administrative
- 9 Law Judge.
- 10 6. Respondents will fully comply with the terms of this Order, and understand the
- 11 Director reserves the right to take actions needed to enforce this Order, or take
- 12 other appropriate action upon discover of other violations of the Oregon
- 13 Securities Law, and accompanying rules, that have not been described in this
- 14 Order.
- 15 7. I understand that this Order is, under the provisions of the Oregon Public Records
- 16 Law, a public document.

17 /s/ Michael Hanks  
Michael Hanks

18 Dated: 11-8-2012

19 Julie Boothby  
20 (Printed Name of Notary Public)  
Notary Public  
for the State of: Oregon

21 My commission expires: April 5, 2015

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