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UTAH STATE
INSURANCE DEPT.

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Attorney General
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Telephone: (801) 538-3872

BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF UTAH

<p>COMPLAINANT:</p> <p>UTAH INSURANCE DEPARTMENT</p> <p>RESPONDENTS:</p> <p>BAD BOYS BAIL BONDS PO BOX 1286 SALT LAKE CITY, UT 84110 License No. 104643</p> <p>LARRY NOWAK Agency Owner License No. 191555</p>	<p>STIPULATION AND ORDER</p> <p>Docket No. 2011-256 BB</p> <p>Enf. Case No. 3039</p>
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STIPULATION

1. Respondent Bad Boys Bail Bonds is a licensed bail bond surety company in the State of Utah, holding License No. 9104643. Respondent Larry Nowak is a licensed bail bond agent in the State of Utah, License No. 191555, and is the owner of Bad Boys Bail Bonds.

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.

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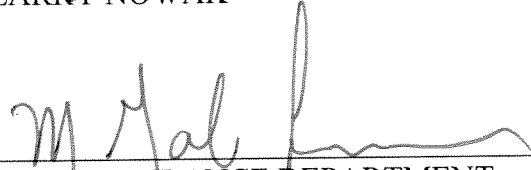
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6. Respondents acknowledges that the issuance of this Order by the Commissioner is solely for purpose of disposition of the matter entitled herein.

DATED this 20th day of December, 2011.


BAD BOYS BAIL BONDS
Larry Nowak, Owner


LARRY NOWAK


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. In March 2011, Respondent Larry Nowak contacted the Department to self-report violations of trust account statutes, and stated that these would be corrected immediately.
2. On September 9, 2011, a Market Conduct Examiner (MCE) conducted an audit of Respondent Bad Boys Bail Bonds. The collateral ledger and bank statements were asked for and provided for review during the audit.
3. Prior to March 29, 2011, the collateral accepted for written bail bonds had been deposited into a savings account not identified as a Trust Account. The ledger showed that Respondent did keep an accurate account of all monies accepted and deposited into the separate savings account.
4. The audit verified that Respondents did have trust account violations prior to March 29, 2011. Respondents accepted responsibility and were cooperative during the audit. At the time of the audit, the required Trust Account was in place and fiduciary responsibilities were being fulfilled by Respondents.
5. Respondents agree to a joint administrative forfeiture of \$5,000 and probation for a period of 24 months. Respondents request a payment plan for the administrative forfeiture.

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-35-603 states in part as follows:

(1) A bail bond producer may accept collateral security in connection with a bail transaction, if the collateral security is reasonable in relation to the face amount of the bail bond.

(2) (a) The collateral security described in Subsection (1) shall be received by the bail bond producer in the bail bond producer's fiduciary capacity.

(b) Before any judgment of forfeiture of bail, the bail bond producer shall keep the collateral separate and apart from any other funds or assets of the licensee.

2. Utah Administrative Code R590-170-4 set forth the requirements for establishing a

trust account:

(1) All records relating to a trust account shall be identified with the wording "Trust Account" or words of similar import. These records include checks, bank statements, general ledgers and records retained by the bank pertaining to the trust account.

(2) All trust accounts shall be established with a Federal Employer Identification Number rather than a Social Security Number.

(3) A trust account shall be separate and distinct from operating and personal accounts, i.e., a separate account number, a separate account register, and different checks, deposit and withdrawal slips.

(4) A non-licensee may not be a signator on a licensee's trust account, unless the non-licensee signatory is an employee of the licensee and has specific responsibility for the licensee's trust account.

3. Utah Administrative Code R590-170-5 sets forth the requirements for maintaining a

trust account:

(1) Funds deposited into a trust account shall be limited to: premiums which may include commissions; return premiums; fees or taxes paid with premiums; financed premiums; funds held pursuant to a third party administrator contract; funds deposited with a title insurance agent in connection with any escrow settlement or closing, amounts necessary to cover bank charges on the trust account; and interest on the trust account, except as provided under Subsection 31A-23a-406(2)(b).

(2) Disbursements from a trust account shall be limited to: premiums paid to insurers; return premiums to policyholders; transfer of commissions and fees; fees or taxes collected with premiums paid to insurers or taxing authority; funds paid pursuant to a third party administrator contract; funds disbursed by a title insurance agent in connection with any escrow settlement or closing; and the transfer of accrued interest.

(3) Personal or business expenses may not be paid from a trust account, even if sufficient commissions exist in the account to cover these expenses.

(4) Commissions may not be disbursed from a trust account prior to the beginning of the policy period for which the premium has been collected.

(5) Commissions attributed to premiums and fees collected must be disbursed from a trust account on a date not later than the first business day of the calendar quarter after the end of the policy period for which the funds were collected. . . .

4. The Respondents' failure to establish and maintain a trust account for collateral monies accepted for written bail bonds prior to March 29, 2011 constitute violations of the above provisions.

5. A joint administrative forfeiture in the amount of \$5,000 and probation for a period of 24 months is appropriate under the circumstances.

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:

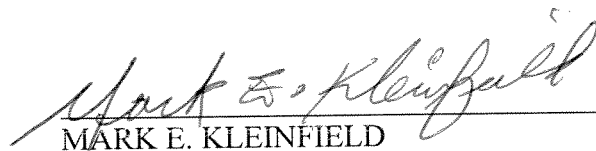
1. Respondents Bad Boys Bail Bonds and Larry Nowak are jointly and severally assessed an administrative forfeiture in the amount of \$5,000.00 to be paid to the Utah Department of Insurance as follows:

\$2,000 shall be paid within 30 days of issuance of this Order;
\$1,500 shall be paid within 60 days of issuance of this Order; and
\$1,500 shall be paid within 90 days of this Order.

2. Respondents are placed on probation for the period of 24 months commencing with the date of this Order. The terms of probation are that Respondents shall pay the forfeiture assessed herein in a timely manner, and shall have no further violations of the Insurance Code, Department Rules, or any Order of the Commissioner.

DATED this 21ST day of December, 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

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 \$5,000 per violation and the suspension or revocation of your license, and the filing of an action to enforce this Order in the District Court which may impose penalties 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.

CERTIFICATE OF MAILING

I do hereby certify that on this date I mailed, by regular mail postage prepaid, a true and correct copy of the attached:

STIPULATION
&
ORDER

To the following:

**Bad Boys Bail Bonds
Larry Nowak
P.O. Box 1286
Salt Lake City, UT 84110**

DATED this 21th day of December, 2011



Linda Hardy
Market Conduct
Utah Department of Insurance
State Office Building, Room 3110
Salt Lake City, UT 84114-6901
801-538-3860

**UTAH
Invoice**

Printed Date: December 21, 2011

Invoice Date: December 21, 2011
Balance Due: \$5,000.00
Due Date: January 25, 2012
Invoice ID: 541837

BAD BOYS BAIL BONDS INC
PO BOX 1286
SALT LAKE CITY UT 84110

Item Description	Amount
Monetary Penalty Agency	\$5,000.00
Original Amount Due	<u>\$5,000.00</u>
Payments Received	
	<u>Balance Due</u>

**UTAH
Invoice**

Printed Date: December 21, 2011

Invoice Date: December 21, 2011
Balance Due: \$5,000.00
Due Date: January 25, 2012
Invoice ID: 541837

Make checks payable to: Utah Insurance Department

Send payment to:

Utah Insurance Department
3110 State Office Building
Salt Lake City, UT 84114-6901