

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

IN THE MATTER OF: )  
)  
) No. 2007-MBR-25  
**AMERICAN FEDERAL FINANCIAL SERVICES, INC.)**  
Attention: Steven Garcia )  
5001 Newport Drive )  
Rolling Meadows, IL 60008 )

**ORDER ASSESSING FINE**

The DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION, Division of Banking (the "Department"), having conducted an investigation related to activities conducted by American Federal Financial Services, Inc. (the "Licensee") and having documented violations of the Residential Mortgage License Act of 1987 (the "Act") [205 ILCS 635] and the rules promulgated under the Act (the "Rules") [38 Ill. Adm. Code 1050], hereby issues this ORDER pursuant to the authority provided under Section 4-5 (h)(5) of the Act. The Department makes the following:

**FINDINGS**

1. That American Federal Financial Services, Inc. is an Illinois residential mortgage licensee holding license No. MB.0004222 and located at 5001 Newport Drive, Rolling Meadows, Illinois 60008;
2. That on or around March 15, 2007, the Department received a consumer complaint against Licensee and registered this as File Number 2007-765 (the "Complaint");
3. That in the Complaint, the consumer complained of an incident of fraud and invasion of privacy to the Department in that the Licensee through its employee, Aaron Hodor, called the consumer at her home phone number soliciting a residential mortgage loan application and posing as the consumer's mortgage company and asking for her place of employment, salary and social security number (the "SSN"); that Licensee did identify itself in a second call seeking consumer's SSN and was told by consumer that she was not interested in their business; further consumer subsequently learned that Licensee on March 1, 2007 ran her credit twice without being provided the SSN and without receiving authorization from

consumer (consumer filed copy of her credit report showing entries by both NCO Credits and NCO Financial Systems);

4. That the Department sent a letter to the Licensee on March 23, 2007 requiring Licensee to send a letter to the consumer that responds to all issues of the Complaint by April 16, 2007.
5. That Licensee provided said letter to the consumer dated March 26, 2007 wherein Licensee stated its practices to identify itself to consumers and run a credit report upon a consumer applying for a loan with the company, and also admitting to pulling the consumer's credit report one time (but not two times) according to its credit vendor NCO;
6. That consumer sent the Department a copy of an additional letter she sent to Licensee dated April 9, 2007 disputing that the Licensee had addressed any issues of the Complaint and again denying, among other things, that she ever applied for a loan with Licensee or authorized Licensee's running of her credit or provided her SSN;
7. That the Department reviewed the Complaint file and preliminarily found that the Licensee used an unregistered loan originator or solicitor, Aaron Hodor, to solicit personal and financial from the consumer for purposes of conveying or using this information for a mortgage loan application and that Licensee had failed to sufficiently respond to the Complaint, including failure to identify itself to the consumer and provide evidence that the consumer applied for a loan prior to running a credit report;
8. That the Department mailed a potential disciplinary letter to Licensee on May 9, 2007 citing improper solicitation practices of Licensee and that Licensee responded in a letter dated May 21, 2007, among other things, stating that it identified itself in the call to the consumer, denying that there was any pattern of improper solicitations, denying that Aaron Hodor was an unregistered loan originator or solicitor, rather categorizing Aaron Hodor as a "salesperson" exempt from registration due to the limited activity of receiving only publicly available information from consumers; and
9. That the Department, based upon a review of all evidence disputed and undisputed, finds that the Licensee's solicitation in matters relating to the Complaint of the consumer's personal and financial information for purposes of obtaining a residential mortgage loan application required the use of a registered loan originator or solicitor and that Licensee, at a minimum, has failed to provide evidence that it received authorization from the consumer prior to pulling the consumer's credit report.

## **CONCLUSIONS**

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

That notwithstanding notices and other efforts by the Department, Licensee has violated Sections 1-4 (hh), 2-4 (x), and 7-1 of the Act and Sections 1050.1140 and 1050.2110 et seq. of the Rules, said actions in further violation of Section 4-5(i)(11) and (17) of the Act.

## **ORDER**

NOW THEREFORE IT IS HEREBY ORDERED:

1. That American Federal Financial Services, Inc., License No. MB.0004222 shall be and hereby is assessed a fine of \$7,500;
2. The fine in the amount of \$7,500 shall be due thirty (30) days after the effective date of this Order upon American Federal Financial Services, Inc., and
3. The fine in the amount of \$7,500 shall be paid by means of a certified check or money order made payable to the:

**Department of Financial and Professional Regulation  
Division of Banking  
ATTN: FISCAL DIVISION, 2<sup>ND</sup> FLOOR  
320 W. Washington Street  
Springfield, IL 62786**

ORDERED THIS 28<sup>th</sup> DAY OF JUNE 2007

ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
DEAN MARTINEZ, SECRETARY

DIVISION OF BANKING  
JORGE SOLIS, DIRECTOR

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REYNOLD M. BENJAMIN  
Assistant Director, Bureau of Residential Finance

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 shall be filed within 10 days after the receipt of an administrative decision and, if so requested, 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.*].