



California Department of Real Estate
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NEWS RELEASE

FOR IMMEDIATE RELEASE

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Department of Real Estate Settles Hundreds of Enforcement Cases in One of Largest Multi-State Enforcement Actions in its 100+ Year History

License education scheme leads to hundreds of thousands of dollars in penalties

SACRAMENTO – The California Department of Real Estate (DRE) has reached settlements with more than 320 of its licensees who also hold Mortgage Loan Originator (MLO) endorsements as part of a nationwide investigation involving 44 state financial agencies. With a MLO license endorsement, DRE licensees can originate mortgage loans.

The scheme, allegedly coordinated by the same San Diego County-based education course provider, involved MLOs deceptively claiming to have completed either pre-licensing or continuing education courses as required by the Secure and Fair Enforcement for Mortgage Licensing Act (SAFE Act). These courses ensure that MLOs are current on all legal requirements in the industry.

DRE dedicated significant resources to the investigation, which was led by the California Department of Financial Protection and Innovation (DFPI). As a result of these efforts, more than two-thirds of the coast-to-coast settlements involved DRE licensees.

“California regulators, including DRE, take all types of fraud charges seriously,” said Real Estate Commissioner Douglas R. McCauley. “California consumers rely on licensed real estate agents and MLOs to help them with the largest financial transactions of their lives. Those who cheat the licensing process put those consumers at risk and must be held accountable.”

Nationally, investigators looked at more than 600 MLOs, 441 of whom signed settlements. Those MLOs agreed to surrender their licenses for a period of three months, pay a fine of \$1,000 for each state in which they hold a license, and take pre-licensing and continuing education courses beyond SAFE Act requirements. Three hundred and twenty-four (324) of the settlements were signed by MLOs licensed by DRE, with penalties totaling \$324,000.

DRE currently has open cases against a small number of MLOs that did not settle.

DRE also has filed an accusation against licensee Danny Yen, owner and operator of Real Estate Education Services (REES). The accusation alleges that REES, based in Carlsbad, completed online pre-licensure courses for numerous students and issued continuing education course completion certificates to DRE licensees even though they failed to take, complete, and successfully pass DRE-authorized final exams.

Congress enacted the SAFE Act in 2008 to enhance consumer protection and reduce fraud through minimum standards for the licensing and registration of state-licensed mortgage loan originators. California enacted its own version of the SAFE Act in 2009, and requires mortgage loan originators to have at least 20 hours of pre-licensing education and an annual eight hours of continuing education.

DRE and Other Resources

- **National Release**
<https://www.csbs.org/newsroom/state-regulators-settle-hundreds-mortgage-loan-originators-over-safe-act-education>
<https://www.csbs.org/print/pdf/node/372281>
- **More Background Info**
<https://www.csbs.org/sites/default/files/2022-01/REES%20Background%20Document%20-%20Public.pdf>
- **California Safe Act**
<https://www.dre.ca.gov/licensees/safeact.html>
- **California Safe Act FAQs**
https://www.dre.ca.gov/files/pdf/faqs/SAFE_FAQ_NMLS_PE1.pdf
- **DRE Accusation**
https://www2.dre.ca.gov/hearingfiles/H05266SD_211217_P.pdf
- **DFPI Citation and Desist and Refrain Order**
<https://dfpi.ca.gov/wp-content/uploads/sites/337/2022/01/Citation-DR-Yen-Danny-dba-Real-Estate-Educational-Services.pdf>

The mission of the California Department of Real Estate (DRE) is to safeguard and promote the public interests in real estate matters through licensure, regulation, education and enforcement. For more information, visit www.dre.ca.gov.

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