

No. **2021-7030**

**Official Order  
of the  
Texas Commissioner of Insurance**

**Date: 10/21/2021**

**Subject Considered:**

Texas Department of Insurance

v.

Mike Lee Gonzales, Mike Gonzales Agency, and MGA Insurance Group Corp.

SOAH Docket No. 454-21-0452.C

**General remarks and official action taken:**

The subjects of this order are Mike Lee Gonzales' general lines agent license with property and casualty and life, accident, and health qualifications, and the Mike Gonzales Agency and MGA Insurance Group Corp. This order revokes Mr. Gonzales' license and orders that Mr. Gonzales cease and desist from engaging in the business of insurance under the name Mike Gonzales Agency, MGA Insurance Group Corp., or any other unauthorized entity.

**Background**

After proper notice was given, the above-styled case was heard by an administrative law judge for the State Office of Administrative Hearings. The administrative law judge made and filed a proposal for decision containing a recommendation that Mr. Gonzales' license be revoked and a cease-and-desist order be issued. A copy of the proposal for decision is attached as Exhibit A. TDI adopts the administrative law judge's proposed findings of fact and conclusions of law with changes to Finding of Fact No. 6 as described in this order.

**Changes to Finding of Fact No. 6**

The legal authority for the change to Finding of Fact No. 6 made in this order is Tex. Gov't Code § 2001.058(e)(3), which provides that "[a] state agency may change a finding

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of fact or conclusion of law made by the administrative law judge, or may vacate or modify an order issued by the administrative judge, only if the agency determines . . . that a technical error in a finding of fact should be changed.

As included in the proposal for decision, Finding of Fact No. 6 states:

On December 28, 2021, Order No. 2 was issued granting an unopposed motion to continue the hearing.

Order No. 2 was issued on December 28, 2020, not 2021.

Therefore, Finding of Fact No. 6 is changed to state the correct date:

On December 28, 2020, Order No. 2 was issued granting an unopposed motion to continue the hearing.

### **Findings of Fact**

1. Findings of Fact Nos. 1–5 and 7–31 as contained in Exhibit A are adopted by TDI and incorporated by reference into this order.
2. In place of Finding of Fact No. 6 as contained in Exhibit A, the following finding of fact is adopted:

On December 28, 2020, Order No. 2 was issued granting an unopposed motion to continue the hearing.

### **Conclusions of Law**

The conclusions of law contained in Exhibit A are adopted by TDI and incorporated by reference into this order.

### **Order**

It is ordered that Mike Lee Gonzales' general lines agent license with property and casualty and life, accident, and health qualifications is revoked.

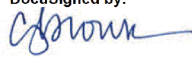
It is further ordered that Mike Lee Gonzales cease and desist from engaging in the business of insurance under the name Mike Gonzales Agency, MGA Insurance Group Corp., or any other unauthorized entity.

COMMISSIONER'S ORDER

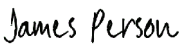
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SOAH DOCKET NO. 454-21-0452.C  
TDI ENFORCEMENT FILE NOS. 17670, 25914, AND 26192

TEXAS DEPARTMENT OF  
INSURANCE,  
Petitioner

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BEFORE THE STATE OFFICE

v.

OF

MIKE LEE GONZALES,  
MIKE GONZALES AGENCY, AND  
MGA INSURANCE GROUP CORP.,  
Respondents

ADMINISTRATIVE HEARINGS

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**SOAH DOCKET NO. 454-21-0452.C  
TDI ENFORCEMENT FILE NOS. 17670, 25914, AND 26192**

<b>TEXAS DEPARTMENT OF INSURANCE,     Petitioner</b>	§	<b>BEFORE THE STATE OFFICE</b>
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	§	
	§	
<b>v.</b>	§	<b>OF</b>
	§	
	§	
<b>MIKE LEE GONZALES, MIKE GONZALES AGENCY, AND MGA INSURANCE GROUP CORP.,     Respondents</b>	§	<b>ADMINISTRATIVE HEARINGS</b>

**PROPOSAL FOR DECISION**

The Texas Department of Insurance (Department) staff (Staff) seeks disciplinary action against Mike Lee Gonzales, Mike Gonzales Agency, and MGA Insurance Group Corp. (MGA) (collectively, Respondents). Staff alleges that Mr. Gonzales failed to notify the Department of the appointment and termination of subagents; engaged in fraudulent or dishonest acts or practices; misappropriated or illegally withheld money belonging to an insurer; operated an unlicensed insurance agency; failed to register an assumed name with the Department; failed to notify the Department of an administrative action taken against him by another state; and willfully violated a Texas insurance law.<sup>1</sup> Staff requests that: (1) regarding each alleged violation, Mr. Gonzales’s general lines agent license, with property and casualty and life, accident, and health qualifications, be revoked; and (2) he be ordered to cease and desist from engaging in the business of insurance under the name Mike Gonzales Agency, MGA, or any other unauthorized entity.<sup>2</sup> Based on the evidence, the Administrative Law Judge (ALJ) finds that Mr. Gonzales committed the violations alleged and recommends revocation of his license and issuance of the cease and desist order requested by Staff.

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<sup>1</sup> Pet. Ex. 1 (Second Amended Notice of Hearing and attached Original Petition) at 010. Staff’s exhibits are marked and cited in this Proposal for Decision (PFD) as Petitioner exhibits (Pet. Ex.). The PFD uses Bates numbers when citing exhibit page numbers.

<sup>2</sup> Staff’s Notice of Hearing also requests an order imposing an administrative penalty on Mr. Gonzales. Pet. Ex. 1 at 010-11. Staff did not present evidence or argument at the hearing to support that request or ask for a specific administrative penalty amount in the Notice of Hearing or at the hearing. Accordingly, Staff waived that request, and the PFD does not further discuss it. *See* 1 Tex. Admin. Code § 155.425(c) (“An allegation contained in a notice of hearing . . . that is not addressed during the proceeding may be deemed waived.”)

## I. NOTICE, JURISDICTION, AND PROCEDURAL HISTORY

Notice and jurisdiction were not disputed and are set forth in the Findings of Fact and Conclusions of Law, below. On March 17, 2021, ALJ Elizabeth Drews of the State Office of Administrative Hearings convened the hearing on the merits. Staff Attorney Stephanie Daniels represented Staff. Mr. Gonzales represented himself and the other Respondents. The hearing concluded and the record closed that day.<sup>3</sup>

## II. APPLICABLE LAW

The business of insurance in Texas is defined to include:

- taking or receiving an insurance application;
- receiving or collecting any consideration for insurance, including a premium or commission;
- issuing or delivering an insurance contract; or
- directly or indirectly acting as an agent for, or representing or assisting an insurer or person in, soliciting, negotiating, procuring, or effectuating insurance; disseminating information relating to coverage or rates; forwarding an insurance application; delivering an insurance policy or contract; or representing or assisting an insurer or person in the transaction of insurance.<sup>4</sup>

A person is an “agent” of the insurer if the person solicits insurance on behalf of the insurer; receives or transmits on another person’s behalf an insurance application or policy of the insurer; advertises or gives notice that the person will do so; receives, collects, or transmits an insurance premium; or takes any other action on another person’s behalf in the making or consummation of an insurance contract for or with the insurer.<sup>5</sup>

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<sup>3</sup> A court reporter transcribed the hearing. The PFD cites the transcript as “Tr. at \_\_\_.”

<sup>4</sup> Tex. Ins. Code § 101.051(b)(3)-(6).

<sup>5</sup> Tex. Ins. Code § 4001.051(b)(1)-(4), (6), (8).

A person not licensed by the Department may not directly or indirectly solicit or receive an insurance application; aid in the transaction of the business of an insurer; act as the agent of an insurer; write insurance; or act as an agent who writes insurance.<sup>6</sup> An individual authorized to act as a particular type of agent need not obtain an additional license to participate in a corporate agency of the same type, but the corporation must obtain a separate license.<sup>7</sup> A licensed agent that does insurance business under assumed names must register all assumed names and pay a fee.<sup>8</sup>

An insurance agent appointed by an insurer shall notify the Department if the agent appoints a subagent and shall pay a nonrefundable fee.<sup>9</sup> An agent who terminates a subagent's appointment other than for cause shall promptly report the termination to the Department, and the termination ends the subagent's authority to act for the agent or the insurer for whom the agent is acting.<sup>10</sup>

A licensed agent shall notify the Department monthly of an administrative action taken against the license holder by a financial or insurance regulator of another state.<sup>11</sup>

The Department may discipline a license holder it determines has willfully violated a Texas insurance law, misappropriated or illegally withheld money belonging to an insurer, or engaged in fraudulent or dishonest acts or practices.<sup>12</sup> The Department may impose a sanction, including license revocation, against a person who violates a Texas insurance statute or rule.<sup>13</sup> The Department may order a license holder to cease and desist from an activity that violates, or a failure to comply with, the Texas Insurance Code or a Department rule.<sup>14</sup>

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<sup>6</sup> Tex. Ins. Code §§ 101.102(a), 4001.101(a)-(b), 4051.051(a), 4054.051.

<sup>7</sup> 28 Tex. Admin. Code § 19.902(a).

<sup>8</sup> 28 Tex. Admin. Code § 19.902(a), (b)(5), (c).

<sup>9</sup> Tex. Ins. Code § 4001.205(a).

<sup>10</sup> Tex. Ins. Code § 4001.205(c).

<sup>11</sup> Tex. Ins. Code § 4001.252(a)(3).

<sup>12</sup> Tex. Ins. Code § 4005.101(b)(1), (4)-(5).

<sup>13</sup> Tex. Ins. Code §§ 82.051, 4005.102.

<sup>14</sup> Tex. Ins. Code § 82.052.



Staff has the burden of proof in this proceeding.<sup>15</sup> The standard of proof is by a preponderance of the evidence.<sup>16</sup>

### III. EVIDENCE

At the hearing, Staff presented testimony by licensed insurance agents Margarita De Leon and Sergio Cruz, by Farmers Insurance Companies (Farmers) Investigation Consultant Steve Klotzly, and by Lewis Weldon Wright, Administrator Review Liaison to the Department's Enforcement Division.<sup>17</sup> Staff also offered eleven exhibits, which were admitted without objection. Mr. Gonzales testified on behalf of himself and the other Respondents. He did not call other witnesses or offer exhibits.

#### A. Staff's Evidence

On April 6, 2001, the Department issued a general lines agent license to Mr. Gonzales (individual identification number 414834).<sup>18</sup> The Department issued him a property and casualty qualification on September 1, 2001, and a life, accident, and health qualification on March 11, 2004.<sup>19</sup>

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<sup>15</sup> 1 Tex. Admin. Code § 155.427.

<sup>16</sup> See *Granek v. Texas St. Bd. of Med. Examn'rs*, 172 S.W.3d 761, 777 (Tex. App.—Austin 2005, no pet.) (in rejecting application of higher proof standard, observing that “agency license-revocation proceedings are civil in nature and that in civil cases, no doctrine is more firmly established than that issues of fact are resolved by a preponderance of the evidence” (internal citations and quotations omitted)).

<sup>17</sup> Mr. Weldon testified he has worked for the Department for 13 years and previously was a Farmers agent in Texas for 12 years. Tr. at 65-66.

<sup>18</sup> Pet. Ex. 6 (Department licensing records regarding Mr. Gonzales) at 025.

<sup>19</sup> Pet. Ex. 6 at 025.

Mr. Gonzales was appointed as a Farmers agent in life, accident, and health insurance and property and casualty insurance from February 2016 until October 2018, when Farmers canceled his appointment for cause.<sup>20</sup>

Staff requests revocation of Mr. Gonzales's license based on any of four main alleged violations—that Mr. Gonzales: (1) failed to notify the Department of the appointment and termination of subagents; (2) engaged in fraudulent or dishonest acts or practices and misappropriated or illegally withheld money belonging to an insurer by issuing fictitious policies in the name of subagents who did not work for him and receiving unearned bonuses and commissions based on the fictitious policies; (3) willfully operated an unlicensed incorporated insurance agency and failed to register an assumed name with the Department; and (4) failed to notify the Department of administrative actions taken against him by the States of Virginia and New York. Staff's evidence regarding each of these allegations is described below.

**1. Failure to Notify the Department of the Appointment or Termination of Subagents**

**a. Testimony and Sworn Statement by Ms. De Leon**

In her testimony, Ms. De Leon stated that she has been a licensed insurance agent for 19 years and has worked for Arthur Blake Insurance as an insurance agent for more than 10 years. She has known Mr. Gonzales for more than 15 years and worked with him at two other insurance companies. Ms. De Leon testified that in 2016 or 2017, Mr. Gonzales asked her to work for him at his Farmers agency, the Mike Gonzales Agency. She went through the application process and background check to be appointed as a Farmers agent, but changed her mind after talking with her employer. Ms. De Leon then informed Mr. Gonzales she was not going to work for him and asked him to rescind the Farmers appointment he had made for her, and he told her he would do so.<sup>21</sup>

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<sup>20</sup> Pet. Ex. 6 at 031. Mr. Gonzales was also appointed as an agent for various Allstate insurance companies from June 2013 until April 2016, when Allstate canceled his appointment for cause. Pet. Ex. 6 at 026. Mr. Wright testified that the term "for cause" indicates the carrier believed the reason for its decision to terminate may have been a violation of the Texas Insurance Code. Tr. at 79.

<sup>21</sup> Tr. at 26-29.

Ms. De Leon further testified that she never worked at the Mike Gonzales Agency and never gave Mr. Gonzales permission to issue policies using her Farmers appointment. She learned Mr. Gonzales had never terminated that appointment when she was contacted by Farmers investigator Paul Gonzalez.<sup>22</sup> According to Ms. De Leon, she then contacted Mr. Gonzales, who told her that it was nothing to worry about and he would take care of it. When she then contacted Paul Gonzalez, he informed her that Farmers policies had been issued in her name. Ms. De Leon testified she knew nothing about those policies because she did not issue them and she felt betrayed and upset.<sup>23</sup>

An April 26, 2019 notarized letter from Ms. De Leon to Paul Gonzalez is consistent with her testimony. In the letter, Ms. De Leon added that she never created any usernames or passwords associated with Farmers and never worked for Farmers.<sup>24</sup>

**b. Testimony and Sworn Statement by Mr. Cruz**

In his testimony, Mr. Cruz stated that he has owned and been employed by Lomas Insurance and Financial Services since 2013 and has known Mr. Gonzales for at least 10 years. For about a six-to-twelve-month period, Mr. Cruz worked as a contractor for the Mike Gonzales Agency, where Mr. Cruz had his own Farmers user ID and password set up to write policies. At the end of that period, he had written only one or two policies, for which he had received no compensation. Because the arrangement had not been fruitful, he told Mr. Gonzales he wanted to discontinue it, and they agreed to part ways. Mr. Cruz further testified that about a month later, he explored working at another Farmers agency, which informed him that he still had a Farmers appointment at the Mike Gonzales Agency, and they could not proceed until he was released from

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<sup>22</sup> Paul Gonzalez was the Farmers investigator who contacted Ms. De Leon and Mr. Cruz about policies Mr. Gonzales had written using their Farmers appointments, which Mr. Gonzales had not terminated. Tr. at 29-31, 41-42; Pet. Ex. 3 (Apr. 26, 2019 letter from Ms. De Leon to Paul Gonzalez); Pet. Ex. 4 (Apr. 25, 2019 letter from Mr. Cruz to Paul Gonzalez). To avoid confusion between Paul Gonzalez and Respondent Mike Lee Gonzales, the PFD refers to Paul Gonzalez by his full name.

<sup>23</sup> Tr. at 29-31.

<sup>24</sup> Pet. Ex. 3.

it. Mr. Cruz then contacted Mr. Gonzales, who said he had forgotten to end the appointment. Mr. Cruz told Mr. Gonzales to take care of it. Later, Paul Gonzalez contacted Mr. Cruz and informed him that Farmers policies had been written in his name, which Mr. Cruz testified he knew nothing about.<sup>25</sup> An April 25, 2019 affidavit by Mr. Cruz is consistent with his testimony.<sup>26</sup>

**c. Testimony by Mr. Wright**

Mr. Wright testified that, based on his review of the Department's files, Mr. Gonzales did not comply with the requirement to notify the Department he had appointed subagents.<sup>27</sup>

**2. Fraudulent or Dishonest Conduct and Misappropriation or Illegal Withholding of an Insurer's Money**

The Farmers policies written in the names of Ms. De Leon and Mr. Cruz, which they testified they did not write and knew nothing about, are related to Staff's allegations about fraudulent or dishonest conduct and misappropriation or illegal withholding of an insurer's money, discussed below.

**a. Farmers Investigation Report**

Farmers investigator Edward Jefferson wrote a September 28, 2018 investigation report about Mr. Gonzales. Mr. Jefferson did not testify, but his report is in evidence. The report states:

The Mike Gonzales agency wrote 94 fictitious Renters policies in August 2018 and 54 vehicles on 18 fictitious Auto policies in February 2018 to qualify for monthly retail agent bonuses. All of these Renters and Auto policies were submitted with electronic funds transfer (EFT) payments that were returned for invalid bank information. To date, seven customers have stated that they did not authorize the policies.<sup>28</sup>

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<sup>25</sup> Tr. at 33-40.

<sup>26</sup> Pet. Ex. 4.

<sup>27</sup> Tr. at 81.

<sup>28</sup> Pet. Ex. 5 at 019.

According to the report, the Mike Gonzales Agency had two producers, Ms. De Leon and Mr. Cruz, who were licensed insurance agents and had Farmers appointments. Ms. De Leon was appointed in April 2016, and Mr. Cruz was appointed in February 2016.<sup>29</sup>

The report discusses a September 18, 2018 interview of Mr. Gonzales by Farmers internal audit personnel. According to the report, the interview was originally scheduled to occur during a September 20, 2018 audit at Mr. Gonzales's office, but on September 17, 2018, he emailed Farmers saying he would not participate in it. Mr. Gonzales agreed, however, to the September 18, 2018 telephone interview.<sup>30</sup>

Regarding the 94 renters' policies, the investigation report indicates:

- All 94 policies were e-signed using the customers' email addresses. All 94 were set up for EFT payments that were returned for invalid bank information.
- In the September 18, 2018 interview, Mr. Gonzales told Farmers that he and his two producers wrote the 94 renters' policies for tenants at one apartment complex from August 13-21, 2018.
- Mr. Gonzales told Farmers he had an arrangement in which the apartment complex would pay the first-month premium and also the first-year premium if 92% or more of the tenants participated. He could not explain why his agency input 94 EFT payments with different bank information, if the apartment complex was going to pay the first-month premium.
- Mr. Gonzales stated that he met with almost 100 tenants at the apartment complex in early August 2018. He said that if the customers wanted to sign up for the renters' policies, they would notify the apartment complex manager, who would provide their contact information to him.
- Mr. Gonzales told Farmers that the apartment complex manager emailed him a spreadsheet with all of the customer names, phone numbers, email addresses, and bank information. He said he would forward the email to Farmers by September 21, 2018, but failed to do so.

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<sup>29</sup> Pet. Ex. 5 at 019-20.

<sup>30</sup> Pet. Ex. 5 at 021.

- Mr. Gonzales could not explain why five customers had filed complaints stating that they had not e-signed the applications and that the email addresses listed in the policy system were not theirs.
- Farmers suggested a conference call with the apartment complex manager during this interview, but Mr. Gonzales thought that was not a good idea and stated that he would speak to the manager. He said he would discontinue the interview if Farmers insisted on calling the manager.
- Farmers then contacted the apartment complex manager, who confirmed Mr. Gonzales had held a meeting at the apartment complex in early August 2018. The manager said Mr. Gonzales handed out flyers to the tenants with information about renters' policies and his contact information. The manager denied there was any agreement about the apartment complex paying the tenants' insurance premiums for either one month or one year and said that idea was preposterous. The manager told Farmers the manager had provided Mr. Gonzales the tenants' names and apartment numbers but no phone numbers or other tenant information.
- On September 19, 2018, Farmers called Mr. Gonzales, who refused to schedule a follow-up interview or allow the investigator to speak with his producers.
- In a September 21, 2018 email to Farmers, Mr. Gonzales stated that an apartment complex employee named "Eckard," who no longer worked there, had mailed, not emailed, to Mr. Gonzales the rest of the tenants' information because the employee did not want the customer information sent over the internet. Mr. Gonzales told Farmers he had shredded all the customer information.
- On September 24, 2018, the apartment complex manager confirmed Eckard had worked at the apartment complex and no longer worked there. The manager told Farmers that Eckard did not have a corporate email account or access to tenant information and that the apartment complex had no tenant email or bank account information. The manager said the renters' policies had created quite a mess, and the apartment complex was receiving complaints about them daily.<sup>31</sup>

Regarding the 18 auto policies, the investigation report indicates:

- Mr. Gonzales wrote 18 policies on 54 vehicles in eight households. All 18 were paid by EFT payments that were returned for invalid bank information. No valid payments were received on any of these policies.
- Mr. Gonzales told Farmers that the 18 auto policies written on 54 vehicles in February 2018 were all valid but could not explain why all of these customers

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<sup>31</sup> Pet. Ex. 5 at 019-22.

provided him with bank information for EFT payments that were returned for invalid bank accounts.

- Two customers told Farmers they did not authorize the two auto policies on six vehicles in each of their households.<sup>32</sup>

**b. Mr. Klotzly's Testimony and Addendum**

Mr. Klotzly testified he has worked in the Farmers Internal Audit Department for 36 years, the last 12 years as an Investigation Consultant, overseeing investigators' work regarding potential fraud by Farmers employees, agents, or their staff. According to Mr. Klotzly, Mr. Jefferson retired at the end of 2019, and when he prepared the investigation report, his supervisor was Mr. Klotzly, who reviewed the report and approved it for issuance in September 2018.<sup>33</sup>

On March 1, 2021, Mr. Klotzly added an addendum quantifying the financial impact on Farmers as \$11,470, comprising \$6,432 in retail agent bonuses, \$2,357 in commissions for 18 fictitious auto policies, and \$2,682 in commissions for 94 fictitious renters' policies.<sup>34</sup> He testified Farmers has now recovered all but \$138 of the commissions but none of the bonuses, so the net loss to Farmers is \$6,569.<sup>35</sup> He testified consistently with the investigation report and addendum, adding that, based on the investigation report, Farmers terminated Mr. Gonzales's agent appointment agreement.<sup>36</sup>

**c. Testimony by Mr. Wright**

Mr. Wright testified that Mr. Gonzales acted fraudulently and dishonestly in using Ms. De Leon's and Mr. Cruz's information to write policies without their knowledge or consent.

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<sup>32</sup> Pet. Ex. 5 at 019.

<sup>33</sup> Tr. at 43-48.

<sup>34</sup> Pet. Ex. 5 at 023. The addendum states these amounts were rounded to the nearest dollar.

<sup>35</sup> Tr. at 59-61. Mr. Klotzly testified that Farmers has a charge-back system to recover unearned commissions but no similar system to recover unearned bonuses and that Farmers does not try to recover those. Tr. at 60.

<sup>36</sup> Tr. at 60.



Mr. Wright explained that Mr. Gonzales knew at the time there was no existing business relationship with them but represented that there was.<sup>37</sup>

Mr. Wright opined that Mr. Gonzales's writing of fictitious policies in order to receive unearned commissions and bonuses from Farmers was misappropriation or illegal withholding of money from an insurer.<sup>38</sup> As examples of other harm from Mr. Gonzales's actions, Mr. Wright listed failed transactions that did not represent the parties' intent and erosion of confidence in insurance agents.<sup>39</sup>

### 3. Operation of Unauthorized Insurance Agencies

Mr. Gonzales is the sole owner and president of MGA.<sup>40</sup> The Department has not licensed or registered the Mike Gonzales Agency or MGA.<sup>41</sup>

On January 28, 2020, MGA, firm identification number 166059, applied to the Department for a general lines agency license with a property and casualty qualification and a life, accident, and health qualification. On February 20, 2020, the Department sent Mr. Gonzales a summary denial letter<sup>42</sup> by certified mail, return receipt requested. The Department received a certified mail card he signed, dated February 27, 2020, confirming his receipt of the letter. On April 2, 2020, the Department notified Mr. Gonzales that because he did not request a hearing within 30 days, the Department denied the application and MGA was ineligible to reapply for five years.<sup>43</sup>

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<sup>37</sup> Tr. at 79.

<sup>38</sup> Tr. at 84-86. On cross-examination, Mr. Wright agreed he had no proof that the information entered in the renters' policies as far as name, date of birth, address, or telephone number, was incorrect. Tr. at 109.

<sup>39</sup> As another example of harm, noting the Farmers investigative report indicated some of the tenants wanted the renters' policies, Staff counsel argued that since all of the policies were invalid, if these tenants had experienced a loss, they would have been uninsured.

<sup>40</sup> Pet Ex. 7 at 052.

<sup>41</sup> Pet. Ex. 8 at 060, 062.

<sup>42</sup> Mr. Wright testified that the primary reason the application was denied was the Department's open investigation of Mr. Gonzales. Tr. at 90-91.

<sup>43</sup> Pet. Ex. 7.



Mr. Wright testified that despite these communications from the Department and the certified mail receipt, in a March 31, 2020 email to the Department's Manager of Administrator Review, Mr. Gonzales stated he was uncertain of the outcome of MGA's application.<sup>44</sup> Mr. Wright considered that statement evidence of fraudulent or dishonest behavior.<sup>45</sup> He also noted that Mr. Gonzales received the summary denial letter almost a year before stating in his January 8, 2021 answer to Staff's allegations: "I was not aware of the agency license was required to operate an agency. I know now and want to apply to make sure I will be legal going forward."<sup>46</sup> Mr. Wright opined that continuing to operate MGA without a license that Mr. Gonzales knew was required is a willful violation of Texas insurance law.<sup>47</sup>

Staff's exhibits include screenshots from the website of Mike Gonzales & Associates Insurance Group, which describe it as "an insurance agency that has your best interest at heart."<sup>48</sup> Mr. Wright testified they show Mike Gonzales Agency or Mike Gonzales & Associates Insurance Group is marketing and soliciting insurance products online.<sup>49</sup> Mr. Wright stated that on the day of the hearing, he looked at MGA's active website, and it still did not indicate the agency was unlicensed.<sup>50</sup>

#### **4. Failure to Notify the Department of Other States' Administrative Actions**

Mr. Wright testified that Mr. Gonzales never notified the Department of administrative actions by Virginia and New York, which he was required to do within one month.<sup>51</sup> In April 2014, Virginia revoked Mr. Gonzales's license for failing to report within 30 days an administrative

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<sup>44</sup> Tr. at 90-92, quoting Pet. Ex. 7 at 48 (email from Mr. Gonzales).

<sup>45</sup> Tr. at 94-95.

<sup>46</sup> Tr. at 88-89, quoting Pet. Ex. 2 (Mr. Gonzales's January 8, 2021 answer to Staff's allegations).

<sup>47</sup> Tr. at 99.

<sup>48</sup> Pet. Ex. 9.

<sup>49</sup> Tr. at 74-75.

<sup>50</sup> Tr. at 95-96.

<sup>51</sup> Tr. at 102-03.

action taken against him by New York.<sup>52</sup> Mr. Wright testified that New York's administrative action was based on Mr. Gonzales's (1) failure to disclose on a license renewal application that he had a criminal offense (failure to produce identification during a traffic stop) and (2) failures to respond to inquiries about that. On July 22, 2012, Mr. Gonzales provided a statement discussing his criminal offense to New York regulators, who provided a copy to the Department.<sup>53</sup> Mr. Wright therefore regarded as false Mr. Gonzales's statement in his January 8, 2021 answer to Staff's allegations that: "This is the first time I heard of the untrue and incorrect criminal history alleged in your document."<sup>54</sup>

### 5. Sanction and Cease and Desist Order

Mr. Wright testified that insurance policies are complex, and an agent's duties include accurately explaining them, so consumers have a clear understanding of the products they are buying and the contracts they are signing. A license issued by the Department conveys to the public that the State of Texas has determined that the license holder is competent and knowledgeable, meets ethical standards, and has the trustworthiness and reliability needed to handle insurance transactions.<sup>55</sup> Mr. Wright stated that following Texas insurance law is the responsibility of the license holder.<sup>56</sup>

Mr. Wright opined that the violations in this case show Mr. Gonzales remains a danger to the insurance industry and Texas consumers and that his license should be revoked. He cited evidence of numerous fraudulent policy applications that were submitted; testimony from two agents whose names and reputations were used in processing those applications; statements from an apartment complex manager who had to deal with the ramifications of the fraudulent transactions; and damage to the reputation of the insurance industry when a licensed agent acts

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<sup>52</sup> Pet. Ex. 10 (Apr. 29, 2014 order issued by the Virginia State Corporation Commission revoking Mr. Gonzales's Virginia insurance agent license).

<sup>53</sup> Tr. at 99-101, 113-14; Pet. Ex. 11 (Mr. Gonzales's July 22, 2012 statement).

<sup>54</sup> Tr. at 101-02; Pet. Ex. 2 at 013.

<sup>55</sup> Tr. at 68-71.

<sup>56</sup> Tr. at 77, 87. On cross-examination, Mr. Wright agreed Farmers also had a responsibility to assist in training its agents. Tr. at 115-16.

fraudulently or dishonestly. Mr. Wright also recommended immediately ordering Respondents to cease and desist from continuing the business of insurance without a license.<sup>57</sup>

**B. Mr. Gonzales's Testimony and Answer to Staff's Allegations**

**1. Failure to Notify the Department of the Appointment or Termination of Subagents**

Mr. Gonzales testified that the testimony by Ms. De Leon and Mr. Cruz "is exactly correct."<sup>58</sup> He chose to hire them because, when he began working for Farmers as a retail agent, Farmers told him that in order to be appointed through Farmers, he had to have two licensed agents with qualifications in property and casualty and in life and health. According to Mr. Gonzales, when he told the Farmers district office that Ms. De Leon and Mr. Cruz would not be working for him and wanted their appointments rescinded, the district office advised him not to rescind their appointments unless he had replacements "right then and there," because doing so would breach his contract with Farmers and Farmers would shut down his agency.<sup>59</sup> His answer states: "I was instructed by district to keep them active to avoid trouble from home office and eventually I would hire replacement[s] in the future. I agreed."<sup>60</sup> Mr. Gonzales testified that "since I got the direction from the District Office, I didn't feel that I was doing anything wrong," but "I take full responsibility because I should have done it the way TDI required, not what Farmers does."<sup>61</sup>

**2. Fraudulent or Dishonest Conduct and Misappropriation or Illegal Withholding of an Insurer's Money**

In his January 8, 2021 answer to Staff's allegations, Mr. Gonzales stated that he did not remember the auto policies. Regarding the renters' policies, he stated that they "were not fictitious, th[ese] were real people that wanted the policies per the employees of the apartment complex. . . .

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<sup>57</sup> Tr. at 103-05.

<sup>58</sup> Tr. at 129.

<sup>59</sup> Tr. at 129-31.

<sup>60</sup> Pet. Ex. 2 at 012.

<sup>61</sup> Tr. at 131.

If the apartment complex did not have a say, how would I get the policy holders['] information to write these policies.”<sup>62</sup> Mr. Gonzales emphasized that there was no monthly retail bonus; his commissions would total at most \$2,520; and “I would not risk my career on that.”<sup>63</sup>

Mr. Gonzales testified he made a mistake by not taking the tenants’ information himself and instead relying on apartment complex employee Eckard to gather the banking, email, and other information of the tenants interested in the policies. According to Mr. Gonzales, the apartment complex provided him the tenants’ “name, their addresses, apartment numbers, their telephone numbers, their date of birth. They gave me all the information that was required for me to put into the Farmers system to produce a policy. I didn’t go back and check if their e-mails were correct. I didn’t check if their banking information was correct or not.”<sup>64</sup>

Mr. Gonzales stated that he takes responsibility for mishandling the renters’ policies, explaining: “I should not have listened to district and use[d] the subagents['] information after getting the information from the apartment complex. District told me that I had to . . . show production under the subagents since there was none in the past, but they showed active on the system (contract requirement).”<sup>65</sup> He testified:

Now, as far as writing under the producers, whenever I spoke to District . . . and they were talking about “Well, Mike, we don’t have any activity for your producers.” And I was like, “Well, I don’t have them. I haven’t replaced them.” And they’re like, “Well, you need to show activity or else Farmers is going to find out that you don’t have these people.” And I was like, “Well, what do you mean? What do you want me to do?” And they were like, “Well, just put some under their name, and you should be okay.”<sup>66</sup>

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<sup>62</sup> Pet. Ex. 2 at 012.

<sup>63</sup> Pet. Ex. 2 at 012.

<sup>64</sup> Tr. at 133-34.

<sup>65</sup> Pet. Ex. 2 at 012-13.

<sup>66</sup> Tr. at 135.

Mr. Gonzales further testified: “And the stuff I did, like when I wrote stuff under their names, yeah, that is fraudulent. I admit that. But I took that under the direction of the [Farmers] District because they needed this activity under their name.”<sup>67</sup>

On cross-examination, Mr. Gonzales admitted writing policies using Ms. De Leon’s and Mr. Cruz’s information when they were not working at the Mike Gonzales Agency; keeping them as producers at his agency for more than two years; and continuing to represent to the Farmers District Office that he was trying to replace them.<sup>68</sup>

### **3. Operation of Unauthorized Insurance Agencies**

Mr. Gonzales admitted having an active Facebook page for MGA.<sup>69</sup> He testified Farmers had put up the website for him.<sup>70</sup> He stated: “Farmers was the one that made me use Mike Gonzales Agency since I was not an LLC or Corporation.” According to Mr. Gonzales, none of the insurance carriers require an agency license to operate an agency; Farmers never instructed him to get one; and he applied for a license for MGA mainly for tax purposes.<sup>71</sup> He testified that when the Department denied MGA’s license application, he thought the denial meant he was not going to get the tax break, not that he could not legally operate.<sup>72</sup>

### **4. Failure to Notify the Department of Other States’ Administrative Actions**

Mr. Gonzales stated that previously, he had worked for a company whose license department applied for and monitored all resident and non-resident insurance licenses for the employees. He explained: “all we knew was that we were going to sell Insurance in all 50 states (Call center environment in Plano, TX). After I left, they told me they would take care of the

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<sup>67</sup> Tr. at 145.

<sup>68</sup> Tr. at 148-50.

<sup>69</sup> Tr. at 154.

<sup>70</sup> Tr. at 137.

<sup>71</sup> Pet. Ex. 2 at 013.

<sup>72</sup> Tr. at 151.

non-resident licenses for me. They were going to advise them I was no longer working for them so there was no need to renew them.”<sup>73</sup>

#### 5. Sanction and Cease and Desist Order

Mr. Gonzales promised never to repeat the errors he made. He said he did not oppose probation or fines but asked that his license not be revoked. He explained he has been selling and servicing insurance for the past 20 years and insurance is all he knows. He stated he did not want to lose his livelihood because he was misinformed or not educated on legal requirements.<sup>74</sup>

### IV. ANALYSIS

As discussed below, the ALJ finds that Staff proved Mr. Gonzales committed all of the alleged violations and, based on the more serious violations, the ALJ recommends revocation of Mr. Gonzales’s license. The ALJ also recommends that Mr. Gonzales be ordered to cease and desist engaging in the business of insurance under the name Mike Gonzales Agency, MGA, or any other unauthorized entity.

Regarding the first main violation, the uncontroverted evidence establishes that: (1) in 2016, Mr. Gonzales appointed licensed insurance agents Ms. De Leon and Mr. Cruz to work for the Mike Gonzales Agency as subagents but never notified the Department of their appointments; (2) Ms. De Leon decided not to work for the Mike Gonzales Agency and asked Mr. Gonzales to terminate the appointment, and he told her he would do so; (3) Ms. De Leon never worked for the Mike Gonzales Agency or Farmers, never created any usernames or passwords associated with Farmers, and never issued any Farmers policies under her name; (4) for six to twelve months beginning in 2016, Mr. Cruz worked for the Mike Gonzales Agency but sold only one or two Farmers policies, then stopped working there and asked Mr. Gonzales to terminate the appointment; (5) in 2017, Mr. Cruz learned his appointment was still in effect and contacted

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<sup>73</sup> Pet. Ex. 2 at 013.

<sup>74</sup> Pet. Ex. 2 at 014; Tr. at 146, 158.

Mr. Gonzales, who said he had forgotten to terminate it, and Mr. Cruz told him to terminate it; and (6) Mr. Gonzales did not terminate either Ms. De Leon's or Mr. Cruz's appointments. The ALJ concludes that Mr. Gonzales failed to notify the Department of the appointments of subagents and to promptly report to the Department termination of those appointments, in violation of Texas Insurance Code § 4001.205(a) and (c).

The ALJ finds unconvincing Mr. Gonzales's statements that he simply relied on what the Farmers district office told him to do. The Farmers district office likely advised him of the consequences for his Farmers business of terminating Ms. De Leon's and Mr. Cruz's appointments and not replacing them. It is implausible that the Farmers district office knowingly circumvented Farmers requirements and advised Mr. Gonzales to spend more than two years never terminating the appointments of Farmers agents who were not working for him and had asked him to terminate the appointments, and never replacing them. In any event, regarding all of the alleged violations, as the holder of a license issued by the Department, Mr. Gonzales has a duty to know and comply with insurance law that prescribes requirements applicable to a licensed agent, which he did not do regarding the violations at issue in this case.

Regarding the second main violation, the evidence establishes that: (1) in 2018 the Mike Gonzales Agency issued 18 fictitious auto policies, for a total of 54 vehicles, and 94 fictitious renters' policies for tenants at an apartment complex; (2) the 112 policies were written under the names of Ms. De Leon and Mr. Cruz, who did not write them and were not working for the Mike Gonzales Agency; (3) Mr. Gonzales submitted all 112 policies for electronic funds transfer payments with invalid bank account information; (4) Mr. Gonzales's descriptions of these events changed, were not corroborated or supported by documentation, and were contradicted by Ms. De Leon, Mr. Cruz, the apartment complex manager, and several customers who complained about policies they did not authorize; (5) Mr. Gonzales received \$11,470 from Farmers in unearned retail agent bonuses and unearned commissions for the 112 fictitious policies; and (6) as of March 1, 2021, Farmers had recovered most of the unearned commissions but not unearned commissions and unearned bonuses totaling \$6,569. The ALJ concludes that Mr. Gonzales engaged in fraudulent or dishonest acts or practices, in violation of Texas Insurance Code § 4005.101(b)(5), and misappropriated or illegally withheld money belonging to an insurer, in



violation of Texas Insurance Code § 4005.101(b)(4). For reasons discussed above, the ALJ finds Mr. Gonzales's statements that the Farmers district office advised him to show fictitious production by Ms. De Leon and Mr. Cruz not to be credible.

Regarding the third main violation, the evidence establishes that: (1) for approximately two years and eight months, throughout his appointment with Farmers, Mr. Gonzales operated the Mike Gonzales Agency without a license or other authorization, including an assumed name designation, by the Department; (2) Mr. Gonzales is the owner and sole director of MGA, a corporation; (3) on January 28, 2020, MGA applied to the Department for a general lines agency license with a property and casualty qualification and a life, accident, and health qualification; (4) regarding that application, Staff sent Mr. Gonzales a summary denial letter by certified mail, return receipt requested, on February 20, 2020, for which Mr. Gonzales signed the return receipt on February 27, 2020; (5) on April 2, 2020, the Department notified Mr. Gonzales that MGA's application was denied and that MGA is barred from applying for licensure until February 20, 2025; and (6) Mr. Gonzales continued to operate the insurance agencies after he knew they were unauthorized. The ALJ concludes that Mr. Gonzales willfully (1) engaged in acts constituting the business of insurance without a license as defined in Texas Insurance Code §§ 101.051 and 4001.051, in violation of Texas Insurance Code §§ 101.102, 4001.101, 4051.051, and 4054.051, and 28 Texas Administrative Code § 19.902; and (2) failed to register an assumed name with the Department in violation of 28 Texas Administrative Code § 19.902(c).

Regarding the fourth main violation, uncontroverted evidence establishes that: (1) in September 2013, New York denied Mr. Gonzales's pending license renewal application; (2) in April 2014, Virginia revoked his license for failing to report the administrative action taken against him by New York; and (3) Mr. Gonzales did not disclose the New York and Virginia administrative actions to the Department. The ALJ concludes that Mr. Gonzales failed to notify the Department of an administrative action taken by another state in violation of Texas Insurance Code § 4001.252(a)(3).



Mr. Gonzales has committed acts for which the Department may discipline a license holder, including by revocation of his license.<sup>75</sup> As he points out, he has been licensed by the Department for 20 years and this is the first enforcement action the Department has brought against him. Given the facts in evidence regarding his failure to report an administrative action of another state, the ALJ would recommend a lesser sanction if that were his only violation. For each of the other violations, however, the ALJ recommends that his license be revoked. The evidence clearly establishes: (1) numerous serious violations that harmed two other licensed agents, an insurer, and numerous customers; and (2) a pattern of dishonesty and of disregard for Texas statutes and Department rules prescribing requirements that apply to a licensed agent. The ALJ also recommends that the Department order Mr. Gonzales to cease and desist from engaging in the business of insurance under the name Mike Gonzales Agency, MGA, or any other unauthorized entity.<sup>76</sup>

## V. FINDINGS OF FACT

### Background Facts

1. Mike Lee Gonzales, individual identification number 414834, holds a general lines agent license issued by the Texas Department of Insurance (Department) on April 6, 2001, with a property and casualty qualification issued by the Department on September 1, 2001, and a life, accident, and health qualification issued by the Department on March 11, 2004.
2. Mr. Gonzales was appointed by Farmers Insurance Companies (Farmers) as a Farmers agent from February 2016 until Farmers terminated his appointment for cause in October 2018.
3. The Department staff (Staff) requests revocation of Mr. Gonzales's license and issuance of an order that he cease and desist from engaging in the business of insurance under the name Mike Gonzales Agency, MGA Insurance Group Corp. (MGA), or any other unauthorized entity.
4. Mr. Gonzales made a timely request for a hearing to challenge the relief requested by Staff.

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<sup>75</sup> Tex. Ins. Code §§ 82.051, 4005.101(b)(1), (4)-(5), .102.

<sup>76</sup> Tex. Ins. Code § 82.052.

5. On November 17, 2020, Staff sent its Second Amended Notice of Hearing to Mr. Gonzales, Mike Gonzales Agency, and MGA (collectively, Respondents), which attached and incorporated by reference Staff's Original Petition in the case. The notice of hearing was sent to Mr. Gonzales's address of record at that time, by certified mail, return receipt requested, and by electronic mail.
6. On December 28, 2021, Order No. 2 was issued granting an unopposed motion to continue the hearing.
7. On January 21, 2021, Order No. 4 was issued setting a videoconference hearing for March 17, 2021, and providing instructions for participating in the hearing.
8. Collectively, the Second Amended Notice of Hearing and attached Original Petition and Order No. 4 contain a statement of the time, place, and nature of the hearing; a statement of the legal authority and jurisdiction under which the hearing was to be held; a reference to the particular sections of the statutes and rules involved; and either a short, plain statement of the factual matters asserted or an attachment that incorporated by reference the factual matters asserted in the complaint or petition filed with the state agency.
9. The hearing was held by videoconference on March 17, 2021, before Administrative Law Judge Elizabeth Drews of the State Office of Administrative Hearings (SOAH). Staff Attorney Stephanie Daniels represented Staff. Mr. Gonzales represented himself and the other Respondents. The hearing concluded and the record closed that day.

#### Failure to Notify the Department of the Appointment or Termination of Subagents

10. In 2016, Mr. Gonzales appointed two licensed insurance agents, Margarita De Leon and Sergio Cruz, to work for his Farmers agency, the Mike Gonzales Agency, as producers. This appointment made them subagents for the Mike Gonzales Agency. They were not independently appointed with Farmers and were appointed solely to sell Farmers products for the Mike Gonzales Agency.
11. In April 2016, Ms. De Leon initially agreed to be a producer for the Mike Gonzales Agency, then decided not to do so. She asked Mr. Gonzales to rescind the appointment and he told her he would do so.
12. Ms. De Leon never worked for Farmers, never created any usernames or passwords associated with Farmers, and never issued any Farmers policies under her name.
13. In May 2016, Mr. Cruz agreed to be a producer for the Mike Gonzales Agency. Mr. Cruz worked for Mr. Gonzales as a subagent for approximately six to twelve months, during which he sold only one or two Farmers policies, for which he received no compensation. At the end of that period, Mr. Cruz stopped working for the Mike Gonzales Agency and asked Mr. Gonzales to rescind the appointment.

14. In 2017, Mr. Cruz explored opportunities with another Farmers agency, which informed him that he still had an appointment in the Farmers system. Mr. Cruz contacted Mr. Gonzales, who said he had forgotten to rescind Mr. Cruz's Farmers appointment with the Mike Gonzales Agency. Mr. Cruz told Mr. Gonzales to rescind it.
15. Mr. Gonzales failed to notify the Department of the appointments of Ms. De Leon and Mr. Cruz at the Mike Gonzales Agency, failed to pay the required fee, and failed to terminate the subagents' appointments at their request.

Fraudulent or Dishonest Conduct and Misappropriation or Illegal Withholding of an Insurer's Money

16. In September 2018, an internal investigation by Farmers revealed that the Mike Gonzales Agency, under the names of subagents Ms. De Leon and Mr. Cruz, wrote a total of 112 fictitious policies.
17. In February 2018, the Mike Gonzales Agency issued 18 fictitious auto policies, for a total of 54 vehicles.
18. In August 2018, the Mike Gonzales Agency issued 94 fictitious renters' policies.
19. Mr. Gonzales submitted all 112 auto and renters' policies for electronic funds transfer payments with invalid bank account information.
20. Mr. Gonzales told the Farmers investigator that he had an arrangement with an apartment complex to write all the renters' policies, under which the apartment complex would pay the premium for the first month, and for the entire year if there was a tenant participation rate of 92% or more. The apartment complex manager denied having any such arrangement with Mr. Gonzales.
21. Mr. Gonzales told the Farmers investigator that his subagents, Ms. De Leon and Mr. Cruz, assisted him in writing the auto and renters' policies. Ms. De Leon and Mr. Cruz did not write any of the policies and were not working for Mr. Gonzales or the Mike Gonzales Agency in 2018.
22. During an internal audit by Farmers, Farmers asked to interview Mr. Gonzales's subagents. Mr. Gonzales refused to allow his subagents to be interviewed.
23. Mr. Gonzales received \$11,470 from Farmers in unearned retail agent bonuses and unearned commissions for the 112 fictitious auto and renters' policies. As of March 1, 2021, Farmers had recovered all but \$138 of the unearned commissions via charge-backs, leaving \$6,569 still owed to Farmers.

Operation of Unauthorized Insurance Agencies

24. For approximately two years and eight months, throughout his appointment with Farmers, Mr. Gonzales operated the Mike Gonzales Agency, organization identification number 174319, without a license or other authorization, including an assumed name designation, by the Department.
25. Mr. Gonzales is the owner and sole director of MGA, which is a corporation.
26. On January 28, 2020, MGA, firm identification number 166059, applied to the Department for a general lines agency license with a property and casualty qualification and a life, accident, and health qualification.
27. Staff sent Mr. Gonzales a summary denial letter by certified mail, return receipt requested, on February 20, 2020. Mr. Gonzales signed the return receipt on February 27, 2020.
28. On April 2, 2020, the Department notified Mr. Gonzales that because he did not request a hearing within 30 days, the application was denied and MGA was ineligible to reapply for five years.
29. Mr. Gonzales continues to operate MGA without authorization from the Department.

Failure to Notify the Department of Other States' Administrative Actions


30. In September 2013, the State of New York denied Mr. Gonzales's pending license renewal application on the ground he had provided materially untrue and incorrect information regarding his criminal history on his original application. Mr. Gonzales failed to disclose the New York administrative action to the Department.
31. In April 2014, the State of Virginia revoked Mr. Gonzales's license for failing to report the administrative action taken against him by New York. Mr. Gonzales failed to disclose the Virginia administrative action to the Department.

**VI. CONCLUSIONS OF LAW**

1. The Department has jurisdiction over this matter. Tex. Ins. Code §§ 82.051-.052, 4001.002, 4005.101-.102, 4051.051, 4054.051.
2. SOAH has authority to hear this matter and to issue a proposal for decision with findings of fact and conclusions of law. Tex. Gov't Code ch. 2003; Tex. Ins. Code § 4005.104.
3. Mr. Gonzales received timely and sufficient notice of the hearing. Tex. Gov't Code ch. 2001; Tex. Ins. Code § 4005.104(b).

4. Staff has the burden of proof in this proceeding. 1 Tex. Admin. Code § 155.427. The standard of proof is by a preponderance of the evidence. *Granek v. Tex. St. Bd. of Med. Examin'rs*, 172 S.W.3d 761, 777 (Tex. App.—Austin 2005, no pet.).
5. Mr. Gonzales failed to report to the Department the appointment and termination of subagents, in violation of Texas Insurance Code § 4001.205(a) and (c).
6. Mr. Gonzales engaged in fraudulent or dishonest acts or practices, in violation of Texas Insurance Code § 4005.101(b)(5).
7. Mr. Gonzales misappropriated or illegally withheld money belonging to an insurer, in violation of Texas Insurance Code § 4005.101(b)(4)(A).
8. Mr. Gonzales operated an unlicensed agency that engaged in acts constituting the business of insurance as defined in Texas Insurance Code §§ 101.051 and 4001.051, in violation of Texas Insurance Code §§ 101.102, 4001.101, 4051.051, and 4054.051, and 28 Texas Administrative Code § 19.902.
9. Mr. Gonzales failed to register an assumed name with the Department, in violation of 28 Texas Administrative Code § 19.902(c).
10. Mr. Gonzales failed to notify the Department within a month of an administrative action taken against him by another state, in violation of Texas Insurance Code § 4001.252(a)(3).
11. Mr. Gonzales willfully violated an insurance law of the State of Texas. Tex. Ins. Code § 4005.101(b)(1).
12. Mr. Gonzales has committed acts for which the Department may discipline a license holder, including by revoking his license. Tex. Ins. Code §§ 82.051, 4005.101, .102, 4101.201.
13. The Department should revoke Mr. Gonzales's license. Tex. Ins. Code §§ 4005.101, .102.
14. The Department should order Mr. Gonzales to cease and desist from engaging in the business of insurance under the name Mike Gonzales Agency, MGA Insurance Group Corp., or any other unauthorized entity.

**SIGNED May 14, 2021.**

  
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**ELIZABETH DREWS**  
**ADMINISTRATIVE LAW JUDGE**  
**STATE OFFICE OF ADMINISTRATIVE HEARINGS**