

**STATE OF ILLINOIS**

**DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**

**DIVISION OF BANKING**

IN THE MATTER OF:

**OMER MAHMOOD**

License No. 031.0025224; NMLS ID 281386

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) No. 2020-MLO-02  
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**ORDER REVOKING  
MORTGAGE LOAN ORIGINATOR LICENSE AND ASSESSING FINE**

The DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION, Division of Banking, (“Department”), having investigated the activities of OMER MAHMOOD (“MAHMOOD”) 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 ORDER REVOKING MORTGAGE LOAN ORIGINATOR LICENSE AND ASSESSING FINE.

**STATUTORY PROVISIONS**

1. Section 7-11 of the Act authorizes the Director of the Department (“Director”) to revoke the license of and/or fine, or otherwise discipline, a mortgage loan originator (“MLO”) if the Director finds that the MLO has violated the Act or any other applicable law or regulation. The Director may impose a fine of not more than \$1,000 or, for engaging in an act prohibited by item (1) of Section 7-13, not more than \$3,000, for each day for each violation of this Act or any other applicable law or regulation that is committed. If the MLO engages in a pattern of repeated violations, the Director may impose a fine of not more than \$2,000 or, for engaging in an act prohibited by item (1) of Section 7-13, not more than \$6,000, for each day for each violation committed.
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 (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 (14) Fail to truthfully account for monies belonging to a party to a residential mortgage loan transaction; Subsection (15) Engage in conduct that constitutes dishonest dealings; Subsection (19) Fail to give reasonable consideration to a borrower’s ability to repay the debt; and Subsection (21) Structure activities or contracts to evade provisions of this Act.

### **FACTUAL FINDINGS**

The Department finds the following:

3. MAHMOOD is an Illinois Mortgage Loan Originator (“MLO”) holding MLO License No. 031.0025224 (“MLO License”) that was in active status for the time period covered by this Order and is, and has been, subject to the Department’s regulatory authority under the Act at all times relevant to this Order.
4. On or around January 29, 2020, the Department received information from a company licensed pursuant to the Act (the “Company”) self-reporting that their employee, MAHMOOD, was allegedly conducting a mortgage fraud scheme using his MLO License. This scheme was found when the Company conducted its Quality Control Review Process (“QCRP”).
5. Through the Company’s QCRP, the Company compares the assets on deposit, as provided by the borrower’s bank, with assets on deposit reflected on the borrower’s bank statements used in connection with the Company’s underwriting process. After the Company ascertained that more than one loan file originated by MAHMOOD contained discrepancies, an internal review of loans originated by MAHMOOD was undertaken by the Company.
6. The Department commenced an investigation of the loans originated by MAHMOOD on February 20, 2020 for the period of January 1, 2017 through December 31, 2019.
7. The Department’s investigation confirmed that at least 35 loans originated by MAHMOOD during the 2017 through 2019 period contained altered or fabricated bank statements based on evidence the Department obtained from the Company, including, but not limited to, the following: copies of emails from borrowers to MAHMOOD, copies of actual bank statements provided by borrowers in those emails, copies of scan transmittals from the Company’s scanner to MAHMOOD with altered bank statements, copies of altered bank statements, copies of emails from MAHMOOD to the Company’s loan processing staff or other Company staff with the altered bank statements, copies of the altered bank statements attached to the emails from MAHMOOD to the Company’s loan processing staff or other Company staff, and copies of written verifications received from the various banks confirming the bank statements had been altered or fabricated.
8. Subsequently, on August 21, 2020, the Department received a complaint filed by the Federal Home Loan Mortgage Corporation (“Freddie Mac”) against MAHMOOD. Freddie Mac independently, through an investigation conducted by its Single Family Fraud Risk team (“SFFR”), found that loans originated by MAHMOOD were processed using altered or fabricated bank statements for the period of January 1, 2016 through September 30, 2019.
9. The SFFR, after obtaining and reviewing evidence from the Company regarding loans originated by MAHMOOD and conducting a similar investigation as the Department, confirmed that at least 63 loans originated by MAHMOOD during the 2016 through 2019 period contained altered or fabricated bank statements.

10. Additionally, the SFFR interviewed several staff from the Company, including MAHMOOD, as part of its investigation. During his interview with the SFFR, MAHMOOD admitted to altering the bank statements.
11. Based on both the Department's investigation and the SFFR's investigation, which covered overlapping time periods, Mahmood altered or fabricated borrowers' bank statements related to at least 76 loan files, including the following examples:
  - a. Borrower A.Z.A.: On July 27, 2019, A.Z.A. emailed to MAHMOOD a bank statement from Chase Bank with a beginning balance of \$10,060.43 and ending balance of \$6,785.12. On July 31, 2019, MAHMOOD emailed the altered bank statement to the Company's staff responsible for processing the loan, with the beginning balance of \$179,160.43 and ending balance of \$166,785.12.
  - b. Borrower J.K.M.: On July 26, 2018, J.K.M. emailed to MAHMOOD a bank statement from U.S. Bank with the beginning balance of \$13,367.08 and ending balance of \$4,546.06. On July 26, 2018 and July 31, 2018, MAHMOOD emailed the altered bank statement to the Company's staff responsible for processing the loan, with the beginning balance of \$73,367.08 and ending balance of \$64,546.06.
  - c. Borrower J.M.: On April 27, 2017, J.M. emailed to MAHMOOD a bank statement from Chase Bank with a beginning balance of \$5,371.02 and ending balance of \$2,899.89. On May 2, 2017, MAHMOOD emailed the altered bank statement to the Company's staff responsible for processing the loan, with the beginning balance of \$65,371.02 and ending balance of \$62,899.89.
  - d. Borrower U.A.Q.: On November 21, 2017, U.A.Q. emailed to MAHMOOD a bank statement from Chase Bank with the beginning balance of \$0.00 and ending balance of \$15,000.00. On December 6, 2017 and December 8, 2017, MAHMOOD emailed the altered bank statement to the Company's staff responsible for processing the loan, with the beginning balance of \$70,000.00 and ending balance of \$85,000.00.

### LEGAL CONCLUSIONS

12. MAHMOOD structured a scheme to defraud the Company, borrowers and other persons and to evade the Company's process for verifying the borrowers' ability to repay residential mortgage loans by altering or fabricating borrowers' bank statements in violation of Section 7-13, Subsections (1), (2), (8), (9), (14), (15), (19) and (21) of the Act.

### NOW IT IS HEREBY ORDERED THAT,

13. The Department **REVOKES** OMER MAHMOOD's Mortgage Loan Originator License No. 031.0025224 pursuant to Section 7-11(a)(1) of the Act.
14. The Department assesses a **FINE** against OMER MAHMOOD in the amount of \$453,000 pursuant to Section 7-11(a)(2) of the Act. 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: Cash Unit  
320 W. Washington St., Rm. 338  
Springfield, Illinois 62786**

ORDERED THIS 10 DAY OF December, 2020

ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION



CHASSE REHWINKEL  
ACTING 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 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.].**