

STATE OF ILLINOIS

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

DIVISION OF BANKING

IN THE MATTER OF: )  
 )  
 ) No. 2023-MBR-02  
**DEFI MORTGAGE LLC** )  
 )  
License No. MB. 6761642; NMLS 2178946 )  
 )  
Attention: Anthony McCallahan, President )  
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605 N. Michigan Ave., 4th Fl )  
 )  
Ste. 467 )  
 )  
Chicago, IL 60611 )

**ORDER REVOKING LICENSE & ASSESSING FINE**

The DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION, DIVISION OF BANKING (“Department”), having reviewed the activities of **DEFI MORTGAGE LLC** (“**DEFI MORTGAGE**”), 605 N. Michigan Ave., 4th Fl, Ste. 467, Chicago, IL 60611, and making findings under 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 **ORDER REVOKING LICENSE & ASSESSING FINE**.

**STATUTORY PROVISIONS**

1. Section 2-4 of the Act requires applicants/licensees to make certain averments to the Department, for which failure to fulfill the obligations of an averment shall subject the licensee to penalty, including the requirements to (d) file with the Department any required reports; and (t) comply with the Act and Rules.
2. Section 2-6 of the Act provides that an Illinois Residential Mortgage License shall be renewed on the common renewal date of the Nationwide Multistate Licensing System (“NMLS”) upon a licensee submitting a properly completed renewal application form. It is the responsibility of each licensee to timely accomplish renewal of its license. A licensee ceasing activities regulated by the Act and desiring to no longer be licensed must inform the Department in writing, convey the license, provide a plan for withdrawal from the regulated business, and comply with the Department’s surrender guidelines.
3. Section 3-1 of the Act requires that All licensees shall maintain a bond in accordance with subsection (c). Each bond shall be for the recovery of expenses, fines, or fees due to or levied by the Director of the Department (“Director”) in accordance with this Act. The bond shall be payable when the licensee fails to comply with any provisions of this Act and shall be in the form of a surety or licensure bond in the amount and form as prescribed by the Director pursuant to rules and regulations. The bond shall be payable to the Office of Banks and Real Estate and shall be issued by some insurance company authorized to do business in this State. A copy of the bond, including any and all riders and endorsements executed subsequent to the effective date of the bond, shall be placed on file with the Office of Banks and Real Estate within 10 days of the execution thereof.

4. Section 3-2 of the Act requires a licensee to file its most recent audit report, or for a mortgage broker, unaudited financial statements, with the Director or NMLS within 90 days after the end of the licensee's fiscal year.
5. Section 4-5 of the Act provides that when the Department finds any person in violation of the grounds set forth in subsection (i), the Department may enter an order revoking a license as authorized by subsection (h)(1). A licensee violates Section 4-5(i) of the Act due to (11) failure to comply with any order of the Director or rule made or issued under the provisions of this Act, (13) failure to pay in a timely manner any fee, charge or fine under this Act, and (17) failure to comply with or violation of any provision of the Act.
6. Section 4-5(h)(5) of the Act provides that when the Director finds any person in violation of the grounds set forth in subsection (i), the Director may enter an order imposing a fine of up to \$25,000 for each count of a separate offense.
7. Section 4-8.3 of the Act requires that on or before March 1 of each year or the date selected for Mortgage Call Reports under Section 4-9.1 of this Act, each licensee shall file a report with the Secretary that discloses such information as the Secretary requires. A licensee filing a Mortgage Call Report is not required to file an annual report.
8. Section 1050.430 of the Rules provides that the failure to deliver audit reports within 90 days after the date specified in Section 3-2 of the Act, unless extended for cause by the Department, shall subject the licensee to payment of a fee at the rate of \$50 per calendar day for each day that such failure is continuing for up to three months.
9. Section 1050.490 of the Rules requires each licensee to submit to the Department a current surety bond in the required amount for the term of the license.
10. Section 1050.1175 of the Rules requires a licensee engaged in loan brokerage or loan origination to maintain a loan log with required information for each residential mortgage loan application, including the name of the mortgage loan originator taking the loan application.

### **FACTUAL FINDINGS**

11. DEFI MORTGAGE is a residential mortgage broker holding Illinois Residential Mortgage License No. MB.6761642 with an expiration date of December 31, 2022 ("License").
12. The Supervision Manager placed a notice through NMLS to DEFI MORTGAGE on May 19, 2022, reminding it that its annual financial statements had not been received, and that a late audit fee of \$2,450 had accrued and would continue to accrue, if the financials still were not received.
13. DEFI MORTGAGE responded via email to the Supervision Manager on May 20, 2022, explaining that its business was closing that week and "that is why this has not been completed."
14. On June 6, 2022, the Supervision Manager placed another notice on DEFI MORTGAGE'S NMLS record indicating that since the annual financial statements still have not been received, the late audit fee was now \$3,350 and would continue to accrue up to \$4,500.

15. On July 25, 2022, the Supervision Manager sent an email to DEFI MORTGAGE stating that a late audit fee of \$4,500 (“Late Audit Fee”) had accrued, and also stating that a surrender had not been requested, even though DEFI MORTGAGE indicated at an earlier date it was closing its business. DEFI MORTGAGE responded to said email that it was not aware that the license needed to be surrendered and the license surrender would be handled now.
16. On July 25, 2022, after receipt of the Supervision Manager’s email, DEFI MORTGAGE requested surrender through the NMLS.
17. On August 26, 2022, DEFI Mortgage cancelled its surety bond.
18. On September 19, 2022, a letter and invoice for the \$4,500 Late Audit Fee was sent to DEFI MORTGAGE due to its financial statements being more than ninety (90) days late. On said date, DEFI MORTGAGE responded via email questioning why it would send a financial statement for a closed company. The Supervision Manager emailed in return, on the same date, reminding DEFI MORTGAGE that the financial statements were due by March 31, 2022, and that it did not request surrender until July 25, 2022.
19. On September 22, 2022, a Rule to Show Cause was emailed to the Primary Company Contact. The Rule to Show Cause gave DEFI MORTGAGE an opportunity, with a deadline of October 5, 2022, to demonstrate proof to the Department’s satisfaction, that DEFI MORTGAGE did not need to submit financial statements and a Late Audit Fee before the Department moved forward with a revocation order. DEFI MORTGAGE responded with an email, on the same date, containing a statement that was not to the satisfaction of the Department, but merely reiterated the contention that DEFI MORTGAGE was a closed company and therefore should not be required to comply.
20. Despite numerous subsequent communications between DEFI MORTGAGE and the Department from September 22, 2022 through January 2023, DEFI MORTGAGE has not resolved any of the outstanding issues.
21. As of today, there are still several License Items that need to be addressed before the surrender of DEFI MORTGAGE could be approved and therefore completed. The License Items include a Late Audit Fee and missing documents such as a loan log, audited financial statement for December 31, 2021, 2022-Q2 MCR, and 2022-Q3 MCR.
22. From November 1, 2022 through December 31, 2022, the NMLS window was open for licensees to apply to renew their licenses for calendar year 2023. DEFI MORTGAGE did not apply to renew its License during the aforementioned time.

### **LEGAL CONCLUSIONS**

23. The Department finds that DEFI MORTGAGE failed to apply for renewal or properly surrender its License as required by the Act.
24. DEFI MORTGAGE is in violation of Sections 2-4(d)&(t), 2-6, 3-1(c), 3-2, 4-5(i)(11), (13), & (17) and 4-8.3 of the Act and Sections 1050.430, 1050.490, and 1050.1175 of the Rules.

**NOW IT IS HEREBY ORDERED THAT,**

1. The Department **REVOKES** DEFI MORTGAGE'S Illinois Residential Mortgage License No. MB.6761642 pursuant to Section 4-5(h)(1) of the Act.
2. The Department assesses a FINE against DEFI MORTGAGE in the amount of \$4,500 pursuant to Section 4-5(h)(5) of the Act for violation of the aforementioned Act and Rules sections. 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  
Attention: FISCAL DIVISION  
320 W. Washington, 5<sup>th</sup> Floor  
Springfield, Illinois, 62786**

ORDERED THIS 25 DAY OF January, 2023

ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
DIVISION OF BANKING



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CHASSE REHWINKEL  
DIRECTOR

**You are hereby notified that this Order is an administrative decision. Pursuant to Section 4-12 of the Illinois Residential Mortgage License Act [205 ILCS 635/4-12] and the rules promulgated thereunder on Hearings Before the Division of Banking and Division of Financial Institutions [38 Ill. Adm. Code 100.5 *et seq.*], an affected party may file a petition for a hearing on an administrative decision by the Director. The petition for a hearing must be filed within 10 days after service of this Order by mail to the Department at 555 W. Monroe St., Suite 500, Chicago, IL 60201, Attn: Angela Alexandrakis with an electronic copy by email to [Angela.Alexandrakis@illinois.gov](mailto:Angela.Alexandrakis@illinois.gov). The petition for hearing must be in writing and set forth the petitioner's license number, docket number of the administrative decision that resulted in discipline, and date of the administrative decision, pursuant to 38 Ill. Adm. Code 100.30(c). Each party that requests a hearing shall pay a \$500 nonrefundable fee to the Department in accordance with 38 Ill. Adm. Code 100.20. After receipt of a properly completed and timely petition for hearing, a case will be docketed and notice sent to the petitioner setting forth the date, time, and place of the hearing. Absent a petition for a hearing, this Order shall constitute a final administrative decision subject to the Administrative Review Law [735 ILCS 5/3-101 *et seq.*].**