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For immediate release:  
June 20, 2007

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## **State orders \$46,000 in fines against promoters of illegal mortgage rescue scheme** *Some Oregon victims lost their longtime homes*

(Salem) — The Oregon Department of Consumer and Business Services issued final orders to cease and desist and levied fines against two men, one from Portland, for operating a mortgage rescue scheme that claimed to pay off homeowner mortgages.

Rex A. Haragan of Portland, doing business as Bountiful LLC, and Kenneth G. Titus Sr. of Schenectady, N.Y., doing business as Redwood Trust, were fined \$23,000 each for securities violations and violations of Oregon laws governing credit services organizations.

The Redwood Trust business entity operated by Titus Sr. is not the same as and has no connection to Redwood Trust, Inc., based in Mill Valley, Calif., which trades on the New York Stock Exchange under the ticker symbol RWT.

Haragan operated Bountiful LLC, a multi-level marketing organization that recruited approximately 45 representatives to locate prospects and promote the Redwood Trust grant program in exchange for tiered commissions of up to 8 percent of the amount of the mortgage payoff. The Redwood Trust promoters claimed they would pay off or eliminate home mortgages of consumers who applied for grants, in exchange for upfront fees of \$3,000 or promissory notes for \$5,000. The only known Bountiful LLC grant applicant whose mortgage was paid off by Redwood Trust was Haragan's stepson. Redwood paid off his mobile home for less than \$20,000. Haragan received a commission on the transaction.

"This is a classic case of 'if it sounds too good to be true, it probably is,'" said Cory Streisinger, DCBS director. "The promoters of this scheme sought out and targeted vulnerable victims who were in jeopardy of losing their homes to foreclosure."

The division began investigating Haragan and Titus Sr. in the fall of 2004 after receiving inquiries from consumers about Redwood Trust's mortgage grant program. Haragan and Titus Sr. misled consumers to believe that Redwood Trust was a humanitarian Christian organization operating a mortgage rescue program funded by wealthy benefactors.

"Victims in this case include some Oregon consumers who were elderly, disabled, financially stretched, and desperate to hang on to their homes," said David Tatman, administrator of DCBS' Division of Finance and Corporate Securities. "A widow who lives in Albany, Oregon, lost her home where she had lived for more than 25 years after believing Redwood Trust would help save her home."

Earlier this year, in a separate criminal case in New York, Titus Sr. was sentenced to federal prison for 41 months and ordered to pay \$3.8 million in restitution. In that case, Titus entered a guilty plea to mail fraud and

money laundering for defrauding approximately 900 Redwood Trust investors who contributed more than \$4 million to Redwood Trust between 2003 and 2005. A press release issued by the U.S. Attorney's Office for the Northern District of New York concerning that case is available at <http://www.usdoj.gov/usao/nyn/NewsReleases/Releases/Release-448.htm>

DFCS urges consumers to do their homework before agreeing to any financial transaction. For information on licensing, registration, and enforcement history for individuals, companies, and securities products, call DFCS toll-free (866) 814-9710, (503) 378-4140 in Salem, or go to [www.dfcs.oregon.gov](http://www.dfcs.oregon.gov) and click on "investor information program."

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The Division of Finance and Corporate Securities, part of the Department of Consumer & Business Services, helps ensure that a wide range of financial products and services are available to Oregonians and helps protect consumers from financial fraud and abuse. For more information, visit [www.dfcs.oregon.gov](http://www.dfcs.oregon.gov).

The Department of Consumer and Business Services is Oregon's largest business regulatory and consumer protection agency. For more information, visit [www.dcbs.oregon.gov](http://www.dcbs.oregon.gov).