

**FILED**

**JAN 11 2023**

**DEPT. OF REAL ESTATE**  
**By** 

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8 BEFORE THE DEPARTMENT OF REAL ESTATE  
9 STATE OF CALIFORNIA

10 \* \* \*

11 In the Matter of the Accusation Against	)	DRE No. H-42459 LA
	)	
12	)	
13 KEVIN KEITH FINLEY,	)	<u>ACCUSATION</u>
	)	
14 Respondent.	)	
	)	

16 The Complainant, Veronica Kilpatrick, a Supervising Special Investigator of the  
17 State of California, for cause of Accusation against KEVIN KEITH FINLEY (“Respondent”)  
18 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, unless otherwise specified.

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1 approved continuing education (“CE”) courses, which constitutes a violation of the licensing  
2 requirements of this state and under federal law. Specifically, Respondent used and  
3 compensated REES to obtain credit through an in-person fraud scheme. Under the in-person  
4 fraud scheme, Respondent used REES to annually report completion of an in-person course for  
5 one year in 2020. However, REES did not teach the in-person course, and Respondent neither  
6 attended any in-person course nor completed the required exam or course work to receive  
7 course credit.

8  
9 NMLS Pre-Licensing and Continuing Education

10 6.

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

16 7.

17 In order to meet PE requirements contemplated under the SAFE Act, state-  
18 licensed MLOs must complete twenty (20) hours of NMLS–approved education. (Code section  
19 10166.06(a).)

20 8.

21 In order to meet CE requirements contemplated under the SAFE Act, state-  
22 licensed MLOs must complete eight (8) hours of NMLS–approved education. (Code section  
23 10166.10(a).)

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1 REES

2 9.

3 REES, with NMLS course provider number 1405046, was an NMLS–approved  
4 course provider during the years 2017 to 2020.

5 10.

6 The NMLS had approved REES to offer one in-person 8-hour “DBO-SAFE Act  
7 Comprehensive: Mortgage Continuing Education” course in a classroom format located at  
8 15751 Brookhurst Street, Suite 230, Westminster, CA 92683.

9 11.

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

11 12.

12 During all times relevant herein, REES had its primary place of business located  
13 at 3643 Adams Street, Carlsbad, CA 92008 (“Carlsbad address”).

14  
15 REES Investigation

16 13.

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

21 14.

22 The AAP also extends administrative authority to the MTEB and SRR to  
23 investigate alleged violations of the NMLS Standards of Conduct (“SOC”), which apply to all  
24 NMLS–Approved course providers.

25 15.

26 In late 2020, SRR obtained information concerning suspicious activity and that  
27 that information identified a possible MLO education cheating scheme coordinated by and

1 implemented through REES and its owners and operators, including Danny Yen. Based on that  
2 information, and pursuant to the AAP, SRR initiated an investigation into the matter.

3  
4 Findings of SRR and Department Investigation

5 16.

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

8 17.

9 Additional investigation revealed evidence that REES fraudulently provided  
10 course credit to MLOs who had never attended and completed REES’ 8-hour in-person CE  
11 course in Westminster, California in the in-person fraud scheme.

12 18.

13 Respondent was identified in NMLS records as receiving course credit for  
14 REES’ 8-hour in-person CE course in 2020. It was determined that this in-person course did  
15 not take place, and Respondent never attended an in-person course corresponding to the course  
16 credits Respondent received. Consequently, Respondent never took a knowledge examination  
17 required for course credit. It was determined that Respondent had used REES to obtain one  
18 year of course credits in 2020 in violation of the ROC under the in-person fraud scheme.

19 19.

20 The ROC provide in relevant part:

21 ROC 4: I will not divulge my login ID or password or other login credential(s)  
22 to another individual for any online course.

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

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

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

4 20.

5 By using the services of another to complete his CE and receiving fraudulent  
6 course credits through a non-existent course, Respondent violated ROC 4, 5, and 9, and  
7 engaged in conduct that was dishonest, fraudulent, and that adversely impacted the integrity of  
8 the courses and the conditions and qualifications for which Respondent sought licensure or  
9 renewal of licensure.

10  
11 Voluntary Survey and Interview

12 21.

13 On or about August 11, 2021, Respondent was provided an opportunity via a  
14 survey to disclose information about his participation in the REES online PE and CE education  
15 fraud. Respondent failed to respond to this survey request. On or about May 10, 2022, in an  
16 interview with the Department of Real Estate, Respondent stated he did not recall whether or  
17 not he took the CA-DBO SAFE Comprehensive course in person.

18  
19 Financial Responsibility, Character, and General Fitness

20 22.

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

27 ///

1 23.

2 As described in paragraphs 16 through 21 above, Respondent violated ROC 4, 5,  
3 and 9 by using the services of another, REES, to falsely obtain course credits through an in-  
4 person course that Respondent never attended for the year 2020.

5 24.

6 In violating the ROC by using the services of another to falsely obtain course  
7 credits, Respondent does not meet the minimum criteria for licensure under Code section  
8 10166.05(c). The conduct of Respondent, as alleged above, is grounds for the suspension or  
9 revocation of Respondent's license, MLO license endorsement, and license rights pursuant to  
10 the provisions of Code sections 10166.051(a), 10166.051(b), 10177(d), and 10177(g) and/or  
11 10177(j).

12  
13 GROUND FOR DISCIPLINARY ACTION

14 25.

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

18 ...

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

23 26.

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

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

1 hereunder.

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

7 27.

8 Code section 10177 provides in pertinent part, “[t]he Commissioner may  
9 suspend or revoke the license of a real estate licensee, delay the renewal of a license of a real  
10 estate licensee, or deny the issuance of a license to an applicant, who has done any of the  
11 following...

12 ...

13 (d) Willfully disregarded or violated the Real Estate Law (Part 1 (commencing  
14 with Section 10000)) or Chapter 1 (commencing with Section 11000) of Part 2 or the rules and  
15 regulations of the commissioner for the administration and enforcement of the Real Estate Law  
16 and Chapter 1 (commencing with Section 11000) of Part 2.

17 ...

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

20 ...

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

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1 COSTS

2 (INVESTIGATION AND ENFORCEMENT COSTS)

3 28.

4 Code section 10106, provides, in pertinent part, that in any order issued in  
5 resolution of a disciplinary proceeding before the Department, the Commissioner may request  
6 the administrative law judge to direct a licensee found to have committed a violation of this  
7 part to pay a sum not to exceed the reasonable costs of investigation and enforcement of the  
8 case.

9 WHEREFORE, Complainant prays that a hearing be conducted on the  
10 allegations of this Accusation and that upon proof thereof, a decision be rendered imposing  
11 disciplinary action against the license(s), MLO endorsement, and/or license rights of  
12 Respondent KEVIN KEITH FINLEY under the Real Estate Law, for the costs of investigation  
13 and enforcement as permitted by law and for such other and further relief as may be proper  
14 under other applicable provisions of law.

15 Dated at San Diego, California: January 4, 2023.

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17  
18 Veronica Kilpatrick  
19 Veronica Kilpatrick  
20 Supervising Special Investigator  
21  
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23

24 cc: KEVIN KEITH FINLEY  
25 Citrus Realty, Inc.  
26 Kathy Y. Richardson  
27 Veronica Kilpatrick  
Sacto.