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PRESS RELEASES

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Washington, D.C. – Three state financial agencies have reached a settlement agreement with Danny Yen, owner of Carlsbad, California-based mortgage education course provider Real Estate Educational Services, for his role in a multi-state fraud scheme that involved hundreds of mortgage loan originators.

The California Department of Financial Protection and Innovation (DFPI), Maryland's Office of the Commissioner of Financial Regulation and the Oregon Division of Financial Regulation brought separate administrative actions against Yen and his family for providing false certificates and taking courses on behalf of mortgage loan originators through other education providers in violation of the Secure and Fair Enforcement for Mortgage Licensing Act (SAFE Act).

On Feb. 2, the Yen family agreed to fully cooperate and provide testimony against implicated mortgage loan originators. The Yen family also agreed to a lifetime restriction from direct and indirect involvement in businesses that provide mortgage lending-related education. In addition to a monetary penalty, the Yen family agreed to a non-compliance penalty of $15 million should they fail to fully cooperate with the financial agencies' investigation.

"This settlement will allow California and other regulators to discipline the remaining loan originators, while the lifetime teaching restrictions send a strong message that we will not allow fraud," said DFPI Commissioner Clothilde V. Hewlett. "We will continue collaborating with peer agencies to ensure that consumers are protected and that safeguards in the mortgage industry are maintained."

The action follows a multi-state settlement announced by CSBS last month. Forty-four state financial agencies, led by the California DFPI, reached settlements with 441 mortgage loan originators who deceptively claimed to have completed annual continuing education as required under state and federal law.

Congress enacted the SAFE Act to enhance consumer protection and reduce fraud through minimum standards for the licensing and registration of state-licensed mortgage loan originators. The law calls on the states to implement and enforce these standards, and every state has enacted its own version of the SAFE Act that requires mortgage loan originators to have at least 20 hours of pre-licensing education and eight hours of continuing education annually.

Through the settlements, the mortgage loan originators have agreed to surrender their licenses for a period of three months, pay a fine of $1,000 to each participating state in which he or she holds a license and take continuing education beyond federal and state SAFE Act requirements.

For more information about CSBS, visit www.csbs.org.

Media Contact: Susanna Barnett, 202-407-7156, sbarnett@csbs.org

The Conference of State Bank Supervisors (CSBS) is the national organization of bank regulators from all 50 states, American Samoa, District of Columbia, Guam, Puerto Rico and U.S. Virgin Islands. State regulators supervise roughly three-quarters of all U.S. banks and a variety of non-depository financial services. CSBS, on behalf of state regulators, also operates the Nationwide Multistate Licensing System to license and register non-depository financial service providers in the mortgage, money services businesses, consumer finance and debt industries.

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