


AUG 20 2012

DEPT OF INSURANCE
BY 

STATE OF ARIZONA

DEPARTMENT OF INSURANCE

In The Matter Of:

LIBERTY BAIL BONDS, LLC
(Arizona License # 882463),
OLD WEST BONDING COMPANY LLC
dba LIBERTY BAIL BONDS,
(Arizona License #70119)
SCHNELL, DANA LEE,
(Arizona License #67761)
(National Producer #8738485)
O'NEAL, KAYE DEE,
(Arizona License #954212)
(National Producer #15140219)

Respondents.

No. 12A-016-INS

CONSENT ORDER

The State of Arizona Department of Insurance ("Department") has received evidence that Liberty Bail Bonds, LLC, Old West Bonding Company, LLC, dba Liberty Bail Bonds, Dana Lee Schnell, and Kaye Dee O'Neal (collectively "Respondents") violated provisions of Title 20, Arizona Revised Statutes. Respondents wish to resolve this matter without the commencement of formal proceedings, admit the following Findings of Fact are true, and consent to entry of the following Conclusions of Law and Order.

FINDINGS OF FACT

1. Liberty Bail Bonds, LLC ("Liberty") is licensed with the Department as an Arizona resident bail bond agent, license number 882463, which expires on January 31, 2014.
2. Liberty's addresses of record are: 1543 W. Grand Ave., Phoenix, Arizona 85007 (business), and P.O. Box 84134, Phoenix, Arizona 85071-4134 (mailing).
3. Liberty's officer of record is Dana Lee Schnell ("Schnell"). Schnell is the Owner, Manager, and President of Liberty.

- 1 4. Liberty's Designated Responsible Licensed Producers ("DRLP") of record
2 are Schnell and Kaye Dee O'Neal ("O'Neal").
- 3 5. On June 21, 2012, the Department summarily suspended Liberty's license
4 because Liberty failed to maintain a surety bond in favor of this State executed by a surety
5 insurer authorized to do business in this State.
- 6 6. O'Neal and Schnell are not licensed by the Department at this time. Liberty
7 has no DRLP and its owners and shareholders are not individually licensed as bail bond
8 agents.
- 9 7. Old West Bonding Company, LLC, dba Liberty Bail Bonds ("Old West"), held
10 a license with the Department as an Arizona resident bail bond agent, license number
11 70119, until February 28, 2012, when the company surrendered its license to the
12 Department.
- 13 8. Old West's address of record was: 1543 W. Grand Ave., Phoenix, Arizona
14 85007 (business and mailing).
- 15 9. Old West's officer and DRLP of record was: Dana Lee Schnell (Arizona
16 License # 67761) (Manager/Owner and DRLP).
- 17 10. Schnell and O'Neal referred to both Old West and Liberty as "Liberty Bail
18 Bonds."
- 19 11. Schnell held a license with the Department as an Arizona resident bail bond
20 agent, license number 67761. On May 31, 2012, Schnell's license expired.
- 21 12. Schnell's addresses of record are: 41 W. Jefferson, Phoenix, Arizona
22 85003-2304 (business) and P.O. Box 84134, Phoenix, Arizona 85071-4134 (mailing).
- 23 13. O'Neal held a license with the Department as an Arizona resident bail bond
24 agent, license number 954212. On February 28, 2012, O'Neal surrendered her license to
25 the Department.

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1 14. O'Neal's addresses of record are: 1543 W. Grand Ave., Phoenix, Arizona
2 85007 (business), c/o Liberty Bail Bonds, 1543 W. Grand Ave., Phoenix, Arizona 85007
3 (mailing) and 2744 W. Libby St., Phoenix, Arizona 85053-1721 (residence).

4 SOUTH BOND

5 15. On January 20, 2011, the Arizona Attorney General's Office referred a
6 request for assistance from Scottie South ("South") to the Department, which alleged that
7 Liberty refused to refund South's cash collateral of \$5,400.

8 16. On November 9, 2009, South purchased two \$2,700 bail bonds from Liberty,
9 totaling \$5,400, on behalf of Stacy South. South used a credit card to pay Liberty \$5,400
10 for collateral on the bonds. Liberty posted the bonds through Bankers Insurance Company
11 ("Bankers").

12 17. On May 14, 2010, Liberty posted two other \$2,700 bonds, totaling \$5,400, for
13 Stacy South. Liberty posted the bonds through Seneca Insurance Company, Inc.
14 ("Seneca"). South did not post additional collateral for the Seneca bonds.

15 18. On October 19, 2010, the Maricopa County Superior Court exonerated the
16 two Bankers bonds. On November 3, 2010, the Maricopa County Superior Court
17 exonerated the two Seneca bonds.

18 19. After the Department became involved, Liberty eventually agreed to
19 overnight mail a cashier's check to South on March 16, 2011. On March 16, 2011, Liberty
20 mailed two personal checks via U.S. mail totaling \$5,400; however, South was not repaid
21 until approximately April 6, 2011 because Liberty's account had insufficient funds to
22 process the checks.

23 CARLSON BOND

24 20. On or about October 11, 2011, Elfi Blair-Carlson ("Blair-Carlson") filed a
25 complaint with the Department against Liberty. On or about May 19, 2010, Blair-Carlson
26 arranged with Liberty to post a \$15,000 bond for Eric Anthony Carlson ("Carlson bond").

1 Blair-Carlson paid a premium of \$1,500 and securitized the Carlson bond with a
2 promissory note for \$15,000 and a Deed of Trust for Blair-Carlson's home. Liberty posted
3 the bond through Seneca.

4 21. Blair-Carlson made payments on the promissory note totaling approximately
5 \$3,088.97.

6 22. On March 24, 2011, the court exonerated the Carlson bond.

7 23. On or about April 21, 2011, Liberty recorded a Deed of Release and
8 Reconveyance releasing the lien on the Blair-Carlson home.

9 24. To date, Liberty has failed to return the \$3,088.97 paid by Blair-Carlson as
10 collateral on the Carlson bond.

11 25. In March of 2012, Seneca Insurance Company, Inc., the surety company,
12 reimbursed Blair-Carlson with a check for \$1,500, the total amount that Blair-Carlson could
13 substantiate with documentation.

14 CARTER BOND

15 26. On or about July 6, 2011, Terry Hammar ("Hammar") filed a request for
16 assistance with the Department against Liberty. On or about June 25, 2010, Hammar
17 arranged with Liberty to post a \$5,000 bond for Christy Carter ("Carter bond"). Hammar
18 also arranged for Liberty to post a cash bond in the amount of \$150 for Christy Carter.
19 Hammar used a credit card to pay Liberty a total of \$6,011.25 for premium, collateral, and
20 fees. (\$5,150 for collateral). Liberty posted the Carter bond through Seneca.

21 27. On April 8, 2011, the court exonerated the Carter bond. The court had
22 exonerated the \$150 cash bond prior to April 8, 2011.

23 28. Liberty failed to refund Hammar the \$5,150 of cash collateral until
24 approximately August 15, 2011.

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1 LORIMOR BOND

2 29. On or about February 6, 2012, the Department received a request for
3 assistance from Jennifer Gluck ("Gluck") regarding Colleen Lorimor's ("Lorimor")
4 residence, which had been used as collateral on a bond for Samuel Lorimor.

5 30. On or about August 3, 2007, Liberty Bail Bonds posted an \$18,000 bond for
6 Samuel Lorimor ("Lorimor bond"). Gluck paid the premium on the bond and Lorimor
7 securitized the bond with a Deed of Trust against her residence. Liberty Bail Bonds
8 posted the Lorimor bond through Bankers.

9 31. On or about August 9, 2007, Schnell recorded a Deed of Trust and
10 Assignment of Rents, recording number 20070899160, against Lorimor's residence.

11 32. On February 28, 2008, the Maricopa County Superior Court exonerated the
12 Lorimor bond.

13 33. To date, neither Schnell nor Liberty Bail Bonds have released the lien on
14 Lorimor's residence.

15 KOLOAMATANGI BOND

16 34. On or about June 28, 2012, the Department received a request for
17 assistance from Vaha Koloamatangi ("Koloamatangi") regarding Koloamatangi's
18 residence, which had been used as collateral on a bond for Koloamatangi.

19 35. On or about March 9, 2008, Liberty posted two bonds totaling \$1,800 through
20 American Contractors Insurance Company, Inc. Koloamatangi securitized the bonds with
21 a Deed of Trust against his residence.

22 36. On or about November 3, 2008, Schnell recorded a Deed of Trust and
23 Assignment of Rents on behalf of Liberty, recording number 2008946387, against
24 Koloamatangi's residence.

25 37. On or about November 3, 2008 and December 8, 2008, the courts
26 exonerated the two bonds.

1 38. On or about February 21, 2009, Liberty posted a third bond for Koloamatangi
2 through Bankers in the amount of \$1,260.00. Koloamatangi securitized the bond with
3 another Deed of Trust against his residence.

4 39. On or about March 2, 2009, Schnell recorded a Deed of Trust and
5 Assignment of Rents on behalf of Liberty, recording number 20090179704, against
6 Koloamatangi's residence.

7 40. On or about January 5, 2010, the court exonerated the third Koloamatangi
8 bond.

9 41. To date, neither Schnell nor Liberty have released either lien on
10 Koloamatangi's residence.

11 COVINGTON BOND

12 42. On or about February 2, 2012, the Department received a request for
13 assistance from Bankers regarding Diane Reynolds's ("Reynolds") residence, which had
14 been used as collateral on a bond for Ronald Covington ("Covington").

15 43. On or about September 2, 2007, Liberty Bail Bonds posted an \$1,800.00
16 bond for Covington ("Covington bond"). Reynolds securitized the bond with a Deed of
17 Trust against her residence. Liberty Bail Bonds posted the Covington bond through
18 Bankers. On or about September 5, 2007, Schnell recorded a Deed of Trust and
19 Assignment of Rents, recording number 20070988446, against Reynolds' residence.

20 44. On or about September 21, 2007, Liberty Bail Bonds filed an Affidavit for
21 Exoneration of the Covington bond.

22 45. On or about April 24, 2008, the Superior Court filed an Order of
23 Confinement/Sentence of Imprisonment to ADOC.

24 46. To date, neither Schnell nor Liberty Bail Bonds have released the lien on
25 Reynolds' residence.

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1 CONCLUSIONS OF LAW

2 1. The Director has jurisdiction over this matter.

3 2. Respondents' conduct, as described above, constitutes violating any
4 provision of Title 20, or any rule, subpoena, or order of the Director, within the meaning of
5 A.R.S. §§ 20-295(A)(2) and 20-340.06.

6 3. Respondents' conduct, as described above, constitutes a violation of the
7 requirement that each bail bond agent return to the person who deposited it with the bail
8 bond agent or any assignee any collateral received as soon as the obligation, the
9 satisfaction of which was secured by the collateral, is discharged, within the meaning of
10 A.A.C. R20-6-601(E)(4)(b).

11 4. Pursuant to A.R.S. § 20-295(H), the Director retains the authority to enforce
12 Title 20 and impose any penalty or remedy authorized by Title 20 against any person even
13 if the person's license has been surrendered or has lapsed by operation of law.

14 5. Grounds exist for the Director to suspend, revoke, or refuse to renew
15 Respondent's insurance license, impose a civil penalty and/or order restitution pursuant to
16 A.R.S. § 20-295(A), (B) and (F) as applied to bail bond agents under A.R.S. § 20-340.06.

17 **ORDER**

18 **IT IS HEREBY ORDERED THAT:**

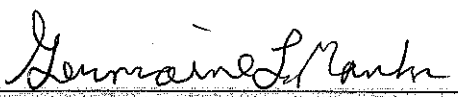
19 1. Respondents shall immediately release all liens on the properties of the
20 following individuals:

- 21 a. Colleen Lorimor, recorded as document number 20070899160;
22 b. Ronald Reynolds, recorded as document number 20070988446; and
23 c. Vaha Koloamatangi, recorded as document numbers 2008946387 and
24 20090179704.

25 2. Respondents shall provide to the Department evidence of the release of the
26 liens as soon as the releases have been effectuated.

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- 3. Respondents' licenses are revoked, effective immediately.
 - 4. The hearing in this matter scheduled for August 21, 2012, is vacated.
- DATED AND EFFECTIVE this 20th day of August, 2012.


GERMAINE L. MARKS, Acting Director
Arizona Department of Insurance

CONSENT TO ORDER

- 1. Respondents have reviewed the foregoing Findings of Fact, Conclusions of Law and Order.
- 2. Respondents admit the jurisdiction of the Director of Insurance, State of Arizona, and admit the foregoing Findings of Fact and consent to the entry of the foregoing Conclusions of Law and Order.
- 3. Respondents are aware of their right to notice and a hearing at which they may be represented by counsel, present evidence and examine witnesses. Respondents irrevocably waive their right to such notice and hearing and to any court appeals relating to this Consent Order.
- 4. Respondents state that no promise of any kind or nature whatsoever, except as expressly contained in this Consent Order, was made to them to induce them to enter into this Consent Order and that they have entered into this Consent Order voluntarily.
- 5. Respondents acknowledge that the acceptance of this Consent Order by the Director is solely to settle this matter against them and does not preclude any other agency, officer, or subdivision of this state including the Department from instituting civil or criminal proceedings as may be appropriate now or in the future.
- 6. Respondents acknowledge that this Consent Order is an administrative action that the Department will report to the National Association of Insurance Commissioners


1 (NAIC). Respondents further acknowledge that they must report this administrative action
2 to any and all states in which they hold an insurance license and must disclose this
3 administrative action on any license application.

4 7. Dana Schnell represents that he is the President and Designated
5 Responsible Licensed Producer of Liberty Bail Bonds, LLC, and, as such is authorized to
6 enter this Consent Order on its behalf.

7 8. Dana Schnell represents that he is the President and Designated
8 Responsible Licensed Producer of Old West Bonding Company, LLC, and, as such is
9 authorized to enter this Consent Order on its behalf.

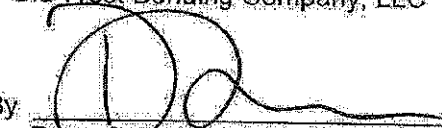
10 Liberty Bail Bonds, LLC

11
12 8-14-12
13 Date

14 By 
15 Dana Schnell, President and Designated
16 Responsible Licensed Producer (Arizona License
17 # 67761), Individually and on behalf of Liberty Bail
18 Bonds, LLC (Arizona License # 882463)

19 Old West Bonding Company, LLC

20
21 8-14-12
22 Date

23 By 
24 Dana Schnell, President and Designated
25 Responsible Licensed Producer on behalf of Old
26 West Bonding Company, LLC (Arizona License
#70119)

27
28 08-14-12
29 Date

30 By 
31 Kaye Dee O'Neal (Arizona License # 954212)

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COPIES of the foregoing mailed/delivered
this 20th day of August, 2012, to:

Sondra Vanella, Administrative Law Judge
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