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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 In the Matter of the Accusation of THE) File No.: 963-0573
CALIFORNIA CORPORATIONS)
13 COMMISSIONER,) ORDER IMPOSING PENALTIES PURSUANT
14) TO CALIFORNIA FINANCIAL CODE
Complainant,) SECTION 17408
15)
16 vs.)
17 ROYAL CREST ESCROW, INC.,)
18 Respondent.)
19

20 TO: ROYAL CREST ESCROW, INC.
21 36 Malaga Cove Plaza, Suite 101
22 Palos Verdes Estates, California 90274

23 NOW THEREFORE, the California Corporations Commissioner (“Commissioner”) having
24 found that Royal Crest Escrow, Inc. failed to timely file its annual audit report containing audited
25 financial statements for its fiscal year ended June 30, 2007, as required by Financial Code section
26 17406, Royal Crest Escrow, Inc. is hereby ordered, pursuant to Financial Code section 17408, to pay
27 to the Commissioner the sum of \$13,200.00.

28 Pursuant to Financial Code section 17406, Royal Crest Escrow, Inc. (“Royal Crest”) was
required to submit its annual audit report for the fiscal year ended June 30, 2007 (“2007 audit

1 report”) to the Commissioner on or before October 15, 2007.

2 On or about May 21, 2007, the Commissioner notified Royal Crest in writing that its 2007
3 audit report was due on October 15, 2007. Royal Crest failed to file the 2007 audit report by
4 October 15, 2007.

5 On or about October 25, 2007, the Commissioner sent Royal Crest a follow-up letter
6 reminding that failure to file to its 2007 audit report could result in assessment of penalties, a special
7 examination, and/or administrative action.

8 Royal Crest’s 2007 audit report was not received by the Department of Corporations until
9 February 25, 2008, which was 132 days after it was due. Pursuant to the filing requirement set forth
10 in Financial Code section 17406, the Commissioner is authorized to assess a penalty of \$100.00 for
11 each of the first five days the audit report was overdue and a penalty of \$500.00 for each day
12 thereafter.

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

14 (b) The commissioner may impose, by order, a penalty on any person
15 who fails, within the time specified in any written demand of the
16 commissioner, (1) to make and file with the commissioner any report
17 required by law or requested by the commissioner. . . . The amount of the
18 penalty shall be one hundred dollars (\$100) for each day for the first five
19 days the report or information is overdue and, thereafter, five hundred dollars
20 (\$500) for each day the report or information is overdue.

21 (c) If, after an order has been made under subdivision (b), a request for
22 hearing is filed in writing within 30 days of the date of service of the order
23 by the person to whom the order was directed, a hearing shall be held
24 in accordance with the Administrative Procedure Act, Chapter 5 (commencing
25 with Section 11500) of Part 1 of Division 3 of Title 2 of the Government
26 Code, and the commissioner shall have all the powers granted under that chapter.

27 (d) If the person fails to file a written request for a hearing within 30 days
28 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 paid.

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WHEREFORE, Royal Crest’s 2007 audit report was 132 days late, the Commissioner is hereby imposing a penalty of \$100.00 for each of the 132 days the report was overdue, for penalties totaling \$13,200.00.

Dated: March 28, 2008
Sacramento, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
Alan S. Weinger, Lead Corporations Counsel