

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

In the Matter of

Case No. X-12-0088

Terra Firma Investments, Inc. and Steven  
W. Monroe,

Respondents.

FINAL ORDER TO CEASE AND DESIST,  
FINAL ORDER DENYING THE USE OF  
EXEMPTIONS TO THE SECURITIES  
REGISTRATION REQUIREMENTS, AND  
FINAL ORDER ASSESSING CIVIL  
PENALTIES ENTERED BY DEFAULT

On October 1, 2012, the Director of the Department of Consumer and Business Services for the State of Oregon (hereinafter, “the Director”), acting by the authority of the Oregon Mortgage Lending Laws, Oregon Revised Statutes (“ORS”) 59.840 *et. seq.* (2007) and ORS chapter 86A<sup>1</sup> and the Oregon Securities Law, ORS chapter 59, issued Administrative Order No. X-12-0088, ORDER TO CEASE AND DESIST, ORDER DENYING THE USE OF EXEMPTIONS TO THE SECURITIES REGISTRATION REQUIREMENTS, PROPOSED ORDER ASSESSING CIVIL PENALTIES, AND NOTICE OF RIGHT TO AN ADMINISTRATIVE HEARING (the “Proposed Order”) against Terra Firma Investments, Inc. (“Terra Firma”) and Steven W. Monroe (“Monroe”).

On October 3, 2012, Terra Firma was duly served with a true copy of the Proposed Order by certified United States Mail, postage prepaid, at the following three addresses: (1) 13608 SE 97th Avenue, Clackamas, Oregon 97015 (Article Number 7011 2000 0000 7333 0843); (2) PO Box 30285, Portland, Oregon 97220 (Article Number 7011 2000 0000 7333 0850); and (3) 3562 NE 121st Avenue, Portland, Oregon 97220

<sup>1</sup> Pursuant to 2009 Oregon Law chapter 863, section 37, the Oregon laws governing mortgage lenders were recodified in ORS chapter 86A. This order refers to both ORS chapter 59.840 *et. seq.* and ORS chapter 86A since the violations at issue occurred prior to July 31, 2012.





1 (Article Number 7011 2000 0000 7333 0867). True copies of the Proposed Order were  
2 also sent to Terra Firma by regular mail at the addresses noted above.

3 On October 3, 2012, Monroe was duly served with a true copy of the Proposed  
4 Order by certified United States Mail, postage prepaid, at the following two addresses:  
5 (1) 13608 SE 97th Avenue, Clackamas, Oregon 97015 (Article Number 7011 2000 0000  
6 7333 0829); and (2) PO Box 30285, Portland, Oregon 97220 (Article Number 7011 2000  
7 0000 7333 0836). True copies of the Proposed Order were also sent to Monroe by  
8 regular mail at the addresses noted above.

9 According to the return receipts, Monroe signed for the Proposed Orders  
10 delivered to the 13608 SE 97th Avenue address. Additionally, during a telephone call  
11 with a Financial Enforcement Officer for the Oregon Department of Consumer and  
12 Business Services' Division of Finance and Corporate Securities ("DFCS"), Monroe  
13 confirmed that he received a copy of the Proposed Order.

14 Neither Terra Firma nor Monroe have made a written request for a contested case  
15 hearing in this matter and time to do so has now expired.

16 NOW THEREFORE, after consideration of the file in this matter maintained by  
17 the Oregon Department of Consumer and Business Services, including any materials that  
18 Terra Firma and Monroe may have submitted, the Director hereby issues the following  
19 Findings of Fact, Conclusions of Law, and Final Orders.

20 I.

21 FINDINGS OF FACT

22 The Director FINDS that:

23 A. Parties:

24 1. Terra Firma was first registered as a corporation with the Oregon Secretary of State  
25 on May 6, 2005. Terra Firma lists its principle place of business as 3562 NE 121st  
26 Avenue, Portland, Oregon 97220. Monroe is the sole member and registered agent for



1 Terra Firma. On or about July 2, 2010, Terra Firma was administratively dissolved by  
2 the Oregon Secretary of State.

3 2. Monroe's last known address is 13608 SE 97th Avenue, Clackamas, Oregon 97015.  
4 At all time relevant to this matter, Monroe was a resident of Oregon and conducted all  
5 business relevant to the matter herein while in Oregon. Monroe held a limited securities  
6 license between March 1993 to December 2001 that permitted him to engage in sales of  
7 mutual funds and variable annuities (CRD# 1016204).

8 3. Terra Firma and Monroe are hereinafter together referred to as the "Respondents".

9 B. Previous Enforcement Actions:

10 4. On December 13, 2001, the Washington Department of Financial Institutions  
11 ("WDFI") issued a Summary Order to Cease and Desist, Notice of Intent to Suspend or  
12 Revoke Securities Salesperson Registration, and Notice of Intent to Impose Fines and  
13 Order Affirmative Relief ("Proposed Order") against numerous parties, including  
14 Monroe, for violations of the anti-fraud provisions of the Washington Securities Act for  
15 making misrepresentations and omissions in selling viatical settlements to Washington  
16 residents on behalf of Imtek Corporation.

17 5. On July 29, 2002, WDFI entered into a consent order with Monroe in settlement of  
18 his involvement in selling viaticals on behalf of Imtek Corporation. Without admitting  
19 or denying the Findings of Fact and Conclusions of Law set forth in the Proposed Order,  
20 Monroe agreed to not make application for nor be granted a securities salesperson or  
21 investment advisor representative license for a period of two years from the date of the  
22 consent order.

23 6. On January 24, 2008, DFCS issued a Final Order to Cease and Desist, Denying  
24 Exemptions, and Assessing Civil Penalties ("Oregon Final Order") against a number of  
25 parties associated with Yucatan Resorts, including Monroe, who acted as a sales agent  
26 for Yucatan Resorts. The Oregon Final Order: (1) assessed Monroe a total civil penalty



1 of \$157,680; (2) ordered Monroe to cease and desist from engaging in any further  
2 violations of the Oregon Securities Law; (3) denied Monroe, for the purpose of raising  
3 capital, the use of any exemptions that would otherwise be available to him under ORS  
4 59.025 and 59.035; and (4) strictly prohibited Monroe from “raising capital, formally or  
5 informally, from other individuals for use or investment on their behalf.”

6 C. Mortgage Transactions:

7 7. From approximately March 2006 to July 2008, the Respondents brokered at least  
8 nine private party loans to Oregon residents for residential mortgages. Each of these  
9 private party loans were funded by private investors and secured by the Oregon  
10 consumer’s residential real property located in Oregon.

11 8. The Respondents are not now nor have they ever been licensed to engage in Oregon  
12 residential mortgage transactions.

13 D. Securities Transactions:

14 9. From approximately April 2008 to May 2009, Oregon residents L&MK, who are  
15 husband and wife, invested a total of \$157,244 with Monroe in his “real estate  
16 investment business”.

17 10. On or about April 24, 2008, L&MK provided Monroe \$35,000. L&MK were  
18 provided a “Note” signed by Monroe that provides L&MK were to receive 12 percent  
19 interest per year on the \$35,000. The Note provides a maturity date of April 24, 2009, at  
20 which time Monroe was to pay L&MK all amounts still owed under the Note, including  
21 L&MK’s \$35,000 principal. L&MK also received a Deed of Trust from Monroe. The  
22 Deed of Trust provides L&MK with a security interest in property in Portland, Oregon.

23 11. On or about August 8, 2008, L&MK provided Monroe \$39,952. L&MK were  
24 provided a “Promissory Note” signed by Monroe that provides L&MK are to receive  
25 “monthly interest only installments of \$399.52, with a balloon payment due for the entire  
26 remaining principal balance on September 1, 2013.” L&MK also received a Deed of



1 Trust from Monroe. The Deed of Trust provides L&MK with a security interest in  
2 property located in Portland, Oregon.

3 12. On or about December 1, 2008, L&MK provided Monroe \$50,000. L&MK were  
4 provided a “Promissory Note” signed by Monroe that provides L&MK are to receive  
5 “monthly interest only installments of \$500.00, with a balloon payment due from the  
6 entire remaining principal balance on December 1, 2014.” L&MK also received a Deed  
7 of Trust from Monroe. The Deed of Trust provides L&MK with a security interest in  
8 property located in Portland, Oregon.

9 13. On or about May 1, 2009, L&MK provided Monroe \$32,292. L&MK were  
10 provided a “Promissory Note” signed by Monroe that provides L&MK were to receive  
11 “monthly interest only installments of \$322.92, and continuing thereafter until June 1<sup>st</sup>,  
12 2012, or until said principal and interest have been paid in full.” L&MK also received a  
13 Deed of Trust from Monroe. The Deed of Trust provides L&MK with a security interest  
14 in two properties located in Gresham, Oregon.

15 14. Monroe did not disclose to L&MK the risk of investing in his real estate investment  
16 business.

17 15. Monroe did not disclose to L&MK that he had filed for a personal bankruptcy in  
18 2002.

19 16. Monroe did not disclose to L&MK that he was not currently licensed to sell  
20 securities in the State of Oregon.

21 17. Monroe did not disclose to L&MK that the securities being offered were not  
22 registered with the State of Oregon.

23 18. Monroe did not disclose to L&MK that the State of Washington and the State of  
24 Oregon had taken enforcement action against him for violations of state securities laws.

25 //

26 //



1 II.

2 CONCLUSIONS OF LAW

3 The Director CONCLUDES that:

4 A. Mortgage Transactions:

5 19. The Respondents engaged in “residential mortgage transactions in this state” as  
6 defined by ORS 59.845 (2007) when they offered and provided mortgage brokering  
7 services to Oregon residents for real estate located in Oregon.

8 20. The Respondents acted as a mortgage broker as defined by ORS 59.840(7) (2007)  
9 when they, for compensation, directly negotiated mortgage loans.

10 21. The Respondents violated ORS 59.845 (2007) when they engaged in residential  
11 mortgage transactions in this state as a mortgage broker without being licensed under  
12 ORS 59.840 to 59.980 (2007).

13 B. Securities Transactions:

14 22. The investments offered and sold by Monroe, as described herein are “notes” and  
15 “evidence of indebtedness”, and as such are considered a “security” under ORS  
16 59.015(19)(a).

17 23. Monroe sold unregistered securities in Oregon in violation of ORS 59.055.

18 24. Monroe sold securities in Oregon without being licensed in violation of ORS  
19 59.165.

20 25. Monroe omitted to state material facts in connection with the sale of securities in  
21 violation of ORS 59.135(2) by failing to disclose to L&MK: (1) the risk of investing in  
22 his real estate investment business; (2) that he had filed for personal bankruptcy in 2002;  
23 (3) that he was not licensed to sell securities in the State of Oregon; (4) that the securities  
24 being offered were not registered with the State of Oregon; and (5) that the State of  
25 Washington and the State of Oregon had taken enforcement action against him for  
26 violations of state securities laws.



1 C. Prior Oregon Order:

2 26. As highlighted by the above violations of Oregon Securities Law, Monroe failed  
3 to comply with the January 24, 2008 Oregon Final Order in which Monroe was ordered  
4 to cease and desist from engaging in any further violations of the Oregon Securities Law.

5 III.

6 ORDERS

7 The Director ISSUES the following ORDERS and PROPOSED ORDER:

8 Final Order to Cease and Desist

9 27. Pursuant to the authority of ORS 86A.992 [formerly ORS 59.996(2)] and 59.245,  
10 the Director hereby ORDERS Respondents to CEASE AND DESIST from:

- 11 a. Acting as a mortgage broker in Oregon without being licensed in violation of
- 12 ORS 86A.103 [formerly ORS 59.845];
- 13 b. Selling securities without a license in violation of ORS 59.165;
- 14 c. Selling unregistered securities in the State of Oregon in violation ORS 59.055;
- 15 d. Violating any provision of the Oregon Securities Law, ORS chapter 59, or the
- 16 Oregon Mortgage Lender Law, ORS chapter 86A.

17 Final Order Denying the Use of Exemptions to the Securities Registration Requirements

18 28. The Director, pursuant to the authority under ORS 59.045, hereby  
19 PERMANENTLY DENIES Respondent Monroe's ability, and the ability of any  
20 affiliated and/or successor person, business or corporation, to rely on the exemptions to  
21 the securities registration requirements allowed by ORS 59.025 and ORS 59.035.

22 Final Order Assessing Civil Penalties

23 29. The Director, pursuant to ORS 59.996 (2007), may assess a CIVIL  
24 PENALTY in an amount of not more than \$5,000 for each violation of the Oregon  
25 Mortgage Lender Law.

26 30. The Director, pursuant to ORS 59.995, may assess a CIVIL PENALTY in an



1 amount of not more than \$20,000 for each violation of the Oregon Securities Law.

2 31. Pursuant to ORS 59.996 (2007), the Director hereby assesses the  
3 Respondents, jointly and severally, a CIVIL PENALTY in the amount of \$45,000 for  
4 nine violations of ORS 59.845 for engaging in residential mortgage transactions in  
5 Oregon as a mortgage broker without being licensed under ORS 59.840 to 59.980 (2007).

6 32. Pursuant to ORS 59.995, the Director hereby assesses Monroe a CIVIL  
7 PENALTY in the amount of \$200,000 for the following violations:

8 a. A CIVIL PENALTY of \$50,000 for four violations of ORS 59.055 for selling  
9 unregistered securities.

10 b. A CIVIL PENALTY of \$50,000 for four violations of ORS 59.165(1) for selling  
11 securities without a license.

12 c. A CIVIL PENALTY of \$50,000 for four violations of ORS 59.135(2) for the  
13 omissions of material facts in connection with the sale of securities.

14 d. A CIVIL PENALTY of \$50,000 for four violations of ORS 59.995 for failing to  
15 comply with the order to cease and desist from engaging in any further violations of  
16 Oregon Securities Law set forth in the January 24, 2008 Oregon Final Order.

17 33. Entry of this Order in no way limits or prevents further remedies, sanctions, or  
18 actions which may be available to the Director under Oregon law to enforce this Order,  
19 for violations of this Order, for conduct or actions of the Respondent that are not covered  
20 by this Order, or against any party not covered by this Order.

21 //

22 //

23 //

24 //

25 //

26 //



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

IT IS SO ORDERED.

Dated this 26th date of October, 2012 at Salem, Oregon,

NUNC PRO TUNC October 1, 2012.

PATRICK M. ALLEN, Director  
Department of Consumer and Business Services

/s/ David Tatman  
David C. Tatman, Administrator  
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  
Telephone: (503) 378-4387

