

M. GALE LEMMON #4363
Assistant Attorney General
JOHN E. SWALLOW #5802
Attorney General
Attorneys for Utah Insurance Department
160 East 300 South, Fifth Floor
P.O. Box 140874
Salt Lake City, Utah 84114-0874
Telephone: (801) 366-0375

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

COMPLAINANT:

UTAH INSURANCE DEPARTMENT

RESPONDENTS:

UINTAH BASIN BAIL BONDS
License No. 102711

JACK REED
License No. 193081



STIPULATION AND ORDER

Docket No. 2013-065 BB

Enf. Case No. 3259


STIPULATION

1. Respondent Uintah Basin Bail Bonds (“Agency”) is a licensed bail bond agency operating in the State of Utah and holds License No. 102711. Respondent Jack Reed, the owner of the Agency, is a licensed producer holding License No. 193081.

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 admits the Findings of Fact and Conclusions made therefrom;
 - c. Respondents 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. 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 purpose of disposition of the matter entitled herein.

DATED this 2nd day of May, 2013.



UINTAH BASIN BAIL BONDS and
JACK REED
Matthew G. Nielsen, Attorney for Respondents



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. On February 13, 2012, an audit of Respondent Agency was conducted by the Department.
2. The audit revealed that Respondents were not using the correct/current disclosure forms when writing bail bonds.
3. It was also determined that monies in the trust account were not limited to collateral funds. Business, personal, and collateral monies were commingled in the trust account, and the trust account was being used to pay business and personal expenses of Respondents.
4. Respondent Reed, owner of the Agency was cooperative during the audit and has taken steps to correct the issues found.
5. Respondents agree to an administrative forfeiture in the amount of \$2,000.00 for not having a proper trust fund set up and for not operating as required by statute and rules. They agree to an administrative forfeiture of \$3,000.00 for commingling funds held in trust with the agency's own funds. Respondents also agree to an administrative forfeiture of \$500.00 for use of improper forms – which amount will be stayed pending successful completion of 12 months probation to include possible random trust account and forms audits.

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

CONCLUSIONS OF LAW

1. Respondents violated Utah Code Ann. § 31A-23a-409 which outlines trust obligations for bail bond agencies and prohibits commingling of trust fund monies with the agency's own business or personal monies.

2. Respondents also violated Section 31A-23a-603 which requires that collateral security be kept separate and apart from any funds or assets of the licensee.

3. Utah Admin. Rule R590-170-5 outlines how a trust fund should be maintained. Respondents violated this Rule by paying personal or business expenses from funds kept in the trust account.

4. Rule 590-196-6 requires respondents to use the outlined disclosure form or one containing similar language; Respondent failed to use the required disclosure form.

5. An administrative forfeiture in the amount of \$2,000.00 for not having a proper trust account set up and operating as required by statute and rules, and an administrative forfeiture of \$3,000.00 for commingling funds held in trust with the agency's own funds is appropriate. An additional administrative forfeiture of \$500.00 for the use of improper forms with that amount being stayed pending successful completion of probation is appropriate. Probation for a period of 12 months with possible random trust account and forms audits during probation is appropriate in this matter.

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 Uintah Basin Bail Bonds and Jack Reed are jointly assessed an administrative forfeiture in the total amount of \$5,500.00 with the amount of \$500.00 said forfeiture stayed pending successful completion of probation imposed herein.

2. Respondents shall pay the forfeiture assessed herein as follows:

\$2,500.00 to be paid within 10 days of the issuance of this Order; and

the balance of \$2,500 to be paid at the rate of \$500.00 every 30 days beginning with the date of this Order.

3. Respondents' insurance licenses are placed on probation for a period of 12 months beginning with the date of this Order. The conditions of probation are:


a. Respondents shall pay the forfeiture assessed herein in a timely manner:

b. Respondents shall be subject to random trust account and forms audits during the period of probation; and

c. Respondents shall have no further violation of the Insurance Code, Department Rules or any order of the Commissioner.

DATED this 9th day of May, 2013.

TODD E. KISER
Insurance Commissioner


MARK E. KLEINFELD
Administrative Law Judge
Utah Insurance Department

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.