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2	Commissioner MARY ANN SMITH
3	Deputy Commissioner
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12	BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
13	OF THE STATE OF CALIFORNIA
14	In the Matter of:) NMLS LICENSE NO.: 288651
15	THE COMMISSIONER OF FINANCIAL ACCUSATION
16	PROTECTION AND INNOVATION,)
17	Complainant,
) V.)
18)
19	MICHAEL JON CASSO,
20	Respondent.
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23	Clothilde V. Hewlett, the Commissioner of Financial Protection and Innovation
24	(Commissioner), is informed and believes, and based on such information and belief, alleges and
25	charges Respondent Michael Jon Casso (Casso) as follows.
26	I.
27	<u>Jurisdiction</u>
28	1. The Commissioner has jurisdiction over the licensing and regulation of persons
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	ACCUSATION

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

2. Casso first received his MLO license from the Commissioner on June 27, 2012.

- 3. Casso currently holds an approved-inactive MLO license.
- 4. Under the provisions of Financial Code sections 22109.1, 22172, and 22755 of the CFL, the Commissioner brings this action to revoke Casso's MLO license because Casso violated the Nationwide Mortgage Licensing System and Registry (NMLS) student Rules of Conduct (ROC) by using the services of Danny Yen, d/b/a Real Estate Educational Services (REES) to complete his NMLS-approved continuing education (CE) courses, which in turn constitutes a violation of the licensing requirements of the Commissioner under the CFL as provided below.
- 5. Specifically, Casso used and compensated REES to obtain credit through an in-person education fraud scheme (the in-person fraud scheme). Under the in-person fraud scheme, Casso paid REES to annually report completion of an in-person course for four years from 2017 to 2020. REES did not teach the in-person course and Casso neither attended the in-person course nor completed the required test or course work to receive course credit.

II.

Statement of Facts

NMLS Pre-Licensing and Continuing Education

6. The State Regulatory Registry LLC (SRR), which owns and operates the NMLS, administers pre-licensing education (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.)

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- 7. 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.) 8. In order to meet CE requirements contemplated under the SAFE Act, state-licensed 4 MLOs must complete eight hours of NMLS-approved education on an annual basis. (Fin. Code, § 22109.5.) REES 9. REES, NMLS course provider number 1405046, was an NMLS-approved course provider during the years 2017 to 2020. 10. The NMLS had approved REES to offer one in-person 8-hour "DBO-SAFE Act 10 Comprehensive: Mortgage Continuing Education" course. 11. REES was never approved by the NMLS to offer online PE or CE to MLOs. 12 12. During all times relevant herein, REES had its primary place of business located at 13 3643 Adams Street, Carlsbad, California.
 - 13. 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
 - 14. 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).
 - 15. 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.
 - 16. In late 2020, SRR obtained information concerning suspicious activity and 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.

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Findings of SRR and Department of Financial Protection & Innovation Investigation

- On or about December 15, 2020, SRR staff received a "suspicious relations" report 17. involving suspected individuals completing online NMLS-approved education courses on behalf of another.
- 18. 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 that was associated with REES (the SRR report).
- 19. Additional investigation also disclosed that REES fraudulently provided course credit to MLOs who had never attended and completed REES' 8-hour in-person CE course in Westminster, California under the in-person fraud scheme.
- 20. Casso was identified in NMLS records as receiving course credit for REES' 8-hour inperson CE course in 2017, 2018, 2019, and 2020. And it was determined that none of these courses in which Casso enrolled had ever taken place and that Casso never attended an in-person course corresponding to the course credits that he received from REES. Consequently, Casso never took a knowledge examination required for course credit. It was determined that Casso 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.
 - 21. 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.

22. By paying for fraudulent course credits through a non-existent course, Casso violated			
ROC 3, 4, 5, and 9, and engaged in conduct that was dishonest, fraudulent, and that adversely			
impacted the integrity of the courses Casso completed and the conditions and qualifications for which			
Casso sought licensure or renewal of licensure.			
III.			
Violations of the CFL			
23. 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).)			
24. As described in paragraphs 19 through 20, Casso used REES to obtain four years of			
course credits from 2017 to 2020 under the in-person fraud scheme. In falsely obtaining course			
credits through an in-person course that he never attended, Casso 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.			

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25. Thus, Casso violated provisions of the CFL, and under Financial Code section 22172, subdivision (a)(1), Casso's MLO license must be revoked. IV. Financial Responsibility, Character, and General Fitness 26. 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).) 27. As described in paragraphs 19 through 20, above, Casso 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 2017, 2018, 2019, and 2020. In violating the ROC by using REES to falsely obtain course credits through an in-28. person course that he never attended for the years 2017, 2018, 2019, and 2020, Casso does not meet the minimum criteria for licensure under the CFL and his license must be revoked under Financial Code section 22172, subdivision (a)(2). V. **Applicable Statutes** 29. 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. 30. Financial Code section 22172 provides in pertinent part: (a) The commissioner may do one or more of the following:

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2	regulations adopted thereunder.
3	(2) Deny, suspend, revoke, condition, or decline to renew a [MLO]
4	license if an applicant or licensee fails at any time to meet the
5	requirements of Section 22109.1 or 22109.4, or withholds information or makes a material misstatement in an application for a license or
6	license renewal.
7	VI.
8	Prayer_
9	For the reasons set forth above, the Commissioner finds that Casso participated in the in-
10	person fraud scheme in violation of the ROC and Financial Code section 22755, subdivisions (b), (g)
11	(h), and (j). Furthermore, Casso has not demonstrated the financial responsibility, character, and
12	general fitness required under Financial Code section 22109.1, subdivision (a)(3) of the CFL to
13	continue to hold an MLO license.
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15	Accordingly, the Commissioner has grounds to revoke Casso's MLO license under Financial
16	Code section 22172, subdivisions (a)(1) and (a)(2).
17	WHEREFORE IT IS PRAYED that the MLO license issued to Michael Jon Casso be
18	revoked.
19	Dated: April 11, 2022 Los Angeles, California CLOTHILDE V. HEWLETT
20	Commissioner of Financial Protection & Innovation
21	Illiovation
22	By:
23	Blaine A. Noblett
24	Senior Counsel Enforcement Division
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(1) Deny, suspend, revoke, condition, or decline to renew a mortgage

loan originator license for a violation of this division, or any rules or