

STATE OF ILLINOIS

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

DIVISION OF BANKING

IN THE MATTER OF:

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No. 2007-MBR-114

SGM MORTGAGE, INC.
Attention: Scott Kotalik
7939 W. Ogden Avenue
Lyons, IL 60534

License No. MB.6759068

ORDER ASSESSING FINE

The DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION, Division of Banking (the "Department"), having performed an examination related to licensed activities conducted by SGM Mortgage, Inc. (the "Licensee") and having documented violations of the Residential Mortgage License Act of 1987 (the "Act") [205 ILCS 635] and the rules promulgated under the Act (the "Rules") [38 Ill. Adm. Code 1050], hereby issues this ORDER pursuant to the authority provided under Section 4-5 (h)(5) of the Act. The Department makes the following:

FINDINGS

1. That SGM Mortgage, Inc. is an Illinois residential mortgage licensee holding license number MB.6759068 (the "License"), owned by Scott Kotalik, and located at 7939 W. Ogden Avenue, Lyons, Illinois 60534;
2. That the Department conducted an examination of Licensee on May 30, 2006 resulting in findings and referral to supervision and that the Department through this process has identified in Licensee's loan logs for the Years 2004, 2005, and 2006 that Licensee took one hundred eighty-five (185) residential mortgage loan applications from borrowers using the services of nineteen (19) unregistered loan originators, including the company owner;
3. That the Department found the following individuals to have performed loan originator services for Licensee and taken the number of loan applications hereinafter indicated without registration: Scott Kotalik (85), D. Gonzalez (16), Frank Polasek (16), Luis Casillas (10), Walter Durante (8), Tony Procenti (8), Mike Wieczorek (6), Vic Damaso (5), Tom Figel (4), Omar Aguilar (3), Dominic Dimaso (3), Brian Kauffunger (3) Sam Blan (2), Jim Figueroa (2), Tommy Kamberos (1), Mayra Mandujano (1), John McHugh (1), Charles Morgan (1), and Tim Ryberg (1);

4. That the Department further found that Licensee failed to properly maintain a loan log with the information required by Section 1050.1175 of the Rules; and
5. That the Department sent via registered mail-return receipt requested and U.S. first class mail a potential disciplinary action letter to Licensee on June 21, 2007, and that Licensee signed a return receipt card evidencing receipt of said letter on June 22, 2007, but the Department has no response from Licensee showing compliance with the Act and Rules for the violations cited herein.

CONCLUSIONS

BASED UPON THE ABOVE FINDINGS, THE DEPARTMENT IS OF THE OPINION AND CONCLUDES:

That notwithstanding notices and other efforts by the Department, Licensee knowingly hired or employed loan originators who were not properly registered with the Department in violation of Sections 2-4(x) and 7-1 of the Act and Section 1050.2110 et seq. of the Rules and failed to properly maintain a loan log in violation of Section 1050.1175 of the Rules, and these activities are in further violation of Section 4-5(i) (11) and (17) of the Act.

ORDER

NOW THEREFORE IT IS HEREBY ORDERED:

1. That SGM Mortgage, Inc., License No. MB.6759068, shall be and hereby is assessed a fine of \$12,000 for committing the violations cited herein;
2. The fine in the amount of \$12,000 shall be due thirty (30) days after the effective date of this Order upon SGM Mortgage, Inc.; and
3. The fine in the amount of \$12,000 shall be paid by means of a certified check or money order made payable to the:

**Department of Financial and Professional Regulation
Division of Banking
ATTN: FISCAL DIVISION, 2ND FLOOR
320 W. Washington Street
Springfield, IL 62786**

ORDERED THIS 17TH DAY OF AUGUST, 2007

ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION
DEAN MARTINEZ, SECRETARY

DIVISION OF BANKING
JORGE A. SOLIS, DIRECTOR

REYNOLD M. BENJAMIN
Assistant Director, Bureau of Residential Finance

You are hereby notified that this Order is an administrative decision. Pursuant to 205 ILCS 635/4-12 and 38 Ill. Adm. Code, 1050.1510 *et seq.* any party may file a request for a hearing on an administrative decision. The request for a hearing shall be filed within 10 days after the receipt of an administrative decision and, if so requested, a hearing shall be held on the administrative decision, by the Department of Financial and Professional Regulation, Division of Banking. Absent a request for a hearing, this Order shall constitute a final administrative Order subject to the Administrative Review Law [735 ILCS 5/3-101 *et seq.*].