

STATE OF ILLINOIS

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

DIVISION OF BANKING

IN THE MATTER OF:

ARTHUR M. PASCU  
700 W. Grand Ave., Suite C1  
Chicago, IL 60613

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) No. 2008-LO-53  
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**ORDER REVOKING**  
**LOAN ORIGINATOR REGISTRATION**

The DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION, Division of Banking, (the "Department"), having conducted an investigation into the facts related to registered Loan Originator Arthur Pascu, ("Pascu"), and having found that the Registrant has committed violations cited herein of the Residential Mortgage License Act of 1987 (the "Act") [205 ILCS 635], and of the rules promulgated under the Act (hereinafter referred to as the "Rules") [38 Ill. Adm. Code 1050], hereby issues this Order Revoking Loan Originator Registration under Section 1050.2170(a)(1) of the Rules pursuant to authority provided in Section 7-1 of the Act. The Department makes the following:

**FINDINGS**

1. That Pascu is an Illinois Loan Originator Registrant holding certificate of registration No. 031.0007201;
2. That Pascu was formerly employed by and worked under Illinois residential mortgage license of Envision Lending Group, Inc. ("Envision;" License No. MB.6760120) for all purposes of this Order;
3. That on October 7 2008, the Department opened an investigation into an alleged real estate, appraisal, and mortgage fraud scheme involving KMA Construction, LLC, LMB Properties, LLC (under common ownership with KMA Construction, LLC), appraiser Peter Petrovich ("Petrovich;" License No. 556.0003324), and other involved parties, occurring at 2754 W. Washington Boulevard, Chicago, Illinois and at 7322 N. Winchester, Chicago, Illinois;
4. That Pascu was interviewed first regarding his supervision and employment by Envision and, based upon Pascu's information, Department investigators determined that Pascu had operated as a branch manager for Envision from an unlicensed branch office in his home located at 700 W. Grand Avenue, C1, Chicago, Illinois;

5. That Pascu stated generally to Department investigators that he had closed on 3-4 loans per month in 2008 and originated 9-11 loans for buyers of properties sold by KMA Construction and owner Albert "Marcos" Marton, and that Petrovich was used for most if not all of the appraisals for these KMA Construction-related transactions;
6. That Department investigators then interviewed Pascu specifically in regards to loan transactions he originated on behalf of Envision involving the following four borrowers and properties: 1) M.N., 2754 W Washington, 4E, Chicago, Illinois, 2) C.B., 2754 W Washington, 2W, Chicago, Illinois, 3) D.B., 2754 W Washington, 1W, Chicago, Illinois, and 4) P.M., 7322 N. Winchester, 1E, Chicago, Illinois;
7. That as to Pascu and borrower C.B.'s loan, Department investigators found the following improper and/or incomplete activities:
  - a. Pascu had accepted a "walk-in" pre-existing appraisal from C.B. who told Pascu that Petrovich had performed this appraisal for a previous real estate sales contract on the subject property that fell through;
  - b. Envision had a policy against accepting walk-in appraisals, nevertheless, Pascu was able to use the walk-in appraisal and only sought to update the appraisal through Petrovich;
  - c. The updated appraisal Pascu obtained from Petrovich contained obvious errors, such as using the dates for the order, completion, and signature from the original appraisal;
  - d. Pascu further accepted, with little or no verification, occupancy and employment information provided by C.B.;
8. That as to Pascu and borrower D.B.'s loan, Department investigators found the following improper and/or incomplete activities:
  - a. Pascu personally knew D.B., yet failed to verify that D.B. would be occupying the unit he was applying for as an owner-occupied loan and D.B., in fact, never did occupy the unit;
  - b. Pascu could not provide an answer why LMB Properties received a check in the amount of \$64,000 at the closing;
9. That as to Pascu and borrower M.N.'s loan, Department investigators found the following improper and/or incomplete activities:
  - a. Pascu ordered the appraisal through Petrovich and the appraisal report was dated 5/9/2008, about one week prior to the loan application which is dated 5/15/2008;
  - b. Pascu could not provide an answer why NCC Development provided a certified check in the amount of \$41,000 payable to M.N.;
  - c. Pascu submitted a verification of employment for M.N. giving inaccurate information of employment status;
  - d. Pascu failed to verify that M.N. would be occupying the unit he was applying for as an owner-occupied loan and M.N., in fact, never did occupy the unit;

10. That as to Pascu, and borrower P.M.'s loan, Department investigators found the following improper and/or incomplete activities:
  - a. Pascu again ordered the appraisal from Petrovich, without any direction or restriction from Envision on ordering appraisals; and
  
11. That on October 21, 2008, a Department investigator conducted a telephone interview of C.B. and C.B. revealed to the Department investigator the following details:
  - a. C.B. had been contacted by Marcos who informed him that he could purchase the unit;
  - b. C.B. admitted that he never intended to occupy the unit that he was purchasing for his in-laws, that Marcos had tenants in it, and that Pascu had directed him to fill out the loan application as owner-occupied;
  - c. C.B. initially stated that he received a \$64,000 check just before closing for work he had done on the condo before purchasing it, then restated that he received the \$64,000 from Marcos to use as a down-payment on the property;
  - d. C.B. further stated that he had told Marcos he could not afford the unit at that time, but Marcos stated he would give him the down-payment;
  - e. C.B. next stated that the appraisal was already done and paid for before he saw the condo, and that he never saw the appraisal, nor saw the unit he was purchasing although he saw a similar unit;
  - f. C.B. stated that Marcos gave him Pascu's information and told him that Pascu would know what to do, that the appraisal was completed, and all C.B. had to do was to fill out a couple of papers.

## **CONCLUSIONS**

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

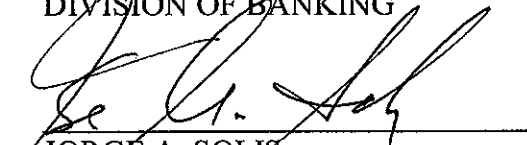
Pascu's activities under Certificate of Registration No. 031.0007201 cited herein warrant revocation of said registration pursuant to Rule Section 1050.2165 (b) for making a false or misleading statement of a material fact, omitting a required statement or making a false promise regarding a material fact, through advertising or other means, or engaging in a course of misrepresentation, and further warrant revocation pursuant to Rule Section 1050.2165(c) for engaging in conduct that constitutes dishonest dealings.

## **ORDER**

IT IS HEREBY ORDERED that the Loan Originator Certificate of registration 031.0007201 is revoked by Order of the Department pursuant to Section 1050.2170(a) (1) of the Rules and Section 7-1 of the Act.

ORDERED THIS 24<sup>th</sup> DAY OF December 2008

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

  
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JORGE A. SOLIS  
DIRECTOR

**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.*].**