

No. 2025-9410

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

Date: 07/11/2025

Subject Considered:

Texas Department of Insurance

v.

Debra Diana Washington

SOAH Docket No. 454-24-23242.C

General Remarks and Official Action Taken:

The subject of this order is the disciplinary action brought against Debra Diana Washington. This order revokes Ms. Washington's adjuster license and requires her to pay restitution.

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 Ms. Washington's adjuster license and require her to pay restitution to Homesite Insurance Company. 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 a change to proposed Finding of Fact No. 2 as described in this order.

Legal Authority for Change to Proposal for Decision

The legal authority for the changes to the proposal for decision made in this order is TEX. GOV'T. CODE § 2001.058(e)(3), which provides that "[a] state agency may change a finding 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."

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In describing the testimony of witness Jeannette Poole and addressing the relationship of Ms. Poole's employer American Family Insurance to Homesite Insurance Company, the proposal for decision says American Family Insurance is also known as Homesite Insurance Company. However, this description does not accurately repeat Ms. Poole's testimony where she addresses the relationship of the companies. Ms. Poole's testimony on pages 19 and 20 of the hearing transcript provides:

- Q. How are you currently employed?
- A. I am with the Special Investigation Unit for American Family Insurance Claim Services.
- Q. And how is American Family Insurance Claim Services affiliated with . . . Homesite Insurance Company?
- A. AFICS, American Family Insurance Claim Services, and Homesite are both part of AmFam Group, which is an enterprise of operating companies. AFICS is specifically for the claims handling of all AmFam Group insurance policies.

The inaccurate description of the relationship between Homesite Insurance Company and American Family Insurance is repeated in proposed Finding of Fact No. 2, where the proposal for decision says in part, "Respondent held a homeowner's insurance policy with Homesite Insurance Company, also known as American Family Insurance." This is a technical error that does not affect the overall determination. However, for clarity, proposed Finding of Fact No. 2 as adopted by this order is changed to remove the statement that Homesite Insurance Company is "also known as American Family Insurance."

Findings of Fact

1. Proposed Findings of Fact Nos. 1 and 3–16 as contained in Exhibit A are adopted and incorporated by reference into this order.
2. In place of proposed Finding of Fact No. 2 as contained in Exhibit A, the following finding of fact is adopted:

During all time periods relevant to this case, Respondent held a homeowner's insurance policy with Homesite Insurance Company for her residence located at [REDACTED], Cedar Hill, Texas.

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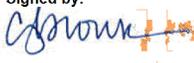
Conclusions of Law

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

Order

It is ordered that Debra Diana Washington's adjuster license is revoked.

It is further ordered that Debra Diana Washington pay restitution to Homesite Insurance Company in the amount of \$22,901.52. Ms. Washington must send proof of payment of the restitution to TDI within 30 days of the date of this order, by emailing EnforcementReports@tdi.texas.gov.

Signed by: 
FC5D7EDDFFBB4F8...
Cassie Brown
Commissioner of Insurance

Recommended and reviewed by:

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

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

**BEFORE THE
STATE OFFICE OF ADMINISTRATIVE
HEARINGS**

—
**TEXAS DEPARTMENT OF INSURANCE,
PETITIONER**

v.

**DEBRA DIANA WASHINGTON,
RESPONDENT**

PROPOSAL FOR DECISION

The staff (Staff) of the Texas Department of Insurance (Department) brought this disciplinary action against Debra Diana Washington (Respondent) seeking to revoke her adjuster license and require her to pay restitution based on allegations that she violated the Texas Insurance Code in several ways. Specifically, Staff alleges that Respondent willfully violated Texas insurance law, engaged in fraudulent or dishonest acts or practices, and misappropriated or converted to her own use, or illegally withheld, money belonging to an insurer. After considering the evidence and the applicable law, the Administrative Law Judge (ALJ) finds that Staff proved by a

preponderance of the evidence that Respondent engaged in fraudulent or dishonest practices and violated insurance laws of the state. The ALJ recommends that the Department revoke Respondent's license and order her to pay \$22,901.52 in restitution.

I. NOTICE, JURISDICTION, AND PROCEDURAL HISTORY

A hearing on the merits in this case was held via Zoom videoconference on January 23, 2025, before ALJ Shelly M. Doggett with the State Office of Administrative Hearings (SOAH). Attorney Sydney Moore appeared for Staff. Respondent appeared and represented herself. Notice was not disputed and is addressed solely in the Findings of Fact and Conclusions of Law.

During the hearing, Respondent made an oral motion to dismiss, which was denied, though the parties thereafter agreed to a post-hearing briefing schedule in which Respondent could re-urge her motion to dismiss in writing. The hearing concluded the same day, and the record closed on March 5, 2025, pursuant to Order No. 4, which memorialized the agreed briefing schedule and extended the record closing date accordingly.

Respondent did not file a written motion to dismiss pursuant to Order No. 4. Instead, on February 12, 2025, Respondent filed a document with the filing description "Sworn Affidavit from Seller Scottie Wedriermeyer" (Statement).¹ On February 18, 2025, Staff filed a written objection (Objection) to the admission of the

¹ See Statement (filed Feb. 12, 2025).

Statement. Staff's Objection asserted that the evidentiary record closed at the conclusion of the January 23, 2025 hearing, the Statement was hearsay and had not been authenticated, and Staff did not get the opportunity to question the declarant regarding the Statement.² On March 5, 2025, Respondent filed a motion to reopen the record and admit the Statement into evidence (Motion to Reopen), claiming that Staff's arguments were without merit because the Statement was a sworn and notarized declaration signed and authenticated by a notary. Respondent's Motion to Reopen further alleged that the Statement's author was not subject to questioning because he was a declarant, not a witness.³

Having considered Respondent's Motion to Reopen and Staff's Objection, the ALJ finds that Respondent's Motion to Reopen should be and is **DENIED**. Although the Statement appears to be notarized, which in some cases may make the document self-authenticating, the notary's acknowledgment does not address Staff's hearsay objection.⁴ The Statement constitutes hearsay because it is an out of court statement, made by a declarant while not testifying during the hearing, that is offered for the truth of the matter asserted.⁵ "[A]bsent authority to the contrary, affidavits are not, as a rule, admissible in a trial as independent evidence to establish facts material to the issues being tried."⁶ Respondent has identified no statute, rule,

² Staff's Objection (filed Feb. 18, 2025).

³ Respondent's Mot. to Reopen (filed Mar. 5, 2025).

⁴ See Tex. R. Evid. 902(8), (10); see also *Ortega v. Cach, LLC*, 396 S.W.3d 622, 630 (Tex. App.—Houston [14th Dist.] 2013, no pet.).

⁵ See Tex. R. Evid. 801(d), 802.

⁶ *Stephens v. City of Reno*, 342 S.W.3d 249, 253 (Tex. App.—Texarkana 2011, no pet.); see also *Roberts v. Mullen*, 446 S.W.2d 86, 90 (Tex. App.—Dallas 1969, writ ref'd n.r.e.) (stating affidavits are not evidence in contested cases except in summary judgment or certain instances specified by statute or rule).

or evidentiary exemption or exception that would authorize admitting the Statement. In addition, even when pre-filed testimony is required or has been authorized by the presiding SOAH ALJ for a hearing on the merits—which is not applicable here—the testifying witness must attend the hearing and be available for cross-examination.⁷ Staff, notably, had no opportunity to cross-examine the Statement’s declarant, nor was the ALJ given an opportunity to assess the declarant or the declarant’s credibility. Consequently, the Statement is inadmissible hearsay and Respondent’s Motion to Reopen must be denied.

Having denied Respondent’s oral motion to dismiss during the hearing, the ALJ determined that jurisdiction, which is addressed in the Findings of Fact and Conclusions of Law, is proper.

II. BACKGROUND AND APPLICABLE LAW

Respondent holds adjuster license number 482174, which the Department issued on October 14, 1998.⁸ The Department alleges that Respondent submitted false or misleading information in support of a fraudulent insurance claim when she sought payments under her personal insurance policy for stereo equipment that was purportedly stolen from her home.

The Texas Insurance Code authorizes the Department to regulate the business of insurance in this state and to discipline license holders for violating the

⁷ See 1 Tex. Admin. Code § 155.429(c)(1)(A), (D).

⁸ Staff Ex. 4 at 121.

laws or rules related to insurance.⁹ Specifically, the Department may discipline a license holder if the Department determines that the license holder has willfully violated an insurance law of this state.¹⁰ As relevant here, a person who presents to an insurer a statement that the person knows contains false or misleading material¹¹ information in support of a claim for payment under an insurance policy with the intent to defraud or deceive an insurer has committed the offense of insurance fraud.¹² The Department may also discipline license holders that have misappropriated, converted to their own use, or illegally withheld money belonging to an insurer, insured, or beneficiary,¹³ as well as license holders who have engaged in fraudulent or dishonest acts or practices.¹⁴

To discipline violations of insurance laws or the Department’s rules, the Department may, alone or in combination: suspend or revoke a license; order the license holder to cease and desist from the violative activity; assess an administrative penalty; or order the license holder to make restitution to each Texas resident, Texas insured, and Texas-operating entity that is harmed by a violation.¹⁵

⁹ Tex. Ins. Code §§ 31.002(1), (3), 4005.101.

¹⁰ Tex. Ins. Code § 4005.101(b)(1).

¹¹ A statement is material if it could have affected the eligibility for coverage or amount of the payment on a claim for payment under an insurance policy, or the decision of an insurer whether to issue an insurance policy. Tex. Penal Code § 35.015.

¹² Tex. Penal Code § 35.02. A “statement” means “an oral or written communication or a record or documented representation of fact made to an insurer. The term includes computer-generated information.” Tex. Penal Code § 35.01(3).

¹³ Tex. Ins. Code § 4005.101(b)(4).

¹⁴ Tex. Ins. Code § 4005.101(b)(5).

¹⁵ Tex. Ins. Code §§ 82.051-.053, 4005.102(2), (4).

Staff has the burden of showing by a preponderance of the evidence that Respondent's license should be revoked based on her conduct.¹⁶

III. EVIDENCE

Staff offered four exhibits, which were admitted into evidence, and presented the testimony of Jeanette Poole and Respondent.¹⁷ Respondent also testified on her own behalf and offered the testimony of Charles Bunton and seven exhibits, which were admitted.¹⁸

A. TESTIMONY OF MS. POOLE

Ms. Poole is a senior investigator with the Special Investigation Unit (SIU) of American Family Insurance, which is also known as Homesite Insurance Company (Homesite). She is responsible for verifying claim information and previously worked as a police officer for 17 years. Ms. Poole testified to the investigation she conducted regarding Respondent's claim file after it was flagged and referred to SIU and stated that she ultimately determined documents provided by Respondent in support of her claim were falsified or fraudulent.

At all times relevant to this case, Respondent held a homeowner's insurance policy with Homesite for her residence located at 1209 Smith Drive in Cedar Hill,

¹⁶ 1 Tex. Admin. Code § 155.427; *Granek v. Tex. State Bd. of Med. Exam'rs*, 172 S.W.3d 761, 777 (Tex. App.—Austin 2005, no pet.).

¹⁷ Staff Exhibits 1-4 were admitted into evidence.

¹⁸ Respondent Exhibits 1-7 were admitted into evidence.

Texas.¹⁹ On November 20, 2022, Respondent filed a claim through her insurer's website application for property purportedly stolen from her residence sometime between October 23 and 26, 2022.²⁰

Respondent stated that, on October 26, 2022, she noticed the lock on her outdoor shed was broken and that a theater surround sound stereo system stored in the shed had been stolen.²¹ Ms. Poole testified that Respondent submitted a personal property inventory form in support of her claim, which indicated that the current replacement cost of the stolen equipment was \$26,247.50.²² In support of the property value, Ms. Poole said Respondent also provided a receipt from Advanced Theater System in Austin dated February 4, 2020 (Original Receipt), which indicated the equipment had originally cost \$32,131.85.²³ On December 16, 2022, Homesite paid Respondent \$22,901.52 for her claim,²⁴ which Ms. Poole testified was for the actual cash value of the items at the time they were stolen.

Ms. Poole said Respondent then sought to recover the depreciation between the cash value of the stolen property and the actual replacement cost. In January 2023, Respondent submitted two receipts indicating she had purchased replacements for the stolen equipment in December 2022 and January 2023 from

¹⁹ Staff Ex. 2 at 53-73.

²⁰ Staff Ex. 2 at 37-38. Ms. Poole stated that Respondent also filed a police report concerning the theft. Staff Ex. 2 at 90.

²¹ Staff Ex. 2 at 37.

²² Staff Ex. 2 at 35, 40.

²³ Staff Ex. 2 at 16, 34.

²⁴ Staff Ex. 2 at 19, 31.

AudioImage, LLC in Dallas (Replacement Receipts) in support of her depreciation claim.²⁵ This is when, Ms. Poole stated, Respondent's claim was referred to SIU, as the claims adjuster noted several discrepancies on the Replacement Receipts.²⁶ Ms. Poole opined that Respondent's claim should have been investigated when the Original Receipt was first submitted, though she did not know why it was not flagged at that time.

Ms. Poole began her investigation by reviewing Respondent's Original Receipt and searching for Advanced Theater System on Google. However, she stated she could not locate any matches for the business. She also searched for the Austin address listed on the receipt and discovered that Google Street View showed a vacant residential lot as of April 2022. Ms. Poole said she also searched for the phone number listed on the receipt for Advanced Theater System and determined that it was held by an individual named Charles Bunton with an associated address of [REDACTED]—the same address as Respondent. When Ms. Poole searched for Mr. Bunton's current address, she reportedly found that it was also listed as Respondent's residence, and she was unable to find a match for the email address listed on the receipt. A background search performed on Respondent, Ms. Poole stated, revealed that Respondent declared bankruptcy six days after February 4, 2020—the date on the Original Receipt and when Respondent allegedly paid \$8,000 in cash for the equipment.²⁷ In addition, Ms. Poole testified that the

²⁵ Staff Ex. 2 at 17-18, 29-30.

²⁶ Staff Ex. 2 at 28-29.

²⁷ Staff Ex. 2 at 16. Ms. Poole's notes stated that Respondent filed for bankruptcy on February 10, 2020, and it was dismissed on November 12, 2020.

background check revealed a federal tax lien had been placed on Respondent's property.²⁸

According to Ms. Poole, she found the Original Receipt suspicious because it appeared to be a Word document with inconsistent fonts and color changes.²⁹ In addition, the equipment prices were all round numbers, which she said is not typical, and the payment history was inconsistent, as the receipt was dated February 4, 2020, but showed payments were subsequently made in March and April 2020. Her suspicions were also raised because the March payment of \$8,500 cash and April payment of \$15,631.85 via credit card were purportedly made after Respondent declared bankruptcy in February 2020.³⁰ Finally, Ms. Poole had concerns regarding the Original Receipt because it displayed the credit card number, expiration date, and CVV or security code of the card used for payment without any redactions, which she said was atypical for receipts.

Next, Ms. Poole said she looked into the Replacement Receipts from AudioImage, LLC, and determined that the listed business address was for a hearing aid store and that the phone number had no match online. She also could not validate the business email as a valid address. Ms. Poole testified she further observed that the Replacement Receipts included credit card information, with the same

²⁸ Ms. Poole's notes indicate that the lien was incurred in December 2016 and recorded in January 2017 in the amount of \$36,169.

²⁹ Staff Ex. 2 at 16.

³⁰ Taken together, the Original Receipt represents that Respondent paid \$8,000 in cash on February 4, 2020, \$8,500 in cash on March 10, 2022, and \$15,631.85 with a credit card on April 4, 2020, for a total of \$32,131.85. Staff Ex. 2 at 16.

expiration date as from the Original Receipt. However, she discovered that the CVV codes were different on the Original Receipt and Replacement Receipts³¹ and that the credit card numbers were nearly identical but the number on the Replacement Receipts was missing an “8” and only 15 digits long.³² This was notable, Ms. Poole stated, because credit card numbers have 16 digits. In addition, Ms. Poole noticed an unusual jump in receipt numbers between the two Replacement Receipts, which suggested almost 3,000 transactions had occurred between Respondent’s two purchases despite them being made mere days apart.³³

Ms. Poole said she also attempted to verify information provided by Respondent regarding the shed from which the equipment was reportedly stolen. She reportedly accessed Google maps and street view and observed a six-foot privacy fence at Respondent’s residence. However, Ms. Poole testified that she did not see any sheds when she used Google maps and Google Earth satellite data from December 4, 2019, to April 2, 2022, to view Respondent’s property.

Regarding photographs that Respondent submitted to prove ownership of the equipment, Ms. Poole testified that the images did not include any metadata.³⁴ However, she said that the names of the images suggested they were taken on

³¹ Compare Staff Ex. 2 at 16 (listing the CVV as 536) with Staff Ex. 1 at 17-18 (listing the CVV as 366).

³² The last five digits of the credit card number on the Original Receipt are “18884,” while the last five digits of the credit card number on the Replacement Receipts are “01884.” Compare Staff Ex. 2 at 16 with Staff Ex. 2 at 17-18.

³³ Ms. Poole recalled at the hearing that approximately eight or nine days elapsed between the two replacement purchases. However, the Replacement Receipts are dated December 22, 2022, and January 5, 2023, which is a difference of 14 days. Staff Ex. 2 at 17-18.

³⁴ Staff Ex. 2 at 91-103. Ms. Poole did not specify when the photographs were provided. The Homesite claim records, however, indicate that Respondent uploaded photographs on December 12, 2022. Staff Ex. 2 at 35.

November 9, 2022, which would have been after the equipment was allegedly stolen. She noted that several photographs showed equipment still in boxes, including one with a shipping label to a Bastrop address that did not match any addresses in the claim file, including Respondent's address and the addresses on the Original and Replacement Receipts.³⁵ The locations and flooring in the photographs, Ms. Poole testified, were also inconsistent, with some photographs being outside, some inside, and others appearing to be in a storage location. According to Ms. Poole, the photographs showed that the color of some of the equipment pieces also did not match.³⁶

Ms. Poole testified that she requested additional information from Respondent during a telephone interview, including credit card statements showing the credit card had been used to purchase the equipment and bank statements showing withdrawals for the cash payments. Respondent never, according to Ms. Poole, provided any of the requested documents to validate the claims and purchases. At the conclusion of her investigation, Ms. Poole determined neither of the businesses on Respondent's receipts existed and that Respondent had submitted a fraudulent or false claim.

³⁵ Staff Ex. 2 at 92. The address on the label is [REDACTED] in Bastrop, Texas.

³⁶ The photograph referenced by Ms. Poole shows two floor-standing loudspeakers in the "Rosenut" color and two boxes of unidentified equipment above that in the "Black Ash" color. Staff Ex. 1 at 91.

B. TESTIMONY OF RESPONDENT³⁷

Respondent has been licensed and worked as an insurance adjuster for almost 30 years.³⁸ She lived at her home on Smith Drive for the last 20 years with her two sons.

Respondent testified that she originally purchased her stereo system in November or December 2020 from a man named Scottie. She said Mr. Bunton, whom she met on a dating site earlier that year and who owned a company called Audio Stereosystems, introduced her to Scottie after she said she was interested in acquiring home theater equipment. They reportedly met Scottie at Givens Park in Austin, where people would buy and sell clothes and audio equipment.

After giving Scottie \$8,000 in cash the day she first met him at the park, Respondent said she took some of the equipment in her car and followed Scottie to another location to pick up other items. She testified that Scottie brought additional equipment to her home and delivered it the same day. When questioned further about this interaction, however, Respondent testified that Scottie brought the rest of the equipment after she paid the remainder of what she owed sometime in March 2021, though she could not recall exactly when. At another point, she said she made another payment to Scottie and received additional equipment approximately one or two months after their first encounter, when Scottie came to her home to

³⁷ Respondent was called as a witness by Staff and also testified separately in her own case-in-chief. Her testimony is consolidated for purposes of this Proposal for Decision.

³⁸ Respondent testified that she obtained her license in October 1996, but Staff records indicate adjuster license number 482174 was issued to Respondent on October 14, 1998. Staff Ex. 4 at 121.

work on installing the equipment, including a projector, though she said the work was never completed.

Respondent testified that the date on the Original Receipt is incorrect, as she did not pay Scottie in February 2020, though she claimed that the payment amounts and \$32,131.05 total were accurate. At one point, Respondent stated that she made two payments to Scottie; later, however, she testified to making three payments of \$8,000, \$8,500, and the remaining balance of \$15,631.85, when Scottie came back to do installation. In addition, Respondent testified that she made all of her payments in cash and did not pay with her credit card as indicated on the Original and Replacement Receipts.

According to Respondent, she repeatedly called Scottie to tell him that she needed a receipt. Respondent testified that she received the “final” Original Receipt after making all the payments, one to two months after receiving an “initial” receipt from Scottie.³⁹ Respondent subsequently stated, however, that she received only one receipt—the Original Receipt—for that purchase. When asked why the Original Receipt showed she made payments in early 2020, before she allegedly met Scottie, Respondent said she did not pay close attention to what Scottie prepared. At the time, she was reportedly dealing with deaths in her family and experiencing marital problems, in addition to working a lot, so she did not check the receipt. Respondent reportedly did not know why two different business names appeared on

³⁹ Respondent also testified that Scottie said he would provide her a “corrected” receipt, though she never discussed what was on the initial receipt or what needed to be corrected.

the receipts or if Scottie was the owner of those businesses.⁴⁰ She testified that Scottie provided the receipts that she submitted in support of her insurance claim and said Mr. Bunton was not involved in creating them.

Respondent also denied recognizing the credit card number listed on the Original Receipt, which ends in 8884. However, she admitted telling Staff that she had owned a credit card ending in the numbers “8884”⁴¹ before getting a new credit card. In response to this questioning, Respondent stated that she gave Scottie her credit card as a form of payment at some point but ultimately paid in cash because his mobile payment device was not working. She also said she typically keeps large amounts of cash at home, in the range of \$15,000, because she does not trust banks. At another point, Respondent said did not know how Scottie would have gotten her credit card number.

Respondent stated that she and Mr. Bunton attempted, but were unable, to get in touch with Scottie to ask him to testify. She had reportedly not spoken to him since Mr. Bunton “beat [Scottie] up.” While she conceded to filing for bankruptcy in February 2020, she said it was subsequently dismissed, and denied making payments for the stereo equipment within days of declaring bankruptcy, as suggested by the Original Receipt date. Respondent also acknowledged that tax liens have been

⁴⁰ In her written responses to Staff questions, however, Respondent asserted that detectives and investigators had never contacted “the Seller,” who had “information in regard to your questions that can clarify the receipts in question.” Staff Ex. 3 at 109. When Staff requested “the Seller’s” contact information, Respondent instructed them to contact Audio Image & Consulting at (512) 409-8770 or cbunton.audioimageconsulting@gmail.com. Staff Ex. 3 at 109, 116, 119. Respondent stated in subsequent responses that this contact was the “Owner,” and that Audio Image & Consulting and Advanced Theater Systems are “the same company” and “one in the same” and have the same contact number. Staff Ex. 3 at 116-17, 119.

⁴¹ Staff Ex. 3 at 117, 119.

levied against her and not been paid, though she asserted the liens had nothing to do with this matter.

Respondent said she considers herself a senior adjuster who is familiar with claims and related documentation and knows what that documentation should look like. She stated that she would never engage in the acts that have been alleged and would not jeopardize her license. She urged that she could only provide the documentation that she received from the seller and that she had no control over the receipts created by Scottie. Moreover, as a buyer, Respondent argued she should be protected by the Deceptive Trade Practices Act from Staff's allegations, and that the seller should be liable for any fraudulent activity or fake receipts.⁴²

Respondent also disputed Ms. Poole's testimony that there was no shed on her property. Photographs reportedly showed a tree in her yard that covers the shed from view on Google Earth.⁴³ Other photographs, she stated, showed some of the replacement equipment she bought — also from Scottie — in late December 2022 and January 2023 after she received the \$22,901.52 insurance payment from Homesite. Respondent claimed to have paid Scottie \$32,100.48 for the replacement equipment, as indicated on the Replacement Receipts received from Scottie the same day as her payments.⁴⁴ Respondent further stated that she paid in advance but that Scottie did

⁴² This was the subject of Respondent's oral motion to dismiss, addressed *supra*. The ALJ orally denied Respondent's motion, and Respondent failed to file a written motion after the hearing, as authorized in the post-hearing briefing schedule.

⁴³ Respondent Exs. 1-2.

⁴⁴ Staff Ex. 2 at 17-18.

not deliver all the replacement equipment.⁴⁵ After initially testifying that she did not receive most of the replacement items she purchased from Scottie, Respondent later testified that that the only piece she received from him was the Denon AVR, which was shown in her photographs.⁴⁶ As for photographs showing projector screens and wires in her home, Respondent testified that they show Scottie failed to finish installing the equipment as agreed, though those items were not stolen or replacement purchases.⁴⁷

C. TESTIMONY OF MR. BUNTON

Mr. Bunton testified that he lives in Austin and met Respondent around November 2020. He said he was operating his car audio business, Audio Image & Consulting, in Austin at the time. He denied being a resident of Respondent's home, though he referenced keeping equipment at and doing business from Respondent's address. Mr. Bunton testified that he did not become romantically involved with Respondent until 2022.

According to Mr. Bunton, he first introduced Respondent to Scottie in December 2020. After Respondent made her first payment to Scottie that day, Mr. Bunton said they went up the street from the park to pick up some of the equipment before following Scottie to Parmer Lane in Austin for additional

⁴⁵ In her written responses to questions from Staff, Respondent said she was providing a photograph of the replacement equipment "set up at the installer[']s location." Staff Ex. 3 at 108.

⁴⁶ See Respondent Exs. 5, 6. The Denon AVR is the last item listed on the second Replacement Receipt. Staff Ex. 2 at 18.

⁴⁷ Respondent Exs. 3, 4.

equipment. Mr. Bunton characterized his role as “aiding” the sale and said he received a “finder’s fee” from the transaction.

Mr. Bunton alleged that he and Respondent have since been scammed and defrauded by Scottie, who reportedly has a drug problem and ran off with equipment they both separately purchased. Mr. Bunton said he called the Cedar Hill Police Department to report Scottie but was told that it was a civil issue. After that, Mr. Bunton said he physically “beat Scottie down” the next time Scottie came to Cedar Hill, and then Scottie got scared and disappeared.

Mr. Bunton said he realized Scottie had used inaccurate information—some of which related to Mr. Bunton—on the receipts after he reviewed them when Respondent began having issues with the Department. For example, Mr. Bunton testified that Scottie used the name AudioImage, LLC, which was similar to Mr. Bunton’s business, Audio Image & Consulting. Mr. Bunton said that Scottie also used the former home address of Mr. Bunton’s grandmother on [REDACTED] in Austin, which had been sold due to unpaid taxes following her death, for Advanced Theater System’s address on the Original Receipt. According to Mr. Bunton, Scottie knew the name of Mr. Bunton’s business and about his grandmother’s house. Mr. Bunton denied being the owner of, or knowing anything about, Advanced Theater System or AudioImage, LLC. He also said Scottie was not his employee.

Mr. Bunton testified that Respondent has been working in insurance for years and did not prepare the receipts in question. He reasoned that, if she had wanted to submit a fraudulent claim, she would not have provided receipts with so many errors

or issues and would have ensured they appeared correct. Mr. Bunton also recounted a conversation where Respondent told him she had to cancel her credit card and he reminded her that she had given the card to Scottie, who said it would not work. Mr. Bunton opined that Scottie was trying to get Respondent's information, including her security code as depicted on the documents, to fraudulently use her card. Mr. Bunton said he has been trying to pay back Respondent for her losses incurred from Scottie by buying her a Cadillac and doing work on her home.

During direct examination, Respondent asked Mr. Bunton about an address that appeared on a box in one of the photographs, asserting in the question that the address was [REDACTED], Bastrop, Texas.⁴⁸ Mr. Bunton testified that this was his legal address in Bastrop before he moved back to Austin.

IV. ANALYSIS

A. VIOLATIONS

Staff alleges that Respondent's license should be revoked because she willfully violated Texas insurance law by committing insurance fraud; engaged in fraudulent or dishonest acts or practices; and misappropriated or converted to her own use, or illegally withheld money belonging to an insurer. Respondent concedes that the receipts she submitted in support of her insurance claim contained inaccuracies as to the dates and form of some payments. However, Respondent disputes that she engaged in any dishonesty or attempt to defraud. Instead, Respondent urges that she

⁴⁸ The only visible address label on the photographs located by the ALJ is [REDACTED] in Bastrop, Texas. Staff Ex. 2 at 92. Staff did not ask about, and Ms. Poole did not discuss, the [REDACTED] address, though it is referenced in Ms. Poole's case notes as one of Mr. Bunton's prior addresses. *See* Staff Ex. 2 at 25, 27.

bought the equipment in question from a man named Scottie, the equipment was later stolen, and she purchased replacement equipment from Scottie, most of which was never delivered. Respondent also argues that any documentary discrepancies are attributable to Scottie, who prepared the receipts.

Having considered the evidence and the applicable law, the ALJ finds Staff proved by a preponderance of the evidence that Respondent committed insurance fraud, a violation of state insurance law, and engaged in fraudulent or dishonest acts. Ms. Poole's testimony, which was generally uncontested, demonstrated that the receipts provided to Homesite were fake and illegitimate. Ms. Poole was unable to validate either of the businesses that purportedly sold Respondent the equipment, and the documents were created on Word using inconsistent fonts, payment dates, and credit card information, which was unredacted. The use of a phone number, addresses, and business name associated with Mr. Bunton, who was friends with and spending time at Respondent's residence, further indicated that the two were working together to provide false and misleading information to Homesite in support of a fraudulent claim.

The evidence presented by Respondent and Mr. Bunton regarding Respondent's alleged acquisition of the equipment, moreover, lacked credibility. Respondent's sworn testimony contained substantial inconsistencies, both internally and when compared with her prior statements. Respondent previously represented to Staff that Mr. Bunton was the "Seller" of the equipment and owned the two companies on the Original Receipt.⁴⁹ At the hearing, however, Respondent

⁴⁹ Staff Ex. 3 at 109, 116, 119.

alleged Scottie sold her the equipment and that she did not know if the businesses even existed. And, while Respondent and Mr. Bunton alleged that Scottie fabricated some information and used other information associated with Mr. Bunton for parts of the receipts, there was no explanation as to why or what Scottie would have gained from doing so.

Respondent's testimony regarding her lack of awareness regarding the receipts' discrepancies was also unpersuasive. She testified to repeatedly asking Scottie for the receipts, suggesting at one point that she received a "corrected" version, and described herself as an experienced insurance adjuster familiar with claim paperwork and requirements. Yet, at the same time, she said she was too preoccupied to pay any attention to the receipts she so persistently sought. Respondent also wrote, in the personal property inventory form submitted to Homesite, that she purchased the equipment in February 2020 from "Advance,"⁵⁰ as indicated on the Original Receipt. But during the hearing she repeatedly disputed purchasing the equipment on that date from that business. The preponderant evidence suggests that Respondent knew the information was false and changed her story in an attempt to explain the receipts' discrepancies and how she could have purchased such expensive equipment in cash, given her February 2020 bankruptcy declaration and pending tax lien.

In addition, Respondent made contradictory statements regarding the credit card number on the receipts, claiming at different points that she did not recognize the number and that her card number had been on the receipts. She also repeatedly

⁵⁰ Staff Ex. 2 at 41.

told Staff she only paid Scottie in cash, until she was asked at the hearing how Scottie could have known her credit card number. In what looked like an attempt to explain away this inconsistency, Respondent then claimed that she once tried to pay by credit card but offered no explanation for why she would have done so if, as she testified, she did not trust banks, kept large amounts of cash at her home, and made all other payments in cash.

In addition, Respondent gave conflicting accounts regarding the number of payments she made to Scottie, the sequence of payments and deliveries, and how much of the replacement equipment she ultimately received. Her photographs, furthermore, did not corroborate her story, as they depicted boxes in multiple locations with a shipping address that did not match any related to this case, and purportedly showed replacement equipment—that Respondent claims she never received—inexplicably set up at another location. There was also no evidence that the original equipment, bought in late 2020 and early 2021, was ever installed, as Respondent repeatedly alleged that Scottie did not complete installation and never discussed using it. This array of discrepancies and lack of credible evidence indicating the sales occurred demonstrated, by a preponderance of the evidence, that Respondent presented statements to Homesite in support of her insurance claim, which she knew contained false or misleading material information, in an attempt to defraud or deceive the insurer.⁵¹ Because Staff met its burden to show that Respondent committed insurance fraud, Staff has also proven that she willfully

⁵¹ Tex. Penal Code § 35.02.

violated an insurance law of the state and engaged in fraudulent or dishonest practices.⁵²

Staff also alleged that Respondent has misappropriated, converted to the license holder’s own use, or illegally withheld money belonging to an insurer. Staff’s allegations concern Respondent’s actions as a consumer of insurance, rather than as an agent. Under these facts, she did not convert or illegally withhold money that belonged to an insurer. It is a closer question as to whether Respondent “misappropriated” the money, and the term is not defined in the Texas Insurance Code or Department rules. Therefore, the ALJ uses the word’s ordinary meaning,⁵³ which includes “the application of another’s property or money dishonestly to one’s own use,”⁵⁴ often “as funds entrusted in one’s care,”⁵⁵ and “[t]o appropriate dishonestly for one’s own use” or “embezzle.”⁵⁶ “Appropriate,” meanwhile, is defined as “[t]o set apart for a specific use” or “[t]o take possession of or make use of exclusively for oneself, often without permission.”⁵⁷ Because misappropriation refers to a misapplication of funds that were entrusted for another purpose, the ALJ finds that the violation is inapplicable to these facts, where Respondent obtained the

⁵² Tex. Penal Code § 35.02; Tex. Ins. Code § 4005.101(b)(1), (5).

⁵³ See Tex. Gov’t Code § 311.011(a) (stating that “[w]ords and phrases shall be read in context and construed according to the rules of grammar and common usage”); see also *State v. \$1,760.00 in U.S. Currency*, 406 S.W.3d 177, 180 (Tex. 2013) (“Undefined terms in a statute are typically given their ordinary meaning.”).

⁵⁴ See *Misappropriation*, Black’s Law Dictionary (12th ed. 2024).

⁵⁵ See *Misappropriate*, Dictionary.com, <https://www.dictionary.com/browse/misappropriate> (last visited Apr. 8, 2025).

⁵⁶ See *Misappropriate*, The American Heritage Dictionary of the English Language, <https://ahdictionary.com/word/search.html?q=misappropriate> (last visited Apr. 8, 2025).

⁵⁷ See *Appropriate*, The American Heritage Dictionary of the English Language, <https://ahdictionary.com/word/search.html?q=appropriate> (last visited Apr. 8, 2025).

funds through fraud and did not change the nature of or misapply funds that she received for another purpose. Respondent's actions are more appropriately characterized as fraud, and are addressed by Staff's other claims, for which Respondent is subject to discipline. Thus, Staff did not prove by a preponderance of the evidence that Respondent misappropriated, converted to her own use, or illegally withheld money belonging to an insurer under Texas Insurance Code section 4005.101(b)(4).

B. RECOMMENDED SANCTION

Because Staff established that Respondent engaged in conduct for which she can be disciplined, the issue becomes what discipline is appropriate. Under Texas Insurance Code section 4005.102, the Department may, among other things, suspend or revoke a license, assess an administrative penalty, or reprimand a license holder. Additionally, under Texas Insurance Code sections 82.052 and 82.053, a license holder may be required to cease and desist from an activity that is a violation of the Insurance Code or related rules or directed to make restitution.

Staff requests that Respondent's license be revoked and that she be required to pay restitution. The ALJ finds that revocation of Respondent's license is appropriate. While there was no evidence of any disciplinary history involving Respondent, Staff demonstrated by a preponderance of the evidence that Respondent willfully and knowingly engaged in insurance fraud as well as fraudulent or dishonest acts or practices by submitting fraudulent claims to her insurer. These serious violations are especially significant given that Respondent's misconduct involved the same industry in which she is licensed and she was repeatedly dishonest.

Consequently, license revocation is justified, rather than the less severe sanctions authorized under the Insurance Code, based on the facts of this case.

In addition, the Department should require Respondent to pay restitution to each entity operating in Texas that was harmed by her violation.⁵⁸ Respondent obtained \$22,901.52 from her insurer, Homesite, as a result of her violations of insurance law. Therefore, the ALJ recommends that she be directed to pay that amount in restitution to Homesite.

V. FINDINGS OF FACT

1. Debra Diana Washington (Respondent) holds claims adjuster license number 482174, which was issued by the Texas Department of Insurance (Department) on October 14, 1998.
2. During all time periods relevant to this case, Respondent held a homeowner's insurance policy with Homesite Insurance Company, also known as American Family Insurance (Homesite), for her residence located at [REDACTED], Cedar Hill, Texas.
3. On November 20, 2022, Respondent filed a claim for stolen property with Homesite. Respondent alleged that, sometime between October 23-26, 2022, theater surround sound stereo equipment was stolen from her outdoor shed.
4. Respondent submitted a personal property inventory form in support of her claim, which indicated that she bought the equipment in February 2020 and that the replacement cost was \$26,247.50. Respondent also provided a receipt dated February 4, 2020, from Advanced Stereo Systems for the purchase of the original equipment in the amount of \$32,131.85.

⁵⁸ Tex. Ins. Code § 82.053(a).

5. On December 16, 2022, Homesite paid Respondent \$22,901.52 on her claim, for the actual cash value of the equipment at the time it was stolen.
6. In January 2023, Respondent submitted a claim to Homesite to recover the depreciation between the cash value of the stolen property and the actual replacement cost.
7. In support of her depreciation claim, Respondent submitted two receipts indicating she had purchased replacements for the stolen equipment in the amount of \$32,100.48 in December 2022 and January 2023 from AudioImage, LLC.
8. Due to discrepancies in the documentation submitted by Respondent, Homesite referred her claim file to the Special Investigation Unit for further investigation.
9. The receipts submitted by Respondent in support of her insurance claim were fabricated and were not authentic.
10. Respondent knew the receipts and other documentation she submitted in support of her claim contained false or misleading information that would affect the amount of her claim, and she submitted them in an attempt to defraud or deceive Homesite.
11. Respondent was repeatedly dishonest with representatives of Homesite and the Department regarding her claim.
12. On August 1, 2024, staff (Staff) for the Department served an Original Petition on Respondent, and the matter was referred to the State Office of Administrative Hearings (SOAH).
13. On August 7, 2024, Staff served a Notice of Hearing on Respondent.
14. On October 30, 2024, SOAH Administrative Law Judge (ALJ) Shelly M. Doggett issued an order granting an unopposed motion for continuance (Order) and rescheduled the hearing to January 23, 2025.
15. Together, the Notice of Hearing and Order 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 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.

16. The hearing convened via Zoom videoconference on January 23, 2025, before ALJ Doggett. Attorney Sydney Moore represented Staff. Respondent appeared and represented herself. The hearing concluded the same day, and the record closed on March 5, 2025, pursuant to an order that memorialized an agreed post-hearing briefing schedule.

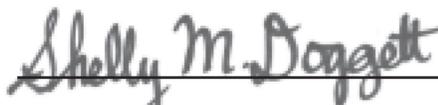
VI. CONCLUSIONS OF LAW

1. The Department has jurisdiction over this matter. Tex. Ins. Code chs. 82, 4001, 4005, 4101.
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 proof to establish, by a preponderance of the evidence, grounds for revocation of Respondent's licenses or other discipline. 1 Tex. Admin Code § 155.427; *Granek v. Tex. State Bd. of Med. Exam'rs*, 172 S.W.3d 761, 777 (Tex. App.—Austin 2005, no pet.).
5. The Department may revoke a license if the Department determines that a licensee has willfully violated an insurance law of this state; misappropriated, converted to their own use, or illegally withheld money belonging to an insurer, health maintenance organization, or insured, enrollee, or beneficiary; or engaged in fraudulent or dishonest acts or practices. Tex. Ins. Code §§ 82.051, 4005.101(b)(1), (4)-(5), 4005.102(2).
6. A person who presents to an insurer a statement that the person knows contains false or misleading material information, in support of a claim for payment under an insurance policy, with the intent to defraud or deceive an

- insurer has committed the offense of insurance fraud. Tex. Penal Code § 35.02.
7. Respondent committed the offense of insurance fraud. Tex. Penal Code § 35.02.
 8. By committing insurance fraud, Respondent willfully violated an insurance law of this state and engaged in fraudulent or dishonest practices. Tex. Ins. Code § 4005.101(b)(1), (5).
 9. Respondent did not misappropriate, convert to her own use, or illegally withhold money belonging to an insurer, a health maintenance organization, or an insured, enrollee, or beneficiary. Tex. Ins. Code § 4005.101(b)(4).
 10. The Department is authorized to sanction Respondent and has established that her adjuster's license should be revoked.
 11. The holder of an authorization may be required to make complete restitution to each Texas resident, each Texas insured, and each entity operating in Texas that is harmed by a violation. Tex. Ins. Code § 82.053(a).
 12. The Department is authorized to sanction Respondent and has established that she should be required pay restitution of \$22,901.52 to Homesite.

SIGNED APRIL 29, 2025

ALJ Signature:



Shelly M. Doggett

Presiding Administrative Law Judge