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BUREAU OF REAL ESTATE

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BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

In the Matter of Course Instruction by
DANNY YEN,
Instructor.

No. H-05258 SD

NOTICE OF WITHDRAWAL OF QUALIFICATION
OF INSTRUCTOR

TO: DANNY YEN
Real Estate Educational Services
3643 Adams Street
Carlsbad, CA 92008

RE: Course Instructor, DANNY YEN

NOTICE IS HEREBY GIVEN pursuant to the provisions of Section 3010 of Title 10, Chapter 6, of the California Code of Regulations (“Regulations”) that the Real Estate Commissioner (“Commissioner”) has caused an investigation to be made into DANNY YEN (YEN), an instructor of courses sponsored by Real Estate Educational Services (REES) and previously qualified as an instructor by the Department of Real Estate of the State of California (“Department”). On the basis of that investigation, the Commissioner has determined that YEN is no longer qualified to provide

1 instruction in course offerings, and that the qualification of YEN should be and hereby is withdrawn
2 for the reasons set forth below:

3 1. REES is a sponsor of approved continuing education (Sponsor ID 4861) and
4 equivalent course of study (Sponsor ID S0645) course offerings. REES is owned and controlled by
5 YEN. YEN was previously qualified as an instructor for REES. REES' address on file with the
6 Department is 3643 Adams Street, Carlsbad, California (Carlsbad address).

7 2. The qualification of YEN was predicated on the compliance of YEN with Sections
8 3000 through 3010 of the Regulations, including but not limited to the following:

9 a. Section 3000(a)(8)(B) provides that an instructor shall not teach a course if the
10 instructor has engaged in any violation of Article 24 (commencing with Section 3000) of these
11 regulations or has engaged in conduct which would have warranted the denial of an application for
12 approval or withdrawal of approval of an equivalent course of study.

13 b. Section 3000(a)(8)(D) provides that an instructor shall not teach a course if the
14 instructor acted or conducted himself or herself in a manner which would have warranted the denial
15 of his or her application for a real estate license.

16 c. Section 3006(f)(2) provides that an instructor shall not be qualified if the
17 instructor has engaged in any violation of Article 25 (commencing with Section 3005) of these
18 regulations or has engaged in conduct which would have warranted the denial of an application for
19 approval or withdrawal of approval of a continuing education offering.

20 d. Section 3006(f)(4) provides that an instructor shall not be qualified if the
21 instructor acted or conducted himself or herself in a manner which would have warranted the denial
22 of his or her application for a real estate license.

23 INVESTIGATIVE FINDINGS

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

3 4. During the Department's investigation, on or about May 27, 2021, the Commissioner
4 served a subpoena to YEN seeking documents related to REES' Department approved continuing
5 education correspondence courses, including in part, enrollment agreements and course materials. In
6 YEN's written response dated July 14, 2021, YEN, through his counsel, stated that enrollment
7 agreements "do not and have never existed" and that course materials have been "inadvertently lost
8 or misplaced." YEN did not produce any enrollment agreements or completed final exams or final
9 exam grades in response to the Commissioner's subpoena. The only course materials produced were
10 Certificates of Completion from July 2018 through June 2021. YEN later submitted amended and
11 superseded responses to the Commissioner's subpoena asserting his Fifth Amendment right against
12 self-incrimination.

13 5. Section 3007.2 of the Regulations provides that any change to an approved course
14 offering that is a significant deviation, in one or more aspects, from the offering as approved by the
15 Department, must be submitted by the sponsor to the Department for consideration and approval.
16 REES and YEN failed to submit and seek approval of the change in providing students with
17 enrollment agreements as previously represented with its applications for course approval and the
18 lack of course materials as required for continued approval in violation of Sections 3006, 3007.2, and
19 3012.2 of the Regulations.

20 6. Section 3006(n) provides that course sponsors shall provide each participant with a
21 course completion certificate within 15 days from date of completion. Many of the course completion
22 certificates produced by Yen in response to the Commissioner's subpoena were issued to participants
23 more than fifteen (15) days from the date of completion in violation of Section 3006(n) of the
24 Regulations.

25 NMLS Online Education Fraud Scheme

26 7. The Commissioner and Department regulate and issue mortgage loan originator
27 (MLO) license endorsements to current real estate licensees who qualify to originate mortgage loans
28 by passing a qualified written test, completing pre-licensure education courses, and taking annual

1 continuing education courses (Code sections 10166.06 and 10166.10) established by the Secure and
2 Fair Enforcement for Mortgage Licensing Act of 2008 (the SAFE Act). (12 U.S.C. §5101 et seq.) The
3 SAFE Act further established that the National Multistate Licensing System & Registry (“NMLS”) is
4 to set standards for an education system for MLOs. (12 U.S.C. 5104 §1505).

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

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

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

18 11. The education students identified in the investigation do not reside or work at the
19 Carlsbad address, the physical address associated with the IP Address identified by the Commissioner
20 as belonging to YEN.

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

25 13. The NMLS SOC provide in relevant part:

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

Department Correspondence Education

14. 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 course described in the completion certificate in violation of Sections 3006(d) and 3007.3 of the Regulations.

Course Participant G.K.

15. 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.

16. 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.

17. 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.

18. The forgoing conduct by YEN resulted in the following violations:

(a) 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) YEN failed to administer a final examination in violation of Section 3007.3 of the Regulations.

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

11 DATED: 12.18.21

12 DOUGLAS R. McCAULEY
13 REAL ESTATE COMMISSIONER

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15 Douglas R. McCauley
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25 cc: DANNY YEN
26 Real Estate Educational Services
27 3643 Adams Street
28 Carlsbad, CA 92008

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