

STATE OF ILLINOIS
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION
DIVISION OF BANKING

IN THE MATTER OF:)	
)	
STONEWALL MORTGAGE CORPORATION)	No. 2023-MBR-03
d/b/a IRONBANK MORTGAGE)	2023-MLO-01
License No. MB.6761151; NMLS ID 1416817)	
)	
And)	
)	
WESLEY C. ZABA)	
License No. 031.0041356; NMLS ID 1416872)	

CONSENT ORDER

The DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION, Division of Banking (“Department”) and **STONEWALL MORTGAGE CORPORATION d/b/a IRONBANK MORTGAGE** (“STONEWALL MORTGAGE”) and **WESLEY C. ZABA** (“ZABA”) hereby enter into this Consent Order pursuant to the Residential Mortgage License Act of 1987 (“Act”) [205 ILCS 635] and the rules promulgated thereunder (“Rules”) [38 Ill. Adm. Code 1050] and stipulate and agree as follows:

STIPULATIONS & AGREEMENT

STATUTORY PROVISIONS

1. Section 2-4 of the Act lists prohibited acts and practices for licensees. It is a violation of the Act for a licensee subject to the Act to: (d) fail to file with the Secretary or Nationwide Multistate Licensing System and Registry (“NMLS”) as applicable, when due, any report the licensee is required to file under any provisions of this Act; (o) engage in any conduct which would be cause for denial of a license; (t) fail to comply with the

provisions of the Act, or with any lawful order, rule, or regulation made or issued under the provisions of the Act; or (bb) structure activities or contracts to evade provisions of the Act.

2. Section 4-5(h) of the Act provides that, upon a finding by the Director of the Department (“Director”) that any person is in violation of the grounds set forth in subsection 4-5(i), the Department may enter an order imposing one or more penalties, including in subsection (h), paragraph (1) revocation of license, and in subsection (h), paragraph (5), imposition of a fine not to exceed \$25,000 for each count of separate offense, provided that a fine may be imposed not to exceed \$75,000 for each separate count of offense of Section 4-5(i)(2).
3. Section 4-5(i) of the Act provides a list of acts that constitute grounds for which disciplinary action specified in subsection (h) may be taken, including among others: (3) a material or intentional misstatement of fact on an initial or renewal application; (11) failure to comply with any order of the Director or rule made or issued under the provisions of this Act, and (17) failure to comply with or violation of any provision of this Act.
4. Section 6-2(a)(2) of the Act provides that the Director may issue an order of removal or prohibition, which order may remove a named person, persons, or entity or entities from participating in the affairs of one or more licensees and may be permanent or for specific shorter time. The findings required include that the person or entity subject to the order has submitted or caused to be submitted any document that contains multiple willful and material misstatements of facts, and that includes the signature of the person or entity

specified in the Commissioner's order, or that is notarized, certified, verified or is in any other way attested to, as to its veracity.

5. Section 7-3(3) of the Act states that to be licensed as a mortgage loan originator ("MLO") an applicant must demonstrate financial responsibility, character, and general fitness so as to command the confidence of the community and to warrant a determination that the mortgage loan originator will operate honestly, fairly, and efficiently within the purposes of this Act.
6. Section 7-11 of the Act authorizes the Director to revoke, fine, or otherwise discipline the license of an MLO if the Director finds that the MLO has violated the Act or any other applicable law or regulation.
7. Section 7-13 of the Act provides that it is a violation of the Act for a mortgage loan originator to: Subsection (8) Fail to comply with this Act or rules or regulations 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; Subsection (9) Make, in any manner, any false or deceptive statement or representation of a material fact, or any omission of a material fact, required on any document or application subject to this Act; Subsection (10) Negligently make any false statement or knowingly and willfully make any omission of material fact in connection with any information or report filed with a governmental agency or the Nationwide Multistate Licensing System and Registry or in connection with any investigation conducted by the Director or another governmental agency and Subsection (15) Engage

in conduct that constitutes dishonest dealings; and Subsection (21) Structure activities or contracts to evade provisions of this Act.

FACTUAL FINDINGS

1. STONEWALL MORTGAGE is a residential mortgage broker holding Illinois Residential Mortgage License No. MB. 6761151 (“MB License”) since March 15, 2016. ZABA is currently the one hundred percent owner of STONEWALL MORTGAGE and also an MLO sponsored by STONEWALL MORTGAGE holding Mortgage Loan Originator License No. 031.0041356 (“MLO License”).
2. STONEWALL MORTGAGE and ZABA, as required by the Act and Rules, submitted to the Department numerous annual reports, including Financial Statements, through NMLS.
3. STONEWALL MORTGAGE and ZABA were required by Section 2-3 of the Act, as part of the annual renewal of STONEWALL MORTGAGE’S MB License, to attest “that to the best of my knowledge and belief the information contained in the Licensee/Registrant’s online record, as well as any applicable jurisdiction specific requirements, is true, accurate and complete in accordance with the appropriate jurisdiction’s law. Additionally, I acknowledge that I have a duty and agree expediently to update and correct the information as it changes. I understand that submitting any false or misleading information, or omitting pertinent or material information, may be grounds for administrative action and/or criminal action.”
4. STONEWALL MORTGAGE and ZABA made the above attestations for every MB License renewal from 2016 through 2022.

5. On or around June 6, 2022, the Department received a complaint from an accountant (“ME”) working for an accounting firm (“KPW” or “Accounting Firm”).
6. According to the complaint, ME was contacted by a representative of another state regulator (“Other State Regulator”). Through ME’s discussion with the representative of the Other State Regulator, ME was made aware that STONEWALL MORTGAGE had filed purportedly audited financial reports for several years using the name of the Accounting Firm, when in fact, the Accounting Firm only prepared STONEWALL MORTGAGE’S initial financial report for the year 2015.
7. On or around June 16, 2022, an investigation commenced into these allegations against STONEWALL MORTGAGE and ZABA.
8. The Department’s Investigator found that STONEWALL MORTGAGE and ZABA had reported the following information into the NMLS regarding STONEWALL MORTGAGE’S Financial Statements:
 - a. Initial 2015 Audited and submitted on January 22, 2016, Accounting Firm name: KPW
 - b. Annual 2016 unaudited submitted on June 9, 2017, Accounting Firm: KPW
 - c. Annual 2017 unaudited submitted on March 5, 2018, Accounting Firm Name: JH
 - d. Annual 2018 unaudited submitted on February 19, 2019, Accounting Firm Name: JH
 - e. Annual 2019 Audited submitted on February 21, 2020, Accounting Firm Name: KPW
 - f. Annual 2020 Audited submitted on March 25, 2021, Accounting Firm Name: KPW
 - g. Annual 2021 Audited submitted on March 10, 2022, Accounting Firm Name: KPW
9. Through the investigation it was confirmed that, although ME on behalf of KPW prepared STONEWALL MORTGAGE’S audited financial statement for the year ending

2015, KPW was never retained as an accountant or for any other business purpose by STONEWALL MORTGAGE and ZABA.

10. Nevertheless, STONEWALL MORTGAGE and ZABA not only deceptively listed KPW in NMLS under "Accounting Firm Name" and had KPW's name typed on STONEWALL MORTGAGE'S Balance Sheet, Statement of Income, and Statement of Cashflows, they also used KPW's letterhead and language duplicated from KPW's real independent audit report created in 2015. These falsified financial statements and audit reports were filed for the years 2019, 2020, and 2021.
11. Additionally, through the investigation it was found that the unaudited financial statements submitted by STONEWALL MORTGAGE and ZABA for 2017 and 2018 naming the entity JH as their accounting firm were in fact not prepared by JH. JH was never retained in any capacity by STONEWALL MORTGAGE. ZABA allegedly knew of JH through a former law partner.
12. When ZABA was questioned about these findings, he admitted that STONEWALL MORTGAGE and ZABA did not hire KPW to prepare the 2021 audited Financial Statement, but rather that they used prior, unspecified KPW documents again.

TERMS AND CONDITIONS

WHEREFORE, the Department and STONEWALL MORTGAGE and ZABA agree as follows:

- I. The Department will revoke STONEWALL MORTGAGE'S MB License and ZABA'S MLO License on the Effective Date of this Consent Order, as defined in Paragraph VI.

- II. STONEWALL MORTGAGE and ZABA agree to pay a fine to the Department pursuant to Section 4-5(h)(5) of the Act, in the amount of \$5,000.00 (“Fine”) through the NMLS. The Fine shall be submitted within 14 days of the Effective Date.
- III. ZABA agrees to never apply for another Illinois residential mortgage license, or to hold ownership or be a control person for any other Illinois residential mortgage licensee.
- IV. STONEWALL MORTGAGE and ZABA agree to not file any petition for administrative or judicial hearing of this Consent Order. The Department has the right to prosecute any matter that is not addressed in the Order. STONEWALL MORTGAGE and ZABA acknowledge that they had an opportunity to be represented by legal counsel in negotiating this Consent Order, and that they willingly enter into this Consent Order after full review, evaluation, and consideration and with full knowledge of their rights under the Act, the Rules, the rules on Hearings Before the Division of Banking and Division of Financial Institutions [38 Ill. Adm. Code 100], and the Illinois Administrative Procedure Act [5 ILCS 100].
- V. The Department enters into this Consent Order for the purpose of imposing measures that are fair and equitable under the circumstances and that are consistent with the best interests of the people of the State of Illinois.
- VI. This Consent Order shall become effective upon the signatories below signing and dating the Consent Order, and on the date that the last of those designated for the Department sign and date the Consent Order (the “Effective Date”).

The foregoing Consent Order is approved in full.

ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION
DIVISION OF BANKING

[REDACTED]

CHASSE REHWINKEL
DIRECTOR

Date: 1/27/23

[REDACTED]

WESLEY C. ZABA, for STONEWALL MORTGAGE
CORPORATION d/b/a IRONBANK MORTGAGE

Date: 1/26/2023

[REDACTED]

WESLEY C. ZABA, an individual

Date: 1/26/2023