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FILED
SEP 20 2022
DEPT. OF REAL ESTATE
By [Signature]

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

In the Matter of the Accusation Against) DRE No. H-05352 SD
)
)
JANET V. SHANNER,)
) ACCUSATION
) Respondent.)
)

The Complainant, Veronica Kilpatrick, a Supervising Special Investigator of the State of California, for cause of Accusation against JANET V. SHANNER (Respondent) alleges as follows:

1.

The Complainant, Veronica Kilpatrick, a Supervising Special Investigator of the State of California, makes this Accusation in her official capacity.

2.

All references to the "Code" are to the Real Estate Law, Part 1 of Division 4 of the California Business and Professions Code.

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1 Title V of Public Law 110-289, the Secure and Fair Enforcement for Mortgage Licensing Act
2 of 2008 (the SAFE Act), requires that state-licensed MLOs complete PE prior to initial
3 licensure and annual CE thereafter. (See Code section 10166.06.)

4 6.

5 In order to meet PE requirements contemplated under the SAFE Act, state-
6 licensed MLOs must complete twenty (20) hours of NMLS-approved education. (Code section
7 10166.06(a).)

8 7.

9 In order to meet CE requirements contemplated under the SAFE Act, state-
10 licensed MLOs must complete eight (8) hours of NMLS-approved education. (Code section
11 10166.10(a).)

12 REES

13 8.

14 REES, with NMLS course provider number 1405046, was an NMLS-approved
15 course provider during the years 2017 to 2020.

16 9.

17 The NMLS had approved REES to offer one in-person 8-hour "DBO-SAFE Act
18 Comprehensive: Mortgage Continuing Education" course in a classroom format located at
19 15751 Brookhurst Street, Suite 230, Westminster, California (Westminster address).

20 10.

21 REES was never approved by the NMLS to offer online PE or CE to MLOs.

22 11.

23 During all times relevant herein, REES had its primary place of business located
24 at 3643 Adams Street, Carlsbad, California.

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26 ///

27 ///

1 REES Investigation

2 12.

3 The Mortgage Testing and Education Board (MTEB), which was created by
4 SRR, has approved “Administrative Action Procedures for S.A.F.E. Testing and Education
5 Requirements” (AAP), which extends administrative authority to the MTEB to investigate
6 alleged violations of the NMLS student Rules of Conduct (ROC).

7 13.

8 The AAP also extends administrative authority to the MTEB and SRR to
9 investigate alleged violations of the NMLS Standards of Conduct (SOC), which apply to all
10 NMLS–Approved course providers.

11 14.

12 In late 2020, SRR obtained information concerning suspicious activity and that
13 that information identified a possible MLO education cheating scheme coordinated by and
14 implemented through REES and its owners and operators, including Danny Yen. Based on that
15 information, and pursuant to the AAP, SRR initiated an investigation into the matter.

16 Findings of SRR and Department Investigation

17 15.

18 On or about December 15, 2020, SRR staff were informed of suspected
19 individuals completing online NMLS–approved education courses on behalf of another.

20 16.

21 Additional investigation revealed evidence that REES fraudulently provided
22 course credit to MLOs who had never attended and completed REES’ 8-hour in-person CE
23 course in Westminster, California in the in-person fraud scheme.

24 17.

25 Respondent was identified in NMLS records as receiving course credit for
26 REES’ 8-hour in-person CE course in 2019 and 2020. It was determined that none of these in-
27 person courses ever took place and Respondent never attended an in-person course

1 corresponding to the course credits Respondent received. Consequently, Respondent never took
2 a knowledge examination required for course credit. It was determined that Respondent had
3 used REES to obtain two years of course credits from 2019 to 2020 in violation of the ROC
4 under the in-person fraud scheme.

5 18.

6 The ROC provide in relevant part:

7 ROC 3: I understand that the SAFE Act and state laws require me to spend a
8 specific amount of time in specific subject areas. Accordingly, I will not attempt to circumvent
9 the requirements of any NMLS approved course.

10 ROC 5: I will not seek or attempt to seek outside assistance to complete the
11 course.

12 ROC 8: I will not engage in any capacity that would be contrary to good
13 character or reputation, or engage in any behavior that would cause the public to believe that I
14 would not operate in the mortgage loan business lawfully, honestly or fairly.

15 ROC 9: I will not engage in any conduct that is dishonest, fraudulent, or would
16 adversely impact the integrity of the course(s) I am completing and the conditions for which I
17 am seeking licensure or renewal of licensure.

18 19.

19 By using the services of another to complete her CE and receiving fraudulent
20 course credits through a non-existent course, Respondent violated ROC 3, 5, 8, and 9, and
21 engaged in conduct that was dishonest, fraudulent, and that adversely impacted the integrity of
22 the courses and the conditions and qualifications for which Respondent sought licensure or
23 renewal of licensure.

24 Financial Responsibility, Character, and General Fitness

25 20.

26 Pursuant to Code section 10166.05(c), the Commissioner must deny a MLO
27 license endorsement if the licensee fails to meet the minimum criteria for licensure, which

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24.

Section 10166.051 of the Code provides in pertinent part, "...the commissioner may do one or more of the following, after appropriate notice and opportunity for hearing:

(a) Deny, suspend, revoke, restrict, or decline to renew a mortgage loan originator license endorsement for a violation of this article, or any rules or regulations adopted hereunder.

(b) Deny, suspend, revoke, condition, or decline to renew a mortgage loan originator license endorsement, if an application or endorsement holder fails at any time to meet the requirements of Section 10166.05 or 10166.09, or withholds information or makes a material misstatement in an application for a license endorsement or license endorsement renewal."

25.

Section 10177 of the Code provides in pertinent part, "[t]he Commissioner may suspend or revoke the license of a real estate licensee, delay the renewal of a license of a real estate licensee, or deny the issuance of a license to an applicant, who has done any of the following...

...

(d) Willfully disregarded or violated the Real Estate Law (Part 1 (commencing with Section 10000)) or Chapter 1 (commencing with Section 11000) of Part 2 or the rules and regulations of the commissioner for the administration and enforcement of the Real Estate Law and Chapter 1 (commencing with Section 11000) of Part 2.

...

(g) Demonstrated negligence or incompetence in performing an act for which the officer, director, or person is required to hold a license.

...

(j) Engaged in any other conduct, whether of the same or of a different character than specified in this section, that constitutes fraud or dishonest dealing.

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COSTS

(INVESTIGATION AND ENFORCEMENT COSTS)

26.

Section 10106 of the Code, provides, in pertinent part, that in any order issued in resolution of a disciplinary proceeding before the Department, the Commissioner may request the administrative law judge to direct a licensee found to have committed a violation of this part to pay a sum not to exceed the reasonable costs of investigation and enforcement of the case.

WHEREFORE, Complainant prays that a hearing be conducted on the allegations of this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary action against the license(s), MLO endorsement, and/or license rights of Respondent JANET V. SHANNER under the Real Estate Law, for the costs of investigation and enforcement as permitted by law and for such other and further relief as may be proper under other applicable provisions of law.

Dated at San Diego, California this 15 day of September, 2022.

Veronica Kilpatrick

Veronica Kilpatrick
Supervising Special Investigator

cc: JANET V. SHANNER
C2 Financial Corporation
Veronica Kilpatrick
Sacto.