

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

IN THE MATTER OF:)
) No. 2011-MBR-123
EQUITY ONE MORTGAGE)
License No. MB.0006514)
Attention: Scott A. Kline)
635 Salt Lick Road)
St. Peters, MO 63376)

ORDER REVOKING LICENSE & ASSESSING FINE

The DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION, Division of Banking, (“Department”), having investigated the activities of Equity One Mortgage (“Equity One”) pursuant to the Residential Mortgage License Act of 1987 (“Act”) [205 ILCS 635], and the rules promulgated under the Act (“Rules”) [38 Ill. Adm. Code 1050], hereby issues this order for violations of the Act and Rules.

STATUTORY PROVISIONS

1. Section 2-4(d) of the Act requires a licensee to aver that it will file with the Secretary, when due, any reports which it is required to file under any provisions of the Act.
2. Section 2-4(j) of the Act requires a licensee to aver that it will not knowingly make any false promises likely to influence or persuade, or pursue a course of misrepresentation and false promises through agents, solicitors, advertising or otherwise.
3. Section 2-4(k) of the Act requires a licensee to aver that it will not knowingly misrepresent, circumvent or conceal, through whatever subterfuge or device, any of the material particulars regarding a transaction to which it is a party to the injury of another party.
4. Section 2-4(o) of the Act requires a licensee to aver that it has not engaged in conduct which would be cause for denial of the license.
5. Section 2-4(r) of the Act requires a licensee to aver that it has not demonstrated by course of conduct, negligence or incompetence in performing any act for which it is required to hold a license under the Act.

6. Section 2-4(t) of the Act requires a licensee to aver that it will comply with the provisions of this Act, or with any lawful order, rule or regulation made or issued under the provisions of this Act.
7. Section 2-4(z) of the Act requires a licensee to aver that it will not knowingly hire or employ a loan originator who is not registered or licensed with the Secretary as required under Section 7-1 or Section 7-1A of the Act.
8. Section 2-6 of the Act provides in relevant part:

It is the responsibility of each licensee to accomplish renewal of its license. A license which is not renewed by the date required in this Section shall automatically become inactive. No activity regulated by this Act shall be conducted by the licensee when a license becomes inactive. A licensee ceasing an activity or activities regulated by this Act and desiring to no longer be licensed shall so inform the Secretary in writing and, at the same time, convey the license and all other symbols or indicia of licensure. The licensee shall include a plan for the withdrawal from regulated business, including a timetable for the disposition of the business, and comply with the surrender guidelines or requirements of the Director.

9. Section 4-5(h)(1) of the Act provides that when the Secretary finds any person in violation of the grounds set forth in subsection (i), the Secretary may enter an order imposing the revocation of a license.
10. Section 4-5(h)(5) of the Act provides that when the Secretary finds any person in violation of the grounds set forth in subsection (i), the Secretary may enter an order imposing a fine not to exceed \$25,000 for each separate offense.
11. Section 4-5(i)(2) of the Act provides that the act of fraud, misrepresentation, deceit or negligence in any mortgage financing transaction shall constitute grounds for disciplinary actions specified in the Act.
12. Section 4-5(i)(11) of the Act provides that failure to comply with any order of the Secretary or rule made or issued under the provisions of this Act shall constitute grounds for disciplinary actions specified in Section 4-5(h) of the Act.
13. Section 4-5(i)(17) of the Act provides that failure to comply with or violation of any provision of this Act shall constitute grounds for disciplinary actions specified in Section 4-5(h) of the Act.
14. Section 4-6 of the Act states that a licensee shall at all times maintain staff and facilities adequate to receive, record and investigate complaints and inquiries made by any person concerning this Act and shall open its books, records, documents and offices wherever situated to the Secretary or his or her appointees as needed to facilitate a Department investigation.

15. Section 1050.1140 of the Rules states that loan application procedures shall comply with the Act as well as applicable Federal and State law and regulations.

FACTUAL FINDINGS

16. Solomon Butler (“Butler”) and Riu Murphy (“Murphy”), who were not properly registered as loan originators in Illinois, participated in a co-brokering scheme.
17. Co-brokering is committed when an unlicensed person or entity prepares loan documents (“loan package”) and submits said loan package to a properly licensed entity who in turn, without any additional work to the loan package, submits it to the lender. The properly licensed company and a properly registered/licensed loan originator would be listed on the documents within the loan package to further deceive the lender. Once the loan was funded, the unlicensed and licensed persons or entity split the commission.
18. Butler and Murphy created numerous sham, unlicensed mortgage companies to carry out the co-brokering scheme, including Butler & Associates, Murphy Mortgage Solutions and Murphy Home Solutions. Murphy and Butler also originated loans through American Home Lending Group which is a Missouri mortgage company not properly licensed in Illinois. As associates or partners, Murphy and Butler took loan applications for properties located in Illinois, ordered appraisals and/or ordered a Request for Evidence of Insurance (“REI”) for at least 17 Illinois borrowers. With the assistance of Illinois licensed companies such as Equity One Mortgage and Superior Mortgage LLC, d/b/a Superior Home Loans (License No. MB. 0006048; “Superior”) Murphy and Butler were able to have their loans funded through their co-brokering scheme.
19. Equity One was a party to the following co-brokering activities by Murphy in violation of the Act and Rules:
- a. signing an Illinois loan application for a loan actually originated by Butler, ordering an Illinois appraisal and REI for two properties for borrowers C.H. and V.H.;
 - b. taking an Illinois loan application, ordering an Illinois appraisal and REI for borrower F.A.;
 - c. ordering an Illinois appraisal for borrower W.B.;
 - d. taking an Illinois loan application, ordering an Illinois appraisal and REI for borrowers L.T. and L.T.;
 - e. ordering an Illinois appraisal and a REI for borrower D.H.;
 - f. taking an Illinois loan application, ordering an Illinois appraisal and REI for borrower T.H.;
 - g. taking an Illinois loan application for borrowers E.G. and A.N.; and
 - h. ordering an Illinois appraisal for borrower K.A.
20. Equity One was a party to the following co-brokering activities by Butler in violation of the Act and Rules:
- a. taking an Illinois loan application for borrower A.O.

21. During the course of the Department's investigation, Equity One was requested to provide information, including a copy of its loan log and a list of loan originators. The requested information was never provided to the Department. Additionally, Equity One failed to properly renew or surrender its residential mortgage license, and its license lapsed into an inactive status and it was no longer in good standing on December 31, 2010.

LEGAL CONCLUSIONS

22. Equity One violated Sections 2-4(d), (j), (k), (o), (r), (t), & (z), 2-6, and 4-6 of the Act, and Section 1050.1140 of the Rules.
23. Equity One is in further violation of Sections 4-5(i)(2), (11), & (17) of the Act.

NOW IT IS HEREBY ORDERED THAT,

1. The license held by Equity One Mortgage, License No. MB.0006514, is **REVOKED** pursuant to Section 4-5(h)(1) of the Act and further orders that Equity One Mortgage, and by and through its officers, directors, employees, and agents, or any company using Equity One Mortgage's NMLS ID number 4561, shall not engage in residential mortgage activities in the State of Illinois subject to further discipline pursuant to the Act and Rules.
2. Equity One Mortgage, License No. MB.0006514, shall pay a **FINE** in the amount of \$100,000 (at least 10 separate offenses at \$10,000 each) pursuant to Section 4-5(h)(5) of the Act. The fine is payable by certified check or money order within thirty (30) days of the effective date of this Order to the:

**Department of Financial and Professional Regulation
Division of Banking
ATTN: MORTGAGE BANKING
320 West Washington, 5th Floor
Springfield, IL 62786**

ORDERED THIS 21ST DAY OF DECEMBER, 2011

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

DIVISION OF BANKING

MANUEL FLORES, 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 and \$500 hearing fee by certified check or money order shall be filed with the Department at 320 West Washington Street, 5th Floor, Springfield, IL 62786 within 10 days after the receipt of an administrative decision. The request for hearing must include an explicit admission, denial, or appropriate response to each allegation or issue contained in the administrative decision pursuant to 38 Ill. Adm. Code 1050.1570. 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.*].