

FEB 6 1998

STATE OF ARIZONA
DEPARTMENT OF INSURANCE

DEPT. OF INSURANCE
BY ED

In the Matter of:)
LIBERTY LEGAL SERVICES, INC., dba)
LIBERTY BAIL BONDS; YANCEY DANIEL)
SEXTON and ULAH MARIE WITHERSPOON)
Respondents.)

Docket No. 96A-161-INS

ORDER

On January 6, 1998, the Office of Administrative Hearings, through Administrative Law Judge Lewis D. Kowal, submitted Recommended Decision of Administrative Law Judge ("Recommended Decision"), a copy of which is attached and incorporated by this reference. The Director of the Arizona Department of Insurance has reviewed the Recommended Decision and enters the following order:


1. The recommended findings of fact and conclusions of law are adopted.
2. All insurance licenses issued by the Arizona Department of Insurance to Liberty Legal Services, Inc., dba Liberty Bail Bonds, Yancey Daniel Sexton and Ulah Marie Witherspoon are revoked and Respondent Liberty Legal Services, Inc. will pay Alva Landress restitution in the amount of \$4,300.00 within 60 days of the effective date of this Order.

NOTIFICATION OF RIGHTS

The aggrieved party may request a rehearing with respect to this Order by filing a written petition with the Office of Administrative Hearings within 30 days of the date of this Order, setting forth the basis for such relief pursuant to A.A.C. R20-6-114(B).

1 The final decision of the Director may be appealed to the Superior Court of Maricopa
2 County for judicial review pursuant to A.R.S. § 20-166. A party filing an appeal must notify the Office of
3 Administrative Hearings of the appeal within ten days after filing the complaint commencing the appeal,
4 pursuant to A.R.S. § 41-1092.10.

5 DATED this 5 day of February, 1998.

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8 
9 John A. Greene
 Director of Insurance

10 A copy of the foregoing mailed
11 this 6th day of February, 1998.

12 Charles R. Cohen, Deputy Director
13 Gregory Y. Harris, Executive Assistant Director
14 John Gagne, Assistant Director
15 Catherine O'Neil, Assistant Director
16 M. Ellen Miller, Investigator
17 Donna Futrell, Investigator
18 Maureen Catalioto, Supervisor
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9 Alva Landress
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11 Eric D. Grimm and
Alanna K. Dunaway
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13 Susan O'Rourke
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15 Robert Borgerson
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18
19 *Esther David*
20 _____

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1 should be obtained if Mr. Hernandez could not appear at the October 16, 1997, hearing.
2 On October 8, 1997, Mr. Hernandez filed a motion for rehearing on motion to continue
3 which was objected to by the Department. Because Mr. Hernandez had already had
4 several continuances and had confirmed the October 16, 1997 hearing date and the
5 Department was objecting to any further continuances based on possible prejudice to
6 its case, the Administrative Law Judge denied the motion for rehearing and reconvened
7 the hearing on October 16, 1997. At that time, Michael Terribile appeared as counsel
8 for the Respondents and reurged Respondents' motion to continue which was denied.
9 The hearing proceeded and Mr. Terribile and Yancey Sexton walked out of the hearing
10 room after being informed by the Administrative Law Judge that the hearing would
11 continue in their absence. The hearing proceeded without any of the Respondents or
12 their counsel remaining in the hearing room.

11 FINDINGS OF FACT

12 1. At all times material to this matter, Liberty Legal Services, Inc. ("Liberty")
13 was and is currently conducting a bail bond business under the assumed name of
14 Liberty Bail Bonds.

15 2. At all times material to this matter, Ulah Marie Witherspoon ("Ms.
16 Witherspoon") was and is currently licensed with the Department as a bail bond agent.

17 3. At all times material to this matter, Yancey Sexton ("Mr. Sexton") was and
18 is currently licensed with the department as a bail bond agent.

19 4. At all times material to this matter, Liberty held and currently holds a bail
20 bond agency license issued by the Department.

21 5. At all times material to this matter, Mr. Sexton was and is currently the
22 president of Liberty.

23 6. At all times material to this matter, Ms. Witherspoon was and is currently
24 the secretary and treasurer of Liberty.

25 7. At all times material to this matter, the individuals designated in Liberty's
26 insurance license to act on its behalf were Mr. Sexton and Ms. Witherspoon.

27 8. At all times material to this matter, Mr. Sexton and Ms. Witherspoon were
28 and are currently operating Liberty's bail bond business under the name of Liberty Bail
29 Bonds.

27 Count I

28 9. Liberty filed its Certificate of Assumed Business Name with the Department
29 on October 18, 1996.

1 10. Exhibit number 51 establishes that on November 17, 1986, Mr. Sexton
2 filed with the Secretary of State a renewal of trade name for Liberty Bail Bonds on
3 behalf of Yancey Sexton. That document also shows that Mr. Sexton first used that
trade name on October 23, 1986.

4 11. The evidence of record relating to Counts II through V of the Amended
5 Notice of Hearing as set forth below established that Liberty was conducting the
6 business of bail bonds under the name of Liberty Bail Bonds prior to the filing of a
7 Certificate of Assumed Business name with the Department. Respondents failed to file
8 a Certificate of Assumed Name with the Department prior to conducting a bail bond
business using the name of Liberty Bail Bonds.

9 Count II

10 12. On January 12, 1994, Alva Landress ("Ms. Landress") entered into an
11 indemnity agreement with Liberty for the posting of a \$700.00 appearance bond on
12 behalf of her son John A. Landress a.k.a. Jack E. Landress.

13 13. As part of the above-mentioned bail bond transaction, Liberty received from
14 Ms. Landress \$140.00 in cash for the bond premium as well as a pair of earrings with a
15 value over \$300.00 and two rings with a total value of \$1,000.00 as collateral on the
16 bond. Ms. Landress credibly testified that those items of jewelry were in excellent
condition when they were given to Liberty.

17 14. At the time that Ms. Landress entered into the bail bond transaction with
18 Liberty, she informed the Liberty employee who was involved in the processing of her
19 paperwork that she could not read the documents as she had left her reading glasses
20 at her home. Further, Ms. Landress informed Liberty that this was her first experience
21 with a bail bond transaction. When Ms. Landress executed the bail bond documents,
Liberty did not explain those documents to Ms. Landress.

22 15. During the time when the bail bond transaction was entered into on
23 January 12, 1994, Liberty advised Ms. Landress that there would be storage charges
24 for the above-mentioned collateral which would be placed in a safe on the business
25 premises. Ms. Landress was not told when the storage charges would have to be paid
26 and was not told the amount of such charges. Liberty advised Ms. Landress that there
27 would be a fee charged every time her son failed to place a telephone call to Liberty.
28 However, Ms. Landress was not advised that the charge would be \$10.00 for each
failure to call in.

29 16. Ms. Landress was never informed by any Liberty employee that her failure
30 to pay the storage charges or the failure of her son to appear in court as required could

1 result in the loss of her collateral. However, the bail bond documents executed by Ms.
2 Landress provide that her collateral could be sold to pay the fees and charges incurred
3 for storage or failure to report to Liberty as required.

4 17. On February 26, 1994, Ms. Landress entered into a second indemnity
5 agreement with Liberty to post a \$700.00 appearance bond for her son, John Landress.
6 As part of that transaction, Ms. Landress provided Liberty with \$140.00 in cash for the
7 bond premium as well as a diamond ring as collateral on the bond. That ring was
8 placed into a safe along with the other items of collateral Ms. Landress previously
9 provided to Liberty as collateral with respect to the first bond. Ms. Landress was
10 informed by Liberty that there would be no storage fees for that diamond ring.

11 18. The diamond ring Ms. Landress provided to Liberty as collateral on the
12 second bond had been recently appraised at \$3,000.00 and was in excellent condition.

13 19. After Ms. Landress obtained the second bond from Liberty, Ms. Landress
14 went to Liberty's office to pick up her collateral because she thought that her son had
15 made his appearance in court and she was concerned about the storage fees. When
16 Ms. Landress arrived at Liberty, she was informed that she would have to pay
17 \$2,400.00 to obtain her collateral. Ms. Landress was not informed as to what the
18 \$2,400.00 charge was for. Ms. Landress offered to pay Liberty by check but was
19 informed that she had to pay that amount in cash. One week later, Ms. Landress
20 returned to Liberty's office prepared to pay the \$2,400.00 but was informed that the
21 collateral had been sold.

22 20. Although the Department contends that Respondent failed to keep clear
23 records as to which bond applied to a particular criminal matter, Department's counsel
24 represented that a "power number" on bail bond documents traces specific collateral
25 involved in a bail bond transaction to a particular criminal matter. However, the
26 documents relating to the above-mentioned bail bond transactions, with the exception
27 of the Maricopa County Superior Court documents, do not identify the "power numbers"
28 of the transactions. Therefore, Liberty's records regarding these bail bond transactions
29 do not clearly reflect which bond was applied to a particular criminal matter.

30 21. On May 10, 1994, the bond posted in Maricopa County Superior Court
Case No. CR94-00443 was forfeited due to John Landress' failure to appear for a May
10, 1994 court appearance. Therefore, Judgment was entered against John Landress,
Marie Witherspoon, Liberty Bail Bonds and Amwest Surety Insurance Company.

22. On July 26, 1995, the bond posted in Case No. CR93-06946 was
exonerated. Prior to that date, Liberty sold Ms. Landress' diamond ring that was held

1 as collateral, without prior notice to Ms. Landress, to recoup expenses and fees
2 incurred in Case No. CR94-00443.

3 23. At the time the bond posted in Case No. 93-06946 was exonerated, Liberty
4 failed to forward an accounting statement to Ms. Landress or John Landress.

5 24. Pursuant to the Department's request, Mr. Sexton provided the Department
6 with a copy of Liberty's file pertaining to the above-mentioned bonds. That file was not
7 complete and did not contain copies of all records required to be maintained for all
8 business conducted by Liberty regarding the above-mentioned bonds.

9 25. From January 12, 1994 through May 7, 1994, Liberty charged expenses
10 and fees against the collateral provided by Ms. Landress on the above-mentioned
11 bonds. Liberty's records do not clearly establish against which bond the expenses and
12 fees were charged or the nature of all charges.

13 26. The charges and fees charged by Liberty for the above-mentioned bonds
14 were excessive and unsupported by the evidence.

15 Count III

16 27. On November 15, 1994, Liberty received \$180.00 in cash for the bond
17 premium and a pledge of a 1993 Toyota Tercel ("Toyota Tercel/Tercel") as collateral
18 from Allanna K. Dunaway ("Ms. Dunaway") to post a bond in the amount of \$1,400.00
19 for Eric Grimm ("Mr. Grimm").

20 28. Subsequent to November 15, 1994, Ms. Dunaway received a total of five
21 parking tickets through the mail. Those tickets showed the license plate number of Ms.
22 Dunaway's Toyota Tercel, although the description of the automobile that received four
23 of the tickets was a Chevrolet. The remaining ticket was issued to a Toyota on
24 November 15, 1994.

25 29. After receiving the parking tickets, Mr. Grimm contacted Liberty and was
26 first informed that Liberty knew nothing about the tickets. Liberty acknowledged that
27 the first parking ticket was because Liberty did not move the vehicle from the location
28 where Ms. Dunaway had parked when she turned the vehicle over to Liberty as
29 collateral. Subsequently, Mr. Grimm placed a telephone call to Mr. Sexton who
30 admitted that the person to whom Liberty entrusted the Toyota Tercel to hold in storage
used the Tercel's license plate on another vehicle and drove that vehicle. As a result of
that use, parking tickets were written against Ms. Dunaway's Tercel's license plate.

30 30. As a result of the above, Mr. Grimm did not comply with the terms of his
bond arrangement with Liberty in that he did not report as required and did not pay the
storage fees.

1 39. Ms. O'Rourke informed Liberty that it was her first time dealing with a bail
2 bond transaction. Ms. O'Rourke signed the documents Liberty presented to her for
3 obtaining the bond for Mr. Farley without reading them. However, Liberty did not
4 explain any of the documents Ms. O'Rourke signed and Ms. O'Rourke was not told that
5 her collateral could be sold if the fees were not paid or if Mr. Farley did not appear in
6 Court as required.

7 40. On January 16, 1996, Mr. Farley's bond was exonerated. Ms. O'Rourke
8 provided notice of the bond's exoneration to Liberty and requested that her collateral be
9 returned. Liberty informed Ms. O'Rourke that for her to obtain her collateral she would
10 have to pay the balance of the premium on the bond and wait until Mr. Farley
11 completed drug rehabilitation, which was one of Mr. Farley's sentencing requirements.

12 41. On April 8, 1996, Liberty sent Ms. O'Rourke a Statement of Charges
13 incurred as of April 8, 1996 which included storage charges and fees incurred for
14 missed telephone calls. Attached to the Statement of Charges was a Notice of Public
15 Sale stating that Ms. O'Rourke's collateral would be sold within 10 days if the charges
16 incurred by Liberty were not paid.

17 42. The charges Liberty sought payment of reflect storage fees at a rate of
18 \$4.00 per day and a missed telephone call rate of \$10.00 per day. A copy of the
19 Conditions of Release Liberty provided to Ms. O'Rourke (Exhibit 26) is not notarized
20 and does not disclose the \$4.00 per day charge for storage fee. However, Liberty's
21 copy of the Conditions of Release (Exhibit 25) is notarized by an employee of Liberty
22 and indicates the \$4.00 per day storage fee. It appears that subsequent to the
23 execution of the Conditions of Release by Mr. Farley and Ms. O'Rourke, that document
24 was supplemented with additional information such as the \$4.00 per day storage rate.

25 43. Liberty failed to deliver a statement detailing all charges and fees incurred
26 in connection with Mr. Farley's bail bond transaction at the time that the release of an
27 arrestee on bail was obtained.

28 44. Liberty failed to notify Mr. Farley and/or Ms. O'Rourke as to all of the terms
29 of the conditions of release and did not maintain accurate records of its terms.

30 45. Upon having several disagreeable confrontations with Liberty and Mr.
Sexton, Ms. O'Rourke received her collateral back in a worse condition than when
those items were delivered to Liberty. It is uncontroverted that Liberty did not return the
1984 World Series Dodger baseball signed by the Dodger team that was provided as
collateral on August 25, 1995, with respect to the above-mentioned bond transaction.

Count V

1 46. On January 9, 1996, in response to an Order to Appear, Mr. Sexton
2 produced Liberty's files relating to bonds posted by Liberty for Robert Borgerson.

3 47. Liberty's files that were produced to the Department relate to Power #'s
4 X07-00440255, X07-000450247, X30-8000-34290, X07-7-00477151, X07-5-00477153,
5 X07-6-00477152, X30-8-00039927, X30-7-0039928 and X30-0-00044610.

6 48. Arnold Sniegowski, Investigations Supervisor for the Department, testified
7 that the Order to Appear issued to Liberty was done pursuant to his direction. Mr.
8 Sniegowski testified that he has prior experience dealing with bail bond transactions
9 and is aware of the paperwork and information that is required to be completed. Mr.
10 Sniegowski reviewed the files which Liberty produced pursuant to the Order to Appear
11 and determined that the documents and records were not complete. Mr. Sniegowski's
12 testimony is determined to be credible.

13 49. The documents produced to the Department were to reflect all of the
14 documents in Liberty's possession relating to bail bonds obtained by Mr. Borgerson.
15 The files produced by Liberty failed to include documents showing the premium
16 charged, the dates when the collateral/security were obtained and/or released, did not
17 include any fully executed indemnity agreements, disposition of the bonds and dates of
18 disposition.

Count VI

19 50. On October 26, 1990, the Arizona State Banking Department (the "Banking
20 Department") issued an Order to Cease and Desist In the Matter of Yancey D. Sexton,
21 Case No. BNK 90-120. That Order concerned Mr. Sexton's engaging in the business
22 of a consumer lender without a license, in violation of A.R.S. §§6-601, et seq. and 6-
23 137. The terms of the Order required Mr. Sexton to stop making, advertising for,
24 soliciting or holding himself out as willing to make or procure a consumer loan until he
25 was issued a consumer lender license by the Banking Department.

26 51. On January 21, 1991, the Banking Department issued an Order to Cease
27 and Desist In the Matter of Yancey D. Sexton doing business as Western Check
28 Service, Case No. BNK 90-138. The Order required Mr. Sexton to cease and desist
29 from engaging in the business of making or procuring consumer loans without obtaining
30 a license from the Banking Department.

 52. On May 10, 1991, the Banking Department issued a Consent Order In the
Matter of Yancey D. Sexton doing business as Western Check Service, Case No. BNK
90-138. That Order concerned Mr. Sexton's engaging in the business of making

1 consumer loans without a license. Pursuant to that Order, Mr. Sexton was ordered to
2 cease and desist from engaging in the business of making consumer loans without
3 having first obtained a license; prohibited from collecting repayment of any monies
4 advanced other than the principal advanced; make restitution in the amount of
5 \$10,000.00; return all property held as collateral or collected or received as payment
6 regarding any of the monies advanced; record any satisfactions of judgment obtained
7 or caused to be obtained arising out of nonpayment or default in connection with any
8 monies advances; take affirmative action to withdraw any report of nonpayment or
9 default he caused to be made to credit reporting agencies regarding any monies
10 advanced; reform all notes and contracts regarding any advance of monies as
11 necessary to reflect compliance.

12 53. On June 12, 1991, the Banking Department issued an Order to Cease and
13 Desist In the Matter of Yancey D. Sexton, dba Western Used Cars, Case No. BNK 91-
14 087. That Order concerned Mr. Sexton's activities of conducting motor vehicle dealer
15 and/or sales finance business without having obtained the statutorily required licenses
16 from the Banking Department. Pursuant to that Order, Mr. Sexton was to cease and
17 desist from selling motor vehicles at retail on a non-cash basis and/or offering to create
18 and hold motor vehicle retail installment contracts which exceed a total indebtedness of
19 \$25,000.00.

20 Count VII

21 54. On August 7, 1991, Mr. Sexton filed an original application for a bail bond
22 agent's license with the Department (the "Application").

23 55. Mr. Sexton answered "No" to Question D(4) in the Application which asks:

24 Have you **ever** been refused an insurance, securities, or other
25 license by a public authority of any jurisdiction; and has any such
26 license, if issued to you, ever been suspended or revoked?

27 56. On December 20, 1990, Mr. Sexton submitted an application for a Motor
28 Vehicle Dealer License to the Banking Department.

29 57. On February 7, 1991, Mr. Sexton submitted an application for a Sales
30 Finance Company License to the Banking Department.

58. On May 31, 1991, the Banking Department denied Mr. Sexton's
applications for a motor vehicle dealer license and a sales finance license.

CONCLUSIONS OF LAW

Count I

1. The evidence of record established that Liberty was conducting a bail bond

1 business under an assumed name without Respondents having filed with the
2 Department a Certificate of Assumed Business Name prior to conducting business
3 under that name, in violation of A.R.S. §20-318.

4 Count II

5 2. The evidence of record established that Respondents charged expenses
6 and fees relating to the bail bond transactions of Alva Landress and John Landress that
7 were not actual or reasonable, in violation of A.R.S. §20-321(D)(3) and A.A.C. R20-6-
8 601(E)(2)(c).

9 3. Respondents failed to notify Alva Landress or John Landress prior to selling
10 the collateral and Liberty did not maintain a record of such notification, as required by
11 A.R.S. §20-319(D), A.A.C. R20-6-601(E)(4)(c) and A.A.C. R20-6-601(D)(8).

12 4. Respondents failed to deliver to Alva Landress or John Landress a
13 statement detailing the expenses and fees charged against the collateral, in violation of
14 A.A.C. R20-6-601(E)(3).

15 5. Respondents failed to maintain the collateral received from Alva Landress
16 separate and apart from other funds, assets or property of the Respondents, as
17 required by A.A.C. R20-6-601(E)(4)(a).

18 6. The conduct of Respondents, as set forth above in the Findings of Fact
19 , constitutes the illegal withholding of monies belonging to others received in or during
20 the conduct of business under their licenses or through their use, in violation of A.R.S.
21 §20-316(A)(4).

22 7. The evidence of record established that Respondents failed to keep
23 complete records pertaining to transactions made under their licenses at their place of
24 business, as required by A.R.S. §20-319(C) and A.A.C. R20-6-601(D)(8).

25 8. Respondents failed to return collateral on final termination of liability on the
26 bonds provided to John Landress when there was no forfeiture on the bonds, in
27 violation of A.R.S. §20-321(A)(6).

28 9. The conduct of Respondents, as set forth above in the Findings of Fact,
29 constitutes a conduct of affairs under their licenses showing them to be incompetent or
30 a source of injury and loss to, or repeated complaint by, the public or any insurer, within
the meaning of A.R.S. §20-316(A)(7).

10. The evidence of record with respect to the Landress bonds was insufficient
to establish that Respondents violated A.R.S. §20-316(A)(1) together with A.R.S. §20-
290(B)(2) and does not constitute a record of dishonesty in business or financial
matters.

Count III

1 11. The evidence of record was insufficient to establish that the charges
2 Respondents made against Ms. Dunaway's collateral were not actual or reasonable
3 charges incurred by Liberty in connection with Mr. Grimm's bail bond transaction, and
4 does not constitute a violation of A.R.S. §20-321(D)(3) or A.A.C. R20-6-601(E)(2)(c).

5 12. The evidence of record established that Respondents failed to maintain
6 collateral received in a fiduciary capacity separate and apart from other funds, assets,
7 or property of the Respondents, in violation of A.A.C. R20-6-601(E)(4)(a).

8 13. The evidence of record was insufficient to establish that Respondents
9 violated A.A.C. R20-6-601(E)(3) in that the evidence did not establish that Respondents
10 failed to deliver a statement of all charges in addition to the premium at the time of
obtaining the release of an arrestee on bail or immediately thereafter.

11 14. The conduct of Respondents, as set forth above in the Findings of Fact,
12 constitutes a conduct of affairs under their license showing them to be incompetent or a
13 source of injury and loss to, or repeated complaint by, the public or any insurer, within
the meaning of A.R.S. §20-316(A)(7).

14 15. The evidence of record with respect to Mr. Grimm's bail bond transaction
15 was insufficient to constitute a record of dishonesty in business or financial matters and
16 does not establish a violation of A.R.S. §20-316(A)(1) together with A.R.S. § 20-
17 290(B)(2).

Count IV

18 16. The evidence of record established that the charges made by Respondents
19 against the collateral of Ms. O'Rourke are not actual or reasonable expenses incurred
20 by Liberty in connection with Mr. Farley's bail bond transaction, in violation of A.R.S.
21 §20-321(D)(3) and A.A.C. R20-6-601(E)(2)(c).

22 17. Respondents failed to provide Ms. O'Rourke or Mr. Farley with a statement
23 detailing all charges relating to Mr. Farley's bail bond transaction, the amount received
24 on account, the unpaid balance and a description of and a receipt for any collateral
25 received, at time of obtaining a release of an arrestee on bail or immediately thereafter
in violation of A.A.C. R20-6-601(E)(3).

26 18. Respondents failed to notify Mr. Farley and/or Ms. O'Rourke of all of the
27 terms of the conditions of release and maintain an accurate record of the terms, as
28 required by A.R.S. §20-319(D) and A.A.C. R20-6-601(D)(8).

29 19. The conduct of Respondents, as set forth above in the Findings of Fact
30 with respect to Mr. Farley's bail bond transaction, constitutes a conduct of affairs under

1 their licenses showing them to be incompetent or a source of injury and loss to, or
2 repeated complaint by, the public or any insurer, within the meaning of A.R.S. §20-
316(A)(7).

3 20. The evidence of record was insufficient to establish that the conduct of the
4 Respondents with respect to Mr. Farley's bail bond transaction constitutes a record of
5 dishonesty in business or financial matters and does not establish a violation of A.R.S.
6 §20-316(A)(1) together with A.R.S. §20-290(B)(2).

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8 Count V

9 21. Respondents failed to maintain complete records with respect to Mr.
10 Borgerson's bail bond transaction, as required by A.R.S. §20-319(D) and A.A.C. R20-6-
601(D)(8).

11 22. The conduct of Respondents, as set forth above in the Findings of Fact
12 with respect to Mr. Borgerson's bail bond transaction, constitutes the conduct of affairs
13 under their licenses showing them to be incompetent or a source of injury and loss to,
14 or repeated complaint by, the public or any insurer, within the meaning of A.R.S. §20-
316(A)(7).

15 23. The conduct of Respondents, as set forth above in the Findings of Fact
16 with respect to Mr. Borgerson's bail bond transaction, does not constitute a record of
17 dishonesty in business or financial matters and does not establish a violation of A.R.S.
18 §20-316(A)(10) together with A.R.S. §20-290(B)(2).

19 24. The files maintained by Respondents with respect to Mr. Borgerson's bail
20 bond transactions do not meet the minimum requirements for permanent office records,
21 as required by A.R.S. §20-319(B).

22 Count VI

23 25. The Orders to Cease and Desist and Consent Order referenced above in
24 the Findings of Fact that were issued by the Banking Department do not constitute a
25 record of dishonesty in business or financial matters and do not establish a violation of
A.R.S. §20-316(A)(1) together with A.R.S. §20-290(B)(2).

26 26. With respect to the above-mentioned Orders, grounds do not exist pursuant
27 to A.R.S. §§20-290(B), 20-316(A) or 20-316(C) for the Director of the Department to
28 suspend, revoke or refuse to renew Mr. Sexton's bail bond agent license or impose a
29 civil penalty upon Mr. Sexton or order restitution.
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Count VII

27. Mr. Sexton's conduct, as set forth above in the Findings of Fact with respect to the Application, constitutes a wilful misrepresentation of any fact required to be disclosed in an application or accompanying statement, within the meaning of A.R.S. §20-291(G).

28. Mr. Sexton's conduct, as set forth above in the Findings of Fact with respect to the Application, constitutes the wilful violation of, or wilful noncompliance with, any provision of A.R.S., Title 20, or any lawful rule, regulation or order of the Director, in violation of A.R.S. §20-316(A)(2).

29. Mr. Sexton's conduct, as set forth above in the Findings of Fact with respect to the Application, constitutes the existence of misrepresentation or fraud in obtaining or attempting to obtain any insurance license, in violation of A.R.S. §316(A)(3).

30. Mr. Sexton's conduct, as set forth above in the Findings of Fact with respect to the Application, does not constitute a record of dishonesty in business or financial matters and does not establish a violation of A.R.S. §20-316(A)(1) together with A.R.S. §20-290(B)(2).

31. Based on the above, grounds exist for the Director of the Department to suspend, revoke or refuse to renew Mr. Sexton's bail bond agent license and/or impose a civil penalty, pursuant to A.R.S. §§20-291(G), 20-316(A) and 20-316(C).

For all Counts except Counts I, VI and VII

32. Although the Department presented credible evidence that Respondents maintained poor business practices with respect to bail bond transactions, the evidence of record was insufficient to establish that Respondents failed to keep direct supervision over their employees or keep informed of the actions of the employees and does not establish a violation of A.A.C.R20-6-601(D)(2).

33. The evidence of record was insufficient to establish willful violation or willful noncompliance with any provision of A.R.S., Title 20, or any lawful rule or order of the Director of the Department and does not establish a violation of A.R.S. §20-316(A)(2).

34. The license of a firm or corporation may be suspended, revoked or refused for any such causes as relate to any individual designated in a bail bond license to exercise its powers as relates to the conduct determined above, pursuant to A.R.S. §20-316(B).

For all Counts except Counts I and VI

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35. Based on the above, grounds exist for the Director of the Department to suspend, revoke or refuse to renew Respondents' licenses, impose a civil penalty upon Respondents, and/or order restitution, pursuant to A.R.S. §§20-290(B), 20-316(A) and 20-316(C).

For Count I

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35. Based on the above, grounds exist for the Director of the Department to impose a civil penalty upon Respondents, pursuant to A.R.S. §20-316(C).

RECOMMENDED ORDER

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Based on the above, the Administrative Law Judge recommends that all insurance licenses issued by the Arizona Department of Insurance to Liberty Legal Services, Inc. dba Liberty Bail Bonds, Yancey Daniel Sexton and Ulah Marie Witherspoon be revoked and that Respondent Liberty Legal Services, Inc. pay Alva Landress restitution in the amount of \$4,300.00 within 60 days of the effective date of the Order entered in this matter.

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Done this day, January 6, 1998.

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LEWIS D. KOWAL
Administrative Law Judge

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Original transmitted by mail this
7 day of January, 1998, to:

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Mr. John A. Greene, Director
Department of Insurance
ATTN: Curvey Burton
2910 North 44th Street, #210
Phoenix, AZ 85018-7256

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By 