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BUREAU OF REAL ESTATE

By John C. Guil

8 BEFORE THE BUREAU OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of) No. H-40160 LA
12 JOHN KEVIN MELONAS,) A C C U S A T I O N
13 Respondent.)
14 _____)

15 The Complainant, Veronica Kilpatrick, a Supervising Special Investigator of the
16 State of California, acting in her official capacity for cause of Accusation against JOHN KEVIN
17 MELONAS (“Respondent”) is informed and alleges as follows:

18 1.

19 All references to the “Code” are to the California Business and Professions Code,
20 all references to the “Real Estate Law” are to Part 1 of Division 4 of the Code, and all references
21 to “Regulations” are to Title 10, Chapter 6, California Code of Regulations.

22 2.

23 Respondent JOHN KEVIN MELONAS is licensed by the Bureau as a real estate
24 broker. Respondent was originally licensed as a real estate salesperson on November 6, 1997,
25 and as a real estate broker on May 6, 2006. Respondent’s real estate broker license is due to
26 expire on May 5, 2018.

1 3.

2 At all times mentioned, in the City of Westlake Village, County of Los Angeles,
3 Respondent engaged in the business of, acted in the capacity of, advertised, or assumed to act as
4 a real estate broker within the meaning of Code Section 10131(b). His activities included
5 soliciting listings of places for rent, soliciting for prospective tenants, and/or management of
6 residential rental real property for and on behalf of others for compensation.

7 4.

8 On December 1, 2015, the Bureau completed an audit examination of the books
9 and records of Respondent with regard to the real estate activities described in paragraph 3,
10 above. The audit examination covered the period of time from January 1, 2014, to July 31, 2015.
11 The primary purpose of the examination was to determine Respondent's compliance with the
12 Real Estate Law. The audit examination revealed numerous violations of the Code and the
13 Regulations as set forth in the following paragraphs, and more fully discussed in Audit Report
14 LA 150002 and the exhibits and work papers attached to said audit report.

15 Bank and Trust Accounts

16 5.

17 At all times herein relevant, in connection with the activities described in
18 Paragraph 3, above, Respondent accepted or received funds, including funds to be held in trust
19 (hereinafter "trust funds"), from or on behalf of actual or prospective parties in connection with
20 real property management activities. Thereafter Respondent made deposits of such trust funds.
21 From time to time during the audit period, said trust funds were deposited and/or maintained in
22 the following bank accounts, neither of which was designated as a trust account:

23 Melonas & Associates Inc
24 Security Deposit Control Account
25 Account No. 203XXXXX (Redacted for security)
26 Citibank
27 Westlake Village, CA

(B/A 1 – account used to deposit and disburse trust funds for all property owners)

1 Melonas & Associate
2 General Account
3 Account No. 203XXXXX (Redacted for security)
4 Citibank
5 Westlake Village, CA

(G/A 1 – general operating account for Respondent’s personal expenses)

6 Violations

7 6.

8 With respect to the licensed activities referred to in Paragraph 3, and the audit
9 examination including the exhibits and work papers referenced in Paragraph 4, it is alleged that

10 Respondent:

11 (a) Permitted, allowed or caused the disbursement of trust funds from bank
12 account B/A 1 to fall to an amount which, as of July 31, 2015, was \$76,533.27 less than the
13 existing aggregate trust fund liability to the owners of said funds, without first obtaining the prior
14 written consent of the owners of said funds in violation of Code Section 10145 and Regulation
15 2832.1;

16 (b) Failed to maintain an accurate control record of the deposit and disbursal
17 of trust funds in B/A 1 in violation of Code Section 10145 and Regulation 2831;

18 (c) Failed to maintain a separate record for each beneficiary of trust funds in
19 violation of Code Section 10145 and Regulation 2831.1;

20 (d) Failed to perform a monthly reconciliation of the separate record to the
21 control record of trust funds handled in violation of Code Section 10145 and Regulation 2831.2;

22 (e) Failed to maintain funds collected for the benefit of another in a trust
23 account in the name of the broker in violation of Code Section 10145 and Regulation 2832;

24 (f) Failed to maintain written agreements with property owners regarding the
25 handling of trust funds in violation of Code Section 10145(a);

26 (g) Converted trust funds held for the benefit of another to his own use in
27 violation of Code Sections 10145 and 10176(i);

1 (h) Commingled trust funds with Respondent's personal and operating
2 expenses by transferring funds from the B/A 1 to G/A 1 without authorization of the owners of
3 such funds in violation of Code Sections 10145 and 10176(e) and Regulation 2832;

4 (i) Failed to notify the Bureau of his current main office address in violation
5 of Code Section 10162;

6 (j) Use of the fictitious business names "Melonas and Associates Inc.,"
7 "MelonasAndAssociates.com," and "City Wide Leases Property Management" without first
8 obtaining a license from the Bureau to conduct real estate activities using those fictitious
9 business names in violation of Code Section 10159.5 and Regulation 2731; and

10 (k) Failure to retain records and provide them to the Bureau for inspection as
11 requested in violation of Code Section 10148.

12 7.

13 The conduct of Respondent described in Paragraph 6, above, violated the Code
14 and the Regulations as set forth below:

<u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>
16 7(a)	Code Section 10145 17 Regulation 2832.1
19 7(b)	Code Section 10145 20 Regulation 2831
22 7(c)	Code Section 10145 23 Regulation 2831.1
25 7(d)	Code Section 10145 26 Regulation 2831.2

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- 7(e) Code Section 10145
Regulation 2832
- 7(f) Code Section 10145(a)
- 7(g) Code Sections 10145 and 10176(i)
- 7(h) Code Sections 10145 and 10176(e)
Regulation 2832
- 7(i) Code Section 10162
- 7(j) Code Sections 10159.5
Regulation 2731
- 7(k) Code Section 10148

Each of the foregoing violations constitute cause for the suspension or revocation of the real estate license and license rights of Respondent under the provisions of Code Sections 10176(e), 10176(i), 10177(d), and/or 10177(g).

8.

Code Section 10148(b) provides, in pertinent part, that the Real Estate Commissioner shall charge a real estate broker for the cost of any audit if the Commissioner has found in a final decision, following a disciplinary hearing, that the broker has violated Code Section 10145 or a Regulation or rule of the Commissioner interpreting said Code section.

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9.

California Business and Professions Code Section 10106 provides, in pertinent part, that in any order issued in resolution of a disciplinary proceeding before the Bureau, the Commissioner may request the administrative law judge to direct a licensee found to have committed a violation of this part to pay a sum not to exceed the reasonable costs of investigation and enforcement of the case.

WHEREFORE, Complainant prays that a hearing be conducted on the allegations of this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary action against the license and license rights of Respondent JOHN KEVIN MELONAS under the Real Estate Law, for the costs of investigation and enforcement as provided by law, for costs of the audit, and for such other and further relief as may be proper under other applicable provisions of law.

Dated at San Diego, California: February 26, 2016.



Veronica Kilpatrick
Supervising Special Investigator

cc: John Kevin Melonas
Veronica Kilpatrick
Sacto
Audits – Benilda Emery