

STATE OF ILLINOIS

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

DIVISION OF BANKING

IN THE MATTER OF:)
)
RIU MURPHY) No. 2011-MLO-29
4141 Manchester)
St. Louis, Missouri 63110)
)

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

The DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION, Division of Banking, (“Department”), having investigated the activities of registered provisional Loan Originator Riu Murphy, (“Murphy”), 4141 Manchester, St. Louis, Missouri 63110, pursuant to the Residential Mortgage License Act of 1987 (“Act”) [205 ILCS 635] and the rules promulgated under the Act (“Rules”) [38 Ill. Adm. Code 1050], hereby issues this Order for violations of the Act and Rules.

STATUTORY PROVISIONS

1. Section 1-3(a) of the Act states in relevant part:

No person, partnership, association, corporation or other entity shall engage in the business of brokering, funding, originating, servicing or purchasing of residential mortgage loans without first obtaining a license from the Secretary in accordance with the licensing procedure provided in this Article I and such regulations as may be promulgated by the Secretary

2. Section 1-3(d-1) of the Act provides that the Secretary may issue orders against any person if the Secretary 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 Secretary, or for the purposes of administering the provisions of this Act and any rule adopted in accordance with this Act.

3. Section 1-4(jj) of the Act defines a mortgage loan originator in relevant part:

"Mortgage loan originator" means an individual who for compensation or gain or in the expectation of compensation or gain:

- (i) takes a residential mortgage loan application; or
- (ii) offers or negotiates terms of a residential mortgage loan.

4. Section 1-4(w) of the Act defines “advertisement” as any attempt by publication, dissemination, or circulation to induce, directly or indirectly, any person to enter into a residential mortgage loan agreement or residential mortgage loan brokerage agreement in connection with Illinois residential real estate.
5. Section 7-1 states that it is unlawful to work as a loan originator without being registered with the Secretary.
6. Section 7-1A states that it is unlawful to work as a mortgage loan originator without a license in the State of Illinois and requires an application for a license to the Department.
7. Section 7-13 provides a list of prohibited acts and practices for mortgage loan originators, in relevant part as follows: (1) directly or indirectly employ any scheme, or artifice to defraud or mislead borrowers or lenders or to defraud any person; (2) engage in any unfair or deceptive practice toward any person; (3) obtain property by fraud or misrepresentation; (6) conduct any business covered by this Act without holding a valid license as required under this Act, or assist or aid and abet any person in the conduct of business under this Act without a valid license as required under this Act; (8) fail to comply with this Act or rules or regulations promulgated under this Act, or fail to comply with any other state or federal law, including the rules and regulations thereunder, applicable to any business authorized or conducted under this Act; (9) make, in any manner, any false or deceptive statement or representation of a material fact, required on any document or application subject to this Act; and (15) engage in conduct that constitutes dishonest dealings.
8. Section 1050.910 of the Rules states no person, partnership, association, corporation or other, entity except a licensee, shall cause to be circulated or use any advertising appearing in the State of Illinois or make any representation or give any information to any person that indicates or reasonably implies activity involving the making, servicing or brokering of loans secured by residential real estate located in Illinois.
9. Section 1050.920 of the Rules further defines “advertisement” as any message, conveyed in any format, attempting to induce, directly or indirectly, any person to enter into a residential mortgage loan or residential mortgage loan brokerage agreement as defined in Section 1-4(w) of the Act. The only exemption from being defined as an “advertisement” is limited to those small items bearing only the name, address, and telephone number of the distributing entity.
10. Section 1050.2165 of the Rules lists averments each applicant for loan originator must aver to, which include but are not limited to: b) will not make a false or misleading statement of a material fact, omit a required statement or make a false promise regarding a material fact, through advertising or other means, or engage in a course of misrepresentation; c) will not engage in conduct that constitutes or dishonest dealings; and e) will not knowingly make, propose, or solicit fraudulent, false, or misleading statements on any mortgage document or on any document related to a mortgage, including a mortgage application, real estate appraisal, or real estate settlement or closing document. For purposes of this subsection, “fraudulent, false, or misleading statement” does not include an inadvertent mathematical error, an inadvertent transposition of a number, a typographical error, or any other bona fide error.

11. Section 1-3(e) provides that any person, partnership, association, corporation or other entity who violates any provision of this Section commits a business offense and shall be fined an amount not to exceed \$25,000.
12. Section 7-11 states the Secretary may revoke and/or fine a loan originator for violating the Act or any applicable law or regulation that is committed. If the loan originator engages in a pattern of repeated violations the Secretary may impose a fine of not more than \$2,000 for each day for each violation committed.
13. Section 1050.2170 (a) of the Rules gives the Secretary the authority to revoke and fine a loan originator for violating the Act or any applicable law or regulation that is committed. If the loan originator engages in a pattern of repeated violations the Secretary may impose a fine of not more than \$2,000 for each day for each violation committed.

FACTUAL FINDINGS

14. Murphy was an Illinois Loan Originator Registrant holding an expired provisional certificate of registration No. 030.0029902 from January 11, 2005 through June 30, 2005, and having the last known address of 4141 Manchester, St. Louis, MO 63110.
15. Co-brokering is committed when an unlicensed person or entity prepares loan documents (“loan package”) and submits said loan package to a properly licensed entity who in turn, without any additional work to the loan package, submits it to the lender. The properly licensed company and a properly registered/licensed loan originator would be listed on the documents within the loan package to further deceive the lender. Once the loan was funded, the unlicensed and licensed persons or entity split the commission.
16. Murphy and Solomon Butler (“Butler”), who were not properly registered as loan originators in Illinois, participated in a co-brokering scheme. Murphy and Butler created numerous sham, unlicensed mortgage companies to carry out said scheme, including Butler & Associates, Murphy Mortgage Solutions and Murphy Home Solutions. Murphy and Butler also originated loans through American Home Lending Group which is a Missouri mortgage company not properly licensed in Illinois. As associates or partners, Murphy and Butler took loan applications for properties located in Illinois, ordered appraisals and/or ordered a Request for Evidence of Insurance (“REI”) for at least 17 Illinois borrowers. With the assistance of Illinois licensed companies such as Equity One Mortgage (License No. MB. 0006514; “Equity One”) and Superior Mortgage LLC, d/b/a Superior Home Loans (License No. MB. 0006048; “Superior”) Murphy and Butler were able to have their loans funded through their co-brokering scheme.
17. Murphy engaged in and benefited from the following co-brokering activities on behalf of Equity One as follows in violation of the Act and Rules:
 - a. signing an Illinois loan application for a loan actually originated by Butler, ordering an Illinois appraisal and REI for two properties for borrowers C.H. and V.H.;
 - b. taking an Illinois loan application, ordering an Illinois appraisal and REI for borrower F.A.;

- c. ordering an Illinois appraisal for borrower W.B.;
 - d. taking an Illinois loan application, ordering an Illinois appraisal and REI for borrowers L.T. and L.T.;
 - e. ordering an Illinois appraisal and a REI for borrower D.H.;
 - f. taking an Illinois loan application, ordering an Illinois appraisal and REI for borrower T.H.;
 - g. taking an Illinois loan application for borrowers E.G. and A.N.; and
 - h. ordering an Illinois appraisal for borrower K.A.
18. Murphy engaged in and benefited from the following co-brokering activities on behalf of Equity One as follows in violation of the Act and Rules:
- a. ordering the Illinois appraisal and REI for borrower K.B.
19. Murphy engaged in and benefited from the following co-brokering activities on behalf of American Home Lending Group in violation of the Act and Rules:
- a. ordering an Illinois appraisal report for borrower F.A.;
 - b. ordering a credit report for borrower S.B.;
 - c. ordering an Illinois appraisal report for borrower C.B.; and
 - d. ordering an Illinois appraisal report for borrowers L.G. and E.B.
20. Murphy Home Solutions, owned by Murphy, engaged in and benefited from the following co-brokering activities on behalf of American Home Lending Group in violation of the Act and Rules:
- a. ordering a REI for borrower S.B.; and
 - b. ordering a REI for borrowers T.W. and C.M.
21. Murphy on behalf of Murphy Home Solutions Murphy in violation of the Act and Rules:
- a. taking an Illinois loan application for borrower K.B.
22. Murphy Mortgage Solution, owned by Murphy, engaged in and benefited from co-brokering activities on behalf of American Home Lending Group by ordering a REI for borrower C.B. in violation of the Act and Rules:
23. Murphy and Butler committed additional violations of the Act and Rules by individually and through their unlicensed mortgage companies, Butler & Associates and Murphy Mortgage Solutions, by advertising on the website www.solomonbutler.ws that they could give consultation for home loans, church loans, commercial loans and refinancing, and provide consumers with answers to their home financing needs. Butler also held himself out to be a Pastor in said advertising.

LEGAL CONCLUSIONS

24. Murphy violated Sections 1-3(a), 1-3 (d-1), 7-1, 7-1A, 7-13 (1), (2), (3), (6), (8), (9) and (15) of the Act, and Sections 1050.910, 1050.2165(b), (c) and (e) of the Rules.

NOW IT IS HEREBY ORDERED THAT,

1. The Department **REVOKES** the registration held by Riu Murphy, Registration No. 030.0029902 pursuant to 7-11 of the Act and Section 1050.2170(a)(1) of the Rules and further orders that Riu Murphy shall not engage in residential mortgage activities in the State of Illinois subject to further discipline pursuant to the Act.
2. Riu Murphy shall pay a **FINE** in the amount of \$34,000 (violations involving 17 Illinois borrowers at \$2,000.00 each) pursuant to 7-11 of the Act and Sections 1050.2170(a)(2) of the Rules. 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
ATTN: Loan Originator Section
320 W. Washington, 5th Floor
Springfield, Illinois, 62786.**

ORDERED THIS ____ DAY OF _____, 2011

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

DIVISION OF BANKING

MANUEL FLORES, DIRECTOR

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 \$250 hearing fee by certified check or money order shall be filed with the Department at 320 West Washington Street, Springfield, IL 62786, ATTN: Loan Originator Section 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 *et seq.*].

State of Illinois (
 (ss:
 County of Cook (

The undersigned, being duly sworn on oath, states that on _____, I mailed with sufficient postage affixed, a copy of the foregoing **ORDER REVOKING LOAN ORIGINATOR REGISTRATION & ASSESSING FINE** by U.S. registered mail, return receipt requested, at 122 S. Michigan Avenue, Suite 1900, Chicago, Illinois 60603, to the name and address listed below:

AFFIANT

Subscribed and sworn to before me,

this ____ day of _____, 2011

NOTARY PUBLIC

Send to:

Riu Murphy
4141 Manchester
St. Louis, Missouri 63110

SERIAL # 7008-0500-0000-9232-0372