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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

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

RICHARD CANO; BRUCE TRENGOVE;
NORTHRIM SIDING & WINDOW LLC,

Respondents.

Order Number S-06-214-10-SC01

STATEMENT OF CHARGES AND NOTICE
OF INTENT TO ENTER AN ORDER TO
CEASE AND DESIST, IMPOSE FINES, AND
RECOVER COSTS

8 THE STATE OF WASHINGTON TO:

Richard Cano
Bruce Trengove
Northrim Siding & Window LLC

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STATEMENT OF CHARGES

12 Please take notice that the Securities Administrator of the State of Washington has reason to believe that
13 Respondents, Richard Cano, Bruce Trengove, and Northrim Siding & Window LLC, have each violated the
14 Securities Act of Washington and that their violations justify the entry of an order of the Securities
15 Administrator under RCW 21.20.390 against each to cease and desist from such violations, to impose fines
16 pursuant to RCW 21.20.395, and to charge costs pursuant to RCW 21.20.390(5). The Securities
17 Administrator finds as follows:

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TENTATIVE FINDINGS OF FACT

Respondent

20 1. Richard Cano (“Cano”) is an individual with a last known residence in Vancouver,
21 Washington. At the time of the events described in this Statement of Charges, Richard Cano operated as a
22 mortgage loan originator in the Vancouver, Washington area. Beginning in 2005, Cano offered and sold at

1 least \$461,000 in various investments to Washington residents. These investments included at least
2 \$301,000 invested in an investment opportunity involving overseas bank accounts, \$60,000 invested in a
3 promissory note, and \$100,000 invested in Northrim Siding & Window LLC. Cano failed to screen
4 investors for net worth, sophistication, or investing experience. At least some of the investors were not
5 sophisticated or accredited.

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

8 3. Northrim Siding & Window LLC (“Northrim”) was an Alaska limited liability company that
9 was formed on June 4, 2004. Northrim was involuntarily dissolved on April 16, 2007 for failure to file a
10 biennial report. Northrim offered and sold at least one investment in the company to a Washington resident.

11 Investments Involving Overseas Bank Accounts

12 4. Between 2005 and 2006, Richard Cano approached several individuals in the Vancouver,
13 Washington area about an investment opportunity involving the repatriation of funds held overseas.

14 5. Cano represented to investors that he had several million dollars in an overseas bank account
15 from an unspecified business deal. Cano represented that he was seeking funds in order to purchase an
16 international identification number. According to Cano, the identification number would allow him to move
17 his funds to a bank in the United States. Cano represented to several investors that he was just short of the
18 amount of money needed to obtain the identification number.

19 6. Cano represented to investors that once he had access to his funds in the United States, he
20 would pay them a return doubling the amount they invested. He told them the funds would be in the United
21 States within 30 days. In addition, he told at least one investor that he would buy the investor a house. He
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1 represented to another investor that he would provide funds for the investor's business venture. Cano told at
2 least one investor that there was no risk to the investment.

3 7. Based upon information and belief, it is not necessary to purchase an international
4 identification number with outside funds in order to transfer funds held in an overseas bank account to the
5 United States. A request that an individual pay an upfront fee in order to receive a larger windfall of money
6 is often associated with advance fee scams.

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

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

18 Promissory Note Investment

19 10. In August 2005, Cano solicited a \$60,000 investment from his client, Investor B, purportedly
20 as a loan to another client ("Client A"). Investor B was not in the business of loaning money for business or
21 investment purposes. Cano induced Investor B to provide funds under the premise that Investor B was
22 making a loan to Client A through Countrywide Home Loans, the company Cano worked for at the time.

1 Cano told Investor B that he and Client A planned to invest Investor B's funds and split the profits amongst
2 themselves. In exchange, Cano represented that Investor B would receive a promissory note secured by a
3 deed of trust on Client A's property. The promissory note would have a term of 120 days at 14% interest.
4 Cano represented that he would record the deed of trust.

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

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

12 Northrim Siding & Window LLC Investment

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

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

1 15. Investor C agreed to invest a total of \$500,000 in Northrim, starting with an initial investment
2 of \$100,000. Investor C understood that he would receive \$1,000 a month in interest from an investment of
3 \$100,000.

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

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

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

11 Misrepresentations and Omissions

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

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

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

1 Non-Compliance with Subpoena

2 22. The Securities Administrator lawfully issued Subpoena Duces Tecum and to Testify, S-06-
3 214-07-DI01 that was served via personal service at the residence of Respondent Richard Cano on or about
4 November 11, 2009. The Subpoena sought records relating to investments offered by Richard Cano in
5 Washington, and required Richard Cano to appear for testimony at the Securities Division. As of the date
6 this Statement of Charges was entered, Richard Cano has failed to comply with the Subpoena, by failing to
7 appear for testimony and by failing to provide any documents in response to the subpoena.

8 Registration Status

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

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

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

15
16 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

17 **CONCLUSIONS OF LAW**

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

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

3 3. Respondents Richard Cano and Bruce Trengove violated RCW 21.20.040, the section of
4 the Securities Act requiring registration of securities salespersons, because Respondents offered and/or
5 sold securities while not registered as securities salespersons in the State of Washington.

6 4. The offer or sale of securities was made in violation of RCW 21.20.010, the anti-fraud
7 provision of the Securities Act, because Respondents Richard Cano, Bruce Trengove, and Northrim
8 Siding & Window LLC, in connection with the offer or sale of said securities, directly or indirectly made
9 untrue statements of material fact or omitted to state material facts necessary in order to make the
10 statements made, in light of the circumstances under which they were made, not misleading.

11 **NOTICE OF INTENT TO ORDER THE RESPONDENTS TO CEASE AND DESIST**

12 Pursuant to RCW 21.20.390(1), and based on the above Tentative Findings of Fact and Conclusions of
13 Law, the Securities Administrator intend to order that Respondents Richard Cano, Bruce Trengove,
14 Northrim Siding & Window LLC, and their agents and employees, each shall cease and desist from
15 violations of RCW 21.20.140, RCW 21.20.040, and RCW 21.20.010.

16 **NOTICE OF INTENT TO IMPOSE FINES**

17 Pursuant to RCW 21.20.395 and based upon the above Tentative Findings of Fact and Conclusions of
18 Law, the Securities Administrator intends to order that Respondent Richard Cano shall pay a fine of
19 \$10,000.

20 **NOTICE OF INTENT TO RECOVER COSTS**

21 Pursuant to RCW 21.20.390(5), and based upon the Tentative Findings of Fact and Conclusions of Law,
22 the Securities Administrator intends to order that Respondents Richard Cano and Bruce Trengove shall

1 be jointly and severally liable for and pay the Securities Division not less than \$2,000 in costs, fees, and
2 other expenses incurred in the conduct of the administrative investigation and hearing of this matter.

3 **AUTHORITY AND PROCEDURE**

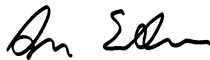
4 This Order is entered pursuant to the provisions of RCW 21.20.390 and RCW 21.20.395 and is subject to
5 the provisions of Chapter 34.05 RCW. The Respondents may each make a written request for a hearing
6 as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING
7 accompanying this Order. If a Respondent does not request a hearing, the Securities Administrator
8 intends to adopt the foregoing Tentative Findings of Fact and Conclusions of Law as final, and enter a
9 permanent cease and desist order against that Respondent and imposing the fines and/or costs sought.

10 DATED this 8th day of September, 2010.

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15 WILLIAM M. BEATTY
16 Securities Administrator

17 Approved by:

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19 _____
20 Suzanne Sarason
21 Chief of Enforcement

22 Presented by:

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24 _____
25 Jill M. Vallely
Enforcement Attorney