

1 **STATE OF WASHINGTON**
2 **DEPARTMENT OF FINANCIAL INSTITUTIONS**
3 **SECURITIES DIVISION**

4 IN THE MATTER OF DETERMINING
5 whether there has been a violation
6 of the Securities Act of Washington by:

7 **RICHARD CANO; BRUCE TRENGOVE;**
8 **NORTHRIM SIDING & WINDOW LLC,**

9 Respondents.

Order Number S-06-214-10-FO01

ENTRY OF FINDINGS OF FACT AND
CONCLUSIONS OF LAW AND FINAL
ORDER TO CEASE AND DESIST, IMPOSE
FINES, AND RECOVER COSTS

10 THE STATE OF WASHINGTON TO:

11 Richard Cano
12 Bruce Trengove
13 Northrim Siding & Window LLC

14 On September 8, 2010, the Securities Administrator of the State of Washington issued Statement
15 of Charges and Notice of Intent to Enter an Order to Cease and Desist, Impose Fines, and Recover
16 Costs S-06-214-10-SC01, hereinafter referred to as "Statement of Charges," against Richard Cano,
17 Bruce Trengove, and Northrim Siding & Window LLC.

18 The Statement of Charges, together with a Notice of Opportunity to Defend and Opportunity for
19 Hearing, hereinafter referred to as "Notice of Opportunity for Hearing," and an Application for
20 Adjudicative Hearing, hereinafter referred to as "Application for Hearing," were served on Bruce
21 Trengove and Northrim Siding & Window LLC on September 11, 2010. The Notice of Opportunity for
22 Hearing and Application for Hearing were served on Richard Cano on September 22, 2010.

23 The Notice of Opportunity for Hearing advised Richard Cano, Bruce Trengove, and Northrim
24 Siding & Window LLC that a written application for an administrative hearing on the Statement of
Charges must be received within twenty days from the date of receipt of the notice.

1 Bruce Trengove and Northrim Siding & Window LLC failed to request an administrative hearing
2 within twenty days of receipt of the Statement of Charges, either on the Application for Hearing
3 provided or otherwise.

4 Richard Cano returned the Application for Hearing and indicated that he waived the right to a
5 hearing. In lieu of requesting a hearing, Richard Cano submitted a statement for consideration by the
6 Securities Administrator.

7 Finding no grounds for amendment of the Statement of Charges, the Securities Administrator
8 will therefore adopt as final the findings of fact and conclusions of law as set forth in the Statement of
9 Charges.

10 **FINDINGS OF FACT**

11 Respondents

12 1. Richard Cano (“Cano”) is an individual with a last known residence in Vancouver,
13 Washington. At the time of the events described in this Statement of Charges, Richard Cano operated as
14 a mortgage loan originator in the Vancouver, Washington area. Beginning in 2005, Cano offered and sold
15 at least \$461,000 in various investments to Washington residents. These investments included at least
16 \$301,000 invested in an investment opportunity involving overseas bank accounts, \$60,000 invested in a
17 promissory note, and \$100,000 invested in Northrim Siding & Window LLC. Cano failed to screen
18 investors for net worth, sophistication, or investing experience. At least some of the investors were not
19 sophisticated or accredited.

20 2. Bruce Trengove (“Trengove”) is an individual currently residing in Anchorage, Alaska.
21 Trengove owned and operated Northrim Siding & Window LLC.
22

1 8. Cano raised at least \$301,000 from at least seven investors in the overseas bank account
2 opportunity. For several investors, Cano directed that they write checks to his office assistant's bank
3 account. Cano then had his office assistant wire the funds as he directed. Other investors made
4 payments directly to Cano or wired funds as directed by Cano.

5 9. After several weeks, Cano failed to return the investors' money or provide the expected
6 returns. Cano told investors that the money had not yet arrived in the United States. Cano had various
7 explanations for why the money had not arrived, including that there were now additional wire and
8 other bank fees to pay, and that an account representative had messed up the paperwork. Cano
9 accepted additional funds from at least one investor, purportedly to pay the new bank fees and allow
10 the release of Cano's funds. Cano told at least one investor that he traveled to England to attempt to
11 solve the problem. However, he ultimately failed to return any funds to investors.

12 Promissory Note Investment

13 10. In August 2005, Cano solicited a \$60,000 investment from his client, Investor B,
14 purportedly as a loan to another client ("Client A"). Investor B was not in the business of loaning
15 money for business or investment purposes. Cano induced Investor B to provide funds under the
16 premise that Investor B was making a loan to Client A through Countrywide Home Loans, the
17 company Cano worked for at the time. Cano told Investor B that he and Client A planned to invest
18 Investor B's funds and split the profits amongst themselves. In exchange, Cano represented that
19 Investor B would receive a promissory note secured by a deed of trust on Client A's property. The
20 promissory note would have a term of 120 days at 14% interest. Cano represented that he would
21 record the deed of trust.

1 11. Cano supplied Investor B with a promissory note and deed of trust purportedly signed by
2 Client A. The deed of trust and promissory note were forgeries; Client A had no knowledge of a loan
3 transaction with Investor B and had no intention of going into business with Cano.

4 12. Cano failed to record the deed of trust, and used Investor B's funds for his own purposes.
5 After making a few payments to Investor B in the name of Client A, Cano let Investor B's note
6 default. Client A did not have notice of the promissory note Client A purportedly signed until Investor
7 B made demand for payment on Client A.

8 Northrim Siding & Window LLC Investment

9 13. Investor C first met Cano several years ago when Investor C refinanced his mortgage.
10 He subsequently maintained a social relationship with Cano. Investor C suffered from cognitive
11 disabilities after sustaining a head injury in a car accident in 1998. Investor C was unable to work and
12 lived on disability payments.

13 14. In June 2006, Cano contacted Investor C about a potential investment in a company in
14 Alaska called Northrim Siding & Window LLC ("Northrim"). Northrim was run by an acquaintance
15 of Cano's named Bruce Trengove ("Trengove"). Cano discussed the investment with Investor C by
16 phone on numerous occasions in June and July 2006. Trengove and Cano then met with Investor C in
17 person to discuss the proposed investment.

18 15. Investor C agreed to invest a total of \$500,000 in Northrim, starting with an initial
19 investment of \$100,000. Investor C understood that he would receive \$1,000 a month in interest from
20 an investment of \$100,000.

21 16. Investor C wired \$100,000 to Trengove in August 2006. The funds originated from a
22 settlement Investor C received in 2006 relating to the car accident in which he was injured.

1 17. Shortly after Investor C's investment, Trengove wired \$14,000 of Investor C's funds to
2 Cano as a finder's fee. Neither Cano nor Trengove disclosed to Investor C that Northrim would pay
3 Cano a finder's fee.

4 18. Investor C received only \$3,000 in payments from Northrim before the monthly
5 payments ceased. Northrim failed to return Investor C's funds. In April 2007 the company was
6 dissolved.

7 Misrepresentations and Omissions

8 19. Cano failed to provide material information to investors concerning the investments
9 relating to the purported funds held overseas, including but not limited to the source of the overseas
10 funds, the identities of his business partners, and the general risks of the investment.

11 20. Cano failed to provide material information concerning the promissory note investment,
12 including but not limited to the fact that the deed of trust purportedly securing the promissory notes
13 was not authorized by the property owners, and that the purported borrower had no knowledge of the
14 transaction.

15 21. Cano, Trengove, and Northrim failed to provide material information regarding the
16 investment in Northrim Siding & Window LLC, including but not limited to the background of the
17 company; the prior bankruptcy by its owner Bruce Trengove; financial statements; the general risk
18 factors related to investing in securities; and the specific risk factors of investing in a siding and
19 window company.

20 Non-Compliance with Subpoena

21 22. The Securities Administrator lawfully issued Subpoena Duces Tecum and to Testify,
22 S-06-214-07-DI01 that was served via personal service at the residence of Respondent Richard Cano

1 on or about November 11, 2009. The Subpoena sought records relating to investments offered by
2 Richard Cano in Washington, and required Richard Cano to appear for testimony at the Securities
3 Division. As of the date this Statement of Charges was entered, Richard Cano has failed to comply
4 with the Subpoena, by failing to appear for testimony and by failing to provide any documents in
5 response to the subpoena.

6 Registration Status

7 23. Richard Cano is not currently registered as a securities salesperson or broker-dealer in the
8 State of Washington and has not previously been so registered.

9 24. Bruce Trengove is not currently registered as a securities salesperson or broker-dealer in
10 the State of Washington and has not previously been so registered.

11 25. Northrim Siding & Window LLC is not currently registered to sell its securities in the
12 State of Washington and has not previously been so registered.

13
14 Based upon the above Findings of Fact, the following Conclusions of Law are made:

15 **CONCLUSIONS OF LAW**

16 1. The offer and/or sale of the investments described above constitute the offer or sale of a
17 security as defined in RCW 21.20.005(10) and (12).

18 2. Respondents Richard Cano, Bruce Trengove, and Northrim Siding & Window LLC
19 violated RCW 21.20.140, the securities registration provision of the Securities Act, because
20 Respondents offered and/or sold securities for which there was no registration on file with the
21 Securities Administrator.

1 It is further ORDERED that Respondents Richard Cano and Bruce Trengove shall be jointly and
2 severally liable for and pay costs in the amount of \$2,000.

3 **AUTHORITY AND PROCEDURE**

4 This Final Order is entered pursuant to the provisions of RCW 21.20.390 and RCW 21.20.395
5 and is subject to the provisions of RCW 21.20.440 and Chapter 34.05 RCW. Respondents each have
6 the right to petition the superior court for judicial review of this agency action under the provisions of
7 chapter 34.05 RCW. For the requirements for filing a Petition for Judicial Review, see RCW
8 34.050.510 and sections following. Pursuant to 21.20.395, a certified copy of this order may be filed
9 in Superior Court. If so filed, the clerk shall treat the order in the same manner as a Superior Court
10 judgment as to the fine, and the fine may be recorded, enforced, or satisfied in like manner.

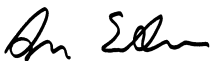
11 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

12 DATED AND ENTERED this 29th day of October, 2010.

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15 _____
16 WILLIAM M. BEATTY
Securities Administrator

17 Approved by:

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19 _____
20 SUZANNE SARASON
Chief of Enforcement

Presented by:

21 

22 _____
23 JILL VALLELY
Enforcement Attorney