

STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT
DIVISION OF INSURANCE
550 WEST SEVENTH AVENUE, SUITE 1560
ANCHORAGE, ALASKA 99501-3567
PHONE: (907) 269-7900
FAX: (907) 269-7910
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STATE OF ALASKA

DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT

DIVISION OF INSURANCE

In the Matter of:)
)
AK LMO Bail Bonds LLC)
)
Licensee)
)
)

Case No. D 15-07

STIPULATED AGREEMENT AND ORDER

The Division of Insurance (division) and AK LMO Bail Bonds LLC (AK LMO) stipulate and agree to the following:

I. BACKGROUND

A. AK LMO obtained Alaska Bail Bond Limited Producer license number 104912 on July 21, 2012, which is due to expire on July 21, 2016.

B. In response to AK LMO's self-reports of possible misconduct by an employee, BobbyLee Castoe (Castoe), made on August 4 and 18, 2014, the division opened investigation I14.1571 AF.

C. In the course of the investigation the division discovered a violation of AS 21.36.390 by AK LMO.

D. On January 29, 2014, Castoe, acting as a contract employee of AK LMO, accepted \$1,500.00 cash from an AK LMO customer, Willie Bankston (Bankston), for

1 placement with the State of Alaska Court to satisfy a Performance Bond in a State of Alaska
2 criminal court case. Bankston provided Castoe his name and address with the expectation
3 that Castoe would place the cash with the court under Bankston's name.
4

5 E. On January 29, 2014, Castoe submitted the cash to the State of Alaska court
6 in case 3AN-12-11492 CR thus satisfying the performance bond and securing the release of
7 the defendant; however, Castoe, in a court document, represented to the court that she was
8 the owner of the cash and gave her home address as the mailing address for "refund of bail."
9

10 F. On or about April 11, 2014, the court exonerated the bond. On April 23,
11 2014, the state court accounting section, having received the exoneration order, sent a court
12 check for \$1,500 to Castoe at her home address.

13 G. On April 24, 2014, Castoe's roommate, Michelle Galloway, received the
14 check in the mail and called Castoe who was working as a security guard at Northway Mall.
15 Galloway told Castoe a court check had arrived for Castoe. Castoe asked Galloway to open
16 the envelope and read it to her, which Galloway did and informed Castoe the check was
17 from the state court. Castoe left her job and met Galloway at the Mountain View Branch of
18 Credit Union 1 (CU1), where Castoe endorsed the court check and divided the funds by
19 applying \$339 to four different personal accounts and taking the remainder (i.e. \$1,161) in
20 cash.
21

22 H. Shortly after April 11, 2014, Douglas Rawls (Rawls) of AK LMO began
23 receiving calls from Bankston regarding the performance bond money. Rawls questioned
24 Castoe about the missing money. Castoe initially denied cashing the court check, then said
25 it had been sent to the wrong address and finally admitted cashing it but said she mistook it

26 AK LMO Bail Bonds LLC
Stipulated Agreement and Order

1 for a child support check representing funds from Jason Feucht, a non-custodial father to
2 one of her children. The division investigation established that Castoe, in April 2014, had
3 no expectation of receiving a child support check based on funds received from Feucht,
4 because in July 2013, she had withdrawn from the services of Child Support Services
5 Division (CSSD) in Feucht's case.
6

7 I. When AK LMO learned the performance bond check had had been sent to
8 Castoe and cashed, AK LMO suspended Castoe and contacted her multiples times in an
9 attempt to have her refund the money.
10

11 J. On June 1, 2014, AK LMO repaid Bankston \$1,500 to replace the money
12 Bankston originally gave to Castoe.
13

14 K. George Rawls of AK LMO Bail Bonds LLC also contacted Castoe, who
15 admitted the money was not hers and that she would pay it back. After attempts to get
16 Castoe to repay the money, on June 17, 2014, George Rawls sent Castoe a text which stated,
17 "Bobby, I hate to do this but if I don't hear from you I will have to file charges."
18

19 L. The division's investigation established Castoe's intent regarding the \$1,500
20 performance bond in that 1) Galloway told Castoe the check was a court check, 2) Castoe
21 had withdrawn from the services of CSSD in July 2013, and 3) Castoe had been trained by
22 Douglas Rawls of AK LMO to give the court the AK LMO business address when
23 depositing performance bond money and Castoe had done it correctly prior to the instant
24 transaction.
25

1 M. Paragraphs F through L establish Castoe committed defalcation (i.e. misuse
2 of funds) while employed by AK LMO as a contract bail bond agent. Paragraph K
3 establishes that AK LMO definitively knew of Castoe's defalcation by June 2014.
4

5 N. The parties agree that AK LMO Bail Bonds LLC became aware of Castoe's
6 defalcation well before August 18, 2014, when the matter was reported to the division, and
7 that their report was not "immediate" as required by Alaska Statute.
8

9 O. AK LMO Bail Bonds LLC agrees it violated AS 21.36.390(b) by failing to
10 immediately report to the Division of Insurance their belief that an insurance producer with
11 whom they were doing business had been involved in defalcation or embezzlement.
12

13 II. TERMS OF AGREEMENT

14 1. AK LMO Bail Bonds LLC agrees to pay a civil penalty under AS
15 21.27.440(a) of \$1,500.00 for violation of AS 21.36.390, with \$1,250.00 suspended. The
16 unsuspended penalty of \$250.00 is due immediately.
17

18 2. AK LMO Bail Bonds LLC agrees to cooperate in any prosecution of Castoe
19 regarding the violations noted above.
20

21 3. AK LMO Bail Bonds LLC's Alaska insurance license will be suspended for
22 a period of six (6) months, with that entire suspension suspended pending the approval of
23 the agreement by the director.
24

25 4. In the event AK LMO Bail Bonds LLC violates Alaska's insurance
26 laws or regulations during the next six months, the suspended portions of the

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1 penalties referenced in paragraphs one and three will be considered for reinstatement
2 by the division *and* subject to any and all sanctions authorized by the insurance code
3 including imposition of additional penalties.
4

5
6 5. By signing this agreement, AK LMO Bail Bonds LLC understands and
7 agrees that any failure to comply with the conditions of this agreement will be grounds to
8 revoke, suspend, or not renew Alaska license 104912.
9

10 6. AK LMO Bail Bonds LLC understands that this agreement is not binding on
11 the parties unless and until the director signs the order approving the agreement.
12

13
14 DATED: 3/24/2015

DIVISION OF INSURANCE

15 By: 

Alex Romero
Chief Investigator

16
17
18 GEORGE RAWLS and AK LMO BAIL
BONDS LLC

19
20
21 DATED: 3-26-15

By: 

George Rawls
Member, Manager

22
23
24 Approved as to form and content:

25 DATED: 4/6/15

CRAIG W. RICHARDS
ATTORNEY GENERAL

26 AK LMO Bail Bonds LLC
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D 15-07

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By: Erin K. Egan
Erin K. Egan
Assistant Attorney General

ORDER

IT IS ORDERED that this Stipulated Agreement and Order is adopted in full resolution of the issues in this case, and shall constitute the final order in this matter.

DATED this 7th day of April, 2015.

Lori Wing-Heier
Lori Wing-Heier
Director

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