

**NORTH CAROLINA DEPARTMENT OF INSURANCE  
RALEIGH, NORTH CAROLINA**

**STATE OF NORTH CAROLINA  
COUNTY OF WAKE**

**BEFORE THE COMMISSIONER  
OF INSURANCE**

**IN THE MATTER OF THE LICENSURE OF  
KEITH A. CHEESEBORO,  
(NPN 10009962)**

**VOLUNTARY SETTLEMENT  
AGREEMENT**

NOW COME Keith A. Cheeseboro (“Bondsman”) and the North Carolina Department of Insurance (“Department”) and voluntarily and knowingly enter into the following Voluntary Settlement Agreement (“Agreement”):

WHEREAS, the Department has the authority and responsibility for enforcement of the insurance laws of this State and for regulating and licensing bail bondsmen; and

WHEREAS, Bondsman holds a surety bail bondsman’s license (hereinafter, the “License”) issued by the Department; and

WHEREAS, on March 18, 2017, two bonds were set for defendant Shannon Nicole Hillaker: the first in *State v. Hillaker*, 17 CR 050162 (Washington Co., NC) in the amount of \$10,000 and, a second bond in *State v. Hillaker*, 17CR 050163 (Washington Co., NC) in the amount of \$1,000; and

WHEREAS, Bondsman posted a \$10,000 bond for the defendant case 17 CR 050162 (“Hillaker Bond #1”) and filed an affidavit of surety that indicates that Bondsman received \$400 in premium for Hillaker Bond #1 and the “Premium Promised” section was left blank; and

WHEREAS, the power of attorney for Hillaker Bond #1, dated March 19, 2017, indicates that Bondsman charged \$800 in premium for Hillaker Bond #1; and

WHEREAS, Bondsman posted a \$1,000 bond for the defendant in case 17 CR 050163 (“Hillaker Bond #2”) and filed an affidavit of surety indicating that he received \$100 in premium for Hillaker Bond #2 and the “Premium Promised” section was left blank; and

WHEREAS, the power of attorney for Hillaker Bond #2, dated March 18, 2017, indicates that Bondsman charged \$800 in premium for Hillaker Bond #2; and

WHEREAS, Bondsman issued a single receipt for the premiums for Hillaker Bonds #1 and #2, indicating that on March 18, 2017, he received a cash payment for the premium from Noah Perry and was promised an additional premium amount for Hillaker Bonds # 1 and #2; however, the receipt does not clearly specify the amount of total premium, premium received and premium promised to Bondsman for Hillaker Bonds # 1 and #2; and

WHEREAS, on April 18, 2017, bond was set for defendant Shannon Nicole Hillaker in *State v. Hillaker*, 17 CR 050204 (Washington Co., NC) in the amount of \$3,000; and

WHEREAS, Bondsman posted a \$3,000 bond for the defendant in case 17 CR 050204 (“Hillaker Bond #3”, collectively, with Hillaker Bond #1 and Hillaker Bond #2, the “Hillaker Bonds”) and filed an affidavit of surety indicating that he had been promised a premium, but the “Amount of Premium Received” section is blank, the “Amount of Premium Promised” section does not contain a dollar amount and the “Nature of Collateral” section is blank; and

WHEREAS, the Power of Attorney for Hillaker Bond #3, dated April 24, 2017, indicates that Bondsman charged \$400 in premium for Hillaker Bond #3; and

WHEREAS, on April 24, 2017, Bondsman issued a receipt to Randy W. Fleming, as payer, of the premium for Hillaker Bond #3, indicating a “Bail Bond Premium” in the amount of \$3,000; “Total Expenses” in the amount of \$400; “Prior Payments” in the amount of \$520, \$0 for “Amount Received” and a “Remaining Balance” in the amount of \$920, and listed Bondsman’s receipt of an Apple watch as collateral from Randy W. Fleming, with a notation, “Return when Balance is Paid in Full”; and

WHEREAS, on June 6, 2017, Bondsman surrendered defendant Shannon Nicole Hillaker on the Hillaker Bonds; and

WHEREAS, on August 2, 2017, Ricky E. Fleming signed a letter stating that Bondsman returned an Apple watch to him on behalf of Randy Fleming; and

WHEREAS, on November 19, 2018, bond was set for defendant Thomas William Imschweiler in *State v. Imschweiler*, 18 CR 050561 (Currituck Co., NC) in the amount of \$700,000 (“Imschweiler Bond Amount”); and

WHEREAS, on November 19, 2018, Bondsman posted a \$100,000 bond in partial satisfaction of the Imschweiler Bond Amount (“Bondsman’s Imschweiler Bond”), with the balance of the Imschweiler Bond Amount split among a series of other bonds issued by eight bondsmen in Currituck County; and

WHEREAS, the Power of Attorney on Bondsman’s Imschweiler Bond states that “This power shall be void if its original format has been altered, if it exceeds the maximum amount listed, is used with other powers of this or any other surety company;” and

WHEREAS, N.C. Gen. Stat. § 58-71-80(a)(5) provides in relevant part that the Commissioner may deny, place on probation, suspend or revoke a bail bondsman’s license for “[f]raudulent, coercive, or dishonest practices in the conduct of business or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this State or any other jurisdiction...”; and

WHEREAS, as a result of the stacking of multiple bonds with multiple Powers of Attorney that were issued for the Imschweiler Bond Amount by Bondsman and others, the Power of Attorney on the Bondsman’s Imschweiler Bond was void and constitutes a “[f]raudulent, coercive, or dishonest practice” and “incompetence, untrustworthiness, or financial irresponsibility” by Bondsman in the conduct of his bail bond business, in violation of N.C. Gen. Stat. § 58-71-80(a)(5); and

WHEREAS, N.C. Gen. Stat. § 58-71-140(d) provides:

Professional bondsmen, surety bondsmen, and runners shall file with the clerk of court having jurisdiction over the principal an affidavit on a form furnished by the Administrative Office of the Courts. The affidavit shall include, but not be limited to: (1) If applicable, a statement that the bondsman has not, nor has anyone for the bondsman's use, been promised or received any collateral, security, or premium for executing this appearance bond. (2) If promised a premium,

the amount of the premium promised and the due date. (3) If the bondsman has received a premium, the amount of premium received. (4) If given collateral security, the name of the person from whom it is received, and the nature and amount of the collateral security listed in detail; and

WHEREAS, in violation of N.C. Gen. Stat. § 58-71-140(d), the affidavits of surety filed by Bondsman for the Hillaker Bonds are inaccurate, incomplete and fail to reflect the actual amount of premiums Bondsman received, the amount of premiums that was deferred, and the collateral Bondsman accepted for the Hillaker Bonds; and

WHEREAS, the affidavit of surety filed with the Bondsman's Imschweiler Bond indicates that Bondsman was promised \$5,000 in premium for the Bond; the section of the Affidavit, "Amount of Premium Received" was left blank; and

WHEREAS, in violation of N.C. Gen. Stat. § 58-71-140(d) and contrary to the affidavit of surety for Bondsman's Imschweiler Bond, Bondsman actually received \$5,000 in cash as the premium for the Bond from Ronald Roberson which constitutes a "[f]raudulent, coercive, or dishonest practice" and "incompetence, untrustworthiness, or financial irresponsibility" by Bondsman in the conduct of his bail bond business, in violation of N.C. Gen. Stat. § 58-71-80(a)(5); and

WHEREAS, 11 NCAC 13 .0515 provides:

Whenever a fee is received by a bail bondsman a receipt shall be furnished to the defendant. Copies of all receipts issued shall be kept by the bail bondsman. All receipts issued must:

- (1) be prenumbered by the printer and used and filed in consecutive numerical order,
- (2) show the name and address of the bail bondsman,
- (3) show the amount and date paid,
- (4) show the name of the person accepting payment,
- (5) show the total amount of the bond for which the fee is being charged and the name of the defendant; and

WHEREAS, N.C. Gen. Stat. § 58-71-168 provides:

All records related to executing bail bonds, including bail bond registers, monthly reports, receipts, collateral security agreements, and memoranda of agreements, shall be kept separate from records of any other business and must be maintained for not less than three years after the final entry has been made; and

WHEREAS, in violation of 11 NCAC 13 .0515, the receipts issued by Bondsman for the Hillaker Bonds do not accurately show the amount of premium received and the amount of premium promised for each of the Hillaker Bonds; and

WHEREAS, in violation of 11 NCAC 13 .0515 and N.C. Gen. Stat. § 58-71-168, Bondsman failed to create and maintain a receipt for the \$5,000 Bondman received in cash from bondsman Ronald Roberson as premium for the Bondsman's Imschweiler Bond; and

WHEREAS, N.C. Gen. Stat. § 58-71-95(5) provides, in relevant part, that collateral security accepted by a surety "must be returned within 15 days after final termination of liability on the bond"; and

WHEREAS, in violation of N.C. Gen. Stat. § 58-71-95(5), Bondsman returned the Apple watch given as collateral for the Hillaker Bond #3 more than fifteen (15) days after Bondsman surrendered defendant Shannon Nicole Hillaker, terminating his liability on the Hillaker Bonds; and

WHEREAS, N.C. Gen. Stat. § 58-71-80(a)(7) provides, in relevant part, that the Commissioner may deny, place on probation, suspend or revoke a bail bondsman's license for [f]ailure to comply with or violation of the provisions of this Article or of any order, subpoena, rule or regulation of the Commissioner..."; and

WHEREAS, N.C. Gen. Stat. § 58-71-80(a)(14b) provides, in relevant part, that the Commissioner may deny, place on probation, suspend or revoke a bail bondsman's license for "[v]iolation of (i) any law governing bail bonding or insurance in this State or any other jurisdiction or (ii) any rule of the Financial Industry Regulatory Authority (FINRA)"; and

WHEREAS, Bondsman's violations described above of N.C. Gen. Stat. §§ 58-71-80(a)(5), 58-71-140(d), 58-71-168, 58-71-95(5) and 11 NCAC 13 .0515 violate N.C. Gen. Stat. §§ 58-71-80(a)(7) and 58-71-(a)(14b); and

WHEREAS, pursuant to N.C. Gen. Stat. § 58-2-70(g), the Commissioner and the Department have the express authority to negotiate a mutually acceptable agreement with any person as to the status of the person's licenses issued by the Department, or as to any civil penalty or restitution;

WHEREAS, the Parties mutually wish to resolve this matter by consent before the Department initiates an administrative hearing concerning this matter; and

WHEREAS, the Parties have reached a mutually agreeable resolution of this matter as set out in this Agreement.


NOW THEREFORE, in exchange for, and in consideration of the promises and agreements set out herein, the Department and Bondsman hereby agree to the following:

1. Immediately upon signing this Agreement, Bondsman shall pay a civil penalty of **Two Thousand Five Hundred Dollars and No Cents (\$2,500.00)** to the Department. The form of payment shall be by certified check, cashier's check or money order. The check or money order for the payment of this civil penalty shall be payable to the "North Carolina Department of Insurance." Bondsman shall remit the civil penalty by certified mail, return receipt requested (attention: Keisha Burch, BBRD), to the Department along with the original of this Agreement bearing Bondsman's signature. The civil penalty and the signed Agreement must be received by the Department no later than January 2, 2020. The civil penalty shall be subject to disbursement in accordance with the provisions of Article IX, Section 7 of the North Carolina Constitution for the benefit of public schools.
2. Bondsman shall attend a Pre-Licensing Education (PLE) course certified by the Department in lieu of existing continuing education requirements for the 2019-2020 renewal period, which training shall be completed prior to December 31, 2019. Evidence of attendance at this PLE shall be provided to the Department (attention Keisha Burch, BBRD) immediately following the completion of the PLE.
3. Bondsman shall comply with all of the provisions of Chapter 58 of the North Carolina General Statutes and of Title 11 of the North Carolina Administrative Code that are applicable to Bondsman.

4. The Parties agree that this Agreement shall have the full force and effect of an Order of the Commissioner. Bondsman understands that N.C. Gen. Stat. § 58-71-80(a)(7) provides that Bondsman's Licenses may be revoked for violating an Order of the Commissioner.
5. Bondsman enters into this Agreement freely and voluntarily and with knowledge of Bondsman's right to have an administrative hearing regarding this matter. Bondsman understands that Bondsman may consult with an attorney prior to entering into this Agreement.
6. This Agreement constitutes a complete settlement of all administrative penalties against Bondsman for the acts, policies or practices expressly addressed in this Agreement. Except as to the acts, policies or practices expressly addressed herein, this Agreement does not in any way affect the Department's disciplinary power in any future examination of Bondsman or in any other complaints involving Bondsman. In the event that Bondsman fails to comply with this Agreement or otherwise fails to comply with the laws and rules applicable to Bondsman, the Department may take any administrative or legal action it is authorized to take.
7. This Agreement, when finalized, will be a public record and is not confidential. The Department is free to disclose the contents of this Agreement with third parties upon request or pursuant to any law or policy providing for such disclosure. Following the execution of this Agreement, any and all licenses issued by the Department to Bondsman shall reflect that Regulatory Action has been taken against Bondsman. The Department routinely provides copies of voluntary settlement agreements to all companies that have appointed the licensee.
8. Bondsman understands and agrees that, if a state or federal regulator other than the Department has issued a permit or license to Bondsman, that regulator may require Bondsman to report this administrative action to it. Bondsman understands and agrees that the Department cannot give Bondsman legal advice as to the specific reporting requirements of other state or federal regulators.
9. This Agreement shall become effective when signed by Bondsman and the Department.

Date: 12/9/19

NORTH CAROLINA DEPARTMENT OF INSURANCE

By:   
Marty Sumner  
Senior Deputy Commissioner

Date: 12/13/19