

**FILED**

**DEC 17 2021**

**BUREAU OF REAL ESTATE**

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*Attorney for Complainant*

BEFORE THE DEPARTMENT OF REAL ESTATE  
STATE OF CALIFORNIA

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In the Matter of the Accusation Against

Case No. H-05266 SD

DANNY YEN,

ACCUSATION

Respondent.

The Complainant, Veronica Kilpatrick, a Supervising Special Investigator of the State of California, for cause of Accusation against DANNY YEN (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 and all references to "Regulations" are to Title 10, Chapter 6, of the California Code of Regulations.

LICENSE HISTORY

3.

a. Respondent is presently licensed and/or has license rights under the Code as a real estate broker with Department of Real Estate (Department) license ID 01363428.

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

6 JURISDICTION

7 4.

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

11 5.

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

16 6.

17 The Commissioner approves and regulates Department education course providers for the  
18 required pre-licensure and continuing education courses required of real estate licensees. (Code  
19 section 10153.5; Regulations sections 3000, et seq.) Approval of education courses is predicated  
20 upon the applicant's compliance with Code sections 10170.4 and 10170.5 and Sections 3006 through  
21 3010 of the Regulations.

22 7.

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

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

2 8.

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

7 9.

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

12 STATEMENT OF FACTS

13 Danny Yen, dba Real Estate Educational Services

14 10.

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

21 11.

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

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12.

REES was an NMLS-approved course provider during the years 2017 to 2020 (NMLS course provider number 1405046). The NMLS had approved REES to offer one in-person 8-hour "DBO-SAFE Act Comprehensive: Mortgage Continuing Education" course. REES was never approved by the NMLS to offer online PE or CE courses to MLOs.

13.

During all times relevant herein, REES had its primary place of business located at the Carlsbad address. Respondent maintained with his Internet Service Provider an IP address at 76.88.84.139 (the IP Address). The IP Address assigned to Respondent is associated with REES' business address on file with the Department and with NMLS.

NMLS Online Education Fraud Scheme

14.

The Commissioner was made aware of numerous NMLS education students associated with taking online pre-licensing education and continuing education courses from the IP Address in Carlsbad, California. These education students received NMLS course credit for the online pre-licensing or continuing education courses completed from the IP Address in Carlsbad, California, belonging to Respondent. REES was never approved by the NMLS to offer online PE or CE courses to MLOs.

15.

The education students identified in the investigation do not reside or work at the Carlsbad address, the physical address associated with the IP Address identified by the Commissioner as belonging to Respondent.

16.

It was determined that Respondent completed NMLS online pre-licensing education and continuing education courses during the years 2019 and 2020 on behalf of numerous education students.

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21.

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

FRAUD OR DISHONEST DEALING

22.

Section 10177, subsection (j), of the Code provides that the Commissioner may suspend or 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 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 through 21 above, constitute cause for the suspension or revocation of the real estate license and/or license rights of Respondent under the provisions of Sections 10177(d), 10177(j) and/or 10177(g).

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