### STATE OF ILLINOIS

#### DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

### DIVISION OF BANKING

IN THE MATTER OF:	) )	No: 2010-LO-16-b
ZARAK KHAN	, )	100. 2010 20 10 0
3133 W. Jarvis Ave	)	
Chicago, Illinois 60645	)	

# REFUSE TO RENEW ORDER LOAN ORIGINATOR REGISTRATION

The DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION, Division of Banking, (the "Department"), having conducted an examination of the facts related to registered Loan Originator Zarak Khan, ("Registrant"), 3133 W. Jarvis Ave., Chicago, Illinois 60645, and having found that the Registrant has committed violations cited herein of the Residential Mortgage License Act of 1987 ("Act") [205 ILCS 635], and of the rules promulgated under the Act ("Rules") [38 III. Adm. Code 1050], hereby issues this ORDER pursuant to the authority provided under Article VII of the Act and Section 1050.2170(a) of the Rules. The Department makes the following:

## **FINDINGS**

- 1. That Registrant holds an Illinois Loan Originator Registration No. 031.0013636 ("Registration") and has the address of 3133 W. Jarvis Ave., Chicago, Illinois 60645;
- 2. That Registrant was owner of and working under the Illinois residential mortgage license of KRK Financial Services, Inc. dba KRK Mortgage Bancorp, Inc. (License No. MB. 6759605; "Licensee") for all purposes of this Order;
- 3. That in September 2009, the Department received a complaint of fraudulent title and mortgage activities connected to loans closed through Traditional Title and commenced an extensive six-month investigation for evidence of fraud in residential mortgage transactions and with a primary focus upon the financing of approximately 27 condominium units, now in foreclosure, located at 4725 S. Michigan Avenue, Chicago, Illinois ("4725 S. Michigan Avenue"), but with additional residential properties located in Chicago, Illinois at 4243 N. Keystone, 5416 S. Michigan Avenue, 6621 S. Ingleside, 7919 S. Phillips, and 7921 S. Phillips;

- 4. That the Department through its Banking Division, and in coordination with the Divisions of Financial Institutions and Professional Regulation, collected evidence of activities perpetrating or in support of a mortgage fraud scheme whereby mortgage brokers, loan originators, straw-buyers, and others were recruited or induced and compensated to participate in the origination of loans using false occupancy, employment, and bank account information on loan applications to fraudulently obtain loan proceeds from lenders on the loans;
- 5. That on or around March 1, 2010, the Department filed the Post Investigative Report ("Investigative Report") detailing the involvement of seven respondent mortgage companies and six loan originator individuals and containing the supporting evidence and documentation from the investigation;
- 6. That Registrant was one of the six loan originators involved in the scheme and had originated at least two loans for the borrower AF for the property located at 4725 S. Michigan, Units 1D and 3D. As part of the scheme Registrant submitted falsified documents to the lender including that AF would be the primary resident of both units, when in truth AF never intended to occupy either unit as a primary residence;
- 7. That Registrant furthered the scheme by submitting falsified Employment Verifications on behalf of AF which stated AF worked for E&H Distributors located at 1880 W. Fullerton, Chicago, Illinois, when in fact that company did not exist or operate at that location; and
- 8. That Registrant, especially as an owner, knew that he was submitting fraudulent information to Lenders to their detriment and that his misrepresentations and dishonest dealings were in violations of the Act and the Rules.

## **CONCLUSIONS**

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

Registrant's activities under Certificate of Registration No. 031.0013636 cited herein warrant a refuse to renew of said registration pursuant to Rule Sections 1050.2165 (b), (c) and (e).

## **ORDER**

IT IS HEREBY ORDERED that the Loan Originator Certificate of Registration 031.0013636 is refused to renew by Order of the Department pursuant to Section 1050.2170(a) of the Rules and Article VII of the Act.

ORDERED THIS	_ DAY OF	, 2010	
ILLINOIS DEPARTM REGULATION BRENT E. ADAMS,		CIAL AND PROFES	SIONAL
DIVISION OF BANK	ING		
JORGE A. SOLIS, DI	RECTOR		

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. You have the opportunity to request a hearing regarding this matter for a fee of \$250 plus the transcript fee pursuant to 38 Ill. Adm. Code 1050.2175. The request for a hearing shall be filed within 10 days after the receipt of an administrative decision. A hearing shall be held by the Department of Financial and Professional Regulation, Division of Banking on the administrative decision. Absent a request for a hearing, this Order shall constitute a final administrative decision subject to the Administrative Review Law [735 ICLS 5/3-101 *et seq.*]

State of Illinois ( ( ss:	
County of Cook (	
The undersigned, being duly sworn on oath, mailed with sufficient postage affixed, a copy of the <b>ORDER LOAN ORIGINATOR REGISTRATIO</b> return receipt requested at 122 S. Michigan Avenue, to the address of Registrant's Licensee registered wi below:	foregoing <b>REFUSE TO RENEW</b> N by regular and certified mail, Suite 1900, Chicago, Illinois 60603,
ZADAU WIIAN	
ZARAK KHAN 3133 W. Jarvis Ave Chicago, Illinois 60645	
	AFFIANT
Subscribed and sworn to before me,	
this, 2010	
NOTA DV DI DI IC	
NOTARY PUBLIC	