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8 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
9 OF THE STATE OF CALIFORNIA
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11 In the Matter of THE CALIFORNIA)
COMMISSIONER OF BUSINESS)
12 OVERSIGHT,)

FILE NO. 963-2640

13 Complainant,)

**ORDER IMPOSING PENALTIES
UNDER FINANCIAL CODE
SECTION 17408**

14 v.)

15 23/7 ESCROW, INC.)

16 Respondent.)
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21 TO: 23/7 ESCROW, INC.
22 111 South Illinois Street
23 Anaheim, California 92805
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1 NOW THEREFORE the California Commissioner of Business Oversight (“Commissioner”)
2 having found that 23/7 Escrow, Inc. (“23/7” or “Respondent”) failed to timely filed its annual audit
3 reports containing audited financial statements (“audit report”) for its fiscal years ended August 31,
4 2012 and August 31, 2013, as required by Financial Code section 17406¹, it is hereby ordered, under
5 section 17408 of the Escrow Law, that 23/7 pay the Commissioner the sum of \$208,500, as of the
6 date of this Order, and that said penalties shall continue to accrue at the rate of \$500 per day for each
7 late audit report, until the reports are filed with the Commissioner.

8 **August 31, 2012 Audit Report**

9 Under section 17406 of the Escrow Law, all licensees are required to file an audit report
10 within 105 days after the close of their fiscal year. Respondent’s fiscal year-end is August 31st.
11 Therefore, 23/7 was required to file its audit report for the fiscal year ended August 31, 2012, on or
12 before December 15, 2012.

13 On or about July 9, 2012, the Commissioner notified 23/7 in writing that its audit report
14 would be due by December 15, 2012. In her reminder letter, the Commissioner further notified
15 Respondent of the fact that its failure to file an audit report by December 15 could result in the
16 imposition of penalties calculated at \$100 per day for the first five days the audit report is overdue
17 and \$500 per day thereafter, under the provisions of section 17408 of the Escrow Law.

18 23/7 failed to submit its audit report on December 15, 2012.

19 On or about January 23, 2013, the Commissioner issued a 10-day demand letter to
20 Respondent concerning the audit report that was due on December 15, 2012. According to the
21 Commissioner’s demand letter, if the audit report was not received within ten days, penalties would
22 begin to accrue against 23/7 under section 17408 of the Escrow Law. Respondent has yet to file its
23 2012 audit report as required under section 17406. Since the February 7, 2013 filing deadline
24 imposed by the 10-day demand letter, 23/7’s audit report is at least 377 days late.² Therefore, under
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27 ¹ All further statutory references are to the Financial Code, unless otherwise indicated.

28 ² As of the date of the Order Imposing Penalties.

1 section 17408, Respondent owes the Commissioner penalties in the amount of \$186,500, calculated
2 at \$100 per day for the first five days the report was overdue and \$500 per day thereafter.

3 **August 31, 2013 Audit Report**

4 23/7's audit report for 2013 was due to be filed with the Commissioner on or before
5 December 15, 2013. On or about July 29, 2013, the Commissioner notified Respondent in writing
6 that its 2013 audit report was due by December 15, 2013. In her reminder letter, the Commissioner
7 further notified Respondent of the fact that its failure to file an audit report by December 15 could
8 result in the imposition of penalties calculated at \$100 per day for the first five days the report is
9 overdue and \$500 per day thereafter, under the provisions of section 17408 of the Escrow Law.

10 On December 15, 2013, 23/7 failed to submit its audit report to the Commissioner.

11 On or about December 18, 2013 the Commissioner issued a 10-day demand letter to
12 Respondent concerning the audit report that was due on December 15. According to the
13 Commissioner's demand letter, if the audit report was not received within ten days, penalties would
14 begin to accrue against 23/7 under section 17408 of the Escrow Law. Respondent has yet to file its
15 2013 audit report as required under section 17406. Since the January 2, 2014 filing deadline imposed
16 by the 10-day demand letter, 23/7's audit report is at least 48 days late. Therefore, under section
17 17408, Respondent owes the Commissioner penalties in the amount of \$22,000, calculated at \$100
18 per day for the first five days the report was overdue and \$500 per day thereafter.

19 Section 17408 provides:

20 (a) If any person subject to this division fails to make any report
21 required by law or by the commissioner, the commissioner may
22 immediately cause the books, records, papers, and affairs of said person
to be thoroughly examined.

23 (b) The commissioner may impose, by order, a penalty on any person
24 who fails, within the time specified in any written demand of the
25 commissioner, (1) to make and file with the commissioner any report
26 required by law or requested by the commissioner, or (2) to furnish any
27 material information required by the commissioner to be included in
28 the report. The amount of the penalty may not exceed 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.

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(c) If, after an order has been made under subdivision (b), a request for 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 4 (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.

Dated: February 27, 2014
Los Angeles, California

JAN LYNN OWEN
Commissioner of Business Oversight

By: _____
Mary Ann Smith
Deputy Commissioner