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

13 In the Matter of:) NMLS LICENSE NO.: 255042
14 THE COMMISSIONER OF FINANCIAL) ACCUSATION
15 PROTECTION AND INNOVATION,)
16 Complainant,)
17 v.)
18 MYLES HUBERS,)
19 Respondent.)
20)
21)

22 Clothilde V. Hewlett, the Commissioner of Financial Protection and Innovation
23 (Commissioner), is informed and believes, and based on such information and belief, alleges and
24 charges Respondent Myles Hubers (Hubers) as follows.

25 I.
26 **Jurisdiction**

27 1. The Commissioner has jurisdiction over the licensing and regulation of persons
28 engaged in the business of making, servicing, or brokering residential mortgage loans, including

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

7 2. Hubers first received his MLO license from the Commissioner on August 16, 2010.

8 3. Hubers currently holds an Approved-Inactive MLO license.

9 4. Under the provisions of Financial Code sections 22109.1, 22172, and 22755 of the
10 CFL, the Commissioner brings this action to revoke Hubers’s MLO license because Hubers violated
11 the Nationwide Mortgage Licensing System and Registry (NMLS) student Rules of Conduct (ROC)
12 by using the services of Danny Yen, d/b/a Real Estate Educational Services (REES) to complete his
13 NMLS-approved continuing education (CE) courses, which in turn constitutes a violation of the
14 licensing requirements of the Commissioner under the CFL as provided below.

15 5. Specifically, Hubers used and compensated REES to obtain credit through an in-
16 person education fraud scheme (the in-person fraud scheme). Under the in-person fraud scheme,
17 Hubers paid REES to annually report completion of an in-person course for two years in 2019 and
18 2020. REES did not teach the in-person course and Hubers never attended the in-person course nor
19 completed the required test or course work to receive course credit.

20 **II.**

21 **Statement of Facts**

22 *NMLS Pre-Licensing and Continuing Education*

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

28 7. In order to meet PE requirements contemplated under the SAFE Act, state-licensed

1 MLOs must complete 20 hours of NMLS–approved education. (Fin. Code, § 22109.2.)

2 8. In order to meet CE requirements contemplated under the SAFE Act, state-licensed
3 MLOs must complete eight hours of NMLS–approved education on an annual basis. (Fin. Code, §
4 22109.5.)

5 *REES*

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

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

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

11 12. During all times relevant herein, REES had its primary place of business located at
12 3643 Adams Street, Carlsbad, California.

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

16 *REES Investigation*

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

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

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

28 ///

1 *Findings of SRR and Department of Financial Protection & Innovation Investigation*

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

5 18. Subsequent SRR research found at least 113 education students associated with taking
6 online PE and/or CE courses from the IP Address in Carlsbad, California that was associated with
7 REES (the SRR report).

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

11 20. Hubers was identified in NMLS records as receiving course credit for REES’ 8-hour
12 in-person CE course in 2019 and 2020. And it was determined that none of these courses in which
13 Hubers enrolled had ever taken place and that Hubers never attended an in-person course
14 corresponding to the course credits that he received from REES. Consequently, Hubers never took a
15 knowledge examination required for course credit. It was determined that Hubers had used REES to
16 obtain two years of course credits in 2019 and 2020 in violation of the ROC under the in-person fraud
17 scheme.

18 21. The ROC provide in relevant part:

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

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

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

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

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

4 (2) Deny, suspend, revoke, condition, or decline to renew a [MLO]
5 license if an applicant or licensee fails at any time to meet the
6 requirements of Section 22109.1 or 22109.4, or withholds information
7 or makes a material misstatement in an application for a license or
8 license renewal.

9 **VI.**

10 **Prayer**

11 For the reasons set forth above, the Commissioner finds that Hubers participated in the in-
12 person fraud scheme in violation of the ROC and Financial Code section 22755, subdivisions (b), (g),
13 (h), and (j). Furthermore, Hubers has not demonstrated the financial responsibility, character, and
14 general fitness required under Financial Code section 22109.1, subdivision (a)(3) of the CFL to
15 continue to hold an MLO license.

16 Accordingly, the Commissioner has grounds to revoke Hubers’s MLO license under Financial
17 Code section 22172, subdivisions (a)(1) and (a)(2).

18 WHEREFORE IT IS PRAYED that the MLO license issued to Myles Hubers be revoked.

19 Dated: April 18, 2022

20 Los Angeles, California

21 CLOTHILDE V. HEWLETT
22 Commissioner of Financial Protection &
23 Innovation

24 By: _____
25 Allard Chu
26 Senior Counsel
27 Enforcement Division
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