

Arlington CONNECTION

Eight Isn't Enough

Bail bonds industry prepares for new regulations.

By Michael Lee Pope

Thursday, June 23, 2011



The name says it all — Eight Percent Bail Bonds. When the company launched in 2007, the industry standard in Northern Virginia was 10 percent. But Eight Percent would spring a loved one from jail at a cutthroat price — literally slicing into the books of his competitors. The idea was the brainchild of Kevin Coumes, who says his enemies have pulled a fast one. Starting next month, a new regulation will force him to charge 10 percent.

"It's unconstitutional," said Coumes, who has now changed the name of the business to Eight Bail Bonds. "They slipped it in under the rug without a lot of people knowing about it."

They would be Eight Percent's chief rival, Freedom Bail Bonds. As the industry leader in Northern Virginia, Freedom is a sprawling empire of agents from Arlington to Mount Vernon. Created by Northern Virginia bailbondsman David Gambale 30 years ago, Freedom has become the regional leader and a force in Richmond. During the most recent session of the General Assembly, lawyers and lobbyists with Freedom worked to create a new law forcing bailbondsmen to charge 10 percent.

"When you start offering a lower price, word will get out quick," said Gambale. "The problem is that then someone starts offering five percent, and then you find yourself doing a bond for \$100."

CONSIDERING THE PRODUCT bail bondsmen offer is freedom, stakes are high. Customers want to get their relatives and loved ones out of jail, and they are often willing to pay whatever they can afford. For advocates of the new regulatory structure, that was another reason to take action. Some bail bondsmen were offering loans to people who couldn't afford the premium, then charging interest on the loan.

"People were getting ripped off," said Del. Charniele Herring (D-46). "We had to do something."

That's why Herring introduced House Bill 2437, which went on to receive bipartisan support in the General Assembly. In March, it was signed by Republican Gov. Bob McDonnell. Next month, the new provisions will go into effect. Although bail bondsmen will still be able to loan people money to meet their bail, they will no longer be able to charge insurance. And all bondsmen will be required to charge at least 10 percent, a requirement that some are challenging as an affront to the free-market system.

"This isn't the free market system," said Del. David Albo (R-42). "We're not talking about hamburgers here. These are criminals, and it's important for judges to have some kind of expectation about what the real cost of the bond is going to be."

WHEN THE BILL was under consideration in Richmond, judges supported the measure as a way to have some kind of expectation for what people are charged. If bailbondsmen kept undercutting each other, judges could no longer have a way of knowing what people would have to pay to stay out of jail. Supporters of the bill say that created a Wild West atmosphere, where dangerous criminals could have been set free without the necessary security.

"Things got out of hand with everybody trying to offer a lower rate," said Gambale, a retired Marine. "I was doing it. Everybody was doing it."

Opponents say the legislation goes too far, preventing legitimate businessmen from using the free market to get ahead of their competitors. Coumes said he plans on trying to undue the changes in a future session of the General Assembly.

"I was supposedly taking food off their table by undercutting their business," he said. "But what I was doing was completely legal."