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FACTUAL BASIS

The State Regulatory Registry LLC owns and operates the National Mortgage Licensing System and Registry (“NMLS”). State Regulatory Registry LLC administers pre-licensure and continuing education and Uniform State Test protocols. Title V of Public Law 110-289, the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (“SAFE Act”), requires that mortgage loan originators complete pre-licensure education prior to initial licensure and annual continuing education thereafter. In order to meet pre-licensure education requirements contemplated under the SAFE Act, mortgage loan originators must complete 20 hours of NMLS–approved education. In order to meet continuing education requirements contemplated under the SAFE Act, mortgage loan originators must complete eight hours of NMLS–approved education.

The Mortgage Testing and Education Board, which was created by State Regulatory Registry LLC, has approved “Administrative Action Procedures for S.A.F.E. Testing and Education Requirements”, which extends administrative authority to the Mortgage Testing and Education Board to investigate alleged violations of the NMLS student Rules of Conduct.

The “Administrative Action Procedures for S.A.F.E. Testing and Education Requirements” also extends administrative authority to the Mortgage Testing and Education Board and State Regulatory Registry LLC to investigate alleged violations of the NMLS Standards of Conduct, which apply to all NMLS–approved course providers.

In late 2020, Mortgage Testing and Education Board obtained information concerning suspicious activity and that information identified a possible mortgage loan originator education cheating scheme coordinated by and implemented through Danny Yen, doing business as Real Estate Educational Services, an NMLS–approved course provider that is assigned an NMLS–approved course provider identifier number of 1405046. Based on that information, and pursuant to the “Administrative Action Procedures for S.A.F.E. Testing and Education Requirements”, the Investigative Review Committee approved opening and pursuing

1 an investigation into this matter. The Investigative Review Committee found that Real Estate  
2 Educational Services fraudulently provided course credit to mortgage loan originators who had  
3 never attended and completed Real Estate Educational Services's eight-hour in-person  
4 continuing education course in Westminster, California (the "In-person Education Scheme").  
5 The Investigative Review Committee also found that Real Estate Educational Services helped  
6 mortgage loan originators cheat on online pre-licensure and continuing education courses by  
7 taking those courses on behalf of those mortgage loan originators. In each of the schemes  
8 orchestrated by Real Estate Educational Services, the mortgage loan originators accepted credit  
9 for SAFE-Act-required education courses that they had either not taken or completed on their  
10 own behalf in violation of the Rules of Conduct, and state and federal law (collectively, the  
11 "MLO Education Schemes").

12           Based on the initial findings of the Investigative Review Committee, this matter  
13 was referred from the Investigative Review Committee for further investigation and possible  
14 enforcement action, and to which the CSBS Non-Depository Supervisory Committee  
15 authorized the creation of a Regulatory Taskforce to coordinate the multi-state investigation and  
16 enforcement activity in this matter. Specifically, the Regulatory Taskforce, which includes the  
17 California Department of Real Estate ("Department"), adopted the work of the Investigative  
18 Review Committee investigation and engaged in additional investigatory work that included a  
19 demand from Respondent for a statement in writing under oath as to all the facts and  
20 circumstances concerning the MLO Education Schemes coordinated by and implemented  
21 through Real Estate Educational Services.

22           Respondent has been informed by the Department that Respondent is subject to  
23 an investigation and possible enforcement action. As a result of the investigation as it pertains  
24 to Respondent, the following relevant facts and determinations were made, including but not  
25 limited to:

26           1. That Respondent was a student in the In-person Education Scheme  
27 coordinated by and implemented through Real Estate Educational Services;

1                   2.       That Respondent used Real Estate Educational Services to annually  
2 report completion of an in-person course for the years 2019 and 2020 in violation of federal and  
3 state law. Specifically, that Real Estate Educational Services did not teach the in-person course  
4 and Respondent never attended the in-person course nor completed the required exam or course  
5 work to receive course credit under the In-person Education Scheme;

6                   3.       That by participating in the In-person Education Scheme coordinated by  
7 and implemented through Real Estate Educational Services, Respondent had in fact violated the  
8 Rules of Conduct; and

9                   4.       That by participating in the In-person Education Scheme coordinated by  
10 and implemented through Real Estate Educational Services, Respondent violated state and  
11 federal laws concerning competing certain continuing education requirements as a mandatory  
12 qualification for licensure.

13                   ACKNOWLEDGMENTS AND VOLUNTARY WAIVER OF RIGHTS

14                   It is hereby stipulated by and between Respondent and the Complainant, acting  
15 by and through Steve Chu, Counsel for the Department of Real Estate (“Department”), as  
16 follows:

17                   1.       All issues relating to the Department’s investigation of Respondent’s  
18 improperly completed continuing education courses, and all evidence which may be presented  
19 by the Department and Respondent at a formal disciplinary hearing held in accordance with the  
20 provisions of the Administrative Procedure Act (“APA”) resulting from the Department’s  
21 investigation shall instead and in place thereof be submitted on the basis of the provisions of  
22 this Stipulation and Agreement (“Stipulation”).

23                   2.       Respondent hereby waives Respondent’s right to a formal hearing under  
24 the provisions of the APA regarding the Factual Basis set forth above, and the Determination of  
25 Issues set forth below.

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1 3. Respondent acknowledges that Respondent understands that by waiving  
2 Respondent's right to notice of the charges brought against Respondent by the Department, and  
3 Respondent's right to file a Notice of Defense requesting a formal hearing under the APA,  
4 Respondent will thereby waive Respondent's right to require the Real Estate Commissioner  
5 ("Commissioner") to prove the allegations which would be alleged in a formal Accusation at a  
6 contested hearing held in accordance with the provisions of the APA and that Respondent will  
7 waive other rights afforded to Respondent in connection with a hearing such as the right to  
8 present evidence in defense of the allegations in the Accusation and the right to cross-examine  
9 witnesses.

10 4. It is understood by the parties that the Real Estate Commissioner may  
11 adopt the Stipulation as his Decision in this matter, thereby imposing the penalty and sanctions  
12 on all of Respondent's real estate licenses and license rights as set forth in the below Order. In  
13 the event that the Commissioner in his discretion does not adopt the Stipulation, it shall be void  
14 and of no effect.

15 5. The Order or any subsequent Order of the Commissioner made pursuant  
16 to this Stipulation shall not constitute an estoppel, merger or bar to any further administrative or  
17 civil proceedings by the Department with respect to any matters which were not specifically  
18 alleged as grounds for discipline in this matter.

#### 19 DETERMINATION OF ISSUES

20 By reason of the foregoing stipulations, admissions, and waivers, and solely for  
21 the purpose of settlement of the Department's investigation of Respondent's improperly  
22 completed continuing education courses, it is stipulated and agreed that the following  
23 Determination of Issues shall be made:

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I.

The conduct, acts or omissions of Respondent MIRNA RIOS, as described in the Factual Basis set forth above, constitutes cause for the suspension or revocation of all real estate licenses, license endorsements, and license rights of Respondent MIRNA RIOS under California Business and Professions Code ("Code") sections 10166.05(c), 10166.051(a), 10166.051(b), 10177(d), 10177(g), and 10177(j).

ORDER

I.

All licenses, license endorsements, and license rights of Respondent MIRNA RIOS under the Real Estate Law are revoked; provided, however, a restricted real estate salesperson license and restricted individual mortgage loan originator license endorsement shall be issued to Respondent pursuant to Section 10156.5 of the Code if Respondent makes application therefor and pays to the Department the appropriate fee for the restricted licenses within ninety (90) days from the effective date of this Decision. The restricted licenses issued to Respondent shall be subject to all of the provisions of Section 10156.7 of the Code and to the following limitations, conditions, and restrictions imposed under Section 10156.6 of the Code:

1. The restricted licenses issued to Respondent may be suspended prior to hearing by Order of the Real Estate Commissioner in the event of Respondent's conviction, plea of guilty, or plea of nolo contendere to a crime which is substantially related to Respondent's fitness or capacity as a real estate licensee.

2. The restricted licenses issued to Respondent may be suspended prior to hearing by Order of the Real Estate Commissioner on evidence satisfactory to the Commissioner that Respondent has violated provisions of the California Real Estate Law, the Subdivided Lands Law, Regulations of the Real Estate Commissioner, or the conditions attaching to this restricted license.

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1                   3.       Respondent shall not be eligible to apply for the issuance of an  
2 unrestricted real estate license, including designated officer or mortgage loan originator  
3 endorsement, nor for the removal of any of the conditions, limitations or restrictions of a  
4 restricted license until three (3) years have elapsed from the effective date of this Decision and  
5 Order. Respondent withdraws all pending license applications.

6                   4.       Respondent shall submit with any application for license under an  
7 employing broker, or any application for transfer to a new employing broker, a statement signed  
8 by the prospective employing real estate broker, on a form approved by the Department of Real  
9 Estate, which shall certify:

- 10                               (a)       That the employing broker has read the Decision of the  
11 Commissioner which granted the right to a restricted license; and  
12                               (b)       That the employing broker will exercise close supervision over  
13 the performance by the restricted licensee relating to activities for  
14 which a real estate license is required.

15                   5.       Respondent shall, within ninety (90) days from the Effective Date of this  
16 Decision and Order, take and complete the following mortgage loan originator education  
17 requirements:

- 18                               (a)       Twenty (20) hours of NMLS approved pre-licensure education,  
19 which shall consist of fourteen (14) hours of federal law  
20 curriculum, three (3) hours of ethics curriculum, and three (3)  
21 hours of non-traditional mortgage lending curriculum. None of  
22 these twenty (20) hours of pre-licensure education may be  
23 state-specific curriculum;

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(b) Eight (8) hours of continuing education, which shall consist of four (4) hours of federal law curriculum, two (2) hours of ethics curriculum, and two (2) hours of non-traditional mortgage lending curriculum. None of these eight (8) hours of continuing education may be state-specific curriculum.


6. Respondent may not take any of the pre-licensure education or continuing education provided for in Paragraph 4 of this Order in an online self-study format.

7. For a period of three (3) years from the Effective Date of this Order, Respondent shall be required to complete any additional required pre-licensure education or continuing education in a format other than online self-study format.

8. All licenses, license endorsements, and license rights of Respondent MIRNA RIOS are indefinitely suspended unless or until Respondent MIRNA RIOS pays an administrative penalty of \$1,500.00. Said payment shall be in the form of a cashier's check made payable to the Department of Real Estate. The payment must be delivered to the Department of Real Estate, Flag Section at P.O. Box 137013, Sacramento, CA 95813-7013, prior to the effective date of this Decision and Order.

9. All licenses, license endorsements, and license rights of Respondent MIRNA RIOS are indefinitely suspended unless or until Respondent MIRNA RIOS pays the sum of \$623.00 for the Commissioner's reasonable cost of the investigation which led to this disciplinary action. Said payment shall be in the form of a cashier's check made payable to the Department of Real Estate. The investigative costs must be delivered to the Department of Real Estate, Flag Section at P.O. Box 137013, Sacramento, CA 95813-7013, prior to the effective date of this Decision and Order.

DATED: 9-15-2022

  
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Steve Chu, Counsel  
Department of Real Estate

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The foregoing Stipulation and Agreement is hereby adopted by me as my  
Decision in this matter as to Respondent MIRNA RIOS, and shall become effective at  
12 o'clock noon on 11/7/2022.

IT IS SO ORDERED 10.4.22

DOUGLAS R. McCAULEY  
REAL ESTATE COMMISSIONER

