

**STATE OF ILLINOIS**

**DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**

**DIVISION OF BANKING**

<b>IN THE MATTER OF:</b>	)	
	)	No. 2013-MBR-74
<b>M.S.C. FINANCIAL, INC.</b>	)	
License No. MB. 0004724	)	
<b>Attention: Michael Chamberlin</b>	)	
2604 Dempster Street, Suite #201	)	
Park Ridge, IL 60068	)	

**ORDER REVOKING LICENSE & ASSESSING FINE**

The DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION, Division of Banking (the “Department”), having reviewed the license status and investigated the activities of **M.S.C. FINANCIAL, INC.**, (“M.S.C. Financial”) 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 for violations of the Act and Rules. The Department has further documented violations of the Residential Real Property Disclosure Act (“RRPDA”) [765 ILCS 77].

**STATUTORY PROVISIONS**

1. Section 2-4 of the Act requires a licensee to aver in the following subsections: (a) to maintain at least one full service office within the State of Illinois pursuant to Section 3-4 of RMLA, (c) to keep and maintain for 36 months the same written records as required by the federal Equal Credit Opportunity Act and any other information required by regulations of the Director regarding any home mortgage in the course of the conduct of its residential mortgage business, and (z) to not knowingly hire or employ a mortgage loan originator who is not registered or licensed with the Secretary as required under Sections 7-1 or 7-1A of the Act.
2. Section 2-6 of the Act provides, in part, in subsection (b) that it shall be the responsibility of each licensee to accomplish renewal of its license, and in subsection (e) that a licensee ceasing activities and no longer desiring to be licensed must comply with the Department’s surrender guidelines or requirements, including that a licensee be in compliance with all provisions of the Act and Rules.
3. Section 4-1(h-1) of the Act provides that the Director may issue orders against 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 purposes of administering the provisions of the Act and any rule adopted in accordance with the Act.
4. Section 4-5 of the Act, in part, provides in subsection (h)(5) that when the Director finds any person in violation of the grounds set forth in subsection (i), the Director may enter an order imposing the penalty of revocation of license and in subsection (h)(5) that when the Director

finds any person in violation of the grounds set forth in subsection (i), the Director may enter an order imposing the penalty of a fine not to exceed \$25,000 for each separate offense.

5. Section 4-5(i) of the Act sets forth acts by a licensee that shall constitute grounds for disciplinary action specified in Section 4-5(h) of the Act. Subsection (i) (11) is for failure to comply with any order of the Secretary or rule made or issued under provisions of the Act. Subsection (i)(17) is for failure to comply with or violation of any provision of the Act. Subsection 4-5(i)(18) is for failure to comply with or violation of any provision of Article 3 of the RRPDA.
6. Section 7-1 and 7-1A of the Act provides that it is unlawful to act as a loan originator or mortgage loan originator without obtaining the applicable registration or license from the Secretary unless lawfully exempt.
7. Section 70(c) of the RRPDA requires a mortgage broker or loan originator to submit to the APLD all of the information required in RRPDA Section 72 for any mortgage on property within the program area within 10 days after taking a mortgage loan application.
8. Section 1050.475 of the Rules provides that each licensee shall be required to provide advance written notice to the Director at least ten (10) business days advance notice of action to: a) close a Full-Service Office, or b) discontinue brokering, originating, or servicing, as defined under the Act.
9. Section 1050.1175 of the Rules requires a licensee engaged in loan brokerage or loan origination to maintain a Loan Log for each residential mortgage loan application. The loan log contains 16 required fields of information.

### **FACTUAL FINDINGS**

10. M.S.C. Financial, with its corporate office of record located at 2604 Dempster Street, Suite 201, Park Ridge, Illinois 60068 (“Office”), holds inactive Illinois residential mortgage license number MB. 0004724 (“License”).
11. The Department in performing a licensing status review found that M.S.C. Financial, commencing with the 2011 license year, failed to either renew its license or complete its application for surrender of the License.
12. Prior to filing of its surrender application, the Department opened an investigation of M.S.C. Financial and found that M.S.C. Financial had improperly ceased operations as M.S.C. Financial at the Office and commenced activities as a licensed branch of Megastar Financial Corp.
13. The Department’s investigation further found that M.S.C. Financial failed to maintain accurate loan logs, was unable to produce a complete loan file as requested for a borrower, submitted false loan originator information in the name of Michael Chamberlin (1 loan) and David Dyer (2 loans) for loans originated by loan originator employee Juan Lopez (“Lopez”), and that Lopez took applications for the aforementioned three loans and one other loan without being properly transferred to M.S.C. Financial.

14. The Department's investigation also found that M.S.C. Financial had committed twenty-six (26) violations of the RRPDA by entering loan data into the Illinois Anti-Predatory Lending Database ("APLD") after the 10-day requirement.
15. The Department's Supervision Section separately created an enforcement issue against M.S.C. Financial arising from violations found in its regular examination Case X2010-270. The supervisory enforcement issue cited M.S.C. Financial for maintaining improper loan logs/records and permitting loan originator activities without proper registration.

### **LEGAL CONCLUSIONS**

1. M.S.C. Financial has violated Sections 2-4(a), (c) & (z), 2-6(b) & (e), and 4-5(i)(11),(17), & (18) of the Act, Section 70(c) of the RRPDA, and Sections 1050.475 and 1050.1175 of the Rules.

### **NOW IT IS HEREBY ORDERED THAT,**

1. The Department REVOKES M.S.C. Financial, Inc., Illinois residential mortgage license number MB. 0004724 pursuant to Sections 4-1(h-1) and 4-5(h)(1) of the Act.
2. The Department assesses a **FINE** against M.S.C. Financial., in the amount of \$10,000 pursuant to Section 4-5(h)(5) of the Act. 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 13<sup>TH</sup> DAY OF DECEMBER, 2013

ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
MANUEL FLORES, ACTING SECRETARY

DIVISION OF BANKING

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**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 and \$500 hearing fee by certified check or money order shall be filed with the Department at 320 West Washington Street, 5<sup>th</sup> Floor, Springfield, IL 62786 within 10 days after the receipt of an administrative decision. The request for hearing must include an explicit admission, denial, or appropriate response to each allegation or issue contained in the administrative decision pursuant to 38 Ill. Adm. Code 1050.1570. 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].**