

STATE OF ILLINOIS

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

DIVISION OF BANKING

IN THE MATTER OF:)
) No. 2018-MBR-01
DIAMOND RESIDENTIAL MORTGAGE CORPORATION)
License No. MB.6760694; NMLS ID 186805)
582 Oakwood Avenue)
Lake Forest, IL 60045)

ORDER IMPOSING EMERGENCY SUSPENSION OF BRANCH LICENSE

The DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION, Division of Banking, (“Department”), having reviewed the activities of Diamond Residential Mortgage Corporation (or hereinafter “DRMC”) and documented violations of the Residential Mortgage License Act of 1987 (“Act”) [205 ILCS 635] and the rules promulgated thereunder (“Rules”) [38 Ill. Adm. Code 1050] , hereby issues this emergency order for violations of the Act and Rules.

STATUTORY PROVISIONS

1. Section 4-1(h-1) of the Act provides that the Commissioner (hereinafter at all times the “Director” of the Division of Banking of the Department of Financial and Professional Regulation pursuant to Section 1-4(n) of the Act) may issue orders to any person if the Director has reasonable cause to believe that an unsafe, unsound, or unlawful practice has occurred, is occurring, or is about to occur, if any person has violated, is violating, or is about to violate any law, rule, or written agreement with the Director, or for the purpose of administering the provisions of this Act and any rule adopted in accordance with the Act.
2. Section 4-5(c) of the Act provides that the Director, on good cause shown that an emergency exists, may suspend any license for a period not exceeding 180 days, pending investigation.
3. Section 4-6 of the Act provides authority to the Director to investigate complaints and inquiries made by any person concerning the Act. Each licensee shall open its books, records, documents and offices wherever situated to the Director or his or her appointees as needed to facilitate an investigation.
4. Section 4-7 of the Act provides that the Director has additional authority to conduct investigations for purposes including, but not limited to, determining compliance with the Act and has authority to direct the production of and access, receive, and use any books, accounts, records, files, and any other documents the Director deems relevant to the inquiry. Each licensee shall make available to the Director upon request the books and records relating to the operations of the licensee.

FACTUAL FINDINGS

5. On or about March 2, 2018, the Department received information or inquiry of loan origination activities conducted in potential violation of the Act, Rules, and/or other federal or State laws and regulations with all said activities being conducted from DRMC's additional full-service or branch office located at 240 Iles, Suite A, Springfield, Illinois 62704 ("Branch Office;" License No.MB.6760694.003).
6. The Director authorized an investigation of the Branch Office and for that purpose designees or investigators of the Director arrived on-site at the Branch Office on March 2, 2018.
7. Department designees or investigators requested that DRMC employees at the Branch Office produce four named loan files originated from the Branch Office prior to Department investigators exiting the Branch Office. The Department designees or investigators requested the production of paper loan files, but upon being informed by one or more DRMC employees that the files were in electronic format and within the custody of the quality control or underwriting unit at DRMC's corporate office.
8. Department designees or investigators notified DRMC employees at the Branch Office that non-production of the requested files would be considered as impeding the Department's investigation pursuant to the Act.
9. After approximately a four-hour wait, Department's designees or investigators left the Branch Office without DRMC employees having provided any of the named files or providing any plausible reason why paper or electronic records of the files could not be produced.
10. On March 5, 2018 and without DRMC still having provided any of the requested loan files, a Department designee contacted the company principal and was assured of cooperation with the Department's investigation and production requests. DRMC provided electronic copies of the four requested loan files and mailed paper copies from DRMC's corporate office to the Branch Office.
11. The Department designees or investigators have been repeatedly told by DRMC representatives that there are no paper loan files on site in the Branch Office and that all loan files are electronic must go through the quality control or underwriting unit in the corporate office for production to the Department.
12. On March 6, 2018, a Department designee went to the Branch Office and received paper copies of the requested loan files as mailed from DRMC's corporate office. The Department designee made request for additional loan files for purposes of the investigation.
13. The Department subsequently received information that the Branch Office is in possession of paper copies of loan files and that DRMC has provided false information to the Department and despite stating its desire to cooperate is using steps to delay and otherwise place original loan file records at risk of alteration. The Department has further information that a shredding service may be arriving imminently at the Branch Office to shred original loan file records.

LEGAL CONCLUSIONS

14. The Director has reasonable cause to believe that an unsafe, unsound, or unlawful practice has occurred, is occurring, or is about to occur and that Diamond Residential Mortgage Corporation has violated Sections 4-6 and 4-7 of the Act.

NOW IT IS HEREBY ORDERED THAT,

The Department on good cause shown that an emergency exists **SUSPENDS** Additional Full-Service Office (Branch Office) License No.MB.6760694-003 of Diamond Residential Mortgage Corporation pursuant to Section 4-5(c) of the Act **for a period not exceeding 180 days, pending investigation.** Diamond Residential Mortgage Corporation is ordered to cease all licensable activities from the Branch Office and to maintain all existing records intact and on-site at the Branch Office and to make said records available for the Department's inspection and collection for purposes of the investigation.

ORDERED THIS 7th DAY OF March, 2018

ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION
BRYAN A. SCHNEIDER, SECRETARY

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KERRI A. DOLL, DIRECTOR
DIVISION OF BANKING