

**STATE OF ILLINOIS**

**DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**

**DIVISION OF BANKING**

IN THE MATTER OF: )  
)  
) No: 2010-LO-20  
**JOHN KARAPOURNOS** )  
4711 Main Street )  
Apt. 1W )  
Skokie, Illinois 60076 )

**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 John Karapournos, (“Registrant”), 4711 Main Street, Apt. 1W, Skokie, Illinois 60076 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. 031.0019550 and has the address of 4711 Main Street, Apt. 1W, Skokie, Illinois 60076;
2. That Registrant was working under the Illinois residential mortgage license of KRK Financial Services, Inc. dba KRK Mortgage Bancorp, Inc. (License No. MB. 6759605; “Licensee”) for 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 perpetrated 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 originated loans for the following borrowers: PT, property located at 6621 S. Ingleside #2; NV, property located at 7919 S. Phillips #3E; KD property located at 7921 S. Philips #3 and WC property located at 6621 S. Ingleside #1N.
7. That Registrant knew or should have known that these properties were for investment purposes but submitted falsified documents to the lender that units would be each borrower’s primary residence;
8. That Registrant additionally had originated a loan for another loan originator, Razzak A Khader (“Khader”), for the property located at 7043 Palma Lane, Morton Grove, Illinois which included misrepresentations including that Khader’s gross monthly income was \$21,000, which was a fraudulent claim; and
9. That Registrant knowingly submitted 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. 031.0019550 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 John Karapournos, Certificate of Registration No. 031.0019550, 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 John Karapournos 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 \_\_\_\_ DAY OF \_\_\_\_\_, 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.*]

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 AND ASSESSING FINE** by regular and certified mail, return receipt requested at 122 S. Michigan Avenue, Suite 1900, Chicago, Illinois 60603, to the address of Registrant's Licensee registered with IDFPR Division of Banking listed below:

JOHN KARAPOURNOS  
4711 Main Street  
Apt. 1W  
Skokie, Illinois 60076

---

AFFIANT

Subscribed and sworn to before me,  
this \_\_\_\_ day of \_\_\_\_\_, 2010

---

NOTARY PUBLIC

---