

AUG 20 2013

**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 LONNIE HAMMOND
LICENSE NO. 0008392518**

**VOLUNTARY SETTLEMENT
AGREEMENT**

NOW COME, Lonnie Hammond (hereinafter "Mr. Hammond") and the North Carolina Department of Insurance (hereinafter "Department"), and hereby voluntarily and knowingly enter into the following Voluntary Settlement Agreement (hereinafter "Agreement"):

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

WHEREAS, Mr. Hammond holds an active Professional and Surety Bail Bondsman licenses issued by the Department. At all relevant times herein, Mr. Hammond was licensed by the Department as a professional bail bondsman; and

WHEREAS, an investigation by the Department's Agent Services Division ("ASD") revealed that on or about 10 August 2011, Kathy Alford ("Ms. Alford") bonded her son Larry Alford ("Mr. Alford") out of jail on a \$10,000.00 bond in case numbers 11 CR 55745 and 11 CR 55746. For this bond, Ms. Alford signed as the indemnitor and she paid Mr. Hammond \$1,000.00, the full premium amount charged by Mr. Hammond for the bond; and

WHEREAS, the investigation revealed that Mr. Alford was subsequently arrested for a separate charge in case number 11 CR 57645. For this charge, Mr. Alford's girlfriend Zakeeyah Rahim ("Ms. Rahim") signed to be the indemnitor on a \$15,000.00 bond that required a payment of \$1,500.00 in premium to Mr. Hammond. As of 26 October 2011, Ms. Rahim had paid Mr. Hammond a total of \$900.00 in premium for this bond and she owed Mr. Hammond a balance of \$600.00 for this bond; and

WHEREAS, the investigation revealed that on 1 November 2011, Mr. Alford was arrested again for an unrelated charge, for which no bond was posted. On 2 November 2011, while Mr. Alford was still in jail for the charge relating to his 1 November 2011 arrest, Mr. Hammond revoked Mr. Alford's two bonds in case numbers 11 CR 55745, 11 CR 55746 and 11 CR 57645. Mr. Hammond stated that he revoked the bonds on the grounds that (1) he did not have Mr. Alford's correct address and (2) that Ms. Alford had not paid in full the premium of \$1,000.00 for the bond premium in case numbers 11 CR 55745 and 11 CR 55746. Mr. Hammond stated that payments by Ms. Alford and Ms. Rahim for case numbers 11 CR 55745, 11 CR 55746 and 11 CR 57645 were split and that Ms. Rahim's foregoing deficit of \$600.00 caused the payment for both bonds to be incomplete in the aggregate; and

WHEREAS, the investigation revealed that Mr. Hammond had Mr. Alford's correct address during the time period relevant to his bond; and

WHEREAS, the investigation revealed that Mr. Alford, Ms. Alford and Ms. Rahim did not have knowledge that the bond payments were split between the two bonds, and that they paid Mr. Hammond a total of \$1,903.66 for Mr. Alford's bonds; and

WHEREAS, subsequent to Mr. Hammond surrendering Mr. Alford, Ms. Alford requested a full refund from Mr. Hammond. Mr. Hammond refused to pay the requested refund; and

WHEREAS, Mr. Hammond did not have sufficient grounds to surrender Mr. Alford. Mr. Alford, Ms. Alford and Ms. Rahim were entitled to a full refund of the premiums paid to Mr. Hammond. Mr. Hammond's refusal to pay the refund violates N.C. Gen. Stat. § 58-71-80(a)(4), which provides: "(a) The Commissioner may deny, place on probation, suspend, revoke, or refuse to renew any license issued under this Article . . . for any one or more of the following causes . . . (4) Misappropriation, conversion or unlawful withholding of moneys belonging to insurers or others and received in the conduct of business under the license"; and

WHEREAS, the investigation revealed that when Ms. Alford made a payment on or about 18 October 2011 with her credit card in the amount of \$200.00, Hammond and Hammond charged her a \$3.66 debit card usage fee. This debit card usage fee violates N.C. Gen. Stat. § 58-71-95(5), which provides: "No bail bondsman or runner shall . . . Accept anything of value from a principal or from anyone on behalf of a principal except the premium, which shall not exceed fifteen percent (15%) of the face amount of the bond"; and

WHEREAS, the investigation revealed that modifications were made to the memorandum of agreement for the bond that Ms. Alford paid without being written, signed, dated and kept on file by the surety. This violates N.C. Gen. Stat. § 58-71-167(b), which provides: "The memorandum must be signed by the defendant and the bondsman, or one of the bondsman's agents, and dated at the time the agreement is

made. Any subsequent modifications of the memorandum must be in writing, signed, dated, and kept on file by the surety, with a copy provided to the principal, upon request"; and

WHEREAS, the investigation revealed that Mr. Hammond did not report seal number 1169867, which was related to case number 11CR 55745 as referred to in his October 2011 monthly report and Mr. Hammond filed his June 2012 monthly report late. This violates N.C. Gen. Stat. § 58-71-165, which provides: "(a) Each professional bail bondsman shall file with the Commissioner a written report in a form prescribed by the Commissioner regarding all bail bonds on which the bondsman is liable as of the first day of each month . . . (c) The reports required by subsection (a) of this section shall be filed on or before the fifteenth day of each month"; and

WHEREAS, the investigation revealed that the Appearance Bond for Pretrial Release forms that Mr. Hammond used for case numbers 11CR 55745 and 11CR 57645 did not have seals attached to them. The failure to attach seals violated 11 NCAC 13 .0505, which provides: "No professional bail bondsman or his duly appointed runner shall sign a bail bond unless he affixes thereto a 'certification seal.' The certification seal shall be affixed to the bail bond in the space provided for it on the bail bond form supplied by the Administrative Office of the Courts"; and

WHEREAS, the investigation revealed that Mr. Hammond used forms for agreements and contracts with defendants that did not have a form number and the license number of the bail bondsman printed on the forms. These forms include, but are not limited to, memorandum of agreement, release agreement by defendant, security agreement and surety ship and confession of judgment. These forms were not

previously submitted to the Department and were not approved by the Department. The use of these forms as described violates 11 NCAC 13.0512(j), which provides: "All agreements and contracts with defendants or anyone on behalf of the defendant, shall have a form number and the license number of the bail bondsman printed thereon and shall be submitted to the Department for approval according to the standards in these Rules. No such agreements or contracts shall be used by the licensee until written approval has been given by the Department"; and

WHEREAS, Mr. Hammond failed to provide ASD with a copy of the receipt that ASD requested during the investigation for the \$200.00 that Ms. Alford paid on 18 October 2011. This failure to provide the requested receipt violates 11 NCAC 13.0515, which 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, the foregoing violations and the relating underlying conduct show that grounds exist to suspend, revoke or refuse to renew Mr. Hammond's license under N.C. Gen. Stat. § 58-71-80(a)(5), which provides: "(a) The Commissioner may deny, place on probation, suspend, revoke, or refuse to renew any license issued under this Article . . . for any one or more of the following causes . . . (5) Fraudulent, 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, the foregoing violations and the relating underlying conduct show that grounds exist to suspend, revoke or refuse to renew Mr. Hammond’s license under N.C. Gen. Stat. § 58-71-80(a)(8), which provides: “(a) The Commissioner may deny, place on probation, suspend, revoke, or refuse to renew any license issued under this Article . . . for any one or more of the following causes . . . (8) When in the judgment of the Commissioner, the licensee has in the conduct of the licensee’s affairs under the license, demonstrated incompetency, financial irresponsibility, or untrustworthiness; or that the licensee is no longer in good faith carrying on the bail bond business”; and

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

NOW, THEREFORE, in consideration of the promises and agreements set out herein, the Department and Mr. Hammond hereby agree to the following:

1. Immediately upon his signing of this document, Mr. Hammond shall pay a civil penalty of \$2,000.00 to the Department. The form of payment shall be in a 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.” Mr. Hammond shall send the civil penalty by certified mail, return receipt requested, to the Department simultaneously with the return of this Agreement, signed by Mr. Hammond. The civil penalty and the signed Agreement must be received by the Department no

later than 13 August 2013. 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 the public schools.

3. Mr. Hammond shall obey all laws and regulations applicable to all licenses issued to him by the Department.

4. Mr. Hammond enters into this Agreement freely and voluntarily and with knowledge of his right to have an administrative hearing on this matter. Mr. Hammond acknowledges that he has consulted with an attorney prior to entering into this Agreement.

5. This Agreement does not in any way affect the Department's disciplinary power in any future follow-up examinations of Mr. Hammond, or in any other cases or complaints involving Mr. Hammond.

6. The parties to this Agreement agree that this Agreement shall have the full force and effect of an Order of the Commissioner. Mr. Hammond understands that N.C. Gen. Stat. § 58-71-80(a)(7) provides that a bondsman license may be revoked for violating an Order of the Commissioner.

7. This Voluntary Settlement Agreement, when finalized, will be a public record and is not confidential. Any and all licenses issued by the Department to the licensee shall reflect that Regulatory Action has been taken against the licensee following the execution of this Agreement. The Department is free to disclose the contents of this Agreement to third parties upon request or pursuant to any law or policy providing for such disclosure. The Department routinely provides copies of voluntary settlement agreements to all companies that have appointed the licensee.

8. This Settlement Agreement shall become effective when signed by Mr. Hammond and the Department.

[Redacted Signature]

Lonnie Hammond
License No. 0008392518

8/15/13
Date

NORTH CAROLINA DEPARTMENT OF INSURANCE

[Redacted Signature]

By
Angela Ford
Senior Deputy Commissioner

8/26/13
Date