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FILED

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DEPT. OF REAL ESTATE

By 

9 BEFORE THE DEPARTMENT OF REAL ESTATE
10 STATE OF CALIFORNIA

11 * * *

12 In the Matter of the Accusation against

DRE No. H-42414 LA

13 KEISHA HAYWOOD,

ACCUSATION

14 Respondent.

15
16 The Complainant, Veronica Kilpatrick, a Supervising Special Investigator for the
17 Department of Real Estate ("DRE" or "Department") of the State of California, for cause of
18 Accusation against KEISHA HAYWOOD ("Respondent"), aka Keisha Diane Haywood and
19 Keisha D. Haywood, is informed and alleges as follows:

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

22 2. All references to the "Code" are to the Real Estate Law, Part 1 of Division 4 of
23 the California Business and Professions Code.

24 LICENSE HISTORY

25 3. Respondent is presently licensed and/or has license rights under the Code, as a
26 real estate broker with Department, License ID 01898718.

4. Respondent's real estate broker license was originally issued on May 11, 2011, and is scheduled to expire on May 10, 2023, unless renewed. Respondent has renewal rights pursuant to Code section 10201. The Department retains jurisdiction pursuant to Code section 10103.

5. Respondent is licensed with the Department to do business as “Allevant Mortgage Group” and “Gracem Realty Group.”

6. Respondent currently holds a Mortgage Loan Originator (“MLO”) license endorsement with the Department with the assigned National Mortgage Licensing System and Registry (“NMLS”) No. 1022890. Respondent is authorized to represent Allevant Asset Management with NMLS No. 1420183.

STATEMENT OF FACTS

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

NMLS Pre-Licensing and Continuing Education

8. The State Regulatory Registry LLC (“SRR”), which owns and operates the NMLS, administers pre-licensing education (“PE”) and CE and Uniform State Test protocols. Title V of Public Law 110-289, the Secure and Fair Enforcement for Mortgage Licensing Act

1 of 2008 (“the SAFE Act”), requires that state-licensed MLOs complete PE prior to initial
2 licensure and annual CE thereafter. (See Code section 10166.06.)

3 9. In order to meet PE requirements contemplated under the SAFE Act, state-
4 licensed MLOs must complete 20 hours of NMLS–approved education. (Code section
5 10166.06(a).)

6 10. 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).)

10 REES

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

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

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

17 14. During all times relevant herein, REES had its primary place of business located
18 at 3643 Adams Street, Carlsbad, California.
19

20 15. During all times relevant herein, REES, by and through Danny Yen, maintained
21 with his Internet Service Provider an IP address at 76.88.84.139 (“the IP Address”). The IP
22 Address assigned to Danny Yen is associated with REES’ business address, 3643 Adams
23 Street, Carlsbad, California.
24

25 REES Investigation

26 16. The Mortgage Testing and Education Board (“MTEB”), which was created by
27 SRR, has approved “Administrative Action Procedures for S.A.F.E. Testing and Education

1 Requirements” (“AAP”), which extends administrative authority to the MTEB to investigate
2 alleged violations of the NMLS student Rules of Conduct (“ROC”).

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

6 18. 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

11 Findings of SRR and Department Investigation

12 19. 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 20. Additional investigation revealed evidence that REES fraudulently provided
15 course credit to MLOs who had never attended and completed REES’ 8-hour in-person CE
16 course in Westminster, California in the in-person fraud scheme.
17

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

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

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

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

9 ROC 8: I will not engage in any capacity that would be contrary to good
10 character or reputation, or engage in any behavior that would cause the public to believe that I
11 would not operate in the mortgage loan business lawfully, honestly or fairly.
12

13 ROC 9: I will not engage in any conduct that is dishonest, fraudulent, or would
14 adversely impact the integrity of the course(s) I am completing and the conditions for which I
15 am seeking licensure or renewal of licensure.
16

17 23. By using the services of another to complete Respondent's CE and receiving
18 fraudulent course credits through a non-existent course, Respondent violated ROC 3, 4, 5, 8,
19 and 9, and engaged in conduct that was dishonest, fraudulent, and that adversely impacted the
20 integrity of the courses and the conditions and qualifications for which Respondent sought
21 licensure or renewal of licensure.

22 Financial Responsibility, Character, and General Fitness
23

24 24. Pursuant to Code section 10166.05(c), the Commissioner must deny a MLO
25 license endorsement if the licensee fails to meet the minimum criteria for licensure, which
26 includes a requirement that the applicant "has demonstrated such financial responsibility,
27 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.”

25. As described in paragraphs 19 through 23 above, Respondent violated ROC 3, 4, 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.

GROUND FOR DISCIPLINARY ACTION

26. 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).

Prior Disciplinary Action

27. On May 2, 2017, Respondent also received a MLO license from the California Department of Financial Protection and Innovation (“DFPI”), with NMLS No. 979043.

28. On April 18, 2022, DFPI filed and served an Accusation against Respondent for using and compensating REES to obtain credit through an in-person education fraud scheme. Specifically, Respondent paid REES to report the completion of in-person courses in 2017, 2018, 2019, and 2020. REES did not teach the in-person courses, nor did Respondent complete the required course work and tests to receive course credit.

29. Respondent failed to file a notice of defense to the DFPI’s Accusation within the time required and the time for Respondent to request a hearing concerning the DFPI’s Accusation expired.

1 30. On June 15, 2022, DFPI revoked Respondent's MLO license No. 979043
2 pursuant to Financial Code section 22172, subdivisions (a)(1) and (a)(2).

3 31. Respondent's acts, as described above in Paragraphs 19 through 30, if done by a
4 real estate licensee, would be grounds for the suspension or revocation of a real estate license
5 pursuant to Code section 10177, subdivisions (d), (g), and/or (j).

6 32. The revocation of Respondent's DFPI MLO license constitutes cause for the
7 suspension or revocation of Respondent's real estate license and license rights pursuant to Code
8 section 10177, subdivision (f).

9 33. The revocation of Respondent's DFPI MLO license constitutes cause for the
10 suspension or revocation of all MLO license endorsements and license rights of Respondent
11 pursuant to Code section 10166.05, subdivisions (a) and (c), Code section 10166.051,
12 subdivisions (a) (b), and Code section 10166.06.

13
14 Applicable Statutes

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

18 ...

19
20 (c) The applicant has demonstrated such financial responsibility, character, and
21 general fitness as to command the confidence of the community and warrant a determination
22 that the mortgage loan originator will operate honestly, fairly, and efficiently within the
23 purposes of this article."

24
25 35. Code section 10166.051 provides in pertinent part, "...the commissioner may do
26 one or more of the following, after appropriate notice and opportunity for hearing:

27 (a) Deny, suspend, revoke, restrict, or decline to renew a mortgage loan

1 originator license endorsement for a violation of this article, or any rules or regulations adopted
2 hereunder.

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

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

13 ...

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

18
19 (f) Acted or conducted themselves in a manner that would have warranted the
20 denial of their application for a real estate license, either had a license denied or had a license
21 issued by another agency of this state, another state, or the federal government revoked,
22 surrendered, or received an order of debarment, for acts that, if done by a real estate licensee,
23 would be grounds for the suspension or revocation of a California real estate license, if the
24 action of denial, revocation, surrender, suspension, or debarment by the other agency or entity
25 was taken only after giving the licensee or applicant fair notice of the charges, an opportunity
26 for a hearing, and other due process protections comparable to the Administrative Procedure
27

1 Act [citations omitted], and only upon an express finding of a violation of law by the agency or
2 entity.

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

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

7 COSTS

8 (INVESTIGATION AND ENFORCEMENT COSTS)

9
10 37. Code section 10106 provides in pertinent part that in any order issued in
11 resolution of a disciplinary proceeding before the Department of Real Estate, the Commissioner
12 may request the administrative law judge to direct a licensee found to have committed a
13 violation of this part to pay a sum not to exceed the reasonable costs of the investigation and
14 enforcement of the case.

15 WHEREFORE, Complainant prays that a hearing be conducted on the allegations of
16 this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary
17 action against the license(s), MLO endorsement, and/or license rights of Respondent KEISHA
18 HAYWOOD under the Real Estate Law, for the costs of investigation and enforcement as
19 permitted by law and for such other and further relief as may be proper under other applicable
20 provisions of law.

21
22 Dated Dec 6, 2022 at San Diego, California.

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24
25 *Veronica Kilpatrick*

26 Veronica Kilpatrick
27 Supervising Special Investigator

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cc: Keisha Haywood
Veronica Kilpatrick
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