

**ORDER SUMMARY – Case Number: C-22-3270**

**Name(s):** Kenneth Garland To  
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**Order Number:** C-22-3270-22-CO01  
 \_\_\_\_\_

**Effective Date:** 12/16/2022  
 \_\_\_\_\_

**License Number:** 1563988  
**Or NMLS Identifier [U/L]** \_\_\_\_\_

**License Effect:** Surrendered  
 \_\_\_\_\_  
 \_\_\_\_\_

**Not Apply Until:** \_\_\_\_\_  
 \_\_\_\_\_

**Not Eligible Until:** \_\_\_\_\_  
 \_\_\_\_\_

**Prohibition/Ban Until:** 5 years  
 \_\_\_\_\_

<b>Investigation Costs</b>	\$ 655		Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date 12/13/22
<b>Fine</b>	\$ 7500/6500 stayed	Due	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date 12/13/22
<b>Assessment(s)</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Restitution</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Financial Literacy and Education</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Cost of Prosecution</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
	No. of Victims:			

**Comments:** \_\_\_\_\_  
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**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
DIVISION OF CONSUMER SERVICES**

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IN THE MATTER OF DETERMINING  
Whether there has been a violation of the  
Consumer Loan Act of Washington by:

No.: C-22-3270-22-CO01

CONSENT ORDER

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KENNETH GARLAND TO, NMLS # 1563988,  
  
Respondent.

COMES NOW the Director of the Department of Financial Institutions (Director), through his  
designee Lucinda Fazio, Division of Consumer Services Director, and Kenneth Garland To  
(Respondent), and finding that the issues raised in the above-captioned matter may be economically  
and efficiently settled, agree to the entry of this Consent Order. This Consent Order is entered  
pursuant to chapter 31.04 of the Revised Code of Washington (RCW), and RCW 34.05.060 of the  
Administrative Procedure Act, based upon the following:

**AGREEMENT AND ORDER**

The Department of Financial Institutions, Division of Consumer Services (Department) and  
Respondent have agreed upon a basis for resolution of the matters alleged in Statement of Charges  
No. C-22-3270-22-SC01 (Statement of Charges), entered June 8, 2022, (copy attached hereto).  
Pursuant to chapter 31.04 RCW, the Consumer Loan Act (Act), and RCW 34.05.060 of the  
Administrative Procedure Act, Respondent hereby agrees to the Department's entry of this Consent  
Order and further agrees that the issues raised in the above-captioned matter may be economically  
and efficiently settled by entry of this Consent Order. The parties intend this Consent Order to fully  
resolve the Statement of Charges.

Based upon the foregoing:

**A. Jurisdiction.** It is AGREED that the Department has jurisdiction over the subject matter  
of the activities discussed herein.

1           **B. Waiver of Hearing.** It is AGREED that Respondent has been informed of the right to a  
2 hearing before an administrative law judge, and hereby waives their right to a hearing and any and all  
3 administrative and judicial review of the issues raised in this matter, or of the resolution reached  
4 herein. Accordingly, Respondent, by their signature below, withdraws their appeal to the Office of  
5 Administrative Hearings.

6           **C. Mortgage Loan Originator License Surrender.** It is AGREED that Respondent's  
7 Mortgage Loan Originator license is surrendered.

8           **D. Prohibition from Industry.** It is AGREED and ORDERED that, for a period of five (5)  
9 years from the date of entry of this Consent Order, Respondent is prohibited from participating, in  
10 any capacity, in the conduct of the affairs of any consumer loan company or mortgage broker  
11 licensed by the Department or subject to licensure or regulation by the Department.

12           **E. Fine and Stayed Fine.** It is AGREED and ORDERED that Respondent shall pay a fine  
13 to the Department in the amount of \$7,500.00. It is FURTHER AGREED that \$6,500.00 of the fine  
14 shall be stayed (Stayed Fine) for two (2) years following entry of this Consent Order contingent upon  
15 Respondent's compliance with this Consent Order. It is FURTHER AGREED that the stay may be  
16 lifted and the Stayed Fine imposed in accordance with the terms stated in Paragraph F.

17           **F. Lifting of Stay and Imposing Stayed Fine.** It is AGREED that:

- 18           1.     If the Department determines that Respondent has not complied with the  
19                 terms of this Consent Order, and the Department accordingly seeks to lift  
20                 the stay and impose the Stayed Fine set forth in Paragraph E above, the  
21                 Department will first notify Respondent in writing of its determination.
- 22           2.     The Department's notification will include:
- 23                 a)     A description of the alleged noncompliance;
- 24                 b)     A statement that because of the noncompliance, the Department  
                       seeks to lift the stay and impose the Stayed Fine;

1 c) The opportunity for Respondent to contest the Department's  
2 determination of noncompliance in an administrative hearing  
3 before an Administrative Law Judge (ALJ) of the Office of  
4 Administrative Hearings (OAH); and

5 d) A copy of this Consent Order. The notification and hearing  
6 process provided in this Consent Order applies only to this  
7 Consent Order. It is solely provided in the event Respondent  
8 chooses to contest the Department's determination of  
9 noncompliance.

10 3. Respondent will be afforded twenty (20) business days from the date of  
11 receipt of the Department's notification to submit a written request to the  
12 Department for an administrative hearing to be held before an ALJ from  
13 the OAH.

14 4. Respondent, in addition to a request for hearing, may provide a written  
15 response to include any information pertaining to the alleged  
16 noncompliance.

17 5. The scope and issues of the hearing are limited solely to whether or not  
18 Respondent is in violation of the terms of this Consent Order.

19 6. At the conclusion of the hearing, the ALJ will issue an initial decision.  
20 Either party may file a Petition for Review with the Director of the  
21 Department.

22 7. If Respondent does not request the hearing within the stated time, the  
23 Department will impose the Stayed Fine and pursue whatever action it  
24 deems necessary to enforce the Stayed Fine

**G. Investigation Fee.** It is AGREED and ORDERED that Respondent shall pay to the  
Department an investigation fee of \$655.00, in the form of a cashier's check made payable to the  
"Washington State Treasurer," upon delivery of this Consent Order to the Department, properly dated  
and signed. The Fine and Investigation Fee may be paid together in one \$1,655.00 cashier's check  
made payable to the "Washington State Treasurer."

**H. Change of Address.** It is AGREED that for the duration of the period this Consent Order  
is in effect, unless otherwise agreed to in writing by the Department, Respondent shall provide the  
Department with a mailing address and telephone number at which Respondent can be contacted and

1 Respondent shall notify the Department in writing of any changes to their mailing address or  
2 telephone number within fifteen days of any such change.

3 **I. Final Order Vacated.** It is AGREED that upon entry of this Consent Order the  
4 Department's Final Order No. C-22-3270-22-FO01 against Respondent is vacated.

5 **J. Non-Compliance with Order.** It is AGREED that Respondent understands that failure to  
6 abide by the terms and conditions of this Consent Order may result in further legal action by the  
7 Director. In the event of such legal action, Respondent may be responsible to reimburse the Director  
8 for the cost incurred in pursuing such action, including but not limited to, attorney fees.

9 **K. Voluntarily Entered.** It is AGREED that Respondent has voluntarily entered into this  
10 Consent Order, which is effective when signed by the Director's designee.

11 **L. Completely Read, Understood, and Agreed.** It is AGREED that Respondent has read  
12 this Consent Order in its entirety and fully understands and agrees to all of the same.

13 **RESPONDENT:**

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16 /s/  
Kenneth Garland To

12/1/22  
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DO NOT WRITE BELOW THIS LINE

THIS ORDER ENTERED THIS 16th DAY OF December, 2022.



/s/

LUCINDA FAZIO, Director  
Division of Consumer Services  
Department of Financial Institutions

Presented by:

/s/

AMANDA B. STARNES  
Financial Legal Examiner

Approved by:

/s/

JACK McCLELLAN  
Enforcement Chief

1 **STATE OF WASHINGTON**  
2 **DEPARTMENT OF FINANCIAL INSTITUTIONS**  
3 **DIVISION OF CONSUMER SERVICES**

4 IN THE MATTER OF DETERMINING  
Whether there has been a violation of the  
Consumer Loan Act of Washington by:

5 KENNETH GARLAND TO, NMLS # 1563988,  
6 Respondent.

No. C-22-3270-22-SC01

STATEMENT OF CHARGES and  
NOTICE OF INTENT TO ENTER AN  
ORDER TO REVOKE LICENSE, PROHIBIT  
FROM INDUSTRY, IMPOSE FINE,  
COLLECT INVESTIGATION FEE, and  
RECOVER COSTS AND EXPENSES

7 **INTRODUCTION**

8 Pursuant to RCW 31.04.093 and RCW 31.04.165, the Director of the Department of Financial  
9 Institutions of the State of Washington (Director) is responsible for the administration of chapter  
10 31.04 RCW, the Consumer Loan Act (Act). After having conducted an investigation pursuant to  
11 RCW 31.04.145, and based upon the facts available as of the date of this Statement of Charges, the  
12 Director, through his designee, Division of Consumer Services Director Lucinda Fazio, institutes this  
13 proceeding and finds as follows:

14 **I. FACTUAL ALLEGATIONS**

15 **1.1 Respondent Kenneth Garland To** (Respondent To) was licensed by the Department of  
16 Financial Institutions of the State of Washington (Department) to conduct business as a mortgage  
17 loan originator on or about June 3, 2020, and continued to be licensed until their license expired on  
18 January 1, 2022.

19 **1.2 Participation in Pre-Licensing and Continuing Education Fraud Schemes.** The State  
20 Regulatory Registry, LLC (SRR), which owns and operates the Nationwide Mortgage Licensing  
21 System and Registry (NMLS), administers pre-licensure (PE) and continuing education (CE) and  
22 Uniform State Test protocols. Title V of Public Law 110-289, the Secure and Fair Enforcement for  
23

1 Mortgage Licensing Act of 2008 (the SAFE Act), requires that state-licensed MLOs complete PE  
2 prior to initial licensure and annual CE thereafter. (See RCW 31.04.261 and RCW 31.04.267.)

3 In order to meet PE requirements contemplated under the SAFE Act, state-licensed MLOs  
4 must complete 20 hours of NMLS–approved education. (RCW 31.04.261.) In order to meet CE  
5 requirements contemplated under the SAFE Act, state-licensed MLOs must complete eight hours of  
6 NMLS–approved education on an annual basis. (RCW 31.04.267.)

7 Danny Yen, d/b/a Real Estate Educational Services

8 Danny Yen, d/b/a Real Estate Educational Services (REES), NMLS course provider number  
9 1405046, was an NMLS–approved course provider during the years 2017 to 2020. The NMLS  
10 approved REES to offer one in-person 8-hour “DBO-SAFE Act Comprehensive: Mortgage  
11 Continuing Education” course. REES was never approved by the NMLS to offer online PE or CE to  
12 MLOs.

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

18 REES Investigation

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



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

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

8 Findings of SRR and Multi-State Investigation

9 On or about December 15, 2020, SRR staff received a “suspicious relations” report involving  
10 suspected individuals completing online NMLS–approved education courses on behalf of another.  
11 Subsequent SRR research found at least 113 education students associated with taking online PE  
12 and/or CE courses from the IP Address in Carlsbad, California (the SRR report). The Multi-State  
13 Investigation Task Force determined that the IP Address in Carlsbad, California belonged to Danny  
14 Yen, REES’ owner and operator.

15 Respondent To was identified in the SRR report as one of the 113 students that had completed  
16 PE and/or CE from the IP Address in Carlsbad, California and who received NMLS course credit  
17 under an online fraud scheme. Respondent To neither resided nor worked at 3643 Adams Street,  
18 Carlsbad, California, the physical address associated with the IP Address identified as belonging to  
19 REES. Based upon the results of the SRR report and the IP Address information, Respondent To used  
20 the services of REES and compensated REES to complete four online courses, three in 2019 and one  
21 in 2020.

22 Additional investigation showed REES perpetrated an in-person fraud scheme by fraudulently  
23 providing course credit to MLOs who had never attended and completed REES’ 8-hour in-person CE  
24 course in Westminster, California. Respondent To was identified in NMLS records as receiving

1 course credit for REES' 8-hour in-person CE course in 2018, 2019, and 2020. The Multi-State  
2 Investigation Task Force determined that none of these in-person CE courses ever took place, thus  
3 Respondent To never attended an in-person course corresponding to the course credits provided by  
4 REES. Consequently, Respondent To never took a knowledge examination required for course credit.  
5 It was determined that Respondent To used REES to obtain three years of in-person course credits  
6 from 2018 to 2020.

7 By using REES' services to obtain online and in-person PE and/or CE credits, Respondent To  
8 likely violated the following provisions of the ROC:

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

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

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

15 **1.3 Failure to Comply with the Department's Directive.** The Multi-State Investigation Task  
16 Force attempted to contact Respondent To regarding the investigation on numerous occasions.  
17 However, Respondent To did not provide a response. On or about February 10, 2022, the Department  
18 delivered a Directive, via First-Class Mail to Respondent To's last known mailing address listed in  
19 NMLS. The Directive required a response by February 25, 2022. As of the date of this Statement of  
20 Charges, Respondent To has failed to respond to the Department.

21 **1.4 On-Going Investigation.** The Department's investigation into the alleged violations of the  
22 Act by Respondents continues to date.

## 23 II. GROUNDS FOR ENTRY OF ORDER

24 **2.1 Unfair or Deceptive Practice.** Based on the Factual Allegations set forth in Section I above,  
Respondent To is in apparent violation of RCW 31.04.027(1)(b) for directly or indirectly engaging in

1 any unfair or deceptive practice toward any person, by using the services of another to complete their  
2 PE and/or CE, paying for fraudulent course credits through a non-existent course, making false  
3 statements to NMLS, and thus the Department, violating ROC 4, 5, and 9, and engaging in conduct  
4 that was dishonest, fraudulent, and that adversely impacted the integrity of the courses Respondent  
5 To completed and the conditions and qualifications for which Respondent To sought licensure or  
6 renewal of licensure.

7 **2.2 Requirement to Complete Pre-Licensing and Continuing Education Requirements.**

8 Based upon the Factual Allegations set forth in Section I above, Respondent To failed to complete PE  
9 and CE requirements in accordance with RCW 31.04.261, and RCW 31.04.267.

10 **2.3 Requirement to Demonstrate Character and Fitness Requirements.** Based upon the

11 Factual Allegations set forth in Section I above, Respondent To failed to demonstrate character, and  
12 general fitness such as to command the confidence of the community and to warrant a determination  
13 that the mortgage loan originator will operate honestly, fairly, and efficiently in accordance with  
14 RCW 31.04.247(1)(e).

15 **2.4 Requirement to Comply with Department's Directive.** Based upon the Factual Allegations

16 set forth in Section I above, Respondent To is in apparent violation of 31.04.027(1)(b), and WAC  
17 208-620-550(14) for failing to comply with the Department's February 10, 2022, Directive, issued  
18 pursuant to RCW 31.04.145.

19 **III. AUTHORITY TO IMPOSE SANCTIONS**

20 **3.1 Authority to Revoke License.** Pursuant to RCW 31.04.093(3) the Director may condition,  
21 suspend, or revoke a license if (b) The licensee, either knowingly or without the exercise of due care,  
22 has violated any provision of this chapter or any rule adopted under this chapter; (c) A fact or  
23 condition exists that, if it had existed at the time of the original application for the license, clearly

1 would have allowed the director to deny the application for the original license; and (d) The licensee  
2 failed to comply with any directive, order, or subpoena issued by the director under this chapter.

3 **3.2 Authority to Prohibit from the Industry.** Pursuant to RCW 31.04.093(6), the Director may  
4 issue an order prohibiting from participation in the affairs of any licensee, any officer, principal,  
5 employee, mortgage loan originator, or any other person subject to the Act for (a) False statements or  
6 omission of material information from an application for a license that, if known, would have allowed  
7 the director to deny the original application for a license; (d) Failure to comply with any order or  
8 subpoena issued under this chapter; or (e) A violation of RCW 31.04.027.

9 **3.3 Authority to Impose Fine.** Pursuant to RCW 31.04.093(4), the Director may impose fines of  
10 up to one hundred dollars per day, per violation, upon the licensee, its employee or loan originator, or  
11 any other person subject to the Act for any violation of the Act or failure to comply with any order or  
12 subpoena issued by the Director under the Act.

13 **3.4 Authority to Charge Investigation Fee.** Pursuant to RCW 31.04.145(3) and WAC 208-620-  
14 610(7), every licensee investigated by the Director or the Director's designee shall pay for the cost of  
15 the investigation, calculated at the rate of \$69.01 per staff hour spent on the investigation.

16 **3.5 Authority to Recover Costs and Expenses.** Pursuant to RCW 31.04.205(2), the Director  
17 may recover the state's costs and expenses for prosecuting violations of the Act.

#### 18 **IV. NOTICE OF INTENT TO ENTER ORDER**

19 Respondents' violations of the provisions of chapter 31.04 RCW and chapter 208-620 WAC,  
20 as set forth in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose  
21 Sanctions, constitute a basis for the entry of an Order under RCW 31.04.093, RCW 31.04.165, RCW  
22 34.04.202, and RCW 31.04.205. Therefore, it is the Director's intent to ORDER that:

23 **4.1** Respondent Kenneth Garland To's license to conduct the business of a mortgage loan  
24 originator be revoked.

- 1       **4.2**    Respondent Kenneth Garland To be prohibited from participation in the conduct of the  
2                    affairs of any consumer loan company or mortgage broker subject to licensure by the  
                         Director, in any manner, for a period of five (5) years.
- 3       **4.3**    Respondent Kenneth Garland To pay a fine, which as of the date of this Statement of  
4                    Charges, totals \$7,500.00.
- 5       **4.4**    Respondent Kenneth Garland To pay an investigation fee. As of the date of this  
6                    Statement of Charges, the investigation fee totals \$655.00.
- 7       **4.5**    Respondent Kenneth Garland To pay the Department's costs and expenses  
                         for prosecuting violations of the Act in an amount to be determined at hearing or by  
                         declaration with supporting documentation in event of default by Respondent.

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