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BEFORE THE INSURANCE COMMISSIONER  
OF THE STATE OF UTAH

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**COMPLAINANT:**

UTAH INSURANCE DEPARTMENT

**RESPONDENTS:**

AA ROCKY MOUNTAIN BAIL BONDS,  
INC.

  
License No. 97857

**STIPULATION AND ORDER**

Docket No. 2011-169 PC

Enf. Case No. 2960

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**STIPULATION**

1. Respondent AA Rocky Mountain Bail Bonds, Inc. ("Agency") is a bail bond surety company located in the State of Utah holding license number 97877.
2. Respondent stipulates 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. Respondent admits the Commissioner's authority to make the Findings of Fact and Conclusions made herein;

- c. Respondent stipulates to the summary entry of the Order herein which shall be in lieu of other administrative proceedings by Complainant in this matter; and
- d. Respondent and Complainant have negotiated the terms of the Order entered herein and Respondent agrees to its entry and further agrees to be bound by all its terms.

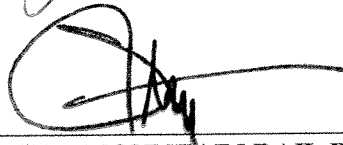
3. Respondent is aware of its right to a hearing at which it may be represented by counsel, present evidence and cross-examine witnesses. Respondent has irrevocably waived its right to such hearing and to any appeal related thereto.

4. Respondent admits the jurisdiction of the State of Utah Insurance Commissioner as to all matters herein.

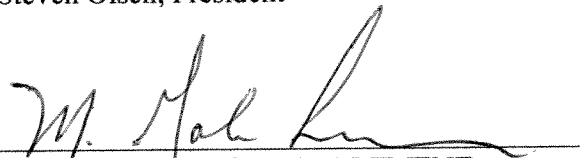
5. Respondent is acting herein free from any duress or coercion of any kind or nature, having been advised fully as to its rights set forth herein.

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

DATED this 26<sup>th</sup> day of August, 2011.



AA ROCKY MOUNTAIN BAIL BONDS, INC  
Steven Olsen, President



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. During an audit of Respondent AA Rocky Mountain Bail Bonds, Inc. on June 27, 2011, the examiner discovered that the Agency was not properly handling the collateral monies received to secure bail bonds.

2. The examiner determined that the Agency had not properly established and maintained a Trust Account, but rather had an account identified as a “client” account into which collateral monies were placed.

3. The examiner also determined that the Respondent would wait up to thirty days prior to depositing collateral monies into the “client” account, during which the collateral monies were being co-mingled with Respondent’s monies in the operating account.

4. In addition, at the time of the audit, it was unclear whether the rule requiring the premium for a bail bond to be at least 10% of the bail amount was being complied with. All bail bond agents of the Agency were remitting only 5% of the face amount of the bond to the Agency and retaining the balance of the premium charged in the agents’ accounts.

5. Respondent was cooperative during the audit and Respondent has since corrected, or is in the process of correcting, all practices found to be in violation of the Code or Department Rules.

6. Respondent agrees to the to the recommended forfeiture and probation.

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

**CONCLUSIONS OF LAW**

1. Utah Code Ann. § 31A-23a-409 states in part as follows:

(1) (a) Subject to Subsection (7), a licensee is a trustee for money received or collected for forwarding to insurers or to insureds.

(b) (i) Except as provided in Subsection (1)(b)(ii), a licensee may not commingle trust funds with:

(A) the licensee's own money; or

(B) money held in any other capacity.

(ii) This Subsection (1)(b) does not apply to:

(A) amounts necessary to pay bank charges; and

(B) money paid by insureds and belonging in part to the licensee as a fee or commission.

(c) Except as provided under Subsection (4), a licensee owes to insureds and insurers the fiduciary duties of a trustee with respect to money to be forwarded to insurers or insureds through the licensee.

(d) (i) Unless money is sent to the appropriate payee by the close of the next business day after their receipt, the licensee shall deposit them in an account authorized under Subsection (2).

(ii) Money deposited under this Subsection (1)(d) shall remain in an account authorized under Subsection (2) until sent to the appropriate payee. . . .

2. Utah Department Rule R590-196-4 sets the minimum fee at not less than 10% of the bond amount.

3. The audit of Respondent AA Rocky Mountain Bail Bonds, Inc. revealed facts that constituted violations of the above provisions.

4. The Respondent has agreed to an administrative forfeiture in the amount of \$5,000.00, with \$3,000.00 to be stayed pending supplying the Department with a valid email address, having all bail bond premiums paid and deposited to the bail bond surety company's account; and completion of 12 months probation which may include random agent records and bail bond premium audits.

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. Respondent AA Rocky Mountain Bail Bonds, Inc. is hereby assessed an administrative forfeiture in the amount of \$5,000.00. The amount of \$3,000.00 of the forfeiture is stayed pending the successful completion of the probation imposed herein. The balance of the forfeiture not stayed shall be paid within 30 days of the date of this Order.

2. Respondent's license is placed on probation for a period of 12 months beginning with the date of this Order. The terms of probation are:

- a. Respondent shall pay the forfeiture assessed herein in a timely manner;
- b. Respondent shall supply the Department with a valid email address within 10 days of the date of this Order;
- c. Respondent shall require that the total premium or fees charged for the issuance of bail bonds be sent directly to the Agency;
- d. Respondent shall submit to random audits or examinations of agent records and bail bond premiums; and
- e. Respondent shall have no further violations of the Utah Insurance Code, Department Rules, or any order of the Commissioner.

NOTIFICATION

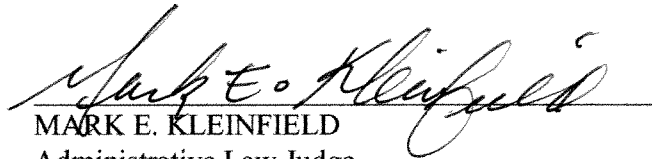
You are hereby notified that a failure to obey an Order of the Commissioner may subject

you to further penalties, including forfeiture of up to \$5,000 per violation, and the suspension or revocation of your license, and the filing of an action in district court, which may impose forfeitures of up to \$10,000 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.

DATED this 30<sup>th</sup> day of August, 2011.

NEAL T. GOOCH  
Insurance Commissioner



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