

No. 2024-8984

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

**Date: 11/26/2024**

**Subject Considered:**

Texas Department of Insurance

v.

Ronaldo Camacho

SOAH Docket No. 454-24-02660.C

**General Remarks and Official Action Taken:**

The subjects of this order are Ronaldo Camacho's general lines agent license with life, accident, health, and HMO qualifications and his county mutual agent license. This order revokes Mr. Camacho's licenses.

**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 the Texas Department of Insurance (TDI) revoke Mr. Camacho's licenses. A copy of the proposal for decision is attached as Exhibit A.

**Findings of Fact**

The findings of fact contained in Exhibit A are adopted and incorporated by reference into this order.

**Conclusions of Law**

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

COMMISSIONER'S ORDER  
TDI v. Ronaldo Camacho  
SOAH Docket No. 454-24-02660.C  
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**Order**

It is ordered that are Ronaldo Camacho's general lines agent license with life, accident, health, and HMO qualifications and his county mutual agent license are revoked.

Signed by:  
  
FC5D7EDDFFB4F8...  
Cassie Brown  
Commissioner of Insurance

Recommended and reviewed by:

Signed by:  
  
5DAC5618BBC74D4...  
Jessica Barta, General Counsel

Signed by:  
  
27ADF3DA5BAF4B7...  
Justin Beam, Chief Clerk

**BEFORE THE  
STATE OFFICE OF ADMINISTRATIVE  
HEARINGS**

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**TEXAS DEPARTMENT OF INSURANCE,  
PETITIONER**

**v.**

**RONALDO CAMACHO,  
RESPONDENT**

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**PROPOSAL FOR DECISION**

The staff (Staff) of the Texas Department of Insurance (Department) seeks to revoke the general lines agent and county mutual agent licenses of Ronaldo Camacho (Respondent) based on his alleged fraudulent conduct and misrepresentation of insurance contracts. The Administrative Law Judge (ALJ) finds that Staff has proved most of its allegations and recommends that the Commissioner of Insurance (Commissioner) revoke Respondent's licenses.

**I. NOTICE, JURISDICTION, AND PROCEDURAL HISTORY**

There are no contested issues of notice or jurisdiction in this case; therefore, those matters are addressed only in the findings of fact and conclusions of law.

On June 11, 2024, ALJ Susan Rodriguez of the State Office of Administrative Hearings convened the hearing on the merits via Zoom videoconference. Attorney Sydney Moore represented Staff. Respondent appeared and represented himself. The hearing concluded the same day, and the record closed on July 19, 2024, after the parties had the opportunity to file written closing arguments and replies.

**II. APPLICABLE LAW**

The Texas Insurance Code authorizes the Department to regulate the business of insurance in this state and to take disciplinary action against agents who violate the laws or rules related to insurance.<sup>1</sup> Relevant to this case, the Department may discipline licensees for engaging in fraudulent or dishonest acts or practices; for materially misrepresenting the terms and conditions of insurance policies or contracts; and for misrepresenting an insurance policy by making an untrue statement of material fact, by failing to state a necessary material fact, by making a statement in such a manner as to mislead a reasonably prudent person to a false

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<sup>1</sup> Tex. Ins. Code §§ 31.002, 82.051-.052, 4005.102.

conclusion of material fact, by making a material misstatement of law, or by failing to disclose any matter required by law.<sup>2</sup>

Based on a finding that a licensee has violated or failed to comply with the Texas Insurance Code or a Department rule, the Commissioner may revoke, suspend, or probate the suspension of a license, deny license renewal, issue a reprimand, and/or impose an administrative penalty, among other available sanctions.<sup>3</sup> Staff has the burden of proving the alleged violations.<sup>4</sup> The standard of proof is by a preponderance of the evidence.<sup>5</sup>

### **III. BACKGROUND AND STAFF'S ALLEGATIONS**

Respondent holds a general lines agent license with a life, accident, health, and health maintenance organization qualification, which was originally issued by the Department on May 20, 1998.<sup>6</sup> He also holds a county mutual agent license that was issued by the Department on April 7, 2023.<sup>7</sup> During the times relevant to the allegations in Staff's petition, Respondent was a district manager for American

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<sup>2</sup> Tex. Ins. Code §§ 541.061, 4005.101(b)(5), (6); *see also* 28 Tex. Admin. Code § 21.4 (defining misrepresentation as (1) any untrue statement of a material fact; (2) any omission to state a material fact necessary to make the statements made (considered in the light of the circumstances under which they are made) not misleading; (3) the making of any statement in such manner or order as to mislead a reasonably prudent person to a false conclusion of a material fact; (4) any material misstatement of law; or (5) any failure to disclose any matter required by law to be disclosed).

<sup>3</sup> Tex. Ins. Code §§ 82.051-.052, 4005.102.

<sup>4</sup> 1 Tex. Admin. Code § 155.427.

<sup>5</sup> *Granek v. Tex. St. Bd. Of Med. Exam'rs*, 172 S.W.3d 761, 777 (Tex. App.—Austin 2005, no pet.).

<sup>6</sup> Staff Ex. D at 326.

<sup>7</sup> Staff Ex. D at 328.

National Insurance Company (ANIC) in its Midland, Texas, district office.<sup>8</sup> He was terminated by ANIC effective December 9, 2022, for violating company rules.<sup>9</sup>

Staff alleges that Respondent engaged in fraudulent or dishonest acts or practices by reusing and manipulating old policy loan forms to obtain premium loans and cash loans against his clients' policies without their knowledge or consent. Staff further alleges that Respondent misrepresented the transactions by failing to inform the clients about the loans and the impact the loans would have on their policies, instructed his staff to pay premiums on policies that were about to lapse, and that he and his staff wrote fictitious "ghost" policies.

#### **IV. EVIDENCE**

The Department had four exhibits admitted<sup>10</sup> and presented testimony from Rachel Luce, a senior investigator at ANIC. Respondent did not offer any documentary evidence but testified on his own behalf.

##### **A. TESTIMONY OF RACHEL LUCE AND ANIC INVESTIGATION**

Ms. Luce has been a senior investigator in ANIC's corporate investigative services (CIS) division for nearly five years. She investigates all types of fraud for ANIC, including external and internal fraud, disability fraud, account takeovers, and

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<sup>8</sup> Staff Ex. C at 22.

<sup>9</sup> Staff Ex. C at 27.

<sup>10</sup> Staff Exhibits A, B, C, and D were admitted. Staff Exhibit C was offered and admitted as a confidential document. Staff Exhibit D has also been marked confidential by the ALJ because it contains personal information.

money laundering. She conducted ANIC's investigation of Respondent, which began after Norma Arguello, a former assistant office manager, told human resources personnel in her exit interview that Respondent had submitted falsified forms to obtain policy loans against his insureds' policies.<sup>11</sup> She said that Respondent processed cash loans and premium loans by taking previously submitted loan documents, concealing pertinent loan information and signatures with white out, writing in new loan information, and submitting the falsified forms to ANIC.<sup>12</sup> Ms. Arguello questioned the practice because she knew that Respondent should have used a new form for each loan application and she did not think the clients were aware of the loans.<sup>13</sup> Ms. Arguello further reported that Respondent directed ANIC agents to write ghost applications for policies using fictitious names and addresses and to pay those premiums out of their own pockets, and to write policies for people who did not want or know about the policies.<sup>14</sup>

When investigators interviewed Ms. Arguello, she said that at Respondent's request, she or the office manager would print out old premium loan forms that included the policyholders' legitimate signatures.<sup>15</sup> Respondent would white out the

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<sup>11</sup> Staff Ex. C at 20, 22.

<sup>12</sup> Staff Ex. C at 19-20, 22-23. Ms. Luce testified that a policyholder can take a cash loan or a premium loan against the cash value of their policy. A cash loan is different from a premium loan, which the policyholder uses to pay the premium so the policy will not lapse. In either case, she said, the loan affects the cash value of the policy. The policyholder must pay interest on the loan, and if the loan is not repaid, the policy may lapse, resulting in cancellation of coverage. Any loan taken against the cash value of a policy will reduce the value of the policy and could result in a lower payout than expected if a claim is filed.

<sup>13</sup> Staff Ex. C at 20.

<sup>14</sup> Staff Ex. C at 20.

<sup>15</sup> Staff Ex. C at 22.

original loan information and write in new loan information, but leave the client names and signatures intact.<sup>16</sup> Respondent would then sign the forms as the witness and direct Ms. Arguello or the office manager to submit the documents to ANIC.<sup>17</sup> If they questioned Respondent, he told them that he would get approval for the loans from the clients before he completed any of the forms.<sup>18</sup> Ms. Arguello said she sometimes processed multiple such policy loans per day, that she did not think the clients were aware of the loans, and that Respondent kept the falsified documents in the lower left drawer of the desk in his office.<sup>19</sup>

ANIC investigators visited Respondent's office where, according to Ms. Luce, they found hundreds of documents in his desk, including about 120 fabricated or manipulated documents, as Ms. Arguello had reported. Ms. Luce testified that she examined the forms and could see that white out had been used to conceal important information such as loan dates and amounts and witness signatures, and new dates and loan information had been written over the white out.<sup>20</sup> On most of the documents, she said, Respondent then signed over the white out as the witness.

Ms. Luce said the investigators seized the forms and took them to the corporate office for further review and analysis. Investigators conducted an audit by comparing the forms from Respondent's desk to forms that had been previously

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<sup>16</sup> Staff Ex. C at 22.

<sup>17</sup> Staff Ex. C at 22.

<sup>18</sup> Staff Ex. C at 22.

<sup>19</sup> Staff Ex. C at 22-23.

<sup>20</sup> Staff Ex. C at 24.

submitted to ANIC. They determined that many of the forms from Respondent's desk were photocopies of legitimate loan documents that had been manipulated and resubmitted to ANIC to transact additional policy loans.<sup>21</sup>

Ms. Luce described some of the most obvious examples of document manipulation that investigators found. A policy loan form was submitted to ANIC in 2021 for a \$5,000 cash loan on a policy ending in number 6566.<sup>22</sup> Investigators found a copy of that form in Respondent's desk that had been manipulated and submitted to ANIC again on June 9, 2022, for a three-month premium loan on the same policy.<sup>23</sup> Side-by-side comparison of the documents shows how the document was manipulated to be reused in 2022:

- Handwritten portions of the forms are identical: the policy number; the insured's name, signature, and address; and the witness's address.<sup>24</sup>
- On the 2022 form found in Respondent's desk, the \$5,000 loan amount from the 2021 form had been whited out, as was the box checked "Cash Loan" and the "Date Completed" line.<sup>25</sup>
- On the 2022 form, the prior witness's name and signature were partially concealed with white out and Respondent signed as the witness over the white out.<sup>26</sup> However, some of the prior signature was still visible, including the handwritten title of "Sales Manager" and the box checked "Agent," demonstrating that the same form was used for both loans and that

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<sup>21</sup> Staff Ex. C at 23-24.

<sup>22</sup> Staff Ex. C at 265.

<sup>23</sup> Staff Ex. C at 258.

<sup>24</sup> Staff Ex. C at 258, 265.

<sup>25</sup> Staff Ex. C at 258.

<sup>26</sup> Staff Ex. C at 258.

Respondent did not witness the client sign the document for the 2022 premium loan.<sup>27</sup>

2021 Form<sup>28</sup>

DATE COMPLETED 8/20/2021 POLICY NO. 6566  
 INSURED NAME E M  
 Please Print FIRST MI. LAST

**IMPORTANT NOTICE: YOUR REQUEST TO BORROW, SURRENDER OR WITHDRAW FUNDS FROM YOUR LIFE INSURANCE POLICY MAY AFFECT YOUR POLICY VALUES; INCLUDING, BUT NOT LIMITED TO, YOUR GUARANTEED AND NON-GUARANTEED ELEMENTS, FACE AMOUNT AND/OR SURRENDER OF YOUR POLICY.**

**1. A LOAN REQUEST AND AGREEMENT (Complete and sign the appropriate section below)**

I (we) hereby assign the above referenced policy to American National Insurance Company ("the Company"), to the extent necessary to secure the repayment of the loan requested below and any previous loan(s), together with accrued interest thereon. This loan shall be in accordance with and subject to the provisions of the policy. I (we) represent that no bankruptcy or insolvency proceedings are now pending against any of the undersigned. I (we) desire the type of loan indicated below.

Review the Policy's loan provisions before electing an option.  
 **CASH LOAN**—Request for a specified amount. I (we) request a loan for \$ 5,000.00  
 **MAXIMUM CASH LOAN**—Request for a maximum loan to include all available values. To maintain an active policy status, funds may be retained in accordance with the policy provisions.  
 **PREMIUM LOAN**—PAYS PREMIUM BY MAKING A LOAN  
 I REQUEST TO PAY \_\_\_\_\_ PREMIUM(S) ON THE POLICY FOR A TOTAL OF \$ \_\_\_\_\_  
 **SCHEDULED LOAN REPAYMENT**—I would like the following amount billed or drafted on a monthly basis, minimum of \$15.00:  
 Amount \$ \_\_\_\_\_

**1. B CASH SURRENDER REQUEST AND AGREEMENT**

**CASH SURRENDER**  **PARTIAL SURRENDER OF \$ \_\_\_\_\_ (UL only)**  
**NOTE: POLICY MUST ACCOMPANY REQUEST FOR CASH SURRENDER (IF THE POLICY IS LOST, CHECK AND COMPLETE STATEMENT OF LOSS BELOW).**  
 In consideration of and in exchange for the cash surrender value of the above policy, issued or assumed by the AMERICAN NATIONAL INSURANCE COMPANY, Galveston, Texas, the undersigned hereby surrenders said policy for cancellation. In accordance with the terms of the policy it is hereby agreed that any indebtedness thereon to the Company will be deducted from the cash value. Said cash value is accepted in full settlement and complete satisfaction of all rights, claims, and demands under said policy. It is expressly represented and warranted that no other person, firm, or corporation has any interest in said policy, except the undersigned, and that no proceedings of insolvency or bankruptcy have been instituted or are now pending against the undersigned. We, the undersigned, have read the agreement checked above and agree to its terms.  
 **STATEMENT OF LOST OR DESTROYED POLICY** I hereby declare policy # \_\_\_\_\_ has been lost, misplaced, or destroyed.

**2. LOAN OR SURRENDER SIGNATURES AND ADDRESSES**

E M  
 Owner/Controller/Assignee Name  
 Print Witness Name  
 Witness Signature  
 Owner/Controller/Assignee Street Address Midland TX 79703  
 Witness Address  
 Owner/Controller/Assignee City State ZIP Code

<sup>27</sup> Staff Ex. C at 258.

<sup>28</sup> Staff Ex. C at 265.



only the request for another three-month premium loan in the amount of \$59.70 was visible, and the box checked "Cash Loan" was whited out and redrawn.<sup>31</sup>

2020 Form<sup>32</sup>

DATE COMPLETED 10-5-2020 POLICY NO. [redacted] 8216  
INSURED NAME [redacted] [redacted]  
Please Print FIRST MI. LAST

**IMPORTANT NOTICE: YOUR REQUEST TO BORROW, SURRENDER OR WITHDRAW FUNDS FROM YOUR LIFE INSURANCE POLICY MAY AFFECT YOUR POLICY VALUES; INCLUDING, BUT NOT LIMITED TO, YOUR GUARANTEED AND NON-GUARANTEED ELEMENTS, FACE AMOUNT AND/OR SURRENDER OF YOUR POLICY.**

**1. a LOAN REQUEST AND AGREEMENT: (Complete and sign the appropriate section below)**

I (we) hereby assign the above referenced policy to American National Insurance Company ("the Company"), to the extent necessary to secure the repayment of the loan requested below and any previous loan(s), together with accrued interest thereon. This loan shall be in accordance with and subject to the provisions of the policy. I (we) represent that no bankruptcy or insolvency proceedings are now pending against any of the undersigned. I (we) desire the type of loan indicated below.

Review the Policy's loan provisions before electing an option.

- CASH LOAN**—Request for a specified amount. I (we) request a loan for \$ 400.00
- MAXIMUM CASH LOAN**—Request for a maximum loan to include all available values. To maintain an active policy status, funds may be retained in accordance with the policy provisions.
- PREMIUM LOAN—PAYS PREMIUM BY MAKING A LOAN**  
I REQUEST TO PAY 3 PREMIUM(S) ON THE POLICY FOR A TOTAL OF \$ 59.70
- SCHEDULED LOAN REPAYMENT**—I would like the following amount billed or drafted on a monthly basis, minimum of \$15.00.  
Amount \$ \_\_\_\_\_

**1. b CASH SURRENDER REQUEST AND AGREEMENT**

CASH SURRENDER  PARTIAL SURRENDER OF \$ \_\_\_\_\_ (UL only)

**NOTE: POLICY MUST ACCOMPANY REQUEST FOR CASH SURRENDER (IF THE POLICY IS LOST, CHECK AND COMPLETE STATEMENT OF LOSS BELOW).**  
In consideration of and in exchange for the cash surrender value of the above policy, issued or assumed by the AMERICAN NATIONAL INSURANCE COMPANY, Galveston, Texas, the undersigned hereby surrenders said policy for cancellation. In accordance with the terms of the policy it is hereby agreed that any indebtedness thereon to the Company will be deducted from the cash value. Said cash value is accepted in full settlement and complete satisfaction of all rights, claims, and demands under said policy. It is expressly represented and warranted that no other person, firm, or corporation has any interest in said policy, except the undersigned, and that no proceedings of insolvency or bankruptcy have been instituted or are now pending against the undersigned. We, the undersigned, have read the agreement checked above and agree to its terms.

**STATEMENT OF LOST OR DESTROYED POLICY** I hereby declare policy # \_\_\_\_\_ has been lost, misplaced, or destroyed.

**2. LOAN OR SURRENDER SIGNATURES AND ADDRESSES**

Print Owner/Controller/Assignee Name: [redacted] A [redacted] B [redacted]

City No. Witness Signature [redacted] Agent District Office Staff [redacted]

Owner/Controller/Assignee Street Address: [redacted] Witness Address: [redacted]

Owner/Controller/Assignee City: Odeesa State: TX ZIP Code: 79763

<sup>31</sup> Staff Ex. C at 306.

<sup>32</sup> Staff Ex. C at 312.

2022 Form<sup>33</sup>

DATE COMPLETED 11/2/2022 POLICY NO. [REDACTED] 80363  
INSURED NAME [REDACTED] FIRST [REDACTED] MI. [REDACTED] LAST [REDACTED]  
Please Print

**IMPORTANT NOTICE: YOUR REQUEST TO BORROW, SURRENDER OR WITHDRAW FUNDS FROM YOUR LIFE INSURANCE POLICY MAY AFFECT YOUR POLICY VALUES; INCLUDING, BUT NOT LIMITED TO, YOUR GUARANTEED AND NON-GUARANTEED ELEMENTS, FACE AMOUNT AND/OR SURRENDER OF YOUR POLICY.**

**1. a. LOAN REQUEST AND AGREEMENT: (Complete and sign the appropriate section below)**

I (we) hereby assign the above referenced policy to American National Insurance Company ("the Company"), to the extent necessary to secure the repayment of the loan requested below and any previous loan(s), together with accrued interest thereon. This loan shall be in accordance with and subject to the provisions of the policy. I (we) represent that no bankruptcy or insolvency proceedings are now pending against any of the undersigned. I (we) desire the type of loan indicated below.

- I want the Policy's loan provisions before electing an option.
- CASH LOAN**—Request for a specified amount. I (we) request a loan for \$ \_\_\_\_\_
- MAXIMUM CASH LOAN**—Request for a maximum loan to include all available values. To maintain an active policy status, funds may be retained in accordance with the policy provisions.
- PREMIUM LOAN—PAYS PREMIUM BY MAKING A LOAN**  
I REQUEST TO PAY \$ 3 PREMIUM(S) ON THE POLICY FOR A TOTAL OF \$ 59.70
- SCHEDULED LOAN REPAYMENT**—I would like the following amount billed or drafted on a monthly basis, minimum of \$15.00:  
Amount \$ \_\_\_\_\_

**1. b. CASH SURRENDER REQUEST AND AGREEMENT**

**CASH SURRENDER**       **PARTIAL SURRENDER OF \$ \_\_\_\_\_ (UL only)**

**NOTE: POLICY MUST ACCOMPANY REQUEST FOR CASH SURRENDER (IF THE POLICY IS LOST, CHECK AND COMPLETE STATEMENT OF LOSS BELOW).**  
In consideration of and in exchange for the cash surrender value of the above policy, issued or assumed by the AMERICAN NATIONAL INSURANCE COMPANY, Galveston, Texas, the undersigned hereby surrenders said policy for cancellation. In accordance with the terms of the policy it is hereby agreed that any indebtedness thereon to the Company will be deducted from the cash value. Said cash value is accepted in full settlement and complete satisfaction of all rights, claims, and demands under said policy. It is expressly represented and warranted that no other person, firm, or corporation has any interest in said policy, except the undersigned, and that no proceedings of insolvency or bankruptcy have been instituted or are now pending against the undersigned. We, the undersigned, have read the agreement checked above and agree to its terms.

**STATEMENT OF LOST OR DESTROYED POLICY** I hereby declare policy # \_\_\_\_\_ has been lost, misplaced, or destroyed.

**2. LOAN OR SURRENDER SIGNATURES AND ADDRESSES**

Print Name: [REDACTED]      Print Witness Name: [REDACTED]

Signature: [REDACTED]      Witness Signature: [REDACTED]       Agent       Licensed Office Staff

Owner/Controller/Assignee Street Address: [REDACTED]      Witness Address: [REDACTED]

Owner/Controller/Assignee City: Odessa      State: TX      ZIP Code: 79763

Ms. Luce provided several bases for her opinion that Respondent generated loans using doctored forms without the clients' knowledge or consent. First, ANIC has a strict policy that a brand new, clean form must be used for each transaction on a policy; forms should never be duplicated or reused. This policy, she said, is communicated to all ANIC employees during onboarding, training, during time spent with mentors, and during any retraining. Because new forms are required for

<sup>33</sup> Staff Ex. C at 306.

each loan, she said, ANIC never sees loans transacted using old forms or forms that have been whited out; therefore, the number of manipulated loan forms in Respondent's desk was immediately concerning.

Ms. Luce also questioned the legitimacy of the loans because of the high volume of premium loans transacted by Respondent's district office. Premium loans accounted for approximately 47% of Respondent's business, more than any other district office of the same or similar size. Some employees reported to ANIC investigators that different performance incentives were available, and that Respondent received incentives for different metrics such as low policy lapse rates and the amount of business on the books. This suggested to Ms. Luce that Respondent used the loans to keep the policy lapse rate down and keep business on the books.

When Ms. Luce interviewed Respondent during her investigation, he said he would contact clients whose policies were about to lapse, or they would contact him and ask for a premium loan, and he would instruct them to complete and sign the forms.<sup>34</sup> Respondent said that he would go to their houses to confirm the loans and obtain signatures.<sup>35</sup> When asked about the manipulated forms, he told her that the clients knew about and consented to the loans but that many of his clients are oil field workers or from out of town and they could not sign new loan documents in person.<sup>36</sup>

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<sup>34</sup> Staff Ex. C at 23.

<sup>35</sup> Staff Ex. C at 23.

<sup>36</sup> Staff Ex. C at 23.

He said he spoke to the insureds on the phone and then personally signed off as the witness once he explained the loans and obtained their consent. Ms. Luce testified that ANIC investigators checked phone records for Respondent's office and did not find records of any calls that had been made to any phone numbers associated with any policyholders, insureds, beneficiaries, or payors related to the affected policies. When asked about this, Respondent told Ms. Luce that he made the calls from his personal cell phone but would not provide those records to ANIC.

ANIC investigators also interviewed agents and sales managers in Respondent's district who reported that the clients were unaware of the loans and did not know that they affected the value of their policies or that they would have to pay interest on the loans.<sup>37</sup> According to Ms. Luce, investigators learned that if beneficiaries questioned unexpectedly low claim payouts, Respondent advised agents and sales managers to show the loan forms to the beneficiaries to "try to convince" them that the policy owner or insured must have taken the loans because the signatures looked legitimate.<sup>38</sup>

The interviewees also reported that Respondent suggested that agents and sales managers should pay premiums out of their own pockets on policies that were about to lapse—a practice known as rebating—to help the clients, conserve business by keeping the policies from lapsing.<sup>39</sup> Respondent also advised them, they said, to

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<sup>37</sup> Staff Ex. C at 24-25.

<sup>38</sup> Staff Ex. C at 24-25.

<sup>39</sup> Staff Ex. C at 23-24.

write ghost policies, although no one interviewed could provide any names or policy numbers related to fictitiously written policies.<sup>40</sup> Respondent also acknowledged that he sometimes wrote policies under other agents' numbers so they would get credit for the business.<sup>41</sup>

Ms. Luce explained that significant harm can result from Respondent's actions. If a premium loan or cash loan has been taken out against a policy and a claim is later filed, the payout to the beneficiary could be lower than expected. An insured or policyholder may not be aware of the loans until they try to file a claim or try to take a loan against the policy, which may be the first time they notice that the value of their policy has been impacted.

At the end of the investigation, Ms. Luce concluded that Respondent created fraudulent and fabricated loan forms that were submitted to ANIC on behalf of clients who may not have been aware of the loans, and that Respondent had instructed others to engage in rebating.<sup>42</sup> She recommended that ANIC create a plan to review life claims paid out of the Midland District Office to determine if fraudulent loans had been taken against the policies, and that corrective action be taken for any beneficiary if needed. She also recommended that all field personnel undergo

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<sup>40</sup> Staff Ex. C at 23.

<sup>41</sup> Staff Ex. C at 23.

<sup>42</sup> Staff Ex. C at 26.

retraining regarding legally and ethically acceptable behavior, and that field directors be trained on the importance of transparency with clients.<sup>43</sup>

**B. TESTIMONY OF RESPONDENT**

Respondent categorically denied all the allegations made by the Department. Respondent said that as a district manager, he had a lot of responsibilities. He was in charge of fifteen agents and three sales managers, and he trusted them. Respondent emphasized that there was a lot of pressure to make sales and keep business. At manager's meetings, they were instructed to keep their policy lapse rates down and maintain business.

Respondent said that agents are unable to sign as the witness on policy loan forms, so if an agent ever brought him a policy loan form, he would tell the agent to provide the client's phone number and he, Respondent, would call, explain how the loan worked, verify that the client wanted the loan, and witness the form before submitting it. Respondent stressed that during the calls he fully explained the impact the loans would have on the policies. He explained to the client that if they took a cash loan it would reduce the value of the policy, but then said he could sell them more insurance. He explained that if the insured were to die prematurely, the loan would be wiped out, and selling more insurance would mean the insured leaves more to their beneficiary.

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<sup>43</sup> Staff Ex. C at 25-26.

Respondent testified that he called some of the clients from the office to discuss the policy loans, but he made most of the calls from his personal cell phone when he was out on rotation with the agents. He refused to provide ANIC with his phone records, however, saying, “My personal phone is my personal phone, and I’m not going to share that with anyone. It could have helped me show I made the calls, but it’s my phone and my right not to share it.”

Respondent said he was never advised of ANIC’s policy that a brand-new form must be used for each transaction on a policy. Regarding the forms that he doctored and reused, Respondent acknowledged that he manipulated the forms using white out. In other words, he did not actually “witness” the clients sign those forms but signed them as the witness anyway. He denied that any of the loans were fraudulent, saying that many of his customers work in the oil field so they are unable to stop by his office or meet in person to sign documents. He also contended he had his clients’ consent for all the policy loan forms found in his desk, where they piled up. He knew they needed to be shredded, but he had not had the time.

Respondent thinks that people who disliked him reported him for fraudulent activity and “put everything” on him. He said, “In every office there’s always going to be the agents or the people who don’t like you, there are those that do like you.” He did not know Ms. Arguello but said she did not like him and she was upset that she was not the office manager. Respondent did not accuse anyone of lying to ANIC investigators but suggested that employees were misled into making allegations against him.

**V. ANALYSIS**

**A. FRAUDULENT POLICY LOANS**

**1. Falsified Documents**

The preponderance of the evidence establishes that Respondent engaged in fraudulent or dishonest acts or practices. Specifically, Staff demonstrated that Respondent doctored policy loan documents and submitted the falsified forms to ANIC for the purpose of securing cash loans and premium loans against his clients' policies without their knowledge or consent. ANIC investigators found dozens of such forms, and when questioned, Respondent admitted that he took photocopies of old loan forms, used white out to conceal the loan information and the previous witness signatures, wrote new loan information over the white out, and signed the forms as the witness without having the client re-sign the forms. Respondent then submitted the forms to ANIC without the knowledge or consent of the policyholders.

Respondent argued that the loans were legitimate because he spoke to his clients and obtained their consent before submitting any documents to ANIC, but he offered no reasonable explanation for why he reused old policy loan forms, a practice contrary to ANIC policy, or why he signed the forms as the witness even though he did not witness the clients sign the documents. He first told Ms. Luce that his clients were oil field workers and out-of-towners and unable to meet in person to sign new forms, but he also claimed that he was unaware of ANIC's policy that he had to use a new form for each transaction. Neither argument is convincing.

Ms. Luce's testimony about ANIC's new form policy was detailed and unchallenged: the policy is explained to all employees, from corporate personnel to field employees, during onboarding, training, and retraining, and is so strict that even if a form is submitted to ANIC with a simple typographical error, it is sent back, and a clean form must be submitted. It is implausible that Respondent, a district manager and someone who supervised nearly twenty other employees, was unaware of such an important company-wide policy. Even Ms. Arguello knew of the policy, despite leaving ANIC in part due to lack of training.

Equally implausible is Respondent's assertion that he manipulated old forms because his clients lived or worked too far away to meet in person and sign new forms. First, if Respondent was unaware of the new form policy as he claimed, his clients' ability to meet in person would be irrelevant. Second, most of the policy loan forms in evidence show that the clients' addresses were in Midland or Odessa, and Respondent was the district manager of the Midland district office, located in Midland.<sup>44</sup> Respondent testified that sometimes he went to his clients' houses to obtain their signatures on the loan documents and that other times his agents brought signed policy loan forms to him for completion. And, of the clients whose occupations could be discerned from the confiscated forms, none was an oil field worker.<sup>45</sup>

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<sup>44</sup> Staff Ex. C.

<sup>45</sup> Staff Ex. C at 86, 89, 222.

## **2. Misrepresentation**

Respondent argued that the loans were legitimate because he always called his clients to explain the loans and get their consent. When investigators reviewed the phone records from Respondent's office, however, they did not find any calls made to phone numbers associated with any of the affected policies. Respondent testified that he made the calls from his personal cell phone when he was out of the office with his agents. But while acknowledging that his cell phone records could help substantiate that claim, he refused to provide them to investigators.

Not only did Respondent falsify documents to obtain fraudulent loans in the first place, but he also tried to obscure the fraud when the policies were paid out. Knowing that his fraudulent conduct could be discovered when beneficiaries received a lower-than-expected payout, Respondent instructed agents and sales managers to misrepresent the loans to the beneficiaries by showing them the falsified loan documents to "try to convince them" that the policyholders had approved the loans.

ANIC found the manipulated policy loan documents in Respondent's desk, and there was no dispute that they lacked original client signatures. Further, there were no phone records to substantiate client contact. Accordingly, the evidence corroborated statements from Ms. Arguello and other employees.

**B. REBATING AND GHOST POLICIES**

The Department alleged that Respondent also engaged in fraudulent or dishonest acts or practices by encouraging agents to pay premiums on policies that were about to lapse (rebating) and to write ghost policies. During ANIC's investigation, several agents recounted that Respondent recommended or suggested that they pay the premiums on policies that were in "pending lapse" status, at times even offering to split the cost of the premium. These practices were the norm when incentives like trips were available, or at quarter-end. Some agents also said that Respondent would ask them to write fictitious or "ghost" policies if they were short of the business needed to qualify for an incentive. Ms. Arguello also reported to investigators that Respondent would write policies for people who did not know of or want the policies.

Although Respondent denied this conduct, he testified that at manager's meetings, ANIC emphasized keeping policy lapse rates down to keep business on the books. One way to do that, Respondent explained, was through premium loans, and the evidence demonstrated that Respondent did earn incentives for his book of business.

On the other hand, none of the employees interviewed could provide a name or policy number for any ghost policy written, and none of the documents recovered from Respondent's desk were alleged to be evidence that he engaged in rebating or writing ghost policies. Without any documentary evidence to support these

allegations, the ALJ finds that the preponderant evidence fails to demonstrate that Respondent engaged in this conduct.

## **VI. SANCTION RECOMMENDATION**

For a violation of the Texas Insurance Code or a Department rule, the Commissioner may revoke, suspend, or probate the suspension of a license, deny license renewal, issue a reprimand, and/or impose an administrative penalty, among other available sanctions. The evidence demonstrated that Respondent committed fraudulent or dishonest acts or practices by obtaining fraudulent loans against his clients' policies and that he misrepresented the loans because he did not explain them or obtain consent from his clients. He also instructed employees to make material misrepresentations to beneficiaries who questioned the claim payouts. For this, Staff argues that Respondent has proven to be dishonest and untrustworthy, and no longer deserving of his licenses.

The ALJ gives significant weight to Ms. Luce's testimony and investigative findings. Ms. Luce has been a senior investigator for ANIC for five years, and her primary job duty is to investigate fraud. Her testimony about the investigation was credible and supported by documentary evidence, and the significant scope of the corrective action she recommended after the investigation was congruent with the extent and seriousness of her findings.

Respondent's fraud was widespread. He painstakingly doctored policy loan documents and violated basic ANIC procedures. Staff supported its assertion that his conduct most likely had serious negative consequences for the policyholders and

beneficiaries. Some clients may not yet know that their policies were impacted. Respondent deflected all blame and showed no remorse for the consequences to his clients. Accordingly, the ALJ recommends that the Commissioner revoke Respondent's licenses.

## **VII. FINDINGS OF FACT**

1. Ronaldo Camacho (Respondent) holds a general lines agent license with a life, accident, health, and health maintenance organization qualification, issued by the Texas Department of Insurance (Department) on May 20, 1998.
2. Respondent holds a county mutual agency license that was issued by the Department on April 7, 2023.
3. During the times relevant to the allegations in Staff's petition, Respondent worked for American National Insurance Company (ANIC) as the District Manager in its Midland, Texas, office.
4. In November 2022, former ANIC employee Norma Arguello gave an exit interview and reported that Respondent was engaged in unethical and fraudulent business practices.
5. Ms. Arguello said Respondent used falsified policy loan documents to obtain cash loans and premium loans against his clients' insurance policies. Ms. Arguello further stated that the clients were unaware of the loans, and that Respondent kept the falsified documents in his bottom left desk drawer.
6. Ms. Arguello's statement was forwarded to ANIC's corporate investigative services division and assigned to senior investigator Rachel Luce, who conducted a full investigation.
7. Ms. Luce and her colleagues visited Respondent's office, conducted an audit, and interviewed district office employees including Ms. Arguello, agents, and sales managers.

8. During the search of Respondent's office, ANIC investigators found policy loan documents in Respondent's desk drawer, including dozens of loan documents that had been manipulated using white out.
9. ANIC investigators confiscated the loan documents from Respondent's desk and compared them to documents previously submitted to ANIC. From that audit, the investigators confirmed that the forms had previously been submitted to ANIC for legitimate policy loans.
10. Respondent used the previously submitted loan forms and concealed pertinent information such as loan dates, loan amounts, and witness signatures using white out. He then wrote new information over the white out, signed the forms as the witness even when he did not see the clients sign the forms, and submitted them to ANIC to obtain new policy loans against his clients' policies.
11. Respondent did not witness the clients sign the documents even though he signed the forms as the witness.
12. Respondent did not discuss or explain the loans to his clients or obtain their consent for the loans prior to submitting the falsified loan documents to ANIC.
13. Respondent instructed other district office staff to try to convince beneficiaries that the loans were legitimate and approved by the policyholders if they questioned a lower-than-expected claim payment.
14. Respondent was terminated by ANIC effective December 9, 2022, for violating company rules.
15. The Department initiated its complaint and docketed this case at the State Office of Administrative Hearings on October 9, 2023.
16. On April 10, 2024, a SOAH Administrative Law Judge (ALJ) issued Order No. 6, setting the hearing on the merits for June 11, 2024, and providing instructions for how to log in and attend.
17. On April 19, 2024, staff (Staff) of the Department issued an Amended Notice of Hearing, giving Respondent notice of a June 11, 2024, hearing on the merits.

18. Together, the Amended Notice of Hearing and SOAH Order No. 6 contained 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 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.
19. On June 11, 2024, ALJ Susan Rodriguez convened the hearing on the merits via Zoom videoconference. Attorney Sydney Moore represented Staff. Respondent appeared and represented himself. The hearing concluded the same day, and the record closed on July 19, 2024, after the parties had the opportunity to file written closing arguments and replies.

### **VIII. CONCLUSIONS OF LAW**

1. The Department has jurisdiction over the subject matter of this proceeding, and the Commissioner of Insurance has jurisdiction over this matter. Tex. Ins. Code §§ 82.051-.055, 4001.002, 4005.101-.102.
2. SOAH has authority to hear this matter and 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. Respondent received timely and sufficient notice of the hearing. Tex. Gov't Code §§ 2001.051-.052; Tex. Ins. Code § 4005.104(b).
4. Staff had the burden of proving the basis for disciplinary action against Respondent. 1 Tex. Admin. Code § 155.427.
5. The standard of proof is by a preponderance of the evidence. *Granek v. Tex. St. Bd. Of Med. Exam'rs*, 172 S.W.3d 761, 777 (Tex. App.—Austin 2005, no pet.).
6. Respondent committed fraudulent or dishonest acts or practices. Tex. Ins. Code § 4001.101(b)(5).
7. Respondent materially misrepresented the terms and conditions of an insurance policy or contract. Tex. Ins. Code § 4001.105(b)(6).

8. Respondent misrepresented an insurance policy by making an untrue statement of material fact, by failing to state a necessary material fact, by making a statement in such a manner as to mislead a reasonably prudent person to a false conclusion of a material fact, by making a material misstatement of law, and by failing to disclose any matter required by law to be disclosed. Tex. Ins. Code § 541.061.
9. On the basis of the violations established, the Commissioner may revoke, suspend, or probate the suspension of Respondent's licenses, deny license renewal, issue a reprimand, and/or impose an administrative penalty. Tex. Ins. Code §§ 82.051-.052, 4005.102.
10. Respondent's licenses should be revoked.

**SIGNED SEPTEMBER 12, 2024**

  
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Susan Rodriguez  
Presiding Administrative Law Judge