

FILED

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DEPT. OF REAL ESTATE

By _____

1 LAURENCE D. HAVESON, Counsel (SBN 152631)
2 Department of Real Estate
3 320 West 4th Street, Suite 350
4 Los Angeles, California 90013-1105
5 Telephone: (213) 576-6982
6 Direct: (213) 576-6854
7 Fax: (213) 576-6917
8 *Attorney for Complainant*

9 BEFORE THE DEPARTMENT OF REAL ESTATE

10 STATE OF CALIFORNIA

11 * * *

12 In the Matter of the Accusation of:

No. H-42083 LA

13 LEANN YAN LI,

ACCUSATION

14 Respondent.

15 The Complainant, Veronica Kilpatrick, a Supervising Special Investigator for the
16 Department of Real Estate ("Department" or "DRE") of the State of California, for cause of
17 Accusation against LEANN YAN LI, also known as Yan Li ("LI"), "Respondent," is informed
18 and alleges in her official capacity as follows:

19 1. The Complainant, Veronica Kilpatrick, acting in her official capacity as a
20 Supervising Special Investigator, makes this Accusation against Respondents.

21 2. All references to the "Code" are to the California Business and Professions Code
22 and all references to "Regulations" are to Title 10, Chapter 6, California Code of Regulations.

23 LICENSE HISTORY

24 3. Respondent LI presently has license rights under the Real Estate Law, Part 1 of
25 Division 4 of the Code, as a real estate salesperson ("RES"), License ID 01237758, from on or
26 about April 28, 1998, with LI's license scheduled to expire on April 27, 2022, unless renewed. LI
27 also has a mortgage loan originator ("MLO") license endorsement, National Mortgage Licensing

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1 System ("NMLS") ID 370934. According to DRE records, from April 23, 2006 through the
2 present, LI has used a mailing address in Temple City, California for her RES license.

3 4. From on or about July 27, 2012, through August 4, 2013, February 28, 2014
4 through March 10, 2018, March 29, 2018 through February 6, 2020, and June 8, 2020, through
5 September 27, 2020, LI was employed as a loan officer/loan originator by real estate corporation
6 ("REC") Grand Castle Inc. ("GCI"), License ID 01835960. GCI was licensed through the real
7 estate broker ("REB") license of Chungwei Wayne Yang ("Yang"), License ID 01338127, and
8 Yang was the designated officer. GCI maintained the licensed fictitious business name "F.P.
9 Mortgage," active as of March 19, 2012. GCI's main office address from December 10, 2007 to
10 December 9, 2019, and November 5, 2020 through the present has been 667 Brea Canyon Road,
11 Suite 24, Walnut, California. GCI also maintains branch offices in Arcadia, Irvine, San Gabriel,
12 and San Jose, California.

13 5. At all times mentioned herein, in Los Angeles and Orange Counties, California, LI
14 engaged in the performance of activities requiring a real estate license pursuant to Code section
15 10130, and acted and ordered, caused, authorized or participated in licensed activities within the
16 meaning of Code section 10131.

17 FACTS DISCOVERED BY DRE

18 6. On or about January 1, 2019, LI filed articles of incorporation for "FP Mortgage,
19 Inc." with the California Secretary of State's Office. The articles of incorporation for FP
20 Mortgage, Inc. listed as the initial address and mailing address a location in the City of Industry.
21 On January 30, 2020, LI filed a Statement of Information with the Secretary of State, and no
22 change was listed for the address of FP Mortgage, Inc.

23 7. On or about February 16, 2019, LI set up a bank account in the name of FP
24 Mortgage, Inc. ("FPMI"), with Bank of America. On or about February 12, 2020, the attorney for
25 REB Yang, LI's former employer, sent LI a cease and desist letter regarding LI's use of the name
26 "FP Mortgage Inc.," stating that Yang had a registered service mark for the name "F.P. Mortgage"
27 with the U.S. Patent and Trademark Office, USPTO Reg. No. 4613200, and that LI's use of "FP
28 Mortgage Inc." as the name of LI's real estate mortgage services constituted, among other things,

1 unfair competition and trademark infringement. According to Yang, LI was using "FP Mortgage,
2 Inc." to misrepresent F.P. Mortgage, which is the licensed fictitious business name of Yang's
3 REC, Grand Castle Inc.

4 8. On or about November 15, 2019, the Department received a complaint from Y.H.^{1/}
5 alleging that in or about August 2019, Y.H. was trying to buy a home and was referred to LI as a
6 mortgage officer. Y.H. alleges that on October 2, 2019, Y.H. informed LI that Y.H. found a house
7 and that the seller was taking Y.H.'s offer.

8 9. On or about October 9, 2019, LI had Y.H. fill out a loan form which had "FP
9 Mortgage, Inc." at the top of the form as the letterhead, and was signed by LI on behalf of FP
10 Mortgage, Inc. The loan form completed by Y.H. contained the following paragraph:

11 The Above Applicant(s) Whose signature appears here request(s) and agreed(s) [sic] to pay
12 FP MORTGAG, [sic] INC. in the amount of \$4823 to process a loan on their behalf for the
13 purchase or refinance of the above subject property. In the event that the loan application is
14 not approved or for any reason the loan is withdraw [sic], the full amount of the application
15 and processing fee will be refunded to the borrower.

16 10. Y.H. alleges that on October 10, 2019, LI informed Y.H. that the loan was
17 approved, and asked Y.H. to pay LI \$4,823 for the loan processing fee.

18 11. Y.H. alleges that LI informed Y.H. that LI's bank would lend Y.H. the money and
19 that the loan would be transferred to East West Bank after one month. Y.H. alleges that LI
20 informed Y.H. that the interest rate is "four point something," that the first three months of interest
21 would be paid through escrow, and after the loan transferred to East West Bank, Y.H. would pay
22 an interest rate of 4.25% fixed. Y.H. alleges that LI also informed Y.H. that there would be no
23 need to pay another loan processing fee.

24 12. Y.H. alleges that on October 11, 2019, Y.H. gave LI check no. 424 for \$4,823,
25 made payable to "FP Mortgage Inc.," and LI deposited the check in the FPMI bank account with
26 Bank of America. Y.H. alleges that Y.H. later found out that LI did not list the purchase price
27 correctly, but LI was willing to refund Y.H. the difference of \$63.

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^{1/} Initials are used in place of an individual's full name to protect their privacy. Documents containing the individual's full name will be provided during the discovery phase of this case to Respondent and/or their attorney(s), after service of a timely and proper request for discovery on Complainant's counsel.

1 13. Y.H. alleges that on October 18, 2019, Y.H. went to the escrow office to sign the
2 loan document, but was shocked to discover the interest rate was 9.99%, with prepayment
3 penalties of approximately \$12,000. Y.H. alleges that the loan document also had a charge for a
4 loan processing fee of over \$7,000. Y.H. refused to sign, because it was not what Y.H. had been
5 told by LI. Y.H. alleges that the loan was not from a bank, but was instead from a Limited
6 Liability Company in San Diego.

7 14. Y.H. alleges that Y.H. demanded a refund from LI, but LI did not reply.

8 15. Y.H. alleges that on October 21, 2019, LI had the lender reword the pre-payment
9 penalties and asked Y.H. to sign, otherwise the seller would be able to keep Y.H.'s earnest money.
10 Y.H. still refused to sign.

11 16. Y.H. alleges that the seller's agent told Y.H.'s agent that they were going to put the
12 property back on the market on October 24, 2019, unless Y.H. could obtain a loan without
13 delaying the close of escrow. Y.H. alleges that Y.H. obtained a loan from Loan Depot and escrow
14 closed on time.

15 17. Y.H. alleges that Y.H. persisted in asking LI to refund Y.H.'s \$4,823, that LI
16 initially said on October 24, 2019 to let her check with her accounting and she would refund Y.H.
17 the money, but that on November 11, 2019, LI stated that Y.H.'s payment for \$4,823 was just a
18 consulting fee, and that LI would not refund Y.H. the money.

19 18. On or about September 27, 2020, Yang terminated LI's employment with GCI.

20 19. According to the DRE's records as of June 15, 2021, there are no approvals of
21 advance fee materials for use by LI.

22 **VIOLATIONS OF THE REAL ESTATE LAW – CAUSES FOR DISCIPLINE**

23 20. In the course of the activities described above in Paragraph 5, and based on the
24 facts discovered by the DRE, as alleged in Paragraphs 6 through 19 above, LI acted in violation of
25 the Code and Regulations as follows.

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1 **First Cause of Accusation: Code Sections 10085 and 10085.5, and Regulation 2970 – No**
2 **Advance Fee Agreement Materials Approved**

3 21. The Complainant realleges and incorporates by reference all of the allegations in
4 paragraphs 1 through 20 above, with the same force and effect as though fully set forth herein.

5 22. According to the DRE's records as of June 15, 2021, there are no approvals of
6 advance fee materials for use by LI.

7 23. LI claimed, demanded, charged, received, collected, or contracted for advance fees
8 from Y.H. in the amount of \$4,823 for a loan processing fee and/or for performing services for
9 Y.H. in connection with loans to be secured directly or collaterally by a lien on real property,
10 without submission to the Real Estate Commissioner of any or all materials used in the advance
11 fee agreement in violation of Code sections 10085 and 10085.5, and Regulation 2970.

12 24. LI's acts and/or omissions in violation of Code sections 10085 and 10085.5, and
13 Regulation 2970 constitute cause to revoke or suspend LI's real estate salesperson license
14 pursuant to Code sections 10085, and 10177(d) and/or 10177(g).

15 **Second Cause of Accusation: Code Sections 10130 and 10131 – Unlicensed Activities**

16 25. The Complainant realleges and incorporates by reference all of the allegations in
17 paragraphs 1 through 24 above, with the same force and effect as though fully set forth herein.

18 26. For an unknown period of time, including from in or about August 2019 through on
19 or about November 11, 2019, LI engaged in the business of, acted in the capacity of, or assumed
20 to act as a real estate broker in the State of California within the meaning of Code section
21 10131(d), while using the unlicensed fictitious business name FPMI, for or in expectation of
22 compensation, by soliciting lenders for or negotiating loans or performing services for borrowers
23 or lenders in connection with loans secured directly or collaterally by liens on real property,
24 without first obtaining a real estate broker license as required by Code section 10130.

25 27. At all times mentioned herein, LI was not licensed as a real estate broker by the
26 Department. LI conducted the real estate activities alleged above, and collected compensation for
27 such activities, independently and not licensed as a real estate broker in violation of Code sections
28 10130 and 10131.

1 28. LI's acts and/or omissions in violation of Code sections 10130 and 10131
2 constitute cause to revoke or suspend LI's real estate salesperson license pursuant to Code section
3 10177(d) and/or 10177(g).

4 **Third Cause of Accusation: Code Sections 10130 and 10137 – Unlawful Compensation**

5 29. The Complainant realleges and incorporates by reference all of the allegations in
6 paragraphs 1 through 28 above, with the same force and effect as though fully set forth herein.

7 30. While engaged in the business of, acted in the capacity of, or assumed to act as a
8 real estate broker in the State of California within the meaning of Code section 10131(d) of the
9 Code, LI accepted compensation for activity requiring a real estate license from Y.H. in the
10 amount of \$4,823 for loan processing services. LI's acts and/or omissions in accepting such
11 compensation for licensed activities from a person other than GCI, the broker under whom she
12 was at the time licensed, were in violation of Code sections 10130 and 10137, and constitute
13 cause to revoke or suspend LI's real estate salesperson license pursuant to Code sections 10137,
14 and 10177(d) and/or 10177(g).

15 **Fourth Cause of Accusation: Code Section 10159.5 and Regulation 2731 – Use of False or**
16 **Fictitious Name**

17 31. The Complainant realleges and incorporates by reference all of the allegations in
18 paragraphs 1 through 30 above, with the same force and effect as though fully set forth herein.

19 32. LI used the unlicensed fictitious business name "FP Mortgage, Inc." to conduct real
20 estate activities, as evidenced on Y.H.'s loan application, FPMI's bank account with Bank of
21 America, and LI directing Y.H. to make the check for loan processing services payable to FP
22 Mortgage, Inc. The aforementioned fictitious business name is not listed in the DRE's licensing
23 records.

24 33. LI's acts and/or omissions were in violation of Code Section 10159.5 and
25 Regulation 2731, and constitute cause to revoke or suspend LI's real estate salesperson license
26 pursuant to Code sections 10177(d) and/or 10177(g).

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Fifth Cause of Accusation: Code Sections 10176(a) and 10176(i) – Misrepresentation, Fraud and Dishonest Dealing

34. The Complainant realleges and incorporates by reference all of the allegations contained in paragraphs 1 through 33 above, with the same force and effect as though fully set forth herein.

35. In the course of the activities described above in Paragraph 5, and based on the facts discovered by the DRE, as alleged in Paragraphs 6 through 19 above, LI induced Y.H. to pay her \$4,823, by representing to Y.H. that it was for a loan processing fee, and by providing Y.H. with a loan application expressly stating that \$4,823 would be paid to FPMI to process a loan on Y.H.'s behalf for the purchase of real property. LI further represented that: the loan's interest rate would be "four point something"; LI's bank would lend Y.H. the money and the loan would be transferred to East West Bank after one month; the first three months of interest would be paid through escrow, and after the loan transferred to East West Bank, Y.H. would pay an interest rate of 4.25% fixed; there would be no need to pay another loan processing fee; and in the event for any reason the loan was withdrawn, the full amount of the application and processing fee would be refunded to Y.H.

36. In reliance upon LI's representations described above, Y.H. paid LI \$4,823 and also forbore from applying for loans from other lenders.

37. LI's representations alleged above in paragraph 35 were false or misleading and were known by LI to be false or misleading when made, or were made by LI with no reasonable grounds for believing the representations to be true. The true facts are: LI determined that the \$4,823 was not a loan processing fee, but was instead a non-refundable consulting fee; the loan's interest rate was not 4.25% fixed, but was instead 9.99% with prepayment penalties of approximately \$12,000; there was a charge for another loan processing fee of over \$7,000; when the original terms of the loan represented to Y.H. by LI changed and/or withdrawn, the full amount of the \$4,823 processing fee was not refunded to Y.H.

38. LI failed to disclose to Y.H. that: the \$4,823 paid by Y.H. was a non-refundable consulting fee; that the interest rate would not be 4.25% fixed, but would instead be 9.99% with

1 prepayment penalties of approximately \$12,000; and that there would be a charge for another loan
2 processing fee of over \$7,000.

3 39. At the time Y.H. paid LI the \$4,823 and forbore from applying for loans from other
4 lenders, Y.H. was ignorant of the falsity of LI's representations and believed them to be true.
5 Y.H. reasonably relied on LI because she was licensed by the DRE and had established a real
6 estate agency relationship and fiduciary relationship with Y.H.

7 40. LI's acts and/or omissions are in violation of Code sections 10176(a) and
8 10176(i), and constitute cause for the suspension or revocation of all licenses and license rights of
9 LI pursuant to Code sections 10176(a), 10176(i), and 10177(a) and/or 10177(d).

10 COSTS

11 (INVESTIGATION AND ENFORCEMENT COSTS)

12 41. Code section 10106 provides, in pertinent part that in any order issued in
13 resolution of a disciplinary proceeding before the DRE, the Commissioner may request the
14 administrative law judge to direct a licensee found to have committed a violation of this part to
15 pay a sum not to exceed the reasonable costs of investigation and enforcement of the case.

16 WHEREFORE, Complainant prays that a hearing be conducted on the allegations of this
17 Accusation and that upon proof thereof, a decision be rendered imposing disciplinary action
18 against all the licenses and license rights of Respondent LEANN YAN LI under the Real Estate
19 Law, for the costs of investigation and enforcement as permitted by law, and for such other and
20 further relief as may be proper under other applicable provisions of law.

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22 Dated at San Diego, California this 27 day of August, 2021.

23
24 *Veronica Kilpatrick*
25 Veronica Kilpatrick
Supervising Special Investigator

26 cc: LEANN YAN LI
27 A C G Funding Inc
28 Veronica Kilpatrick
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