

STATE OF ILLINOIS

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

DIVISION OF BANKING

IN THE MATTER OF:

GREAT WESTERN FINANCIAL SERVICES, INC.

License No. MB.6760750

Attention: Fred McDonald IV

5408 W. Plano Parkway

Plano, TX 75093

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No. 2014-MBR-08

ORDER ASSESSING FINE

The **DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION, DIVISION OF BANKING** (“Department”), having examined and reviewed the activities of **GREAT WESTERN FINANCIAL SERVICES, INC.** (“GWFS”), and having found violations of 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 ASSESSING FINE**.

STATUTORY PROVISIONS

1. Section 2-4 of the Act requires applicants/licenseses to make certain averments to the Department. Failure to fulfill the obligations of an averment, including the requirements under subsection (d) to file with the Department any required reports, and under subsection (z) to not knowingly hire or employ a mortgage loan originator who is not registered or licensed as required under Sections 7-1 or 7-1A of the Act, shall subject the applicant/licensee to discipline.
2. Section 4-1(r) of the Act authorizes the Director of the Department (“Director”) to impose civil penalties of up to \$50 per day against a licensee for failing to respond to a regulatory request or reporting requirement.
3. Section 4-2(b) of the Act provides that the Director shall prepare a sufficiently detailed report of each licensee’s examination, shall issue a copy of such report to each licensee’s principals, officers or directors, and shall take appropriate steps to ensure correction of the violations of the Act.
4. Section 4-5(h)(5) of the Act provides that when the Director finds any person in violation of the grounds set forth in Section 4-5(i), the Director may enter an order assessing a fine of up to \$25,000 for each separate offense.
5. Section 4-5(i)(17) of the Act provides that failure to comply with, or violation of any provision of, the Act may be grounds for discipline.

6. Sections 7-1 and 7-1A of the Act provide that it is unlawful to act as a loan originator or mortgage loan originator without obtaining the applicable registration or license from the Department unless lawfully exempt.
7. Section 1-4(jj) of the Act defines a “mortgage loan originator” (“MLO”) as an individual who, for compensation or gain, or in the expectation of compensation or gain, (i) takes a residential mortgage loan application, or (ii) offers or negotiates terms of a residential mortgage loan. Included in the definition are individuals who participate in residential mortgage loan modification activities.

FACTUAL FINDINGS

8. GWFS, having its corporate office of record located at 5408 W. Plano Parkway, Plano, Texas 75093, holds active Illinois residential mortgage license number MB.6760750 (“License”) and is engaged in loan originating activities in Illinois.
9. On or about June 9, 2013, the Department completed its regular examination of GWFS for the period June 9, 2010, to March 31, 2013 (“Examination”). The Department found that GWFS had committed violations of the Act, including employing individuals who engaged in unlicensed loan originating activities in Illinois.
10. On July 19, 2013, the Department mailed the Report of Examination (“ROE”) for the Examination to GWFS.
11. Subsequently the Department’s Supervision Section (“Supervision”) scheduled by separate letter a meeting date of August 30, 2013, to review the ROE and its findings with GWFS.
12. On August 30, 2013, the Department held a telephonic conference with GWFS and the Department directed GWFS to provide written responses to any remaining ROE findings by October 16, 2013.
13. On October 16, 2013, GWFS provided a written response to the ROE findings; however, the Department found that this response was insufficient to close Supervision’s review of GWFS.
14. On October 16 and 17, 2013, Supervision gave written notice to GWFS requiring GFWS to provide its response and any required supporting documents to the Department by November 7, 2013. The Department specifically requested that GWFS respond to and documentation related to unlicensed loan originator activities cited in the ROE for Christopher Scott Woods (8 applications), Jason Williams (a/k/a David J. Williams; 3 applications), and Kevin Babb (1 application).
15. The Department advised GWFS that a \$50.00 fine per day would be assessed until a complete response was received.
16. On November 8, 2013, GWFS provided a insufficient written response and stated that a further response would be provided to the Department for requested loan originator items.
17. On November 22, 2013 and December 2, 2013, the Department sent written electronic communications to GWFS reminding it that a written response was still required for the

requested loan originator items. The Department subsequently extended the deadline to December 6, 2013.

18. On January 27, 2014, the Department initiated an enforcement action based on GWFS' failure to submit the requested written response and documentation relating to loan origination by the December 6, 2013 due date.
19. On January 31, 2014, the Department sent GWFS a Potential Disciplinary Letter, warning GWFS of the potential disciplinary action the Department might take, by certified United States Postal Service ("USPS") mail.
20. On February 10, 2014, the Department received a signed USPS receipt from GWFS acknowledging receipt of the Department's Potential Disciplinary Letter. The Department has received no further response from GWFS.

LEGAL CONCLUSIONS

21. GWFS has insufficiently responded to the Department and taken incomplete actions to document that loan originator activities have been properly conducted under its License.
22. The Department concludes that GWFS has violated Sections 2-4(d) & (z), 4-5(i)(17), 7-1 and 7-1A of the Act.

NOW IT IS HEREBY ORDERED THAT:

1. The Department assesses a **FINE** against Great Western Financial Services, Inc., in the amount of \$8,600 pursuant to Sections 4-1(r) and 4-5(h) of the Act. This figure includes \$2,600 for failure to respond to the Department's regulatory request for additional information regarding certain ROE findings for 52 days measured from the final due date of December 6, 2013, to the initiation of the enforcement action on January 27, 2014, at \$50 per day; and \$6,000 for failure to respond to findings of 12 loans having been originated by unlicensed loan originators at \$500 per loan. The fine is payable by certified check or money order within thirty (30) days of the effective date after this Order to the:

**Department of Financial and Professional Regulation
Division of Banking
Attention: FISCAL DIVISION
320 W. Washington, 5th Floor
Springfield, Illinois 62786**

2. GWFS is ordered to comply with all currently outstanding regulatory requests of the Department and with any future regulatory requests of the Department, subject to additional discipline of its License pursuant to the Act.

ORDERED THIS 17TH DAY OF NOVEMBER, 2014

ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION
DIVISION OF BANKING

SHEILA SAEGH HENRETTA
ACTING 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 affected party may file a request for a hearing on a decision by the Director. The request for a hearing and \$500 hearing fee is payable by certified check or money order and must be filed with the Department at 320 West Washington Street, 5th Floor, and Springfield, IL 62786 within 10 days after the appealing party's receipt of this Order. The request for hearing must include an explicit admission, denial, or appropriate response to each allegation or issue contained in this Order pursuant to 38 Ill. Adm. Code 1050.1570. After receipt of a proper and timely request for hearing, 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].