

No. 2025-9455

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

Date: 08/07/2025

Subject Considered:

Texas Department of Insurance

v.

Michelle Annette Watkins

SOAH Docket No. 454-24-19648.C

General Remarks and Official Action Taken:

The subject of this order is Michelle Annette Watkins' application for a general lines agent license with a life, accident, health, and HMO qualification license. This order denies Ms. Watkins' application.

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 Ms. Watkins' application be denied. A copy of the proposal for decision is attached as Exhibit A.

Texas Department of Insurance (TDI) Enforcement staff filed exceptions to the administrative law judge's proposal for decision. Ms. Watkins did not file a reply to the exceptions.

In response to the exceptions, the administrative law judge recommended revising the proposal for decision. A copy of the administrative law judge's response to exceptions is attached as Exhibit B.

Findings of Fact

The proposed findings of fact contained in Exhibit A as revised consistent with Exhibit B are adopted and incorporated by reference into this order.

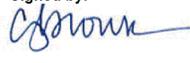
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Conclusions of Law

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

Order

It is ordered that Michelle Annette Watkins' application for a general lines agent license with a life, accident, health, and HMO qualification is denied.

Signed by: 
FC5D7EDDFB4F8... _____
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**

—
**TEXAS DEPARTMENT OF INSURANCE,
PETITIONER**

v.

**MICHELLE ANNETTE WATKINS,
RESPONDENT**

PROPOSAL FOR DECISION

Michelle Annette Watkins (Respondent) applied to the Texas Department of Insurance (Department) for a general lines agent license with a life, accident, health, and health maintenance organization (HMO) qualification. Department staff (Staff) seeks to deny licensure because of Respondent's criminal history and a material misrepresentation in her license application. After considering the evidence and the applicable law, the Administrative Law Judge (ALJ) recommends Respondent's license application be denied.

I. NOTICE, JURISDICTION, AND PROCEDURAL HISTORY

On September 29, 2022, Respondent applied for a general lines agent license with a life, accident, health, and HMO qualification with the Department, and on November 22, 2022, the Department proposed to deny the application.¹ Respondent requested a hearing to challenge the proposed denial of licensure.² On June 4, 2024, the Department referred this matter to the State Office of Administrative Hearings (SOAH) for a hearing.

On October 16, 2024, SOAH ALJ Katerina DeAngelo convened a hearing by Zoom videoconference. Attorneys Victor Moya, III and Stephanie Daniels represented Staff, and Respondent represented herself. The record closed on December 13, 2024, on the filing of Staff’s closing reply brief. Notice and jurisdiction were undisputed and are thus discussed only in the Findings of Fact and Conclusions of Law.

II. APPLICABLE LAW

The Texas Insurance Code authorizes the Department to regulate the business of insurance in this state, to take disciplinary action against agents who violate the laws or rules related to insurance, and to deny applications for licenses, among other activities.³ Staff alleges that Respondent’s application should be denied because she was convicted of a felony offense; engaged in fraudulent or dishonest activity, which

¹ Staff Ex. 2 at 24.

² Staff Ex. 2 at 23.

³ Tex. Ins. Code §§ 31.002(1), (3), 4005.102.

directly relates to the job of an insurance agent; and provided false information on her license application.⁴

The Department considers it very important that license holders and applicants are honest, trustworthy, and reliable; and evaluates an applicant's criminal history and other conduct to determine whether the applicant possesses those qualities.⁵ The Department may deny an application on several grounds, including if the applicant has intentionally made a material misstatement in the license application; has obtained or attempted to obtain a license by fraud or misrepresentation; has engaged in fraudulent or dishonest acts or practices; has been convicted of a felony; or has been convicted of an offense directly related to the duties and responsibilities of the licensed occupation.⁶

The Department has developed guidelines relating to the matters that the Department will consider in determining whether to grant, deny, suspend, or revoke any license or authorization under its jurisdiction.⁷ Those crimes which the Department considers to be of such serious nature that they are of prime importance

⁴ Staff Ex. 1. In closing briefs, Staff alleges that the application also should be denied because Respondent is currently engaged, without authorization, in the business of insurance. Staff asserts that they were not aware of the full extent of Respondent's current position at Wright Care Benefits prior to the hearing, and requests to amend their pleading to add an additional basis for the Department's denial, due to Respondent engaging in the business of insurance without authorization. Because this additional basis was not in the Notice of Hearing or Amended Petition, the ALJ declines to consider it and will not address this allegation further. Tex. Gov't Code §§ 2001.051 and .052; 1 Tex. Admin. Code § 155.401.

⁵ 28 Tex. Admin. Code § 1.502(a), (c). 28 Texas Administrative Code section 1.502 was amended effective September 26, 2023. For purposes of this Proposal for Decision (PFD), citations to licensing requirements will be to the rules in effect at the time of Respondent's application for her license on September 29, 2022.

⁶ Tex. Ins. Code § 4005.101(b)(2), (3), (5), (8); 28 Tex. Admin. Code § 1.502 (d), (e)(1).

⁷ 28 Tex. Admin. Code § 1.502(e).

in determining fitness for licensure or authorization include, but are not limited to, any offense for which fraud, dishonesty, or deceit is an essential element.⁸ The Department has determined that the crimes it considers to be of prime importance are directly related to the occupations it licenses.⁹

For applicants with criminal convictions, the Department considers the factors specified in Texas Occupations Code sections 53.022 and .023 in determining whether to grant a license to the applicant.¹⁰ Section 53.022 sets forth the following factors addressing whether a criminal conviction directly relates to the duties and responsibilities of the licensed occupation. In determining the fitness of a person who has been convicted of a crime to perform the duties and responsibilities of the licensed occupation, the Department must consider the following factors set out in Section 53.023:

1. the extent and nature of the person's past criminal activity;
2. the age of the person when the crime was committed;
3. the amount of time that has elapsed since the person's last criminal activity;
4. the conduct and work activity of the person prior to and following the criminal activity;
5. evidence of the person's rehabilitation or rehabilitative effort while incarcerated or following release;

⁸ 28 Tex. Admin. Code § 1.502(e)(1).

⁹ 28 Tex. Admin. Code § 1.502(e).

¹⁰ 28 Tex. Admin. Code § 1.502(e).

6. evidence of the person's compliance with any conditions of community supervision, parole, or mandatory supervision; and
7. other evidence of the person's present fitness, including letters of recommendation.¹¹

It is an applicant's responsibility, to the extent possible, to obtain and provide to the Department the information regarding factors in Texas Occupations Code section 53.023.¹² Additionally, an applicant must furnish proof to the Department that the license holder has: maintained a record of steady employment; supported the license holder's dependents, where applicable; otherwise maintained a record of good conduct; and paid all outstanding court costs, supervision fees, fines, and restitution ordered in any criminal case in which the license holder has been convicted.¹³ The Department will not issue a license unless, when viewed in light of the occupation being licensed, the mitigating evidence outweighs the serious nature of the criminal offense or the fraudulent or dishonest conduct.¹⁴

Staff has the burden of proving its grounds for denying Respondent's application, while Respondent has the burden to prove her fitness to be licensed

¹¹ See also 28 Tex. Admin. Code § 1.502(h)(2).

¹² Tex. Occ. Code § 53.023(b); 28 Tex. Admin. Code § 1.502(h)(3).

¹³ 28 Tex. Admin. Code § 1.502(h)(2)(G).

¹⁴ 28 Tex. Admin. Code § 1.502(g).

despite her criminal history and/or fraudulent or dishonest conduct.¹⁵ The standard of proof is by a preponderance of the evidence.¹⁶

III. EVIDENCE

Staff offered five exhibits, which were admitted, and presented testimony from Lewis Wright.¹⁷ Respondent testified on her own behalf and presented testimony from Torrence Burnett and Junnell Wright.¹⁸ Respondent did not offer any exhibits.

A. BACKGROUND

Respondent filed an application for a Texas general lines agent license, with a life, accident, health, and HMO qualification, with the Department.¹⁹ On her application, Respondent answered “No” to the question that asked whether she has ever been convicted of a felony.²⁰ At the end of the application, Respondent attested that all information submitted in the application was true and correct.²¹ The

¹⁵ 1 Tex. Admin. Code § 155.427.

¹⁶ *Granek v. Tex. St. Bd. of Med. Exam'rs*, 172 S.W.3d 761, 777 (Tex. App.—Austin 2005, no pet.).

¹⁷ Staff Exs. 1-5. The ALJ took official notice of Staff’s Exhibit A (statutes and rules relevant to this case).

¹⁸ To the ALJ’s knowledge, Lewis Wright and Junnell Wright are unrelated. To avoid confusion, each witness is referred to by his full name in this PFD.

¹⁹ Staff Ex. 2 at 30-34.

²⁰ Staff Ex. 2 at 32.

²¹ Staff Ex. 2 at 33-34.

Department proposed to deny the application.²² Respondent timely appealed the proposed denial.²³

In 1995, Respondent received two deferred adjudications that were later discharged. In April 2007, Respondent pled guilty and received another deferred adjudication in Case No. 1033993D in the 396th District Court of Tarrant County, Texas, for the state jail felony offense of Evading Arrest or Detention Using a Vehicle.²⁴

On January 31, 2014, Respondent pleaded guilty to and was adjudged guilty of the felony offense of aiding in the preparation of a false tax return in Case No. 4:13-cr-00128-A in the United States District Court, Northern District of Texas.²⁵ Respondent stipulated that, in January 2010, she knowingly and willfully aided and assisted in, and procured, counseled, and advised the preparation and presentation to the Internal Revenue Service of an individual income tax return that was false and fraudulent as to a material matter.²⁶ Respondent was sentenced to three years' imprisonment and one year of supervised release, and was ordered to pay

²² Staff Ex. 2 at 24.

²³ Staff Ex. 2 at 23.

²⁴ Staff Ex. 3 at 66-71; Staff Ex. 5 (confidential). Staff is not alleging that these offenses are the bases for Respondent's application denial but, instead, asserts that this additional criminal history is important when evaluating Respondent's overall fitness for licensure.

²⁵ Staff Exs. 2 at 36-40; 3 at 61-65. Respondent signed a waiver of indictment, where she consented to her criminal proceeding moving forward by information. Staff Ex. 2 at 35. Respondent admitted: aiding and assisting in the preparation of a return arising under the internal revenue laws; that this return falsely stated that a taxpayer was entitled to claim business deductions; that she knew that the statement in the return was false; that the false statement was material; and that she aided and assisted in the preparation of this false statement willfully, that is, with intent to violate a known legal duty. Staff Ex. 3 at 59.

²⁶ Staff Ex. 3 at 60.

\$1,652,891 in restitution.²⁷ Respondent was 37 years old at the time of sentencing.²⁸ Respondent was released from her supervision in September 2017, after she successfully completed the term of supervision, by which time Respondent had paid \$1,375 toward the judgment amount.²⁹

Respondent submitted statements and her resume to the Department in relation to her application.³⁰ In her statement, Respondent represented that she was “defrauded” by her employees; that she was not the person who committed the fraud; and that she was convicted of the felony as the business owner because she was responsible for the training and supervision of her employees.³¹

Respondent’s resume shows that she earned 30 hours in Accounting from Blinn College in 2014 and a Business Arts Associates degree from Tarrant County College in 2019, and is currently pursuing a Bachelor of Arts in Marketing from the University of Texas at Arlington with expected graduation in 2025.³² Respondent worked at AT&T as a customer service representative in 1997-2007, D&D Johnson Funeral Home as an owner and operator in 2007-2010, 3D Tax Service as a manager from 2007-2012, American Airlines as a tariff agent in

²⁷ Staff Exs. 2 at 36-39; 3 at 61-65. On July 14, 2017, the court released the lien of judgment in the amount of \$1,652,991. Staff Exs. 2 at 41-43; 3 at 72-73. Lewis Wright testified that the release of a lien is not the same as there being no restitution owed.

²⁸ Staff Ex. 2 at 51.

²⁹ Staff Exs. 2 at 44; 3 at 74. Lewis Wright testified the Department did not receive any documents indicating that more had been paid toward that restitution.

³⁰ Staff Ex. 2 at 50-51, 56-57.

³¹ Staff Ex. 2 at 50-51.

³² Staff Exs. 2 at 57; 4 at 78, 80-81.

2012-2014, FedEx as a return specialist in 2016, Hilton Hotels as a service representative in 2016-2020, Trip Action as a travel consultant in 2019-2020, Painting With a Twist as a franchise owner starting in 2020, Wright Care Benefits as an “MBC”³³ and “Covid Tester” starting in 2021, and Portfolio Resident Services as a resident services coordinator, starting in 2023.³⁴ The resume further shows that Respondent is a licensed notary and an “NNA” signing agent and holds a seller training certification from the Texas Alcoholic Beverage Commission.³⁵

Respondent also provided written statements from individuals who are familiar with her that spoke of her character and recommended her for the license. The statements generally described Respondent as timely, organized, professional, personable, motivated, trustworthy, compassionate, faithful, committed, honest, dependable, and positive, despite her criminal history.³⁶

B. TESTIMONY OF LEWIS WRIGHT

Lewis Wright has worked for the Department for 17 years and is currently the Administrative Review Liaison to the Department’s Enforcement Division. He reviews license applications submitted to the Department that contain concerning responses to questions, for the initial application processor. One such concern would be an identified criminal history for the applicant. Lewis Wright stated that the

³³ Junnell Wright stated that Respondent is an independent contractor and “customer service rep” at Wright Care Benefits.

³⁴ Staff Exs. 2 at 56-57; 4 at 76-81.

³⁵ Staff Ex. 4 at 81.

³⁶ Staff Ex. 2 at 52-55.

Department's mission is to protect Texas consumers in the insurance industry from possible wrongdoing and misconduct. According to Lewis Wright, a license issued by the Department indicates to the public that the license holder has been deemed honest, trustworthy, competent, and reliable in dealing with Texas insurance consumers.

Lewis Wright explained that a holder of a general lines license is authorized to enter into contracts with insurance companies to represent them in the presentation of products to Texas consumers. The role of the agent is to solicit applications for insurance, to provide accurate information on forms to carriers for risk exposure and premium amounts determination, and to provide coverage. He stated that the accuracy of information is pertinent, and the honest and reliable presentation of facts and information to the carrier becomes important, in order for the insurance transaction to remain valid and for coverage to exist at a time when consumers need it.

Lewis Wright opined that Respondent was "deflecting" to other individuals as it related to her felony conviction and her statements were inconsistent with the information in the judgment document. He was also concerned that Respondent was not "completely forthright" with the Department about her criminal history, including her failure to disclose her history in the application. Lewis Wright testified that Respondent's felony is a crime of prime importance. He stated that Staff considered all information provided for Respondent's application and determined that the rehabilitative evidence did not outweigh the nature and severity of her

criminal history; and he did not change his opinion based on Respondent's evidence presented at the hearing.

C. RESPONDENT'S TESTIMONY

Regarding her application, Respondent testified that she did not fill out the form herself. She stated that a life insurance company within her church, All Things, prepared her application over Zoom. Respondent was able to watch the application as it was completed via Zoom. Respondent testified that when they went over the criminal history question, the person who filled out the application, Maya, asked Respondent whether she was on "like, probation or anything like that." She stated that Maya "checked" the criminal history question incorrectly. Respondent took responsibility for the mistake. In her written statement Respondent submitted to the Department, she stated that she thought the question asked whether she had a felony or had been convicted "in the business of insurance."³⁷

Respondent also took responsibility for her felony conviction and stated that she signed a guilty plea because she was the owner of her tax company, even though she did not prepare the false tax return herself. She explained that she had multiple locations, and she "gave" them to her family members to manage and they were "free to do whatever they wanted." She stated that she was a "new" business owner and did not know the right way to do "that." She "just went for it" and learned from it. She wished she could go back and "do things differently so [she] could organize [her] business a lot better." She also stated that, at the same time, she also had a funeral

³⁷ Staff Ex. 2 at 51.

home and a youth sports association, so she was rarely present at her tax business. Regarding the restitution owed, Respondent testified that she pays various amounts annually and guessed that she has paid “maybe” \$10,000 so far. Respondent testified that it has been 12 years since her felony offense, and she completed probation in 2017. She stated that she was offered a pardon and she is considering it.

Respondent testified that she is currently working with Wright Care Benefits. She provides information about various insurance carriers to the community, collects the information of people who are interested in signing up, answers questions, and refers them to Wright Care Benefits. She does not sign people up for insurance herself. She stated that she applied for the license because she “already [does] the work” and feels like “it is the right thing to do.” She stated that other people with felonies were able to obtain the license.

As a resident services coordinator with Portfolio Resident Services, another of her current positions, Respondent handles four properties, helps out low-income communities, and provides people with food, diapers, and other resources, including setting them up with finance seminars to learn how to budget. She also picks up children from the school bus every evening and gets them home. She arranged Shared Tables at two Chick-Fil-A businesses that provide food to the properties on Mondays and Wednesdays.

Respondent stated that she received a notary license from the Texas Secretary of State and a seller training certification from the Texas Alcoholic Beverage Commission, despite her criminal history. She also went through a background check

with Painting With a Twist; was approved for a five-year franchise contract; and handled payroll, credit card services, and cash payments as the owner of the business. Respondent testified that, while working for Hilton Hotels and Trip Action, she worked with customers and handled their sensitive information. She also has tax software and helps out her clients with their “software needs.”

Respondent testified that she was raised by her grandmother, and she put herself through college. Respondent testified that she is passionate about working with seniors, children, battered women, and homeless people. She stated that, while in prison, she became very involved in the community—she started an organization called Beyond the Fence that helps women to start businesses outside of prison. She wants to empower and encourage women that have been incarcerated. She stated that she is “about to do” a reality show called Beyond the Fence. Respondent testified that she has a 501(c)(3) company that does outreach and “gives all over the world.”

D. TESTIMONY OF TORRENCE BURNETT AND JUNNELL WRIGHT

Mr. Burnett testified that he met Respondent about 15 years ago when they worked together in the music industry—he was involved with music production and Respondent was an “aspiring” singer-songwriter. They developed a close friendship. Mr. Burnett described Respondent as “very astute” and stated that she had the qualities needed to be an entrepreneur—she is a risk-taker, problem-solver, and resourceful. He added that Respondent is very honorable, equitable, nice, accommodating, patient, and “probably . . . too trusting.”

Mr. Burnett testified that Respondent is involved with the church and does a lot of outreach, especially for youth and women. He stated that Respondent “bring[s]

people in” and treats them very well. He added that Respondent adopts and raises children for close and distant family members who do not have the proper resources or even the desire to do the right thing. He opined that Respondent is an excellent person, an excellent businessperson, and “just deserving,” despite her criminal history. He stated that he would not vouch for just anyone and he would trust Respondent with his life.

Junnell Wright works with Respondent at Wright Care Benefits. He met Respondent through a personal friend and decided to “do business together.” He stated that Respondent is “very outstanding with her performing,” honest, professional, pleasant, and prompt; that she has “genuine intelligence;” and that she deals with individuals with integrity. He stated that he never received any complaints about Respondent.

Junnell Wright was aware of “most of” Respondent’s criminal background; however, he was not aware that she pleaded guilty to a felony offense. He stated that Respondent told him that “someone else committed the crime and her business took the hit.” He added that he did not run a background check for Respondent because she is an independent contractor and not an employee. Had he known of the conviction, Junnell Wright stated, “we would not be able to actually move forward.” He explained that it was not “personal” but for the protection of clients. However, he stated that, because of Respondent’s work ethic, her criminal background does not change his opinion of her. Junnell Wright testified that, if Respondent is granted the license, she would be allowed to work at Wright Care Benefits; however,

employees with felony convictions are excluded from working with disabled, children, and seniors.

IV. ANALYSIS

Staff contends that Respondent's criminal history shows that she lacks the honesty and trustworthiness required to hold an insurance agent license. It is undisputed that Respondent pleaded guilty to, and was convicted of, the felony offense of aiding in the preparation of a false tax return in January 2014. Pursuant to Texas Insurance Code section 4005.101(b)(8) and 28 Texas Administrative Code section 1.502(d), the Department may deny Respondent's license application because she has been convicted of a felony. Moreover, because the Department determined that any offense for which fraud, dishonesty, or deceit is an essential element is of such serious nature that it is of prime importance in determining fitness for licensure and directly relates to the duties and responsibilities of the licensed occupation, the Department may deny Respondent's license application pursuant to Texas Insurance Code section 4005.101(b)(5) and 28 Texas Administrative Code sections 1.502(d), (e)(1).

Staff also argues that Respondent's false statement on her application for licensure is a separate basis for denial. It is undisputed that Respondent did not disclose her criminal history to the Department in her application. Respondent represented that she has never been convicted of a felony, but she has. In order to show a violation of Texas Insurance Code section 4005.101(b)(2) and (3), Staff is required to prove that Respondent *intentionally* misrepresented a material fact on her

application.³⁸ It is not sufficient evidence of fraud or intent to misrepresent that Respondent simply incorrectly answered questions. Staff’s evidence showed the requisite intent on Respondent’s part. Even though Respondent did not fill out the application herself, she was participating in filling out the application via Zoom and was able to see the answers provided in the application and to discuss the questions and answers. The ALJ finds Respondent’s explanation as to how the incorrect answer was provided unpersuasive and self-contradictory. First, in her written statement to the Department, Respondent stated that she thought the question was related only to felony convictions in the business of insurance. Then, at the hearing, she testified that the person who filled out the application represented to her that this question was related to probation. The question in the application is not confusing or ambiguous—“[h]ave you ever been convicted of a felony”³⁹ The preponderant evidence shows that Respondent was aware that the question asked about felony convictions and that she intentionally answered falsely as to her criminal history when she was applying for the license. Accordingly, the Department may deny Respondent’s license based on her intentional misrepresentation.

The next analytical step is to consider whether Respondent should be denied a license pursuant to Texas Occupations Code section 53.023(a). The evidence shows

³⁸ Tex. Ins. Code § 4005.101(b)(2), (3). Section 4005.101(b)(3) prohibits attempting to obtain a license by fraud or misrepresentation. Fraud and misrepresentation are not defined. At common law, misrepresentation is defined as the act or an instance of making a materially false or misleading assertion about something, with the intent to deceive. An assertion need not be fraudulent to amount to a misrepresentation, but it must be important enough to be considered material. *Misrepresentation*, Black’s Law Dictionary (11th ed. 2019). Fraud is defined as a knowing misrepresentation or knowing concealment of a material fact made to induce another to act to his or her detriment. *Fraud*, Black’s Law Dictionary (11th ed. 2019). The language of the statute makes clear that a necessary element of this violation is the intent to obtain a license through a misrepresentation.

³⁹ Staff Ex. 2 at 32.

that Respondent's criminal history extends from 1995 to 2017; and that it includes the felony conviction in 2014, as well as prior deferred adjudications in 1995 and 2007. Respondent was 33 years old at the time of her felony offense; therefore, her offense cannot be considered a youthful indiscretion. It has been 11 years since her felony offense, and seven years since she has been released from supervision. Although Respondent has paid some restitution, it is unclear how much she has paid, or with what regularity, or when it will be paid fully.

Mitigating these factors are Respondent's work history before and after the criminal offense, her compliance with the terms of her supervision, and evidence of her present fitness. Respondent has had steady employment before and after her most recent offense. She was released from supervision in 2017, after successfully completing it. There is also no evidence of any other criminal activity after Respondent's felony conviction. The evidence shows that Respondent has made significant efforts at rehabilitation, especially her involvement in community, which is commendable. Respondent also took responsibility for her past mistakes.

Respondent's character letters and witnesses' testimony spoke highly of her work ethic and character and recommended her for general lines agent licensure. Respondent was described as timely, organized, professional, personable, motivated, trustworthy, compassionate, faithful, committed, honest, dependable, and positive, despite her criminal history. However, the written recommendations do not make clear whether the individuals are knowledgeable about the extent and nature of Respondent's criminal history. Similarly, Junnell Wright testified that he knew generally of Respondent's felony offense but did not know that she pleaded guilty.

While Respondent appears to be making significant strides toward rehabilitation, the ALJ finds that, given the nature and severity of her criminal activity, insufficient time has passed to demonstrate that she is reformed. Seven years have passed since she completed her supervision. Accordingly, the ALJ concludes that the mitigating evidence does not outweigh the seriousness of the criminal offense, and Respondent has not shown her fitness for licensure. Moreover, Respondent intentionally made a material misstatement in her license application and attempted to obtain the license by misrepresentation. Therefore, the Department should not issue Respondent a general lines agent license with a life, accident, health, and HMO qualification at this time. In support of this recommendation, the ALJ makes the following Findings of Fact and Conclusions of Law.

V. FINDINGS OF FACT

1. On September 29, 2022, Michelle Annette Watkins (Respondent) applied for a Texas general lines agent license with a qualification for life, accident, health, and health maintenance organization (HMO) with the Texas Department of Insurance (Department).
2. On her application, Respondent answered “No” to a question that asked whether she has ever been convicted of a felony.
3. Respondent attested that all information submitted in the application was true and correct.
4. In November 2022, the Department proposed to deny Respondent’s application.
5. Respondent timely requested a hearing to challenge the denial.

6. On June 4, 2024, the Department referred this matter to the State Office of Administrative Hearings (SOAH) for a hearing.
7. On June 5, 2024, the Department issued a notice of hearing.
8. On October 8, 2024, the Department issued an Amended Petition.
9. The notice of hearing, together with the Amended Petition, 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 filed with the state agency.
10. The hearing in this case was held by videoconference on October 16, 2024, before SOAH Administrative Law Judge Katerina DeAngelo. Attorneys Victor Moya, III and Stephanie Daniels represented the Department. Respondent represented herself. The record closed on December 13, 2024, on the filing of the Department's closing reply brief.
11. On January 31, 2014, Respondent pleaded guilty to, and was adjudged guilty of, the felony offense of aiding in the preparation of a false tax return, in Case No. 4:13-cr-00128-A in the United States District Court, Northern District of Texas.
12. Respondent stipulated that, in January 2010, she knowingly and willfully aided and assisted in, procured, counseled, and advised the preparation and presentation to the Internal Revenue Service of an individual income tax return that was false and fraudulent as to a material matter.
13. Respondent was sentenced to three years' imprisonment and one year of supervised release and was ordered to pay \$1,652,891 in restitution.
14. As of September 2017, Respondent had paid \$1,375 toward the judgment amount.
15. Respondent was released from her court-ordered supervision on September 29, 2017, after she successfully completed it.

16. Respondent's crime is one of such a serious nature that the Department considers it to be of prime importance in determining whether to issue a license.
17. Respondent was 33 years old when she committed the felony offense.
18. Respondent's felony offense cannot be considered a youthful indiscretion.
19. It has been 11 years since her felony offense and seven years since she has been released from supervision.
20. Respondent had been arrested five times, prior to her felony conviction.
21. In 1995, Respondent received two deferred adjudications that were later discharged.
22. In 2007, Respondent pled guilty and received a deferred adjudication for the state jail felony offense of Evading Arrest or Detention Using a Vehicle.
23. Respondent has been consistently employed, both before and after her felony conviction.
24. There is no evidence of any criminal activity after Respondent's felony conviction.
25. Respondent is described as timely, organized, professional, personable, motivated, trustworthy, compassionate, faithful, committed, honest, dependable, and positive.
26. Individuals addressing Respondent's character do not reveal whether they are aware of the extent and nature of her criminal history.
27. Respondent has made significant efforts at rehabilitation, including her involvement in community.
28. Respondent takes responsibility for her crimes.
29. Respondent intentionally made a material misstatement on her license application.

30. Respondent attempted to obtain a license by fraud or misrepresentation.
31. Respondent is not fit for licensure by the Department at this time.

VI. CONCLUSIONS OF LAW

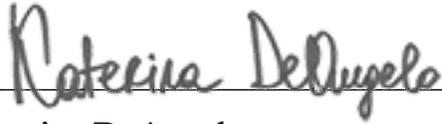
1. The Department has jurisdiction over this matter. Tex. Ins. Code §§ 4001.002, .015, 4005.101.
2. SOAH has authority to hear this matter and issue a proposal for decision with findings of fact and conclusions of law. Tex. Gov't Code ch. 2003; Tex. Ins. Code § 4005.104.
3. Respondent received timely and sufficient notice of the hearing. Tex. Gov't Code §§ 2001.051-.052; Tex. Ins. Code § 4005.104(b).
4. The Department had the burden to prove by a preponderance of the evidence that grounds exist to deny Respondent's application. 1 Tex. Admin. Code § 155.427.
5. Respondent had the burden to prove by a preponderance of the evidence that she is fit to perform the duties and discharge the responsibilities of the licensed occupation despite her criminal background. Tex. Occ. Code § 53.023(b).
6. The standard of proof is by a preponderance of the evidence. *Granek v. Tex. St. Bd. of Med. Examiners*, 172 S.W.3d 761, 777 (Tex. App.—Austin 2005, no pet.).
7. The Department may deny a license if the applicant has intentionally made a material misstatement in the license application; has obtained or attempted to obtain a license by fraud or misrepresentation; has engaged in fraudulent or dishonest acts or practices; has been convicted of a felony; or has been convicted of an offense directly related to the duties and responsibilities of the licensed occupation. Tex. Ins. Code § 4005.101(b)(2), (3), (5), (8); 28 Tex. Admin. Code § 1.502(d), (e)(1).
8. The Department may deny Respondent's license application because she intentionally did not disclose her criminal history when she was applying for the license. Tex. Ins. Code § 4005.101(b)(2), (3), (5); 28 Tex. Admin. Code § 1.502(d).

9. The Department may deny Respondent's license application because she has been convicted of a felony. Tex. Ins. Code § 4005.101(b)(8); 28 Tex. Admin. Code § 1.502(d).
10. The Department has determined that certain crimes are of such a serious nature that they are of prime importance in determining fitness for licensure. These crimes include any offense for which fraud, dishonesty, or deceit is an essential element. 28 Tex. Admin. Code § 1.502(e)(1).
11. Respondent's felony offense, aiding in the preparation of a false tax return, is the type that the Department considers to be of such a serious nature that it is of prime importance in determining fitness for licensure. 28 Tex. Admin. Code § 1.502(e)(1).
12. The Department has determined that the crimes it considers to be of prime importance are directly related to the occupations it licenses. 28 Tex. Admin. Code § 1.502(e).
13. The Department may deny Respondent's license application because her felony offense directly relates to the duties and responsibilities of the licensed occupation. Tex. Occ. Code § 53.021(a)(1); 28 Tex. Admin. Code § 1.502(d), (e)(1).
14. For applicants with criminal convictions, the Department considers the factors specified in Texas Occupations Code sections 53.022 and .023 in determining whether to grant a license. 28 Tex. Admin. Code § 1.502(h).
15. The Department shall not issue a license unless the mitigating evidence outweighs the serious nature of the criminal offense when viewed in the light of the occupation being licensed. 28 Tex. Admin. Code § 1.502(g).
16. The mitigating evidence does not outweigh the seriousness of Respondent's criminal offense, and she has not shown her fitness to perform the duties and discharge the responsibilities of the licensed occupation. Tex. Occ. Code § 53.023; 28 Tex. Admin. Code § 1.502(g).
17. The Department should deny Respondent's application for licensure at this time.

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Signed January 29, 2025.

ALJ Signature:



A handwritten signature in cursive script, reading "Katerina DeAngelo", is written over a horizontal line.

Katerina DeAngelo

Presiding Administrative Law Judge

2025-9455**Exhibit B**

State Office of Administrative Hearings

Kristofer S. Monson
Chief Administrative Law Judge

March 3, 2025

ACCEPTED
454-24-19648
3/3/2025 10:59:59 am
STATE OFFICE OF
ADMINISTRATIVE HEARINGS
Kevin Garza, CLERK

FILED
454-24-19648
3/3/2025 10:54 AM
STATE OFFICE OF
ADMINISTRATIVE HEARINGS
Kevin Garza, CLERK

Ginger Loeffler, Victor Moya, & Chief Clerk

VIA EFILE TEXAS

Michelle Annette Watkins

VIA EFILE TEXAS

RE: Docket Number 454-24-19648.C;
Texas Department of Insurance v. Michelle Annette Watkins

Dear Parties:

The Administrative Law Judge (ALJ) issued a Proposal for Decision (PFD) in this matter on January 29, 2025. The Texas Department of Insurance (Department) filed exceptions to the PFD on February 13, 2025. Respondent, Michelle Annette Watkins, did not file any exceptions or response to the Department's exceptions.

Having reviewed the exceptions, the ALJ makes the following change to the PFD—revising Finding of Fact No. 2 to: On her application, Respondent answered “No” to a question that asked whether she has ever been convicted of a felony. The ALJ declines to further amend the PFD. As stated in the PFD, the ALJ did not consider and analyze the Department's allegation of Respondent's unauthorized engagement in the business of insurance, because Respondent was not on notice of such allegation. Tex. Gov't Code §§ 2001.051 and .052; 1 Tex. Admin. Code

2025-9455

Exceptions Letter

March 3, 2025

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§ 155.401. Moreover, the ALJ declines to remove Finding of Fact No. 28, Respondent takes responsibility for her crimes, because the evidence showed that Respondent did take responsibility for her past mistakes. With this letter, the PFD is ready for consideration.

ALJ Signature:

A handwritten signature in cursive script that reads "Katerina DeAngelo". The signature is written in black ink and is positioned above a solid horizontal line.

Katerina DeAngelo,

Presiding Administrative Law Judge

CC: Service List