

STATE OF ILLINOIS

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

DIVISION OF BANKING

IN THE MATTER OF:

RAZZAK A. KHADER
7043 Palma Lane
Morton Grove, Illinois 60053

No: 2010-LO-17

**ORDER REVOKING
LOAN ORIGINATOR REGISTRATION AND ASSESSING FINE**

The DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION, Division of Banking, (“Department”), having conducted an investigation of the facts related to registered Loan Originator Razzak A. Khader, (“Registrant”), 7043 Palma Lane, Morton Grove, Illinois 60053 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 Ill. Adm. Code 1050], hereby issues this Order pursuant to the authority provided under Section 7-1 of the Act and Sections 1050.2170(a)(1)&(2) of the Rules. The Department makes the following findings:

FINDINGS

1. That Registrant holds an Illinois Loan Originator Registration No. 031.0007745 (“Registration”) and has the address of 7043 Palma Lane, Morton Grove, Illinois 60053;
2. That Registrant was working variously under the Illinois residential mortgage license of for KRK Financial Services, Inc. dba KRK Mortgage Bancorp, Inc. (License No. MB. 6759605; “KRK”) and Atlas Preferred Mortgage, LLC (License No. MB. 6760306; “Atlas”) for all purposes of this Order 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 that Registrant had originated at least two loans through KRK for the borrower AF for the property located at 4725 S. Michigan, Units 4A and GA. 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 fact 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;
8. That Registrant also as part of scheme, brought loans to Atlas that he originated for the following borrowers: LH (2), PT (2), NV, EK, KD, AO and WC. However, since at the time he was not sponsored by Atlas he had Jeffrey Townsend (“Townsend”), one of the owners and a sponsored loan originator for Atlas, to signoff and use Townsend’s name and registration number on his loans to ensure they would be funded. Each of these loan files contained the same fraud pattern as found in the AF loans including falsifying primary residency and employment verifications;
9. That Registrant submitted a personal loan application for the property located at 7043 Palma Lane, Morton Grove, Illinois with misrepresentations including that his gross monthly income was \$21,000 which was a fraudulent claim; and
10. That Registrant knowingly used a name and registration number belonging to another loan originator to submit 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. 031.0007745 as cited herein warrant a revocation and fine pursuant to Rules Sections 1050.2165 (b), (c) and (e).

ORDER

NOW THEREFORE IT IS HEREBY ORDERED:

1. That Razzak A. Khader, Certificate of Registration No. 031.0007745, is revoked by Order of the Department pursuant to Section 1050.2170(a) of the Rules and Section 7-1 of the Act.
2. That Razzak A. Khader shall be and hereby is assessed a fine of \$20,000 for violating the Act and Rules cited herein pursuant to Rule section 1050.2170(a)(2);
3. The total fine in the amount of \$20,000 shall be due thirty (30) days after the effective date of this Order; and
4. The fee in the amount of \$20,000 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: Loan Originator Section
320 W. Washington
Springfield, Illinois, 62786**

ORDERED THIS 8th DAY OF March, 2010

ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL
REGULATION
BRENT E. ADAMS, SECRETARY

DIVISION OF BANKING



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. 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.*]