

FILED

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DEPT. OF REAL ESTATE

By 

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8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation Against) DRE No. H-42458 LA
12)
13 JAMES DOUGLAS GALLIGAN, JR.,) ACCUSATION
14 Respondent.)
15)

16 The Complainant, Veronica Kilpatrick, a Supervising Special Investigator of the
17 State of California, for cause of Accusation against JAMES DOUGLAS GALLIGAN, JR.
18 (“Respondent”) alleges as follows:

19 1.

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

22 2.

23 All references to the “Code” are to the Real Estate Law, Part 1 of Division 4 of
24 the California Business and Professions Code, unless otherwise specified.

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1 RESPONDENT'S LICENSE HISTORY

2 3.

3 a. Respondent is presently licensed and/or has license rights under the Code, as
4 a real estate broker with Department of Real Estate ("Department") license number 02071619.
5 Respondent's broker license was originally issued on August 10, 2018, and Respondent has
6 been so licensed from August 10, 2018 through the present.

7 b. Respondent currently holds a Mortgage Loan Originator ("MLO") license
8 endorsement with the Department with the assigned National Mortgage Licensing System and
9 Registry ("NMLS") number 366310. Respondent's MLO license endorsement was originally
10 issued on or about November 15, 2018. Respondent is currently authorized to represent
11 JDGVentures with Department license number 02117276 and NMLS number 1950293.

12
13 STATEMENT OF FACTS

14 4.

15 Respondent is currently, and at the time of the violations described herein, was
16 employed by and authorized to represent JDGVentures, a mortgage company. Respondent is
17 the designated officer and broker owner of JDGVentures.

18 5.

19 Respondent violated the NMLS student Rules of Conduct ("ROC") by using the
20 services of Danny Yen dba Real Estate Educational Services ("REES") to complete his NMLS-
21 approved continuing education ("CE") courses, which constitutes a violation of the licensing
22 requirements of this state and under federal law. Specifically, Respondent used and
23 compensated REES to obtain credit through an in-person fraud scheme. Under the in-person
24 fraud scheme, Respondent used REES to annually report completion of an in-person course for
25 two years in 2018 and 2020. However, REES did not teach the in-person courses, and
26 Respondent neither attended any in-person course nor completed the required exam or course
27 work to receive course credit.

1 NMLS Pre-Licensing and Continuing Education

2 6.

3 The State Regulatory Registry LLC (“SRR”), which owns and operates the
4 NMLS, administers pre-licensing education (“PE”), CE, and Uniform State Test protocols.
5 Title V of Public Law 110-289, the Secure and Fair Enforcement for Mortgage Licensing Act
6 of 2008 (the “SAFE Act”), requires that state-licensed MLOs complete PE prior to initial
7 licensure and annual CE thereafter. (See Code section 10166.06.)

8 7.

9 In order to meet PE requirements contemplated under the SAFE Act, state-
10 licensed MLOs must complete twenty (20) hours of NMLS–approved education. (Code section
11 10166.06(a).)

12 8.

13 In order to meet CE requirements contemplated under the SAFE Act, state-
14 licensed MLOs must complete eight (8) hours of NMLS–approved education. (Code section
15 10166.10(a).)

16
17 REES

18 9.

19 REES, with NMLS course provider number 1405046, was an NMLS–approved
20 course provider during the years 2017 to 2020.

21 10.

22 The NMLS had approved REES to offer one in-person 8-hour “DBO-SAFE Act
23 Comprehensive: Mortgage Continuing Education” course in a classroom format located at
24 15751 Brookhurst Street, Suite 230, Westminster, California (“Westminster address”).

25 11.

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

27 ///

1 12.

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

4
5 REES Investigation

6 13.

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

11 14.

12 The AAP also extends administrative authority to the MTEB and SRR to
13 investigate alleged violations of the NMLS Standards of Conduct (“SOC”), which apply to all
14 NMLS–Approved course providers.

15 15.

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

20
21 Findings of SRR and Department Investigation

22 16.

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

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1 17.

2 Additional investigation revealed evidence that REES fraudulently provided
3 course credit to MLOs who had never attended and completed REES' 8-hour in-person CE
4 course in Westminster, California in the in-person fraud scheme.

5 18.

6 Respondent was identified in NMLS records as receiving course credit for
7 REES' 8-hour in-person CE course in 2018 and 2020. It was determined that none of these in-
8 person courses ever took place, and Respondent never attended an in-person course
9 corresponding to the course credits Respondent received. Consequently, Respondent never took
10 a knowledge examination required for course credit. It was determined that Respondent had
11 used REES to obtain two years of course credits in 2018 and 2020 in violation of the ROC
12 under the in-person fraud scheme.

13 19.

14 The ROC provide in relevant part:

15 ROC 4: I will not divulge my login ID or password or other login credential(s)
16 to another individual for any online course.

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

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

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

25 20.

26 By using the services of another to complete his CE and receiving fraudulent
27 course credits through a non-existent course, Respondent violated ROC 4, 5, and 9, and

1 engaged in conduct that was dishonest, fraudulent, and that adversely impacted the integrity of
2 the courses and the conditions and qualifications for which Respondent sought licensure or
3 renewal of licensure.

4
5 Voluntary Survey and Interview

6 21.

7 In and about November 2021, Respondent was provided an opportunity via a
8 survey to disclose information about his participation in the REES online PE and CE education
9 fraud. On or about December 1, 2021, Respondent responded to the survey request. In response
10 to the survey, Respondent stated, in part, that he attended in-person at the Westminster address
11 each CA-DBO SAFE Comprehensive course in which he enrolled. On or about August 11,
12 2022, in an interview, Respondent declined to state whether he attended in-person each course
13 in which he was enrolled in 2018 and 2020.

14
15 Financial Responsibility, Character, and General Fitness

16 22.

17 Pursuant to Code section 10166.05(c), the Commissioner must deny a MLO
18 license endorsement if the licensee fails to meet the minimum criteria for licensure, which
19 includes a requirement that the applicant “has demonstrated such financial responsibility,
20 character and general fitness as to command the confidence of the community and to warrant a
21 determination that the [MLO] will operate honestly, fairly, and efficiently within the purposes
22 of this division.”

23 23.

24 As described in paragraphs 16 through 21 above, Respondent violated ROC 4, 5,
25 and 9 by using the services of another, REES, to falsely obtain course credits through an in-
26 person course that Respondent never attended for the years 2017 to 2020.

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1 material misstatement in an application for a license endorsement or license endorsement
2 renewal.”

3 27.

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

8 ...

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

13 ...

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

16 ...

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

19
20 COSTS

21 (INVESTIGATION AND ENFORCEMENT COSTS)

22 28.

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

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

7 Dated at San Diego, California: October 20, 2022.

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9
10 Veronica Kilpatrick
11 Veronica Kilpatrick
12 Supervising Special Investigator

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25 cc: JAMES DOUGLAS GALLIGAN, JR.
26 JDGVentures
27 Veronica Kilpatrick
 Sacto.