	JUL 9 2001 DEPARTMENT OF REAL ESTATE By Lana B. Com
7	BEFORE THE DEPARTMENT OF REAL ESTATE
. 9	STATE OF CALIFORNIA
10	* * *
11	In the Matter of the Accusation of) NO. H-27899 LA
12) GREG LEWIS,)
13) Respondent.)
14))
15	ORDER DENYING REINSTATEMENT OF LICENSE
16	On August 20, 1999, a Decision was rendered herein
17	revoking the real estate broker license of Respondent
18	GREG LEWIS, ("Respondent").
19	On October 10, 2000, Respondent petitioned for
20	reinstatement of said license, and the Attorney General of
21	the State of California has been given notice of the filing
22	of the petition.
23	I have considered Respondent's petition and the
24	evidence and arguments in support thereof. Respondent has
25	failed to demonstrate to my satisfaction that Respondent
_ 26	has undergone sufficient rehabilitation to warrant the
27	reinstatement of Respondent's real estate broker license,

|| in that:

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3 In the Decision which revoked Respondent's real estate 4 broker license, there were Determination of Issues made that 5 there was cause to revoke Respondent's license for fraud or 6 dishonest dealing in a real estate transaction. It had been 7 found that Respondent at the close of an escrow, had diverted 8 \$12,500 of the sellers proceeds for his own use. Respondent had 9 caused said sum to be paid from escrow to his sister, and had 10 concealed said activity by causing the Settlement Statement to 11 set forth that this payment was required in order to pay off a 12 non-existent second mortgage on the seller's property.

13 In the Decision there was also a Determination of 14 Issues made that there was cause to revoke Respondent's license 15 for negligence or incompetence in performing an act for which 16 he was required to hold a license. It had been found that 17 Respondent allowed an escrow to close on the seller's property 18 without fulfilling one of the express conditions placed upon the 19 sale by the sellers, that the property had to be appraised at 20 \$183,000.

II

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On February 20, 2001, Respondent was interviewed by a Deputy Real Estate Commissioner ("Deputy"). During the interview Respondent stated that he had a number of outstanding debts including approximately, \$80,000 owed to the Internal Revenue Service, \$11,270.41 owed to Wells Fargo Bank, \$7,000 owed to Citibank and \$1,800 owed to Discover Card. This is

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1 cause to deny Respondent's application pursuant to Regulation
2 2911(i).

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III

4 The serious nature of the conduct which led to the 5 revocation of Respondent's real estate broker license, combined 6 with the facts set forth in Paragraph II evidence that not 7 enough time has passed to determine that Respondent is 8 completely rehabilitated. This is cause to deny Respondent's 9 application pursuant to Regulation 2911(a). 10 NOW, THEREFORE, IT IS ORDERED that Respondent's 11 petition for reinstatement of Respondent's real estate broker 12 license is denied. 13 This Order shall become effective at 12 o'clock noon 14 JUL 3 0 2001 on 15 200 (DATED: 16 PAULA REDDISH ZINNEMANN Real/Estate Commissioner 17 18 19 20 21 22 23 24 25 cc: Gregory Damon Lewis 🐇 26 1501 S. Beach Blvd., Apt 212B La Habra, CA 90631 27

DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

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* * * * *

In the Matter of the Accusation of

GREG LEWIS and ROBERT SALVATORE SALAMONE,

DEPARTMENTLOR ESTATE By_ No. H-278991LA L-1998120293

Respondent(s).

DECISION

The Proposed Decision dated August 10, 1999,

of the Administrative Law Judge of the Office of Administrative Hearings, is hereby adopted as the Decision

of the Real Estate Commissioner in the above-entitled matter.

JOHN R. LIBERATOR Acting Real Estate Commissioner

BEFORE THE DEPARTMENT OF REAL ESTATE STATE OF CALIFORNIA

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In the Matter of the	Accusation of :	
GREG LEWIS	· ·	
and		
ROBERT SALVATORE SALAMONE,		
	Respondents.	

CASE NO. H-27899 LA

OAH NO. L 1998120293

PROPOSED DECISION

John Thomas Montag, Administrative Law Judge, Office of Administrative Hearings, State of California, heard this matter in Los Angeles, California on May 6 and July 13, 1999.

James R. Peel, Counsel, represented the Department of Real Estate.

Harold Greenberg, Attorney at Law, represented respondent, Greg Lewis, who was present throughout the hearing.

David E. Weiss, Attorney at Law, represented respondent, Robert Salvatore Salamone, who was also present throughout the hearing.

Evidence was received, the record was closed, and the matter was submitted on July 13, 1999.

FACTUAL FINDINGS

1. Thomas McCrady, acting in his official capacity as a Deputy Real Estate Commissioner of the State of California, signed the Accusation herein on October 29, 1998, seeking to impose disciplinary action against all licenses and licensing rights of respondents, Greg Lewis and Robert Salvatore Salamone, under the Real Estate Law, pursuant to Sections 10176(a), 10176(i), 10177(g) and 10177(h) of the California Business and Professions Code, on the grounds that:

a. Respondent Lewis, after negotiating the sale of a parcel of real property, diverted to his own use and benefit, \$12,500.00 of the sellers' proceeds and concealed his dishonest activity by claiming that the funds were used to pay off a non-existent second mortgage on the property;

b. Respondent Lewis, while escrow was open, caused \$1,725.00 worth of termite work to be done on the property, without the knowledge or permission of the sellers, who paid for the termite work from their sale proceeds;

c. Respondent Lewis allowed escrow to close without first ascertaining that the property had appraised for \$183,000.00, which appraisal was a condition of the sale;

d. Respondent Salamone failed to properly supervise respondent Lewis in the particular sales transaction in which the above three violations occurred.

The Accusation alleges as a Second Cause of Accusation, against respondent Salamone only, that:

e. Respondent Salamone employed and compensated an unlicensed person, to perform activities requiring a real estate license, in violation of Section 10137 of the California Business and Professions Code;

f. Respondent Salamone failed to notify the Department of Real Estate that he had hired two new real estate salespersons, in violation of Section 2752 of Title 10, California Code of Regulations; and

g. Respondent Salamone employed and compensated a real estate salesperson, whose license had been conditionally suspended by the Commissioner, to perform activities requiring a real estate license, in violation of Section 10137 of the California Business and Professions Code.

2. The Accusation was filed with the Department on October 29, 1998, and it was, thereafter, duly served on respondents. Respondents executed and timely filed their Notices of Defense with the Department, and this hearing ensued.

3. Respondent, Greg Lewis, was first issued a real estate broker license by the Department on February 27, 1995. His license number is 01028246. It is currently in full force and effect, and it will not expire until March 23, 2003.

4. Respondent, Robert Salvatore Salamone, obtained a real estate salesperson license from the Department in 1975. He obtained a real estate broker license from the Department in

1991. His license number is 00522387. His broker license is presently in full force and effect and it will not expire until August 8, 2002. He has never been the subject of any disciplinary proceeding commenced by the Department, until the filing and serving of the present Accusation.

5. At all relevant times, respondent, Greg Lewis, was employed as a sales associate by respondent, Robert Salvatore Salamone.

6. In July 1996, Traci Lee Emerick Montgomery and Dean Edward Montgomery were husband and wife. Sometime in late July, or early August, 1996, Traci and Dean Montgomery purchased a residence located at 12705 Heflin Drive, La Mirada, California. They purchased this residence from Dean Montgomery's parents. The purchase price which they paid to Dean Montgomery's parents was \$140,000.00.

A termite inspection was made of the home as part of the purchase process and a termite clearance report was issued sometime in August 1996.

7. Traci and Dean Montgomery had marital differences, which came to a crisis stage in September 1996. A divorce ensued. It was necessary for them to sell the Heflin Drive residence as part of the divorce proceedings. Inter alia, there were community debts to be paid. Accordingly, on September 17, 1996, respondent, Greg Lewis, was given a listing to sell the Montgomery residence on Heflin Drive (Exhibit 4). The listing price was \$179,000.00. The Montgomerys had commenced remodeling work on the residence immediately after they purchased it, and the remodeling work was in various stages of completion at the time they listed the residence for sale in September.

8. By November 1996, Traci and Dean Montgomery had reduced their asking price for the property to \$174,000.00. On November 14, 1996, respondent Lewis presented an offer to purchase the property, in the amount of \$183,000.00. The offer was made by Jan McDermitt and Suzanne Marcroft (Exhibit 5). It provided, inter alia, that the sellers, Traci and Dean Montgomery, were to pay the buyers' costs, not to exceed the amount of \$15,000.00. Respondent Lewis presented this offer to Traci Montgomery. He explained to her that the sales price had been increased to \$183,000.00 so that the increased amount could be returned to the buyers at the close of escrow. Otherwise, the buyers could not afford to purchase the residence. The buyers had only \$1,000.00 which they could put into the purchase of the residence and the arrangement thus suggested by respondent Lewis was a form of "creative financing" which would allow the property to sell.

Traci and Dean Montgomery made a counter-offer which provided that the sales price would be \$184,000.00, and acceptance of that offer by them was "subject to appraised value being obtained [in the amount of] \$183,000.00." These are the terms which they understood would govern the sale of their property. This counter-offer is the last page of Exhibit 5. The

counter-offer was accepted by McDermitt and Marcroft (Exhibit 6). It is on the basis of this sales contract (Exhibits 5 and 6) that the sale was completed.

9. At this point, the transaction becomes muddled. Traci and Dean Montgomery both testified at the hearing. Traci Montgomery identified Exhibit 5 as the copy of the sales contract which was given to her by respondent Lewis, as the "Seller's Copy" of the sales contract. It is initially noted that Exhibit 5 is a mixed-up copy of the sales contract. It consists of eight (8) pages, with the counter-offer, as the ninth page. Pages 1, 2, 5 and 6 are marked at the bottom as "Buyer's Copy." Pages 3, 4 and 7 are marked "Seller's Copy." Page 8 is marked simply, "Quadruplicate." Page 1 shows the initials of the two buyers and the two sellers. Pages 2 through 7 show only the initials of the two sellers. Page 8 shows the signatures of the buyers and the sellers. No explanation was offered as to how the pages of this copy of the purchase contract came to be in such a jumbled state. Traci and Dean Montgomery signed the Purchase Contract on December 3, 1996.

The eight page form (Exhibits 5 and 6) utilized in the 1996 sale of the Montgomery residence is entitled "Real Estate Purchase Contract and Receipt For Deposit." It is a standard form produced by the California Association of Realtors. It has a revision date on it of September 1995. Respondent Salamone testified that the form contained several duplicate pages of each of the eight pages which comprise the complete form, each page being self-carbonated, and all pages being bound together at the top, so that when the top copy of each page is completed, the remaining copies of that page, which are beneath it in the packet, will duplicate whatever is set forth on the top page. Thus, when they are separated and distributed to the various parties, each party will have an exact duplicate of whatever was set forth on the first copy of each page.

Exhibit 19 is a blank packet of the purchase contract presently in use. It was produced on the second day of the hearing herein, at the request of the Court. This California Association of Realtors form was revised in September 1997. It has been given the new title of "Residential Purchase Agreement and Receipt For Deposit." It is in essentially the same format as Exhibits 5 and 6, and it is intact, so that the self-carbonation feature can be seen, and the fact that duplicate copies of each page of its five (5) pages are all fastened together in one packet.

Exhibit 6 is the Broker's Copy of the Purchase Contract. It differs in several important aspects from Exhibit 5. Paragraph 20 on page 5 of the contract sets forth the terms of any Pest Control work to be done on the property and the responsibility for payment thereof. On Exhibit 5, which is the copy given to Traci Montgomery, Paragraph 20 is not checked. This means that its provisions are not included within the contract. The exclusion of Paragraph 20 is to be expected in this case, since the Montgomerys had obtained a structural pest control report on the property only three months before the buyers submitted their offer. A new report should not have been necessary and the sellers' copy of the contract reflects that fact. In Exhibit 6, which is the Broker's Copy, however, Paragraph 20 has been checked in four separate boxes,

thereby seeming to make this paragraph a part of the contract. The conclusion that this Paragraph was marked on Exhibit 6, after the sellers had signed and initialed their copy of the contract, is inescapable. As will be discussed further, hereinafter, it is probable that Paragraph 20 was completed by respondent Lewis, after the contract had been signed by the parties, to support his action in obtaining and subsequently charging to the Sellers \$1,725.00 for termite repair work.

Further, in Exhibit 5, the copy of the contract which was given to Traci Montgomery, Paragraph 28, on Page 6 is completely blank, meaning that no time periods have been established concerning the satisfaction of contingencies and cancellation rights for the contract. In the Broker's copy, however, Paragraph 28 has been completed and time periods have been established for the noted items. This paragraph was obviously completed after the Sellers had executed the contract.

On December 5, 1996, two days after the Sellers had signed the contract, it was reviewed by respondent Salamone, as the Broker for the office and initialed by him at the bottom of each page, on Exhibit 6. The broker's initials would not be shown on the Seller's copy (Exhibit 5), since the form is not ordinarily reviewed by the Broker until several days after the contract has been completely executed by all parties. The \Rightarrow was nothing unusual in the Broker's copy of the contract which would alert respondent Salamone that there might be some irregularities in the transaction. He would have no way of knowing, for example, that Paragraphs 20 and 28 had not been completed on the Seller's copy. Respondent Salamone was not negligent in his review of the purchase contract.

10. As indicated above, before respondent Lewis proposed his creative financing plan for the proposed McDermitt-Marcroft sale, Traci and Dean Montgomery had reduced their selling price to \$174,000.00. From such a sales price, they were expecting to realize \$25,000.00 in proceeds to them from the sale of their property. They were apparently expecting to pay approximately \$5,000.00 towards the Buyers' costs, if the property sold at \$174,000.00. Traci Montgomery testified that when respondent Lewis presented the McDermitt-Marcroft offer, she was willing to give an extra \$10,000.00 towards the Buyers' costs, if the property sold at the amount of their counter-offer. This, of course, was the reason for inserting the condition into the sales contract that the property must appraise at \$183,000.00. This appraisal would make it possible for the buyers to obtain the necessary loan to purchase the property.

In his testimony, respondent Lewis agreed that Traci Montgomery had agreed to pay \$15,000.00 towards the Buyers' costs, if the Sellers' proceeds "came out to be \$25,000.00." He also testified that "the figures" to accomplish this had been computed by a senior loan officer at Glendale Federal Savings Bank, which was providing the financing for the sale.

11. The "creative financing" plan failed. The initial appraisal for the property was either \$164,000.00, according to the testimony of Traci Montgomery, or \$165,000.00, according

to the testimony of respondent Lewis. No documentary evidence was introduced to establish the exact amount of the first appraisal. Whatever the exact amount of the appraisal, it was too low to qualify the buyers for the loan which they needed in order to purchase the property at a sales price of \$184,000.00. Traci Montgomery testified that she was informed of the low appraisal by respondent Lewis on January 2, 1997. Lewis told her that he was to meet with the appraiser and he would attempt to convince him to raise the appraisal to \$175,000.00. As a result of that meeting, on January 7, 1997, the appraisal was raised to \$175,000.00 (Exhibit 16). The parties were informed of this new appraisal. Traci Montgomery testified that she did not expect to pay the extra \$10,000.00 towards the buyers' costs, since the appraisal was only \$175,000.00 and the sales contract specified that the counter-offer agreeing to pay such increased costs was conditioned upon the property appraising at \$183,000.00. She was right to so assume.

Dean Montgomery is a police officer. He testified with the preciseness that can be expected from one who is accustomed to testifying in court. He remembered that respondent Lewis told him that the property did not appraise in an amount which would qualify for the loan sought by the buyers. He does not believe that Lewis ever told him that he and Traci would have to assist the buyers.

12. The original escrow instructions are dated November 27, 1996 (Exhibit 7). Inter alia, the escrow instructions provide that the buyers are to obtain a loan of \$174,800.00, to be deposited into escrow prior to closing. Commission Instructions, also dated November 27, 1996, provide for a real estate commission to be paid to Lewis' office, in the amount of \$8,750.00 (Exhibit 9).

On November 28, 1996, an amendment to the escrow instructions appears to have been signed by Dean and Traci Montgomery (Exhibit 8). There is considerable dispute about this amendment. It provides that: "Escrow holder is instructed to pay from the sellers proceeds the sum of \$12,500.00 to Josette Lewis at closing of this escrow for repayment of personal loan." Josette Lewis is the sister of respondent, Greg Lewis:

Traci Montgomery testified that she first saw Exhibit 8 when it was faxed to her by respondent Lewis, at her request, in late January 1997, after the escrow had closed and she and her husband, Dean, had received their check for the proceeds paid to them from escrow. She did acknowledge that the signatures on Exhibit 8 were those of herself and her husband. Dean Montgomery testified that he first saw a copy of Exhibit 8 in late January or early February 1997. He obtained a copy by going to the escrow office and requesting it. He testified that he does not recall signing the document. He had no loan from Josette Lewis. He did not owe a personal loan to Josette Lewis. He did know why he would have signed a document authorizing repayment of that sum to her.

After the appraisal on the Montgomery residence had been raised to the figure of \$175,000.00, several other amendments to the escrow instructions were produced and signed by

the parties. On January 8, 1997, an amendment to the escrow instructions provided that the sales price for the residence would be \$175,000.00; that the loan to be obtained by the buyers would be \$166,250.00; and that the down payment would be \$8,750.00 (Exhibits 10 and 11). An amendment dated January 13, 1997 confirmed that the buyers were obtaining a new 1st Trust deed in the amount of \$166,250.00.

13. Escrow on the property closed on January 17, 1997. Respondent Lewis arranged to meet Traci and Dean Montgomery in the parking lot of a Great Western Bank, located at the corner of La Serna and Whittier Boulevard, in Whittier, California, to give them the check for their proceeds realized from the sale of their home. Dean Montgomery testified that "up to three days before receiving the check" from escrow, he had expected that he and his wife would receive \$25,000.00 from the escrow. Traci Montgomery had asked respondent Lewis, when he called her to arrange for the meeting with her and her husband, what the amount of the escrow check would be and he told her it was \$11,000.00. When she asked him why it was so low, since she had been expecting to receive \$25,000.000, he told her that there were other expenses, which would be explained in the Settlement Statement.

Respondent Lewis, Traci Montgomery and Dean Montgomery met in the bank parking lot, as arranged, on the afternoon of January 21, 1997. Respondent Lewis gave them the Settlement Statement (Exhibit 14), a check in the amount of \$11, 185.85 (Exhibit 13) and a box of See's candy. Apparently, neither Traci nor Dean Lewis examined the Settlement Statement at this time.

14. Traci Montgomery examined the Settlement Statement after she had returned to her home on January 21st. She was puzzled by the entry which showed that \$12,500.00 had been deducted from the Sellers for "Payoff of second mortgage loan" and that an additional \$1,725.00 had been deducted to pay for 'Pest inspection." She knew that there was no second mortgage on the property, and she had not authorized any pest inspection work. She confronted respondent Lewis about these two items on January 24, 1997. He told her that the so called second mortgage had been used as a down payment for the buyers. Traci Montgomery told Lewis that this was not an authorized expenditure because the appraisal had not been given in the specified amount of \$183,000.00, per the Sales Agreement. The pest inspection work had been authorized and arranged by respondent Lewis.

15. Respondent Lewis gave an interesting explanation of the \$12,500.00 which was paid to his sister, Josette (Exhibit 13). He testified that the Sellers knew what he was doing and the Sellers "were financing the transaction." He testified that the Buyers "could not come up with any money. Respondent Lewis did not have any cash to put into the transaction, and neither did the Sellers. Therefore, he turned to a member of his family for assistance. His brother, Mike Lewis, loaned respondent, Greg Lewis, \$12,500.00 to finance this transaction. Respondent Lewis testified that he deposited the money which he had borrowed from his brother

directly into the escrow for this transaction. No written note for this loan was executed by, or exchanged between, respondent Lewis and his brother.

Respondent Lewis further testified that \$12,500.00 represented a substantial sum of money to his family. He further explained that his brother, Mike, wanted to be assured that the money would be re-paid to him, and, accordingly, his brother, Mike, instructed respondent Lewis to have the money paid out of escrow, to their sister, Josette Lewis, who resided in Whittier, California. There was no rational explanation given as to why this amount which was paid to his sister, Josette, from escrow, was listed on the Settlement Statement as repayment of a second mortgage owed on the Montgomery residence. (The escrow was handled through the Escrow Division of the real estate office from which respondent Lewis and respondent Salamone conduct their real estate business.)

In addition to the fact that this explanation is neither logical, nor understandable, there are other problems with it. While respondent Lewis testified that he deposited the \$12,500.00 loan from his brother directly into escrow, the Settlement statement (Exhibit 14) fails to reflect this. Section 200 of the Settlement Statement reflects the amounts paid into escrow on behalf of the borrowers, or Buyers. It shows the amount of the loan which the Buyers obtained, in the amount of \$166,250.00; a County tax adjustment of \$34.51; a credit from the Sellers in the amount of \$2,500.00; and a Deposit of \$10,250.00. Presumably, \$1,000.00 of this deposit was the amount which the Buyers paid when they executed their offer to purchase the property on November 14, 1996 (Exhibits 5 and 6). This would mean that the amount deposited by respondent Lewis into escrow, if he did so, as he testified, would, at most, be the sum of \$9,250.00.

Further, in his closing argument, counsel for respondent Lewis declared that the Department's evidence was deficient and there was a "silent record" because the Department did not produce, as witnesses, the Buyers of the property, the Department's Investigating Officer, and the Senior Loan Officer from Glendale Federal, who had made the calculations which led respondent Lewis to present the \$184,000.00 offer to the Sellers, with the provision that the Sellers would pay the Buyer's costs, not to exceed \$15,000.00. Respondent Lewis, however, did not produce either his brother, or his sister, as witnesses concerning the \$12,500.00 loan which he alleged that he had deposited into escrow. Neither was there any written documentation of this loan produced. No canceled check, or other documentary evidence, was offered to show that the loan had, in fact been made by Mike Lewis to respondent, Greg Lewis. No documents were offered to show that said sum of money had been deposited into the escrow by respondent Lewis. The escrow officer did not appear to testify as to why the alleged repayment to Josette Lewis was listed as payment of a second mortgage loan. There is considerable doubt as to the truthfulness of the testimony of respondent Lewis.

While it does appear that the Sellers, Traci and Dean Montgomery, did sign Exhibit 8, which is an amendment to the escrow instruction dated November 28, 1996, authorizing payment

of \$12,500.00 from their share of the escrow proceeds to Josette Lewis, the sister of respondent, Greg Lewis, it also appears that they were not aware of the nature of that document when they signed it. This was the first time that either of them had sold a home. They were not sophisticated in the number and types of documents which needed to be executed in connection with the sale. Moreover, the timing of this amendment, which is dated only two days after the initial escrow instructions were prepared, is suspicious. At that time, it was expected that the Buyers would be obtaining a loan in the amount of \$174,800.00 and the sales price was \$184,000.00 (Exhibit 7). Thus, there was no need, on November 28, 1996, for respondent Lewis to borrow \$12,500.00 from members of his family in order to deposit that sum into escrow, so that the transaction could take place. The borrowing of funds from his family, according to respondent Lewis' own testimony, only became necessary when the first appraisal came in at \$164,000.00 and he was only able to convince the appraiser to raise it to \$175,000.00, thus reducing the amount of the mortgage for which the Buyers were eligible to \$166,250.00. These events all occurred in early January 1997, and yet, the Buyers had been convinced to sign Exhibit 8 in November 1996, two days after the escrow papers were prepared.

16. All of the facts clearly indicate that respondent Lewis did divert \$12,500.00 of the Sellers' proceeds from the sale of their home to his own use, and that he had planned to do so from the time that escrow first opened on the residence in late November 1996. He also concealed his dishonest activity by causing the Settlement Statement to set forth that this payment was required in order to pay off a fictitious second mortgage on the Montgomery property.

It is also clear that, while escrow on the Montgomery residence was open, respondent Lewis caused \$1,725.00 worth of pest inspection, or termite work, to be done on the property, (which sum was paid from the proceeds of the sale which were due to the Sellers), without the knowledge or permission of the Sellers.

Inasmuch as the final appraisal on the Montgomery property, set forth in Exhibit 16, is in the amount of \$175,000.00, it is obvious that respondent Lewis allowed the escrow to close on the property without fulfilling one of the express conditions placed upon the sale by the Sellers in Exhibit 5, namely, that the property had to be appraised at \$183,000.00.

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17. All parties acknowledge that respondent Robert Salvatore Salamone did not actively participate in the sale of the Montgomery residence. The Sellers stated that they never even met Mr. Salamone. His sole role in this transaction was to review the sales contract as the supervising broker. As indicated in Finding 9, above, there was nothing on the face of the document which would reveal any of the irregularities noted in Finding 16, above. There is no evidence that Mr. Salamone failed to properly supervise respondent, Greg Lewis, in connection with the sales transaction for the Montgomery residence. Accordingly, the First Cause of the Accusation as to respondent Robert Salvatore Salamone, must be dismissed. 18. Section 10176(i) of the Business and Professions Code provides, in pertinent part, that the Real Estate Commissioner may suspend or revoke the real estate license of any real estate licensee who, during the course of conducting a real estate transaction, engages in any conduct which constitutes fraud or dishonest dealing. Respondent Lewis' diverting to his own use and benefit, the amount of \$12,500.00 of the Sellers' proceeds, due to them from the sale of their home, by causing said sum to be paid from escrow to his sister, Josette Lewis, constitutes fraud or dishonest dealing, within the meaning of Section 10176(i) of the Business and Professions Code. This is cause to suspend or revoke his license.

19. Section 10176(a) of the Business and Professions Code provides, in pertinent part, that the Real Estate Commissioner may suspend or revoke the real estate license of any real estate licensee who, during the course of conducting a real estate transaction, makes any substantial misrepresentation concerning the property or the transaction. Respondent Lewis' concealment of his dishonest activity in diverting \$12,500.00 of the Sellers' proceeds from the sale of their home to his own use, by causing the Settlement Statement to set forth that this payment was required in order to pay off a non-existent second mortgage on the Montgomery property, constitutes a substantial misrepresentation concerning the property or the transaction, within the meaning of Section 10176(a) of the Business and Professions Code. This is a separate and distinct cause to suspend or revoke his license.

20. Section 10177(g) of the Business and Professions Code provides, in pertinent part, that the Real Estate Commissioner may suspend or revoke the real estate license of any real estate licensee who demonstrates negligence or incompetence in performing any act for which he is required to hold a license. Respondent Lewis' actions in allowing the escrow to close on the Montgomery property without fulfilling one of the express conditions placed upon the sale by the Sellers, that the property had to be appraised at \$183,000.00, demonstrates negligence or incompetence in performing any act for which he is required to hold a license, within the meaning of Section 10177(g) of the Business and Professions Code. This is a separate and distinct cause to suspend or revoke his license.

SECOND CAUSE OF ACCUSATION

21. Section 10137 of the Business and Professions Code provides, in pertinent part, that a real estate broker may not employ or compensate any person for performing activities which require possession of a real estate license, if said person is not properly and validly licensed under the real estate law. Exhibits 2 and 17 show that respondent Robert Salvatore Salamone employed and compensated one Donald Frederick Dermit to perform activities requiring a real estate license as defined by Section 10131 of the Business and Professions Code for a period of approximately eight (8) years, from 1990 to 1998. Commencing on March 4, 1995, said person was unlicensed, his Restricted salesperson's License having expired on March 4, 1995. This constitutes cause to discipline respondent Salamone's license, pursuant to the provisions of Section 10137 of the Business and Professions Code.

22. Regulation 2752, Title 10, California Code of Regulations provides that a real estate broker must notify the department as soon as he employs a real estate salesperson in his office. Exhibit 2 indicates that respondent Salamone failed to timely notify the Department after he took into his employ as real estate salespersons two individuals, named Joseph Robert Amaya and Jose Jesus Perez, in violation of said Regulation 2752. This constitutes a separate and distinct cause to discipline respondent Salamone's license.

23. Section 10137 of the Business and Professions Code provides, in pertinent part, that a real estate broker may not employ or compensate any person for performing activities which require possession of a real estate license, if said person is not properly and validly licensed under the real estate law. Exhibits 2 and 18, coupled with a stipulation made at the hearing by respondent Salamone and his counsel, that Robert Alan Morales signed Exhibit 18, which is a listing of a parcel of real property for sale by respondent Salamone's real estate office, establish that respondent Salamone employed and compensated said Robert Alan Morales to perform activities requiring a real estate license as defined by Section 10131 of the Business and Professions Code at a time when said person was a conditionally suspended real estate salesperson, in violation of Section 10137 of the Business and Professions Code. This constitutes a separate and distinct cause to discipline respondent Salamone's license.

24. The violations committed by respondent Salamone, set forth above, are technical violations of the Code and do not involve, or imply, any dishonesty or intentional wrongdoing on his part. Any violation of the real estate laws by a licensed broker is a serious matter, but there was no evidence to indicate that the technical violations committed by respondent Salamone herein, caused any harm or monetary loss to the general public.

Respondent Salamone has been licensed by the Department for twenty-four years. During that time, he has not been subject to any disciplinary action by the Department. His past record is unblemished. He deserves consideration for his good record for so many years. Moreover, he has taken steps to install a program in his computer which will automatically bring to his attention the expiration dates for all of the sales persons in his office. He will not be embarrassed again by having an unlicensed person in his employ.

LEGAL CONCLUSIONS

1. Cause exists, pursuant to Section 10176(i) of the Business and Professions Code, to suspend or revoke the real estate broker's license of respondent Greg Lewis, upon the ground that, at escrow closure, he diverted to his own use \$12,500.00 of the Sellers' proceeds, due to Traci and Dean Montgomery, from the sale of their home, by causing said sum to be paid from escrow to his sister, Josette Lewis, an action which constitutes fraud or dishonest dealing, by reason of Findings 3, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16 and 18.

2. Cause exists, pursuant to Section 10176(a) of the Business and Professions Code, to suspend or revoke the real estate broker's license of respondent Greg Lewis, upon the ground that, at escrow closure, having diverted to his own use \$12,500.00 of the Sellers' proceeds, due to Traci and Dean Montgomery, from the sale of their home, by causing said sum to be paid from escrow to his sister, Josette Lewis, he concealed said dishonest activity, by causing the Settlement Statement to set forth that this payment was required in order to pay off a nonexistent second mortgage on the Montgomery property, an act which constitutes a substantial misrepresentation concerning the property or the transaction, by reason of Findings 3, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16 and 19.

3. Cause exists, pursuant to Section 10177(g) of the Business and Professions Code, to suspend or revoke the real estate broker's license of respondent Greg Lewis, upon the ground that he allowed the escrow to close on the Montgomery property without fulfilling one of the express conditions placed upon the sale by the Sellers, namely, that the property had to be appraised at \$183,000.00, an act which demonstrates negligence or incompetence in performing any act for which he is required to hold a license, by reason of Findings 3, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16 and 20.

4. Cause does not exist, pursuant to Section 10177(h) of the Business and Professions Code, to suspend or revoke the real estate broker's license of respondent Robert Salvatore Salamone, upon the ground that he failed to properly supervise respondent Greg Lewis in the sales transaction involving the Montgomery residence, by reason of Finding 17.

5. Cause exists, pursuant to Section 10137 of the Business and Professions Code, to suspend or revoke the real estate broker's license of respondent Robert Salvatore Salamone, upon the ground that he employed and compensated an unlicensed person, Donald Frederick Dermit, to perform activities requiring a real estate license as defined by Section 10131 of the Business and Professions Code, by reason of Findings 4 and 21.

6. Cause exists, pursuant to Regulation 2752, Title 10, California Code of Regulations, to suspend or revoke the real estate broker's license of respondent Robert Salvatore Salamone, upon the ground that he failed to notify the Department of Real Estate in a timely manner, when he employed salespersons Joseph Robert Amaya, aka Joseph Wiley, and Jose Jesus Perez, by reason of Findings 4 and 22.

7. Cause exists, pursuant to Section 10137 of the Business and Professions Code, to suspend or revoke the real estate broker's license of respondent Robert Salvatore Salamone, upon the ground that he employed and compensated Robert Alan Morales, a conditionally suspended real estate salesperson, to perform activities requiring a real estate license as defined by Section 10131 of the Business and Professions Code, by reason of Findings 4 and 23.

8. Although cause does exist to suspend or revoke the real estate broker's license of respondent Robert Salvatore Salamone, in view of the matters set forth in Finding 24, this is an appropriate case in which to stay the disciplinary action imposed, as set forth hereinafter.

ORDER

1. All licenses and licensing rights of respondent, Greg Lewis, under the Real Estate Law are revoked.

2. The allegation in the First Cause of Accusation that respondent, Robert Salvatore Salamone, failed to properly supervise respondent Greg Lewis in the sales transaction involving the Montgomery residence, is dismissed.

3. All licenses and licensing rights of respondent, Robert Salvatore Salamone, under the Real Estate Law are suspended for a period of five (5) days from the effective date of this Decision: provided, however, that the entire five (5) days of said suspension shall be stayed for one (1) year, upon the following terms and conditions:

a. <u>Respondent, Robert Salvatore Salamone, shall obey all laws, rules and regulations</u> governing the rights, duties and responsibilities of a real estate licensee in the State of California, and

b. That no final subsequent determination be made, after hearing, or upon stipulation, that cause for disciplinary action occurred within one (1) year of the effective date of this Decision. Should such a determination be made, the Commissioner may, in his discretion, vacate and set aside the stay order, and reimpose all or a portion of the stayed suspension. Should no such determination be made, the stay imposed herein shall become permanent.

Dated: August 10, 1999

JOHN THOMAS MONTAG Administrative Law Judge Office of Administrative Hearings

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	3	DEPARTMENT OF REAL ESTATE
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	5	By Witte
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	7	BEFORE THE DEPARTMENT OF REAL ESTATE
	8	STATE OF CALIFORNIA
	9	* * *
	10	In the Matter of the Accusation of)
	11) NO. H-27899 LA ROBERT SALVATORE SALAMONE)
	12	
	13	Respondent(s).)
	14	
	15	ORDER VACATING STIPULATION AND AGREEMENT
	16	On June 3, 1999, a Stipulation and Agreement was
	17	filed in this matter for respondent Robert Salvatore Salamone.
	18	. Good cause exists to vacate the Stipulation and
	19	Agreement.
	20	NOW, THEREFORE, IT IS ORDERED that the Stipulation
	21	and Agreement regarding respondent Robert Salvatore Salamone
	22	be vacated.
	23	This Order shall be effective immediately.
	24	DATED: June 15, 1999:
	25	JOHN R. LIBERATOR Acting Real Estate Commissioner
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	27	Ala R Lileata
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DEPARTMENT_OF REAL_ESTATE Bv

DEPARTMENT OF REAL ESTATE STATE OF CALIFORNIA

In the Matter of the Accusation of NO. H-27899 LA ROBERT SALVATORE SALAMONE, STIPULATION AND AGREEMENT

Respondent.

It is hereby stipulated by and between ROBERT SALVATORE SALAMONE, (sometimes referred to as Respondent), and his attorney David E. Weiss, and the Complainant, acting by and through James R. Peel, Counsel for the Department of Real Estate, as follows for 18 the purpose of settling and disposing of the Accusation filed on October 29, 1998, in this matter.

1. All issues which were to be contested and all evidence which was to be presented by Complainant and Respondent at a formal hearing on the Accusation, which hearing was to be held in accordance with the provisions of the Administrative Procedure Act (APA), shall instead and in place thereof be submitted solely on the basis of the provisions of this Stipulation and Agreement.

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2. Respondent has received, read and understands the Statement to Respondent, the Discovery Provisions of the APA and the Accusation filed by the Department of Real Estate in this proceeding.

3. On November 3, 1998, Respondent filed a Notice of Defense, pursuant to Section 11506 of the Government Code for the purpose of requesting a hearing on the allegations in the Accusation. Respondent hereby freely and voluntarily withdraws said Notice of Defense. Respondent acknowledges that he understands that by withdrawing said Notice of Defense he will thereby waive his right to require the Commissioner to prove the allegations in the Accusation at a contested hearing held in accordance with the provisions of the APA and that he will waive other rights afforded to him in connection with the hearing, such as the right to present evidence in defense of the allegations in the Accusation and the right to cross-examine witnesses.

4. Respondent, pursuant to the limitations set forth below, although not admitting or denying the truth of the allegations, will not contest the factual allegations contained in the Accusation filed in this proceeding and the Real Estate Commissioner shall not be required to provide further evidence of such allegations.

5. It is understood by the parties that the Real Estate Commissioner may adopt the Stipulation and Agreement as his decision in this matter thereby imposing the penalty and sanctions on Respondent's real estate license and license rights as set forth below in the "Order". In the event that the Commissioner in

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his discretion does not adopt the Stipulation and Agreement in Settlement, it shall be void and of no effect, and Respondent shall retain the right to a hearing and proceeding on the Accusation under all the provisions of the APA and shall not be bound by any stipulation or waiver made herein.

6. The Order or any subsequent Order of the Real Estate Commissioner made pursuant to this Stipulation and Agreement shall not constitute an estoppel, merger or bar to any further administrative or civil proceedings by the Department of Real Estate with respect to any matters which were not specifically alleged to be causes for accusation in this proceeding.

7. This Stipulation is entered into by each party with the express understanding and agreement that it is to be used for the purposes of settling these proceedings only and that this Stipulation shall not be deemed, used, or accepted as an acknowledgment or stipulation in any other civil or administrative proceeding to which this Department is not a party.

DETERMINATION OF ISSUES

By reason of the foregoing stipulations and waivers and solely for the purpose of settlement of the pending Accusation without a hearing, it is stipulated and agreed that the following determination of issues shall be made:

I

The conduct of Respondent, ROBERT SALVATORE SALAMONE, as alleged in the Accusation, is grounds for the suspension or revocation of all of the real estate licenses and license rights

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COURT PAPER STATE OF CALIFORNIA STD. 113 (REV. 3-95) OSP. 98 10924

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	of Respondent under the provisions of Regulation 2752 and Sections
1	10137, 10177(d) & (h) of the Business and Professions Code.
2	ORDER
3	
4	All licenses and licensing rights of Respondent ROBERT
5	SALVATORE SALAMONE under the Real Estate Law are revoked;
6	provided, however, a restricted real estate broker license shall
7	be issued to Respondent pursuant to Section 10156.5 of the
8	Business and Professions Code if Respondent makes application
9	therefor and pays to the Department of Real Estate the appropriate
10	fee for the restricted license within 90 days from the effective
11	date of this Decision. The restricted license issued to
12	Respondent shall be subject to all of the provisions of Section
13	10156.7 of the Business and Professions Code and to the following
14	limitations, conditions and restrictions imposed under authority
15	of Section 10156.6 of that Code:
16	1. The restricted license issued to Respondent may be
17	suspended prior to hearing by Order of the Real Estate
18	Commissioner in the event of Respondent's conviction or plea of
19	nolo contendere to a crime which is substantially related to
20	Respondent's fitness or capacity as a real estate licensee.
21	2. The restricted license issued to Respondent may be
22	suspended prior to hearing by Order of the Real Estate
23	Commissioner on evidence satisfactory to the Commissioner that
24	Respondent has violated provisions of the California Real Estate
25	Law, the Subdivided Lands Law, Regulations of the Real Estate
26	Commissioner or conditions attaching to the restricted license.
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Respondent shall not be eligible to apply for the 3. issuance of an unrestricted real estate license nor for the removal of any of the conditions, limitations or restrictions of a restricted license until one year has elapsed from the effective date of this Decision.

Respondent shall, within nine months from the 4. effective date of this Decision, present evidence satisfactory to 7 the Real Estate Commissioner that Respondent has, since the most recent issuance of an original or renewal real estate license, taken and successfully completed the continuing education 10 requirements of Article 2.5 of Chapter 3 of the Real Estate Law 11 for renewal of a real estate license. If Respondent fails to satisfy this condition, the Commissioner may order the suspension of the restricted license until the Respondent presents such The Commissioner shall afford Respondent the evidence. opportunity for a hearing pursuant to the Administrative Procedure Act to present such evidence.

5. Respondent shall, within six months from the effective date of this Decision, take and pass the Professional Responsibility Examination administered by the Department including the payment of the appropriate examination fee. If Respondent fails to satisfy this condition, the Commissioner may order the suspension of Respondent's license until Respondent passes the examination.

Petition for reinstatement of a revoked real estate 25 license is controlled by Section 11522 of the Government Code.

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copy of Section 11522 is attached hereto for the information of respondent.

If and when application is made for a real estate license through a petition for reinstatement, all competent evidence of rehabilitation presented by the respondent will be considered by the Real Estate Commissioner. A copy of the Commissioner's Criteria of Rehabilitation is attached hereto.

DATED:

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R. PEEL ιTΑ $\mathbb{E}S$

Counsel for Complainant

I have read the Stipulation and Agreement in Settlement, and its terms are understood by me and are agreeable and acceptable to me. I understand that I am waiving rights given to me by the California Administrative Procedure Act (including but not limited to Sections 11506, 11508, 11509 and 11513 of the Government Code), and I willingly, intelligently and voluntarily waive those rights, including the right of requiring the

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COURT PAPER STATE OF CALIFORNIA STD. 113 (REV. 3-95) OSP 98 10924

Commissioner to prove the allegations in the Accusation at a 1 hearing at which I would have the right to cross-examine witnesses 2 against me and to present evidence in defense and mitigation of 3 the charges. 4 5 3-31-99 DATED: ROBERT SALVATORE SALAMONE 6 Respondent 7 DATED: 3-31-99 8 DAVID E. WEISS Counsel for Respondent 9 10 11 12 The foregoing Stipulation and Agreement is hereby adopted as 13 my Decision in this matter and shall become effective at 12 o' 14 JUN 2 3 1999 clock noon on 15 IT IS SO ORDERED 199<u></u> 16 17 JOHN R. LIBERATOR Acting Real Estate Commissioner 18 19 Han Rhiles 20 21 22 23 24 25 26 27 COURT PAPER STATE OF CALIFORNIA -7-STD. 113 (REV. 3-95)

OSP 98 10924

SACTU	BEFORE THE DEP	7-0708-057 ARTMENT OF REAL ESTATE E OF CALIFORNIA	DEPARTMENT OF REAL ESTATE
In the Matter of th	e Accusation of) NO. H-27899 LA)	By there
GREGG LEWIS and ROBERT SALVATOR	E SALAMONE,)) NOTICE OF CONTINUE	D HEARING
	Respondents.)) L-1999 050 303	

To the above-named Respondents:

You are hereby notified that a hearing will be held before the Department of Real Estate at the Office of Administrative Hearings, 320 West Fourth Street, Suite 630, Los Angeles, California 90013 on <u>JULY 13th, 1999</u>. at 9:00 a.m. or as soon thereafter as the matter can be heard, upon the Accusation served upon you. If you object to the place of hearing, you must notify the presiding administrative law judge of the Office of Administrative Hearings within ten (10) days after this notice is served on you. Failure to notify the presiding administrative law judge within ten days will deprive you of a change in the place of the hearing.

You may be present at the hearing. You have the right to be represented by an attorney at your own expense. You are not entitled to the appointment of an attorney to represent you at public expense. You are entitled to represent yourself without legal counsel. If you are not present in person nor represented by counsel at the hearing, the Department may take disciplinary action against you based upon any express admission or other evidence including affidavits, without any notice to you.

You may present any relevant evidence and will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to the issuance of subpoenas to compel the attendance of witnesses and the production of books, documents or other things by applying to the Department of Real Estate.

The hearing shall be conducted in the English language. If you want to offer the testimony of any witness who does not proficiently speak the English language, you must provide your own interpreter. and pay his or her costs. The interpreter must be certified in accordance with Sections 11435.30 and 11435.55 of the Government Code.

Dated: June 9, 1999

DEPARTMENT OF REAL ESTATE

CC: Harold Greenberg, Esq. & Gregg Lewis David E. Weiss, Esq. & R.S. Salamone CGT OAH & SACTO



NOTICE OF CONTINUED HEARING ON APPLICATION

To the above-named Respondents:

You are hereby notified that a hearing will be held before the Department of Real Estate at the Office of Administrative Hearings, 107 South Broadway, 2nd. Floor, Los Angeles, California 90012 on <u>May 6, 1999</u>. at 9:00 a.m. or as soon thereafter as the matter can be heard, upon the Accusation served upon you.

You may be present at the hearing. You have the right to be represented by an attorney at your own expense. You are not entitled to the appointment of an attorney to represent you at public expense. You are entitled to represent yourself without legal counsel. If you are not present in person nor represented by counsel at the hearing, the Department may take disciplinary action against you based upon any express admission or other evidence including affidavits, without any notice to you.

You may present any relevant evidence and will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to the issuance of subpoenas to compel the attendance of witnesses and the production of books, documents or other things by applying to the Department of Real Estate.

The hearing shall be conducted in the English language. If you want to offer the testimony of any witness who does not proficiently speak the English language, you must provide your own interpreter. The interpreter must be approved by the Administrative Law Judge conducting the hearing as someone who is proficient in both English and the language in which the witness will testify. You are required to pay the costs of the interpreter unless the Administrative Law Judge directs otherwise.

Dated: March 9, 1999

DEPARTMENT OF REAL ESTATE

PEEL Counsel

CC: Gregg, Lewis, & Joseph S. Fishback Robert S. Salamone, CGT, OAH & SACTO

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BEFORE THE DEP	ARTMENT OF REAL ESTATE L FEB 1.7 1999
STATE	E OF CALIFORNIA DEPARTMENT OF REAL ESTATE
In the Matter of the Accusation of	* * *
GREG LEWIS and ROBERT, SALVATORE SALAMONE,) NOTICE OF HEARING ON ACCUSATION
Respondents.))) L-1998 120 293

To the above-named Respondents:

You are hereby notified that a hearing will be held before the Department of Real Estate at the Office of Administrative Hearings, 107 South Broadway, 2nd. Floor, Los Angeles, California 90012 on <u>April 6, 1999</u>. at 9:00 a.m. or as soon thereafter as the matter can be heard, upon the Accusation served upon you.

You may be present at the hearing. You have the right to be represented by an attorney at your own expense. You are not entitled to the appointment of an attorney to represent you at public expense. You are entitled to represent yourself without legal counsel. If you are not present in person nor represented by counsel at the hearing, the Department may take disciplinary action against you based upon any express admission or other evidence including affidavits, without any notice to you.

You may present any relevant evidence and will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to the issuance of subpoenas to compel the attendance of witnesses and the production of books, documents or other things by applying to the Department of Real Estate.

The hearing shall be conducted in the English language. If you want to offer the testimony of any witness who does not proficiently speak the English language, you must provide your own interpreter. The interpreter must be approved by the Administrative Law Judge conducting the hearing as someone who is proficient in both English and the language in which the witness will testify. You are required to pay the costs of the interpreter unless the Administrative Law Judge directs otherwise.

Dated: February 17, 1999

DEPARTMENT OF REAL ESTATE

JAME R. PEEL Counsel

CC: Gregg, Lewis, & Joseph S. Fishback Dafid E. Weiss, Robert S. Salamone, Esq. CGT, OAH & SACTO

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v	STATE	OF CALIFORNIA	DEPARTMENT OF REAL ESTATE
In the Matter of	the Accusation of	* * * * NO. H-27899	BA WAZ
GREG LEWIS and ROI SALVATORE SALAMONI	-) NOTICE OF HEARING ON	ACCUSATION
	Respondents.))) L-1998 120 29	3 J

To the above-named Respondents:

You are hereby notified that a hearing will be held before the Department of Real Estate at the Office of Administrative Hearings, 107 South Broadway, 2nd. Floor, Los Angeles, California 90012 on <u>February 2, 1999</u>. at 9:00 a.m. or as soon thereafter as the matter can be heard, upon the Accusation served upon you.

You may be present at the hearing. You have the right to be represented by an attorney at your own expense. You are not entitled to the appointment of an attorney to represent you at public expense. You are entitled to represent yourself without legal counsel. If you are not present in person nor represented by counsel at the hearing, the Department may take disciplinary action against you based upon any express admission or other evidence including affidavits, without any notice to you.

You may present any relevant evidence and will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to the issuance of subpoenas to compel the attendance of witnesses and the production of books, documents or other things by applying to the Department of Real Estate.

The hearing shall be conducted in the English language. If you want to offer the testimony of any witness who does not proficiently speak the English language, you must provide your own interpreter. The interpreter must be approved by the Administrative Law Judge conducting the hearing as someone who is proficient in both English and the language in which the witness will testify. You are required to pay the costs of the interpreter unless the Administrative Law Judge directs otherwise.

Dated: January 4, 1999

DEPARTMENT OF REAL ESTATE By: 'ame JAMEŠ R. PEEL Counsel DRE

CC: Greg Lewis Robert Salvatore Salamone. CGT, OAH & SACTO

5 AMO 1 2 3 4 5 6	107 South Broadway, Room 8107 Los Angeles, California 90012 State Bar 47055 (213) 897-3937
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9	DEPARTMENT OF REAL ESTATE
	· STATE OF CALIFORNIA
10	* * * *
11	In the Matter of the Accusation of) NO. H-27899 LA
12	GREG LEWIS and ROBERT) <u>ACCUSATION</u> SALVATORE SALAMONE
13 14	Respondent.)
15)
16	The Complainant, Thomas McCrady, a Deputy Real Estate
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18	against GREG LEWIS and ROBERT SALVATORE SALAMONE, alleges as
19	follows:
20	I
21	The Complainant, Thomas McCrady, acting in his
22	official capacity as a Deputy Real Estate Commissioner of the
23	State of California, makes this Accusation against Greg Lewis
24	and Robert Salvatore Salamone.
25	II
26	Greg Lewis and Robert Salvatore Salamone (hereinafter
27	referred to as respondents) are presently licensed and/or have
COURT PAPER STATE OF CALIFORNIA STD. 113 (REV. 3-95) 5 28391	-1-

1 license rights under the Real Estate Law (Part 1 of Division 4 2 of the Business and Professions Code, hereinafter Code). 3 III 4 At all times herein mentioned, respondents Greg Lewis 5 and Robert Salvatore Salamone were licensed by the Department of 6 Real Estate as a real estate broker, acting on behalf of others 7 in expectation of compensation, and respondent Lewis was 8 employed by respondent Salamone as a sales associate. 9 IV 10 On or about November 14, 1996, respondent Lewis 11 negotiated the sale of real property located at 12705 Heflin 12 Drive, La Mirada, California (hereafter property) from Dean E. 13 and Traci L. Montgomery (hereafter sellers) to Jan M. McDermitt 14 and Suzanne Marie Marcroft (hereafter buyers). The terms of the 15 sale required, among other things, that the property appraise at 16 \$183,000. Escrow closed on or about January 17, 1997. 17 ; 18 At escrow closure, respondent Lewis, without the 19 knowledge or permission of the sellers, diverted to his own use 20 and benefit \$12,500 of sellers' proceeds. Respondent Lewis 21 concealed his dishonest activity by claiming the funds were used 22 to payoff a second mortgage when in fact there was no second 23 mortgage on the property at this time. 24 VI 25 During the time escrow was opened, respondent Lewis 26 caused \$1,725 worth of termite work to be done to the property. 27 This expenditure was made by respondent Lewis without the

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11. knowledge or permission of the sellers who paid for the termite 2 Further, respondent Lewis allowed escrow to close without work. 3 first ascertaining that the property appraised for \$183,000 4 which was a condition of the sale. 5 VII 6 Respondent Lewis' conduct, as alleged above, subjects 7 his real estate licenses and license rights to suspension or 8 revocation under Sections 10176(a), 10176(i), and 10177(g), of 9 the Code. The conduct of respondent Salamone, in failing to 10 properly supervise respondent Lewis in this matter, subjects his 11 real estate licenses to suspension or revocation pursuant to 12 Section 10177(h) of the Code. 13 SECOND CAUSE OF ACCUSATION 14 VIII 15 Complainant incorporates by reference paragraphs I 16 through III of his first cause of Accusation. 17 IX 18 Respondent Salamone violated Section 10137 of the 19 Code by employing and compensating an unlicensed person Donald 20 Frederick Dermit to perform activities requiring a real estate 21 license as defined by Section 10131 of the Code. 22 Х 23 Respondent Salamone violated Regulation 2752, Title 24 10, by failing to notify the Department of Real Estate when he 25 employed salespersons Joseph Robert Amaya, aka Joseph Wiley, and 26 Jose Jesus Perez. 27

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Respondent Salamone violated Section 10137 of the
Code by employing and compensating Robert Alan Morales, a
conditionally suspended real estate salesperson, to perform
activities requiring a real estate license as defined by Section
10131 of the Code, including, but not limited to, soliciting and
obtaining a listing to sell real property located at 11522
Newgate Avenue, Whittier, California.

The conduct of respondent Salamone, as alleged above, subjects his real estate licenses and license rights to suspension or revocation pursuant to Sections 10137 and 10177(d) of the Code.

XII

WHEREFORE, complainant prays that a hearing be 15 conducted on the allegations of this Accusation and, that upon 16 proof thereof, a decision be rendered imposing disciplinary 17 action against all licenses and licensing rights of respondents 18 GREG LEWIS and ROBERT SALVATORE SALAMONE under the Real Estate 19 Law (Part 1 of Division 4 of the Business and Professions Code) 20 and for such other and further relief as may be proper under 21 . other applicable provisions of law. 22

Dated at Los Angeles, California this 29th day of Ogtober, 1998.

Real Estate Tommissioner

cc: GREG LEWIS and ROBERT SALVATORE SALAMONE CGT, SACTO JRP:rgp XI



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