

FILED

OCT 18 2022

DEPT. OF REAL ESTATE

By 

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of:)	
)	DRE No. H-42324 LA
ASHRIF J HAMMAD,)	
)	
Respondent(s).)	

DECISION

This Decision is being issued in accordance with the provisions of Section 11520 of the Government Code, on evidence of compliance with Section 11505 of the Government Code and pursuant to the Order of Default filed on 09/20/2022, and the Findings of Fact set forth herein, which are based on one or more of the following: (1) The express admissions of Respondent, ASHRIF J HAMMAD (“Respondent”); (2) affidavits; and (3) other evidence.

This Decision revokes one or more real estate licenses on the grounds of the violation of the Real Estate Law, Part 1 commencing with Section 10000 of the Business and Professions Code (“Code”) and/or the Regulations of the Real Estate Commissioner, Title 10, Chapter 6 of the California Code of Regulations (“Regulations”).

Pursuant to Government Code Section 11521, the California Department of Real Estate (“the Department”) may order reconsideration of this Decision on petition of any party. The party seeking reconsideration shall set forth new facts, circumstances, and evidence, or errors in law or analysis, that show(s) grounds and good cause for the Commissioner to reconsider the Decision. If new evidence is presented, the party shall specifically identify the new evidence and explain why it was not previously presented. The Department’s power to order reconsideration of this Decision shall expire 30 days after mailing of this Decision, or on the effective date of this Decision, whichever occurs first. The right to reinstatement of a revoked real estate license, or to the reduction of a penalty, is controlled by Section 11522 of the Government Code. A copy of Government Code Sections 11521 and 11522 and a copy of the Commissioner’s Criteria of Rehabilitation are attached hereto for the information of respondent.

FINDINGS OF FACT

1.

On August 4, 2022, Veronica Kilpatrick made the Accusation in her official capacity as a Supervising Special Investigator of the Department. The Accusation, Statement to Respondent, and Notice of Defense were mailed, by certified mail, return receipt requested, to Respondent's last known mailing address on file with the Department on August 08, 2022.

2.

On 09/20/2022, no Notice of Defense having been received or filed herein within the time prescribed by Section 11506 of the Government Code, Respondent's default was entered herein.

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 01700230.

b. Respondent's broker license was originally issued on July 28, 2005, and is scheduled to expire on July 27, 2025, unless renewed.

c. Respondent has license rights to Mortgage Loan Originator (MLO) license endorsement with the Department with the assigned National Mortgage Licensing System and Registry ("NMLS") No. 306259.

4.

To date, the department has incurred investigation costs totaling \$1,321.54.

5.

Attached as Exhibit "A" is a true and correct copy of the Accusation filed on August 08, 2022, which is incorporated herein as part of this Decision.

DETERMINATION OF ISSUES

1.

In violating the ROC by using the services of another to falsely obtain course credits, Respondent does not meet the minimum criteria for licensure under Code section 10166.05(c). The conduct of Respondent, as alleged above, is grounds for the suspension or revocation of Respondent's license, MLO license endorsement, and license rights pursuant to the provisions of Code sections 10166.051(a), 10166.051(b), 10177(d), 10177(g) and/or 10177(j).

///

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2.

The standard of proof applied was clear and convincing evidence to a reasonable certainty.

ORDER

All licenses and licensing rights of Respondent ASHRIF J HAMMAD under the provisions of Part I of Division 4 of the Business and Professions Code are revoked.

This Decision shall become effective at 12 o'clock noon on NOV 17 2022.

DATED: 10/11/2022.

DOUGLAS R. McCAULEY
REAL ESTATE COMMISSIONER



By: Marcus L. McCarther
Chief Deputy Real Estate Commissioner

EXHIBIT "A"

1 KEVIN H. SUN, Counsel (SBN 276539)
2 California 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) 576-6904
7 Fax: (213) 576-6917
8 *Attorney for Complainant*

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9 BEFORE THE DEPARTMENT OF REAL ESTATE
10 STATE OF CALIFORNIA

11 * * *

12 In the Matter of the Accusation Against) DRE No. H-42324 LA
13)
14 ASHRIF J HAMMAD,)
15) ACCUSATION
16 Respondent.)
_____)

17 The Complainant, Veronica Kilpatrick, a Supervising Special Investigator of the
18 State of California, for cause of Accusation against ASHRIF J HAMMAD (“Respondent”)
19 alleges as follows:

20 1.

21 The Complainant, Veronica Kilpatrick, a Supervising Special Investigator of the
22 State of California, makes this Accusation in her official capacity.

23 2.

24 All references to the “Code” are to the California Business and Professions Code
25 and all references to “Regulations” are to Title 10, Chapter 6, California Code of Regulations.

26 ///

27 ///

ACCUSATION

1 LICENSE HISTORY

2 3.

3 a. Respondent is presently licensed and/or has license rights under the Code, as a
4 real estate broker with Department of Real Estate (“Department”) license ID 01700230.

5 b. Respondent’s broker license was originally issued on July 28, 2005, and is
6 scheduled to expire on July 27, 2025, unless renewed.

7 c. Respondent has license rights to Mortgage Loan Originator (MLO) license
8 endorsement with the Department with the assigned National Mortgage Licensing System and
9 Registry (“NMLS”) No. 306259.

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 his
14 NMLS-approved continuing education (“CE”) courses, which constitutes a violation of the
15 licensing requirements of this state and under federal law. Specifically, Respondent used REES
16 to obtain credit through an in-person fraud scheme. Under the in-person fraud scheme,
17 Respondent used REES to annually report completion of an in-person course for four years
18 from 2017 to 2020. REES did not teach the in-person course and Respondent never attended
19 the in-person course nor completed the required exam or course work to receive course credit.

20 NMLS Pre-Licensing and Continuing Education

21 5.

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

27 ///

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”).

1 13.

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

5 14.

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

10 Findings of SRR and Department Investigation

11 15.

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

14 16.

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

18 17.

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

26 ///

27 ///

18.

The ROC provide in relevant part:

ROC 3: I understand that the SAFE Act and state laws require me to spend a specific amount of time in specific subject areas. Accordingly, I will not attempt to circumvent the requirements of any NMLS approved course.

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

ROC 8: I will not engage in any capacity that would be contrary to good character or reputation, or engage in any behavior that would cause the public to believe that I would not operate in the mortgage loan business lawfully, honestly or fairly.

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 3, 5, 8, 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.”

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21.

As described in paragraphs 15 through 19 above, Respondent violated ROC 3, 5, 8 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.

22.

In violating the ROC by using the services of another to falsely obtain course credits, Respondent does not meet the minimum criteria for licensure under Code section 10166.05(c). The conduct of Respondent, as alleged above, is grounds for the suspension or revocation of Respondent's license, MLO license endorsement, and license rights pursuant to the provisions of Code sections 10166.051(a), 10166.051(b), 10177(d), 10177(g) and/or 10177(j).

GROUND FOR DISCIPLINARY ACTION

23.

Section 10166.05 of the Code provides in pertinent part, "Notwithstanding any other provision of law, the commissioner shall not issue a license endorsement to act as a mortgage loan originator to an applicant unless the commissioner makes all of the following findings:

...

(c) The applicant has demonstrated such financial responsibility, character, and general fitness as to command the confidence of the community and warrant a determination that the mortgage loan originator will operate honestly, fairly, and efficiently within the purposes of this article."

24.

Section 10166.051 of the Code provides in pertinent part, "...the commissioner may do one or more of the following, after appropriate notice and opportunity for hearing:

(a) Deny, suspend, revoke, restrict, or decline to renew a mortgage loan originator license endorsement for a violation of this article, or any rules or regulations adopted

1 hereunder.

2 (b) Deny, suspend, revoke, condition, or decline to renew a mortgage loan
3 originator license endorsement, if an application or endorsement holder fails at any time to
4 meet the requirements of Section 10166.05 or 10166.09, or withholds information or makes a
5 material misstatement in an application for a license endorsement or license endorsement
6 renewal.”

7 25.

8 **Section 10177 of the Code** provides in pertinent part, “[t]he Commissioner may
9 suspend or revoke the license of a real estate licensee, delay the renewal of a license of a real
10 estate licensee, or deny the issuance of a license to an applicant, who has done any of the
11 following...

12 ...

13 (d) Willfully disregarded or violated the Real Estate Law (Part 1 (commencing
14 with Section 10000)) or Chapter 1 (commencing with Section 11000) of Part 2 or the rules and
15 regulations of the commissioner for the administration and enforcement of the Real Estate Law
16 and Chapter 1 (commencing with Section 11000) of Part 2.

17 ...

18 (g) Demonstrated negligence or incompetence in performing an act for which
19 the officer, director, or person is required to hold a license.

20 ...

21 (j) Engaged in any other conduct, whether of the same or of a different character
22 than specified in this section, that constitutes fraud or dishonest dealing.

23 COSTS

24 (INVESTIGATION AND ENFORCEMENT COSTS)

25 26.

26 Section 10106 of the Code, provides, in pertinent part, that in any order issued in
27 resolution of a disciplinary proceeding before the Department, the Commissioner may request

1 the administrative law judge to direct a licensee found to have committed a violation of this
2 part to pay a sum not to exceed the reasonable costs of investigation and enforcement of the
3 case.

4 WHEREFORE, Complainant prays that a hearing be conducted on the allegations of
5 this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary
6 action against the license(s), MLO endorsement, and/or license rights of Respondent ASHRIF J
7 HAMMAD under the Real Estate Law, for the costs of investigation and enforcement as
8 permitted by law and for such other and further relief as may be proper under other applicable
9 provisions of law.

10

11 Dated at San Diego, California this 4 day of August, 2022.

12

13

14

Veronica Kilpatrick

15

Veronica Kilpatrick
Supervising Special Investigator

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17

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cc: ASHRIF J HAMMAD
Veronica Kilpatrick
Sacto.

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Department of Real Estate
320 West Fourth St, Ste 350
Los Angeles, CA, 90013

FILED
SEP 20 2022
DEPT. OF REAL ESTATE
By R. Posall

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

In the Matter of the Accusation of:)	DRE NO. <i>H-42324 LA</i>
)	
ASHRIF J HAMMAD,)	<u>DEFAULT ORDER</u>
)	
Respondent.)	
)	

Respondent ASHRIF J HAMMAD, having failed to file a Notice of Defense within the time required by Section 11506 of the Government Code, is now in default. It is, therefore, ordered that a default be entered on the record in this matter.

IT IS SO ORDERED SEPTEMBER 20, 2022.

DOUGLAS R. McCAULEY
REAL ESTATE COMMISSIONER

By: 
CHIKA SUNQUIST
Assistant Commissioner, Enforcement