

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 E-mail: Laurence.Haveson@dre.ca.gov
 9 *Attorney for Complainant*

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

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In the Matter of the Accusation of

No. H-42552-LA

BEST CAPITAL FUNDING, MICHAEL
 OMAR YATES, individually and as
 former designated officer of Best Capital
 Funding, ERNEST & COOPER INC., and
 ERNESTO SOLIS, individually and as
 designated officer of Ernest & Cooper Inc.,

ACCUSATION

Respondents.

The Complainant, Jason Parson, a Supervising Special Investigator for the Department of Real Estate (“Department” or “DRE”) of the State of California, for cause of Accusation against BEST CAPITAL FUNDING (“BCF”), MICHAEL OMAR YATES (“YATES”), individually and as former designated officer of Best Capital Funding, ERNEST & COOPER INC. (“ECI”), and ERNESTO SOLIS (“SOLIS”), individually and as designated officer of Ernest & Cooper Inc., collectively “Respondents,” alleges as follows:

1. The Complainant, Jason Parson, acting in his official capacity as a Supervising Special Investigator, makes this Accusation against Respondent.

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

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LICENSE HISTORY

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2 3. BCF is currently licensed by the DRE as a real estate corporation (“REC”), with the
3 status of licensed with no business address (“Licensed NBA”), license identification number
4 (“License ID”) 01846368. BCF has been licensed as a REC from on or about May 24, 2008 through
5 the present, with BCF’s license scheduled to expire on May 23, 2024 unless renewed. BCF was
6 previously licensed through the real estate broker (“REB”) license of YATES, License ID
7 00932949, and YATES was BCF’s designated officer (“D.O.”) from on or about May 24, 2008
8 through on or about December 2, 2022, at which time YATES’s D.O. status was canceled.

9 4. YATES has been licensed by the DRE as a real estate broker (“REB”), License ID
10 00932949, from on or about April 10, 1990 through the present, with YATES’s license scheduled
11 to expire on April 9, 2026, unless renewed. YATES was previously licensed by the DRE as a real
12 estate salesperson from on or about July 18, 1986 to on or about April 9, 1990. YATES currently
13 holds a Mortgage Loan Originator (“MLO”) license endorsement with the Department with National
14 Mortgage Licensing System and Registry (“NMLS”) ID 250973. According to public NMLS
15 records, YATES is currently authorized to represent BCF through his MLO license endorsement,
16 and has been employed by BCF from May 2008 to the present, holding the position of president.

17 5. ECI has been licensed by the DRE as a REC, License ID 01937687, from on or about
18 August 9, 2013 through the present, with ECI’s license scheduled to expire on August 8, 2025 unless
19 renewed. ECI is licensed through the REB license of SOLIS, License ID 01923791, and SOLIS is
20 the D.O. ECI maintains the fictitious business name (“DBA”) “Ernest & Cooper Realty” (“ECR”)
21 which is licensed to ECI by the DRE.

22 6. SOLIS has been licensed by the DRE as a REB, License ID 01923791, from on or
23 about May 31, 2013 through the present, with SOLIS’s license scheduled to expire on May 30, 2025
24 unless renewed. SOLIS currently holds a MLO license endorsement with the DRE with NMLS ID
25 1147637. According to information self-reported by SOLIS to NMLS: from in or about January
26 2020 through May 2021, SOLIS was employed as a loan officer for BCF.

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1 **BROKERAGES: BCF and ECI**

2 7. At all relevant times, in Los Angeles County and Orange County, California, BCF
3 and ECI acted as real estate corporations, conducting licensed activities for compensation or in
4 expectation of compensation within the meaning of Code section 10131(d): soliciting borrowers or
5 lenders for or negotiating loans or performing services for borrowers or lenders or note owners in
6 connection with loans secured directly or collaterally by liens on real property or on a business
7 opportunity. At all relevant times, BCF and ECI were acting by and through YATES and SOLIS,
8 respectively, as their designated officers pursuant to Code section 10159.2 and YATES and SOLIS
9 were responsible for ensuring compliance with the Real Estate Law.

10 **FACTS DISCOVERED BY DRE**

11 8. On or about July 14, 2022, the DRE received a written complaint against SOLIS
12 from Freddie Mac's^{1/} Single-Family Fraud Risk ("SFFR") team. Based on documents provided by
13 SFFR, and information obtained by the DRE, the following facts were discovered.

14 9. On or about March 9, 2020, an individual named Nguyet Teri Tran ("NT Tran")
15 signed a Uniform Residential Loan Application for a mortgage loan in the amount of \$426,000, with
16 BCF as the loan origination company. Peter Hoang Do signed the application as the loan originator
17 on behalf of BCF. The loan application stated that the borrower was employed by ECR—the DBA
18 licensed to ECI— as an operating manager earning \$7,200 per month. BCF's loan file for NT Tran
19 contained a document confirming that Hannah Pham, a loan officer for BCF, spoke to SOLIS and
20 obtained a verbal verification of employment ("VOE") from SOLIS of NT Tran's employment with
21 ECR. A VOE request was signed by Andrew Rodriguez Gaeta ("Gaeta"), who was listed as the
22 "HR" contact for ECR. Records examined by the DRE show that NT Tran's loan closed on March
23 9, 2020. SOLIS later confirmed that NT Tran never worked for ECR. SOLIS also confirmed that he
24 was a loan officer at BCF when he provided the false VOE to BCF.

25 10. On or about May 6, 2020, an individual named Thy Tran ("TT Tran") signed a
26 Uniform Residential Loan Application for a mortgage loan in the amount of \$510,000, with BCF as

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28 ^{1/} Freddie Mac is the commonly known name for the Federal Home Loan Mortgage Corporation, a publicly traded,
government-sponsored enterprise that was chartered by Congress. According to its website, Freddie Mac supports the
U.S. housing finance system and helps ensure a reliable and affordable supply of mortgage funds across the country.

1 the loan origination company. Peter Hoang Do signed the application as the loan originator on behalf
2 of BCF. The loan application stated that the borrower was employed by Repower Westminster as a
3 development officer earning \$8,875 per month. BCF's loan file for TT Tran also contains a Uniform
4 Residential Loan Application signed by TT Tran on or about June 15, 2020, which application stated
5 the borrower was employed by Repower Westminster as a development officer earning \$9,049.48
6 per month, and which was signed by Hannah Levi Pham as the loan originator on behalf of BCF.
7 BCF's loan file for TT Tran contained a document confirming that Julie Flores, a junior processor,
8 obtained a verbal VOE from Lan Tong, a payroll specialist. Records examined by the DRE show
9 that TT Tran's loan closed on June 11, 2020. A visit to the address provided for Repower
10 Westminster confirmed that the business was no longer there. TT Tran later confirmed that she was
11 not employed by Repower Westminster, that she was working for a nail salon in June 2020, and that
12 she was self-employed, receiving a 1099.

13 11. On or about June 9, 2020, an individual named Kiet Hoang Tran ("KH Tran") signed
14 a Uniform Residential Loan Application for a mortgage loan in the amount of \$510,000, with BCF
15 as the loan origination company. Hannah Levi Pham signed the application as the loan originator
16 on behalf of BCF. The loan application stated that the borrower was employed by Sam's Furniture
17 as a social media specialist earning \$7,500 per month. BCF's loan file for KH Tran contained a
18 document confirming that Julie Flores, a junior processor, obtained a verbal VOE from Lam
19 Nguyen, supervisor, and also a manual written VOE by Veri-Tax listing Nguyen as a payroll
20 specialist. Records examined by the DRE show that KH Tran's loan closed on June 9, 2020.
21 According to SFFR, Nguyen confirmed that KH Tran worked for Sam's Furniture, that he made
22 deliveries and assembled furniture, working 3-4 days a week, but KH Tran was not a social media
23 specialist, earned less than \$7,500 a month, and earned less than \$40,000 a year. Nguyen also stated
24 he did not fill out the VOE form for KH Tran.

25 12. On or about June 17, 2020, an individual named Quoc Ai Hua ("Hua") signed a
26 Uniform Residential Loan Application for a mortgage loan in the amount of \$500,000, with BCF as
27 the loan origination company. Hannah Levi Pham signed the application as the loan originator on
28 behalf of BCF. The loan application stated that the borrower was employed by Top Tier Auto Parts

1 as a senior product specialist earning \$9,706.24 per month. BCF's loan file for Hua contained a
2 document showing BCF requested a VOE from Veri-Tax and that a manual written VOE was
3 prepared, listing Derrick Pham, a payroll specialist for Top Tier Auto Parts, as the employer contact.
4 Records examined by the DRE show that Hua's loan closed on June 12, 2020. Information obtained
5 by SFFR indicated that Hua did not work for Top Tier Auto Parts, but that Hua worked for HP, Inc.
6 earning \$24.64 an hour.

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

8 13. In the course of the activities described above in Paragraph 7, and based on the facts
9 discovered by the DRE, as described in Paragraphs 8 through 12 above, Respondents acted in
10 violation of the Code and Regulations as follows.

11 **First Cause of Accusation: Code Sections 10176(a) and/or 10177(j): Substantial**
12 **Misrepresentation; Fraud or Dishonest Dealing**

13 14. The Complainant realleges and incorporates by reference all of the allegations
14 contained in paragraphs 1 through 13 above, with the same force and effect as though fully set forth
15 herein.

16 15. The acts and/or omissions of BCF, ECI, and SOLIS in obtaining and/or providing a
17 false verification of employment for NT Tran in order to obtain approval for a mortgage loan for
18 NT Tran are in violation **Code sections 10176(a) and/or 10177(j)** and constitute cause for the
19 suspension or revocation of BCF's, ECI's, and SOLIS's real estate license and license rights under
20 the provisions of **Code sections 10176(a) and/or 10177(j), and 10177(d) and/or 10177(g)**.

21 16. The acts and/or omissions of BCF in obtaining and/or providing false verifications
22 of employment for TT Tran, KH Tran, and Hua in order to obtain approvals for mortgage loans for
23 TT Tran, KH Tran, and Hua are in violation **Code sections 10176(a) and/or 10177(j)** and constitute
24 cause for the suspension or revocation of BCF's real estate license and license rights under the
25 provisions of **Code sections 10176(a) and/or 10177(j), and 10177(d) and/or 10177(g)**.

26 **Second Cause of Accusation: Broker Supervision**

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

1 18. YATES, as the broker and D.O. of BCF at all relevant times, as alleged above in
2 paragraphs 3, 4, 7, 8 through 12, and in the First Cause of Accusation, did not exercise adequate
3 supervision and control over the real estate activities conducted on behalf of BCF by its employees
4 and licensees to ensure compliance with the Real Estate Laws and Regulations. YATES failed to
5 establish adequate policies, rules, procedures, and systems to review, oversee, inspect, and manage
6 transactions requiring a real estate license by BCF's licensees and employees. YATES's acts and/or
7 omissions are in violation of **Code sections 10159.2, 10177(h), and 10177(d) and/or 10177(g),**
8 **and Regulation 2725**, and constitute cause to suspend or revoke the real estate licenses and license
9 rights of Respondent YATES pursuant to **Code sections 10177(h) and 10177(d) and/or 10177(g).**

10 INVESTIGATION AND ENFORCEMENT COSTS

11 19. Code section 10106 provides that in any order issued in resolution of a disciplinary
12 proceeding before the Department of Real Estate, the Commissioner may request the administrative
13 law judge to direct a licensee found to have committed a violation of this part to pay a sum not to
14 exceed the reasonable costs of the investigation and 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 action
17 against the license and license rights of BEST CAPITAL FUNDING, MICHAEL OMAR YATES,
18 ERNEST & COOPER INC., and ERNESTO SOLIS under the Real Estate Law, for the costs of
19 investigation and enforcement, and audit as permitted by law, and for such other and further relief
20 as may be proper under other applicable provisions of law.

21 Dated at Los Angeles, California March 06, 2023.

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Jason Parson
Supervising Special Investigator

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25 cc: BEST CAPITAL FUNDING
26 MICHAEL OMAR YATES
27 ERNEST & COOPER INC.
28 ERNESTO SOLIS
Jason Parson
Sacto.