

STATE OF ILLINOIS

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

DIVISION OF BANKING

IN THE MATTER OF:

ARMANI D'AIFALLAH

8030 Enclave Lane
Tinley Park, Illinois 60477

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No. 2012-MLO-05

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

The DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION, Division of Banking (“Department”), having reviewed the activities of expired Illinois Provisional Loan Originator Registrant Armandi D’Aifallah (“D’Aifallah”), 8030 Enclave Lane, Tinley Park, Illinois 60477, and having documented violations of 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 7-13 of the Act 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; (7) fail to make disclosures as required by this Act and any other applicable State or federal law, including regulations thereunder; (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.
2. 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 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.
3. 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.
 4. Section 7-11 of the Act states the Secretary may revoke and/or fine a mortgage loan originator for violating the Act or any applicable law or regulation that is committed. If the mortgage 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

5. D'Aifallah was an Illinois Provisional Loan Originator Registrant holding expired Certificate of Registration No. 030.0031055 and having the last known address of 8030 Enclave Lane, Tinley Park, Illinois 60477.
6. On July 12, 2012, the Department became aware that D'Aifallah pleaded guilty in the United States District Court Northern District of Illinois Eastern Division (case no. 07CR853-03) based on his involvement in a mortgage fraud conspiracy. The matter was reviewed by the Department investigator and subsequently forwarded to the Department's Legal Section and an enforcement issue was created.
7. The following is a summary of D'Aifallah's admission to the facts in the indictment through the plea agreement:
 - a. That from January 2002 through December 2004, D'Aifallah and others devised, intended to devise, and participated in a scheme to defraud and to obtain money by means of materially false and fraudulent pretenses, representations and promises, which affected financial institutions and that D'Aifallah and his co-conspirators fraudulently obtained \$11 million in mortgage loans and \$4.2 million in loan proceeds from lenders through loan applications and supporting documentation containing materially false statements concerning borrowers' employment and financial conditions and appraisals containing false statements concerning the condition and value of the property to be purchased, and for purposes of executing the scheme, used and caused the use of the United States mails, commercial interstate carriers, and interstate wire transmissions.
 - b. D'Aifallah worked as a loan originator for Evergreen Mortgage Services and would prepare the initial drafts of loan applications and supporting paperwork (obtained by a co-conspirator) for individuals purchasing property from or investors affiliated with Genesis Investment Group ("Genesis"), a company owned by co-conspirators. D'Aifallah's primary function was to find lenders for Genesis borrowers.
 - c. D'Aifallah would review potential borrowers' credit reports and inform a co-conspirator what income amount was necessary for the borrowers to qualify for loans.

- The co-conspirator would then provide W-2 forms and paystubs purporting to be for the borrowers showing a qualifying level of income.
- d. D'Aifallah would occasionally alter false bank statements provided by the co-conspirator when the amount on deposit was not sufficient to qualify for a mortgage loan or D'Aifallah would create false bank statements where it was necessary to qualify a borrower.
 - e. D'Aifallah also falsified Verification of Deposit forms by using white-out and altering the account numbers and balances in a borrower's bank account.
 - f. D'Aifallah also prepared false leases for Genesis borrowers when necessary.
 - g. D'Aifallah qualified borrowers for more than one loan by concealing from lenders that the borrowers had other loans by using the same credit report which did not reflect the additional mortgage loans.
 - h. Loan applications were submitted to lenders that reflected the property was being purchased for owner occupancy and that D'Aifallah indicated on the loan applications that he conducted face-to-face interviews with the borrowers even when D'Aifallah knew the property was being purchased for investment and D'Aifallah did not meet with the borrowers until after the loan application was submitted.
 - i. D'Aifallah accepted appraisal reports ordered by Genesis and included those appraisal reports in the loan application packages submitted to lenders.
 - j. D'Aifallah was paid a bonus in addition to his origination fees which equaled two percent of the loan amount for each transaction. On occasion, D'Aifallah had the bonus paid in the name of a third party at closing and would request a fictitious payee to be added to the HUD-1 in order to get paid his bonus.
 - k. D'Aifallah was aware that contrary to the representations made to lenders, borrowers did not bring their own funds to closing.
 - l. At least four properties involved in the conspiracy were located in Illinois.
 - m. As a result of D'Aifallah's actions, the numerous fraudulent loans obtained for Genesis borrowers caused actual losses to lenders ranging from at least \$870,000 to no more than \$2 million.

LEGAL CONCLUSIONS

8. Armandi D' Aifallah violated Sections 7-13 (1), (2), (3), (6), (7), (8), (9) & (15) of the Act and Sections 1050.2165(b),(c)&(e) of the Rules.

NOW IT IS HEREBY ORDERED THAT,

1. The Department **REVOKES** Armandi D' Aifallah, Provisional Loan Originator Certificate of Registration No. 030.0031055, pursuant to 7-11 of the Act and Section 1050.2170(a)(1) of the Rules.
2. The Department assesses a **FINE** against Armandi D' Aifallah in the amount of \$10,000 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 _____, 2012

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

MANUEL FLORES, 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 and \$250 hearing fee by certified check or money order shall be filed with the Department at 320 West Washington Street, 5th Floor, 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 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 Respondent registered with IDFPR Division of Banking listed below:

AFFIANT

Subscribed and sworn to before me,
this ____ day of _____, 2012

NOTARY PUBLIC

Sent to:

ARMANI D' AIFALLAH
8030 Enclave Lane
Tinley Park, Illinois 60477