

FILED

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DEPARTMENT OF REAL ESTATE

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8
9 BEFORE THE DEPARTMENT OF REAL ESTATE
10 STATE OF CALIFORNIA

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12 In the Matter of the Continuing Education
13 Offerings of

No. H-05256 SD

14 REAL ESTATE EDUCATIONAL SERVICES,

15 Sponsor.

16
17 NOTICE OF WITHDRAWAL OF CONTINUING
18 EDUCATION OFFERING APPROVALS

19 TO: REAL ESTATE EDUCATIONAL SERVICES
20 Danny Yen
21 3643 Adams Street
22 Carlsbad, CA 92008

23	RE: 1. PROPERTY MANAGEMENT	Course No. 4861-1035
24	2. FAIR HOUSING	Course No. 4861-1036
25	3. ETHICS	Course No. 4861-1037
26	4. BUSINESS MANAGEMENT AND SUPERVISION	Course No. 4861-1038
27	5. TRUST FUND HANDLING	Course No. 4861-1039
28	6. AGENCY	Course No. 4861-1040
	7. RISK MANAGEMENT	Course No. 4861-1041

1 NOTICE IS HEREBY GIVEN pursuant to the provisions of Section 3010 of Title 10, Chapter
2 6, of the California Code of Regulations ("Regulations") that the Real Estate Commissioner
3 ("Commissioner") has caused an investigation to be made into the presentation of the continuing
4 education course offerings identified in Paragraph 2, below, sponsored by REAL ESTATE
5 EDUCATIONAL SERVICES ("REES") and previously approved by the Department of Real Estate
6 of the State of California ("Department"), that on the basis of that investigation, the Commissioner
7 has determined that said courses no longer meet the statutory and regulatory standards for approval
8 for continuing education course offerings, and that approval of said courses should be and hereby is
9 withdrawn for the reasons set forth below:

10 SPONSOR

11 1. REES is the sponsor (Sponsor ID 4861) of the continuing education course offerings
12 identified in Paragraph 2, below. REES is owned and controlled by Danny Yen ("Yen"). REES'
13 address on file with the Department is 3643 Adams Street, Carlsbad, California (Carlsbad address).
14 Yen is the course instructor for REES' approved continuing education course offerings identified in
15 Paragraph 2, below.

16 CONTINUING EDUCATION COURSE OFFERINGS

17 2. The Department issued to REES approval for the following continuing education
18 course offering pursuant to Business and Professions Code ("Code") section 10170.4 and Sections
19 3006 and 3007 of the Regulations:

<u>Course No. Issued</u>	<u>Hours</u>	<u>Date Approved</u>	<u>Course Title</u>
20 4861-1035	30	2/22/2020	Property Management
21 4861-1036	3	5/31/2020	Fair Housing
22 4861-1037	3	5/14/2020	Ethics
23 4861-1038	3	8/8/2020	Business Management and Supervision
24 4861-1039	3	7/9/2020	Trust Fund Handling
25 4861-1040	3	7/9/2020	Agency
26 4861-1041	3	7/20/2021	Risk Management

27 These courses were applied for and approved to be taught as correspondence courses.

1 3. In order to qualify for renewal of a real estate license, a licensee must prove successful
2 completion of continuing education courses, or the equivalent, such as that identified in Paragraph 2,
3 above, during the proceeding four-year period (Code Section 10170.5).

4 4. Approval of the courses identified in Paragraph 2 was predicated upon REES'
5 compliance with Code sections 10170.4 and 10170.5 and Sections 3006 through 3010 of the
6 Regulations, as shown below in pertinent part, and other assurances which REES and Yen
7 represented and assured the Department would be complied with:

8 Continuing Education Requirements

9 3006 Criteria for Approval of Offerings

10 In acting on an application for approval of a continuing education offering, the Commissioner
11 shall apply, but shall not be limited to the application of the following criteria in determining
12 that the appropriate hours of continuing education credit will be given to licensees who have
13 successfully completed the course within the time period specified by Section 10170.5 of the
14 Business and Professions Code:

15

16 (c) For all continuing education offerings, a sponsor shall provide each
17 participant at least a written course outline that is a narrative outline consisting of not less
18 than three (3) pages per credit-hour. Each page shall contain an average of 200 words.

19 (d) A continuing education offering shall have an appropriate form of final
20 examination as set forth in Section 3007.3.

21 ...

22 (n) Every participant who successfully completes the course shall be provided
23 with a course completion certificate within 15 days from date of completion.

24 ...

25 (p) Incremental assessments shall be required that are designed to properly
26 measure a participant's mastery of the course content after each logical unit of instruction or
27 chapter within a correspondence course, i.e. case studies, quizzes or other form of exercises.
28 Remediation to the participant shall be provided after each assessment has been completed...

1 Section 3007 Application for Offering Approval

2 An application for approval of a continuing education offering shall be made on a RE 315
3 (Rev. 2/06) "C.E. Offering Approval Application" form, herein incorporated by reference, not
4 less than 90 days before the proposed commencement date of the offering. The completed
5 application shall be accompanied by the fee and include at least the following supporting
6 documents when applicable

7 ...

8 (e) All instruction materials, student materials, textbooks, CDs, DVDs,
9 audio/video cassettes, case studies, sample forms, incremental assessments, etc., to be used as
10 part of the offering.

11 (f) A General Information Page that will be provided to the participant prior to
12 registration for the course that sets forth all requirements and policies that affect the
13 participant's enrollment and completion of the course, i.e., fees, cancellation, refund;
14 attendance and dismissal; final exam criteria, etc.

15 (g) A Course Outline as defined in Section 3006(c) with each topic and
16 subtopic annotated with its allocated time in minutes.

17 ...

18 Section 3007.2 Material Change in Course Offering

19 (a) Any proposed change to an approved course offering that is a significant
20 deviation, in one or more aspects, from the offering as approved by the [Department]
21 including a change in curriculum, course length, method of presentation, workbooks, texts, or
22 syllabi, but not including changes designed exclusively to reflect recent changes in statutes,
23 regulations or decisional law, shall be deemed to be material and shall be submitted by the
24 sponsor to the Bureau for consideration and approval prior to use.

25 ...

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1 Section 3007.3 Final Examination Rules

2 A final examination is required for all continuing education courses. Sponsors shall establish
3 the following final examination rules for approved offerings that are to be observed by all
4 offering participants:

5 (a) The final examination shall provide the means by which a sponsor
6 determines whether a participant has successfully completed the offering. The sponsor shall
7 take steps to protect the integrity of the examination by controlling access to the exam by the
8 participant and to prevent cheating in an examination.

9 ...
10 (j) Participants taking a correspondence course must have access to the course
11 materials for the approved number of credit hours for that correspondence course prior to
12 completion of the final examination.

13 ...
14 (n) A violation of a final examination rule by the sponsor or the sponsor's
15 representative administering the examination shall constitute grounds for denial or withdrawal
16 of approval of the offering.

17 Section 3012.2 Record Keeping

18 The sponsor shall maintain a record of attendance or registration and final examination grade
19 of each participant, for a period of five years, sufficient to allow for the preparation of a
20 duplicate certificate upon request by a participant.

21 INVESTIGATIVE FINDINGS

22 5. Included in REES' continuing education course renewal applications, Yen provided
23 copies of the course material to be used as part of the course offerings, which included a copy of the
24 course outline, a final exam, quizzes, enrollment agreements, and instruction materials for each
25 course. Yen represented and assured the Department that REES would provide the submitted course
26 material as part of its course offerings as required pursuant to Sections 3006 through 3010 of the
27 Regulations.

1 SAFE Act further established that the National Multistate Licensing System & Registry (“NMLS”) is
2 to set standards for an education system for MLOs. (12 U.S.C. 5104 §1505).

3 10. REES was an NMLS–approved course provider during the years 2017 to 2020 (NMLS
4 course provider number 1405046). The NMLS had approved REES to offer one in-person 8-hour
5 “DBO-SAFE Act Comprehensive: Mortgage Continuing Education” course. REES was never
6 approved by the NMLS to offer online pre-licensing or continuing education courses to MLOs.

7 11. During all times relevant herein, Respondent maintained with his Internet Service
8 Provider an IP address at 76.88.84.139 (the IP Address). The IP Address assigned to Yen is
9 associated with REES’ business address on file with the Department pursuant to Regulations section
10 3006(h) and with NMLS.

11 12. The Commissioner was made aware of numerous NMLS education students
12 associated with taking online pre-licensing education and continuing education courses from the IP
13 Address in Carlsbad, California. These MLO education students received NMLS course credit for the
14 online pre-licensing or continuing education courses completed from the IP Address in Carlsbad,
15 California, belonging to Yen.

16 13. The education students identified in the investigation do not reside or work at the
17 Carlsbad address, the physical address associated with the IP Address identified by the Commissioner
18 as belonging to Yen, the owner of REES.

19 14. It was determined that Yen, completed NMLS online pre-licensing education and
20 continuing education courses during the years 2019 and 2020 on behalf of numerous education
21 students in violation of the NMLS Standards of Conduct (SOC), which apply to all NMLS–approved
22 course providers.

23 15. The NMLS SOC provide in relevant part:

24 SOC 3(B): Approved course providers and their instructors are prohibited from engaging in
25 any unlawful, misleading, or unethical activities or from engaging in any activity of moral turpitude
26 under federal or state law.

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Department Correspondence Education

16. The Department's investigation revealed that Yen issued course completion certificates to Department licensees for real estate continuing education courses without requiring participants take, complete, and successfully pass the Department authorized final examination associated with the courses described in the completion certificate in violation of Sections 3006(d) and 3007.3 of the Regulations.

Course Participant G.K.

17. On or about, April 26, 2021, G.K., a licensed real estate broker, enrolled in REES' CE correspondence course for Property Management, Risk Management, Ethics, Agency, Fair Housing, Trust Fund Handling, and Management and Supervision by completing REES' Enrollment, Agreement and General Information Page ("Enrollment Agreement"). G.K. paid Yen an enrollment fee of \$225.00 for all courses via Venmo. According to G.K.'s executed Enrollment Agreement, course study materials would be given to G.K. when the enrollment form is submitted and the final exam would be administered only at the school location.

18. Yen issued G.K. continuing education course completion certificates and credits for Property Management, Risk Management, Ethics, Agency, Fair Housing, Trust Fund Handling, and Management and Supervision. Although G.K.'s Enrollment Agreement indicated an enrollment date of April 26, 2021, each certificate of completion indicated a backdated registration date of March 30, 2021.

19. Each certificate of completion issued to G.K. included a verification by Yen that G.K. "successfully completed the correspondence home/study course and passed the final exam with a score of 70% or better," however Yen did not require G.K. personally take and pass a final exam.

20. The forgoing conduct by REES and Yen resulted in the following violations:

(a) REES and Yen failed to implement incremental assessments designed to properly measure G.K.'s mastery of the course content with case studies, quizzes or other form of exercises in violation of Section 3006(p) of the Regulations.

(b) REES and Yen failed to administer a final examination in violation of Section 3007.3 of the Regulations.

Pursuant to the provisions of Section 3010 of the Regulations, the withdrawal of approval of the course offerings identified in Paragraph 2, above, will be effective thirty (30) days after the notice of withdrawal is received by the sponsor unless the sponsor earlier files a written request for a hearing on the withdrawal action. If the request for hearing is received by the Commissioner before thirty (30) days after the date of receipt of notice of withdrawal by the sponsor, the withdrawal of approval shall not be effective unless and until ordered by the Commissioner pursuant to findings and conclusions reached after a hearing pursuant to Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code. The hearing shall be commenced within thirty (30) days after receipt of the request for hearing unless continued to a later day by order of the Commissioner, or by agreement of the parties as provided in Regulations section 3010(a).

DATED: 12.13.21

DOUGLAS R. McCAULEY
REAL ESTATE COMMISSIONER

DOUGLAS R. McCauley

cc: REAL ESTATE EDUCATIONAL SERVICES
Attn: Danny Yen
3643 Adams Street
Carlsbad, CA 92008
Sacto.