

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

IN THE MATTER OF: )  
)  
) No. 2008-MBR-78  
**MIDWEST FUNDING BANCORP** )  
License No. MB.0006654 )  
Attention: Michael Fehrenbacher )  
11 E. Wilson Street )  
Batavia, IL 60510 )

**ORDER ASSESSING FINE**

The DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION, Division of Banking (the "Department"), having investigated activities conducted by Midwest Funding Bancorp (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 Midwest Funding Bancorp is an Illinois residential mortgage licensee holding license No. MB.0006654 and located at 11 E. Wilson Street, Batavia, Illinois 60510;
2. That on January 25, 2008, Licensee submitted an application to the Department for an additional full service office license at 80 McDonald Avenue, Joliet, Illinois (the "Office"); however, the application stated an anticipated opening date of December 15, 2007, so Department's licensing staff telephoned the Office to confirm that it was not in operation. This call placed to the Office was answered by Roy Franzen ("Franzen") who identified himself as the branch manager and stated that the Office was open. During this telephone call, licensing staff advised Franzen that Licensee cannot do business at the Office without a license and a further call was placed to Licensee's corporate office, but there was no answer;
3. That the Department's licensing staff referred the Office matter for investigation on or around January 28, 2008 and Department investigators opened an investigation and on February 13, 2008 performed an on-site visit to the Office for purposes of determining whether the Office was operating as an unlicensed additional full service office in violation of the Act and Rules;

4. That during the February 13, 2008 visit, Department investigators observed the appearance of a fully operational workplace at the Office and performed an interview of Franzen who identified himself as the branch manager for the Office, responsible for operating the Office and paying all his own Office expenses including rent, furniture, and utilities, and that Franzen had given the owner of Licensee, Michael Fehrenbacher (“Fehrenbacher”) a check for approximately \$500 for his branch license fee for the Office;
5. That during this February 13, 2008 interview, Franzen further stated that he closed two loans out of the Office, one in January 2008 and one in February 2008;
6. That the Department investigators subsequently obtained documentation in connection with this investigation showing that Fehrenbacher on behalf of Licensee signed the lease for the Office and it was effective December 1, 2007, a copy of the Office telephone bill with billing date of January 8, 2008 and payable by “Midwest Funding,” but addressed to Franzen’s home address, and a copy of Franzen’s personal check (No. 3434, dated December 7, 2007) made payable to “Midwest Funding” in the amount of \$495 and with the words “Branch License” written in the memo section of this check;
7. That on April 3, 2008, the Department investigators filed the Report of Investigation (the “ROI”), referred the matter for enforcement due to Licensee’s failure to properly license the Office prior to commencing operations therefrom, as well as Licensee’s failure to properly structure the Office with the Licensee being responsible for all licensing fees and expenses for the Office; and
8. That thereafter the Department sent Potential Disciplinary Letters to the Licensee, and received written responses from the Licensee and that the Department has reviewed the ROI, documentation, and responses provided by Licensee and determined that the Licensee committed the violations of the Act and Rules cited herein.

## **CONCLUSIONS**

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

That notwithstanding notices and other efforts by the Department, Licensee is in violation of Sections 1-3(f), 2-4(t), 2-8 of the Act and Section 1050.350 of the Rules, and is in further violation of Sections 4-5(i) (11) and (17) of the Act.

## **ORDER**

NOW THEREFORE IT IS HEREBY ORDERED:

1. That Midwest Funding Bancorp, License No. MB.0006654 shall be and hereby is assessed a fine of \$10,000;
2. The fine in the amount of \$10,000 shall be due thirty (30) days after the effective date of this Order upon Midwest Funding Bancorp, and

3. The fine in the amount of \$10,000 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 31<sup>ST</sup> DAY OF JULY, 2008

STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
DIVISION OF BANKING  
JORGE SOLIS, DIRECTOR

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REYNOLD M. BENJAMIN  
Assistant Director, Division of Banking

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.*].