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NOV 19 2019

DEPARTMENT OF REAL ESTATE
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BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

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To: WELLINGTON D. PENDELL and THE CAREER COMPASS, INC.	No. H-5092 SD PRELIMINARY BAR ORDER AND NOTICE OF INTENTION TO ISSUE BAR ORDER

TO: WELLINGTON D. PENDELL
THE CAREER COMPASS, INC.
3525 Del Mar Heights Road, Suite #A160
San Diego, CA 92130

Pursuant to Section 10087 of the California Business and Professions Code ("Code"), WELLINGTON D. PENDELL ("PENDELL") and THE CAREER COMPASS, INC. ("CAREER COMPASS"), (collectively, "RESPONDENTS") are hereby notified that the California Real Estate Commissioner ("Commissioner") intends to issue a Bar Order against them pursuant to Section 10087(a)(1) of the Code on the grounds set forth below.

1. The Department of Real Estate ("Department") is tasked to safeguard and promote the public interests in real estate matters through licensure, regulation, education and enforcement. The Department issues real estate broker and salesperson licenses for persons or entities wishing to conduct "licensed activity" in the State of California as defined by Business & Professions Code Section 10131. The Department also reviews and approves required continuing education ("CE") courses for real estate licensees and CE course instructors.

2. CAREER COMPASS is a California corporation engaged in the business of providing motivational and marketing seminars to members of the public, including California real estate licensees. Prior to May 2014, PENDELL was approved by the Department as an instructor of real estate continuing education ("CE") courses, which he did through CE courses sponsored by CAREER COMPASS. Prior to May 2014, CAREER COMPASS was a sponsor of real estate continuing education courses ("CE courses") for real estate licensees. All acts alleged herein to have been done by CAREER COMPASS were also done by PENDELL, and all acts of PENDELL were also done by CAREER COMPASS, unless otherwise specified.

3. When applying for and renewing real estate licenses, applicants must present the Department with certificates showing their completion of the required hours of approved CE courses prescribed by law. (Business and Professions Code Sections 10153.2 through 10153.5 (required courses, generally), and Sections 10153.6 – 10153.7 [renewals]; and Title 10 of the California Code of Regulations ("10 CCR"), Sections 3000 – 3013 [regulations generally governing CE course requirements].) By law, the Department cannot accept CE courses provided by private entities (or "private vocational schools") in support of granting or renewing real estate licenses unless those CE courses have been approved by the Department. (Business and Professions Code Section 10153.5; 10 CCR Section 3000.)

4. On May 6, 2014, the Commissioner (hereafter, "the Department" shall refer collectively to the Commissioner and the Department), withdrew PENDELL'S approval to instruct approved CE courses, and withdrew approval of CE courses provided by CAREER COMPASS, effective May 28, 2014. The withdrawals were based on RESPONDENTS' multiple violations of Business and Professions Code Section 10170.4 and legal requirements for approved CE courses in the following Regulations: Sections 3006(d) and 3007.3(n) (final examination requirements); Section 3006(b) (regarding physical presence of attendees); Section 3007(j) (requirements for course completion certificates); and Section 3006(f)(2) (grounds for withdrawal of sponsor approval). These violations harmed or risked harm to real estate

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licensees and consumers by failing to provide real estate licensees with the continuing education, information and training that the subject CE courses were supposed to provide.

5. Generally, all real estate licensees must renew their licenses every four years. Renewal requires, among other things, that licenses submit acceptable documentation showing their completion, in the relevant four-year period, of a minimum number of course hours in Department-approved CE courses. (Business and Professions Code Sections 10153.6-10153.7, 10170.4-10170.5.) Only CE courses that meet specified requirements in the Regulations can fulfill the CE hours required for renewal. (Business and Professions Code Sections 10170.4 - 10170.5; 10 CCR Sections 3000 et seq.) The Department maintains a registry of approved CE courses and the sponsors who provide them. The sponsors are assigned unique sponsor identification (ID) numbers. The Regulations require these sponsors to issue course completion certificates to licensees which document their completion of CE courses. The certificates must include specified information, including the names of the licensee and CE course sponsor, the sponsor ID number, the CE courses completed, and dates of registration and completion. (10 CCR Sections 3000 – 3013.) The Department conducts regular, random audit of licensees' reported CE course hours by requesting copies of their course completion certificates. The Regulations require licensees to submit copies of their certificates when requested by the Department. (10 CCR Section 3013.)

6. RESPONDENTS lost their Department approval to sponsor CE courses effective May 28, 2014.

7. At no time after May 28, 2014 was CAREER COMPASS authorized to sponsor CE courses for real estate licensees.

8. On December 31, 2014, the Department issued and served a Desist and Refrain Order ("the 2014 DRO") addressed to RESPONDENTS, certain individual employees or affiliates of theirs, and a separate entity, Gold Coast Schools (sponsor ID No. 3831), which was a sponsor of CE courses approved by the Department.

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9. The 2014 DRO directed all parties named therein to immediately desist and refrain from (in sum) disseminating false or misleading advertising and promotional materials representing that RESPONDENTS' seminar CE course were approved by the Department and would fulfill the statutory CE requirements for renewal of a California real estate license.

10. RESPONDENTS unsuccessfully challenged the 2014 DRO in a full evidentiary hearing, and it became effective on July 27, 2015 (herein, "the 2015 Decision"). At all times relevant, the 2015 Decision prohibited RESPONDENTS from disseminating false and misleading advertisements or promotional materials, including brochures, regarding CE courses that purportedly fulfill the requirements for renewal of a California real estate license.

11. RESPONDENTS provide CE courses to large numbers of real estate licensees throughout the state who believe they are receiving approved CE courses that will support renewal of their licenses. PENDELL testified in 2014 that approximately 12,000 people had attended CAREER COMPASS' CE seminars.

12. The 2015 Decision directed RESPONDENTS to immediately desist and refrain from its false advertising of CE courses, stating:

> [I]t is hereby ordered that THE CAREER COMPASS INC., whether doing business under the name THE CAREER COMPASS, or any other name(s), WELLINGTON D. PENDELL ...individually and doing business as GOLD COAST SCHOOLS, immediately desist and refrain from disseminating any advertising or promotional material for a continuing education offering, fulfilling, or purporting to fulfill the requirements for renewal of a California real estate license, as set forth in Code Section 10170.5 and Section 3006 et seq. of the Regulations, that contains false and/or misleading statements or representations in violation of Section 3007.6 of the Regulations.

(2015 Decision, pp. 9-10.)

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NEW VIOLATIONS

13. The Department's 2014 DRO and 2015 Decision have the force and effect of law, and expressly prohibit RESPONDENTS from falsely advertising or representing that they are providing Department-approved CE courses, whether directly or through any other entity that is a sponsor of Department approved CE courses.

14. At all times relevant, CYBERCE was a private entity approved by the Department to sponsor online real estate CE courses, owned and controlled by Barry Caudill. RESPONDENTS Collectively, CYBERCE and Mr. Caudill are referred to herein as "CYBERCE."

15. Since late 2015, RESPONDENTS have repeatedly violated the Department's 2015 Decision and directives therein by (a) representing to real estate licensees and others that their CAREER COMPASS seminars provide Department approved CE courses sponsoring CE courses directly and/or through CYBERCE, and (b) continuing to disseminate false and misleading advertisements and promotional materials targeted to real estate licensees interested in renewing their licenses.

FALSE ADVERTISING

16. In 2017 and 2018, RESPONDENTS continued to issue false and misleading advertisements, presentations, and promotional material (collectively, "advertisements") targeted to real estate licensees in violation of the 2015 Decision. These advertisements were issued to members of the public, including large numbers of real estate licensees interested in renewing their licenses, and falsely represented that CE courses provided at CAREER COMPASS seminars were approved by the Department and/or that successful completion of these seminar CE courses would support renewal of real estate licenses. RESPONDENTS provided these seminars at various locations throughout the state during this period, including the Anaheim Convention Center, Pechanga resort in Temecula, the San Diego Convention Center, the Monterey Conference Center, and the Pasadena Convention Center. RESPONDENTS advertised these CE course seminars in various ways, including oral

presentations at real estate firms and on the CAREER COMPASS website. All of these advertisements targeted real estate licensees interested in renewing their licenses.

17. RESPONDENTS used false and misleading representations in advertisements on the CAREER COMPASS website throughout in 2018. For example, on at least November 27, 2018, RESPONDENTS advertised on their website, at www.the careercompass.com /seminar-agenda/info-pak/ (herein, "the website or "CAREER COMPASS website"), their "Lifetime License Renewal" seminar at Fisherman's Wharf in San Francisco, California. The following phrases are prominently displayed on the webpage description of the seminar:

a. "Full Bre/Dre License Renewal"

b. "Lifetime renewals of your license"

c. "Continuing education credits free...for life."

d. "Attend just one of our seminars…and you get your license renewed for free, for life!"

e. "Priced less than renewing your license the old way, once!"

f. "The Career Compass has achieved this and we do it in only three days!"

g. "48 hours of CalBRE-approved continuing education courses are included with your attendance at any Compass seminar."

18. On at least January 8, 2019, the CAREER COMPASS website included the following false and/or misleading advertising:

a. "This is a LIFETIME renewal of your BRE license and LIFETIME success training. NEVER pay for continuing education credits again!"

b. The website's "license renewal" page stated: "At the CAREER COMPASS, not only will you get the latest, greatest and best marketing and lead qualified generation tools and techniques that are implementable the very next day, but your real estate license can be renewed with our independent classes."

c. At the top of each page of the CAREER COMPASS website is the following contact telephone number: "(855) CE RENEW."

d. At the "ABOUT US" page of the website, under the bold caption "This is a LIFETIME renewal of your BRE license..."RESPONDENTS state the following: "We do ten (10) of these amazing seminars (2 days, 2 hours) per year in California...Attendance at any one 2 day and 2 hour seminars renews your license! It is the FASTEST and most certainly easiest way to renew! You get it for free, for life."

19. RESPONDENTS' advertising statements above, and others like them disseminated in 2017 and 2018, contain false factual representations targeted to real estate licensees targeted to real estate licensees in violation of the 2015 Decision and Section 3007.6 of the Regulations. As in 2014, these advertisements falsely represented to real estate licensees that the CE courses provided at the subject CAREER COMPASS seminars were Department-approved CE courses, and that on completion of those courses, attendees would receive CE course hours supporting renewal of their licenses. At all times relevant, RESPONDENTS' advertised CE courses were not approved by the Department and/or did not meet the regulatory requirements for Department approval.

20. RESPONDENTS' advertisements like those in paragraphs 17 and 18 above, which refer to "lifetime" CE courses or renewals, were false or misleading representations because they reasonably implied to licensees that their one-time payment for RESPONDENTS' seminar CE courses would cover all of their future CE course requirements, in perpetuity. At all times since issuance of the 2015 Decision, RESPONDENTS were not sponsors of approved CE courses, and the Department had withdrawn PENDELL's approval to provide CE instruction. RESPONDENTS had no reason to believe they could provide or ensure the provision to licensees of their future CE courses or license renewals, free of charge.

21. RESPONDENTS' continuing violation of the 2015 Decision and Section 3007.6 has harmed and poses a risk of harm to real estate licensees, and poses a risk of harm to members of the public. In 2017 and 2018, large numbers of real estate licensees interested in renewing their licenses paid RESPONDENTS between roughly $149 and $500 to attend their CE course seminars sponsored by CAREER COMPASS.

22. RESPONDENTS continued to falsely advertise seminar CE courses at their CAREER COMPASS seminars as approved by the Department and/or supporting license renewal, when the CE courses provided at those seminars were not approved by the Department and/or which could not support license renewal. As of 2018, RESPONDENTS had arranged to pay a flat monthly fee to a separate entity known as CyberCE (herein, CYBERCE and its owner/director, Barry Caudill, are referred to collectively as "CYBERCE"), a sponsor of online CE courses approved by the Department, for use of CYBERCE's online CE courses during the CAREER COMPASS seminars, free of charge. Licensees attending the seminars were to log on to the CYBERCE website during the seminars, create accounts with CYBERCE and take its approved, online CE courses and tests for free. CYBERCE understood that it would issue course completion certificates to attendees who successfully completed its online courses.

23. After making this arrangement with CYBERCE, RESPONDENTS materially altered the contents, instruction method, time period and/or other aspects of the CE courses provided at the CAREER COMPASS seminars, purportedly through CYBERCE and/or other CE course sponsors, such that the courses failed to meet various regulatory requirements for approved CE courses supporting renewal of real estate licenses. For example, in 2018, RESPONDENTS were using CYBERCE's course materials for live instruction at their seminars, which the Department had not approved them for. Without CYBERCE's consent, RESPONDENTS also shortened CE course times and administered paper-and-pencil tests at the seminars in lieu of having attendees take CYBERCE's approved online tests, which took more time.

FAKE COURSE COMPLETION CERTIFICATES

24. Throughout 2018, RESPONDENTS apparently issued, without the prior consent or knowledge of CYBERCE, fake course completion certificates to licensees who attended RESPONDENTS' CE course seminars. The certificates bore the CYBERCE logo and Sponsor I.D. number issued by the Department, and falsely represented that the subject licensees had completed online the CYBERCE courses listed therein.

25. In random audits of licensees' reported CE course hours supporting renewal of their licensees in or about 2018, the Department and CYBERCE identified more than ninety nine fake course completion certificates that RESPONDENTS created and sent to licensees, without CYBERCE's permission. These certificates bear the CYBERCE name, logo, sponsor identification number and purport to document the subject licensees' completion of online CYBERCE courses which they did not complete.

26. In or about 2018, at least ninety nine licensees' renewal applications were denied by the Department because of the fake course completion certifications issued by RESPONDENTS, as described above. Said licensees were harmed by RESPONDENTS. They paid for RESPONDENTS' seminar CE courses believing the courses would fulfill their CE course hours required to renew their licenses, paid RESPONDENTS for said courses and spent time and effort completing them, all for naught. After the Department denied renewal of their applications, many licensees had to pay to take approved CE courses to renew their licenses.

27. RESPONDENTS' activities outlined above are ongoing, violate the Commissioner's express directives in the 2015 Decision and the Regulations, Section 3007.6, and have violated or caused violations of other laws governing CE courses required for real estate licensees.

28. A Bar Order prohibiting RESPONDENTS from continuing to advertise or promote real estate CE courses and related activities, as outlined above, is in the public interest and necessary to protect real estate licensees from further fraud and false advertising by RESPONDENTS. A Bar Order is also warranted to serve the public interest in ensuring that real estate licensees receive appropriate and sufficient continuing education to enable their provision of competent services to consumers in real estate transactions.

29. A Bar Order is in the public interest in that RESPONDENTS, and each of them, have deliberately violated and continue violating the real estate laws and express directives of the Commissioner in the 2015 Decision.

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NOTICE OF INTENDED ORDER

PLEASE TAKE NOTICE THAT the Commissioner hereby seeks to bar and prohibit CAREER COMPASS and PENDELL for a period of thirty-six (36) months, from the effective date of the Bar Order, from engaging in any of the following activities in the State of California:

(A) Advertising or promoting any seminars, conferences or courses concerning real estate matters, including any continuing education courses for real estate licensees or others, directly or through any other person or entity;

(B) Holding any position of employment, management, or control in a real estate business;

(C) Participating in any business activity of a real estate salesperson or a real estate broker;

(D) Engaging in any real estate related business activity on the premises where a real estate salesperson or real estate broker is conducting business; and,

(E) Participating in any real estate related business activity of a finance lender, residential mortgage lender, bank credit union, escrow company, title company, or underwritten title company.

YOU ARE IMMEDIATELY PROHIBITED FROM ENGAGING IN ANY BUSINESS ACTIVITY INVOLVING REAL ESTATE THAT IS SUBJECT TO REGULATIONS UNDER THE REAL ESTATE LAW

NOTICE OF RIGHT AND OPPORTUNITY FOR A HEARING

Pursuant to Section 10087 of the Code, you have the right to request a hearing under the California Administrative Procedure Act (Chapter 4.5 – commencing with Section 11400 of the Government Code). If you desire a hearing, you must submit a written request within fifteen (15) days after the mailing or service of this "Notice of Intention to Issue Bar Order and Preliminary Bar Order." The request may be in any form provided it is in writing, includes your current return address, indicates that you want a hearing, is signed by you or on your

behalf, and is mailed to the Department of Real Estate, P. O. Box 137007, Sacramento, California 95815-7007, attention: Legal Section; or, delivered personally to the offices of the Department of Real Estate, 1651 Exposition Blvd., Sacramento, California.

If no hearing is requested within said fifteen (15) day time period, your failure to request a hearing shall constitute a waiver of the right to a hearing.

It is so ordered this 16th day of October, 2019.

DANIEL J. SANDRI
ACTING REAL ESTATE COMMISSIONER