No. 2026-10172

Official Order
of the
Texas Commissioner of Insurance

Date: 10/02/2026

Subject Considered:

Texas Department of Insurance

v.

Jakob Anthony Rios

SOAH Docket No. 454-26-04764.C

General Remarks and Official Action Taken:

The subject of this order is the disciplinary action against Jakob Anthony Rios. This order requires Mr. Rios to pay restitution to American Memorial Life Insurance Company (AMLIC) in the amount of $15,588.69 and revokes Mr. Rios' general lines agent license with a life, accident, health, and HMO qualification.

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) order Mr. Rios to pay restitution in the amount of $15,588.69 to AMLIC and revoke his license. A copy of the proposal for decision is attached as Exhibit A.

Findings of Fact

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

Conclusions of Law

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

Order

Jakob Anthony Rios is ordered to pay restitution to American Memorial Life Insurance Company in the amount of $15,588.69. Proof of payment must be sent electronically to TDI at EnforcementReports@tdi.texas.gov within 30 days this order's date.

It is further ordered that Jakob Anthony Rios' general lines agent license with a life, accident, health, and HMO qualification is revoked.

Signed by:
Amanda Crawford
FE10434BC41A470...

Amanda Crawford
Commissioner of Insurance

Recommended and reviewed by:

Signed by:
Jessica Barta
5DAC5618BBC74D4...

Jessica Barta, General Counsel

Signed by:
Justin Beam
27ADF3DA5BAF4B7...

Justin Beam, Chief Clerk

Exhibit A

SOAH Docket No. 454-26-04764 Suffix: C

BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS

TEXAS DEPARTMENT OF INSURANCE,
PETITIONER
V.
JAKOB ANTHONY RIOS,
RESPONDENT

PROPOSAL FOR DECISION

Staff (Staff) of the Texas Department of Insurance (TDI) seeks disciplinary action against Jakob Anthony Rios (Respondent) based on allegations that Respondent: (1) misappropriated, converted to his own use, or illegally withheld money belonging to an insurer; and (2) engaged in fraudulent or dishonest acts or practices. After considering the evidence and applicable law, the Administrative Law Judge (ALJ) finds that Staff proved its allegations by a preponderance of the evidence and recommends the Commissioner of Insurance (Commissioner) revoke Respondent's license and direct Respondent to pay restitution in the amount of $15,588.69 to American Memorial Life Insurance Company.

I. NOTICE, JURISDICTION, AND PROCEDURAL HISTORY

Notice and jurisdiction were uncontested and are addressed solely in the Findings of Fact and Conclusions of Law. ALJ Fansu Ku of the State Office of Administrative Hearings convened a hearing on the merits via Zoom videoconference on June 2, 2026. Staff attorney Nancy Williams appeared on behalf of TDI. Respondent appeared and represented himself. The record closed on June 30, 2026, with the filing of the transcript and admitted exhibits.

II. APPLICABLE LAW

Under the Texas Insurance Code (Code), the Commissioner may cancel or revoke a license if the license holder is found to be in violation of, or to have failed to comply with, the Code or a TDI rule.[1] The Commissioner may also direct the license holder to make complete restitution to each entity operating in Texas that is harmed by the license holder's violations.[2]

Code section 4005.101(b)(4)(A) authorizes disciplinary action against a TDI license holder who has misappropriated, converted to his own use, or illegally withheld money belonging to an insurer. Code section 4005.101(b)(5) authorizes sanctions based on a license holder's fraudulent or dishonest acts or practices.

[1] Tex. Ins. Code § 82.051.

[2] Tex. Ins. Code § 82.053(a).

Staff has the burden of proving by a preponderance of the evidence that grounds for taking disciplinary action exist and that Respondent's license should be revoked.[3]

III. EVIDENCE

Staff presented testimony from Jolene M. Nell and Lewis Wright, and offered five exhibits, which were admitted.[4] Respondent did not testify and offered one exhibit, which was admitted.[5]

A. STAFF'S EVIDENCE

1. Background – How the Investigation Started

On February 24, 2016, TDI issued Respondent a General Lines Agent License with a Life, Accident, Health, and HMO qualification.[6] Lewis Wright, a Regulator

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

[4] Staff Ex. 4 includes four separate audio recordings (Bates Nos. 4A1-4A4) from the investigation into Respondent's book of business. The recordings contain confidential information and have been marked Confidential. The recordings were not played during the hearing. The ALJ directed Staff to submit email communications indicating Respondent received and downloaded all exhibits and admitted them as Staff Ex. 5.

[5] Respondent's exhibit consists of Respondent's answers to Staff's allegations during the investigation and client letters that purported to address those allegations. During the hearing, Staff objected to admission of Respondent's exhibit because it was not pre-filed in accordance with Order No. 3. Staff also objected on hearsay grounds. Under Tex. R. Evid. 106, a party who introduces part of a writing opens the door to any other part that fairness requires be considered alongside it. Tex. R. Evid. 107 extends this principle where necessary to fully understand a matter already in evidence. Having introduced Staff Ex. 3 (partial email communications between Staff and Respondent about the allegations at issue) into evidence and elicited testimony from Mr. Wright regarding the weight to be given to Respondent's answers and client letters, Staff opened the door to admission of the full email chain, including Respondent's submissions. Texas Government Code sec. 2001.081(3) further permits admission of evidence of a type "on which a reasonably prudent person commonly relies in the conduct of the person's affairs." The full email chain falls within this standard, and its admission goes to completeness and context rather than solely for the truth of the matters asserted therein. The ALJ has weighed the full chain accordingly in reaching the findings below.

[6] Staff Ex. 2.

in the Agent and Adjuster Licensing Office at TDI, testified that this qualification gave Respondent the authority to be a licensed representative for insurance companies during insurance sales transactions. In other words, Respondent had frontline interactions with Texas consumers in presenting insurance companies' products, quoting prices, and soliciting applications for those companies. Respondent was appointed to sell policies for American Memorial Life Insurance Company (AMLIC), an entity operating in Texas, from August 28, 2023, until AMLIC canceled the appointment on March 21, 2024.[7]

Jolene Nell, the Special Investigations Unit (SIU)[8] Fraud Manager at TruStage,[9] testified that AMLIC initiated an investigation into Respondent's book of business after seeing 62 returns on initial premium payments from August 15, 2023, through February 29, 2024, amounting to 50% of the life insurance policies written during that period. This is an unusually high return rate and caused alarm. Both Ms. Nell and Mr. Wright testified that life insurance is typically a policy people desire rather than something they are required to have, like car insurance. Because of the financial protection life insurance provides for their survivors, people tend to pay the premiums to keep the policy active. Thus, Mr. Wright testified that the retention rate is typically 90%, and the return rate (the rate at which such policies are canceled) is typically 10%. In addition, AMLIC received calls from some of

[7] Staff Exs. 2 and 4 at 085.

[8] SIU is the company's designated team that investigates insurance fraud.

[9] AMLIC is the underwriting company for the insurance that Respondent was selling; TruStage is the overarching brand name. Both names were used interchangeably by testifying witnesses during the hearing.

Respondent's customers who had concerns about policies they did not take out or policies they had cancelled where automatic payments were still being withdrawn.[10]

TruStage's investigation revealed several fraud indicators that the company reported to TDI. TDI ultimately concluded that Respondent engaged in an advance commission scheme.

2. Advance Commission – What It Is and How It Works

Mr. Wright testified that advance commission is a standard industry practice where an insurance company like AMLIC pays an agent like Respondent an upfront commission, before the customer has paid all their premiums.[11] The insurer estimates the total commission the agent will earn over the chosen time period and pays it all at once when the sale happens.[12] As Ms. Nell and Mr. Wright testified, the advance commission system is meant to help new agents like Respondent have immediate access to more income while they grow their business writing valid policies.

AMLIC entered into a Commission Advancing Agreement with Respondent whereby he received nine months of his commission ahead of time for each policy he issued.[13] However, if the customer cancels or lapses the policy early (before the insurer earns back the premiums the commission was based on), the insurer can

[10] Staff Ex. 4 at 4A1-4A4.

[11] *See also* Staff Ex. 4 at 068.

[12] Staff Ex. 4 at 068.

[13] Staff Ex. 4 at 070.

recoup (chargeback) the advance commission from the agent.[14] In Respondent's case, he agreed to repay any chargebacks within five calendar days of demand by AMLIC.[15] On May 23, 2024, AMLIC notified Respondent he had a chargeback balance of $23,622.98.[16] As of June 9, 2025, Respondent owes AMLIC $15,588.69 in unearned commissions.[17]

The advance commission practice can be abused. Mr. Wright testified that an advance commission scheme describes a situation in which an agent abuses the system by submitting insurance applications to generate commissions rather than coverage. Because each policy rewrite triggers a fresh advance commission payout for the agent, advance commissions can create strong incentives for agents to talk existing customers into canceling their current policies and buying new ones.

For the customers, the benefit may not be so clear. Ms. Nell testified that every time a policy is rewritten, it resets the contestability period for the customer which can, in some cases, end up harming the customer. A consumer who thought their coverage was secure (because the contestability of their original policy had already passed) can suddenly find their claim denied or delayed because an agent talked them into an allegedly better deal when in actuality it was just a new commission for the agent.

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[14] Staff Ex. 4 at 069.

[15] Staff Ex. 4 at 069.

[16] Staff Ex. 6.

[17] Staff Ex. 6.

3. Fraud Indicators

As the SIU Fraud Manager, Ms. Nell testified that during an investigation, they look for patterns of behavior, not just one-off situations, simple mistakes, or misunderstandings. They also consider the fact that sometimes customers simply change their minds. In Respondent's case, Ms. Nell and her team were able to comfortably identify multiple patterns of concerning behaviors from the policies he sold that justified reporting the conduct to TDI.

a) Multiple Policies for Same Insured with Different Signature Styles

E.G., F.J., Y.R., and J.G. each obtained, through Respondent, multiple life insurance policies.[18] When Ms. Nell compared their respective signatures on the life insurance applications they allegedly submitted, the differences were glaring, even after taking into consideration that signatures can look different depending on the signature device.

- In E.G.'s case, three policies were taken out within two months of each other. The initial premiums were returned for the first two and the last one was cancelled.[19] E.G. further called AMLIC stating that even after she cancelled her policy, payments for premiums were still being deducted from her bank account.[20] The signature from the first policy was legibly spelled out while the second and third signatures were merely scribbles.[21]

[18] Staff Ex. 4 at 086-091.

[19] Staff Ex 4 at 086.

[20] Staff Ex. 4 at 4A1.

[21] Staff Ex. 4 at 086.

- In F.J.'s case, three policies were taken out within three months of each other.[22] The initial premium was returned on the first, the second appeared to be active, and the third (an attempted rewrite of the second) was not issued because only one rewrite per year is allowed.[23] The signature on the first policy was an initial, while the second and third were illegible scribbles that do not resemble each other.[24]
- In Y.R.'s case, two policies were taken out within three months of each other.[25] The initial premium was returned on the first and the second appeared to be active.[26] The signature from the first policy was legibly spelled out while the second signature was illegible other than the initials Y and R.[27]
- In J.G.'s case, two policies were taken out within one month.[28] The initial premium was returned on the first and the second appeared to be active.[29] The signature from the first policy was barely legible other than the initials J and G, while the second signature was legibly spelled out.[30]

Applying the reasonably prudent person standard – if the signatures were placed before a reasonably prudent person, would that person think the signatures

[22] Staff Ex. 4 at 087.

[23] Staff Ex. 4 at 087.

[24] Staff Ex. 4 at 087.

[25] Staff Ex. 4 at 087.

[26] Staff Ex. 4 at 087.

[27] Staff Ex. 4 at 087.

[28] Staff Ex. 4 at 087.

[29] Staff Ex. 4 at 087.

[30] Staff Ex. 4 at 087.

were from the same person – Ms. Nell and her team concluded that it was unlikely the same policyholder signed each of the multiple policies submitted in their name.

b) Same Bank Account for Different, Unrelated Insured

Ms. Nell's investigation also discovered two instances where the same bank account was used for two different insureds who had no discoverable relationship with each other.

- **F.J. and H.W**. For the third policy that F.J. attempted to take out (which was not issued because only one rewrite per year is allowed), he listed Chime Bank and an account number that was different from the bank and bank account number he used for his first two policies.[31] This same Chime Bank account number was also used for H.W.[32] The investigation could find no relationship between F.J. and H.W.[33]
- **R.B. and G.M**. G.M. is Respondent's mother.[34] The bank account information for her policy was also used for one of the two policies R.B. took out.[35] The investigation could find no relationship between Respondent's mother and R.B.

c) Family Members with Same Bank Account and Similar Signature Styles

Besides Respondent's mother, the investigation revealed three other life insurance policies Respondent submitted for relatives: J.G.M., J.M.M., and K.J.[36]

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[31] Staff Ex. 4 at 087, 099, 141, and 228.

[32] Staff Ex. 4 at 115.

[33] Staff Ex. 4 at 087.

[34] Staff Ex. 4 at 088; *see also* Staff Ex. 3.

[35] Staff Ex. 4 at 088, 195, 282.

[36] Staff Ex. 4 at 088-89.

All three policies were submitted with the bank account number belonging to G.M. (Respondent's mother) and all three policies lapsed after the second premium was returned by the bank.[37] When all three signatures were compared, they looked similar.[38]

d) "Twisting"

Ms. Nell testified that in the insurance industry, "twisting" refers to replacing an insured or member's existing policy with a new policy from a different insurance company. This practice can be an indicator of an advance commission scheme because each replacement triggers a fresh advance commission payout for the agent while resetting the contestability period for the customer, which can in some cases harm the customer. On February 6, 2024, AMLIC received a call from C.B., stating she and her husband, A.B., were unaware life insurance policies with AMLIC had been taken out until they saw the draft on their bank account.[39] C.B. further stated that she and her husband have policies with other companies and were concerned those policies were cancelled.[40] She said she tried reaching Respondent, who told her he was trying to get them out of policies that a "crooked agent" wrote, but she could not get hold of him.[41] She said she wanted to keep her other policies and cancel with AMLIC.[42] On February 22, 2024, an AMLIC customer representative reached

[37] Staff Ex. 4 at 088-89.

[38] Staff Ex. 4 at 089.

[39] Staff Ex. 4 at 089, 4A2 and 3.

[40] Staff Ex. 4 at 089, 4A2 and 3.

[41] Staff Ex. 4 at 089, 4A2 and 3.

[42] Staff Ex. 4 at 089, 4A2 and 3.

out to C.B. and A.B. about pending life insurance policies with AMLIC that were received on February 15, 2024.[43] C.B. stated that the whole situation was a "big mess," but that she and her husband do want those AMLIC policies.[44]

Ms. Nell further testified that on each of the life insurance policy application forms collected in Staff's Exhibit 4, the insured parties checked a box indicating that they had not applied for life insurance within the past two years and that the policy they were applying for was not a replacement policy.[45]

At the end of the investigation, the SIU and TDI concluded that the above pattern of abnormalities pointed to an advance commission scheme. Ms. Nell testified that the only person who benefited from the various abnormalities was Respondent, as he was the one receiving the advance commissions. The customers either ended up without an active policy or a new policy with a new contestability period that could harm them. The company, AMLIC, also did not benefit from policies that were only in force for a month or two and was harmed by paying out advance commissions that it was not able to recover.

[43] Staff Ex. 4 at 089 and 4A4.

[44] Staff Ex. 4 at 089 and 4A4.

[45] Staff Ex. 4.

B. RESPONDENT'S EVIDENCE[46]

Respondent did not testify but submitted written answers to Staff's notice of allegations, along with written statements from clients regarding the alleged fraud.[47] Respondent first claimed that the high return rate was the result of systemic issues with AMLIC rather than any fraudulent act on his part.[48] Because AMLIC did not allow clients or agents to redate or reschedule initial payments if the first bank draft failed, he had to rewrite the policies for those clients whose first draft failed.[49] As to the extreme variations in signature styles from the same insured, Respondent wrote that they were due to his elderly clients' struggles with digital signatures.[50]

As to F.J. and H.W. having the same bank account information, Respondent asserted in his written response that clients without active checking accounts often relied on trusted individuals to assist with premium payments.[51] He further stated that written statements from F.J. and H.W. supported the use of the payment method in question.[52] As for his family members, he stated that he obtained policies for them in good faith and that he might have reused a bank account that had

[46] As previously noted, Respondent did not testify at the hearing on the merits. The statements attributed to Respondent in this section are all drawn from Respondent's Exhibit 1, which consists of written answers Respondent provided in response to Staff's investigatory letters and handwritten letters purportedly from Respondent's clients.

[47] Resp. Ex. 1.

[48] Resp. Ex. 1 at 5.

[49] Resp. Ex. 1 at 5.

[50] Resp. Ex. 1 at 6.

[51] Resp. Ex. 1 at 7.

[52] Resp. Ex. 1 at 7.

previously been used for an unrelated policy.[53] He stated that he did not believe this would violate any policy and that while it might not have been the best practice administratively, there was no intent to deceive.[54]

Respondent further asserted he did not defraud E.G. He stated that E.G. never contacted him with any concerns and that all policies in her name were issued with her full knowledge and consent.[55] When he found out about her call to AMLIC, he reached out to her.[56] He stated that she was satisfied with his services, that she was not upset, and that she denied making a formal complaint.[57]

Respondent acknowledged the chargebacks but stated that they were not due to fraud on his part.[58] Rather, they were due to system limitations and inflexible payment procedures.[59] He stated that he is willing to resolve the remaining balance in a structured way, but that AMLIC does not offer a payment plan option for him to repay the outstanding chargeback amount.[60]

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[53] Resp. Ex. 1 at 7.

[54] Resp. Ex. 1 at 7.

[55] Resp. Ex. 1 at 8.

[56] Resp. Ex. 1 at 8.

[57] Resp. Ex. 1 at 8.

[58] Resp. Ex. 1 at 9.

[59] Resp. Ex. 1 at 9.

[60] Resp. Ex. 1 at 9.

In support of the above, Respondent enclosed handwritten statements from four of his clients: E.G., F.J., Y.R., and H.W.[61]

1. E.G.

E.G. wrote that she wanted a life insurance policy and that Respondent came to her house twice because she missed the first premium payment.[62] She claimed that she personally signed the policy both times, denied calling AMLIC to complain, and expressed her happiness with Respondent.[63] She did not address in her statement that there were three life insurance applications that were submitted in her name.

2. Y.R.

Similarly, Y.R. wrote that she got her life insurance policy through Respondent and that because she missed her first premium payment, Respondent came back to her house to rewrite the policy.[64] She signed the application both times on Respondent's electronic device.[65] She too expressed her happiness with Respondent's services.[66]

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[61] Resp. Ex. 1 at 10-13.

[62] Resp. Ex. 1 at 10.

[63] Resp. Ex. 1 at 10.

[64] Resp. Ex. 1 at 11.

[65] Resp. Ex. 1 at 11.

[66] Resp. Ex. 1 at 11.

3. F.J.

F.J. wrote (through Respondent because F.J. allegedly has poor handwriting) that he got his life insurance policy through Respondent and because he missed his first premium payment, Respondent had to return to rewrite the policy.[67] He signed the application himself on Respondent's electronic device.[68] He also expressed his happiness with Respondent's services.[69]

4. H.W.

H.W. expressed that she wanted her life insurance policy that she got through Respondent and that she personally signed the application.[70] She further stated that Respondent did not mislead her and that if there were any banking information issues, she wanted to confirm that she wanted the policy.[71] Lastly, she too expressed her happiness with Respondent's services.[72]

IV. ANALYSIS

In this case, the ALJ finds the preponderant evidence establishes that Respondent has: (1) misappropriated, converted to his own use, or illegally withheld money belonging to an insurer in violation of Code section 4005.101(b)(4)(A); and

[67] Resp. Ex. 1 at 12.

[68] Resp. Ex. 1 at 12.

[69] Resp. Ex. 1 at 12.

[70] Resp. Ex. 1 at 13.

[71] Resp. Ex. 1 at 13.

[72] Resp. Ex. 1 at 13.

(2) engaged in fraudulent or dishonest acts or practices in violation of Code section 4005.101(b)(5).

The ALJ concurs with Ms. Nell and Mr. Wright's assessment that the 50% return rate with Respondent's book of business, combined with the pattern of abnormalities with multiple life insurance policies uncovered by the SIU investigation, established an advance commission scheme.

First, the evidence clearly established that Respondent has, at a minimum, misappropriated, converted to his own use, or illegally withheld money belonging to an insurer. Respondent admitted in his written submission that he owes AMLIC $15,588.69 in unearned commissions.[73] This is because Respondent signed an agreement with AMLIC where he agreed to repay any chargeback within five calendar days of demand by AMLIC.[74] He has not repaid AMLIC. Respondent acknowledged in the same agreement that if the customer cancels or lapses the policy early (before the insurer has earned back the premium that the commission was based on), the insurer can recoup that advance commission from the agent.[75] There is no exception regardless of whether one accepts Respondent's claim that he did not intend to defraud anyone to obtain a commission.

The preponderance of the evidence further establishes that Respondent engaged in fraudulent or dishonest acts or practices. First, it does not take a

[73] Resp. Ex. 1 at 9.

[74] Staff Ex. 4 at 069.

[75] Staff Ex. 4 at 069.

handwriting expert to question the extreme signature styles from E.G., F.J., Y.R., and J.G. in their life insurance policy applications. Even considering the variations that may result from signing a document on an electronic device, those variations do not explain the stark differences between the signatures that were purported to be from the same person. E.G., F.J., and Y.R.'s written statements in support of Respondent failed to address the different signature styles on their applications. The signatures on those statements in fact raise even more doubts when compared with the signatures on their various life insurance applications.

Moreover, even giving Respondent the benefit of the doubt that the signature differences were the result of his elderly clients' unfamiliarity with digital devices, most concerning among the abnormalities uncovered by the investigation was the use of the same bank account information for different insured parties who were unrelated to each other. While Respondent claimed that F.J. and H.W. consented to the payment arrangements, F.J. and H.W.'s own written statements failed to address Respondent's claim. Neither F.J. nor H.W. mention in their written statements that they agreed to share the same bank account for insurance payments.

Respondent also failed to address how his mother's bank account was used, not only to pay her own insurance premiums, but for the payment of four other people's policies: J.G.M., J.M.M., K.J., and R.B. While J.G.M., J.M.M., and K.J. are Respondent's relatives, R.B. is not related in any way to Respondent or his mother. Respondent wrote that with regards to his relatives' insurance policies, he might have "reused a bank account that had previously been used for another unrelated

policy."[76] Respondent did not specify whose bank account or which unrelated policy he used.

Respondent's dishonesty was further evident in each of the life insurance policies admitted in Staff's Exhibit 4. The insured parties all checked a box stating that they had not applied for life insurance within the past two years and that the policy they were applying for was not a replacement policy.[77] This contradicts Respondent's own written admission that he rewrote some of the policies. It also contradicts the multiple policy applications Respondent submitted for the same insureds: E.G., F.J., Y.R., J.G., as well as for C.B., who called to complain about policies with AMLIC that were taken out without her knowledge when C.B. and her spouse already had policies with another company.

In short, Staff has met its burden of proving by a preponderance of the evidence that Respondent has: (1) misappropriated, converted to his own use, or illegally withheld money belonging to an insurer; and (2) engaged in fraudulent or dishonest acts or practices. The ALJ therefore recommends that the Commissioner revoke Respondent's license and direct Respondent to make complete restitution to AMLIC. In support of this recommendation, the ALJ makes the following findings of fact and conclusions of law.

[76] Resp. Ex. 1 at 7.

[77] Staff Ex. 4.

V. FINDINGS OF FACT

1. On February 24, 2016, the Texas Department of Insurance (TDI) issued Jakob Anthony Rios (Respondent) a General Lines Agent License with a Life, Accident, Health, and HMO qualification.

2. This qualification gave Respondent the authority to enter into agreements with insurance companies to be a licensed representative for them during insurance sales transactions.

3. Respondent was appointed to sell policies for American Memorial Life Insurance Company (AMLIC), an entity operating in Texas, from August 28, 2023, until AMLIC canceled the appointment on March 21, 2024.

4. A review of Respondent's book of business revealed there were 62 returns on initial premium payments from August 15, 2023, through February 29, 2024, amounting to 50% of the life insurance policies Respondent wrote during that period.

5. The retention rate for life insurance policies is typically 90% and the return rate (the rate at which such policies are canceled) is typically 10%.

6. AMLIC initiated an investigation into Respondent's book of business after seeing a return rate of 50%.

7. Respondent submitted multiple policies for each of the following individuals: E.G., F.J., Y.R., and J.G. It was unlikely the same policyholder signed each of the multiple policies submitted in their name.

8. In H.W.'s application for a life insurance policy, Respondent submitted the same bank account information for premium payments as listed on one of F.J.'s policies. F.J. and H.W. are not related.

9. Respondent submitted the same bank account information for premium payments on R.B. and G.M.'s life insurance policy applications. R.B. and G.M. are not related.

10. Respondent also submitted the same bank account information for premium payments on G.M., J.G.M., J.M.M., and K.J.'s life insurance policy applications. Respondent is related to G.M., J.G.M., J.M.M., and K.J.

11. The initial payment was returned on G.M.'s policy. J.G.M., J.M.M., and K.J.'s policies lapsed after the second premium was returned by the bank.

12. For Respondent's relatives' policies, Respondent reused the bank account information that had previously been used for another unrelated policy. Respondent did not specify whose bank account or which unrelated policy he used.

13. On February 6, 2024, C.B. called AMLIC stating that she and her husband, A.B., were unaware life insurance policies had been taken out until they saw the draft on their bank account. C.B. was concerned that her other policies with another company were cancelled. She could not reach Respondent and wanted to keep her other policies but cancel with AMLIC.

14. On February 14, 2024, E.G. called AMLIC stating that even after she cancelled her policy, AMLIC was still taking payments out of her bank account.

15. On February 22, 2024, an AMLIC customer representative contacted C.B. and her husband A.B. about pending insurance policy applications that AMLIC received on February 15, 2024. C.B. stated that the whole situation was a "big mess," but that she and her husband want those policies.

16. Respondent submitted multiple policies for the same insureds: E.G., F.J., Y.R., J.G., as well as for C.B. The insured parties checked a box in each of their applications stating that they had not applied for life insurance within the past two years and that each policy they were applying for was not a replacement policy.

17. When AMLIC appointed Respondent to sell its policies, AMLIC entered into a Commission Advancing Agreement with Respondent whereby Respondent received nine months of his commission ahead of time for each policy he issued.

18. Under the Commission Advancing Agreement, if a customer canceled or lapsed the policy before AMLIC has earned back the premium that Respondent's commission was based on, AMLIC could chargeback the advance commission paid to Respondent.

19. Respondent agreed to repay any chargeback within five calendar days of demand by AMLIC.

20. On May 23, 2024, AMLIC told Respondent he had a chargeback balance of $23,622.98.

21. On June 9, 2025, AMLIC advised Respondent that his current chargeback balance was $15,588.69.

22. On September 10, 2025, staff of TDI (Staff) emailed Respondent inquiring about evidence of payment towards his AMLIC balance.

23. On November 5, 2025, Staff referred this matter to the State Office of Administrative Hearings (SOAH) for a hearing on the merits. Staff's referral included an Original Petition seeking restitution and revocation of Respondent's license for engaging in fraudulent or dishonest conduct and for misappropriating, converting to his own use, or illegally withholding money belonging to an insurer.

24. On November 12, 2025, Staff issued Respondent a Notice of Hearing.

25. The Notice of Hearing 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.

26. SOAH Administrative Law Judge (ALJ) Fansu Ku convened a hearing on the merits via Zoom videoconference on June 2, 2026. Staff attorney Nancy Williams appeared on behalf of TDI. Respondent appeared and represented himself.

27. The record closed on June 30, 2026, with the filing of the transcript and admitted exhibits.

VI. CONCLUSIONS OF LAW

1. The Commissioner of Insurance (Commissioner) has jurisdiction over this matter. Tex. Ins. Code §§ 31.021, 82.051-.055, 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(a).

3. Respondent received timely and sufficient notice of hearing. Tex. Gov't Code §§ 2001.051-.052.; Tex. Ins. Code § 4005.104(b).

4. The Commissioner may cancel or revoke a license if the license holder is found to be in violation of, or to have failed to comply with, the Code or a TDI rule. Tex. Ins. Code § 82.051.

5. The Commissioner may also direct the license holder to make complete restitution to each entity operating in Texas that is harmed by the license holder's violation of the Code. Tex. Ins. Code § 82.053(a).

6. Respondent misappropriated, converted to his own use, or illegally withheld money belonging to AMLIC when he failed to pay back $15,588.69 in unearned commissions, in violation of his advance commission agreement. This is a violation of Texas Insurance Code section 4005.101(b)(4)(A).

7. Respondent engaged in fraudulent or dishonest acts or practices when he engaged in an advance commission scheme. This is a violation of Texas Insurance Code section 4005.101(b)(5).

VII. RECOMMENDATION

The ALJ recommends that the Commissioner revoke Respondent's license and order restitution in the amount of $15,588.69 to American Memorial Life Insurance Company under Tex. Ins. Code § 82.053(a).

Signed August 20, 2026

ALJ Signature:

Fansu Ku

Fansu Ku
Presiding Administrative Law Judge