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**FILED**

MAR 15 2015

BUREAU OF REAL ESTATE

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8 BEFORE THE BUREAU OF REAL ESTATE  
9 STATE OF CALIFORNIA

10 \* \* \*

11 In the Matter of the Accusation of	)	
	)	NO. H-2904 FR
12 MAD, INC., and	)	
13 MICHAEL VICTOR SALVADORI,	)	<u>FIRST AMENDED</u>
	)	<u>ACCUSATION</u>
14 Respondents.	)	
_____)		<i>(changes and additions are in italics)</i>

15  
16 The Complainant, BRENDA SMITH, in her official capacity as a *Supervising*  
17 *Special Investigator* of the State of California, for cause of Accusation against MAD, INC.  
18 (“MAD”), individually and doing business as “Century 21 Salvador Realty” and “Salvadori  
19 Property Management”; and, MICHAEL VICTOR SALVADORI (“SALVADORI”),  
20 (collectively “Respondents”), is informed and alleges as follows:

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22 At all times relevant, MAD, INC., was licensed and/or had license rights by the  
23 Bureau of Real Estate (“the Bureau”) as a corporate real estate broker under the Real Estate Law,  
24 Part 1 of Division 4 of the Business and Professions Code (“the Code”).

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26 At all times relevant, SALVADORI was licensed and/or had license rights by the  
27 Bureau as a real estate broker under the Code, and was licensed by the Bureau as the designated

1 broker/officer of MAD. As the designated broker/officer, SALVADORI was responsible,  
2 pursuant to Section 10159.2 (responsibility of corporate broker in charge) of the Code for the  
3 supervision of the activities of the officers, agents, real estate licensees and employees of MAD  
4 for which a real estate license is required.

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6 At all times relevant, Respondents were engaged in the business of, acted in the  
7 capacity of, advertised or assumed to act as real estate broker in the State of California within  
8 the meaning of Section 10131(b) (property management) of the Code, including the operation  
9 and conduct of a property management business with the public, wherein, on behalf of others,  
10 for compensation or in expectation of compensation, Respondents leased or rented and offered  
11 to lease or rent, and solicited for prospective tenants of real property or improvements thereon,  
12 and collected rents from real property or improvements thereon.

13 FIRST CAUSE OF ACTION

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15 On or about March 5, 2013, and continuing intermittently through May 7, 2013,  
16 an audit was conducted of Respondents at their main office located at 3500 North G Street,  
17 Merced, California, where the auditor examined the records for the period of January 1, 2010,  
18 through January 31, 2013 (the audit period).

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20 While acting as real estate brokers as described in Paragraph 3, above, and  
21 within the audit period, Respondents accepted or received funds in trust (trust funds) in the  
22 course of the real estate activities described in Paragraph 3, above, and deposited or caused to  
23 be deposited those funds into a bank account maintained by Respondents, including, but not  
24 limited to:

25 Trust Account #1

26 WestAmerica Bank  
27 605 West Olive Avenue  
Merced, CA 95340

1 Trust Account #1 (Continued)

2 Account No.: XXXX-XX069-3

3 Account Name: Mike V Salvadori (Trustee)  
4 DBA Salvadori Realty - Rental  
5 Trust Acct.

6 Signatories: Mike Salvadori (REB)

7 Trust Account #2

8 WestAmerica Bank  
9 605 West Olive Avenue  
10 Merced, CA 95340

11 Account No.: XXXX-XX9-133

12 Account Name: Mike V Salvadori Trustee  
13 DBA Salvadori Realty – Trust  
14 Deposit

15 Signatories: Michael Salvadori (REB)

16 Thereafter, Respondents from time-to-time made disbursement of said trust funds.

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19 In the course of the activities described in Paragraph 3, above, in connection with  
20 the collection and disbursement of trust funds:

21 (a) As of December 31, 2012, there was a shortage in Respondents' Trust  
22 Account #1 of at least \$292,945.05. Respondents failed to obtain the prior written consent of  
23 every principal who is an owner of the funds in Trust Account #1 prior to any disbursement  
24 which would reduce the balance of the funds in Trust Account #1 to an amount less than the  
25 existing aggregate account liability of Respondents to all owners and/or principals of those  
26 funds. Such acts and/or omissions by Respondents violate Section 10145 (handling of trust  
27

1 funds) of the Code and Section 2832.1 (trust fund handling for multiple beneficiaries) of  
2 Title 10 of the California Code of Regulations (“the Regulations”).

3 (b) As of December 31, 2012, there was a shortage in Respondents’ Trust  
4 Account #2 of at least \$110,840.11. Respondents failed to obtain the prior written consent of  
5 every principal who is an owner of the funds in Trust Account #2 prior to any disbursement  
6 which would reduce the balance of the funds in Trust Account #2 to an amount less than the  
7 existing aggregate account liability of Respondents to all owners and/or principals of those  
8 funds. Such acts and/or omissions by Respondents violate Section 10145 of the Code and  
9 Section 2832.1 of Regulations.

10 (c) Respondents failed to maintain separate records for the receipt and  
11 disbursement of funds deposited into Trust Account #1. Such acts and/or omissions by  
12 Respondents violate Section 10145 of the Code and Section 2831.1 (separate records for each  
13 beneficiary or transaction) of the Regulations.

14 (d) Respondents failed to maintain accurate monthly reconciliations of trust  
15 funds received and disbursed for Trust Accounts #1 and #2. Such acts and/or omissions by  
16 Respondents violate Section 10145 of the Code and Section 2831.2 (trust account reconciliation)  
17 of the Regulations.

18 (e) Respondents failed to maintain adequate Control Records for Trust  
19 Accounts #1 and #2. Such acts and/or omissions by Respondents violate Section 10145 of the  
20 Code and Section 2831 (trust fund records maintenance) of the Regulations.

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22 The facts alleged in Paragraph 6, above, are grounds for the suspension or  
23 revocation of the license and license rights of Respondents under Sections 10177(d) (willful  
24 disregard of Real Estate Law) and/or 10177(g) (negligence/incompetence) of the Code. In  
25 addition, the Bureau is entitled to reimbursement from Respondents for the costs of its audit  
26 pursuant to Section 10148(b) (cost of audit in final decision following disciplinary hearing) of  
27 the Code.



Trust Account #2

WestAmerica Bank  
605 West Olive Avenue  
Merced, CA 95340

Account No.: XXXX-XX514-6

Account Name: Mike V Salvadori Trustee  
DBA Salvadori Realty – Trust  
Deposit

Signatories: Michael Salvadori (REB)

Thereafter, Respondents from time-to-time made disbursement of said trust funds.

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In the course of the activities described in Paragraph 3, above, in connection with the collection and disbursement of trust funds:

(a) As of August 29, 2014, there was a shortage in Respondents' Trust Account #1 of \$3,113.99. Respondents failed to obtain the prior written consent of every principal who is an owner of the funds in Trust Account #1 prior to any disbursement which would reduce the balance of the funds in Trust Account #1 to an amount less than the existing aggregate account liability of Respondents to all owners and/or principals of those funds. Such acts and/or omissions by Respondents violate Section 10145 of the Code and Section 2832.1 of the Regulations.

(b) Respondents failed to maintain separate records for the receipt and disbursement of funds deposited into Trust Account #2. Such acts and/or omissions by Respondents violate Section 10145 of the Code and Section 2831.1 of the Regulations.

(c) Respondents failed to maintain accurate monthly reconciliations of trust funds received and disbursed for Trust Account #2. Such acts and/or omissions by Respondents violate Section 10145 of the Code and Section 2831.2 of the Regulations.

The facts alleged in Paragraph 11, above, are grounds for the suspension or revocation of the license and license rights of Respondents under Sections 10177(d) and/or 10177(g) of the Code. In addition, the Bureau is entitled to reimbursement from Respondents for the costs of its audit pursuant to Section 10148(b) of the Code.

COST RECOVERY

Section 10106 of the Code 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 the 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 all licenses and license rights of Respondents under the Code, for the reasonable cost of the investigation and prosecution of this case and for such other and further relief as may be proper under the provisions of law.

  
BREND A SMITH  
Supervising Special Investigator

Dated at Fresno, California

this 10 day of March, 2016.