

No. **2026-9780**

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

**Date: 01/30/2026**

**Subject Considered:**

Texas Department of Insurance

v.

Michele Lynn Salazar

SOAH Docket No. 454-22-04323.C

**General Remarks and Official Action Taken:**

The subject of this order is Michele Lynn Salazar's application for a general lines property and casualty license with a property and casualty qualification. This order grants Ms. Salazar's 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 TDI grant Ms. Salazar's application. 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. Salazar did not file a reply to the exceptions.

In response to the exceptions, the administrative law judge did not recommend 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 are adopted and incorporated by reference into this order.

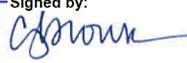
COMMISSIONER'S ORDER  
TDI v. Michele Lynn Salazar  
SOAH Docket No. 454-22-04323.C  
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**Conclusions of Law**

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

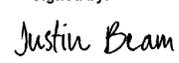
**Order**

It is ordered that Michele Lynn Salazar's application for a general lines property and casualty license with a property and casualty qualification is granted.

Signed by:  
  
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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**

—————  
**MICHELE LYNN SALAZAR,  
APPLICANT  
v.  
TEXAS DEPARTMENT OF INSURANCE,  
RESPONDENT**

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**BEFORE THE  
STATE OFFICE OF ADMINISTRATIVE  
HEARINGS**

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**MICHELE LYNN SALAZAR,  
APPLICANT**

**v.**

**TEXAS DEPARTMENT OF INSURANCE,  
RESPONDENT**

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**PROPOSAL FOR DECISION**

The staff (Staff) of the Texas Department of Insurance (Department) proposes to deny a 2021 application of Michele Lynn Salazar (Applicant) for a general lines license with a property and casualty qualification. Staff contends the license should be denied based on misconduct that occurred in 2015 when Applicant held a different license and based on Applicant's failure to show good cause why the Department's denial of a previous application should not be a bar to the issuance of a new license. The Administrative Law Judge (ALJ) finds that Staff established Applicant committed fraudulent or dishonest acts and willfully violated an insurance law of this state. However, after reviewing the evidence, the ALJ finds Applicant

established good cause to show that her prior license application denial should not be a bar to her present licensure. The ALJ, thus, recommends Applicant’s current license application be granted.

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

The Department referred this matter to the State Office of Administrative Hearings (SOAH) on June 27, 2022. SOAH ALJ Dee Marlo Chico set the hearing on the merits for September 27, 2022. However, on September 1, ALJ Chico convened a prehearing conference to discuss mediation and later cancelled the hearing on the merits and referred the case to mediation. The parties participated in mediation in February 2023, but they did not reach a resolution. In March 2023, the ALJ set the hearing on the merits on July 18, 2023.

A month later, the ALJ granted Applicant’s substitution of attorney. Applicant had retained Erin Gamez and Ernesto Gamez of Ernesto Gamez, Jr. Law Offices. Applicant then filed three unopposed motions for continuances to reset the hearings scheduled on July 18, 2023, in October 2023, and in January 2024, because her attorney—a State Representative for the 38th District—had to fulfill her legislative duties during special sessions called by the Texas governor.<sup>1</sup>

ALJ Chico convened a hearing on February 21, 2024. Attorney Stephanie Andrews appeared on behalf of Staff and Virginia Hermosa, an attorney with Ernesto Gamez, Jr. Law Offices, appeared on behalf of Applicant. The ALJ

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<sup>1</sup> See Orders Nos. 8, *Granting Motion for Continuance* (July 14, 2023); 9, *Granting Unopposed Motion for Continuance* (Oct. 17, 2023); 10, *Granting Motion for Continuance* (Jan. 12, 2024).

granted Applicant's fourth motion for continuance over Staff's objection and reset the hearing in June 2024.<sup>2</sup> After four more continuances, three by Applicant and one by Staff, the ALJ entered an order granting a final motion for continuance and set the hearing for May 22, 2025.<sup>3</sup>

ALJ Chico convened the hearing on the merits by videoconference on May 22, 2025. Ms. Andrews and attorney Jacob Harry represented Staff. Jodi Delgado, the Department's Director of Agent and Adjuster Licensing, appeared as the party representative. Ms. Hermosa represented Applicant, who also appeared. The hearing concluded that same day. The record closed on June 23, 2025, upon receipt of the transcript. Notice and jurisdiction were not disputed and are addressed in the Findings of Fact and Conclusions of Law without further discussion here.

## **II. APPLICANT'S LICENSURE HISTORY**

Applicant previously held an escrow officer license issued by the Department in 2007; it was canceled in October 2015 when Edwards Abstract and Title, LLC (Edwards Abstract), a title company, terminated her employment.<sup>4</sup> In 2015, escrow officer licenses were owned, or licensed, by the title agent who employed the escrow

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<sup>2</sup> Order No. 11, *Memorializing February 21 Hearing, Continuing Hearing, and Court Reporter Instructions* (Feb. 21, 2024) (explaining the circumstances surrounding Ms. Hermosa's appearance and exigent need for a continuance).

<sup>3</sup> Order No. 17, *Granting Final Motion for Continuance* (Feb. 7, 2025); see Orders Nos. 13, *Granting Motion for Continuance Without a Future Setting* (May 21, 2024); 15, *Granting Motion for Substitution of Counsel and Motion for Continuance* (Sept. 6, 2024); 16, *Granting Motion for Continuance and Requiring Clarification* (Nov. 13, 2024).

<sup>4</sup> Staff Ex. 3.

officer; thus, the license was terminated upon termination of the licensee's employment.<sup>5</sup>

In December 2015, Applicant applied for a general lines agent license with a property and casualty qualification, which the Department denied in February 2016.<sup>6</sup> The denial resulted in Applicant's bar from reapplying for five years, until 2021.<sup>7</sup> After the time bar expired, Applicant applied in April 2021 for a general lines property and casualty license, which the Department proposed to deny based on Applicant's 2015 actions at Edwards Abstract as a licensed escrow officer and for her failure to establish good cause.<sup>8</sup> Applicant timely requested a hearing before SOAH,<sup>9</sup> and this proceeding ensued.

### **III. APPLICABLE LAW**

The Department may deny an application for a general lines license if the Department determines that the applicant willfully violated an insurance law of this state or has engaged in fraudulent or dishonest acts or practices.<sup>10</sup>

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<sup>5</sup> Transcript (Tr.) at 58 (Delgado Dir.).

<sup>6</sup> Staff Ex. 4 at 24-26.

<sup>7</sup> Staff Ex. 4 at 25.

<sup>8</sup> Staff Ex. 5 at 62-64.

<sup>9</sup> Staff Ex. 5 at 59.

<sup>10</sup> Tex. Ins. Code § 4005.101(a), (b)(1), (b)(5); *see also* Tex. Ins. Code § 4005.102(1) (stating that for violations of the Texas Insurance Code and rules of the Commissioner of Insurance, the Department may, amongst other things, deny an application for an original license).

Applicant was previously licensed under chapter 2652 of the Texas Insurance Code, pursuant to which the Department regulates escrow officers. Under that chapter, the Department may deny a license or discipline an escrow officer if the Department determines the person has (1) willfully violated the Texas Title Insurance Act (Act),<sup>11</sup> (2) misappropriated or converted to the escrow officer's own use or illegally withheld money belonging to a title insurance agent, direct operation, or another person;<sup>12</sup> or (3) been guilty of fraudulent or dishonest practices.<sup>13</sup>

If an individual's license application has been denied, that individual may not apply for an agent license before the fifth anniversary of the effective date of the denial.<sup>14</sup> A license application filed after that required timeframe may be denied by the Commissioner of Insurance (Commissioner) if the applicant fails to show good cause why the denial should not be a bar to the issuance of a new license.<sup>15</sup> The applicant is then entitled to a hearing conducted by SOAH.<sup>16</sup>

Staff bears the burden of proving its asserted grounds for denying Applicant's license application, while Applicant has the burden of showing good cause why her

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<sup>11</sup> Tex. Ins. Code § 2652.201(a)(1). The Act is found in Title 11 of the Texas Insurance Code, chapters 2501 through 2751. Licensed escrow officers and title insurers are covered under the Act.

<sup>12</sup> Tex. Ins. Code § 2652.201(a)(4).

<sup>13</sup> Tex. Ins. Code § 2652.201(a)(5).

<sup>14</sup> Tex. Ins. Code § 4005.105(b)(1).

<sup>15</sup> Tex. Ins. Code § 4005.105(c).

<sup>16</sup> Tex. Ins. Code § 405.104(a).

prior revocation should not bar her application for another insurance license.<sup>17</sup> The standard of proof is by a preponderance of the evidence.<sup>18</sup>

#### **IV. EVIDENCE**

Staff had six exhibits admitted, and none of Applicant's exhibits were admitted.<sup>19</sup> Staff presented the testimony of Ms. Delgado and Applicant. Applicant testified on her own behalf and presented the testimony of Rafael Larrazalo, Ruben Gomez, and Arlette Ramirez.

##### **A. THE 2015 INVESTIGATION BY EDWARDS ABSTRACT<sup>20</sup>**

Edwards Abstract opened an investigation into Applicant's actions after she received a cash payment from a client on September 21, 2015. An escrow officer (the Officer) had asked Applicant to meet with one of her clients on that date to accept a payment while the Officer attended a funeral. The Officer had advised her client to submit a cashier's check instead of cash, but the client still brought \$7,883.15 in cash.

In her written statement dated September 28, 2015, Applicant admitted to accepting \$7,883.15 in cash from the client on September 21, accidentally losing \$2,500 that same day (but not being aware of the loss until the next day when she

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<sup>17</sup> See Tex. Ins. Code § 4005.105(c); 1 Tex. Admin. Code § 155.427.

<sup>18</sup> See *Granek v. Texas State Bd. of Med. Exam'rs*, 172 S.W.3d 761, 777 (Tex. App.—2005, no pet.).

<sup>19</sup> Staff Exhibits 1-6. Applicant initially designated seven exhibits. Applicant offered her Exhibits 3-6, but they were not admitted since they were already admitted in Staff's exhibits. Applicant did not offer her Exhibits 1, 2, and 7, because she had the authors of those documents present to testify.

<sup>20</sup> See Staff Ex. 5 at 47-51.

attempted to purchase a cashier's check), and taking a cashier's check in the amount of \$3,343.11 from another client's file in an attempt to cover up the lost money. Applicant took full responsibility for her actions, promised to pay the money back and to never do it again if given a second chance, and acknowledged what she did was wrong and "a horrible thing" done out of fear and panic.<sup>21</sup>

According to that investigator's report, on September 21, 2015, Applicant took the client's cash payment to the post office to get a money order in the amount of \$5,000 with the plan to deposit the remaining cash with that money order. However, the post office could only exchange \$2,500 of the cash into money orders per day. Applicant bought \$2,500 worth of money orders, then placed the remaining \$2,500 cash in an envelope and locked the envelope in her desk drawer that evening, intending to return to the post office the next day to buy another \$2,500 worth of money orders. But then the Officer told her the cash had to be converted into a cashier's check, so instead of purchasing more money orders, Applicant planned to have her sister use the client's cash to purchase a cashier's check because an escrow officer's name cannot be anywhere in the file. When Applicant met her sister at the bank on September 22, she realized that the envelope did not contain the \$2,500 cash. Neither she nor her sister could cover the missing money, and Applicant did not know what to do. Applicant admitted to stealing a cashier's check from another client's file and falsely claiming her sister-in-law had purchased it for the first client.

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<sup>21</sup> Staff Ex. 4 at 51.

The investigator's report highlighted three observations. First, Applicant admitted to lying when she said her sister-in-law obtained the cashier's check she had stolen from the other client, and when she claimed the bank had mistakenly written the date of September 1, 2015, on the cashier's check.<sup>22</sup> Second, Applicant told the investigator she only owed the \$2,500 cash she lost, but upon being informed that \$843.11 was still missing, Applicant said it was in her purse. Applicant paid back \$803.11 and said she would bring \$40 later that month. Third, Applicant informed the investigator that she asked a friend for a loan but later admitted it was not true since she had not yet asked her friend for the loan.

**B. TESTIMONY OF APPLICANT**

Applicant testified that she worked for Edwards Abstract from 2013 through 2015. Her recount of the September 2015 events is consistent with the investigation report insofar as she acknowledged: accepting the \$7,883.15 cash payment from a client; purchasing three money orders totalling \$2,500; intending to purchase the rest—another \$2,500—the following day; pivoting to purchase a cashier's check with her sister using the remaining \$2,500 when advised a cashier's check was needed; taking a \$3,343.11 cashier's check from another client's file; and falsely claiming her sister-in-law had purchased the cashier's check on Applicant's behalf.

At the hearing, Applicant admitted to depositing some of the \$2,500 cash she had claimed was missing into her bank account, though she could not remember the precise amount. She did not admit this to the Edwards Abstract investigator in 2015.

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<sup>22</sup> The cashier's check, which Applicant claimed her sister-in-law bought, was actually obtained by the client's wife's. TDI Ex. 4 at 50.

Applicant asserts that, at that time, she was experiencing financial problems and was supposed to get a loan from her sister-in-law to cover her debts. When questioned by Staff during the hearing, Applicant testified that she deposited \$1,200 to \$1,400 into her account; in her answer to Staff's petition, Applicant admitted to depositing \$1,400 to \$1,600 into her bank account;<sup>23</sup> when Staff asked her to clarify, Applicant said she believed she deposited \$1,400 to \$1,600; and, during Applicant's direct testimony, she said to the best of her recollection, she had deposited between \$1,200 to \$1,400 into her bank account. Applicant said when she deposited the client's cash into her bank account, she did not consider the consequences of her actions. She thought she would get a loan the next day and be able to replace the money she had deposited. When she realized she could not cover the money, she panicked.

Applicant maintains she was under duress and in a very dark place at that time. She received pressure to return the money or give her employer a cashier's check for the full amount. She was also going through a divorce. Her now ex-husband harassed her with threats that he was going to make her lose her job and with Facebook posts showing a woman in sexual positions that he falsely claimed was her. She was also raising her two children as a single mother. Thus, when she did not get the loan, Applicant used the cashier's check from another client's file to buy herself more time to come up with the money.

After handing over the stolen cashier's check, the money orders she had purchased, over \$2,800 in cash that was left from what the client had paid, and

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<sup>23</sup> Staff Ex. 2 at 15, ¶8.

relinquishing an additional \$843.11 in cash, Applicant believed she had repaid everything she owed. When asked about the remainder of the missing \$2,500 cash, Applicant said she did not believe there was any additional money still unaccounted for.

Applicant also clarified other details in her testimony at the hearing. She said she did not recall telling the Edwards Abstract investigator that the missing cash had been left in her desk; rather, she testified that the cash had been in a paperclip that had fallen at the post office. As for the \$843 the investigator told Applicant she still owed, Applicant could not recall whether she had volunteered to repay the money with cash from her purse before the investigator asked for it, and she could not recall why she was \$40 short. She said she told the investigator she had a loan coming since she had asked for one.

Applicant admitted converting a client's money to her own use when she deposited it into her account, conceding that the funds did not belong to her but to the client's escrow account. Yet, Applicant insisted she never intended to keep that money. In her mind, she was only borrowing the money—not stealing it—because she was going to replace it. She also did not intend to steal the \$3,343.11 cashier's check. While she never intended to defraud anyone, to steal, or to hurt or harm anyone, Applicant agreed that she is not, when acting in a fiduciary capacity, able to borrow funds she is entrusted to keep safe. She expressed regret and remorse for her actions, describing it as the worst decision of her life. She asserted that even if she just took one cent from a client, it was still bad. When she thinks about what she did,

Applicant said, “it eats [her] up every time” because that is not indicative of who she was then or is now.<sup>24</sup>

The consequences of Applicant’s actions were swift and significant, she testified. Edwards Abstract terminated her employment, which meant she lost her escrow officer license. She could not advance her career during her five-year bar with the Department. She also faced criminal charges (though was never convicted) and was on probation with the county until she made Edwards Abstract whole and paid her probation and community service fees.

Applicant also explained the actions she took to try to prove herself to the Department. She returned to school and obtained two associates degrees—in general studies and finance—and then earned a bachelor’s degree in finance. She maintained steady employment with two insurance companies and a mortgage company. Applicant rebuilt her reputation. Her employers and clients trust her despite her professional reputation taking a hit. With “everyone” knowing what happened, Applicant testified she does everything in her power to ensure she is doing everything correctly because she feels she is being judged harshly. This burden, she says, is with her all the time.

Finally, Applicant asserts that her actions were not a pattern of behavior that will be repeated. She never expects to be in such a desperate position again, but if she is, she would not convert a client’s funds. She has grown and her life has changed

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<sup>24</sup> Tr. at 175-76.

since 2015. There is no reason she would ever have a lapse in judgement like that again, and she is doing everything in her power to prove her trustworthiness. Applicant described herself as a very trustworthy, honest, and reliable individual with professional and personal integrity that is “at the top.” She acknowledged what she did was wrong and believes everyone deserves a second chance.

**C. TESTIMONY OF JODI DELGADO**

Ms. Delgado is the Department’s Director of Agent and Adjuster Licensing. Part of her job includes overseeing the teams that process and review licensing applications, including those for applicants with prior misconduct or issues. Ms. Delgado testified that the Department proposed to deny Applicant’s 2021 application for a general lines property and casualty license based on Applicant’s 2015 conduct—stealing money at two different times from two different accounts—when she held a Department-issued license (and *not* because of any criminal history), and for failing to meet the good cause standard. By intentionally choosing to take from two different clients by withholding, misappropriating, or converting the money that belong belonged to those clients, Ms. Delgado asserted, Applicant had demonstrated fraudulent and dishonest acts or practices.

Ms. Delgado explained that after the Department learned about the 2015 incident with Edwards Abstract, it could not account for all the money Applicant took from the two escrow accounts. First, she noted how Applicant did not admit to depositing client funds into her personal bank account in 2015 until 2021, when she

gave her answer to the Department's complaint.<sup>25</sup> Second, she highlighted the discrepancies in the amounts Applicant claimed she deposited in her bank account. Finally, Ms. Delgado opined that if Applicant deposited somewhere between \$1,200 and \$1,600 into her account, there would still be unaccounted-for funds from the \$2,500 cash she took from the client (or lost), but the Department has not figured out what happened to the rest of that money.

Regarding the unaccounted-for funds, Ms. Delgado summarized how Applicant accepted \$7,883.15 in cash, bought money orders in the amount of \$2,500, and lost \$2,500 in cash, which left \$2,883.15 in cash remaining.<sup>26</sup> Ms. Delgado believed the following occurred: The entire \$2,500 was missing. The \$3,343.11 cashier's check was meant to cover the \$2,500 that was lost. To make it all add up to \$7,883.15, Applicant took another \$843.11 in cash from the \$2,883.15.<sup>27</sup>

Ms. Delgado asserts that, at minimum, the Department expects every applicant, agent, and adjuster to be honest, trustworthy, and reliable. She does not find Applicant to be a trustworthy, honest, and reliable person because Applicant has shown that she cannot be trusted to hold funds or have access to people's information. There is, therefore, a great risk of consumer harm if Applicant holds a general lines license, in Ms. Delgado's opinion.

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<sup>25</sup> See Staff Ex. 5 at TDI 078.

<sup>26</sup> In other words,  $\$7,883.15 - \$5,000$  ( $\$2,500$  in money orders + the  $\$2,500$  cash Applicant lost) =  $\$2,883.15$  remaining cash that Applicant said she planned to deposit with the  $\$5,000$  in money orders she intended to purchase.

<sup>27</sup> To cover the client's  $\$7,883.15$  after  $\$2,500$  cash went missing, Applicant used the  $\$2,500$  money orders she actually purchased and the  $\$3,343.11$  cashier's check stolen from another client, plus  $\$2,040.04$  of the client's cash ( $\$2,883.15 - \$843.11$ ). The investigator later asked her to return the  $\$843.11$  that Applicant had withheld.

Good cause is determined on a case-by-case basis, Ms. Delgado explained.<sup>28</sup> In her opinion, Applicant needed to go above and beyond the normal expectations for a license applicant, and the information from Applicant's 2021 application and the evidence she presented at the hearing did not rise to the level of showing good cause to receive a license despite her prior misconduct. First, letters of reference are something every applicant is asked to provide, but none of Applicant's references went into detail about what happened in 2015. The Department is concerned the letter-writers may not understand the seriousness of what actually happened while Applicant was authorized to act with a license issued by the Department. Second, although Applicant's resume showed steady employment,<sup>29</sup> the Department expects as much from every applicant. Third, while Ms. Delgado commended Applicant for furthering her education and obtaining her degrees, she also asserted that Applicant's education does not stand out, implying it is typical of what is expected of all applicants. Fourth, while conceding that Applicant had not engaged in any more misconduct since the 2015 incident, Ms. Delgado asserted that behaving oneself is expected of every applicant and licensee. Fifth, an applicant who suddenly admits to their misconduct does not, without more, show good cause for receiving a license because an applicant is expected to be honest about the mistakes that they have made in their life. Finally, Applicant did not meet the baseline for every applicant—being

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<sup>28</sup> Tr. at 92.

<sup>29</sup> Ms. Delgado testified that Applicant's resume indicated she had performed duties that require an agent's license, and engaging in the unauthorized acts of insurance is an offense. However, it is not a violation alleged in Staff's complaint and therefore, allegations of unauthorized practice are not discussed in this Proposal for Decision.

honest, trustworthy, and reliable. Thus, Ms. Delgado recommends Applicant's application be denied.

**D. TESTIMONY OF RAFAEL LARRAZOLO**

Mr. Larrazolo is an Allstate agent in Brownsville and holds a property casualty and life and health license issued by the Department. Applicant has worked for Mr. Larrazolo for over seven years. Before she became his employee, Mr. Larrazolo knew Applicant professionally through her work at Rio Grande Valley Abstract Company, a title company, in the early 2000s (before 2015). At that time, Mr. Larrazolo worked with his father, who owned a land development company that interacted a lot with the title company. Before 2015, he found Applicant trustworthy, reliable, and honest. He had no issues with her.

Mr. Larrazolo was living in Houston when Applicant worked for Edwards Abstract. When he subsequently returned to Brownsville, Mr. Larrazolo reconnected with Applicant through his father and hired her in 2017 to work for his insurance agency. He started Applicant working in public relations since she is very well known in the Rio Grande Valley and in Brownsville and has connections with title companies, realtors, mortgage officers, and other professionals. Within the first two or three months, he saw potential in her and wanted her to be licensed so he could grow his business.

Applicant's general reputation in the community, as Mr. Larrazolo knows it, is positive. He has never heard anything bad about her—no issues, no complaints. He was aware the Department had denied Applicant a license and generally knew the

reason why. He knew Applicant had taken some money when she worked at a title company, but he did not know the amount taken; he also knew Applicant had taken a cashier's check from a different file to cover up her theft, but he did not know that Applicant took another \$843 cash as well. Despite this new knowledge, Mr. Larrazolo maintained confidence in Applicant because his experience has shown her to be trustworthy and very reliable. Applicant helps manage his office, handling monies, making deposits for him and his office, and managing payroll and human resources. These duties give her access to his and his employees' social security numbers, his bank accounts, and his personal and business credit cards. He has no concerns regarding Applicant's ability to handle money responsibly for him or his firm. She has, he claims, always done what she says she will do and keeps him in the loop.

**E. TESTIMONY OF RUBEN GOMEZ**

Mr. Gomez testified he works in the finance business and deals with a variety of loans (e.g., mortgage, personal, auto). More recently, he has worked for nine years in the automobile business. He currently works as the finance director at a dealership that sells pre-owned vehicles. He has known Applicant professionally for about 20 years. He initially met her when he worked as a mortgage officer at Wells Fargo Bank. He would send his title requests to her employer, Rio Grande Valley Abstract. In 2012-2013, Mr. Gomez testified, he purchased a home and had Applicant help him close his mortgage loan by taking care of his paperwork since he has always known her to "do good work." In his current capacity, Mr. Gomez also works with Applicant. He finances cars through the dealership, and anytime a customer requests assistance with insurance, he always sends his customers to Applicant's employer,

Allstate. Not only are Allstate's coverages inexpensive, but he also trusts Mr. Larrazolo and Applicant. He knows they will "do right" for his customers, protect them, and prove the best coverages for them.

Regarding the 2015 incident, Mr. Gomez said Applicant mentioned it to him "very briefly" and he understood her actions involved money taken from the title company. Although he did not know how much was taken, he thought it would be in the thousands since Applicant worked for a title company. He did not know the method by which the money was taken or that Applicant stole money from escrow accounts to cover up the initial theft that occurred. It surprised him that Applicant took money from a prior employer because that is not the Applicant he knows.

Mr. Gomez was aware that Applicant faced consequences for her actions, which included legal problems. He did not see anything prior to 2015 that would cause him concern about her integrity. Since the 2015 incident, he knows she has picked herself up after her divorce and done a lot of positive things for herself and her children such as returning to school, obtaining a college degree, and purchasing a new home. Mr. Gomez did not believe that the incident that occurred in 2015 is indicative of who Applicant is as a person then or now, as it is not the person he knows. Mr. Gomez described Applicant as someone he trusts, someone who gets the job done, and a very responsible person.

**F. TESTIMONY OF ARLETTE RAMIREZ**

Ms. Ramirez is a mortgage real estate loan officer who has worked in mortgage lending for 15 years. She has known Applicant for 10 years. She initially knew

Applicant as an escrow officer at Edwards Abstract at least a year before the 2015 incident.

Before that incident, Ms. Ramirez considered Applicant very professional and helpful. She described how Applicant would always stay behind to provide her or her clients service. Since the incident, Ms. Ramirez has continued to interact professionally with Applicant. When she closes her mortgage loans, she refers customers to different agents, including Allstate, because its agents are always available to answer questions. Applicant always has someone available after work hours or on weekends to provide quotes or answer questions. Ms. Ramirez is also personally aware of Applicant's professional development since the incident (specifically, her return to school for a bachelor's degree), and her personal growth.

As to the 2015 incident, Ms. Ramirez said she knew Applicant had taken some money and was terminated for her actions. Ms. Ramirez was very surprised to learn Applicant had taken money because it was not in her character and is not who she is. Ms. Ramirez has never personally observed anything—whether professionally or in another capacity—since the incident that would lead Ms. Ramirez to believe it would occur again.

As to her specific knowledge of the events, Ms. Ramirez did not know how the money was taken or how much money was taken. She assumed Applicant took money from escrow. During cross examination, Ms. Ramirez was surprised to learn that Applicant took “a couple thousand dollars” and that Applicant took money from a different escrow fund account to cover her initial theft. Yet, despite learning this new

information, Ms. Ramirez still finds Applicant trustworthy, reliable, and honest. Ms. Ramirez explained she trusts Applicant with her clients, who are the most important to her because they feed her kids, and she would not refer them to Applicant if she did not trust her. She described Applicant as someone she can rely on to assist her customers, even after business hours. Ms. Ramirez also considered Applicant to be honest, because she is always upfront with her customers. If she has a customer who cannot be helped, Applicant is honest with the customer and explains why what they need cannot be done.

**V. ANALYSIS**

Applicant's actions that led to the denial of her application were conducted under the auspices of her prior escrow officer license, which can be an indication that Applicant is not fit to be licensed now as a general lines agent. To determine if that is the case, the Department must first establish a basis for taking disciplinary action against Applicant by denying her application. Then, because the Department has previously denied Applicant's application for a general lines agent license, the burden shifts to Applicant to show why her previous actions should not serve as a bar to receiving a new license. In other words, did Applicant show good cause to approve her application despite the prior denial?

**A. FRAUDULENT OR DISHONEST PRACTICES AND WILLFUL VIOLATION**

The Department may deny the application for a general lines agent license with a property and casualty qualification if the Department determines Applicant

(1) has engaged in fraudulent or dishonest practices or (2) willfully violated an insurance law of this state. The ALJ finds Staff met its burden on both counts.

With respect to the 2015 incident while she worked for Edwards Abstract, Applicant admitted to falsely suggesting she lost money from the first account; to falsely claiming that the cashier's check from the second account had been obtained by her sister-in-law; and to falsely claiming the bank had written the wrong date on that cashier's check. Since neither statute nor Department rules define fraud, the ALJ applies the common law definition. Under common law, an element of fraud requires proof that a speaker, when making a representation, knew that the representation was false.<sup>30</sup> Here, we have that in the representations Applicant made about the money she took from the two escrow accounts. Her representations and actions were fraudulent or dishonest. Accordingly, the Department may deny her application under Texas Insurance Code section 4005.101(b)(5).

It is uncontested that Applicant converted escrow money for her own use when she misappropriated client funds, which constituted a violation of Texas Insurance Code section 2652.201(a)(4). Applicant admitted to depositing money from an escrow account into her bank account and taking money from another escrow account in an effort to cover up her actions. Taken in conjunction with Applicant's fraudulent and dishonest actions, which constitute a violation of Texas Insurance Code section 2652.201(a)(5), the ALJ finds Applicant willfully violated an insurance

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<sup>30</sup> *JPMorgan Chase Bank, N.A. v. Orca Assets G.P.*, 546 S.W.3d 648, 653 (Tex. 2018); see also *Fraud*, Black's Law Dictionary (12th ed. 2024) (providing two definitions, with one requiring a knowing misrepresentation and the other requiring a reckless misrepresentation).

law of this state, specifically in chapter 2652. The Department may, therefore, deny her application under Texas Insurance Code section 4005.101(b)(1).

**B. GOOD CAUSE**

While the Department has authority to deny the application, whether to do so is a discretionary determination. Here, because the Department denied a license application by Applicant in 2016, Applicant has the burden of showing good cause why her current application should not be denied, as well.<sup>31</sup>

**1. Staff's Position**

Staff argues that the circumstances of Applicant's misconduct show she is not entitled to a second chance. Staff also argued—without evidence—that the Legislature imposed a “good cause” requirement because it knew people would reapply and therefore would need a “huge, justifiable reason to let this person back in” after a previous license was denied or revoked.<sup>32</sup> Staff maintains the Legislature, in not defining “good cause” in the statute, left it to the Department to determine what good cause may be. The Department has not established any rules or guidelines but determines good cause on a case-by-case basis. In its closing and through its witness, Staff described “good cause” as:

- a higher standard for someone who has been revoked than is imposed on a new applicant;<sup>33</sup>

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<sup>31</sup> Tex. Ins. Code § 4005.105(c).

<sup>32</sup> Tr. at 198.

<sup>33</sup> Tr. at 72-73, 76-78.

- higher than the standard applied to someone with “just a criminal conviction” because the formerly licensed individual “had a chance at a license; and they messed it up”;<sup>34</sup>
- requiring more than the bare minimum, with the “bare minimum” being someone who is honest, trustworthy, and reliable;<sup>35</sup>
- requiring proof that the applicant “is not going to do it again”;<sup>36</sup>
- requiring more than what the “average licensed person is going to have to show;”<sup>37</sup> and
- requiring more than what is needed on “your entry level into the profession.”<sup>38</sup>

Considering those terms, including Applicant’s inability to account for the entire \$2,500 that was missing and her inability to admit to stealing—not borrowing—the money, Staff asserts Applicant did not show good cause; therefore, her application should be denied.

## 2. Applicant’s Position

Applicant disagrees, insisting good cause has been shown.

Applicant noted the range of responses from Staff’s witness regarding what constitutes “good cause,” which ranged from “it depends” to “on a case-by-case

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<sup>34</sup> Tr. at 212-13.

<sup>35</sup> Tr. at 199-200.

<sup>36</sup> Tr. at 200.

<sup>37</sup> Tr. at 200.

<sup>38</sup> Tr. at 209.

basis” to looking at trustworthiness, reliability, and honesty. Applicant also noted there are statutes and case law that address the licensure of individuals with actual or multiple convictions who, despite their crime, are allowed to apply for and eventually obtain a license. In those instances, Applicant argued, the Department has actual standards it must apply, such as the passage of time and what the applicant has done since the conviction. There is a disparity, Applicant asserts, in the standard applied by the Department to Applicant’s situation versus the standard it applies to an applicant with a criminal background, noting that a convicted criminal would face a lower standard to regain their license. Applicant thus inquired whether the Department’s application of the good cause standard was done in an arbitrary and capricious manner.

Yet, if the relevant standard focuses on Applicant’s ability to be trustworthy, reliable, and honest, Applicant argued she met those conditions. First, she admitted to her actions and made full restitution to Edwards Abstract. Second, she was not convicted for her actions. Third, in 2015, at the time her escrow officer license was revoked, Applicant did not have any education or other additional training. Most of the achievements she made for her personal growth were earned in the wake of 2015. Fourth, Applicant agrees with Staff that the consequences she faced were justified, but Applicant does not make light of those consequences. Referencing her professional relationships, Applicant said she lost the one thing that made her credible to people. Applicant described her embarrassment when people learned of her misconduct, and the heavy weight of her actions even when others did not know the details. Not only did Applicant remain in the community where her misconduct occurred, but she continued to work amongst the same people who knew what she

used to do and why she is no longer able to do it. These individuals, Applicant argued, have to make a personal assessment as to her trustworthiness, her honesty, and her reliability.

Thus, to look for good cause, Applicant argued, the Department must see if people in the field still ostracize an applicant and look for patterns of behavior and for things that people do in their community. Applicant asserts she is still someone people go to and rely on because they know her to be trustworthy, honest, and reliable.

### 3. ALJ's Analysis

The term “good cause” is not defined by the Legislature in statute or by the Department in its rules. While Staff insists the ALJ should rely solely on its interpretation of “good cause,” the Texas Supreme Court has noted that deference to an agency is tempered by several conditions:

First, it applies to formal opinions adopted after formal proceedings, not isolated comments during a hearing or opinions [in a court brief]. Second, the language at issue must be ambiguous; an agency’s opinion cannot change plain language. Third, the agency’s construction must be reasonable; alternative *unreasonable* constructions do not make a policy ambiguous.<sup>39</sup>

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<sup>39</sup> *R.R. Comm’n of Tex. v. Tex. Citizens for a Safe Future & Clean Water*, 336 S.W.3d 619, 625 (Tex. 2011) (quoting *Fiess v. State Farm Lloyds*, 202 S.W.3d 744, 747–48 (Tex. 2006)) (emphasis in orig.).

The ALJ may also look to the Code Construction Act<sup>40</sup> to provide guidance in construing a statute, and it provides that when the Legislature enacts a statute, it is presumed, amongst other things, that *a just and reasonable result is intended*.<sup>41</sup> Finally, case law directs that when a statute does not define a term, courts generally apply the term’s plain and ordinary meaning, consult generally accepted sources of common and legal definitions, and interpret the term within the context of the statute.<sup>42</sup>

It is true that the Legislature gave the Department the authority to enforce the Act, and the Department chose not to promulgate a rule defining “good cause.” Staff, however, did not present evidence that its interpretation of “good cause” was based on any formal opinions adopted after formal proceedings, such as a prior court order, or even decisions adopted by the Department. Also, the ALJ finds Staff’s application of the good cause standard—that it is higher than the standard applied to a new applicant or a criminal actor—unreasonable. First, good cause is not an element required for new applicants but only of applicants who have already been denied or revoked. Second, it defies logic that a person with a criminal history is held to a lower standard than a person with none but only misconduct that led to a prior license revocation or denial. Third, while the Legislature contemplated that the misconduct remains a potential basis for denying licensure into the future, it did not contemplate a denial on a permanent basis.

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<sup>40</sup> Tex. Gov’t Code. ch. 311.

<sup>41</sup> Tex. Gov’t Code § 311.021(3) (emphasis added).

<sup>42</sup> See *Tex. Health & Human Services Comm’n v. Estate of Burt*, 689 S.W.3d 274, 280–81 (Tex. 2024).

Turning to the plain and ordinary meaning of “good cause,” the term’s definition connotes something akin to a legitimate or substantial reason and not mere arbitrariness.<sup>43</sup> The ALJ agrees with Applicant that Staff’s explanation for its application of the good cause standard is arbitrary. The ALJ therefore looks at the reasons the parties presented to determine whether good cause exists.

While Staff expected all applicants to have steady employment, Applicant’s situation is unique in that she has been able to continue working in the community where her reputation was shattered and has rebuilt her reputation and earned increased responsibilities handling money and having access to people’s information. In fact, Applicant presented testimony from three individuals who knew Applicant before and after the 2015 incident, and they showed why the prior revocation should not be a bar to Applicant’s current application because of her trustworthiness, reliability, and honesty. They each attested to a general understanding of the nature and circumstances of Applicant’s misconduct (even if they were unaware of some details). So while Ms. Delgado voiced concerns that Applicant’s character witnesses “may not understand the seriousness of what actually happened,” the ALJ is satisfied that they understand and, compellingly, they trust her anyway.

The evidence also showed that Applicant has not been convicted of a crime and made restitution to her employer. She has reformed her life—through such

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<sup>43</sup> See *Good Cause*, Black’s Law Dictionary 822 (12th ed. 2024) (defining the phrase to mean “a legally sufficient reason”); *Good Cause*, Wex at [https://www.law.cornell.edu/wex/good\\_cause](https://www.law.cornell.edu/wex/good_cause) (last updated February 2022) (last visited 8/1/25) (“a legally sufficient reason for a ruling or other action”); *Good Cause*, Merriam-Webster at <https://www.merriam-webster.com/dictionary/cause#legalDictionary> (last visited July 23, 2025) (“a substantial reason put forth in good faith that is not unreasonable, arbitrary, or irrational and that is sufficient to create an excuse for an act under the law”).

activities as education—in the years after the 2016 denial of her previous general lines agent license application and has acted responsibly thereafter. Applicant expressed regret and remorse, showed a willingness to fully accept responsibility for her conduct, and demonstrated greater maturity and trustworthiness in subsequent activities. She accepted full responsibility for the prior misconduct found and the resulting disciplinary actions and consequences as a result of her actions.

It is undisputed, as the ALJ determined, that Applicant engaged in fraudulent or dishonest acts or practices and willfully violated an insurance law in this state. However, Applicant has shown that her circumstances have changed in a manner that confers confidence in her ability to be trustworthy, reliable, and honest as well as a competent license holder. The ALJ finds Applicant met her burden to show why the denial of her prior application for general lines agent license should not be a bar to the issuance of a new license. The ALJ thus recommends Applicant’s license application should be granted.

## **VI. FINDINGS OF FACT**

1. Texas Department of Insurance (Department) issued an escrow officer license to Michele Lynn Salazar (Applicant) in 2007. The license was canceled in October 2015 when Edwards Abstract and Title, LLC (Edwards Abstract) terminated her employment.
2. In December 2015, Applicant applied for a general lines agent license with a property and casualty qualification. In February 2016, the Department denied her application.
3. Applicant was barred from reapplying for licensure with the Department for five years after the denial of her application, until 2021.

4. After the time bar expired, Applicant applied in April 2021 for a general lines property and casualty license, which the Department proposed to deny based on Applicant's 2015 actions at Edwards Abstract as a licensed escrow officer.
5. On September 21, 2015, Applicant accepted \$7,883.15 in cash from a client.
6. From the \$7,883.15 cash, Applicant (1) bought money orders in the amount of \$2,500; (2) claimed she lost \$2,500 in cash; and had \$2,883.15 in cash left.
7. With the \$2,500 cash she claimed was lost, Applicant originally intended to buy an additional \$2,500 of money orders for the client but instead deposited \$1,200-\$1,600 into her personal bank account. She intended to quickly pay the money back with a personal loan she was seeking.
8. When the loan fell through, Applicant took a \$3,343.11 cashier's check from another client's file to cover the \$2,500 she took from the first client.
9. When Edwards Abstract investigated the missing funds, Applicant turned in \$2,500 in money orders, the \$3,343.11 cashier's check, and \$843.11 in cash.
10. Applicant told the investigator that she lost \$2,500 when she returned to the post office to buy additional money orders; her sister-in-law obtained the \$3,343.11 cashier's check; and the bank had mistakenly written the date of September 1, 2015 on the cashier's check.
11. Applicant eventually admitted to converting the client's money, which was meant for their escrow account, to her own use when she deposited it into her account.
12. At the time of the 2015 incident, Applicant was under duress and in a very dark place. She was going through a divorce. Her now ex-husband harassed her with threats that he was going to make her lose her job and with Facebook posts showing a woman in sexual positions he falsely claimed was her. Applicant was raising her two children as a single mother. And Edwards Abstract was pressuring her to return the money or give them a cashier's check for the full amount.
13. Applicant expressed regret and remorse for her actions, showed a willingness to fully accept responsibility for her conduct and the resulting consequences,

and demonstrated greater maturity and trustworthiness in subsequent activities.

14. The consequences Applicant faced because of her actions included termination from her employment, inability to find a job that would advance her career because she could not be licensed, and being placed on probation with the county until she paid restitution to Edwards Abstract and paid her probationary and community service fees.
15. Since the denial of her 2015 application, Applicant has reformed her life, rebuilt her reputation, and acted responsibly.
16. Applicant returned to school and obtained two associates degrees—in general studies and finance—and a bachelor’s degree in finance.
17. Applicant has continued to work in the community where her reputation was shattered and earned increased responsibilities handling money and having access to people’s information. Applicant has maintained steady employment through positions with two insurance companies and a mortgage company.
18. Applicant has not been convicted of a crime and has made restitution to Edwards Abstract.
19. Three individuals who knew Applicant professionally before and after the 2015 incident with Edwards Abstract, described how and why Applicant is trustworthy, reliable, and honest. They each attested to a general understanding of the nature and circumstances of Applicant’s misconduct (even if they were unaware of some details) and they trust her anyway.
20. Applicant timely requested a hearing before the State Office of Administrative Hearings (SOAH). The staff (Staff) of the Department referred the case to (SOAH).
21. On June 30, 2022, Staff mailed a notice of hearing and Original Petition to Applicant. On February 7, 2025, the ALJ issued Order No. 17 granting a final motion for continuance. Collectively, these documents 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.

22. SOAH Administrative Law Judge Dee Marlo Chico convened the hearing by videoconference on May 22, 2025. Attorneys Stephanie Andrews and Jacob Harry represented Staff. Jodi Delgado, Director of Agent and Adjuster Licensing, appeared as the party representative. Virginia Hermosa represented Applicant, who also appeared. The hearing concluded that same day. The record closed on June 23, 2025, upon receipt of the transcript.

## VII. CONCLUSIONS OF LAW

1. The Department has jurisdiction over this matter. Tex. Ins. Code §§ 4001.002, 4005.101-.102, 4051.051.
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. Applicant received timely and sufficient notice of hearing. Tex. Gov't Code §§ 2001.051-.052; Tex. Ins. Code § 4005.104(b).
4. Staff had the burden of proof to establish grounds for disciplinary action against Applicant. 1 Tex. Admin. Code § 155.427.
5. Applicant had the burden of showing good cause why the denial of her prior license application should not be a bar to the issuance of a new license. Tex. Ins. Code § 4005.105(c); 1 Tex. Admin. Code § 155.427.
6. The standard of proof is by a preponderance of the evidence. *Granek v. Texas State Bd. of Med. Exam'rs*, 172 S.W.3d 761, 777 (Tex. App.—Austin 2005, no pet.).
7. Applicant was guilty of or engaged in fraudulent or dishonest acts or practices. Tex. Ins. Code §§ 2652.201(a)(5), 4005.101(b)(5).

8. Applicant, as an escrow officer, misappropriated or converted to her own use or illegally withheld money belonging to a title insurance agent, direct operation, or another person. Tex. Ins. Code § 2652.201(a)(4).
9. By engaging in fraudulent or dishonest practices and misappropriating client funds, Applicant willfully violated an insurance law of this state. Tex. Ins. Code § 2652.201(a)(4), (a)(5).
10. The Department may deny Applicant's application for a license because she has willfully violated an insurance law in this state and has engaged in fraudulent or dishonest acts or practices. Tex. Ins. Code § 4005.101(b)(1), (b)(5).
11. The denial of Applicant's 2015 license application barred her from reapplying for an agent license before the fifth anniversary of the effective date of the denial. Tex. Ins. Code § 4005.105(b)(1).
12. Applicant showed good cause why the denial of her prior license application should not be a bar to the issuance of a new license. Tex. Ins. Code § 4005.105(c).
13. Applicant's current license application for a general lines license with a property and casualty qualification should be granted.

**Signed August 21, 2025**

ALJ Signature:



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Dee Marlo Chico

Presiding Administrative Law Judge

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STATE OFFICE OF  
ADMINISTRATIVE HEARINGS  
Amy Robles, CLERK**2026-9780****Exhibit B**

# State Office of Administrative Hearings

Kristofer S. Monson  
Chief Administrative Law Judge

September 24, 2025

Stephanie Andrew  
Attorney for the Texas Department of Insurance

VIA EFILE TEXAS

Virginia Hermosa  
Attorney for Respondent

VIA EFILE TEXAS

**RE: Docket Number 454-22-04323.C; TDI No. 28347;**  
***Texas Department of Insurance v. Michele Lynn Salazar***

Dear Parties:

The undersigned Administrative Law Judge (ALJ) issued a proposal for decision (PFD) in this matter. Afterwards, staff (Staff) for the Texas Department of Insurance filed exceptions. Respondent Michele Lynn Salazar did not file exceptions or a reply to Staff's exceptions.

The ALJ has reviewed Staff's exceptions. The exceptions raised by Staff were arguments that were fully considered by the ALJ and discussed in the PFD. The ALJ believes that the recommendation and rationale set out in the PFD accurately reflect the law. The ALJ has no changes to the PFD. It is ready for consideration.

ALJ Signature(s):



Dee Marlo Chico

Presiding Administrative Law Judge

CC: Service List