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California Corporations Commissioner
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8

9 BEFORE THE DEPARTMENT OF CORPORATIONS
10 OF THE STATE OF CALIFORNIA

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12 CALIFORNIA CORPORATIONS) File No.: 963-2074
COMMISSIONER,)
13) ORDER IMPOSING PENALTIES PURSUANT
Complainant,) TO CALIFORNIA FINANCIAL CODE
14) SECTION 17408
15 vs.)
16 MONTEBELLO ESCROW, INC.,)
17 Respondent.)
18)
19)

20 TO: MONTEBELLO ESCROW, INC.
21 2539 West Via Campo
22 Montebello, CA 90640

23 NOW THEREFORE the California Corporations Commissioner (“Commissioner”) having
24 found that Montebello Escrow, Inc. failed to file its annual audit reports containing audited financial
25 statements for its fiscal years ending on December 31, 2006, and December 31, 2007, as required by
26 Financial Code section 17406, Montebello Escrow, Inc. is hereby ordered, pursuant to Financial
27 Code section 17408, to pay to the Commissioner the sum of \$49,000.00, plus an additional \$200.00
28 a day for each day after June 16, 2008, that the annual audit reports are not filed.

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2 Pursuant to Financial Code section 17406, Montebello Escrow, Inc. (“Montebello”) was
3 required to submit its annual audit report for the fiscal year ending on December 31, 2006 (“2006
4 audit report”) to the Commissioner on or before April 15, 2007. Montebello was required to submit
5 its annual report for the fiscal year ending on December 31, 2007 (“2007 audit report”) to the
6 Commissioner on or before April 15, 2008.

7 On or about November 14, 2006, the Commissioner notified Montebello in writing that its
8 audit report for 2006 was due April 15, 2007. Montebello failed to file the audit report by April 15,
9 2007.

10 On or about May 10, 2007, a follow-up letter was sent to Montebello concerning its failure to
11 file the 2006 audit report. Montebello was notified in the letter that failure to file to the audit report
12 could result in assessment of penalties, a special examination and/or administrative action.
13 Montebello received the Commissioner’s letter, sent by certified mail, on May 11, 2007.

14 Montebello has yet to file the 2006 audit report as required by Financial Code section 17406.

15 On or about November 13, 2007, the Commissioner notified Montebello in writing that its
16 audit report for 2007 was due on April 15, 2008. Montebello failed to file the audit report by April
17 15, 2008.

18 On or about May 8, 2008, the Commissioner sent a follow-up letter to Montebello
19 concerning Montebello’s failure to file the 2007 audit report. Montebello was notified in writing
20 that the failure to file the report could result in assessment of penalties, a special examination and/or
21 administrative action.

22 Montebello has yet to file the 2007 audit report as required by Financial Code section 17406.

23 Financial Code Section 17408, subdivisions (b) through (e), provides as follows:

24 (b) The commissioner may impose, by order, a penalty on any person
25 who fails, within the time specified in any written demand of the
26 commissioner, (1) to make and file with the commissioner any report
27 required by law or requested by the commissioner. . . . The amount of the
28 penalty shall be one hundred dollars (\$100) for each day for the first five
days the report or information is overdue, and thereafter may not exceed five
hundred dollars (\$500) for each day the report or information is overdue.

(c) If, after an order has been made under subdivision (b), a request for

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hearing is filed in writing within 30 days of the date of service of the order by the person to whom the order was directed, a hearing shall be held in accordance with the Administrative Procedure Act, Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code, and the commissioner shall have all the powers granted under that chapter.

(d) If the person fails to file a written request for a hearing within 30 days of the date of service of the order, the order imposing the penalty shall be deemed a final order of the commissioner, and the penalty shall be paid within five business days.

(e) If a hearing is requested, the penalty shall be paid within five business days after the effective date of any decision in the case ordering payment to be made.

The Commissioner hereby orders Montebello to pay a penalty of \$100.00 per day per annual audit report that has not been filed, for a total of \$49,000.00, plus \$200.00 each day after June 16, 2008 that the 2006 and 2007 audit reports are not filed.

Dated: June 16, 2008
Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
Alan S. Weinger
Lead Corporations Counsel