

FILED

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DEPT. OF REAL ESTATE

By 

1 DIANE LEE, Counsel (SBN 247222)
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) 576-6907
7 *Attorney for Complainant*

8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation Against) DRE No. H-42435 LA
12)
13 UMER KHAN,)
14 Respondent.) ACCUSATION
15)

16 The Complainant, Veronica Kilpatrick, a Supervising Special Investigator of the
17 State of California, for cause of Accusation against UMER KHAN aka Mac Umer aka Mac
18 Umer Khan aka Mohammad Umer (“Respondent”) alleges as follows:

19 1.

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

22 2.

23 All references to the “Code” are to the Real Estate Law, Part 1 of Division 4 of
24 the California Business and Professions Code, unless otherwise specified.

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1 RESPONDENT'S LICENSE HISTORY

2 3.

3 a. Respondent is presently licensed and/or has license rights under the Code, as
4 a real estate broker with Department of Real Estate ("Department") license number 01456001.
5 Respondent's broker license was originally issued on September 30, 2004, and Respondent has
6 been so licensed from September 30, 2004 through the present.

7 b. Respondent currently holds a Mortgage Loan Originator ("MLO") license
8 endorsement with the Department with the assigned National Mortgage Licensing System and
9 Registry ("NMLS") number 244004.¹ Respondent's MLO license endorsement was originally
10 issued on or about December 1, 2010. Respondent is currently authorized to represent US
11 Lending & Company, Inc. with Department license number 01516868 and NMLS number
12 244778.

13
14 STATEMENT OF FACTS

15 4.

16 Respondent is currently, and at the time of the violations described herein, was
17 employed by and authorized to represent US Lending & Company, Inc., a mortgage company.
18 Respondent is the designated officer and president of US Lending & Company, Inc.

19 5.

20 Respondent violated the NMLS student Rules of Conduct ("ROC") by using the
21 services of Danny Yen dba Real Estate Educational Services ("REES") to complete his NMLS-
22 approved continuing education ("CE") courses, which constitutes a violation of the licensing
23 requirements of this state and under federal law. Specifically, Respondent used and
24 compensated REES to obtain credit through an in-person fraud scheme. Under the in-person
25 fraud scheme, Respondent used REES to annually report completion of an in-person course for
26

27 ¹ Respondent also holds a MLO license endorsement in Texas, which was originally issued on
or about January 29, 2014.

1 four years from 2017 to 2020. However, REES did not teach the in-person courses, and
2 Respondent neither attended any in-person course nor completed the required exam or course
3 work to receive course credit.

4
5 NMLS Pre-Licensing and Continuing Education

6 6.

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

12 7.

13 In order to meet PE requirements contemplated under the SAFE Act, state-
14 licensed MLOs must complete twenty (20) hours of NMLS–approved education. (Code section
15 10166.06(a).)

16 8.

17 In order to meet CE requirements contemplated under the SAFE Act, state-
18 licensed MLOs must complete eight (8) hours of NMLS–approved education. (Code section
19 10166.10(a).)

20
21 REES

22 9.

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

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1 10.

2 The NMLS had approved REES to offer one in-person 8-hour “DBO-SAFE Act
3 Comprehensive: Mortgage Continuing Education” course in a classroom format located at
4 15751 Brookhurst Street, Suite 230, Westminster, CA 92683 (“Westminster address”).

5 11.

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

7 12.

8 During all times relevant herein, REES had its primary place of business located
9 at 3643 Adams Street, Carlsbad, California.

10
11 REES Investigation

12 13.

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

17 14.

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

21 15.

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

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1 Findings of SRR and Department Investigation

2 16.

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

5 17.

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

9 18.

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

17 19.

18 The ROC provide in relevant part:

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

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

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

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

4 20.

5 By using the services of another to complete his CE and receiving fraudulent
6 course credits through a non-existent course, Respondent violated ROC 4, 5, and 9, and
7 engaged in conduct that was dishonest, fraudulent, and that adversely impacted the integrity of
8 the courses and the conditions and qualifications for which Respondent sought licensure or
9 renewal of licensure.

10
11 Voluntary Survey

12 21.

13 On or about August 11, 2021, Respondent was provided an opportunity via a
14 survey to disclose information about his participation in the REES online PE and CE education
15 fraud. On or about May 6, 2022, Respondent provided a copy of his response that he had given
16 to the State of Washington's Department of Financial Institution, which has been investigating
17 Respondent for similar MLO violations. Respondent replied he did not have "independent
18 recollection" as to whether he attended classes in-person in 2017, did not have "clear
19 recollection" as to whether he attended classes in-person in 2018, showed up in-person to class
20 in either 2018 or 2019 but left after being told he could attend the class off-site, and showed up
21 in-person to class in 2020 but left after being told he could attend the class off-site.

22
23 Financial Responsibility, Character, and General Fitness

24 22.

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

1 one or more of the following, after appropriate notice and opportunity for hearing:

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

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

10 27.

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

15 ...

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

20 ...

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

23 ...

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

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