

STATE OF ILLINOIS

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

DIVISION OF BANKING

IN THE MATTER OF:

CHRIS SCHALLER

License No. 031.0027442; NMLS ID 233271

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) No. 2018-MLO-02
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**ORDER IMPOSING EMERGENCY SUSPENSION
OF MORTGAGE LOAN ORIGINATOR LICENSE**

The DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION, Division of Banking, (“Department”), having reviewed the activities of CHRIS SCHALLER (“SCHALLER”) and documented violations of the Residential Mortgage License Act of 1987 (“Act”) [205 ILCS 635] and the rules promulgated thereunder (“Rules”) [38 Ill. Adm. Code 1050], hereby issues this emergency order for violations of the Act and Rules.

STATUTORY PROVISIONS

1. Section 7-11 of the Act provides the Director the authority to issue an order to cease and desist any activities that may constitute a violation of the Act or any other applicable law, rule or regulation against any mortgage loan originator believed to be engaged in such activities, or, upon a showing that an emergency exists, may suspend the mortgage loan originator's license for a period not exceeding 180 calendar days, pending investigation.
2. Section 7-13 of the Act provides that it is a violation of the Act for a mortgage loan originator to: Subsection (1) Directly or indirectly employ any scheme, device, or artifice to defraud or mislead borrowers or lenders or to defraud any person; Subsection (2) Engage in any unfair or deceptive practice toward any person; Subsection (3) Obtain property by fraud or misrepresentation; Subsection (7) Fail to make disclosures as required by this Act and any other applicable State or federal law, including regulations thereunder; Subsection (14) Fail to truthfully account for monies belonging to a party to a residential mortgage loan transaction; and Subsection (15) Engage in conduct that constitutes dishonest dealings.

FACTUAL FINDINGS

3. The Department is in possession of evidence that SCHALLER is conducting a mortgage fraud scheme using his Mortgage Loan Originator (“MLO”) License under the sponsorship of Diamond Residential Mortgage Corporation (MB.6760694; NMLS ID 186805 “DRMC”) and in connection with his activities from DRMC’s Springfield, Illinois branch office (“DRMC Branch”).

4. The scheme involves multiple consumers in need of financial assistance approaching SCHALLER to obtain a mortgage.
5. SCHALLER has the consumers meet with him at the DRMC Branch to discuss their mortgage options.
6. SCHALLER rather than obtaining a mortgage, deceives consumers to transfer ownership interest in their property.
7. In furtherance of his scheme, SCHALLER uses a bank trust to hold ownership interest and control of the consumers' property. SCHALLER is the sole beneficiary of the trust.
8. In furtherance of his scheme, SCHALLER does not provide proper details or documentation to the consumers.
9. The consumer makes payments to DRMC at the DRMC branch office address, believing they are making mortgage payments.

LEGAL CONCLUSIONS

10. The Department has reasonable cause to believe that using his MLO license SCHALLER is defrauding consumers of their interest in property.
11. Although the DRMC Branch is currently closed due to the Department's order of emergency suspension, SCHALLER, with an active license, can work at other locations or for other Illinois residential mortgage licensees.
12. The Director has reasonable belief that SCHALLER is violating Sections 7-13(1),(2),(3),(7),(14), and (15) of the Act and with an active license may continue to harm consumers thereby creating an emergency.

NOW IT IS HEREBY ORDERED THAT,

The Department on good cause shown that an emergency exists **SUSPENDS** SCHALLER License No. 031.0027442; pursuant to Section 7-11 of the Act **for a period not exceeding 180 days, pending investigation.**

ORDERED THIS ____ DAY OF _____, 2018

ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION
BRYAN A. SCHNEIDER, SECRETARY

KERRI A. DOLL, DIRECTOR
DIVISION OF BANKING