

FILED

MAR 22 2022

DEPT. OF REAL ESTATE

By 

1 Department of Real Estate
2 320 W. 4th Street, Suite 350
3 Los Angeles, CA 90013-1105
4 Telephone: (213) 576-6982
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8 **BEFORE THE DEPARTMENT OF REAL ESTATE**
9 **STATE OF CALIFORNIA**

10 * * *

11 In the Matter of the Investigation of)

DRE No. H-42254 LA

12)
13 PAUL TUAN NGUYEN,)

14 Respondent.)

STIPULATION AND AGREEMENT
IN SETTLEMENT AND ORDER

(Bus. & Prof. Code § 10100.4)

15)
16)
17 Respondent PAUL TUAN NGUYEN ("Respondent") is currently licensed and/or has
18 license rights under the Real Estate Law, Part 1, of Division 4, of the California Business and
19 Professions Code as a real estate broker (License ID 01439693). Respondent currently holds a
20 Mortgage Loan Originator ("MLO") license endorsement with the Department of Real Estate
21 ("Department") with the assigned National Mortgage Licensing System and Registry ("NMLS")
22 No. 248865.

23 FACTUAL BASIS

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

STIPULATION AND AGREEMENT IN SETTLEMENT AND ORDER

1 licensure and annual CE thereafter. In order to meet PE requirements contemplated under the
2 SAFE Act, MLOs must complete 20 hours of NMLS–approved education. In order to meet CE
3 requirements contemplated under the SAFE Act, MLOs must complete eight hours of NMLS
4 approved education.

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

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

12 In late 2020, MTEB obtained information concerning suspicious activity and that
13 information identified a possible MLO education cheating scheme coordinated by and
14 implemented through Danny Yen, d/b/a Real Estate Educational Services, an NMLS-Approved
15 course provider that is assigned an NMLS-Approved course provider identifier number of
16 1405046 (“REES”). Based on that information, and pursuant to the AAP, the Investigative
17 Review Committee (“IRC”) approved opening and pursuing an investigation into this matter.
18 SRR’s IRC issued a memorandum report on its investigation into the REES coordinated MLO
19 education fraud scheme. The IRC found that REES fraudulently provided course credit to MLOs
20 who had never attended and completed REES’s eight-hour in-person CE course in Westminster,
21 California (the “In-person Education Scheme”). The IRC also found that REES helped MLOs
22 cheat on online PE and/or CE courses by taking those courses on behalf of those MLOs. In each
23 of the schemes orchestrated by REES, the MLOs accepted credit for SAFE-Act-required
24 education courses that they had either not taken or completed on their own behalf in violation of
25 the ROC, and state and federal law (collectively, the “MLO Education Schemes”).

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1 Based on the initial findings of the IRC, this matter was referred from the IRC for further
2 investigation and possible enforcement action, and to which the CSBS Non-Depository
3 Supervisory Committee authorized the creation of a regulator taskforce to coordinate the multi-
4 state investigation and enforcement activity in this matter ("REES Regulatory Taskforce").
5 Specifically, the REES Regulatory Taskforce, which includes the California Department of Real
6 Estate, adopted the work of the IRC investigation and engaged in additional investigatory work
7 that included a demand from Respondent for a statement in writing under oath as to all the facts
8 and circumstances concerning the MLO Education Schemes coordinated by and implemented
9 through REES.

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

- 13 1. That Respondent admitted being a knowing and active participant in the MLO
14 Education Schemes coordinated by and implemented through REES;
- 15 2. That Respondent in fact had CE requirements completed by REES on Respondent's
16 behalf in violation of federal and state law. Specifically, that Respondent had 2 CE
17 completed by REES on Respondent's behalf under the In-person Education Scheme;
- 18 3. That by participating in the MLO Education Scheme coordinated by and implemented
19 through REES, Respondent had in fact violated the ROC; and
- 20 4. That by participating in the MLO Education Scheme coordinated by and implemented
21 through REES, Respondent violated state and federal laws concerning competing
22 certain CE requirements as a mandatory qualification for licensure.

23 ACKNOWLEDGEMENTS AND VOLUNTARY WAIVER OF RIGHTS

24 It is hereby stipulated by and between Respondent and the Department of Real Estate,
25 acting by and through Judith B. Vasan, Counsel for the Department of Real Estate, as follows:

- 26 1. All issues relating to the Department's investigation, and all evidence which may
27 be presented by the Department and Respondent at a formal disciplinary hearing held in

1 accordance with the provisions of the Administrative Procedure Act ("APA") resulting from the
2 Department's investigation shall instead and in place thereof be submitted solely on the basis of
3 the provisions of this Stipulation and Agreement ("Stipulation").

4 2. Respondent hereby waives his right to a formal hearing under the provisions of
5 the APA regarding the factual basis set forth above, and the Determination of Issues set forth
6 below.

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

15 4. It is understood that if the Commissioner adopts this Stipulation as his decision in
16 this matter thereby imposing the penalty and sanctions on Respondent's real estate licenses,
17 MLO license endorsement, and license rights as set forth in the "Order" below, the
18 Commissioner will not file an Accusation based on the grounds herein.

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

23 DETERMINATION OF ISSUES

24 By reason of the foregoing stipulations, admissions and waivers and solely for the
25 purpose of settlement of the Department's investigation without a hearing, it is stipulated and
26 agreed that the following Determination of Issues shall be made:

27 The conduct, acts or omissions of Respondent PAUL TUAN NGUYEN, as set forth

1 above, are a basis for discipline of Respondent's license, MLO license endorsement, and license
2 rights pursuant to the Real Estate Law, Part 1 of Division 4 of the California Business and
3 Professions Code ("Code") sections 10166.05(c), 10166.051(a), 10166.051(b), 10177(d),
4 10177(g) and/or 10177(j).

5 ORDER

6 WHEREFORE, THE FOLLOWING ORDER is hereby made:

7 I. MLO LICENSE ENDORSEMENT SURRENDER

8 1. On the Effective Date of this Decision and Order, Respondent PAUL TUAN
9 NGUYEN agrees to the surrender of Respondent's MLO license endorsement (NMLS ID
10 248865) issued by the Department. Respondent shall not be eligible to apply for a new MLO
11 license endorsement with the Department for a period of three (3) months from the Effective
12 Date of this Decision and Order. Should Respondent apply for such an endorsement during that
13 three-month period, that MLO license endorsement application shall be deemed denied.

14 2. Any time after the three-month period has lapsed from the Effective Date of this
15 Decision and Order and Respondent has completed the education requirements set forth in
16 Section II and paid the penalty set forth in Section III of this Decision and Order, Respondent
17 may apply for a new MLO license endorsement with the understanding that the Department
18 reserves the right to fully investigate such application for licensure endorsement and may either
19 approve or deny such application based on the normal process for such endorsement
20 investigation. No MLO license endorsement application will be denied solely based on the facts,
21 circumstances, or consensual resolution provided for in this Agreement.

22 II. MORTGAGE LOAN ORIGINATION EDUCATION

23 1. Prior to the submission of a new application for any new MLO license endorsement,
24 Respondent will be required to complete the following mortgage loan originator education
25 requirements:

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- 1 a) Twenty (20) hours of NMLS approved PE, which shall consist of fourteen (14)
2 hours of federal law curriculum, three (3) hours of ethics curriculum, and three (3)
3 hours of non-traditional mortgage lending curriculum. None of these twenty (20)
4 hours of PE may be state-specific curriculum;
- 5 b) Eight (8) hours of CE, which shall consist of four (4) hours of federal law
6 curriculum, two (2) hours of ethics curriculum, and two (2) hours of non-
7 traditional mortgage lending curriculum. None of these eight (8) hours of CE may
8 be state-specific curriculum.

9 2. Respondent may not take any of the PE or CE provided for in Paragraph 1 of this
10 Section in an online self-study format ("OSS").

11 3. For a period of three (3) years from the Effective Date of this Order, Respondent shall
12 be required to complete any additional required PE and/or CE in a format other than OSS.

13 III. ADMINISTRATIVE PENALTY

14 All licenses and licensing rights of Respondent PAUL TUAN NGUYEN are indefinitely
15 suspended unless or until Respondent pays an administrative penalty of \$1,500.00. Said payment
16 shall be in the form of a cashier's check made payable to the Department of Real Estate. The
17 payment must be delivered to the Department of Real Estate, Flag Section, at P.O. Box 137013,
18 Sacramento, CA 95813-7013, prior to the Effective Date of this Decision and Order.

19 IV. STAYED SUSPENSION OF REAL ESTATE LICENSE

20 All licenses and licensing rights of Respondent PAUL TUAN NGUYEN under the Real
21 Estate Law, with the exception of the MLO license endorsement (NMLS ID 248865) referenced
22 in Section I above, are suspended for a period of sixty (60) days from the effective date of this
23 Decision; provided, however, that all sixty (60) days of said suspension shall be stayed for one
24 (1) year upon the following terms and conditions:

- 25 1. Respondent shall obey all laws, rules and regulations governing the rights, duties
26 and responsibilities of a real estate licensee in the State of California; and
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2. That no final subsequent determination be made, after hearing or upon stipulation, that cause for disciplinary action occurred within one (1) year from the effective date of this Decision and Order. Should such a determination be made, the Commissioner may, in his discretion, vacate and set aside the stay order and reimpose all or a portion of the stayed suspension. Should no such determination be made, the stay imposed herein shall become permanent.

DATED: 2-22-2012

Judith B. Wasan, Counsel for
Department of Real Estate

EXECUTION OF THE STIPULATION

I have read the Stipulation and its terms are understood by me and are agreeable and acceptable to me. I understand that I am waiving rights given to me by the California Administrative Procedure Act (including but not limited to Sections 11506, 11508, 11509 and 11513 of the Government Code), and I willingly, intelligently and voluntarily waive those rights, including the right of requiring the Commissioner to prove the allegations which would be alleged in a formal Accusation at a hearing at which I would have the right to cross-examine witnesses against me and to present evidence in defense and mitigation of the charges.

Respondent shall mail the original signed signature page of the stipulation herein to Judith B. Vasan, Attention: Legal Section, Department of Real Estate, 320 W. Fourth St., Suite 350, Los Angeles, California 90013-1105.

Respondent can signify acceptance and approval of the terms and conditions of this Stipulation and Agreement by emailing a scanned copy of the signature page, as actually signed by Respondent, to the Department counsel assigned to this case. Respondent agrees, acknowledges, and understands that by electronically sending the Department a scan of Respondent's actual signature as it appears on the Stipulation and Agreement that receipt of the scan by the Department shall be binding on Respondent as if the Department had received the original signed Stipulation and Agreement.

1 Respondent's signature below constitutes acceptance and approval of the terms and
2 conditions of this Stipulation. Respondent agrees, acknowledges and understands that by signing
3 this Stipulation, Respondent is bound by its terms as of the date of such signatures and that this
4 agreement is not subject to rescission or amendment at a later date except by a separate Decision
5 and Order of the Real Estate Commissioner.

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7 DATED: Feb. 18th, 2022


8 PAUL TUAN NGUYEN
Respondent

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10 The foregoing Stipulation and Agreement is hereby adopted as my Decision as to
11 Respondent PAUL TUAN NGUYEN and shall become effective at 12 o'clock noon on

12 APR 22 2022

13 IT IS SO ORDERED

3.16.22

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15 DOUGLAS R. McCAULEY
REAL ESTATE COMMISSIONER

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