



Insurance Department

State of Utah

GARY R. HERBERT
Governor
SPENCER J. COX
Lieutenant Governor
TODD E. KISER
Commissioner

Bail Bond Surety Oversight Board Meeting

(http://www.insurance.utah.gov/producers/bailbond_board.html)

Date: July 12, 2017

Time: Noon

Place: East Building, Copper Room

BOARD MEMBERS

xClay Carlos (Chair)	xDominic Sanone
xRyan Cooper (Co-Chair)	xTony Choate
xLt. Kati Booth	VACANT
xStephen Aina	Brett Barratt (Non-Voting)

DEPARTMENT STAFF

Todd Kiser, <i>Ins. Commissioner</i>	xSuzette Green-Wright, <i>MC Director</i>	xCathy Burton, <i>Examiner</i>
xReed Stringham, <i>AG Counsel</i>	xLisa Watts Baskin, <i>ALJ</i>	xSteve Gooch, <i>PIO Recorder</i>

PUBLIC

Adam Rogers	Kathleen E. Morgan	Gordon Wright
Jamie Staker	Wayne Carlos	Jim Clark
Oscar Gonzalez	Gerald Conder	

MINUTES — Approved

- **General Session (Open to the Public)**
 - Welcome / Clay Carlos, Chair (12:01 pm)
 - Swear in new board members / Cathy
 - Dominic Sanone is inducted as a Bail Bond Surety Oversight Board Member.
 - Tony Choate is inducted as a Bail Bond Surety Oversight Board Member.
 - Suzette introduces Reed Stringham and Lisa Watts Baskin.
 - Adoption of Minutes for April 12, 2017 / Chair
 - **Motion by Kati to adopt minutes. Seconded by Ryan. Motion passes 5-0.**
- **Executive Session - If Needed (Closed to the Public)**
- **General Session (Open to the Public)**
 - **Approve Recommended Actions from Executive Session** – Not needed
 - **Licensing Report for April through June / Cathy**
 - Best Bail Bonds was suspended on April 20.
 - There was no agency activity in May.
 - The report also shows how long it took for a license to be reinstated. Usually when a license is reinstated, the agency that they were associated with will reassociate them about the same time.
 - In June, there were quite a few reinstated licenses. Some were inactive for quite some time. Cathy sends letters to the agency and agent to find out how many bonds were written during the lapse.

- Stephen asks if reinstatements are usually licenses just lapsing because it expired. Cathy says yes, they expire on the last day of the agent's birth month. Emails are sent out 75 days before renewal. Once the license lapses, Cathy sends an email to the agency to let them know the agent's license lapsed. Stephen asks if any of them were suspensions. Cathy says no, a suspended license will show up differently.
- Dominic asks what the customary forfeiture would be for writing a bond without a license. Cathy says it depends on each situation. If it's an agency, they'd look at how often it has happened and if it's becoming a problem. The penalty can range from a private letter of admonition, to a public letter of admonition, to a forfeiture.
- Agency renewal information is due to the UID by July 15. Most people bring information to Cathy in person; some email it, which is fine. When collaterally backed, there are different aspects to fulfill, with regards to the CPA and property used as collateral. Cathy has to check to make sure that there are no liens on the property that the agency is pledging. Clay asks if Cathy finds something, does she tell the agency that the property is unacceptable because it's not free and clear? Cathy says she would work with the agency because there could be an issue where you have quite a bit of equity, but you make up the money in another are.
- Cathy notes that when 38 agencies think they should get their renewal info to her on July 14, it could take a while to go through.
- Wayne asks if the title report gives enough information on a renewal or initial licensing. Cathy says yes but when a property is pledged, the information is very tight, but over time it could be less accurate. It's just about making sure due diligence is done.
- **Summary of Enforcement Reports / Cathy**
 - Agency Audit Update / Cathy
 - There are 9 audits currently in process. She has contacted the individuals involved. She's working through them while also doing renewals. She will ask certain questions of the affected agencies.
 - Enforcement / Cathy
 - There were a substantial number of investigations in this quarter. A lot were designation issues and failure to pay judgments. There were a few other things, but the majority regarded forfeiture judgments and designation issues.
 - Dominic asks for a definition of a designation issue. Cathy says when a license lapses and then is reinstated. There are a lot of times when a license has been down but no bond work is done. She's seen other cases where an agent hasn't been designated or associated for two years. Agents and agencies need to make sure their license are active and that associations don't go down.
 - Wayne asks if Cathy is seeing a decline in the designation problem or is it rising? Cathy says if the UID is stressing it as an issue, it goes down; then it goes right back up just before a Bail Bond Board meeting.
 - The report goes until the end of June. There are some enforcement cases that are still showing open, but they were closed in July but were still open in June. Tony asks if these are cases that have action being taken against them. Cathy says yes. They're cases that have agreed to stipulations or have requested a hearing. Depending on the process that's been requested, they go to the AG's office where the process is completed.
 - Proposed Penalties for Board's Review: None

- **New Business**
 - Changes made to SB 167 / Sen. Stuart Adams
 - Clay notes that Sen. Adams will not be here today, but he intends to present in October.
 - Clay moves to strike this from the agenda.
 - Wayne says Speaker Greg Hughes has asked the legislative legal department to review SB 167 and find out why the courts feel like they can have a different view of it.
 - **New App: Out on Bail LLC / Cathy**
 - Out On Bail is surety backed. They have provided their Articles of Organization. It shows Thomas Brinton as the registered agent, with Linda Barnes as a member. They've listed with the Department of Commerce as of March 15, 2017. They have their EIN number. Their qualifying power of attorney is from Lexington National Insurance Corp. and it was approved April 11, 2017. Thomas Brinton has 2,000 hours of experience and was licensed as a bail agent on March 20, 2001. We have a letter on letterhead affirming his hours with Rebel Bail Bonds. We have tax information for 2014 and 2015. They have an operational account with Desert View Credit Union. They have a trust account with a signature card and a copy of the check.
 - Tony asks if Lexington National has any outstanding judgments that are owed. Cathy says no.
 - Wayne asks how many agencies are under Lexington National. Cathy says she doesn't know.
 - **Motion by Kati to accept the application. Seconded by Stephen. Motion passes 5-0.**
 - New general public board member / Steve
 - Pete Stevens resigned from the board on July 7, 2017. We need to find a replacement to fill the remainder of his term, which ends June 30, 2019.
 - Applications for the open General Public member are due on July 31. Applications are accepted on boards.utah.gov.
 - Clay encourages people in the industry to find someone who might be a bail advocate to apply.
- **Old Business**
 - Clay asks if Brad's request in the April meeting to amend the minutes of the January meeting was completed. Steve says yes. They're posted on the Bail Bond Board section of the UID website.
 - Dominic asks if there's any new information about what the Arnold Foundation is doing. Wayne says they've cancelled the last two pretrial committee hearings with no notice as to why or to include new dates. Dominic asks if the UID has heard anything. Cathy says Brett is on the committee, but they've cancelled it so we don't know.
 - Wayne says there's activity in the second and fourth District Courts addressing pretrial. They are actively looking at methods to implement, but they haven't gone through with it yet. Kati says she's under the impression that courts will start in September, but there's nothing formal yet.
- **Other Business**
- **Adjourned** (12:28 pm)
 - **Motion by Ryan to adjourn. Seconded by Dominic. Motion passes 5-0.**
- **Next Meeting:** October 11, 2017 — Copper Room, East Building

2017 Meetings (Noon to 1:30pm)

Jan 11, 2017	Apr 12, 2017	July 12, 2017	Oct 11, 2017
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