

**STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
DIVISION OF BANKING**

IN THE MATTER OF:

**FIRST CHICAGO MORTGAGE COMPANY**

License No. MB.0006097  
Attention: Rony Khezeran  
6150 N. Lincoln Ave.  
Chicago, IL 60659

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No. E2008-48-MBR-

**ORDER OF REVOCATION  
AND ASSESSMENT OF A FINE**

The DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION, Division of Banking (the "Department"), having conducted an investigation and examination into the activities of First Chicago Mortgage Company (the "Licensee") and having found that Licensee has committed violations cited herein 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 Sections 4-5(h)(1)(5) of the Act. The Department makes the following:

**FINDINGS:**

1. **First Chicago Mortgage Company** is an Illinois residential mortgage licensee holding license number MB.0006097 (the "License"). Licensee maintains its office at 6150 N. Lincoln Ave., Chicago, Illinois 60659. The President of Licensee is Rony Khezeran.
2. The Division conducted an investigation into the activities of Licensee beginning in June 2008. The results of the investigation disclosed the following: In and around 2006, Licensee, through its employees, originated and processed 22 mortgage loans for the purchase of properties located in the Chicago metropolitan area. The applications for all of these loans contained misrepresentations regarding the borrowers' employer and income. Specifically, 14 of the applications misrepresented that the borrower worked for *Advanced Auto Repair*, 6 of the applications misrepresented that the borrower worked for *Prestige International Corporation*, and 2 of the applications misrepresented that the borrower worked for *All Pro Car Wash*. Each application accordingly misrepresented at inflated levels the borrowers' income, and the loans were issued on terms that the borrowers could not otherwise qualify or afford. A total of 8 different licensed loan originators were involved in the 22 loans. In further aggravation, during its investigation, the Division learned that employees of Licensee contacted several of the borrowers on the subject loan files with warnings and instructions to avoid speaking to the Division's investigators. The Secretary of State records show that the President of Licensee is also the registered agent and President of one of the falsely identified employers, *Prestige International Corporation*. In addition, the President of Licensee operates a real estate brokerage

company, First Chicago Real Estate, which was involved in ten of the transactions. The total of the loan proceeds was approximately \$7,000,000.00. The Division's investigation established that at least six of the loans were in foreclosure and one other loan was near foreclosure. In sum, the evidence shows that Licensee and the 8 loan originators participated in a knowing and intentional scheme. The misconduct was egregious and it resulted in substantial harm to lenders, the borrowers on the loans, neighboring property owners, and to the public in general.

3. The Division conducted an Examination of Licensee on February 7, 2008. The results of the Examination disclosed the following violations: Licensee failed to ensure that all of its loan originators completed the required continuing education; the employment agreements between the Licensee and its loan originators failed to state that the Licensee assumes full and direct legal responsibility for the activities of the loan originators; Licensee failed to provide the adjustable rate disclosures to all borrowers who applied for adjustable rate loans; in some files reviewed the prepaid finance charges were not subtracted from the amount financed resulting in an inaccurate APR equal to the interest rate; Licensee failed to disclose its affiliation with First Chicago Real Estate on the loan brokerage agreements provided to the borrowers; Licensee failed to provide borrowers with an affiliated business arrangement disclosure; the payment/schedules on the initial Truth In Lending disclosures were not properly calculated in all loan files; Licensee's loan log failed to contain some required data; in some files reviewed the yield spread premium was disclosed as a percentage, not a dollar amount, on the initial Good Faith Estimate; and Licensee failed to maintain the required twenty percent cash and cash equivalency portion of the net worth component.
4. Factual details to support the Findings in paragraphs 2 and 3 above, including property addresses and borrower identifications, are set forth in a related Supplemental and Confidential Order of Revocation and Assessment of a Fine, bearing the same case number.

## **CONCLUSIONS**

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

As a result of the Division's Investigation,

Licensee has violated the following Sections of the Act: 205 ILCS 635/1-4(d)(3), 2-4(f)(j)(k)(t), 4-5(a)(1)(3), 4-5(i)(2)(11)(15)(17), 4-5(j) (1987 as amended);

Licensee has violated the following Sections of the Rules: 38 Ill. Admin. Code Parts 1050.110, 1050.1180 and 1050.1186 (2005 as amended).

As a result of the Division's Examination,

Licensee has violated the following Sections of the Act: 205 ILCS 635/1-4(d)(3), 4-5(a)1 (1987 as amended);

Licensee has violated the following Sections of the Rules: 38 Ill. Admin. Code Parts 1050.2120, 1050.110, 1050.1020(b), 1050.1175(a), 1050.410(c) (2005 as amended);

Licensee has violated 12 CFR 226.19(1b), 12 CFR 226.18(b), 12 USC 2607(c)(4)(A), 12 CFR 226.18(g), 24 CFR 3500.7(c)

**ORDER**

NOW THEREFORE IT IS HEREBY ORDERED:

1. The license of First Chicago Mortgage Company, License No. MB.0006097, is hereby revoked.
2. First Chicago Mortgage Company, License No. MB.0006097, is hereby assessed a fine in the amount of \$220,000.00. The fine shall be due in full thirty (30) days after the effective date of this Order. The fine 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, 2<sup>ND</sup> FLOOR  
320 W. Washington Street  
Springfield, IL 62786**

ORDERED THIS 24<sup>th</sup> DAY OF JULY, 2008

ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
DEAN MARTINEZ, SECRETARY

DIVISION OF BANKING  
JORGE SOLIS, DIRECTOR

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**Dean Martinez**  
**Secretary**

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.*].