

No. **2021-6941**

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

**Date: 07/28/2021**

**Subject Considered:**

Texas Department of Insurance

v.

Jeffrey Deon Brown

SOAH Docket No. 454-20-4541.C

**General remarks and official action taken:**

The subject of this order is Jeffrey Deon Brown's adjuster all lines license. This order revokes Mr. Brown's license.

**Background**

After proper notice was given, the above styled case was heard by an administrative law judge for the State Office of Administrative Hearings. The administrative law judge made and filed a proposal for decision containing a recommendation that the Texas Department of Insurance (TDI) revoke revokes Mr. Brown's adjuster all lines license. A copy of the proposal for decision is attached as Exhibit A.

**Findings of Fact**

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

**Conclusions of Law**

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

COMMISSIONER'S ORDER  
TDI v. Jeffrey Deon Brown  
SOAH Docket No. 454-20-4541.C  
Page 2 of 2

**Order**

It is ordered that Jeffrey Deon Brown's adjuster all lines license is revoked.

Commissioner of Insurance

DocuSigned by:  
By: Doug Slape  
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Doug Slape  
Chief Deputy Commissioner  
Tex. Gov't Code § 601.002  
Commissioner's Order No. 2018-5528

Recommended and reviewed by:

DocuSigned by:  
Allison Eberhart  
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Allison Eberhart, Deputy General Counsel

DocuSigned by:  
Justin Beam  
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Justin Beam, Assistant General Counsel

**SOAH DOCKET NO. 454-20-4541.C**

**TEXAS DEPARTMENT OF  
INSURANCE,  
Petitioner**

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**BEFORE THE STATE OFFICE**

**v.**

**OF**

**JEFFREY DEON BROWN,  
Respondent**

**ADMINISTRATIVE HEARINGS**

**PROPOSAL FOR DECISION**

The staff (Staff) of the Texas Department of Insurance (Department) seeks to revoke Jeffrey Deon Brown’s license because Staff alleges that he engaged in fraudulent or dishonest acts or practices. After considering the evidence and the applicable law, the Administrative Law Judge (ALJ) recommends the Department revoke Mr. Brown’s license.

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

On November 12, 2020, ALJ Steven M. Rivas with the State Office of Administrative Hearings (SOAH) convened a hearing on the merits in this case via Zoom videoconference. Staff was represented by staff attorney Stephanie Daniels. Mr. Brown appeared and was represented by Ronald Wright, attorney.

The record initially closed on December 4, 2020, when the ALJ received a transcript of the hearing. On January 22, 2020, the ALJ reopened the record in order to have Staff resubmit an exhibit<sup>1</sup> containing an audio recording (flash drive) that the ALJ was unable to access. Due to further delays caused by technical- and weather-related issues, the record eventually closed on February 24, 2021. Notice and jurisdiction were not disputed and are set out in the Findings of Fact and Conclusions of Law below.

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<sup>1</sup> Staff Ex. 4.

## II. DISCUSSION

### A. Applicable Law

A person may not act as or represent that the person is an adjuster in this state unless the person holds a license issued by the Department.<sup>2</sup> The Department may discipline a license holder if the Department determines that the license holder has engaged in fraudulent or dishonest acts or practices.<sup>3</sup> Among other possible sanctions, the Department may revoke the license of a person who is found to have engaged in fraudulent or dishonest acts or practices.<sup>4</sup> Staff has the burden of showing by a preponderance of the evidence that Mr. Brown's license should be revoked based on his conduct.<sup>5</sup>

### B. Evidence

At the hearing, Staff offered four exhibits, which were admitted, and presented testimony of Doug Johnston, an investigator with Allstate Insurance, and Jodie Delgado, manager of administrative review for the Department. Mr. Brown testified on his own behalf.

#### 1. Background Facts

Mr. Brown holds adjuster all lines license number 1599840, originally issued by the Department on May 12, 2016.<sup>6</sup> In February 2018, Mr. Brown filed a claim under his homeowner's insurance policy with Travelers Insurance for hail damage to his residence located in Carrollton, Texas. The hail storm caused damage to the swimming pool, fence, and carport. In April 2018,

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<sup>2</sup> Tex. Ins. Code § 4101.051.

<sup>3</sup> Tex. Ins. Code § 4005.101(b)(5).

<sup>4</sup> Tex. Ins. Code § 4005.102(2)(A). Staff's Notice of Hearing also cited Texas Insurance Code §§ 82.051-.055 (additional sanctions available to the Department), but recommended revocation as the only appropriate sanction in this case.

<sup>5</sup> 1 Tex. Admin. Code § 155.427.

<sup>6</sup> Staff Ex. 2.

before this claim with Traveler's was resolved, Mr. Brown switched his homeowner's insurance policy to Allstate. In May 2018, Travelers paid Mr. Brown \$17,117.96 for this claim.

On June 6, 2018, another hail storm struck Mr. Brown's residence and, in July 2018, he filed another claim for damages with Allstate Insurance. Following an investigation, it was determined that Mr. Brown failed to disclose to Allstate the prior claim he made with Travelers. The claim with Allstate was ultimately denied. Staff alleges that Mr. Brown's failure to disclose the prior claim to Allstate constituted a fraudulent or dishonest act.

## **2. Staff's Case**

Doug Johnston testified that he is an investigator for Allstate's Special Investigations Unit. His job duties include verifying coverage and determining if a claimant has made any misrepresentations or has attempted to conceal any information pertaining to an Allstate claim. Mr. Johnston testified that he reviewed Allstate's intake form, known as a First Notice of Loss Snapshot that was made on July 19, 2018.<sup>7</sup> Mr. Johnston testified that based on his review of this form, Mr. Brown claimed the roof to his home was damaged from a hail storm that occurred on June 6, 2018. After the intake was completed, Allstate assigned claims adjuster Adrian Owens to work the claim, according to Mr. Johnston.

Mr. Johnston testified that on July 23, 2018, Mr. Owens contacted Mr. Brown regarding the Allstate claim. Mr. Johnston testified that based on the claim history notes, Mr. Brown stated there were no prior losses on the property.<sup>8</sup> Mr. Johnston testified that it is important to know if a property has sustained a prior loss, and in this case, Mr. Brown should have informed Mr. Owens about the claim he made to Travelers in February 2018. Mr. Johnston testified that he believes Mr. Brown attempted to conceal the prior insurance claim from Allstate's adjuster, Mr. Owens.

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<sup>7</sup> Staff Ex. 3 at 1,006.

<sup>8</sup> Staff Ex. 3 at 1,034.

Mr. Johnston then testified that an entry made within Allstate's claim history notes reflected that on July 24, 2018, Mr. Owens's supervisor, Mr. Seaman, informed Mr. Owens that Mr. Brown had made a prior claim with Travelers and confirmed that Travelers had paid \$17,117.96 to Mr. Brown in May 2018 for the prior claim.<sup>9</sup> Mr. Johnston testified that further notations in Allstate's claim history notes reflect that Mr. Owens contacted Mr. Brown to inquire about the Travelers claim and that Mr. Brown stated he withdrew that claim and did not cash the check.<sup>10</sup>

On July 25, 2018, Mr. Johnston took a recorded statement from Mr. Brown regarding the Allstate claim. On the recording, Mr. Brown stated that he filed a prior claim with Travelers in February 2018, but insisted that he withdrew that claim, stating it felt weird filing an insurance claim with Travelers—his employer. However, during the same recorded conversation, Mr. Brown admitted that he received the \$17,117.96 check from Travelers and that he used the funds to pay for pool-related repairs.

Jodie Delgado testified that she manages administrative review and education of licensed adjusters for the Department. Part of her current job duties involve evaluating possible misconduct or fraudulent or dishonest acts by licensees. Ms. Delgado testified that a having a license issued by the Department conveys to the public that the license holder has met the requirements for licensure, which indicates that the license holder is trustworthy, reliable, competent, and authorized to engage in the business of insurance. The Department monitors licensees, she said, to protect consumers, especially given the complex nature of some of the insurance products offered to consumers.

Ms. Delgado summarized Mr. Brown's fraudulent or dishonest acts by pointing out that a few months after he filed a claim with Travelers, he filed another claim with Allstate for essentially the same damage. Next, Ms. Delgado noted that on multiple times, Mr. Brown did not indicate to Allstate that there was a previous claim for which he received payment. Ms. Delgado further pointed out that Mr. Brown falsely stated that he withdrew the Travelers claim on at least two

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<sup>9</sup> Staff Ex. 3 at 1,032.

<sup>10</sup> Staff Ex. 3 at 1,032.

occasions, which was dishonest. After evaluating all the factors and information in this case, Ms. Delgado concluded that revocation of Mr. Brown's license was appropriate.

### **3. Mr. Brown's Case**

Mr. Brown testified that he currently works for Hartford Insurance as a claims adjuster and previously worked for Travelers Insurance. Mr. Brown admitted that he filed a claim with Travelers in February 2018, but contends the only issue he was concerned about was damage to his swimming pool caused by the hail storm. He testified he did not know if the roof had been damaged but acknowledged that an adjuster must have inspected the roof and various other parts of the property. Mr. Brown testified that when he received the settlement documentation from Travelers, he did not review it thoroughly and that he cashed the check and repaired his pool. He did recall having to contact the lienholder on his home (Wells Fargo) because the check was made out to Mr. Brown and Wells Fargo.

Mr. Brown vehemently denied the allegation that he failed to disclose the prior loss to Allstate. He stated that Allstate presumptively should have known the claims history of the property when they inspected the property at the time he obtained insurance through Allstate. He further asserted it would have been pointless to try to conceal the prior loss.

As for the recorded statement, Mr. Brown testified he was in an Uber in Las Vegas, Nevada, at the time Mr. Johnson contacted him. When asked to explain why he informed Mr. Johnston that he initially withdrew the Travelers claim, Mr. Brown attributed the statement to him being possibly intoxicated, exhausted, and distracted. After listening to the recording, Mr. Brown testified he was confused and alarmed that he made that statement. Regardless, Mr. Brown testified, he eventually admitted to Mr. Johnston that he received proceeds from Travelers for the claim.

### **C. Analysis**

The Department may discipline a license holder if the Department determines that the license holder has engaged in fraudulent or dishonest acts or practices.<sup>11</sup>

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<sup>11</sup> Tex. Ins. Code § 4005.101(b)(5).

Despite Mr. Brown's contention to the contrary, the evidence contains three instances where he misrepresented to Allstate the existence of a prior loss or insurance claim. The first instance was on July 23, 2018, when he did not inform Allstate's agent Mr. Owen about a prior loss on the property before signing up with Allstate. The next example is evinced by a notation in Allstate's claim notes, wherein Mr. Owens notes that Mr. Brown informed him that he withdrew the claim with Travelers and was never issued a check for the claim. The third instance was shown on the recorded statement where Mr. Brown initially told Mr. Johnston that he withdrew the Travelers claim. The ALJ does not find Mr. Brown's contention credible that he misspoke due to being intoxicated and exhausted given that he provided an explanation to Mr. Johnston that he felt weird filing a claim with Travelers because, at that time, Travelers was his employer.

The preponderance of the evidence establishes that Mr. Brown attempted to conceal a prior loss on his property to Allstate and that he attempted to avoid disclosing to Allstate that he recently received a \$17,117.96 check from Travelers. The foregoing demonstrates Mr. Brown engaged in fraudulent or dishonest acts or practices. Staff has therefore met its burden of proving that Mr. Brown engaged in fraudulent or dishonest acts or practices and is subject to disciplinary action pursuant to Texas Occupations Code § 4005.101(b)(5). In this case revocation is appropriate over any other sanction in light of the extent and number of times Mr. Brown provided dishonest information to Allstate. In support of this recommendation, the ALJ makes the following findings of fact and conclusions of law.

### **III. FINDINGS OF FACT**

1. Jeffrey Deon Brown holds adjuster all lines license number 1599840, originally issued by the Texas Department of Insurance (Department) on May 12, 2016.
2. In February 2018, Mr. Brown filed a claim under his homeowner's insurance policy with Travelers Insurance after a hail storm caused damage to his residence located in Carrollton, Texas. The hail storm caused damage to the swimming pool, fence, and carport.
3. In April 2018, before this claim with Travelers was resolved, Mr. Brown switched his homeowner's insurance policy to Allstate Insurance.
4. In May 2018, Travelers paid Mr. Brown \$17,117.96 for the February 2018 claim.



5. On June 6, 2018, another hail storm struck Mr. Brown's residence and he filed another claim for damages with Allstate Insurance.
6. Allstate's First Notice of Loss Snapshot dated July 19, 2018, indicated that Mr. Brown claimed damage to the roof to his home from the June 2018 hail storm.
7. Allstate assigned claims adjuster Adrian Owens to work the claim.
8. On July 23, 2018, Mr. Owens contacted Mr. Brown regarding the Allstate claim and Mr. Brown stated there were no prior losses on the property.
9. On July 24, 2018, Mr. Owens was informed by his supervisor, that Mr. Brown had made a prior claim with Travelers and confirmed that in May 2018, Travelers issued Mr. Brown a \$17,117.96 check for the claim.
10. Mr. Owens contacted Mr. Brown to inquire about the Travelers claim, and Mr. Brown stated he withdrew that claim and did not cash the check.
11. On July 25, 2018, Doug Johnston, an investigator with Allstate's Special Investigations Unit, took a recorded statement from Mr. Brown regarding the Allstate claim.
12. On the recording, Mr. Brown stated that he filed a prior claim with Travelers in February 2018, but insisted that he withdrew that claim.
13. During the same recorded conversation, Mr. Brown admitted that he received \$17,117.96 from Travelers and that he used the funds to pay for pool-related repairs.
14. On August 14, 2020, Department Staff issued a notice of hearing and a request to docket seeking to impose sanctions on Mr. Brown for violations of the Texas Insurance Code.
15. 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.
16. On November 12, 2020, Steven M. Rivas an Administrative Law Judge (ALJ) with the State Office of Administrative Hearings (SOAH), convened a hearing on the merits in this case via Zoom videoconference. Staff was represented by staff attorney Stephanie Daniels, and Mr. Brown was represented by attorney Ronald Wright.

17. The record in this matter initially closed on December 4, 2020, when the ALJ received a transcript of the hearing. On January 22, 2020, the ALJ reopened the record in order to have Staff resubmit an exhibit containing an audio recording (flash drive) that the ALJ was unable to access. Due to further delays caused by technical- and weather-related issues, the record closed on February 24, 2021.

#### IV. CONCLUSIONS OF LAW

1. The Department has jurisdiction over this matter. Tex. Ins. Code §§ 4001.101; 4005.101, 4051.051, 4054.051.
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. Mr. Brown received timely and sufficient notice of hearing. Tex. Gov't Code §§ 2001.051-.052.; Tex. Ins. Code § 4005.104(b).
4. The Department may revoke a license if the Department determines that the license holder has engaged in fraudulent or dishonest acts or practices. Tex. Ins. Code § 4005.101(b)(5).
5. By failing to disclose a prior loss to Allstate, falsely stating to Allstate that the prior claim with Travelers had been withdrawn, and failing to disclose receipt of a \$17,117.96 settlement check from Travelers, Mr. Brown engaged in fraudulent or dishonest acts or practices. Tex. Ins. Code § 4005.101(b)(5).
6. The Department should revoke Mr. Brown's license.

**SIGNED April 22, 2021.**



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STEVEN M. RIVAS  
ADMINISTRATIVE LAW JUDGE  
STATE OFFICE OF ADMINISTRATIVE HEARINGS