BEFORE THE COMMISSIONER OF SECURITIES AND INSURANCE
OFFICE OF THE MONTANA STATE AUDITOR

IN THE MATTER OF LAINE KENDALL CALLAHAN, LICENSE # 3000713675, Respondent.	Case No. INS-2026-00012 **ORDER SUSPENDING LICENSE AND NOTICE OF INTENT TO REVOKE**

The Commissioner of Securities and Insurance, Office of the Montana State Auditor ("CSI" or "Commissioner"), finds that protecting public safety and welfare requires the suspension of Respondent Laine Kendall Callahan's insurance producer license pending a hearing to determine whether to revoke his license.

FINDINGS OF FACT

1. In 2019, CSI issued Montana insurance producer license number 3000713675 to Callahan. Callahan's license includes a line of authority that permits him to negotiate, sell, and issue surety bail bonds used to secure the release of people from jail pending trial.

2. In January 2026, CSI received a referral involving allegations that Callahan used his authority as a surety bail bond producer to exploit people under his supervision. CSI then opened an investigation into Callahan's conduct.

3. In April 2026, CSI participated in an interview with an individual ("Person 1") who stated that she paid Callahan $250 in 2020 to secure her release from jail on a $5,000 bond. Person 1 explained this was less than the normal 10% or $500 premium charged for bail bonds.

4. Person 1 stated that Callahan picked her up from jail and told her to come to his office the following day. At the appointment, Callahan told Person 1 she could "work something out" so she would not have to pay the other half of the premium on a $5,000 bond. He said he liked to be "sucked off," and indicated that oral sex could be used to "work off" what she owed.

5. Person 1 reported two incidents in which she was compelled to perform oral sex on Callahan. She did not voluntarily agree to engage in these acts, was not attracted to Callahan, and only complied because she believed refusing would result in revocation of her bond. She indicated that Callahan "held [her] life in his hands."

6. Person 1 provided printed copies of Facebook messages exchanged soon after she was released on bail that confirmed her statements. This includes, *inter alia*, messages in which Callahan stated: "Ya wanna just work off debt? Until your rich?; Lol" and "Hope u are not dreading sucking me off again." The Facebook messages contain still images from what appears to be videos of Callahan masturbating in what Person 1 believes to be the office where Callahan conducts his bail business.

7. To investigate whether Callahan had a history of similar conduct, CSI obtained a copy of Callahan's criminal history, which indicates that Callahan was convicted of indecent exposure in 2005 by a court in Spokane County, Washington.

8. According to a story published by The Spokesman-Review newspaper concerning the incident:

> "The employee and customers told police that a man wearing a shirt, pants and boots walked around the area pretending to pick up litter, Reagan said. His genitals were exposed outside the zipper of his pants the entire time, and he was occasionally touching himself as he walked.
>
> Laine Kendall Callahan . . . was booked into Spokane County Jail on an indecent exposure charge, Spokane Valley police spokesman Cpl. Dave Reagan said."[1]

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[1] https://www.spokesman.com/stories/2005/jun/16/man-arrested-after-flashing-at-car-wash/

9. During the investigation, CSI also learned that Callahan routinely took possession of titles for vehicles to use as collateral for bail bonds. Callahan, however, often failed to document collateral terms, obtain clear authorization, or ensure timely return of titles once bond obligations were satisfied. For example,

a. Callahan had in his possession the title for a trailer when the bond associated with the case had been closed months ago.
b. Callahan had the title for a Chevrolet Silverado when the bond associated with the case had been closed the previous year.
c. Callahan had the title for a Chevrolet C25 pickup truck when the listed owner stated she had not authorized the use of the title as collateral for a bond.
d. Callahan had the title for a Jeep Cherokee when the listed owner stated she had no information connecting the title to a bond, leaving no clear bond-related explanation for Callahan's possession of the title.

10. CSI also learned that Callahan had posted a $100,000 bond to secure the release from jail of an individual ("Person 2") charged with criminal endangerment and violating a protective order without charging any premium for the bond. Allowing a person charged with serious criminal offenses to be released from jail without paying any premium or posting any collateral was contrary to the Judge's intent to require Person 2 to post a substantial bond.

11. During a recorded interview on June 10, 2026, Person 2 confirmed that in December 2019 Callahan posted a $100,000 bond to secure his release from jail based on a verbal promise that he would eventually pay Callahan $10,000 (i.e., the normal 10% premium). Person 2, however, never made any payments and instead "worked off" the debt by performing informal bounty-hunter and marketing services for Callahan. For example, when Callahan's customers skipped court or fled, Callahan would reach out to Person 2 to help locate them. When Person 2 located a person that Callahan was looking for, he would offer him a choice: go with Person 2nd turn himself in, or he could refuse and risk Callahan arriving himself. Person 2 would offer the warning that "You're not going to like it when

Laine shows up." Person 2 acknowledged that he acted as a *de facto* bail agent in three or four cases despite having no license, contract, or formal status allowing him to do so.

12. Beyond this work, Person 2 described a substantial referral arrangement under which he promoted Callahan's bail business inside the jail. He stated that when he referred clients to Callahan, Callahan would put money in Person 2's jail account as a commission. For example, if a $30,000 bond was posted and the person paid Callahan $3,000 in premium, Callahan would put $30 in his account. Person 2 said this arrangement was informal and undocumented, and he described it as Callahan "marketing himself" through an inmate representative and sharing a portion of the regulated premium as a jailhouse kickback. Person 2 estimated that over time, he referred probably over 300 people to Callahan.

13. Person 2 further confirmed that Callahan accepted vehicle titles and other personal property as collateral, which is something "that a lot of bonds people don't do," reinforcing that Callahan's collateral and payment practices were atypical, undocumented, and outside the norms of professional conduct for bail bond producers in Montana.

14. CSI confirmed that Callahan signed a $100,000 Power of Attorney that was filed with Flathead County District Court to secure the release of Person 2 from jail. Callahan, however, reported to the surety company that the Power of Attorney was "void." By reporting the Power of Attorney as void, Callahan apparently avoided paying the surety company the premium that was due on the bond.

15. CSI participated in an interview of Callahan on May 21, 2026. At the start of the interview, Callahan was informed that the subject of the interview involved allegations concerning his bail bond business. Callahan was informed that the interview was being recorded, and he confirmed that he had no objection to the recording. Callahan was read his *Miranda* rights, explaining that he had the right to remain silent, that anything he said could be used against him in court, that he had the right to an attorney, and that if he could not afford one, one would be appointed for him. Callahan signed a waiver indicating he understood his rights and was willing to speak without an attorney present. During the interview, Callahan addressed several relevant topics, including:

a. Callahan denied ever using his position as a bondsman to request anything personal from a client, such as sexual acts. He denied ever suggesting to a client that sexual acts could satisfy a financial obligation.
b. Callahan, however, admitted that he sometimes collected less than 10 percent on bonds and entered into payment plans for bonds.
c. Callahan acknowledged that he did not have his clients sign written payment-plan documents.
d. Callahan admitted that he apprehended an elderly individual whose bond had forfeited and then surrendered the man to the jail. Callahan did not dispute that he failed to report forfeiture and revocation to CSI as required by Mont. Code Ann. § 46-9-510 and Admin. R. Mont. 6.6.6003.
e. Callahan admitted that he does not use a trust account to separate client funds from his personal and business funds.

16. According to records obtained by CSI, from December 15, 2025, through March 25, 2026, Callahan has issued 133 bonds totaling $1,075,713, indicating that Callahan is actively engaged in the bail bonds business and that he continues to exercise authority over his customers released on bail. Thus, Callahan's continued operations pose a substantial and ongoing risk of harm to the public.

CONCLUSIONS OF LAW

1. The Commissioner has a duty to enforce the Montana Insurance Code. Mont. Code Ann. § 33-1-311.

2. The Insurance Code provides that the Commissioner may suspend or revoke an insurance producer license under certain circumstances, including when:

a. In the conduct of the affairs under the license, the person used fraudulent, coercive, or dishonest practices; the licensee is incompetent, untrustworthy, financially irresponsible; or a source of injury and loss to the public. Mont. Code Ann. § 33-17-1001(1)(f).

b. A producer has violated or failed to comply with a provision of the Insurance Code or has violated a rule, subpoena, or order of the Commissioner. Mont. Code Ann. § 33-17-1001(1)(c).

3. Here, the Commissioner finds that in the conduct of the affairs as an insurance producer, Callahan used fraudulent, coercive, or dishonest practices; he was incompetent and untrustworthy; and he was a source of injury and loss to the public. This includes, but is not limited to:

a. Requiring Person 1 to perform sexual acts in exchange for being released on bond;
b. Allowing Person 2 to act as an unlicensed agent to locate people who failed to appear.
c. Possessing and retaining titles for vehicles that are unrelated to active bonds.
d. Paying "jailhouse kickbacks" to Person 2 as described above.
e. Reporting to the surety company that the $100,000 power of attorney used to secure the release of Person 2 was void after the power of attorney had been filed with the Court.

4. The Commissioner finds that Callahan violated or failed to comply with several provisions of the Insurance Code and relevant regulations. This includes, but is not limited to:

a. Violating Mont. Code Ann. § 33-18-212 (illegal dealing in premiums) by willfully collecting less than the applicable premium for bail bonds. This includes issuing a $100,000 bond without collecting any premium from Person 2.
b. Violating Mont. Code Ann. § 33-17-1103 by paying, directly or indirectly, a commission or other valuable consideration to a person who is not a licensed insurance producer. This includes the "jailhouse kickbacks" to Person 2 as described above.

c. Violating Admin. R. Mont. 6.6.6003(6) by failing to return all collateral or other security, such as the vehicle titles mentioned above, to the person entitled to it within five business days after a bond is closed.

d. Violating Admin. R. Mont. 6.6.6004(1)(b) by providing a thing of value to a principal released on bond, including paying "jailhouse kickbacks" described above.

e. Violating Admin. R. Mont. 6.6.6005(1) by entering an agreement with a principal that called for some portion of the bond premium to be deferred or paid after the principal is released from custody, but failing to keep the agreement on file and failing to provide a copy to the principal.

f. Violating Admin. R. Mont. 6.6.6003(2) by failing to keep records identifying all collateral received, source of funds in trust accounts, records of arrest/surrender, and list of forfeitures and costs.

g. Violating Mont. Code Ann. § 46-9-510(1)(b) and Admin. R. Mont. 6.6.6006(5) by arresting and surrendering a person released on bond without reporting the arrest and surrender to the Commissioner.

5. The Commissioner concludes that each of the violations identified above is an independently sufficient reason to warrant the suspension and revocation of Callahan's license.

6. The Commissioner concludes, based on the findings above, that the public health, safety, and welfare require immediate action to suspend Callahan's license.

ORDER

Pursuant to Mont. Code Ann. § 33-17-1001, the Commissioner hereby immediately suspends Callahan's insurance producer license, License No. 3000713675. Callahan **may not work as a surety bail bond insurance producer while his license is suspended.**

The Commissioner further provides notice that he intends to revoke Callahan's insurance producer license permanently. Callahan may challenge the suspension or the proposed revocation by submitting a written request for a hearing pursuant to Mont. Code Ann. § 2-4-601 to the Commissioner at 840 Helena Ave. Helena, Montana 59601. A request for a hearing **must be received within 21 days** from the date of this Order. Failure to submit a timely written hearing request will result in the entry of a default order permanently revoking Callahan's license. If a hearing is timely requested, Callahan has the right to be represented by counsel (at his own expense), to conduct discovery, to present evidence and argument, and may request to waive formal proceedings under Mont. Code Ann. § 2-4-603. The hearing will be conducted pursuant to the Montana Administrative Procedure Act, as provided in Title 2, Chapter 4, Part 6, and the applicable administrative rule adopted by CSI.

DATED this 3rd day of August, 2026.

JAMES BROWN
Commissioner of Securities & Insurance
Montana State Auditor

CERTIFICATE OF SERVICE

I hereby certify that on August 4, 2026, I caused a copy of the foregoing, Order Suspending License and Notice of Intent to Revoke, to be served on the following person by USPS with tracking and email:

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/s/ Tiffany Hoffman
TIFFANY HOFFMAN
Paralegal