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8	BEFORE THE DEPARTMENT OF REAL ESTATE		
9	STATE OF CALIFORNIA		
10	* * *		
11	In the Matter of the Accusation of No. H-42395-LA		
12	HUNG QUANG TRAN, <u>ACCUSATION</u>		
13	Respondent.		
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15	The Complainant, Veronica Kilpatrick, a Supervising Special Investigator for the		
16	Department of Real Estate ("Department" or "DRE") of the State of California, for cause of		
17	Accusation against HUNG QUANG TRAN ("TRAN" or "Respondent"), is informed and alleges		
18	as follows:		
19	1. The Complainant, Veronica Kilpatrick, acting in her official capacity as a		
20	Supervising Special Investigator, makes this Accusation against Respondent.		
21	2. All references to the "Code" are to the California Business and Professions Code		
22	and all references to "Regulations" are to Title 10, Chapter 6, California Code of Regulations.		
23	LICENSE HISTORY		
24	3. Respondent TRAN is presently licensed and/or has license rights under the Code,		
25	as a real estate broker ("REB") with Department license ID 00931318.		
26	4. Respondent's REB license was originally issued on December 24, 1987, and is		
27	scheduled to expire on December 23, 2023, unless renewed.		
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5. 1 Respondent currently holds an individual Mortgage Loan Originator ("MLO") 2 license endorsement with the Department with National Mortgage Licensing System and Registry 3 ("NMLS") No. 323444, and also holds a company MLO license endorsement with the Department with NMLS No. 322613. Respondent is currently authorized to represent Bay-Valley Mortgage 4 5 Group with NMLS No. 192103. 6 **STATEMENT OF FACTS**

7 6. Respondent violated the NMLS student Rules of Conduct ("ROC") by using the 8 services of Danny Yen dba Real Estate Educational Services ("REES") to complete his NMLS-9 approved continuing education ("CE") courses, which constitutes a violation of the licensing requirements of this state and under federal law. Specifically, Respondent used and compensated 10 11 REES to obtain credit through an in-person fraud scheme. Under the in-person fraud scheme, 12 Respondent used REES to annually report completion of an in-person course for four (4) years 13 from 2017 to 2020. REES did not teach the in-person course and Respondent never attended the in-person course nor completed the required exam or course work to receive course credit. 14 15 **NMLS** Pre-Licensing and Continuing Education 7. The State Regulatory Registry LLC ("SRR"), which owns and operates the NMLS, 16 17 administers pre-licensing education ("PE") and CE and Uniform State Test protocols. Title V of Public Law 110-289, the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 ("the 18 19 SAFE Act"), requires that state-licensed MLOs complete PE prior to initial licensure and annual 20 CE thereafter. (See Code section 10166.06.) 21 8. In order to meet PE requirements contemplated under the SAFE Act, state-licensed MLOs must complete 20 hours of NMLS-approved education. (Code section 10166.06(a).) 22 23 9. In order to meet CE requirements contemplated under the SAFE Act, state-licensed 24 MLOs must complete eight hours of NMLS-approved education. (Code section 10166.10(a).) 25 REES 10. REES, with NMLS course provider number 1405046, was an NMLS-approved 26 27 course provider during the years 2017 to 2020. 28

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1	11.	The NMLS had approved REES to offer one in-person 8-hour "DBO-SAFE Act		
2	Comprehensi	ve: Mortgage Continuing Education" course in a classroom format located at 15751		
3	Brookhurst S	treet, Suite 230, Westminster, California (Westminster address).		
4	12.	REES was never approved by the NMLS to offer online PE or CE to MLOs.		
5	13.	During all times relevant herein, REES had its primary place of business located at		
6	3643 Adams Street, Carlsbad, California.			
7		REES Investigation		
8	14.	The Mortgage Testing and Education Board ("MTEB"), which was created by		
9	SRR, has app	proved "Administrative Action Procedures for S.A.F.E. Testing and Education		
10	Requirement	s" ("AAP"), which extends administrative authority to the MTEB to investigate		
11	alleged violat	tions of the NMLS student Rules of Conduct ("ROC").		
12	15.	The AAP also extends administrative authority to the MTEB and SRR to		
13	investigate al	leged violations of the NMLS Standards of Conduct ("SOC"), which apply to all		
14	NMLS-Appr	oved course providers.		
15	16.	In late 2020, SRR obtained information concerning suspicious activity and that that		
16	information i	dentified a possible MLO education cheating scheme coordinated by and		
17	implemented	through REES and its owners and operators, including Danny Yen. Based on that		
18	information, and pursuant to the AAP, SRR initiated an investigation into the matter.			
19		Findings of SRR and Department Investigation		
20	17.	On or about December 15, 2020, SRR staff were informed of suspected individuals		
21	completing or	nline NMLS-approved education courses on behalf of another.		
22	18.	Additional investigation revealed evidence that REES fraudulently provided course		
23	credit to MLC	Os who had never attended and completed REES' 8-hour in-person CE course in		
24	Westminster,	California in the in-person fraud scheme.		
25	19.	Respondent was identified in NMLS records as receiving course credit for REES'		
26	8-hour in-per	son CE course in 2017, 2018, 2019 and 2020. It was determined that none of these		
27	in-person cou	rses ever took place and Respondent never attended an in-person course		
28	corresponding	g to the course credits Respondent received. Consequently, Respondent never took a		
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1	knowledge examination required for course credit. It was determined that Respondent had used		
2	REES to obtain four (4) years of course credits from 2017 to 2020 in violation of the ROC under		
3	the in-person fraud scheme.		
4	20. The ROC provide in relevant part:		
5	ROC 3: I understand that the SAFE Act and state laws require me to spend		
6	a specific amount of time in specific subject areas. Accordingly, I will not attempt		
7	to circumvent the requirements of any NMLS approved course.		
8	ROC 5: I will not seek or attempt to seek outside assistance to complete		
9	the course.		
10	ROC 8: I will not engage in any capacity that would be contrary to good		
11	character or reputation, or engage in any behavior that would cause the public to		
12	believe that I would not operate in the mortgage loan business lawfully, honestly		
13	or fairly.		
14	ROC 9: I will not engage in any conduct that is dishonest, fraudulent, or		
15	would adversely impact the integrity of the course(s) I am completing and the		
16	conditions for which I am seeking licensure or renewal of licensure.		
17	21. By using the services of another to complete his CE and receiving fraudulent		
18	course credits through a non-existent course, Respondent violated ROC 3, 5, 8, and 9, and		
19	engaged in conduct that was dishonest, fraudulent, and that adversely impacted the integrity of the		
20	courses he completed and the conditions and qualifications for which Respondent sought licensure		
21	or renewal of licensure.		
22	Financial Responsibility, Character, and General Fitness		
23	22. Pursuant to Code section 10166.05(c), the Commissioner must deny a MLO license		
24	endorsement if the licensee fails to meet the minimum criteria for licensure, which includes a		
25	requirement that the applicant "has demonstrated such financial responsibility, character and		
26	general fitness as to command the confidence of the community and to warrant a determination		
27	that the [MLO] will operate honestly, fairly, and efficiently within the purposes of this division."		
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1	23. As described in paragraphs 17 through 21 above, Respondent violated ROC 3, 5, 8		
2	and 9 by using the services of another, REES, to falsely obtain course credits through an in-person		
3	course that Respondent never attended for the years 2017, 2018, 2019, and 2020.		
4	24. In violating the ROC by using the services of another to falsely obtain course		
5	credits, Respondent does not meet the minimum criteria for licensure under Code section		
6	10166.05(c). The conduct of Respondent, as alleged above, is grounds for the suspension or		
7	revocation of Respondent's license, MLO license endorsement, and license rights pursuant to the		
8	provisions of Code sections 10166.051(a), 10166.051(b), 10177(d), 10177(g) and/or 10177(j).		
9	GROUNDS FOR DISCIPLINARY ACTION		
10	25. Code Section 10166.05 provides in pertinent part:		
11	Notwithstanding any other provision of law, the commissioner shall not		
12	issue a license endorsement to act as a mortgage loan originator to an applicant unless the commissioner makes all of the following findings:		
13	(c) The applicant has demonstrated such financial responsibility, character,		
14	and general fitness as to command the confidence of the community and warrant a determination that the mortgage loan originator will operate		
15	honestly, fairly, and efficiently within the purposes of this article.		
16	26. Code Section 10166.051 provides in pertinent part:		
17	[T]he commissioner may do one or more of the following, after appropriate notice		
18	and opportunity for hearing: (a) Deny, suspend, revoke, restrict, or decline to renew a mortgage loan		
19	originator license endorsement for a violation of this article, or any rules or regulations adopted hereunder.		
20	(b) Deny, suspend, revoke, condition, or decline to renew a mortgage loan originator license endorsement, if an application or endorsement holder		
21	fails at any time to meet the requirements of Section 10166.05 or 10166.09, or withholds information or makes a material misstatement in		
22	an application for a license endorsement or license endorsement renewal.		
23	27. Code section 10177 provides in pertinent part:		
24	The 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		
25	issuance of a license to an applicant, who has done any of the following:		
26	(d) Willfully disregarded or violated the Real Estate Law (Part 1		
27	(commencing with Section 10000)) or Chapter 1 (commencing with Section 11000) of Part 2 or the rules and regulations of the commissioner		
28	for the administration and enforcement of the Real Estate Law and Chapter 1 (commencing with Section 11000) of Part 2.		
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13 against all the licenses and license rights of Respondent HUNG QUANG TRAN under th 14 Estate Law, for the costs of investigation and enforcement as permitted by law, and for su 15 and further relief as may be proper under other applicable provisions of law. 16 17 17 Dated at San Diego, California this <u>16</u> day of <u>August</u> , 2022. 18 <u>Veronica Kilpatrick</u> 19 <u>Veronica Kilpatrick</u> 20 Cc: 21 cc: 22 Lung QUANG TRAN 23 Veronica Kilpatrick 24 Sacto. 25 26 27 28				
3 (i) 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. 4 COSTS 5 COSTS 6 (COSTS OF INVESTIGATION AND ENFORCEMENT) 7 28. Code section 10106 provides in pertinent part that in any order issued in r 8 of a disciplinary proceeding before the Department of Real Estate, the Commissioner may 9 the administrative law judge to direct a licensee found to have committed a violation of th 10 pay a sum not to exceed the reasonable costs of the investigation and enforcement of the co 11 WHEREFORE, Complainant prays that a hearing be conducted on the allegations 12 Accusation and that upon proof thereof, a decision be rendered imposing disciplinary acti 13 against all the licenses and license rights of Respondent HUNG QUANG TRAN under th 14 Estate Law, for the costs of investigation and enforcement as permitted by law, and for su 16 Dated at San Diego, California this <u>16</u> day of <u>August</u> , 2022. 18 Veronica Kilpatrick 19 veronica Kilpatrick 21 c: 22 Veronica Kilpatrick 23 Cotto a Kilpatrick 24 Sacto. </th <td></td>				
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