

MAR 23 1999

Thomas A. Donovan
Deputy Attorney General
Idaho Department of Insurance
700 West State Street
P.O. Box 83720
Boise, ID 83720-0043
Telephone: (208) 334-4210
Fax: (208) 334-4298

STIPULATION AND ORDER- Page 1
(Stp-ABIG-Amer Reliable)

WHEREAS, AMERICAN BANKERS INSURANCE GROUP, INC. is a recognized insurance group holding company and the parent company of AMERICAN RELIABLE INSURANCE COMPANY, an Arizona corporation holding Certificate of Authority No. 230, and formerly licensed agent Devonna Parrie, who held agent license No. AG38013, acted as a duly appointed and, at the time, licensed bail bond agent on behalf of AMERICAN RELIABLE INSURANCE COMPANY during the approximate period of May 1, 1997 through October 31, 1997; and

WHEREAS, the Department instituted an investigation into the affairs of former agent Devonna Parrie, which investigation revealed her misappropriation of collateral money that had been provided by bail bond principals and indemnitors for her benefit as well as that of The Company and its other agents; and

WHEREAS, the Department has made request upon The Company to make restitution to injured consumers by letter dated February 8, 1999, a copy of which is attached hereto and incorporated herein as Exhibit A; and with respect to indemnitors Delmer Comstock and Cindy Pahl, the Department has modified its request; and

WHEREAS, The Company has complied with the request of the Department as evidenced from the following: the February 25, 1999 letter from John M. Nett, attached hereto and incorporated herein as Exhibit B; with respect to indemnitor, Delmer Comstock, The Company paid restitution according to the revised request from the Department for restitution of \$1,240.02 as shown by the letter dated March 2, 1999 from Mr. Nett attached hereto and incorporated herein as Exhibit C; and with respect to indemnitor Cindy Pahl, the Department withdrew its request for payment of the \$10,000 collateral based on the representation of agent Kathy Wise that she is entitled to charge

expenses in apprehending Lester Moffett exceeding the \$10,000.00 collateral as set forth in the "Invoice" attached hereto and incorporated herein as Exhibit D.

NOW THEREFORE, it is agreed as follows:

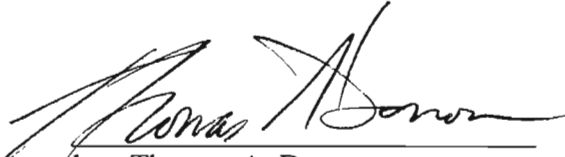
- 1) The Department and The Company agree that in light of the multistate Consent Order and Compliance Plan dated November 23, 1998, the response of The Company as set forth above is satisfactory and agreeable to resolve the issues concerning the defalcations of former agent Devonna Parrie with regard to the specific principals and indemnitors named in Exhibit A, and further that the Department will seek no additional sanction against The Company for those matters; and,
- 2) With regard to other consumers, principals, or indemnitors, not specifically addressed in Exhibit A, the Department reserves the right to seek additional redress from The Company including any and all sanctions authorized by law; and
- 3) The Department and The Company agree that with respect to the specific principals and indemnitors dealt with in Exhibits A through C, this matter shall be fully and finally resolved, and the parties waive their right to a hearing on the matters addressed herein. The parties request that the Director enter an order adopting this Stipulation.

DATED this 16th day of March, 1999.

AMERICAN BANKERS INSURANCE
GROUP, INC./AMERICAN RELIABLE
INSURANCE COMPANY
(collectively The Company)

DEPARTMENT OF INSURANCE
STATE OF IDAHO


by: Greg DeChurch
Attorney for The Company


by: Thomas A. Donovan
Deputy Attorney General

ORDER

Based on the foregoing Stipulation, IT IS HEREBY ORDERED that the
Stipulation is accepted and adopted in full and that this matter shall be fully and finally
resolved ^{as to the Company,} unless in the future, the Department seeks redress from The Company or makes
future allegations concerning principals or indemnitors not specifically named in Exhibit

A.

DATED this 22nd day of March 1999.


MARY L. HARTUNG
Director

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have on this 23d day of March 1999,

caused a true and correct copy of the foregoing to be served upon:

AMERICAN BANKERS INSURANCE GROUP, INC
AMERICAN RELIABLE INSURANCE COMPANY
Attention: Greg DeChurch
11222 Quail Roost Drive
Miami, FL 33157-6596

☒ first class mail
☐ certified mail
☐ hand delivery

THOMAS A. DONOVAN
Deputy Attorney General
P.O. Box 83720
Boise, ID 83720-0043

☐ first class mail
☐ certified mail
☒ hand delivery

Beth Sparks (for)
Beth Sparks
Administrative Assistant

DIRK KEMPTHORNE
Governor

State of Idaho
DEPARTMENT OF INSURANCE

700 West State Street, 3rd Floor
P.O. Box 83720
Boise, Idaho 83720-0043
Phone (208) 334-4250
Fax (208) 334-4298

MARY L. HARTUNG
Director

February 8, 1999

P. Bruce Camacho
Executive Vice President
American Bankers Insurance Group
11222 Quail Roost Drive
Miami, FL 33157-6596

Re: Former Agent DeVonna Parrie (and/or Agent Kathy Wise where noted)
failure to return collateral

Dear Mr. Camacho:

The Department has received numerous consumer complaints as a result of the failures of a former Boise, Idaho agent named DeVonna Parrie¹ (and/or other agents associated with her) to return collateral upon exoneration of bail bonds. The supervising agent was Kathy Wise and the MGA was Bail USA, Inc. Enclosed are copies of the ARIC bail bond agent contract and the character certificate for Devonna Parrie from ABIC of Florida.

Dale Freeman of the Idaho Department of Insurance has been in contact with John M. Nett of your companies regarding consumers' complaints arising out of their inability to recover collateral given in conjunction with bail bonds since exonerated. The Department views Mr. Nett's response as unsatisfactory. The Department is requesting that your companies refund the amount of collateral taken by your agents for your protection that has not been returned. In return, this matter will be closed as to your companies concerning these named individuals.

This letter is written to attempt to resolve harm suffered by consumers as a result of actions taken by your agent(s) engaging in bail bond business on behalf of American Reliable Insurance Company (ARIC) and/or American Bankers Insurance Company of Florida (ABIC of Florida). The Department requests that ARIC pay the sums set forth below, (totaling \$36,382.79) to the designated people on or before March 1, 1999. Alternatively, you could make one payment to the Department and we would send out restitution checks. If this is done, and proof of payment is provided to the Department,

¹ It appears that some of the missing collateral money (for Messrs. Lankford and Whittier as noted in the chart below - and possibly others not included herein) did not go into one of DeVonna Parrie's accounts. The Department has reason to believe that this money went into an account for Kathy Wise and is attempting to confirm this with Ms. Wise.

the Department will consider this matter resolved with respect to ARIC/ABIC of Florida.²

If this resolution is unacceptable, however, the Department intends to bring an Administrative Complaint against ARIC/ABIC of Florida seeking sanctions that may include suspension/revocation of certificates of authority and administrative penalties, or alternatively to raise this issue as evidence of non-compliance with the Consent Order and Compliance Plan of November 23, 1998. The Department would also share information between victims to enable them to effectively pursue their common claims.

The events took place during approximately May through October 1997. Though not a separate entity, the bail bond business in question did business as Abracadabra Bail Bonds. Some of the victims on these bonds were defendants and other victims were co-signers/indemnitors. A few of the victims have been made whole through a "VISA chargeback" through their bank, and thus, the ultimate victim is the bank. The following chart identifies the name of the victim, amount due, and to whom ARIC/ABIC of Florida should refund the money (in those cases where the ultimate victim is a co-signer or indemnitor, the defendant's name is in parenthesis), which should be self-explanatory.

THE FOLLOWING AMOUNTS SHOULD BE PAID DIRECTLY TO THE NAMED INDIVIDUALS:

<u>Name/Address</u>	<u>Date Written</u>	<u>Exon. Date</u>	<u>Amount</u>	<u>Agent</u>
Pahl, Cindy 3100 Deer Flat Rd. Rt 3 Kuna, ID 83634 (Moffett, Lester)	5/29/97	1998	\$10,000.00	
Wilson, Kenneth 1480 Old Farmington Rd. Lewisburg, TN 37091	7/2/97	1/14/98	\$ 2,000.00	
Kolstad, James ³ 505 S. Montgomery Street SLC, UT 84104	8/5/97	4/20/98	\$ 2,000.00	

² There are approximately 17 consumers who the Department has not received complaints from who collectively appear to be owed approximately \$11,800.00. Should the Department be contacted by them or their successors, the Department reserves the right to demand payment of restitution to them in the future.

³ The collateral for James Kolstad was paid by his father-in-law, Carl Parkinson, via Master Card; however, since that time Kolstad has repaid Mr. Parkinson. Therefore, the collateral should be returned to Kolstad, which fact Mr. Parkinson has acknowledged in writing.

<u>Name/Address</u>	<u>Date Written</u>	<u>Exon. Date</u>	<u>Amount</u>	<u>Agent</u>
Comstock, Delmer 72 W. Prasch Avenue Yakima, WA 98902 (Durosette, Robert)	9/9/97	12/23/97	\$ 1,482.79 (\$1000.00 collateral & \$482.79 in fees attempting to collect)	
Scott, Richard 4115 Grassmere Ln., #C Dallas TX 75205-1129	9/25/97	3/3/98	\$ 600.00	
Gary Whittier 2702 Virginia Avenue Anaheim, CA 92806	6/14/97	12/2/97	\$ 300.00	(Agent DeVonna Parrie or Kathy Wise)
Lankford, Terry O. 377 Bloomington Dr. Meridian, ID 83642	6/15/97	5/15/98	\$ 5,000.00	(Agent DeVonna Parrie or Kathy Wise)

THE FOLLOWING DETAILS SUPPORT YOUR PAYMENT OF \$15,000.00 TO
FIRST SECURITY BANK:

Attn.: Jill Jemmett, Operations Specialist
First Security Bank
P.O. Box 7069
Boise, ID 83730

Total amount due First Security Bank: \$15,000.00

<u>Name/Address</u>	<u>Date Written</u>	<u>Exon. Date</u>	<u>Amount</u>
(Robin AL-Ibadi for Taha AL-Mudhafar)	7/29/97	2/3/98	\$ 5,000.00
(Winnie Ard)	7/29/97	11/12/97	\$ 5,000.00
(Matthew Mettz)	10/14/97	5/13/98	\$ 5,000.00

The Department views the conduct giving rise to these consumers' harm, i.e., agent misappropriation of collateral and inadequate supervision of agents' handling of collateral funds, as outside the scope of the Consent Order. Accordingly, the Department is not prohibited from seeking administrative sanctions against ARIC/ABIC of Florida, and will do so if the request for payments herein is not met.

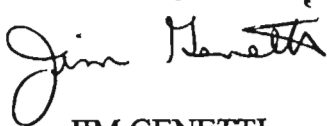
Alternatively, if ARIC/ABIC of Florida should successfully convince the Director that these matters fall within the scope of the Consent Order, then the Department will actively seek to require ARIC/ABIC of Florida to cure these problems in order to satisfy the Compliance Plan. Our Department has discussed this matter with someone from the working group states who agreed that ABIG should rectify this problem to the

satisfaction of the Idaho Department or risk further sanctions as provided for in the Compliance Plan.

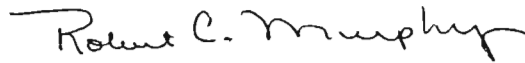
Please be advised that if your companies fail to pay these amounts to their customers and First Security Bank, the Idaho Department will do all it can to ensure these victims are made whole.

We believe payment of these refunds not only makes sense from the vantage of regulatory compliance, but also from a public relations standpoint. Please contact me should you have any questions or concerns.

Sincerely,



JIM GENETTI
Bureau Chief, Consumer Affairs



ROBERT C. MURPHY, CFE, CIE
Bureau Chief/Chief Examiner
Company Activities

Enclosure

:CW
(I-Amer Reliable-Parrie)

State of Idaho
DEPARTMENT OF INSURANCE
700 West State Street, 3rd Floor
P.O. Box 83720
Boise, Idaho 83720-0043
Phone (208)334-4250

INITIAL AGENT'S COMPANY APPOINTMENT

&

CHARACTER CERTIFICATE

(Must be typed or duplicated on computer)

This form must be filed in support of, and must accompany, all original applications for an insurance agent's license and must be completed by an officer or authorized representative of the insurer, on behalf of an applicant for an insurance agent's license.

American Reliable Insurance Company 10126 730 of,
Appointing Company & Certificate Of Authority (COA) Number

8655 E. Via De Ventura Scottsdale, AZ 85258
Appointing Company's Mailing Address, City, State, and Zip

does hereby appoint, Hoffman, Arthur Michael 50455
Agent/Agency's Name (Last, First, Middle) and License Number

for the lines of:

Please check the line of business for which agent/agency is to be appointed

<input type="checkbox"/> PROPERTY	<input type="checkbox"/> MOTOR VEH. PHY. DAM.	<input type="checkbox"/> LIFE
<input type="checkbox"/> CASUALTY	<input type="checkbox"/> BAGGAGE	<input type="checkbox"/> DISABILITY
<input type="checkbox"/> DISABILITY	<input type="checkbox"/> PERSONAL ACC. TICKET POL.	<input type="checkbox"/> VAR. CONTR.
<input type="checkbox"/> CREDIT PROPERTY	<input type="checkbox"/> INVOL. UNEMPLMT.	<input type="checkbox"/> CREDIT LIFE & DISABILITY
<input checked="" type="checkbox"/> SURETY		<input type="checkbox"/> PERSONAL ACC. TICKET POL.

THIS IS TO CERTIFY that I have investigated, or caused an investigation to be made, of the above named applicant's trustworthiness, integrity, financial responsibility, competence and other qualifications; that such investigation consisted of:

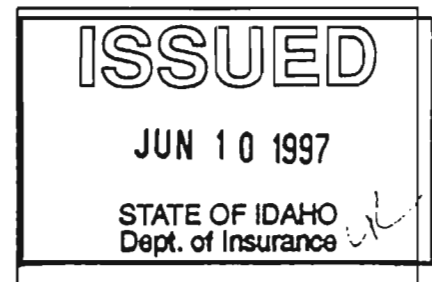
Company Investigation

Indicate sources of information, type of investigation, etc.

I am satisfied that the applicant is trustworthy and qualified to act in the capacity designated above; that he will hold himself out in good faith to the general public as an insurance agent; that he is not seeking the license principally for the purpose of insuring his own risks or interests and those of his family or employer; and that I desire said applicant be licensed to represent the above named insurer in the State of Idaho.

Mary Williams
Signature of Authorized Signer
Mary Williams
Typed or Printed Name of Authorized Signer
Sr. Vice President
Title of Authorized Signer

50455
Date
Mary Williams
Contact Person
(602) 483-1675
Contact Phone #



For Insurance Department Use Only.

BAIL BOND AGENT CONTRACT

THIS AGREEMENT entered into as of the 16th day of April 1997 by and between American Reliable Insurance Company of Arizona, a corporation existing by virtue of the laws of the State of Arizona ("Company" or "ARIC") and BAIL USA, INC., a Pennsylvania Corporation ("Managing General Agent" or "MGA") and

DeVonna Parrie
herein "Agent/Agent Indemnitor"

DeVonna Parrie & David Parrie
herein "Agent / Agent Indemnitor"

Kathy Wise
herein "Supervising Agent"

FOR AND IN CONSIDERATION of the promises set forth hereinafter, the parties hereto agree as follows:

1. Appointment of the Agent

ARIC appoints the Agent as an Agent of ARIC in the State of Idaho for the sole purpose of soliciting and executing bail bonds. This appointment and this contract are effective on the date of execution only if the Agent is a licensed bail bondsman in accordance with the applicable state statutes and regulatory authorities. If the Agent is not properly licensed, this agreement shall become effective on the date that Agent becomes licensed; however, if the bondsman fails to obtain a license within ninety (90) days from the date of execution, then this agreement shall be null and void.

2. Acceptance of Appointment

Agent shall solicit and execute bonds solely in the name of ARIC and in the state (s) designated. Agent acknowledges that ARIC and MGA does not have a duty to deal exclusively with Agent and may designate additional agents in the same geographical area (s). Agent shall not solicit or execute bail bonds in the name of any other surety without prior written approval of ARIC.

3. Relation of ARIC, MGA, and Agent

The relation between ARIC, MGA and Agent is that of principal and Independent contractor.

4. Duties of Agent

A. Premium

ARIC shall have the right to set and change the premium rate (filed with the State Insurance Department) which will be in accordance with the applicable state statutes and regulations. The agent shall collect and remit premium to the MGA or Supervising Agent (whichever is applicable) within seven (7) days of execution of each bail bond at the rate set by the Supervising Agent. MGA must receive full premium remittance on each bond and will not extend credit on premium requirements. All premiums collected by Agent for ARIC and MGA are trust funds in which the entire right, title, and interest belongs to ARIC and MGA.

B. Bond Collateral

Agent shall solicit, collect, receive, protect, return, apply, deliver to MGA, and/or otherwise deal with such collateral for bonds as ARIC and/or MGA may require. All bonds shall be collateralized with an indemnity agreement and/or promissory note. Bonds in excess of \$25,000 should also be fully collateralized with either cash and/or real or personal property. All collateral shall be received and held by Agent as trustee for ARIC until the applicable ARIC bond obligation (s) is completely discharged. In the event that ARIC's bond obligation is discharged without the necessity of applying the collateral, then the Agent will take all required steps to properly return the collateral in accordance with the applicable state statutes and regulations.

C. Bond Forfeitures

Agent shall immediately notify MGA of all bond forfeitures and Agent shall be responsible for filing any available defenses to the forfeitures and for payment of the forfeitures.

D. Bond Principals

Agent shall be solely responsible for location, apprehension, holding, movement, extradition and/or surrender of bond principals. If Agent elects to locate and apprehend a principal, who has failed to appear as required, the Agent does so at his own initiative, under his own direction, and at his own risk.

E. Records

Agent shall keep complete records, in such _____ as ARIC and MGA may indicate and as required by _____ of all bail bond business written by Agent for ARIC and MGA. No Agent should design, modify or use any forms without the written consent of MGA. All such records, accounts, documents, vouchers and memoranda collected with the business shall be the property of ARIC and MGA, held in trust for ARIC and MGA and shall be open for inspection upon request. Minimum record standards for each executed power shall be: a copy of the executed power, completed bail bond application, evidence of premium received, evidence of collateral securing the bond and a copy of the forfeiture notice if applicable.

Additionally, the Agent shall transmit to ARIC and MGA, in accordance with ARIC and MGA requirements, records indicating the risk assumed, premium collected, collateral received and returned, forfeitures incurred, claims paid, bonds discharged, and any other information, documents, or records, pertaining to bail bond undertakings, that are requested.

5. Powers of Attorney

Managing General Agent shall furnish Agent with Powers of Attorney to write bail bonds, in such numbers, denominations and at such times as MGA from time to time shall determine. Whenever demanded by ARIC or MGA, agent shall immediately deliver any and all unused Powers of Attorney to MGA or ARIC. Should any Powers of Attorney be unaccounted for, stolen or otherwise lost, Agent shall immediately report the same to ARIC or MGA, submit a lost power affidavit and unless otherwise directed by MGA or ARIC, make full premium remittance based upon the maximum denominations of the bonds. Upon termination of this agreement, all bond powers shall be returned immediately.

6. Contract Collateral and Indemnity (Build-up) Funds

As security for the indemnifications set forth in paragraphs 7 and 8, Agent shall deliver to ARIC and/or MGA contract collateral consisting of \$25,000 Deed of Trust. The contract collateral will at all times equal or exceed \$25,000 in cash or property of equivalent value. Any and all taxes due and payable with respect to the contract collateral shall be paid by Agent.

Also, for the indemnifications set forth in Paragraph 7 and 8, Agent shall deliver to ARIC and/or MGA within seven (7) days of execution of each bond hereunder an additional cash sum equal to 1% of the principal amount of each bond written. Such cash sums and/or other assets, the income therefrom and the investment and reinvestment thereof shall be known as the "Indemnity Funds or Build-up Fund." The Build-up Fund shall represent one percent (1%) of all principal amounts of all bonds written under this Agreement. Any and all taxes due and payable with respect to income and/or principal from the Build-up Fund shall be paid by Agent.

ARIC and/or MGA may, without notice to Agent, take the following actions regarding the Build-Up Fund. When ARIC and MGA are authorized under other provisions of this Agreement to withdraw, apply and/or reimburse itself here from by reason of indemnification, they may do so with such part or all of the principal and/or income as they shall determine. If the Build-up Fund's cash reserves have been depleted, ARIC and MGA may, in its sole discretion and for such values as it deems appropriate, convert non-cash assets, if any, to cash either by sale or otherwise.

Upon termination of this Agreement and after all indemnification hereunder is finally determined and satisfied, that portion of said Build-Up Fund and Contract Collateral then remaining shall be delivered to Agent.

The Build-up Fund shall not be primarily liable for any indemnification hereunder except insofar as ARIC and MGA may elect to satisfy the same therefrom as otherwise authorized hereunder. No one who is interested in the Build-up Fund as a depositor or otherwise, no one who has an interest in collateral that is applied in satisfaction of any indemnity hereunder, nor anyone else interested herein howsoever, shall have any claim of primary liability from said Build-up Fund, any right of payment from said Funds, nor any right of reimbursement from said Build-up Fund except in accordance with paragraph 10.

7. Forfeiture Payments

When the court requires payment of a forfeiture, ARIC and MGA shall have the right, in addition to any other rights at law or at equity, to do any one or more of the following: (a) direct any party hereto indemnifying ARIC and MGA therefrom to pay any part or all thereof; (b) pay any part or all thereof from the Build-up Fund (c) pay and/or direct payment of any part or all thereof from any forfeiture collateral held for such bond; (d) direct the bond principal and/or anyone guaranteeing, assuring or indemnifying ARIC and MGA and/or any other party hereto against loss by reason of the bond principal's noncompliance, to pay any part or all thereof; and/or (e) pay any part or all thereof and direct and/or make reimbursement to itself in accordance with (a), (b), (c) and/or anyone described in (d).

8. General Indemnification

In addition to, and not in derogation of, any and all liability the Agency may have at law and/or equity for nonperformance of this Agreement: Agent, each Agent Indemnitor and Supervising Agent Indemnitors, jointly and severally, shall indemnify, hold and save ARIC and Managing General Agent harmless from one hundred percent (100%) of any and all reasonable and legitimate costs, expenses and liabilities, including but not limited to, bond forfeitures, travel expenses (including food and lodging), telephone and postage expenses, special assistance fees, special employment expenses, investigators' fees, attorneys' fees, accountants' fees, experts' fees, trial preparation expenses, court costs, penalties, judgments, judgment execution expenses and the like which ARIC and MGA may sustain or incur from time to time as a result of, arising from or in connection with the subject matter of this Agreement, including but not limited to, execution and/or administration of bonds, collection of premiums, forfeiture of bonds, audits by ARIC and MGA of and concerning any party hereto; investigation of bonds, negotiation and settlement of bond claims; location, apprehension, holding, movement, extradition and/or surrender of bond principals; collection, protection, investment transmission and/or application of collateral; questions about or assertion of rights by others against any party hereto or against their rights hereunder; exercise, defense and/or enforcement of any right of ARIC and MGA hereunder; negotiation and settlement of charges, claims and demands of whatever type and nature; and participation in any judicial proceeding, voluntarily or otherwise.

9. Agents and Employees Liability

By execution of the agency Contract by the Agent, said Agent acknowledges and assumes full liability and provides ARIC and Managing General Agent with complete indemnification for all employees, agents, and independent contractors with whom Agent may contract to assist Agent in his bail bond business.

10. Indemnification Remedies of ARIC and MGA

Whenever ARIC and MGA is entitled to indemnification under this Agreement, in addition to any other rights and remedies it may have under this Agreement, at law and/or equity, ARIC and MGA shall have the right to do any one or more of the following: (a) direct any party hereto so indemnifying ARIC and MGA to pay any part or all of the underlying loss, expense or obligation; (b) pay any part or all thereof from the Build-up Fund; and/or (c) pay any part or all thereof and direct and/or make reimbursement thereof to itself in accordance with (a) and/or (b). All such rights of ARIC and MGA to reimbursement shall be primary to any such rights of any other party hereto.

11. ARIC and MGA Rules and Regulations

Agent shall comply with any and all directions, instructions, routines, rules, regulations, and the like from time to time given, prescribed and/or adopted by ARIC or MGA including but not limited to ARIC's Bail Bond Standards Manual; and unless otherwise authorized and/or directed from time to time by ARIC or MGA, Agent shall make no alteration, modification or amendment of any obligation of ARIC or MGA; agree to no extension of any bond, undertaking or obligations; enter into no settlement or claims; keep confidential any and all instructions and information; and do nothing whatsoever which may create additional obligations and liabilities for ARIC or MGA and/or impair ARIC's or MGA's good will.

12. Public Rules and Regulations

Agent shall also observe all rules and regulations of the Insurance Department of the state and any of the courts or other regulatory bodies to whose jurisdiction they, ARIC or MGA shall be subject.

13. Advertisements

Agent shall not insert any advertisements representing ARIC or MGA in any publication or issue any circular or paper referring to ARIC or MGA without submitting same to ARIC and/or MGA and securing prior written approval thereon.

14. Agent's Expenses

Except as ARIC or MGA may otherwise authorize and/or direct from time to time, Agent shall bear any and all expenses incurred by him in executing all directions, instructions, routines, rules, regulations and general bond administration prescribed by ARIC and/or MGA as well as all expenses otherwise incurred in the conduct of Agent's business, including but not limited to, the expense of all communications and deliveries initiated by Agent to ARIC or MGA and the expense of all forms and materials not routinely furnished by ARIC or MGA.

Agent shall have no right of compensation from ARIC or MGA hereunder except as set forth in Section 3A.

15. Termination of Agreement

Any party hereto may terminate this Agreement, with or without cause, at any time, upon written notice. On the termination date noticed, Agent's right and duty to solicit and execute bail bonds hereunder shall immediately cease and terminate. All other rights and duties of each party hereto shall continue thereafter until final determination and satisfaction of the entire subject matter of this Agreement (including the exoneration of all bonds executed hereunder prior to such termination notice) and thereupon this Agreement shall be finally terminated.

16. Arbitration

Any and all disputes or disagreements arising between the parties pertaining to or relating in any manner to this Agreement, including but not limited to any disputes or disagreements as to the meaning or interpretations of this Agreement, or any portion thereof or the relationship of the parties created under this Agreement, upon which an amicable understanding cannot be reached, including any breach of this Agreement, are to be decided by arbitration.

Three arbitrators shall be selected for the arbitration panel. One arbitrator shall be selected by each party. The third arbitrator shall be selected by the arbitrators named by each party. In the event an agreement cannot be reached as to the third arbitrator, either party may petition a court of competent jurisdiction to appoint a neutral arbitrator as the third arbitrator.

The Federal Rules of Civil Procedure and The Federal Rules of Evidence shall govern all procedural issues; however, upon order of the arbitrators or by agreement of the parties, time limits contained therein may be shortened or lengthened.

The parties agree to be bound by the majority decision of the arbitrators. The arbitrators shall state in their decision the bases upon which their decision is made. An appeal may be made from the arbitrators' decision to a court of general jurisdiction in Miami, Florida on the grounds set forth in the Florida Arbitration Code. All parties to this Agreement, by signing this Agreement, consent to the jurisdiction of the Florida courts.

The costs and expenses of the third arbitrator shall be shared equally by the parties. Each party shall be responsible for its own costs and expenses in arbitrating the dispute. This provision shall survive the termination of this Agreement.

17. Severability

If any provision or item of this Agreement or application thereof is held invalid, such invalidity shall not affect other provisions, items or applications of this Agreement which can be given effect without the invalid provisions, items or applications, and to this end the provisions of this Agreement are hereby declared severable.

18. Assignments

ARIC may assign any or all of its rights and/or obligations hereunder, substitute or join with any other surety or sureties on any bond hereunder and/or reinsure any bond hereunder. No assignment of any right or obligation hereunder shall be made by any other party hereto without ARIC's written consent.

19. Modification of Agreement

Each of the parties hereto acknowledges that this Agreement expresses his or its entire understanding; that there have been no representations made by any party hereto except as set forth herein; that this Agreement shall not be subject to change or modification except by execution of another instrument in writing subscribed to by each of the parties hereto; and that waiver of any obligation hereunder shall not be construed as a waiver of the subsequent performance by any party of either the same or any other obligation hereunder.

20. Written Notices

Any written notice given hereunder shall be deemed received by the addressee upon deposit of the same in the United States Mails with proper first class postage affixed thereto, addressed as follows:

- | | |
|--------------------------------------|--|
| (a) If to ARIC: | American Reliable Insurance Company
8655 East Via De Ventura
Scottsdale AZ 85258 |
| (b) If to Agent/Agent
Indemnitor: | DeVonna Parrie
6615 W Denton Lane
Boise ID 83706 |
| (c) If to Agent Indemnitor: | DeVonna & David Parrie
6615 W Denton Lane
Boise ID 83706 |
| (d) If to Supervising Agent: | Kathy Wise
909 N Cole Road
Boise ID 83704 |
| (e) If to Managing General Agent: | BAIL USA, INC.
P. O. Box 806
Greenville, PA 16125 |

or such other address as shall be provided hereafter by and for any party in writing.

21. Benefits and Obligations of Successors

This agreement shall inure to the benefit of and be binding upon the heirs, representatives, transferrers, successors and assigns of each party hereto.

22. Other Instruments

Agent, ARIC and MGA agree that they will execute any instrument, whether described in this Agreement or not, which is required for the faithful performance of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

Attest:

[Signature]

AMERICAN RELIABLE INSURANCE COMPANY

BAIL BOND DIVISION

[Signature]
Authorized Representative "ARIC"

Attest:

[Signature]

BAIL USA, INC.
MANAGING GENERAL AGENT

[Signature]
Authorized Representative "MGA" [Signature]

(Signature)

[Signature]

(Signature)

(Printed)

DeVonna Parrie
"Agent/Agent Indemnitor"

[Signature]

David Parrie
"Agent Indemnitor"

(Signature)

[Signature]

(Signature)

(Printed)

Kathy Wise
"Supervising Agent"

(Printed)

"Agent Indemnitor"

State of Idaho

County of Ada

The foregoing instrument was acknowledged before me this 7 day of May, 19 97, by DeVonna Parrie, David Parrie & Kathy Wise personally known to me or who has produced as identification.

Official Notary Seal.

[Signature]
Notary Public



**AMERICAN RELIABLE INSURANCE COMPANY
AMERICAN BANKERS INSURANCE COMPANY OF FLORIDA**

Subsidiaries of American Bankers Insurance Group

8655 E. Via De Ventura, Scottsdale, Arizona 85258
(602) 483-8666 FAX (602) 607-7349

February 25, 1999

Tom Donovan
Deputy Attorney General
Idaho Department Of Insurance
700 West State Street, 3rd Floor
Boise, Idaho 83720

Re: Return of bail collateral related to former agent DeVonna Parrie (and/or Kathy Wise where noted)

Dear Mr. Donovan:

It was a pleasure speaking to you today, thank you for the assistance you provided to me on the attached bail collateral return matter.

Per your conversations today with both Greg DeChurch and myself, you granted an extension to American Bankers Insurance Company Of Florida to Monday afternoon 3/1/99 at 5:00 P.M. M.S.T. to come to a final determination with the Idaho Department Of Insurance on the amount of bail collateral owed to bail indemnitors "Cindy Pahl" and "Delmer Comstock". We thank you for the granted extension on these two issues.

Please note that American Bankers Insurance Company Of Florida is complying with the Idaho Department Of Insurance request to return bail collateral to the following bail indemnitors who failed to have their bail collateral returned by our former Idaho bail agent DeVonna Parrie. Attached to this letter please find copies of the following 6 checks:

<u>Payee</u>	<u>Amount</u>
1) Kenneth Wilson	\$2,000.00
2) James Kolstad	\$2000.00
3) Richard Scott	\$600.00
4) Gary Whittier	\$300.00
5) Terry O. Lankford	\$5,000.00
6) First Security Bank	\$15,000.00

EXHIBIT

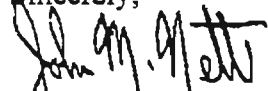
B.

(2)

These 6 checks will be Fed Ex'd Standard Overnight on Friday, Feb. 26 from our office and sent directly to the bail indemnitors residential addresses for delivery on Monday afternoon March 1, 1999.

Thank you again for your cooperation in this matter. Please call me at 1-800-535-1333 ext.222 if you have any questions. And, in conclusion, we will definitely speak on Monday, March 1 to bring closure to the 2 open issues on "Cindy Pahl" and "Delmer Comstock". Have a great weekend!!

Sincerely,



John M. Nett
Bail Bond Specialist

American Bankers Insurance Company Of Florida / American Reliable Insurance Company

Attach:

cc: Cheryl Burns
Greg DeChurch
Phil Levy

AMERICAN RELIABLE INSURANCE COMPANY

8655 E. VIA DE VENTURA
SCOTTSDALE, ARIZONA 85258THE FIRST NATIONAL BANK
OF CHICAGO

Check # 0010028316

DATE	AMOUNT
02/23/99	\$*****2,000.00

The Sum of TWO THOUSAND and 00/100 DOLLARS

Customer Number:

VOID AFTER 180 DAYS

Pay to the Order of
Wilson, Kenneth
1480 Old Farmington Rd
Lewisburg, TN 37091

Clinton B. C...
P. Long

0010028316 0019232261 94 013690

AMERICAN RELIABLE INSURANCE COMPANY

8655 E. VIA DE VENTURA
SCOTTSDALE, ARIZONA 85258

Check No. 0010028316

Pay: Wilson, Kenneth

In Payment Of The Following Items Which Total: \$ 2,000.00

Invoice Number	Invoice Date	Description	Amount
23-FEB-99	02/23/99	Return of Bail Collateral Related to Agent D. Parri	2,000.00

AMERICAN RELIABLE INSURANCE COMPANY8655 E. VIA DE VENTURA
SCOTTSDALE, ARIZONA 85258THE FIRST NATIONAL BANK
OF CHICAGO

Check # 0010028299

DATE	AMOUNT
02/23/99	\$*****2,000.00

The Sum of TWO THOUSAND and 00/100 DOLLARS

Customer Number

VOID AFTER 180 DAYS

Pay to the Order of
Kolstad, James
505 S. Montgomery Street
Salt Lake City UT 84104

Christian B. Cimin
P. Long

⑈000028299⑈ ⑈071923226⑈ 96 01369⑈

AMERICAN RELIABLE INSURANCE COMPANY8655 E. VIA DE VENTURA
SCOTTSDALE, ARIZONA 85258

Check No. 0010028299

Pay: Kolstad, James

In Payment Of The Following Items Which Total \$ 2,000.00

Invoice Number	Invoice Date	Description	Amount
23-FEB-99	02/23/99	Return of Bail Collateral Related to Agent D.Parr	2,000.00

AMERICAN RELIABLE INSURANCE COMPANY8655 E. VIA DE VENTURA
SCOTTSDALE, ARIZONA 85258THE FIRST NATIONAL BANK
OF CHICAGO

Check # 0010028307

DATE	AMOUNT
02/23/99	\$*****600.00

The Sum of: SIX HUNDRED and 00/100 DOLLARS

Customer Number

VOID AFTER 180 DAYS

Pay to the Order of: Scott, Richard
4115 Grassmere Ln. #C
Dallas, TX 75205-1129

Clinton B. Quinn
P. Long

⑈000028307⑈ ⑆021923226⑆ 94 01369⑈

AMERICAN RELIABLE INSURANCE COMPANY8655 E. VIA DE VENTURA
SCOTTSDALE, ARIZONA 85258

Check No. 0010028307

Pay: Scott, Richard

In Payment Of The Following Items Which Total \$ 600.00

Invoice Number	Invoice Date	Description	Amount
23-FEB-99	02/23/99	Return of Bail Collateral Related to Agent D Parri	600.00

AMERICAN RELIABLE INSURANCE COMPANY

8455 E. VIA DE VENTURA
SCOTTSDALE, ARIZONA 85258THE FIRST NATIONAL BANK
OF CHICAGO

Check # 0010028314

DATE	AMOUNT
02/23/99	\$*****300.00

The Sum of THREE HUNDRED and 00/100 DOLLARS

Customer Number

VOID AFTER 180 DAYS

Pay to the Order of
Whittier Gary
2702 Virginia Ave.
Anaheim, CA 92806

Christine B. Davis
P. Long

⑈0010028314⑈ ⑆021923225⑆ 9401369⑈

AMERICAN RELIABLE INSURANCE COMPANY

8455 E. VIA DE VENTURA
SCOTTSDALE, ARIZONA 85258

Check No. 0010028314

Pay Whittier Gary

In Payment Of The Following Items Which Total \$ 300.00

Invoice Number	Invoice Date	Description	Amount
23-FEB-99	02/23/99	Return of Bail Collateral Related to Agent D Parti	300.00

AMERICAN RELIABLE INSURANCE COMPANY

8655 E. VIA DE VENTURA
SCOTTSDALE, ARIZONA 85258THE FIRST NATIONAL BANK
OF CHICAGO

Check # 0010028300

DATE	AMOUNT
02/23/99	\$*****5,000.00



The Sum of: FIVE THOUSAND and 00/100 DOLLARS

Customer Number:

VOID AFTER 180 DAYS

Pay to the Order of Lankford, Terry D.
377 Bloomington Dr.

of Meridian, ID 83642

⑈0010028300⑈ ⑈071923226⑈ 94 01369⑈

AMERICAN RELIABLE INSURANCE COMPANY

8655 E. VIA DE VENTURA
SCOTTSDALE, ARIZONA 85258

Check No. 0010028300

Pay Lankford, Terry D.

In Payment Of The Following Items Which Total \$ 5,000.00

Invoice Number	Invoice Date	Description	Amount
23-FEB-99	02/23/99	Return of Bail Collateral Related to Agent D. Parri	5,000.00

AMERICAN RELIABLE INSURANCE COMPANY8655 E. VIA DE VENTURA
SCOTTSDALE, ARIZONA 85258THE FIRST NATIONAL BANK
OF CHICAGO

Check # 0010028296

DATE	AMOUNT
02/23/99	\$***15,000.00

The Sum of FIFTEEN THOUSAND and 00/100 DOLLARS

Customer Number:

VOID AFTER 180 DAYS

Pay to the order of
First Security Bank
Attn: Jill Jemmett
Operations Specialist
P.O. Box 7069
Boise, ID 83730

Christian B. Carr
P. Ling

AMERICAN RELIABLE INSURANCE COMPANY8655 E. VIA DE VENTURA
SCOTTSDALE, ARIZONA 85258

Check No. 0010028296

Pay First Security Bank

In Payment Of The Following Items Which Total \$ 15,000.00

Invoice Number	Invoice Date	Description	Amount
23-FEB-99	02/23/99	Return of Bail Collateral Related to Agent D. Parri	15,000.00



**AMERICAN RELIABLE INSURANCE COMPANY
AMERICAN BANKERS INSURANCE COMPANY OF FLORIDA**

Subsidiaries of American Bankers Insurance Group

8655 E. Via De Ventura, Scottsdale, Arizona 85258
(602) 483-8666 FAX (602) 607-7349

March 2, 1999

Delmer Comstock
72 W. Prash Avenue
Yakima, WA 98902

Re: Return of bail collateral due back from DeVonna Parrie

Dear Mr. Comstock:

Please find attached to this letter a check representing the "return of your bail collateral" due to your bail relationship with bail agent DeVonna Parrie and American Reliable Insurance Company (ARIC) or American Bankers Insurance Company Of Florida (ABIC Of Florida). The attached check should bring closure to the "total amount outstanding of bail collateral" you previously had owed to you from DeVonna Parrie.

If you should have any questions about the attached check, please feel free to contact me at 1-800-535-1333 ext.222. Thank you for your patience in this matter.

Sincerely,

John M. Nett
Bail Bond Specialist

American Bankers Insurance Company Of Florida / American Reliable Insurance Company

Attach:

EXHIBIT

C.

AMERICAN RELIABLE INSURANCE COMPANY8655 E. VIA DE VENTURA
SCOTTSDALE, ARIZONA 85258THE FIRST NATIONAL BANK
OF CHICAGO

Check # 0010028409

DATE	AMOUNT
03/01/99	\$*****1,240.02

The Sum of ONE THOUSAND TWO HUNDRED FORTY and 02/100 DOLLARS

Customer Number

VOID AFTER 180 DAYS

Pay to the Order of
Comstock Helmer
72 W. Prusich Avenue
Yakima, WA 98902*Christine P. Carr*
P. Ling

⑈0010028409⑈ ⑈071923226⑈ 94 01369⑈

AMERICAN RELIABLE INSURANCE COMPANY8655 E. VIA DE VENTURA
SCOTTSDALE, ARIZONA 85258

Check No. 0010028409

Pay - Comstock Helmer

In Payment Of the following items which total \$ 1,240.02

Invoice Number	Invoice Date	Description	Amount
01-MAR-99	03/01/99	Return of Ball Collateral related to agent D.Parr	1,240.02

INVOICE

Abracadabra Bail Bonds
909 N. Cole Road
Boise, Idaho, 83704

Defendant:	Lester Moffet	Cosigner:	Cindy Pahl
Bond Number:	A10.0968736	Date Posted:	5/29/97
Posting Agent:	DeVonna R. Parrie	Date Forfeited:	10/20/98

Overview:

The defendant, Lester Moffet, was bonded on May 29, 1997 by Cindy Pahl. Mr. Moffet had been charged with Aggravated Assault on a Police Officer and had been found guilty of the charge. Ms. Pahl tendered the bond for the purpose of Mr. Moffet's appeal. It was believed that Mr. Moffet was a high risk bond. Our ability to apprehend Mr. Moffet was significantly impacted by the charge of Aggravated Assault on a Police Officer. We were told that the defendant had held the police at bay at gunpoint in regard to a property dispute and that he had tried to run over an officer. We were told that Mr. Moffet is a constitutionalist and did not acknowledge the police officer's authority to arrest him. That being the case, we felt confident that he would not acknowledge our authority to arrest him, should the bond forfeit. We did not know if the statements were true, but, we advised Ms. Pahl of our concerns and told Ms. Pahl that the bond would not be posted without cash collateral because of the serious nature of the charges against Mr. Moffet. She was advised that if he did not go to court, she would not get her money back. She was advised that Mr. Moffet was considered a high risk bond and that we were not sure that we could retain anyone willing to apprehend him.

Bond Forfeiture/Defendant's Apprehension:

We received timely notice in regard to the defendant's failure to report for sentencing, effective October 20, 1998. Following the defendant's failure to appear, we began looking for the defendant. We had his last known address under full-time surveillance and investigated his known associates in the Boise County area. From that investigation, we believed the defendant was in the Kuna area and undertook an investigation in that area, again placing another address under full-time surveillance. Both areas of surveillance are quite rural and all parties involved believed that there was significant risk

EXHIBIT

D.

in continuing surveillance undetected and unharmed. We believed we had confirmation that the defendant was at the Kuna address. We approached the address and attempted to confirm Mr. Moffet's identification. He denied he was the defendant in question. Ms. Pahl was present and also denied that the person before us was Mr. Moffet. Finally, after threatening Ms. Pahl with potential charges in obstruction and aiding and abetting, she admitted that the party before us was Mr. Moffet. Ms. Pahl, by not giving us the information immediately, and by assisting Mr. Moffet in avoiding the police, significantly impacted our risk assumed. As cosigner, she is obligated to advise us as to the location of the defendant and assist in his apprehension. We successfully apprehended the defendant, despite his hiding from us and her assistance in hiding him. With Mr. Moffet's background, all parties involved felt that they were at great risk in this undertaking.

Fee for the apprehension: \$10,000, fully earned on apprehension.

Detail Billing of Time Expended (Costs Not Included):

<u>Date</u>	<u>Hours</u>	<u>Activity</u>	<u>\$</u>
10/19/98	Date of Forfeiture		
10/20/98	Receipt of Notice		
10/21/98	17	Surveillance/ Investigation	1105
	8 hrs/file review	Boise County Sherr./ Court Search	520
10/22/98	20	Surveillance/ Investigation	1300
10/23/98	20	Surveillance/ Investigation	1300
10/24/98	12	Surveillance/ Investigation	780
10/25/98	3	Review file, gather info., confirm warrant	195
10/26/98	9	Surveillance/ Investigation	585
10/27/98	20	Surveillance	1300
10/28/98	20	Surveillance	1300
10/29/98	20	Surveillance	1300

<u>Date</u>	<u>Hours</u>	<u>Activity</u>	<u>\$</u>
10/30/98 @4:50 a.m. returned to custody to Ada County Jail	16	Surveillance/ Apprehension	1040
11/5/98	2	Follow up File Review/ Motion Preparation	130
2/24-26/99	4	File Review/ Doc Prep	260
			<hr/>
			\$ 11,115

Parties Involved in this Investigation:

Document Prep., File Reviews, Court and Administrative matters:
K. Wise

Surveillance, Investigation, meeting with Law Enforcement included:
W. Wise, K. Wise, K. Smith and H. Stephan