

BEFORE THE DIVISION OF INSURANCE, STATE OF COLORADO

Case File Nos. 204627, 204616, 204965, and 205496  
DOI Order No. O-07-114

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**EX PARTE EMERGENCY ORDER TO CEASE AND DESIST THE UNAUTHORIZED  
AND UNLAWFUL TRANSACTION OF THE BUSINESS OF INSURANCE IN THE  
STATE OF COLORADO**

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IN THE MATTER OF DAWE GONE BAIL BONDS AND SUZETTE DAWE,

Respondents.

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This matter comes before the Honorable Marcy Morrison, the Commissioner of Insurance of the State of Colorado (the "Commissioner"), pursuant to the provisions of the Regulation of Unauthorized Insurance Act, §§ 10-3-901 through 10-3-910, C.R.S., whereby the Commissioner is authorized to issue an *ex parte* emergency cease and desist order regarding the unauthorized transaction of insurance business in Colorado.

**PARTIES AND JURISDICTION**

1. The Commissioner has the duty and responsibility to supervise the business of insurance in the State of Colorado, and to investigate and enforce Colorado insurance laws and regulations, as set forth in §§ 10-1-108(5) and (7), C.R.S.
2. When the Commissioner believes that an unauthorized person is engaging in the transaction of insurance business in violation of §§ 10-3-105 or 10-3-903, C.R.S., or any rule or regulation promulgated under authority of Colorado insurance laws, and when it appears to the Commissioner that such unauthorized person's conduct is fraudulent, or creates an immediate danger to the public safety, or is causing or can be reasonably expected to cause significant, imminent and irreparable public injury, the Commissioner may issue an *ex parte* emergency cease and desist order to such unauthorized person to cease and refrain from such unlawful conduct pursuant to § 10-3-904.5, C.R.S.
3. It is the duty of the Commissioner to make such investigations and examinations as are authorized by title 10 and article 7 of title 12, C.R.S., and to investigate such information as is presented to the Commissioner by authority that the Commissioner believes to be reliable pertaining to violation of the insurance laws of Colorado, and it is the Commissioner's duty to present the result of such investigations and examinations for further investigation and prosecution to either the district attorney of the proper judicial district or the attorney general when, in the Commissioner's

- (g) The doing of any kind of insurance business specifically recognized as constituting the doing of an insurance business within the meaning of the statutes relating to insurance;
- (h) The doing, or proposing to do, any insurance business in substance equivalent to any of the foregoing in a manner designed to evade the provisions of the statutes; . . .

**§ 12-7-106. Denial, suspension, revocation, and refusal to renew license--hearing--alternative civil penalty**

(1) The division shall deny, suspend, revoke, or refuse to renew, as may be appropriate, the license of any person engaged in the business of bail bonding agent for any of the following reasons:

...

(b) Knowingly failing to comply with or knowingly violating any provision of this article or of any proper order or rule of the division or any court of this state where the licensee knew or reasonably should have known of the provision, order or rule;

(c) Any activity prohibited in section 12-7-109(1);

...

(g) Failure to report, to preserve without use and retain separately, or to return collateral taken as security on any bond to the principal, indemnitor or depositor of such collateral;

...

**§ 12-7-108. Bonding agreements – place of business – records – payment schedule – disclosure statements.**

(1) All indemnity agreements, promissory notes, premium and collateral receipts, and bond revocation agreements shall be in writing and signed by the bail bonding agent and the defendant or third-party indemnitor. If the defendant or third-party indemnitor is illiterate or does not read the English language, such bail bonding agent shall note on the indemnity agreement that he or she or a third-party has read or translated the agreement to the defendant or third-party indemnitor and shall affix an affidavit attesting that the document was translated to the indemnity agreement. Premium receipts shall be signed, be dated, and list the amount of the bond paid, and the original given to the defendant or third-party indemnitor.

...

**§ 12-7-109. Prohibited activities – penalties.**

(1) It is unlawful for any licensee under this article to engage in any of the following activities:

...

(d.5) Except for the fee received for the bond, to fail to return any collateral or security within ten working days after receipt of a copy of the court order that results in the release of the bond by the court, unless the collateral also secures other obligations in compliance with section 12-7-108(10). A copy of the court order shall be provided to the bonding agent in Colorado or the company, if any, for whom the bonding agent works whether in Colorado or out-of-state, or both, by the person for whom the bond was written; except that, if three years has elapsed from the date of the posting of the bond, unless a judgment has been entered against the surety or the principal for the forfeiture of the bond, or unless the court grants an extension of the three-year period for good cause shown, the bail bonding agent, as principal or as surety, shall be exonerated and, at the request of the person who tendered the collateral or security, return the collateral or security to the person who posted the collateral or security within ten business days after the three-year time period. The commissioner may release a lien after the three-year time period has expired if the lienholder cannot be contacted after an attempt has been made by certified mail and the attempt has failed.

...  
(k) Accept anything of value from a person whose bond such licensee is indemnitor or from another on behalf of such principal except the premium; except that the bail bonding agent licensed under this article may accept collateral security or other indemnity from the person on whose bond such bail bonding agent is indemnitor or from another on behalf of such principal. All such collateral or other indemnity shall be returned pursuant to the requirements contained in paragraph (d.5) of this subsection (1). The bail bonding agent licensed under this article shall preserve and separately retain such collateral and shall be responsible for the return of all such collateral taken and shall be liable for failure thereof as will also be the surety company. When a bail bonding agent accepts collateral as security pursuant to this paragraph (k), such bail bonding agent shall give a written receipt for such collateral to the person on whose bond such bail bonding agent is indemnitor or to another on behalf of such principal and the surety, which shall provide in detail a full description of the collateral received. In the event of the failure or inability for any reason of a bail bonding agent or such bail bonding agent's heirs or assignees to return collateral as required by this paragraph (k), the commissioner or the commissioner's designee is authorized to take immediate possession of the collateral and take whatever actions are necessary and appropriate to assure compliance with the obligations of this article relating to the return of collateral. The commissioner is authorized to utilize any or all of the qualification bond required by section 12-7-103(3) for any costs incurred. Any such payment received by the commissioner is hereby appropriated to the division of insurance in addition to any other funds appropriated for its normal operation. The commissioner shall forfeit a qualification bond in the amount necessary to pay any final, nonappealable judgment award for failure to return collateral, including costs and attorney's fees, if awarded.  
...

### **FINDINGS OF FACT**

9. Respondent Dawe is an individual known to reside at 1507 18<sup>th</sup> Street in Longmont, Colorado 80501 and 817 Greenwood Drive in Berthoud, Colorado 80513.
10. Respondent Dawe owned a bail bonding business that operated under the name of Dawe Gone Bail Bonds, and which was located at 803 12<sup>th</sup> Avenue in Greeley, Colorado. Respondent Dawe owned and operated Respondent Dawe Gone Bail Bonds from at least March 2006 to September 2006.
11. Yellow page advertisements indicate that Respondent Dawe represented herself as either the owner/proprietor and/or bail bonding agent of Dawe Gone Bail Bonds.
12. The trade name of Dawe Gone Bail Bonds was registered with the Colorado Secretary of State on October 1, 2005 by A. Suzette Dawn Ed Dawe with an address of 803 12<sup>th</sup> Street in Greeley, Colorado.
13. The trade name of Dawe Gone Bail Bonds was not, nor is it now, registered with the Division in accordance with § 10-2-701, C.R.S., by Respondent Dawe or any other agent.
14. Respondent Dawe owned and operated Dawe Gone Bail Bonds with her step-mother, Ann Sharp, and step-sister, Dawn Edwinson. Dawn Edwinson is a licensed bail

bonding agent whose license number is 263 878. Said license was first licensed on February 15, 2006. Ms. Sharp is an unlicensed individual who acted as the bookkeeper for Dawe Gone Bail Bonds at all times during its operation.

15. Respondent Dawe represented to Ms. Sharp and Ms. Edwinston that she was currently licensed as a bail bonding agent by the Colorado Division of Insurance ("Division") but that she needed to submit paperwork to "renew" her license. At all times relevant to the operation of Dawe Gone Bail Bonds, Respondent Dawe represented to Ms. Sharp and Ms. Edwinston that she was in the process of "renewing" her license with the Division.
16. During the time in which Dawe Gone Bail Bonds was in operation, Lonnie Brock and Craig Peterson, licensed bail bonding agents, worked for Respondent Dawe. Mr. Brock's license number is 272167 and he was first licensed by the Division on July 5, 2006. Mr. Peterson's license number is 270248 and he was first licensed by the Division on June 1, 2006.
17. At all times relevant to their employment with Dawe Gone Bail Bonds, Respondent Dawe represented herself as a licensed bail bonding agent to both Mr. Brock and Mr. Pierce.
18. At all times relevant to her employment with Dawe Gone Bail Bonds, Ms. Edwinston, had an appointments of authority with American Surety Company. Upon information and belief, Respondent Dawe's residential home was put up as collateral for Ms. Edwinston's appointment of authority.
19. Respondent Dawe used the fact that her house was collateral for the appointment of authority with American Surety Company to control the activities of Dawe Gone Bail Bonds and the manner in which bail bonds were executed, including but not limited to, how files were handled, who spoke with consumers, who was responsible for monies that came into the business, and who was responsible for the collateral taken on bonds.
20. Upon information and belief, on numerous occasions, Ms. Sharp and Mr. Brock had witnessed Respondent Dawe represent herself to consumers, either in person or over the telephone, as a licensed bail bonding agent.
21. Upon information and belief, on numerous occasions, Ms. Edwinston, Ms. Sharp and Mr. Brock had witnessed Respondent Dawe negotiate the sale of bail bonds, including but not limited to, taking premium and collateral and filling out the requisite bail bonding paperwork such as premium receipts, collateral receipts, indemnity agreements and promissory notes.
22. Respondent Dawe's signature appears on the following bail bonding paperwork, which pursuant to § 12-7-108(1), C.R.S., should be signed only by a licensed bail bonding agent:

- American Surety Company premium receipt number 509684 dated April 21, 2006;
- American Surety Company collateral receipt number 163235 dated April 20, 2006;
- Promissory note dated April 20, 2006 from Richard Birnbaum in the amount of \$56,200.00;
- Application and Indemnity Agreement of Richard Birnbaum dated April 20, 2006;
- Certificate of Discharge dated April 14, 2006 for Defendant Paul Bustamante;
- American Surety Company premium receipt number 509691 dated May 5, 2006;
- American Surety Company collateral receipt number 163242 dated May 5, 2006;
- American Surety Company premium receipt number 514499 dated March 30, 2006;
- American Surety Company collateral receipt number 163162 dated March 30, 2006;
- American Surety Company premium receipt number 509654 dated April 8, 2006;
- American Surety Company collateral receipt number 163172 dated April 8, 2006;
- Promissory note dated March 30, 2006 from Armondo Sanchez in the amount of \$7,500.00;
- American Surety Company premium receipt number 509692 dated May 6, 2006;
- American Surety Company collateral receipt number 163243 dated May 6, 2006;
- Promissory note dated August 14, 2006 from Jesus Mendoza in the amount of \$8,500.00;
- Financial Statement and Indemnity Agreement of Jesus Mendoza dated August 14, 2006
- Financial Statement and Indemnity Agreement of Roberta Ruby Olvera dated August 3, 2006
- American Surety Company collateral receipt number 163170 dated April 7, 2006;
- American Surety Company premium receipt number 509692 dated May 5, 2006;
- American Surety Company collateral receipt number 163243 dated May 5, 2006;
- American Surety Company premium receipt number 509777 dated May 19, 2006

- American Surety Company collateral receipt number 162988 dated May 19, 2006
  - Promissory note dated May 19, 2006 from Jose Luis Rodriguez in the amount of \$25,000.00;
  - American Surety Company collateral receipt number 162987 dated May 19, 2006;
  - American Surety Company premium receipt number 509782 dated May 13, 2006;
23. Upon information and belief, Ms. Edwinston, Mr. Brock and Mr. Pierce routinely split commissions with Respondent Dawe on bonds in which they were the posting agents.
24. Upon information and belief, Mr. Brock witnessed at least on one occasion where Respondent Dawe placed money she had just received from a consumer in her purse and failed to denote the consumer's payment on the payment plan.
25. Ms. Edwinston, Mr. Brock and Mr. Pierce indicate that all monies received from consumers for bonds written was turned over to Respondent Dawe, as well as personal property collateral such as car titles and deeds of trust.
26. Prior to the activities listed in Paragraphs 10-25 above, in or around September 2004 to April 2005, Respondent Dawe owned and operated a bail bonding business by the same name of Dawe Gone Bail Bonds with Michelle Krusmark, another licensed bail bonding agent, whose license number is 196487 and who was first issued a license on January 5, 2005.
27. Upon information and belief, during the time in which Ms. Krusmark and Respondent were in business, Respondent Dawe engaged in similar activities as referenced above, including but not limited to, the solicitation and negotiation of bail bonds, the taking of premium and collateral, the completion of bail bonding paperwork, and the splitting of commissions and other fees, all activities which require bail bonding licensure. Respondent Dawe represented to Ms. Krusmark that her license application was "pending", when in fact no application for licensure had been submitted.
28. Based upon Respondent Dawe's extended history in representing herself as a bail bonding agent and/or engaging in activities for which an insurance producer license with bail bond authority is required, there is reason to believe that Respondent Dawe is still engaged in such activities to date.
29. The Commissioner's official records indicate that Respondents have never held an insurance producer license with bail bond authority issued by the Commissioner of the Division. In fact, Respondent Dawe was notified by the Division in or around May 23, 2006 that her application for an insurance producer license with bail bond authority was denied on grounds that she had forged an insurance producer license

and had failed to respond to the Division. Respondent Dawe did not timely request a hearing on the denial of her license in accordance with § 24-4-105, C.R.S.

30. Respondents' conduct in: the receiving or collection of any premium commission, membership fees, assessments, dues or other consideration for any insurance or any part thereof; directly or indirectly acting as an agent for or otherwise representing, or aiding on behalf of another, any person or insurer in the solicitation, negotiation, procurement, or effectuation of insurance or in the transaction of matters subsequent to the effectuation of the contract and arising out of it; or in any other manner representing or assisting a person or insurer in the transaction of insurance with respect to subjects of insurance resident, located, or to be performed in this state; the doing of any kind of insurance business specifically recognized as constituting the doing of an insurance business within the meaning of the statutes relating to insurance; the doing, or proposing to do, any insurance business in substance equivalent to any of the foregoing in a manner designed to evade the provisions of the statutes constitutes engaging in the business of insurance without the benefit of legal authority and constitutes conduct that is fraudulent, creates an immediate danger to public safety, or is causing or can be reasonably expected to cause significant, imminent, and irreparable public injury.

#### **CONCLUSIONS OF LAW**

31. The Commissioner has jurisdiction over Respondents and the subject matter of this Order.
32. Respondents have engaged in the transaction of insurance business in Colorado, as described in §§ 10-3-903(1)(d), (f), (g) and (h), C.R.S. Respondents' actions as described herein are those of an unlicensed insurance producer under an unregistered trade name. By soliciting, negotiating, procuring or effecting insurance, specifically that of bail bonds, including but not limited to, the taking of premium and collateral and the completion of bail bonding paperwork, as well as holding herself out as a licensed bail bonding agent and/or assisting in the transaction of insurance, Respondents acted as a "bail bonding agent" as defined under §§ 12-7-101(1) and 12-7-109(1)(k), C.R.S. Likewise, Respondents' business activities and conduct constitute "insurance" under §§ 10-1-102(12), C.R.S. and such conduct constitutes the definition of "transact" as it pertains to insurance in § 10-1-102(19), C.R.S.
33. As an unlicensed insurance producer with bail bond authority, Respondents are not authorized pursuant to §§ 12-7-109(1)(k) to preserve and separately retain collateral pledged for the posting of bail bonds or to return such collateral.
34. As an unlicensed insurance producer with bail bond authority, Respondents are not authorized to receive commissions pursuant to §§ 10-2-702, C.R.S.

35. As an unlicensed insurance producer with bail bond authority, Respondents are not authorized to complete bail bonding paperwork, such as premium and collateral receipts, indemnity agreements and promissory notes, in accordance with the requirements of § 12-7-108(1), C.R.S.
36. As an unlicensed insurance producer with bail bond authority, Respondents are not authorized to hold themselves out as a bail bonding agent or bail bonding business until duly licensed by the Division pursuant to §§ 10-2-404 and 12-7-102(1), C.R.S., and registering the trade name of Dawe Gone Bail Bonds with the Division prior to its use in accordance with § 10-2-701, C.R.S.
37. Respondents have never been issued an insurance producer license with bail bond authority authorizing them to transact the business of insurance in Colorado by the Commissioner. The conduct outlined herein constitute violations of §§ 10-3-903, 10-2-701, 10-2-702, 12-7-106(1)(b), 12-7-106(1)(c), 12-7-108(1), 12-7-109(1)(d.5), and 12-7-109(1)(k), C.R.S.
38. The Commissioner is authorized to issue an *ex parte* emergency cease and desist order to Respondents because: (i) Respondents are an “unauthorized person”, as defined in § 10-3-904.5(2), C.R.S.; (ii) Respondents have “transacted insurance business” in Colorado, as defined in § 10-3-903, C.R.S. as an unlicensed insurance producer with bail bond authority by soliciting, negotiating, procuring or effecting insurance, specifically that of bail bonds, the taking of premium and collateral, and the completing of bail bonding paperwork, as well as holding oneself out as a licensed bail bonding agent; (iii) Respondents have engaged in conduct which is fraudulent, creates an immediate danger to the public safety, or is causing or can be reasonably expected to cause significant, imminent, and irreparable public injury. See §10-3-904.5(1)(b), C.R.S.

### **ORDER**

Based upon the above Findings of Facts and Conclusions of Law, the Commissioner of Insurance:

39. ORDERS that the above named Respondents, jointly and severally, their officers, managers, directors, agents, members, partners, investors, affiliates, associates, employees, and any others with actual knowledge of this Order, **CEASE AND DESIST** from transacting the business of insurance in the State of Colorado, to residents of the State of Colorado as defined in §10-3-903, C.R.S.

### **OTHER MATTERS**

40. Pursuant to § 10-3-904.6(1), C.R.S., Respondents may contest this Order and request a hearing within **60 days** of the date of this Order in accordance with § 24-4-105(12),



C.R.S. Such request for hearing must be received by the Division on or before the expiration of 60 days from the date of this Order.

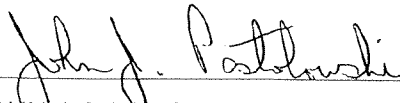
**41. PURSUANT TO § 10-3-904.6(5), C.R.S., UPON DETERMINATION OF A VIOLATION OF THIS ORDER, THE COMMISSIONER MAY IMPOSE A CIVIL PENALTY OF \$25,000.00 FOR EACH ACT AND/OR DIRECT RESTITUTION.**

42. This Order contains a total of 11 pages, including the Certificate of Service, but excluding Attachments and Exhibits, if any.

43. This Order is effective immediately upon execution by the Commissioner or his designee.

Dated this 31<sup>st</sup> day of May, 2007.

MARCY MORRISON  
COMMISSIONER OF INSURANCE



BY: JOHN J. POSTOLOWSKI, CIE, MA, FLMI, AIRC, ACS  
Deputy Commissioner of Finance and Administration



CERTIFICATE OF SERVICE BY MAIL OR CERTIFIED MAIL

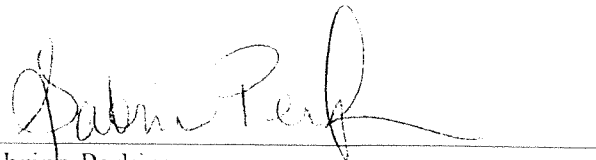
This is to certify that I have duly served the within *EX PARTE* EMERGENCY ORDER TO CEASE AND DESIST THE UNAUTHORIZED AND UNLAWFUL TRANSACTION OF THE BUSINESS OF INSURANCE IN THE STATE OF COLORADO upon all parties herein by depositing copies of same in the United States mail and/or by United States certified mail - return receipt requested, postage prepaid, (as indicated) at Denver, Colorado, this 31<sup>st</sup> day of May, 2007 addressed as follows:

**CERTIFIED MAIL – RETURN  
RECEIPT REQUESTED**

Suzette Dawe  
1507 18<sup>th</sup> Avenue  
Longmont, Colorado 80501

**CERTIFIED MAIL – RETURN  
RECEIPT REQUESTED**

Suzette Dawe  
817 Greenwood Drive  
Berthoud, Colorado 80513.



Sabrina Perkins  
Compliance and Investigation Unit Assistant  
Colorado Division of Insurance

CERTIFICATE OF SERVICE BY CERTIFIED MAIL

This is to certify that I have duly served the within *EX PARTE* EMERGENCY ORDER TO CEASE AND DESIST THE UNAUTHORIZED AND UNLAWFUL TRANSACTION OF THE BUSINESS OF INSURANCE IN THE STATE OF COLORADO upon all parties herein by depositing copies of same in the United States certified mail - return receipt requested, postage prepaid, (as indicated) at Denver, Colorado, this 12<sup>th</sup> day of June, 2007 addressed as follows:

**CERTIFIED MAIL – RETURN  
RECEIPT REQUESTED**

Suzette Dawe  
Rocky Mountain Thrift Outlet  
72 East 2<sup>nd</sup> Avenue  
Longmont, Colorado 80501



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Beth Ham  
Chief Investigator  
Colorado Division of Insurance