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BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
 OF THE STATE OF CALIFORNIA

In the Matter of:	)	OAH CASE NO.: 2022020228
)	
THE COMMISSIONER OF FINANCIAL	)	NMLS LICENSE NO.: 1326351
PROTECTION AND INNOVATION,	)	SECOND AMENDED ACCUSATION
)	
Complainant,	)	Hearing Dates: May 16 – 17, 2022
	)	Hearing Time: 9:00 a.m.
v.	)	Location: 320 West 4th Street, Suite 630
	)	Los Angeles, CA 90013
RAMI H. ABI,	)	Call-In No.: (916) 245-8850
	)	Conf. ID: 636 2874 505 #
Respondent.	)	Judge: Unassigned
)	
)	

Clothilde V. Hewlett, the Commissioner of Financial Protection and Innovation
 (Commissioner), is informed and believes, and based on such information and belief, alleges and
 charges Respondent Rami H. Abi (Abi) as follows.

I.

Jurisdiction

1. The Commissioner has jurisdiction over the licensing and regulation of persons

1 engaged in the business of making, servicing, or brokering residential mortgage loans, including
2 mortgage loan originators (hereinafter, MLO or MLOs), under the California Financing Law (CFL)
3 (Fin. Code, § 22000 et seq.) and the California Residential Mortgage Lending Act (CRMLA) (Fin.
4 Code, § 50000 et seq.). The Commissioner is authorized to administer the CFL, CRMLA, and the
5 rules and regulations promulgated in title 10 of the California Code of Regulations (CCR). The
6 Commissioner has continuous authority to exercise the powers authorized by the CFL and CRMLA
7 even after a license has been surrendered, suspended, or revoked.

8 2. Abi first received his MLO license from the Commissioner on August 24, 2015.

9 3. Abi has an approved inactive license with the Commissioner. Abi is currently without
10 a sponsoring employer.

11 4. Under the provisions of Financial Code sections 22109.1, 22172, and 22755 of the
12 CFL, the Commissioner brings this action to revoke Abi's MLO license because Abi violated the
13 Nationwide Mortgage Licensing System and Registry (NMLS) student Rules of Conduct (ROC) by
14 using the services of Danny Yen, d/b/a Real Estate Educational Services (REES) to complete his
15 NMLS-approved online pre-licensure (PE) and/or continuing education (CE) courses, which in turn
16 constitutes a violation of the licensing requirements of the Department of Financial Protection and
17 Innovation under the CFL and under federal law.

18 5. Specifically, Abi used and compensated REES to obtain credit through both an online
19 fraud scheme and an in-person fraud scheme. In the online fraud scheme, Abi had REES complete
20 two online courses on his behalf in 2019. The courses for which Abi received credit were completed
21 by REES through an IP address associated with REES. Additionally, under the in-person fraud
22 scheme, Abi paid REES to annually report completion of an in-person course for four years from
23 2017 to 2020. REES did not teach the in-person course and Abi never attended the in-person course
24 nor completed the required test or course work to receive course credit.

25 6. The original Accusation seeking revocation in the instant matter was issued on
26 December 20, 2021, and served upon Abi on December 26, 2021, throughout which time Abi
27 maintained an active MLO license with the Commissioner.
28

II.**Statement of Facts***NMLS Pre-Licensing and Continuing Education*

7. The State Regulatory Registry LLC (SRR), which owns and operates the NMLS, administers PE and CE and Uniform State Test protocols. Title V of Public Law 110-289, the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (the SAFE Act), requires that state-licensed MLOs complete PE prior to initial licensure and annual CE thereafter. (See Fin. Code, §§ 22109.2 and 22109.5.)

8. In order to meet PE requirements contemplated under the SAFE Act, state-licensed MLOs must complete 20 hours of NMLS–approved education. (Fin. Code, § 22109.2.)

9. In order to meet CE requirements contemplated under the SAFE Act, state-licensed MLOs must complete eight hours of NMLS–approved education on an annual basis. (Fin. Code, § 22109.5.)

REES

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

11. The NMLS had approved REES to offer one in-person 8-hour “DBO-SAFE Act Comprehensive: Mortgage Continuing Education” course.

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

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

14. During all times relevant herein, REES, by and through Danny Yen, maintained with his Internet Service Provider an IP address at 76.88.84.139 (the IP Address). The IP Address assigned to Danny Yen is associated with REES’ business address, 3643 Adams Street, Carlsbad, California.

REES Investigation

15. The Mortgage Testing and Education Board (MTEB), which was created by SRR, has approved “Administrative Action Procedures for S.A.F.E. Testing and Education Requirements” (AAP), which extends administrative authority to the MTEB to investigate alleged violations of the

NMLS student Rules of Conduct (ROC).

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

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

Findings of SRR and Department of Financial Protection & Innovation Investigation

18. On or about December 15, 2020, SRR staff received a “suspicious relations” report involving suspected individuals completing online NMLS–approved education courses on behalf of another.

19. Subsequent SRR research found at least 113 education students associated with taking online PE and/or CE courses from the IP Address in Carlsbad, California (the SRR report).

20. Abi was identified in the SRR report as one of the 113 students that had completed PE and/or CE from the IP Address in Carlsbad, California and who received NMLS course credit under an online fraud scheme.

21. The Commissioner has determined that the IP Address in question belonged to Danny Yen, REES’ owner and operator.

22. Abi neither resides nor works at 3643 Adams Street, Carlsbad, California, the physical address associated with the IP Address identified by the Commissioner as belonging to REES.

23. Based upon the results of the SRR report and the IP Address information, it was determined that Abi had used the services of REES and compensated REES to complete two classes during 2019 in violation of the ROC.

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

25. Abi was identified in NMLS records as receiving course credit for REES’ 8-hour in-

person CE course in 2017, 2018, 2019, and 2020. It was determined that none of these courses ever took place and Abi never attended an in-person course corresponding to the course credits. Consequently, Abi never took a knowledge examination required for course credit. It was determined that Abi had used REES to obtain four years of course credits from 2017 to 2020 in violation of the ROC under the in-person fraud scheme.

26. The ROC provide in relevant part:

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

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

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

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

27. By using the services of another to complete his PE and/or CE and paying for fraudulent course credits through a non-existent course, Abi violated ROC 3, 4, 5, and 9, and engaged in conduct that was dishonest, fraudulent, and that adversely impacted the integrity of the courses Abi completed and the conditions and qualifications for which Abi sought licensure or renewal of licensure.

III.

Violations of the CFL

28. The Commissioner may revoke an MLO license if a licensee violates any provision of the CFL, or any rules or regulations adopted thereunder. (Fin. Code, § 22172, subd. (a)(1).)

29. As described in paragraphs 10 through 23, above, Abi used another to complete his PE and/or CE in violation of the ROC under the online fraud scheme. As described in paragraphs 24 through 25, Abi used REES to obtain four years of course credits from 2017 to 2020 under the in-

person fraud scheme. In using another to complete his required education and in falsely obtaining course credits through an in-person course that he never attended, Abi violated Financial Code section 22755, subdivisions (b), (g), (h), and (j), which provide in pertinent part:

It is a violation of this division for a mortgage loan originator to do any of the following:

(b) Engage in any unfair or deceptive practice toward any person.

(g) Fail to make disclosures as required by this division and any other applicable state or federal law, including regulations thereunder.

(h) Fail to comply with this division or rules or regulations promulgated under this division, or fail to comply with any other state or federal law, including the rules and regulations thereunder, applicable to any business authorized or conducted under this division.

(j) Negligently make any false statement or knowingly and willfully make any omission of material fact in connection with any information or reports filed with a governmental agency or the [NMLS] or in connection with any investigation conducted by the commissioner or another governmental agency.

30. Thus, Abi violated provisions of the CFL, and under Financial Code section 22172, subdivision (a)(1), Abi's MLO license must be revoked.

IV.

Financial Responsibility, Character, and General Fitness

31. The Commissioner must deny an MLO license if the licensee fails to meet the minimum criteria for licensure, which includes a requirement that the applicant "has demonstrated such financial responsibility, character and general fitness as to command the confidence of the community and to warrant a determination that the [MLO] will operate honestly, fairly, and efficiently within the purposes of this division." (Fin. Code, § 22109.1, subd. (a)(3).)

32. As described in paragraphs 10 through 23, above, Abi violated ROC 3, 4, 5, and 9 by using the services of another, REES, to complete his PE and/or CE during 2019.

33. In violating the ROC by using the services of another to complete his PE and/or CE, Abi does not meet the minimum criteria for licensure under the CFL and corresponding federal law, and his license must be revoked.

34. As described in paragraphs 24 through 25, above, Abi violated ROC 3, 4, 5, and 9 by using REES to falsely obtain course credits through an in-person course that he never attended for the years of 2017, 2018, 2019, and 2020.

35. In violating the ROC by using REES to falsely obtain course credits through an in-person course that he never attended for the years of 2017, 2018, 2019, and 2020, Abi does not meet the minimum criteria for licensure under the CFL and corresponding federal law, and his license must be revoked.

V.

Applicable Statutes

36. Financial Code section 22109.1 provides in pertinent part:

(a) The commissioner shall deny an application for a mortgage loan originator license unless the commissioner makes, at a minimum, the following findings:

.

(3) The applicant has demonstrated such financial responsibility, character, and general fitness as to command the confidence of the community and to warrant a determination that the [MLO] will operate honestly, fairly, and efficiently within the purposes of this division.

37. Financial Code section 22172 provides in pertinent part:

(a) The commissioner may do one or more of the following:

(1) Deny, suspend, revoke, condition, or decline to renew a mortgage loan originator license for a violation of this division, or any rules or regulations adopted thereunder.

(2) Deny, suspend, revoke, condition, or decline to renew a [MLO] license if an applicant or licensee fails at any time to meet the requirements of Section 22109.1 or 22109.4, or withholds information

1 or makes a material misstatement in an application for a license or
2 license renewal.

3 **VI.**

4 **Prayer**

5 For the reasons set forth above, the Commissioner finds that Abi participated in an education
6 fraud scheme by using REES to complete his PE and/or CE coursework under both the online fraud
7 scheme and the in-person fraud scheme in violation of the ROC and Financial Code section 22755,
8 subdivisions (b), (g), (h), and (j). Furthermore, Abi has not demonstrated the financial responsibility,
9 character, and general fitness required under Financial Code section 22109.1, subdivision (a)(3) of
10 the CFL to continue to hold an MLO license.

11 Accordingly, the Commissioner has grounds to revoke Abi's MLO license under Financial
12 Code section 22172, subdivisions (a)(1) and (a)(2).

13 WHEREFORE IT IS PRAYED that the MLO license issued to Rami H. Abi be revoked.

14 Dated: March 18, 2022

15 Los Angeles, California

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection &
Innovation

17
18 By: _____
19 Blaine A. Noblett
20 Senior Counsel
21 Enforcement Division
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