

BEFORE THE
DEPARTMENT OF CORPORATIONS
STATE OF CALIFORNIA

In the Matter of the order of THE
CALIFORNIA A CORPORATIONS
COMMISSIONER,

Complainant,

vs.

ORANGE COUNTY ESCROW, INC.,

Respondent.

File No.: 963-2115

OAH No.: L2008010601

DECISION

The attached Proposed Decision of the Administrative Law Judge of the Office of Administrative Hearings, dated April 1, 2008, is hereby adopted by the Department of Corporations as its Decision in the above-entitled matter with the following technical and minor change pursuant to Government Code Section 11517(c)(2)(C).

On page 3, item number 2, line number 2 of the LEGAL CONCLUSIONS of the Proposed Decision: "17408" should be "17406".

This Decision shall become effective on July 10, 2008.

IT IS SO ORDERED this 9th day of July 2008.

CALIFORNIA CORPORATIONS COMMISSIONER

Preston DuFauchard

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PROPOSED DECISION

This matter came on for hearing before Richard J. Lopez, Administrative Law Judge of the Office of Administrative Hearings, at Los Angeles, California, on March 20, 2008.

Jennifer A. Granat, Corporations Counsel, represented the Complainant.

Respondent was represented by Michael C. Hass, Certified Public Accountant.

Oral and documentary evidence was received and the matter was then argued and thereafter submitted.

The Administrative Law Judge now finds, concludes and orders as follows:

FACTUAL FINDINGS

1. The California Corporations Commissioner, Complainant herein, acting by and through Alan S. Weinger, Lead Corporations Counsel, filed the pleading in his official capacity.

2. Orange County Escrow, Inc., Respondent herein, is an escrow agent licensed by the Complainant.

3. Pursuant to California Financial Code section 17406, Respondent was required to submit its annual audit report containing audited financial statements ("Audit Report") for the fiscal year ended November 30, 2006 to the Complainant on or before March 15, 2007.

4. On October 17, 2006, Complainant notified Respondent in writing of the due date of the Audit Report and the penalties that would be imposed for failure to file the Audit Report by such date.

5. On March 21, 2007, Complainant again notified Respondent in writing of the due date of the Audit Report, and the penalties that would be imposed for late filing of the Audit Report.

6. On April 13, 2007, Respondent filed the Audit Report with the Complainant, 28 days late. At no time prior to filing the Audit Report did Respondent request an extension of the filing date.

7. On November 5, 2007, Complainant issued an Order which mandates, in pertinent part:

...the Commissioner having found that Orange County Escrow, Inc. failed to timely file its Audit Report for fiscal year ended November 30, 2006 as required by Financial Code section 17406, it is hereby ordered pursuant to Financial Code section 17408 that Orange County Escrow, Inc. pay the Commissioner the sum of \$2,800.00.

LEGAL CONCLUSIONS

1. Financial Code section 17408 provides as follows:

- (a) If any person subject to this division fails to make any report required by law or by the commissioner, the commissioner may immediately cause the books, records, papers, and affairs of said person to be thoroughly examined.
- (b) The Commissioner may impose, by order, a penalty on any person who fails, within the time specified in any written demand of the Commissioner, (1) to make and file with the Commissioner any report required by law or requested by the Commissioner, or (2) to furnish any material information required by the Commissioner to be included in the report. The amount of the penalty may not exceed one hundred dollars (\$100) for each day for the first five days the report

ORDER

The Order of the California Corporations Commissioner imposing a penalty of \$2,800.00 against Orange County Escrow is upheld. Orange County Escrow shall pay to the Commissioner the sum of \$2,800.00 within five business days after the effective date of this Decision.

Dated: April 1, 2008

RICHARD J. LOPEZ
Administrative Law Judge
Office of Administrative Hearings

RJL-rfm