

M. GALE LEMMON #4363
Assistant Attorney General
MARK L. SHURTLEFF #4666
Attorney General
Attorneys for Utah Insurance Department
160 East 300 South, Fifth Floor
P.O. Box 140874
Salt Lake City, UT 84114-0874
Telephone (801) 366-0375

**BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF UTAH**

COMPLAINANT:

UTAH INSURANCE DEPARTMENT

RESPONDENTS:

REBEL BAIL BONDS
License No. 97875

DARREN BRADY
License No. 109501



**STIPULATION
&
ORDER**

Docket No. 2011-232-LC

Enf. Case Nos. 2955 & 3060

STIPULATION

1. Respondent, Rebel Bail Bonds (“Rebel”), is a licensed bail bond surety in the State of Utah, holding License No. 97875. Respondent Darren Brady (“Brady”) is a licensed bail bond agent in the State of Utah, holding License No. 109501, and is the owner of Respondent Rebel.

2. Respondents stipulate with the Complainant, Utah Insurance Department, as follows:

a. If a hearing were held, witnesses called by the Complainant could offer and

introduce evidence that would support the Findings of Fact herein;

b. Respondents admit the Findings of Fact and Conclusions made therefrom;

c. Respondents stipulate to the summary entry of the Order herein which shall be in lieu of other administrative proceedings by Complainant in this matter; and

d. Respondents and Complainant have negotiated the terms of the Order entered herein and Respondents agree to its entry and further agree to be bound by all its terms.

3. Respondents are aware of their right to a hearing at which they may be represented by counsel, present evidence and cross-examine witnesses. Respondents have irrevocably waived their right to such hearing and to any appeal related thereto.

4. Respondents admit the jurisdiction of the State of Utah Insurance Commissioner as to all matters herein.


5. Respondents are acting herein free from any duress or coercion of any kind or nature, having been advised fully as to their rights set forth herein.

6. Respondents acknowledge that the issuance of this Order by the Commissioner is solely for the purpose of disposition of the matter entitled herein.

DATED this 30th day of May, 2012.


REBEL BAIL BONDS
Darren Brady, Owner


DARREN BRADY


UTAH INSURANCE DEPARTMENT
M. Gale Lemmon, Assistant Attorney General

Based upon the foregoing Stipulation and information in the file, the Presiding Officer makes the following Findings of Fact:

FINDINGS OF FACT

1. Michael G. Freestone and Connie Larae Freestone (“the Freestones”), are licensed bail bond agents in the State of Utah, license numbers 194074 and 194065, respectively, and were at all times pertinent agents of Respondent Rebel.

2. On or about October 31, 2004, the bail bond agent licenses of the Freestones lapsed for failure to renew.

3. The Freestones continued to act as bail bond agents during the time their licenses had lapsed and did not obtain new licenses to act as bail bond agents until April 6, 2011.

4. During the time that their licenses were lapsed, the Freestones acted as bail bond agents for Respondent Rebel Bail Bonds, issuing 1,320 bail bonds between them during that period, with a combined bail premium in excess of \$390,000.00.

5. In April, 2011, Respondent Darren Brady contacted the Department to self-report violations of trust account statutes, and stated that these would be corrected.

6. On August 24, 2011, a Market Conduct Examiner (MCE) conducted an audit of Respondent Agency. Respondent Brady stated that he was not handling money properly in his fiduciary capacity when accepting collateral for written bail bonds. Respondent was depositing the collateral into a separate account which was not identified as a “trust account.” He was also not keeping track of the trust monies and had withdrawn from the account funds that should have remained in trust.

7. Respondent was asked to provide the collateral ledger and bank statements for review during the audit. A review of the ledger and bank statements by the MCE confirmed that the

Agency had not established nor properly maintained a trust account for collateral. The account holding the collateral was overdrawn on several occasions.

8. During the audit and subsequent follow-up in September 2011, Respondent Brady indicated that all trust funds had been restored.

9. Respondents accepted responsibility and were cooperative during the audit. Respondents have corrected the violations and the required Trust Account is in place and fiduciary responsibilities are being fulfilled by Respondents.

10. The Default of Respondent Rebel was previously entered on December 8, 2011, and a Default Judgment was entered on the same date, for failure to file a response to a Complaint regarding the allegations regarding the Findings of Fact, paragraph numbers 1 to 4 above, and for failure to appear at a Pre-hearing in that matter.

11. The Complaint was misdirected by the Department and was not received by the Respondents, and the Default and Default Judgment should be set aside, and a new Order entered in conformity with the Stipulation above and the Findings of Fact and Conclusions of Law herein.

Based upon the foregoing Stipulation and Findings of Fact, the Presiding Officer enters the following Conclusions of Law:

CONCLUSIONS OF LAW

1. In utilizing the services of unlicensed bail bond agents to issue bail bonds, Respondent Rebel Bail Bonds violated Utah Code Annotated §§ 31A-23a-103(1)(c), 31A-35-402(3), and Utah Administrative Code Rules R590-186-6(1) and R590-186-7(13) &(14).

2. In failing to maintain funds accepted in a fiduciary capacity in a properly established trust account and in comingling trust funds with agency funds, Respondents violated Utah Code

Ann. §§ 31A-35-603, and 31A-23a-409, and Utah Admin. Code Rules R590-170-4, and R590-170-5.

Based upon the foregoing Stipulation, Findings of Fact and Conclusions of Law, the Presiding Officer herewith enters the following Order:

ORDER

IT IS HEREBY ORDERED:

1. Respondents Rebel Bail Bonds and Darren Brady are jointly and severally assessed an administrative forfeiture in the amount of \$12,500.00, to be paid within 30 days of the date of this Order.

2. The licenses of Respondents Rebel Bail Bonds and Darren Brady are placed on probation for a period of 12 months, beginning with the date of this Order. The terms of probation are:

A. Respondents shall timely pay the forfeiture assessed herein; and

B. Respondents shall have no further violations of the Utah Insurance Code or Rules or of any order of the commissioner.

MAY 31 2012

DATED this _____ day of _____, 2012.

NEAL T. GOOCH
INSURANCE COMMISSIONER



MARK E. KLEINFELD, Esq.
Administrative Law Judge
Utah Insurance Department
State Office Building, Room 3110
Salt Lake City, Utah 84114
Telephone (801) 538-3800

NOTIFICATION

Respondents are hereby notified that failure to abide by the terms of this Order may subject you to further penalties, including additional forfeitures of up to \$2,500.00 per violation for an individual licensee and of up to \$5,000.00 per violation for a licensed agency, and the suspension or revocation of your licenses, and the filing of an action to enforce this Order in the District Court, which may impose penalties of up to \$10,000.00 per day for continued violation.

You are further notified that other jurisdictions in which you may be licensed may require that you report this action to them.