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**FILED**  
**OCT 24 2022**  
**DEPT. OF REAL ESTATE**  
By 

9 BEFORE THE DEPARTMENT OF REAL ESTATE  
10 STATE OF CALIFORNIA

11 \* \* \*

12 In the Matter of the Accusation Against ) DRE No. 42448 LA  
13 )  
14 KENNY TYRONE STIGLER, ) **ACCUSATION**  
15 Respondent. )

16 The Complainant, Veronica Kilpatrick, a Supervising Special Investigator of the  
17 State of California, for cause of Accusation against KENNY TYRONE STIGLER  
18 (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.

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ACCUSATION

1 LICENSE HISTORY

2 3.

3 a. Respondent is presently licensed and/or has license rights under the Code, as a  
4 real estate broker with Department of Real Estate (Department) license ID 01412639.

5 b. Respondent was originally licensed by the Department as a real estate  
6 salesperson on January 10, 2004. Respondent's broker license was originally issued on January  
7 14, 2016, and is scheduled to expire on January 13, 2024, unless renewed.

8 c. Respondent currently holds a Mortgage Loan Originator (MLO) license  
9 endorsement with the Department with the assigned National Mortgage Licensing System and  
10 Registry (NMLS) No. 237042. Respondent has been authorized to conduct business since  
11 February 3, 2016 and is currently authorized to represent M Power Mortgage Inc. (NMLS No.  
12 347814) and Stigler Mortgage (NMLS No. 2087519).

13 STATEMENT OF FACTS

14 4.

15 Respondent is currently, or at the time of the violations described herein was,  
16 employed by and authorized to represent M Power Mortgage Inc., a mortgage company  
17 licensed under the Department.

18 5.

19 Respondent violated the NMLS student Rules of Conduct (ROC) by using the  
20 services of Danny Yen, dba Real Estate Educational Services (REES) to complete his NMLS-  
21 approved continuing education (CE) courses, which constitutes a violation of the licensing  
22 requirements of this state and under federal law. Specifically, Respondent used and  
23 compensated REES to obtain credit through an in-person fraud scheme. Under the in-person  
24 fraud scheme, Respondent used REES to annually report completion of an in-person course for  
25 two years from 2019 to 2020. REES did not teach the in-person course and Respondent never  
26 attended the in-person course nor completed the required exam or course work to receive  
27 course credit.

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ACCUSATION

1 NMLS Pre-Licensing and Continuing Education

2 6.

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

8 7.

9 In order to meet PE requirements contemplated under the SAFE Act, state-  
10 licensed MLOs must complete twenty (20) hours of NMLS-approved education. Code section  
11 10166.06(a).

12 8.

13 In order to meet CE requirements contemplated under the SAFE Act, state-  
14 licensed MLOs must complete eight (8) hours of NMLS-approved education. Code section  
15 10166.10(a).

16 REES

17 9.

18 REES, NMLS course provider number 1405046, was an NMLS-approved  
19 course provider during the years 2019 to 2020.

20 10.

21 The NMLS had approved REES to offer one in-person 8-hour “DBO-SAFE Act  
22 Comprehensive: Mortgage Continuing Education” course in a classroom format located at  
23 15751 Brookhurst Street, Suite 230, Westminster, California.

24 11.

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

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1 12.

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

4 REES Investigation

5 13.

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

10 14.

11 The AAP also extends administrative authority to the MTEB and SRR to  
12 investigate alleged violations of the NMLS Standards of Conduct (SOC), which apply to all  
13 NMLS–Approved course providers.

14 15.

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

19 Findings of SRR and Department Investigation

20 16.

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

23 17.

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

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1 18.

2 Respondent was identified in NMLS records as receiving course credit for  
3 REES' 8-hour in-person CE course in 2019 and 2020. It was determined that none of these in-  
4 person courses ever took place and Respondent never attended an in-person course  
5 corresponding to the course credits Respondent received. Consequently, Respondent never took  
6 a knowledge examination required for course credit. It was determined that Respondent had  
7 used REES to obtain two years of course credits from 2019 to 2020 in violation of the ROC  
8 under the in-person fraud scheme.

9 19.

10 The ROC provide in relevant part:

11 ROC 3: I understand that the SAFE Act and state laws require me to spend a  
12 specific amount of time in specific subject areas. Accordingly, I will not attempt to circumvent  
13 the requirements of any NMLS approved course.

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

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

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

22 20.

23 By using the services of another to complete his CE and receiving fraudulent  
24 course credits through a non-existent course, Respondent violated ROC 3, 5, 8 and 9, and  
25 engaged in conduct that was dishonest, fraudulent, and that adversely impacted the integrity of  
26 the courses and the conditions and qualifications for which Respondent sought licensure or  
27 renewal of licensure.

1 Voluntary Survey

2 21.

3 On or about August 11, 2021, Respondent was provided an opportunity via a  
4 survey to disclose information about his participation in the REES 8-hour in-person CE  
5 education fraud. On or about August 23, 2021, Respondent provided his response to the survey  
6 request. In response to the survey, Respondent stated he was familiar with REES and that he  
7 did not attend each in-class course in which he enrolled because the course provider did not  
8 require in-person attendance.

9 Financial Responsibility, Character, and General Fitness

10 22.

11 Pursuant to Code section 10166.05(c), the Commissioner must deny a MLO  
12 license endorsement if the licensee fails to meet the minimum criteria for licensure, which  
13 includes a requirement that the applicant “has demonstrated such financial responsibility,  
14 character and general fitness as to command the confidence of the community and to warrant a  
15 determination that the [MLO] will operate honestly, fairly, and efficiently within the purposes  
16 of this division.”

17 23.

18 As described in paragraphs 16 through 21 above, Respondent violated ROC 3, 5,  
19 8 and 9 by using the services of another, REES, to falsely obtain course credits through an in-  
20 person course that Respondent never attended for the years 2019 to 2020.

21 24.

22 In violating the ROC by using the services of another to falsely obtaining course  
23 credits, Respondent does not meet the minimum criteria for licensure under Code section  
24 10166.05(c). The conduct of Respondent, as alleged above, is grounds for the suspension or  
25 revocation of Respondent’s license, MLO license endorsement, and license rights pursuant to  
26 the provisions of Code sections 10166.051(a), 10166.051(b), 10177(d), 10177(g) and/or  
27 10177(j).

GROUNDNS FOR DISCIPLINARY ACTION

25.

**Section 10166.05 of the Code** provides in pertinent part, “Notwithstanding any other provision of law, the commissioner shall not issue a license endorsement to act as a mortgage loan originator to an applicant unless the commissioner makes all of the following findings:

...

(c) The applicant has demonstrated such financial responsibility, character, and general fitness as to command the confidence of the community and warrant a determination that the mortgage loan originator will operate honestly, fairly, and efficiently within the purposes of this article.”

26.

**Section 10166.051 of the Code** provides in pertinent part, “...the commissioner may do one or more of the following, after appropriate notice and opportunity for hearing:

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

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

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1 27.

2 **Section 10177 of the Code** provides in pertinent part, “[t]he Commissioner may  
3 suspend or revoke the license of a real estate licensee, delay the renewal of a license of a real  
4 estate licensee, or deny the issuance of a license to an applicant, who has done any of the  
5 following...

6 ...

7 (d) Willfully disregarded or violated the Real Estate Law (Part 1 (commencing  
8 with Section 10000)) or Chapter 1 (commencing with Section 11000) of Part 2 or the rules and  
9 regulations of the commissioner for the administration and enforcement of the Real Estate Law  
10 and Chapter 1 (commencing with Section 11000) of Part 2.

11 ...

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

14 ...

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

17 COSTS

18 (INVESTIGATION AND ENFORCEMENT COSTS)

19 28.

20 Section 10106 of the Code, provides, in pertinent part, that in any order issued in  
21 resolution of a disciplinary proceeding before the Department, the Commissioner may request  
22 the administrative law judge to direct a licensee found to have committed a violation of this  
23 part to pay a sum not to exceed the reasonable costs of investigation and enforcement of the  
24 case.

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WHEREFORE, Complainant prays that a hearing be conducted on the allegations of this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary action against the licenses, MLO endorsement, and/or license rights of Respondent KENNY TYRON STIGLER under the Real Estate Law, for the costs of investigation and enforcement as permitted by law and for such other and further relief as may be proper under other applicable provisions of law.

Dated at San Diego, California this 14 day of October, 2022.

*Veronica Kilpatrick*  
\_\_\_\_\_  
Veronica Kilpatrick  
Supervising Special Investigator

cc: Kenny Tyrone Stigler  
Veronica Kilpatrick  
Sacto.