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California Corporations Commissioner
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8 BEFORE THE DEPARTMENT OF CORPORATIONS
9 OF THE STATE OF CALIFORNIA

10 In the Matter of THE CALIFORNIA) File No.: 963-0748
CORPORATIONS COMMISSIONER,)
11) ORDER IMPOSING PENALTIES PURSUANT
Complainant,) TO CALIFORNIA FINANCIAL CODE
12) SECTION 17408
13 vs.)
14 SC ESCROW SERVICES, INC.,)
15 Respondent.)
16)
17)

18 TO: SC ESCROW SERVICES, INC.
500 Pier Avenue
19 Hermosa Beach, California 90254

21 NOW THEREFORE, the Corporations Commissioner (“Complainant” or “Commissioner”)
22 of the California Department of Corporations (“Department”) having found that SC Escrow
23 Services, Inc. (“Respondent” or “SC Escrow”) failed to timely file its annual audit report containing
24 audited financial statements for its fiscal year ended September 30, 2009, as required by Financial
25 Code section 17406, Respondent is hereby ordered to pay to the Commissioner penalties of \$950.00
26 pursuant to Financial Code section 17408.

27 Under Financial Code section 17406, Respondent was required to submit its annual audit
28 report for the fiscal year ended September 30, 2009 (“2009 audit report”) to the Department on or

1 before January 15, 2010.

2 On or about August 18, 2009, the Department notified Respondent in writing that its 2009
3 audit report was due on January 15, 2010. The Department's letter informed Respondent that failure
4 to timely file the 2009 audit report could result in assessment of penalties, a special examination,
5 and/or administrative action.

6 On or about February 2, 2010, the Department issued a 10-day demand letter advising
7 Respondent to immediately file its 2009 audit report which was due on January 15, 2010. The
8 Department's letter again informed Respondent that failure to timely file the 2009 audit report could
9 result in assessment of penalties, a special examination, and/or administrative action.

10 Respondent's 2009 audit report was not received by the Department until March 3, 2010, or
11 19 days after the expiration date set forth in the 10-day demand letter which was received by
12 Respondent on February 4, 2010.

13 Pursuant to the filing requirement set forth in Financial Code section 17408, the
14 Commissioner is authorized to assess a penalty up to \$100.00 for each of the first five days the audit
15 report is overdue and a penalty up to \$500.00 for each day thereafter until the report is received.
16 Accordingly, a penalty of \$50.00 shall be assessed for the first five days Respondent's 2009 audit
17 report was overdue and a penalty of \$100.00 for each of the 14 days thereafter, totaling \$950.00.

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

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

26 (c) If, after an order has been made under subdivision (b), a request for
27 hearing is filed in writing within 30 days of the date of service of the order
28 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

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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.

WHEREFORE, SC Escrow Services, Inc. is hereby ordered to pay the Commissioner the sum of \$950.00 for the 19 days the 2009 audit report was late.

Dated: October 28, 2010
Los Angeles, CA

California Corporations Commissioner

By _____
ALAN S. WEINGER
Deputy Commissioner