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13 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
14 OF THE STATE OF CALIFORNIA

15 In the Matter of) Escrow License No.: 963-2696
16)
17 THE COMMISSIONER OF BUSINESS) ORDER IMPOSING PENALTIES PURSUANT
18 OVERSIGHT,) TO CALIFORNIA FINANCIAL CODE
19) SECTION 17408
20 Complainant,)
21)
22 vs.)
23)
24 MODEL ESCROW, INC.)
25)
26 Respondent.)
27)
28)

29 TO: MODEL ESCROW, INC.
30 20633 Amar Road
31 Walnut, CA 91789

32 THE COMMISSIONER OF BUSINESS OVERSIGHT FINDS THAT:

33 Pursuant to Financial Code section 17406, all licensees under the Escrow Law are required to
34 file an annual audit report containing audited financial statements (“annual audit report”) within one
35 hundred five (105) days after the close of their fiscal year. Model Escrow’s fiscal year end is
36 December 31, 2013. Accordingly, Model Escrow was required to file its annual audit report for the
37 fiscal year ended December 31, 2013 on or before April 15, 2014. The Commissioner notified

1 Model Escrow in writing that its annual report was due by April 15, 2014. Model Escrow failed to
2 submit its annual report to the Commissioner by the due date of April 15, 2014. On May 2, 2014,
3 the Commissioner issued a 10-day demand letter to Model Escrow, demanding submission of the
4 annual report and noting the specific penalties for non-filing and the possibility of suspension or
5 revocation of their escrow license if they failed to file the annual report. The annual report was not
6 submitted until February 5, 2015. Therefore, the calculation for statutory penalties pursuant to
7 Financial Code section 17408 starts May 13, 2014 and proceeds through February 5, 2015. The
8 statute provides for \$100.00 a day penalty for the first five days after the due date, and no more than
9 \$500.00 a day thereafter. As of the date of this Order the annual audit report of Model Escrow is
10 276 days late. Therefore the total amount due from Model Escrow, Inc. is one hundred and thirty-
11 one thousand five hundred dollars (\$131,500.00) as of the date of this order.

12 California Financial Code section 17408, subdivisions (b) – (e) provides as follows:

13 (b) The commissioner may, impose, by order, a penalty on any person who
14 fails, within the time specified in any written demand of the commissioner, (1)
15 to make and file with the commissioner any report required by law or
16 requested by the commissioner, or (2) to furnish any material information
17 required by the commissioner to be included in the report. The amount of the
18 penalty may not exceed one hundred dollars (\$100) for each day for the first
19 five days the report or information is overdue and, thereafter, may not exceed
20 five hundred dollars (\$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 by
23 the person to whom the order was directed, a hearing shall be held in
24 accordance with the Administrative Procedure Act, Chapter 5 (commencing
25 with Section 11500) of Part I of Division 3 of Title 2 of the Government
26 Code, and the commissioner shall have all the powers granted under that
27 chapter.

28 (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
paid.

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NOW, BASED ON THE FOREGOING, AND GOOD CAUSE APPEARING, and the Commissioner having found that Model Escrow, Inc. failed to file its annual report by the May 12, 2014 due date, and instead filed the report 276 days late on February 5th, 2015, MODEL ESCROW, INC. is hereby ordered, pursuant to Financial Code section 17408 to pay to the Commissioner the sum of one hundred and thirty-one thousand and five hundred dollars (\$131,500.00). Said payment shall be made no later than 15 days from the date this Order becomes final.

Send payment payable to the Department of Business Oversight to:

John R. Drews
Department of Business Oversight
One Sansome Street, Suite 600
San Francisco, CA 94104

Dated: February 24, 2015
San Francisco, California

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division