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STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT
DIVISION OF INSURANCE

In the Matter of:)
)
FRED P. ADKERSON, and)
FRED P. ADKERSON, INC DBA)
FRED'S BAIL BONDING)
)
Licensees)
_____)

Case No. D22-04

ACCUSATION

Lori K. Wing-Heier, Director of the Division of Insurance, Department of Commerce,
Community and Economic Development, State of Alaska (division) states and alleges as
follows:

1. On or about May 13, 1969, the division issued ADKERSON resident producer
license number 2912, which was renewed and maintained by ADKERSON and expired on
April 30, 2022.
2. On or about March 4, 1981, the division issued Fred's Bail Bonding (FBB) resident
producer license number 7986, which was renewed and maintained by FBB and is set to expire
on or about March 4, 2023.

Accusation
Fred P. Adkerson, and
Fred P. Adkerson, Inc dba
Fred's Bail Bonding
Case No. D22-04

1
2 3. On December 9, 2009, division director Linda Hall signed an order approving
3 the report of examination of FBB (#FE09-01) including findings, and recommendations
4 listed in that report. Those findings included prohibited commingling of funds, failure to
5 properly segregate premium, failure to timely escheat abandoned funds to the State, failure
6 to update rate filings with the division following an amended agreement with its insurer, and
7 failure to clearly identify fiduciary funds on its financial statements. ADKERSON signed
8 the report of examination acknowledging its findings.
9

10 4. On July 5, 2019, Annalisa DELOZIER of the Alaska Court System (ACS)
11 reported to the division:

- 12 • That between July 31, 2010, and May 7, 2019, ACS forfeited and filed judgements on
13 691 bail bonds issued by representatives of ADKERSON and FBB, acting as agents
14 of surety companies Alleghany Casualty and International Fidelity (surety). To date
15 an amount totaling \$1,145,500.00 remains unpaid on those judgements.
- 16 • DELOZIER submitted to the division a referral and request for assistance in obtaining
17 the outstanding bail bond forfeiture debt from ADKERSON, FBB and its surety, as
18 required under AS 21.09.150.
- 19 • DELOZIER provided the division with the ACS supporting documents and records
20 for the forfeited bail bonds attributable to ADKERSON, FBB and its surety.
21

22 5. The division's subsequent investigation revealed:

23 (i) The forfeited bail bond records covered the period from July 16, 2010, to
24 May 7, 2019, and were issued by representatives of ADKERSON and FBB.

25
26 Accusation
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(ii) In each of the above transactions, the Alaska State Court Judge overseeing the proceeding ruled the bail bond for the defendant was to be forfeited, due to the defendant's failure to appear as required in the bail bond.

(iii) Following the entry of bail forfeiture the court clerk issued a forfeiture judgment.

(iv) In each instance the court system notified FBB representatives of the bond forfeiture by mail.

(v) To date the ACS has not received payment.

(vi) There is an outstanding balance to date of unpaid bail forfeiture judgments of \$1,145,500.00 for the 691 bail bonds issued by representatives of ADKERSON and FBB.

6. On January 31, 2020 division investigators met with ADKERSON to discuss the unpaid judgments. ADKERSON did not deny there were unpaid judgments, but disputed the total amount owed. He also expressed interest in a settlement agreement. Division investigators requested ADKERSON respond to the information from the ACS on the unpaid judgments by February 28, 2020. This time was extended several times until May 1, 2020.

7. From April 25, 2020 to May 1, 2020 division communicated with ADKERSON's counsel regarding the unpaid judgments and possible settlement agreement. ADKERSON, through his attorney, claimed he had limited assets and the division was not able to reach a settlement agreement.

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8. On May 11, 2020 division investigators served Merrill Lynch Pierce Fenner Smith Inc. (ML) with a subpoena for records related to accounts referred to in the 2009 financial exam of FBB.

9. On May 13, 2020 division investigators wrote to ADKERSON's sureties Fidelity and Alleghany Casualty (AIA) demanding they satisfy the judgments incurred by their agent ADKERSON.

10. On May 28, 2020 division investigators received records from ML showing FBB and ADKERSON held 8 ML accounts both for the firm and personal to ADKERSON.

11. On August 5, 2020 division investigators were contacted by James Portman, (Portman) General Counsel and Senior Vice President of AIA. Portman denied AIA received any notice of the judgments and informed division investigators that in the process of reviewing the judgments they had discovered ADKERSON had a Wells Fargo collateral trust account with a balance of over \$900,000. Portman told investigators that the trust account records showed on January 8, 2019 ADKERSON withdrew \$150,000 from the trust account and deposited the money into his personal ML account.

12. On August 5, 2020 division investigators confirmed that \$150,000 had been removed from the trust and deposited into ADKERSON's ML personal account and on August 10, 2020 division investigators sought and obtained a search warrant for the records related to the Well Fargo trust account from January 1, 2009 to July 31, 2020.

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13. On August 13, 2020 the division received the records from Well Fargo Bank, which revealed the account was in the name of Fred Adkerson Inc. Fred P. Adkerson Trust Account. The requested records covered the time between July 11, 2018 to June 30, 2020 and following review by division investigators the following violations of the insurance code and regulations were noted:

14. That between October 15, 2013, and December 27, 2019, ADKERSON, FBB and its representatives violated 3 AAC 23.640 (a) (prohibiting commingling of funds) 950 times, by depositing and withdrawal business and personal funds into the FBB fiduciary cash collateral account; to include cash only bail for court ordered performance bonds.

15. That between October 15, 2013, and September 16, 2019, ADKERSON, FBB and its representatives violated 3 AAC 23.760 (prohibiting charging fees other than premium) 204 times, by charging "bail fees", direct deposit fees, or private investigator fees.

16. That between November 21, 2013, and December 9, 2019 ADKERSON, FBB and its representatives violated 3 AAC 23.830 (a), Return of Collateral, 88 times by failing to return cash collateral within 10 days to the rightful owner and in some instances applying the funds to other bonds.

17. That between October 31, 2013, and December 18, 2019, ADKERSON, FBB and its representatives violated 3 AAC 23.630(a)(1)(A) (prohibiting personal and business use of fiduciary money) 245 times when they used fiduciary funds for their own personal use or used them to pay other business expenses.

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18. That between October 31, 2013, and December 18, 2019, ADKERSON, FBB and its representatives violated 3 AAC 23.800 (fiduciary relations to collateral) 245 times after receiving collateral in connection with bail bond transactions in a fiduciary capacity, failed to keep it separate from other held funds.

19. That between November 10, 2014, and November 8, 2019, ADKERSON, FBB and its representatives violated 3 AAC 23.850 (responsibility for unclaimed collateral) 6 times by failing to timely forward unclaimed collateral within one year after the termination of liability under the bail bond, as provided in AS 34.45, the Uniform Unclaimed Property Act.

20. That between July 16, 2010, and May 8, 2019, ADKERSON, FBB and its representatives violated 3AAC 23.840 (duty to notify surety of forfeiture) 691 times, when they failed to notify the surety(s), Allegheny Insurance Company, or International Fidelity Insurance Company, of bail bond forfeitures within 60 working days following the receipt of notice of the judgement of forfeiture from the clerk of the court.”

21. ADKERSON’s violations described in Paragraphs 13-20 are grounds to non-renew his license under AS 21.27.410(a) and subject to penalties under AS 21.27.440 and AS 21.97.020.

22. FBB’s violations described in Paragraphs 13-20 are grounds to revoke its license under AS 21.27.410(a) and subject to penalties under AS 21.27.440 and AS 21.97.020.

WHEREFORE, in accordance with AS 21.27.025, 21.27.410, and 21.27.440, the Division of Insurance respectfully requests the non-renewal of ADKERSON’s resident producer license number 2912 and revocation of FBB’s resident producer license number 7986 and that neither


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DIVISION OF INSURANCE
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TDD: (907) 465-5437

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apply for a license for 5 years. The Division of Insurance respectfully requests the imposition of a civil penalty \$25,000 and the imposition of other disciplinary sanctions against ADKERSON and FBB as deemed just and proper.

DATED May 6th, 2022.



Lori K. Wing-Heier
Director

Accusation
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Fred's Bail Bonding
Case No. D22-04

SETTLEMENT

AND GENERAL RELEASE AGREEMENT

This Settlement and General Release Agreement ("Agreement") is made and executed on 12/28, 2022, by and between The State of Alaska, including each and every division and department thereof, and the Alaska Division of Insurance and Court System ("State"), International Fidelity Insurance Company, a New Jersey corporation, Allegheny Casualty Company, a New Jersey corporation, including all of their employees, agents (including, but not limited to AIA Holdings, Inc.), assigns and successors ("Sureties"), and Fred Adkerson, Fred Adkerson, Inc., and Fred's Bail Bonding, including all of their employees, agents, assigns and successors ("Fred's"), who are collectively referred to herein as "Party" or the "Parties," with reference to the following facts:

RECITALS

- A. Fred's is a licensed bail bond agent in the State. The Sureties are licensed insurance companies in the State. Fred's was appointed by the Sureties to write bail for the Sureties in the State. The State, including by and through the Division of Insurance, has made claims for payment of hundreds of judgments entered upon forfeited bail bonds issued and posted by Fred's as an appointed agent for the Sureties over the past twenty plus years ("**Bond Forfeitures**"). Fred's bail bond underwriting contract with the Sureties requires Fred's to pay such forfeitures ("**Underwriting Agreement**"). Fred's maintained a "Collateral Account" for the deposit of cash received by Fred's from bail bond consumers pledged as security for the posting of bail ("**Collateral Account**"). The State and the Sureties claim that Fred's record-keeping and handling of funds in the Collateral Account were materially flawed. Fred's has asserted defenses to these claims. The State is pursuing regulatory action and sanctions against Fred's arising out of the handling of the Collateral Account and other matters ("**Regulatory Matters**"). The Sureties brought an action in Federal Court against Fred's to protect their rights, *inter alia*, in and to the Collateral Account under the Underwriting

Agreement, as contained in 3:20-CV-00247-TMB ("Federal Case"). The Sureties and Fred's have asserted defenses to the State's claims for payment of the forfeitures. At the time of entering into this agreement, no relevant issue has been adjudicated.

- B. By this Agreement, the Parties desire to settle and resolve any and all claims of any nature whatsoever against each other arising out of the Bond Forfeitures, Underwriting Agreement, Collateral Account, Regulatory Matters and Federal Case (collectively, the "Claims").

NOW, THEREFORE, THE PARTIES HEREBY AGREE AS FOLLOWS:

1. All Recitals are fully incorporated herein by this reference.

2. For and in consideration of the Sureties paying the State the sum of Five Hundred Sixty Eight Thousand Dollars (\$568,000) as follows:

Payment #1: \$118,000 within 30 days of full execution of this Agreement

Payment #2: \$100,000 within 180 days of Payment #1

Payment #3 \$100,000 within 180 days of Payment #2

Payment #4 \$100,000 within 180 days of Payment #3

Payment #5 \$100,000 within 180 days of Payment #4

Payment #6 \$ 50,000 within 180 days of Payment #5

and further in consideration of the releases contained herein, the Parties do hereby release and absolutely discharge each other, including without limitation, any and all of their former, present and future divisions, departments, officers, directors, principals, shareholders, parents, subsidiaries, affiliates, members, auditors, accountants, predecessors, successors, servants, employees, agents, attorneys, insurers, underwriters, administrators, representatives, successors, heirs, beneficiaries and assigns, and any and all other entities or persons acting upon behalf of the Parties, of and from any and all losses, claims, demands, suits, damages, debts, liabilities, obligations, costs, expenses (including attorneys fees and costs), liens, actions, causes, and causes of action of every kind and nature whatsoever, at law or in equity, known or unknown, suspected or unsuspected,

which the Parties ever had, now have, or hereafter shall have, or may have, against each other related to or in connection with the Claims, ("**Released Claims**"), excluding only (i) the Regulatory Matters and (ii) Bond Forfeitures entered by the State after the date of this Agreement.

3. The Sureties shall be responsible to the State for any bail bonds that forfeit after the date of this Agreement.

4. Concerning the Regulatory Matters, the State and Fred's agree that (i) the State is imposing a fine upon Fred's, and Fred's will not appeal or otherwise take any action to object or seek legal or administrative relief of, from or to such fine, and (ii) in the event Fred's does not satisfy (pay) the fine as required, the State's sole recourse is to seek revocation of Fred's license to do business as a bail bondsman in Alaska.

5. The Sureties assume all statutory and regulatory obligations for all bail bonds issued by Fred's in the State, including without limitation, returning collateral to bail bond consumers and escheating consumer collateral to the State, where applicable.

6. Within 15 days of the date of this Agreement, Fred's shall deliver to the Sureties:

- a. The entirety of the funds remaining in the Collateral Account;
- b. Fred's phone number(s). (AIA to be financially responsible from the date of the conveyance, forward);
- c. Fred's email address. (AIA to be financially responsible from the date of the conveyance, forward);
- d. Fred's storage unit. (AIA to be financially responsible from the date of the conveyance, forward);
- e. The entirety of all bail records existing on Fred's computers or other storage mechanisms and all bail records existing in hard copy form; and

f. U.S. Mail forwarding confirmation of all of Fred's Bail Bonding mail to AIA Holdings, Inc., PO BOX 212292, Anchorage, AK 99521.

7. Fred's and the Sureties shall report this Agreement to the Federal Court, stipulating to dismiss the Federal Case with prejudice, with each party bearing its own attorney fees and costs associated with the Federal Case.

8. The Parties do hereby expressly acknowledge that hereafter facts may be discovered which are in addition to or different from those facts now known or believed to be true, but that they intend to fully, finally and forever settle and release any and all Released Claims, as defined in paragraph 2 of this Agreement, up to the date this Agreement. In furtherance of such intention, the Parties acknowledge and agree that the release herein given shall be and remain in effect as a full and complete general release notwithstanding the discovery or existence of any such additional or different facts. In addition, each party has had that opportunity to discuss the Alaska case, Witt v. Watkins, 579 P.2d 1065 (Alaska 1978), with their counsel and expressly represent that all are releasing and surrendering all of their claims, as provided herein, even if they are currently mistaken or uninformed as to the magnitude and/or nature of the claims that were brought, or that could have been brought.

9. The Parties hereby acknowledge and agree that this Agreement, and the release contained herein, constitutes the settlement, resolution, and compromise of Claims which have been and are disputed, denied and contested, and that neither this Agreement, nor the release contained herein, nor the giving of any consideration, shall or may be construed as (or argued to be) an admission, acknowledgment, or belief by any Party of liability or responsibility of any kind of any other Party and/or the Agent.

10. The Parties hereby represent and warrant that they have not assigned any of the charges, complaints, actions, lawsuits, arbitrations, claims or causes of actions against each other arising out of, or which could have arisen from, the Claims.

11. This Agreement sets forth the entire agreement between the Parties and fully supersedes any and all prior agreements or understandings between them pertaining to the subject matter hereof.

12. This Agreement shall be binding upon and inure to the benefit of the Parties, and all of their present, past, and future respective divisions, departments, officers, directors, principals, shareholders, parents, subsidiaries, affiliates, members, auditors, accountants, predecessors, successors, servants, employees, agents, attorneys, insurers, underwriters, administrators, representatives, successors, heirs, beneficiaries and assigns, and any and all other entities or persons acting by, through or upon behalf of the Parties, where applicable, and as more fully defined hereinabove.

13. No provision of this Agreement may be waived, modified or amended, except by written agreement executed by all Parties.

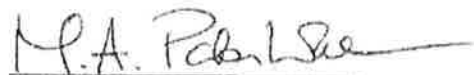
14. The Parties acknowledge and agree that they have read, reviewed and fully understand this Agreement and its release, and that neither Party has made any representations to any other Party about the legal meaning or effect of the Agreement, and that each Party has consulted with an attorney about the meaning and effect of this Agreement and its release of liability. The Parties agree and acknowledge that this is a legally binding contract, containing a general release of Claims, and that by signing this Agreement, each Party agrees to be bound by the terms and conditions of this Agreement. The Parties further agree and represent that they have full authority to enter into this Agreement and to bind themselves, and that no other consent, authority or approval is necessary or required to make this Agreement fully effective and binding.

15. This execution of this Agreement in counter parts by the Parties shall not affect, waive, or alter the rights and obligations of the Parties under this Agreement.

16. If a dispute arises out of the interpretation or enforcement of this Agreement, the jurisdiction and venue for any action shall be the Federal District Court, Anchorage, Alaska.

WITNESS WHEREOF, the Parties have executed this Agreement on this 29TH day of December, 2022.

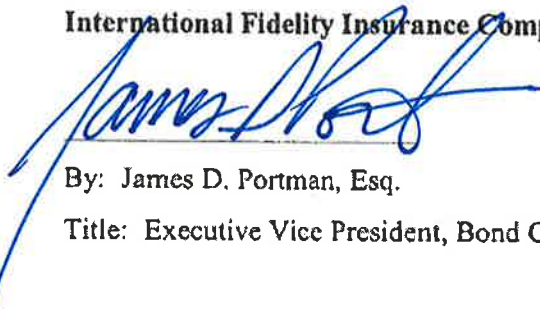
State of Alaska



By: MARGARET PATON WALSH

Title: CHIEF ASSISTANT ATTORNEY GENERAL

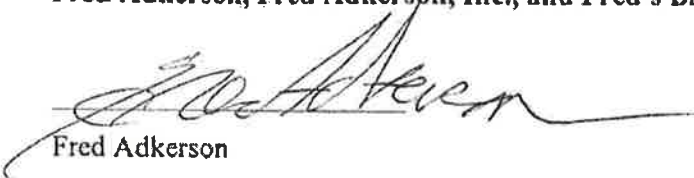
International Fidelity Insurance Company/Allegheny Casualty Company



By: James D. Portman, Esq.

Title: Executive Vice President, Bond Counsel

Fred Adkerson, Fred Adkerson, Inc., and Fred's Bail Bonding


Fred Adkerson

STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT
DIVISION OF INSURANCE
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Division of Insurance Case No. D22-04

ORDER

The Division of Insurance, Department of Commerce, Community and Economic Development, State of Alaska (division) states as follows:

1. On or about May 13, 1969, the division issued Fred P. ADKERSON (ADKERSON) resident individual producer license number 2912, which was renewed and maintained by ADKERSON and has now expired.
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2 3. On December 9, 2009, division director Linda Hall signed an order approving the
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5 segregate premium, failure to timely escheat abandoned funds to the State, failure to update
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7 clearly identify fiduciary funds on its financial statements. ADKERSON signed the report of
8 examination acknowledging its findings.

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16 December 28, 2022, \$1,145,500.00 remained unpaid on those judgements.
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18 the outstanding bail bond forfeiture debt from ADKERSON, FBB and its surety AIA,
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21 691 forfeited bail bonds attributable to ADKERSON, FBB and AIA.
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(ii) The Alaska State Court Judges overseeing the bail proceedings ruled in each case the bail bond for the defendant was to be forfeited, due to the defendant's failure to appear as required in the bail bond.

(iii) Following the entry of bail forfeiture, the court clerk issued a forfeiture judgment.

(iv) In each instance the court system notified FBB representatives of the bail bond forfeiture.(v) As of December 28, 2022, ACS had not received payment for the bail bond forfeitures.

(vi) As of December 28, 2022, \$1,145,500.00 was the outstanding balance of unpaid bail bond forfeiture judgments for the 691 bail bonds issued by representatives of ADKERSON and FBB.

6. On January 31, 2020, division investigators met with ADKERSON to discuss the unpaid judgments. ADKERSON did not deny there were unpaid judgments, but disputed the total amount owed. He also expressed interest in a settlement agreement. Division investigators requested ADKERSON respond to the information from the ACS on the unpaid judgments by February 28, 2020. This time was extended several times until May 1, 2020.

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12 records showed on January 8, 2019, ADKERSON withdrew \$150,000 from the trust account
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16 2020, division investigators sought and obtained a search warrant for the records related to the
17 Well Fargo trust account from January 1, 2009 to July 31, 2020.

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20 The requested records covered the time between July 11, 2018, to June 30, 2020, and following
21 review by division investigators the following violations of the insurance code and regulations
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25 ¹ In response as to the purpose of that withdrawal, ADKERSON related that the funds were his.
26 Order

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7 AS 21.27.440.

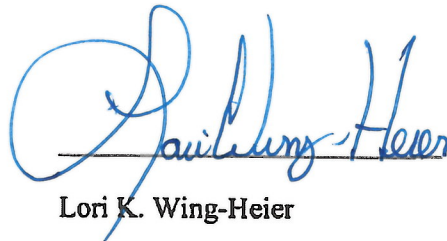
8 22. FBB’s violations described in Paragraphs 13-20 are grounds to suspend or revoke his
9 firm license under AS 21.27.410(a) and subject to penalties under AS 21.27.440.

10 23. On May 10, 2022, ADKERSON and FBB were served with division Accusation # D22-
11 04 outlining the allegations listed in Paragraphs 13-20.

12
13 24. Under AS 44.62.380 ADKERSON and FBB had 15 days to request a hearing. To date
14 the division has not received a response. Therefore, ADDKERSON and FBB have waived
15 their right to a hearing and:

16 IT IS ORDERED that the Division of Insurance hereby suspends the insurance licenses of
17 ADKERSON and FBB for one year and imposes a civil penalty of \$25,000 total against
18 ADKERSON and FBB, that is due to be paid within 30 days of the Director signing this order.
19 The failure by ADKERSON and FBB to timely pay the \$25,000 fine will lead to revocation by
20 the division without further hearing of ADKERSON’s individual and firm licenses per AS
21 21.27.440 (b).

22 DATED February 16th, 2023.



Lori K. Wing-Heier

Director, Division of Insurance

25 Order
26 Fred P. Adkerson, and
Fred P. Adkerson, Inc dba
Fred’s Bail Bonding
Case No. D22-04

STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT
DIVISION OF INSURANCE
550 WEST SEVENTH AVENUE, SUITE 1560
ANCHORAGE, ALASKA 99501-3567
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STATE OF ALASKA

DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT

DIVISION OF INSURANCE

In the Matter of:)
)
FRED P. ADKERSON, and)
FRED P. ADKERSON, INC DBA)
FRED'S BAIL BONDING)
)
Licensees)
_____)

Case No. D22-04

**ORDER OF REVOCATION OF INSURANCE LICENSES FOR FAILURE TO PAY
REQUIRED FINE**

The Division of Insurance, Department of Commerce, Community and Economic
Development, State of Alaska (division) states as follows:

1. On or about May 13, 1969, the division issued Fred P. ADKERSON
(ADKERSON) resident individual producer license number 2912, which was renewed and
maintained by ADKERSON and has now expired.
2. On or about March 4, 1981, the division issued Fred's Bail Bonding (FBB) resident
firm producer license number 7986, which was renewed and maintained by FBB and has now
expired.

Order Of Revocation Of Insurance Licenses For Failure To Pay Required Fine
Fred P. Adkerson, and
Fred P. Adkerson, Inc dba
Fred's Bail Bonding
Case No. D22-04

1
2 3. In 2020 the division investigated ADKERSON and FBB for possible violations of
3 the insurance laws.


4 4. On February 16, 2023, Lori Wing-Heier, Director State of Alaska Division of
5 Insurance (director), signed and order finding that ADKERSON and FBB had violated
6 insurance statutes and regulations and suspended their insurance licenses for one year under
7 AS 21.27.410(a). The director also imposed penalties of \$25,000 under AS 21.27.440. The
8 order specified the penalty was to be paid within 30 days from the date of signing.
9

10 5. The division mailed FBB and ADKERSON a copy of the order and received a
11 signed green postal receipt indicating the order was delivered on February 27, 2023.

12
13 6. As of April 4, 2023 ADKERSON and FBB have failed to pay the ordered \$25,000
14 fine. For failure to timely pay the \$25,000.00 penalty the insurance licenses of ADKERSON
15 and FBB are subject to revocation without hearing under AS 21.27.440(b).

16 IT IS ORDERED that the Division of Insurance hereby revokes the insurance licenses of
17 ADKERSON and FBB permanently for their failure to pay the previously ordered fine.

18
19 DATED April 4th, 2023.

20 
21 Lori K. Wing-Heier
22 Director, Division of Insurance

23
24
25 Order Of Revocation Of Insurance Licenses For Failure To Pay Required Fine
26 Fred P. Adkerson, and
Fred P. Adkerson, Inc dba
Fred's Bail Bonding
Case No. D22-04