

FILED

JUL 15 2022

DEPT. OF REAL ESTATE

By 

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7 *Attorney for Complainant*

8 BEFORE THE DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation Against) DRE No. H-05318 SD
12)
13 KRISTI HELENE COWAN,) ACCUSATION
14 Respondent.)
15 _____)

16 The Complainant, Veronica Kilpatrick, a Supervising Special Investigator of the
17 State of California, for cause of Accusation against KRISTI HELEN COWAN (Respondent)
18 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.

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ACCUSATION

1 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 ID 01157955.

5 b. Respondent's broker license was originally issued on January 19, 2002, and
6 is scheduled to expire on January 18, 2026, unless renewed.

7 c. 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) No. 287412.

10 STATEMENT OF FACTS

11 4.

12 Respondent violated the NMLS student Rules of Conduct (ROC) by using the
13 services of Danny Yen, dba Real Estate Educational Services (REES) to complete her NMLS-
14 approved continuing education (CE) courses, which constitutes a violation of the licensing
15 requirements of this state and under federal law. Specifically, Respondent used and
16 compensated REES to obtain credit through an in-person fraud scheme. Under the in-person
17 fraud scheme, Respondent used REES to annually report completion of an in-person course for
18 four years from 2017 to 2020. REES did not teach the in-person course, and Respondent never
19 attended the in-person course nor completed the required exam or course work to receive
20 course credit.

21 NMLS Pre-Licensing and Continuing Education

22 5.

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

ACCUSATION

1 6.

2 In order to meet PE requirements contemplated under the SAFE Act, state-
3 licensed MLOs must complete twenty (20) hours of NMLS-approved education. (Code section
4 10166.06(a).)

5 7.

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

9 REES

10 8.

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

13 9.

14 The NMLS had approved REES to offer one in-person 8-hour “DBO-SAFE Act
15 Comprehensive: Mortgage Continuing Education” course in a classroom format located at
16 15751 Brookhurst Street, Suite 230, Westminster, California (Westminster address).

17 10.

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

19 11.

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

22 REES Investigation

23 12.

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

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13.

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

14.

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

Findings of SRR and Department Investigation

15.

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

16.

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

17.

Respondent was identified in NMLS records as receiving course credit for REES' 8-hour in-person CE course in 2017, 2018, 2019, and 2020. It was determined that none of these in-person courses ever took place and that Respondent never attended an in-person course corresponding to the course credits Respondent received. Consequently, Respondent never took a knowledge examination required for course credit. It was determined that Respondent had used REES to obtain four years of course credits from 2017 to 2020 in violation of the ROC under the in-person fraud scheme.

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18.

The ROC provide in relevant part:

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

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

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

19.

By using the services of another to complete his CE and receiving fraudulent course credits through a non-existent course, Respondent violated ROC 4, 5, and 9, and engaged in conduct that was dishonest, fraudulent, and that adversely impacted the integrity of the courses and the conditions and qualifications for which Respondent sought licensure or renewal of licensure.

Financial Responsibility, Character, and General Fitness

20.

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

21.

As described in paragraphs 15 through 19 above, Respondent violated ROC 4, 5, and 9 by using the services of another, REES, to falsely obtain course credits through an in-person course that Respondent never attended for the years 2017 to 2020.

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

3 25.

4 Section 10177 of the Code 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 COSTS

20 (INVESTIGATION AND ENFORCEMENT COSTS)

21 26.

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

27 ///

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 KRISTI HELENE COWAN 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.

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8 Dated at San Diego, California this 12 day of July, 2022.

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10
11 *Veronica Kilpatrick*

12 _____
13 Veronica Kilpatrick
14 Supervising Special Investigator
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18 cc: KRISTI HELENE COWAN
19 Veronica Kilpatrick
20 Sacto.
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