

STATE OF ILLINOIS

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

DIVISION OF BANKING

IN THE MATTER OF)	
)	
)	No. 2009-MBR-295
KASE MORTGAGE BANC, INC.)	
Attention: Sandro Rodriguez)	
352 S. Liberty Street)	
Elgin, IL 60120)	
License No. MB.6760481)	

ORDER ASSESSING FINE

The DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION, Division of Banking (the “Department”), having investigated the activities of Kase Mortgage Banc, Inc. (the “Licensee”) and 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 Kase Mortgage Banc is an Illinois residential mortgage licensee holding license number MB.6760481 (the “License”) and located at 352 S. Liberty Street, Elgin, Illinois 60120;
2. That on July 21, 2009, the Department opened an investigation based upon information that another licensee (“Licensee A”) had failed to properly close its branch office located at 1252 W. Lake Street, Roselle, Illinois (the “Branch Office”) and permitted Licensee A’s former branch manager Drina Martinez (“Martinez”; Loan Originator No. 031.0011539) to take over the lease from Licensee A with Martinez stating that she was going to open a branch for another licensee;
3. That on July 23, 2009 the assigned Department investigator (the “Investigator”) conducted a search of Department records and found that Martinez was sponsored by Licensee; however, Licensee did not possess an additional full service (branch) license for the Branch Office;
4. That between July 23 and July 28, 2009, the Investigator made several on-site visits to the Branch Office to determine if there was mortgage brokering activities occurring in the Branch Office. The Investigator observed on the front window both signage indicating “Mortgage” and a telephone number of 630-339-2400 as well as business cards displayed in open view with both Martinez’s and the Licensee’s name;

5. That on July 28, 2009, the Investigator went unannounced to Licensee's corporate office and obtained Martinez's business card which was two-sided. On one side, Martinez's business card indicated an office at 352 S. Liberty Street, Elgin Illinois (Licensee's corporate office), and on the reverse side indicated Martinez as having an office at the Branch Office. The telephone number 630-339-2400 was listed on both sides of the business card;
6. That later on July 28, 2009, the Investigator contacted Martinez and arranged an appointment as a prospective borrower to ascertain if Martinez was conducting licensable activities at the Branch Office and Martinez directed the Investigator to meet with her at the Branch Office to begin the loan process;
7. That on July 29, 2009, the Investigator visited the Branch Office and upon arriving announced his official purpose and Martinez admitted not having a branch license for the Branch Office, but stated that Martinez was only doing loan modifications from the Branch Office. Martinez admitted to being the current lessee for the Branch Office through her company DM Mortgage, Inc. The Investigator observed several loan files on the tops of desks and in an open desk drawer. The Investigator also noted a hand-written loan log for January and February 2009 on the wall entitled "Kase Mortgage Banc Inc." and "Roselle Off". The Investigator reviewed the loan files and while most appeared to be related to loan modifications, three uniform residential loan application (Form 1003) packets for borrowers were identified. The loan files contained evidence of activity by Martinez at the Branch Office both under the name of Licensee A and the Licensee, including, but not limited, to a fax to a borrower's credit union with the words on the footer "Kase Mortgage Banc, 1252 W. Lake Street, Roselle, IL 630-339-2400." Several loan files also contained the name of a loan originator ("Loan Originator A") at another licensee ("Licensee B");
8. That on July 30, 2009, the Investigator interviewed Loan Originator A and some of the prospective borrowers for loan files at the Branch Office and learned that Martinez had received the files taken by Loan Originator A as a referral from Loan Originator A due to Licensee B not having the needed FHA credentials which the Licensee possessed and were therefore available to Martinez. Based upon borrowers' statements, the Investigator noted that Martinez was not the interviewer and that face-to-face interviews had not been conducted by Martinez as contained on several of the Form 1003 applications;
9. That on July 30, 2009, the Investigator met with Sandro Rodriguez ("Rodriguez"), the owner of Licensee, and requested a copy of Licensee's loan log to ascertain the volume of loans originated by Martinez. The Investigator noted that Rodriguez admitted that the Licensee did not keep an actual loan log, but relied on periodic loan logs of individual loan originators that they submitted to the Licensee. The Investigator reviewed the available log information and advised Licensee that Licensee was not in compliance with loan log requirements of the Act and Rules. The Investigator called attention to Martinez's Branch Office activities and business cards with Branch Office information. Rodriguez claimed no knowledge of the Branch Office activities, but upon further questioning Rodriguez admitted that when Martinez approached him to work for the Licensee that Martinez had told him she had a personal office and asked for approval to work from that location. In response to the business card listing the Branch Office, Rodriguez told the Investigator that all of Licensee's loan originators are sub-contractors and order their own business cards. The Investigator requested that Rodriguez send Martinez's loan logs and loan files to the Investigator by August 5, 2009;

10. That on July 30, 2009, the Investigator filed the Report of Investigation (the "ROI") and post and supplemental reports of investigation on August 5 and August 10, 2009 respectively. The Investigator noted non-compliance with the August 5, 2009 deadline for receiving loan logs and loan files and that the Licensee subsequently submitted non-compliant loan logs on August 10, 2009;
11. That on September 16, 2009, the Department's Investigation Section referred the findings of the investigatory reports for enforcement and citing Licensee for unlicensed branch activities, improper advertising and maintenance of loan records, improper reporting of intake of borrower loan applications, and failure to produce loan logs and loan files for a Department investigation; and
12. That on October 29, 2009, the Department's Legal Section mailed by U.S first class and certified postage a Potential Disciplinary Letter to the Licensee citing the aforementioned violations and has received no written response thereto.

CONCLUSIONS

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

That notwithstanding notices and other efforts by the Department, Licensee is in violation of Sections 1-3(f), 2-4(c),(d),(k),(r), & (t), 3-3(c), and 4-6 of the Act and Sections 1050.350, 1050.940(b), and 1050.1175(a) of the Rules, and is in further violation of Sections 4-5(i) (11), and (17) of the Act.

ORDER

NOW THEREFORE IT IS ORDERED:

1. That KASE MORTGAGE BANC, INC., License No. MB.6760481, shall be and hereby is assessed a fine in the amount of \$15,000.00 for the violations cited herein;
2. The fine in the amount of \$15,000.00 shall be due thirty (30) days after the effective date of this Order upon KASE MORTGAGE BANC, INC.; and
3. The fine in the amount of \$15,000.00 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: MORTGAGE BANKING
320 West Washington, 6th Floor
Springfield, IL 62786**

ORDERED THIS 17TH DAY OF DECEMBER, 2009

ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION
BRENT E. ADAMS, SECRETARY

DIVISION OF BANKING

JORGE A. SOLIS, DIRECTOR

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.*].