*		F 1 L E 4				
]	JUDITH B. VASAN, Counsel (SBN 278115) Department of Real Estate	DEC 17 2021				
2	2 320 West 4th Street, Suite 350	BUREAU OF REAL ESTATE				
_	Los Angeles, California 90013-1105 3 Telephone: (213) 576-6982	Syn Alther				
-	Direct: (213) 576-6904					
4						
5	Attorney for Complainant					
6	6					
7	7					
8	BEFORE THE DEPARTMENT OF REAL ESTATE					
9	STATE OF CA	STATE OF CALIFORNIA				
10	****					
11	In the Matter of the Accusation Against	Case No. H-05266 SD				
12	DANNY YEN,					
13	Respondent.	ACCUSATION				
14						
15	The Complainant Veronico Kilpstrick - Grant in Grant in					
16	The Complainant, Veronica Kilpatrick, a Supervising Special Investigator of the State of California, for cause of Accusation accient DADDIV MINA C					
17	of California, for cause of Accusation against DANNY YEN (Respondent) alleges as follows:					
18						
19	The Complaniant, Veronica Klipatrick	x, a Supervising Special Investigator of the State				
20	of California, makes this Accusation in her official ca	apacity.				
20	2.					
	All references to the "Code" are to the Real E	state Law, Part 1 of Division 4 of the California				
22		ness and Professions Code and all references to "Regulations" are to Title 10, Chapter 6, of the				
23	California Code of Regulations.					
24	LICENSE HISTORY					
25	3.					
26	a. Respondent is presently licensed and/or has license rights under the Code as a real estate					
27	broker with Department of Real Estate (Department) license ID 01363428.					
28						
	ACCUSATION - 1 -					
1)						

•

•

b. The Department originally issued Respondent a broker license on or about March 21, 2007. 1 c. Respondent's main office address on file with the Department is 3643 Adams Street, 2 Carlsbad, California (Carlsbad address). 3 d. Respondent maintains the fictitious business name Pivotal Real Estate and Finance when 4 performing real estate activities that require licensure by the Department. 5 6 JURISDICTION

4.

The Real Estate Commissioner (Commissioner) and the Department have jurisdiction over the 8 licensing and regulation of persons engaged in the business of, acting in the capacity of, advertising or assuming to act as a real estate broker or real estate salesperson. (Code section 10130.)

5.

The Real Estate Law and the Regulations of the Commissioner set minimum standards for the 12 licensing of real estate brokers and salespersons, including but not limited to, successfully passing the 13 exam, and completing pre-licensure education and continuing education course requirements. (Code 14 sections 10050, et seq.) 15

6.

16

18

19

20

21

7

9

10

11

The Commissioner approves and regulates Department education course providers for the 17 required pre-licensure and continuing education courses required of real estate licensees. (Code section 10153.5; Regulations sections 3000, et seq.) Approval of education courses is predicated upon the applicant's compliance with Code sections 10170.4 and 10170.5 and Sections 3006 through 3010 of the Regulations.

22

7.

The Commissioner and Department also regulate and issue mortgage loan originator (MLO) 23 license endorsements to current real estate licensees who qualify to originate mortgage loans by 24 passing a qualified written test, completing pre-licensure education courses, and taking annual 25 continuing education courses (Code sections 10166.06 and 10166.10) established by the Secure and 26Fair Enforcement for Mortgage Licensing Act of 2008 (the SAFE Act). (12 U.S.C. §5101 et seq.) The 27 SAFE Act further established that the National Multistate Licensing System & Registry (NMLS) is to 28

ACCUSATION

set standards foi^e an education system for MLOs. (12 U.S.C. 5104 §1505). 1

8.

The State Regulatory Registry LLC (SRR), which owns and operates the NMLS, administers 3 pre-licensing education (PE) and continuing education (CE) courses and Uniform State Test protocols. The SAFE Act requires that state-licensed MLOs complete PE prior to initial licensure and annual CE thereafter. (See Code sections 10166.01, et seq.)

9

In order to meet PE requirements contemplated under the SAFE Act, state-licensed MLOs 8 must complete twenty (20) hours of NMLS-approved education. (Code section 10166.06.) In order to 9 meet CE requirements contemplated under the SAFE Act, state-licensed MLOs must complete at least eight (8) hours of NMLS-approved education. (Code section 10166.10.)

STATEMENT OF FACTS

Danny Yen, dba Real Estate Educational Services

10.

Respondent operates under a fictitious business name of Real Estate Educational Services 15 (REES) registered in San Diego County with the Carlsbad address. Respondent is the owner and 16 operator of REES. Whenever acts referred to below are attributed to Respondent or REES, those acts 17 are alleged to have been done by Respondent, acting by himself or by and/or through one or more agents, associates, affiliates, co-conspirators, and/or other names or fictitious names unknown at this time.

11.

REES is approved by the Department as a course provider (sponsor ID 4861) of the 22 continuing education course offerings of Property Management (Course No. 4861-1035), Fair 23 Housing (Course No. 4861-1036), Ethics (Course No. 4861-1037), Business Management and 24 Supervision (Course No. 4861-1038), Trust Fund Handling (Course No. 4861-1039), Agency 25 (Course No. 4861-1040), and Risk Management (Course No. 4861-1041). 26

/// 27

///

28

2

4

5

6

7

10

11

12

13

14

18

19

20

21

ΞĒ

ACCUSATION - 3 -

1 12. REES was an NMLS-approved course provider during the years 2017 to 2020 (NMLS course 2 provider number 1405046). The NMLS had approved REES to offer one in-person 8-hour "DBO-3 SAFE Act Comprehensive: Mortgage Continuing Education" course. REES was never approved by 4 the NMLS to offer online PE or CE courses to MLOs. 5 6 13. During all times relevant herein, REES had its primary place of business located at the 7 Carlsbad address. Respondent maintained with his Internet Service Provider an IP address at 8 76.88.84.139 (the IP Address). The IP Address assigned to Respondent is associated with REES' 9 business address on file with the Department and with NMLS. 10 11 NMLS Online Education Fraud Scheme 12 14. The Commissioner was made aware of numerous NMLS education students associated with 13 taking online pre-licensing education and continuing education courses from the IP Address in 14 Carlsbad, California. These education students received NMLS course credit for the online pre-15 licensing or continuing education courses completed from the IP Address in Carlsbad, California, 16 belonging to Respondent. REES was never approved by the NMLS to offer online PE or CE courses 17 to MLOs. 18 19 15. The education students identified in the investigation do not reside or work at the Carlsbad 20 address, the physical address associated with the IP Address identified by the Commissioner as 21 belonging to Respondent. 22 23 16. It was determined that Respondent completed NMLS online pre-licensing education and 24 continuing education courses during the years 2019 and 2020 on behalf of numerous education 25 students. 26 /// 27 /// 28 ACCUSATION - 4 -

Department Correspondence Education Fraud

17.

The Department's investigation revealed that Respondent issued course completion certificates to Department licensees for real estate continuing education courses without requiring participants take, complete, and successfully pass the Department authorized final examination associated with the course described in the completion certificate.

18.

On or about, April 26, 2021, G.K., a licensed real estate broker, enrolled in REES' CE
correspondence course for Property Management, Risk Management, Ethics, Agency, Fair Housing,
Trust Fund Handling, and Management and Supervision by completing REES' Enrollment
Agreement and General Information Page (Enrollment Agreement). G.K. paid Respondent an
enrollment fee of \$225.00 for all courses via Venmo, a digital mobile payment service. According to
G.K.'s executed Enrollment Agreement, course study materials would be given to G.K. when the
enrollment form is submitted and the final exam would be administered only at the school location.

19.

Respondent issued G.K. continuing education course completion certificates and credits for Property Management, Risk Management, Ethics, Agency, Fair Housing, Trust Fund Handling, and Management and Supervision. Although G.K.'s Enrollment Agreement indicated an enrollment date of April 26, 2021, each certificate of completion indicated a backdated registration date of March 30, 2021.

20.

Each certificate of completion issued to G.K. included a verification by Respondent that G.K. "successfully completed the correspondence home/study course and passed the final exam with a score of 70% or better." however Respondent did not require G.K. personally take and pass a final exam. Respondent issued a certificate of completion that falsely reflected that G.K. successfully completed a final exam when no final exam was offered by Respondent.

1

2

3

4

5

6

7

16

17

18

19

20

21

27

28

///

///

ACCUSATION

During the Department's investigation, on or about May 27, 2021, the Commissioner served a 2 subpoena duces tecum (subpoena) to Respondent seeking documents related to REES' Department 3 approved continuing education correspondence courses, including in part, enrollment agreements and 4 course materials. In Respondent's written response dated July 14, 2021, Respondent, through his 5 counsel, stated that enrollment agreements "do not and have never existed" and that course materials 6 have been "inadvertently lost or misplaced." Respondent did not produce any enrollment agreements 7 or completed final exams or final exam grades in response to the Commissioner's subpoena. The only 8 course materials produced were Certificates of Completion from July 2018 through June 2021. 9 Respondent later submitted amended and superseded responses to the Commissioner's subpoena 10 asserting his Fifth Amendment right against self-incrimination. 11

FRAUD OR DISHONEST DEALING

22.

Section 10177, subsection (j), of the Code provides that the Commissioner may suspend or 14 revoke the license of a real estate licensee who has "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."

23.

By completing NMLS online courses on behalf of education students and providing false 19 verifications that REES students successfully completed the correspondence course and passed the final exam, as described in Paragraphs 10 through 21 above, Respondent engaged in conduct that was misleading, unethical, dishonest, fraudulent, and that adversely impacted the integrity of the courses required to be completed for licensure and endorsement.

24.

Based on the conduct, acts and/or omissions of Respondent, as described in Paragraphs 10 25 through 21 above, constitute cause for the suspension or revocation of the real estate license and/or 26 license rights of Respondent under the provisions of Sections 10177(d), 10177(j) and/or 10177(g). 27

1

12

13

15

16

17

18

20

21

22

23

24

28

///

\$:

INVESTIGATION AND ENFORCEMENT COSTS

1

2

12

25.

Section 10106 of the Code, provides, in pertinent part, that in any order issued in resolution of
a disciplinary proceeding before the Bureau, 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
all the licenses and/or license rights of Respondent DANNY YEN 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.

13	Dated at San Diego, California this _		December	, 2021.
14				, 2021.
15		Veronic	a Kilvatrick	
16		Veronica Kilpatrick Veronica Kilpatrick		
17		Supervising Special Investigator		
18				
19				
20				
21				
22	1			
23	1			
24				
25	cc: DANNY YEN			
26	Veronica Kilpatrick Sacto.			
27				
28 _				
		ACCUSATION	J	
		- / -		