

1 PRESTON DuFAUCHARD  
California Corporations Commissioner  
2 WAYNE STRUMPFER  
Deputy Commissioner  
3 ALAN S. WEINGER (CA BAR NO. 86717)  
Lead Corporations Counsel  
4 MIRANDA L. MAISON (CA BAR NO. 210082)  
Senior Corporations Counsel  
5 Department of Corporations  
1515 K Street, Ste. 200  
6 Sacramento, California 95814  
Telephone: (916) 322-8730 Fax: (916) 445-6985

7 Attorneys for Complainant  
8

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

11  
12 In the Matter of the Accusation of THE ) File No.: 963-0453  
CALIFORNIA CORPORATIONS )  
13 COMMISSIONER, ) ORDER IMPOSING PENALTIES PURSUANT  
14 ) TO CALIFORNIA FINANCIAL CODE  
Complainant, ) SECTION 17408  
15 )  
16 vs. )  
17 CALIFORNIA INVESTORS ESCROW CO., )  
18 Respondent. )  
19

20 TO: CALIFORNIA INVESTORS ESCROW CO.  
21 7151 W. Manchester Ave., Second Floor  
22 Los Angeles, California 90045

23 NOW THEREFORE, the California Corporations Commissioner (“Commissioner”) having  
24 found that California Investors Escrow Co. (“Respondent” or “California Investors”) failed to timely  
25 file its annual audit report containing audited financial statements for its fiscal year ended November  
26 30, 2007, as required by Financial Code section 17406, California Investors is hereby ordered,  
27 pursuant to Financial Code section 17408, to pay to the Commissioner penalties of \$100.00 per day  
28 for each day the report remains due and outstanding.

Pursuant to Financial Code section 17406, California Investors was required to submit its

1 annual audit report for the fiscal year ended November 30, 2007 (“2007 audit report”) to the  
2 Commissioner on or before March 15, 2008.

3 On or about October 9, 2007, the Commissioner notified California Investors in writing that  
4 its 2007 audit report was due on March 15, 2008. The Commissioner’s letter informed California  
5 Investors that failure to timely file the 2007 audit report could result in a special examination,  
6 administrative action, and assessment of penalties.

7 California Investors failed to timely file its 2007 audit report by March 15, 2008.

8 On or about March 26, 2008, the Commissioner sent a follow-up letter to California  
9 Investors, which was certified as received on March 28, 2008. The Commissioner’s letter informed  
10 California Investors that the 2007 audit report that was due on March 15, 2008 had not been  
11 received. The letter reminded California Investors that pursuant to the filing requirement set forth in  
12 Financial Code section 17406, failure to timely file the audit report may result in a special  
13 examination, administrative action, or assessment of penalties of \$100.00 for the first five days the  
14 report was late and \$500.00 per day thereafter.

15 California Investors’s 2007 audit report still has not been received by the Department of  
16 Corporations. As of the date of this Order, the report is 68 days late. Penalties accrued to date at the  
17 rate of \$100.00 per day total \$6,800.00.

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  
days the report or information is overdue and, thereafter, five hundred dollars  
(\$500) for each day the report or information is overdue.

24 (c) If, after an order has been made under subdivision (b), a request for  
25 hearing is filed in writing within 30 days of the date of service of the order  
26 by the person to whom the order was directed, a hearing shall be held  
27 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.

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

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

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, California Investors Escrow Company is hereby ordered to pay the Commissioner the sum of \$6,800.00, plus additional penalties of \$100.00 per day for each day after May 22, 2008 until the 2007 annual audit report is filed.

Dated: May 22, 2008  
Los Angeles, CA

PRESTON DuFAUCHARD  
California Corporations Commissioner

By \_\_\_\_\_  
Alan S. Weinger, Lead Corporations Counsel