

No. 2022-7552

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

Date: 10/11/2022

Subject Considered:

Michael Anthony Castellano


Cypress, Texas 77429

Default Order
SOAH Docket No. 454-22-09400
TDI Enforcement File No. 25344

General remarks and official action taken:

This is a default order taken against Michael Anthony Castellano (Respondent) because he misappropriated or converted money, engaged in fraudulent or dishonest acts or practices, engaged in the unauthorized business of insurance without a life settlement broker's license or life settlement provider's license, and failed to respond to an official inquiry from the Texas Department of Insurance. Respondent did not respond to a Notice of Hearing filed by the department. This order revokes Respondent's license.

The following findings of fact and conclusions of law are adopted:

Findings of Fact

Failure to Respond to Notice of Hearing

1. On September 7, 2022, the department filed a Notice of Hearing, attached as Exhibit A, and an Original Petition, attached as Exhibit B, with the State Office of Administrative Hearings.
2. The department's factual allegations set out in the attached Notice of Hearing and Original Petition are incorporated in this order as findings of fact.

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Commissioner's Order

Michael Anthony Castellano

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3. The department sent the Notice of Hearing and Original Petition to Respondent's last known address provided in writing to the department [REDACTED] Cypress, Texas 77429.
4. Respondent failed to file a written response to the Notice of Hearing within 20 days of the date the Notice of Hearing and Original Petition were mailed.

Conclusions of Law


1. The commissioner has jurisdiction under Texas law, including TEX. INS. CODE §§ 82.051-82.055, 4001.002, 4005.101-4005.105, and 4054.051, and TEX. GOV'T CODE §§ 2001.051-2001.178.
2. The commissioner has authority to dispose of this case informally under TEX. GOV'T CODE § 2001.056; TEX. INS. CODE § 82.055; and 28 TEX. ADMIN. CODE §§ 1.47, 1.88, and 1.89.
3. The department provided proper notice of the hearing under TEX. GOV'T CODE §§ 2001.051, 2001.052, and 2001.054, and 28 TEX. ADMIN. CODE §§ 1.28, 1.88, 1.89, and 19.906.
4. Based on Respondent's failure to file a written response to the Notice of Hearing, the department is entitled to disposition by default under 28 TEX. ADMIN. CODE §§ 1.88 and 1.89.
5. The department's factual and legal allegations set out in the attached Notice of Hearing and Original Petition are incorporated in this order and deemed admitted as true under 28 TEX. ADMIN. CODE § 1.89.

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Order

It is ordered that any licenses held by Michael Anthony Castellano are revoked. A copy of this order will be provided to law enforcement or other appropriate administrative agencies for further investigation as may be warranted.

DocuSigned by:

FC5D7EDDFFB4F8...

Cassie Brown
Commissioner of Insurance

Prepared and reviewed by:



Patrick Quigley, Staff Attorney
Enforcement

2022-7552

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Affidavit

STATE OF TEXAS §

§

COUNTY OF TRAVIS §

Before me, the undersigned authority, personally appeared David Moreno, who, being by me duly sworn, deposed as follows:

"My name is David Moreno and I am employed by the Texas Department of Insurance. I am of sound mind, capable of making this affidavit, and have personal knowledge of these facts which are true and correct.

I have reviewed TDI's records concerning Michael Anthony Castellano. I have confirmed that:

- a. The last mailing address provided to the department in writing by Michael Anthony Castellano is [REDACTED], Cypress, Texas 77429.
- b. The file maintained by Enforcement contains a Notice of Hearing and Original Petition dated September 7, 2022, which were filed with the State Office of Administrative Hearings.
- c. On September 7, 2022, the Notice of Hearing and Original Petition addressed to Michael Anthony Castellano were mailed certified, return receipt requested, to his last known address.

A copy of the certified mail log maintained by Enforcement is attached as Exhibit C."

DocuSigned by:
David Moreno
505C475FDAE74B7...

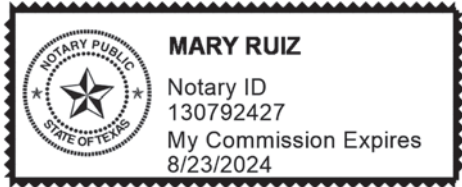
Affiant

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SWORN TO AND SUBSCRIBED before me by means of an interactive two-way audio and video communication on 9/29/2022. This notarial act was an online notarization.

Notary Seal



Digital Certificate



Notary Public State of Texas

FILED **2022-7552**
454-22-09400
9/7/2022 8:22 AM
STATE OFFICE OF
ADMINISTRATIVE HEARINGS
Crystal Rosas, CLERK

ACCEPTED
454-22-09400
9/7/2022 9:48:17 am
STATE OFFICE OF
ADMINISTRATIVE HEARINGS
Crystal Rosas, CLERK

SOAH DOCKET NO. 454-22-09400
TDI ENFORCEMENT FILE NO. 25344

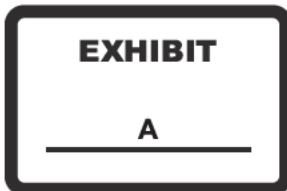
TEXAS DEPARTMENT OF INSURANCE,

Petitioner

v.

MICHAEL ANTHONY CASTELLANO,

Respondent



BEFORE THE STATE OFFICE

OF

ADMINISTRATIVE HEARINGS

NOTICE OF HEARING

The Texas Department of Insurance seeks to take disciplinary action against you. This Notice of Hearing and the Original Petition, which is attached and incorporated for all purposes, states the allegations against you and the relief sought by the Department.

A public hearing will be held before an Administrative Law Judge on **December 15, 2022, at 9:00 a.m.** The hearing will take place via videoconference using a videoconference platform controlled by the State Office of Administrative Hearings, unless otherwise ordered to proceed in another manner by the Administrative Law Judge.

The hearing shall be conducted under TEX. GOV'T CODE, ch. 2001 and 1 TEX. ADMIN. CODE, ch. 155. Unless otherwise directed by the Administrative Law Judge, the hearing shall continue from day to day in the offices of the State Office of Administrative Hearings until concluded. You have the right to appear at this hearing and to be represented by an attorney.

Parties that are not represented by an attorney may obtain information regarding contested case hearings on the public website of the State Office of Administrative Hearings at www.soah.texas.gov, or in printed format upon request to SOAH.

YOU MUST FILE A WRITTEN RESPONSE TO THE NOTICE OF HEARING WITH THE STATE OFFICE OF ADMINISTRATIVE HEARINGS WITHIN 20 DAYS OF THE DATE THE NOTICE OF HEARING WAS MAILED. FAILURE TO FILE A WRITTEN RESPONSE BY THIS DEADLINE SHALL ENTITLE TDI TO SEEK DISPOSITION BY DEFAULT UNDER 1 TEX. ADMIN. CODE § 155.501 AND 28 TEX. ADMIN. CODE §§ 1.88 AND 1.89.

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IF YOU FAIL TO FILE A WRITTEN RESPONSE, THE SCHEDULED HEARING CAN BE CANCELED AND WITHOUT FURTHER NOTICE TO YOU THE COMMISSIONER OF INSURANCE CAN ISSUE AN ORDER IN WHICH THE ALLEGATIONS IN THE NOTICE OF HEARING ARE DEEMED ADMITTED AS TRUE AND THE RELIEF SOUGHT IN THE NOTICE OF HEARING, INCLUDING REVOCATION OF YOUR LICENSE, ISSUANCE OF A CEASE AND DESIST ORDER, IMPOSITION OF ADMINISTRATIVE PENALTIES, AND/OR PAYMENT OF RESTITUTION, IS GRANTED BY DEFAULT.

IF YOU FILE A WRITTEN RESPONSE BUT THEN FAIL TO APPEAR ON THE DAY AND TIME SET FOR HEARING, WITHOUT FURTHER NOTICE TO YOU, THE COMMISSIONER OF INSURANCE CAN ISSUE AN ORDER IN WHICH THE ALLEGATIONS IN THE NOTICE OF HEARING ARE DEEMED ADMITTED AS TRUE AND THE RELIEF SOUGHT IN THE NOTICE OF HEARING, INCLUDING REVOCATION OF YOUR LICENSE, ISSUANCE OF A CEASE AND DESIST ORDER, IMPOSITION OF ADMINISTRATIVE PENALTIES, AND/OR PAYMENT OF RESTITUTION, IS GRANTED BY DEFAULT.

In accord with 28 TEX. ADMIN. CODE § 1.90(e) and 1 TEX. ADMIN. CODE §§ 155.101 and 155.103, you should send copies of your written response to:

- (1) *(by mail, fax, or electronically)*
Docketing Division
State Office of Administrative Hearings
300 West 15th Street, Room 504
P.O. Box 13025
Austin, Texas 78711-3025
(512) 322-2061 (Fax);
www.soah.texas.gov
- (2) *(by mail, fax, or email)*
Chief Clerk
Texas Department of Insurance
P.O. Box 12030, MC GC-CCO
Austin, Texas 78711-2030
(512) 490-1064 (Fax)
chiefclerk@tdi.texas.gov; and
- (3) *(by mail, fax, or email)*
Patrick Quigley, Staff Attorney

2022-7552

Notice of Hearing

Michael Anthony Castellano

SOAH Docket No. 454-22-09400

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Texas Department of Insurance
Enforcement, MC ENF
P.O. Box 12030
Austin, Texas 78711-2030
(512) 490-1020 (Fax)
Patrick.quigley@tdi.texas.gov

Receiving Documents Electronically and Filing Documents with SOAH

The State Office of Administrative Hearings (SOAH) offers you the ability to electronically receive orders and other documents issued by SOAH by email instead of by mail. If you want to receive SOAH-issued documents by email, follow the instructions on SOAH's website: www.soah.texas.gov.

A request to receive SOAH-issued documents by email does not change the procedures you must follow to file documents or exhibits with SOAH. Instructions on how to file documents and exhibits are on SOAH's website. SOAH's website also includes guidance for representing yourself.

Important Security Notice (for In-Person Hearings ONLY)

ALL VISITORS TO THE WILLIAM P. CLEMENTS BUILDING WITHOUT AN AGENCY OR DPS ISSUED ID CARD MUST PROVIDE THE BUILDING SECURITY OFFICER WITH THE STATE OFFICE OF ADMINISTRATIVE HEARINGS DOCKET NUMBER AND RECEIVE A VISITOR'S PASS IN ORDER TO BE ALLOWED ACCESS TO THE HEARING ROOM. INDIVIDUALS SHOULD ALLOW ADDITIONAL TIME TO GO THROUGH THE SECURITY PROCESS.

2022-7552

Notice of Hearing
Michael Anthony Castellano
SOAH Docket No. 454-22-09400
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If you have any questions, please contact me at the address or telephone number shown below.

Respectfully Submitted,

/s/ Patrick Quigley

Patrick Quigley, Staff Attorney
State Bar No. 16430320
Texas Department of Insurance
Enforcement, MC ENF
P.O. Box 12030
Austin, Texas 78711-2030
(512) 676-6335 (Direct)
(512) 490-1020 (Fax)
patrick.quigley@tdi.texas.gov

ATTORNEY FOR THE PETITIONER
TEXAS DEPARTMENT OF INSURANCE

Enclosure: Original Petition

cc: Leah Gillum, Deputy Commissioner, Fraud and Enforcement Division, MC ENF
Ginger Loeffler, Litigation Director, Enforcement, MC ENF
Administrative Review, MC CO-AAL

CERTIFICATE OF SERVICE

I, Patrick Quigley, certify that a true and correct copy of the *Notice of Hearing and the Original Petition* were sent by certified mail, return receipt requested, on September 7, 2022 to:

Michael Anthony Castellano
[REDACTED]
Cypress, TX 77429

Via CM/RRR No.: 9214 8901 9403 8388 7925 06

/s/ Patrick Quigley
Patrick Quigley

2022-7552

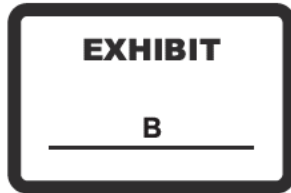
SOAH DOCKET No. 454-22-09400

FILED
454-22-09400
8/29/2022 11:18 AM
STATE OFFICE OF
ADMINISTRATIVE HEARINGS
Carol Hale, CLERK

SOAH DOCKET NO. 454-_____
TDI ENFORCEMENT FILE NO. 25344

TEXAS DEPARTMENT OF INSURANCE,

Petitioner



v.

MICHAEL ANTHONY CASTELLANO,

Respondent

BEFORE THE STATE OFFICE

OF

ADMINISTRATIVE HEARINGS

ACCEPTED
454-22-09400
8/29/2022 6:30:02 pm
STATE OFFICE OF
ADMINISTRATIVE HEARINGS
Carol Hale, CLERK

ORIGINAL PETITION

The Texas Department of Insurance seeks to take disciplinary action against Michael Anthony Castellano (Castellano). In support of this petition, the department makes the following allegations upon information and belief:

Jurisdiction

The Commissioner of Insurance has jurisdiction over this matter pursuant to TEX. INS. CODE §§ 82.051-82.055, Ch. 1111A, 4001.002, 4005.101, 4005.102, and 4054.051, and TEX. GOV'T CODE §§ 2001.051-2001.178.

Factual Allegations

Licensure and Background

1. Castellano was issued a general lines agent license with a life, accident, and health qualification by the department on August 24, 2001.
2. Castellano does not hold a life settlement broker license or life settlement provider license.
3. A life settlement contract is a written agreement between a life settlement provider and an owner of a life insurance policy establishing the terms under which compensation or anything of value less than the expected death benefit of the insurance policy will be paid. A life settlement provider is a person or company, other than a policy owner, who enters into or effectuates a life settlement contract

with a policy owner. A broker is a person who, on behalf of an owner for a fee, offers or attempts to negotiate a life settlement contract between an owner and a provider.

Fraudulent Life Settlement Acts, Fraudulent or Dishonest Acts or Practices

T.C. and C.C.

4. Castellano sold a life insurance policy to the mother-in-law of T.C. The beneficiary of the policy was C.C., T.C.'s wife. C.C.'s mother died, and C.C. received death benefit proceeds.
5. On or about March 29, 2019, Castellano approached T.C. about using some of the life insurance proceeds to buy two existing life insurance policies on the life of E.A. for \$68,000. Castellano represented that he would use the money to pay a year's premiums on each of the policies and give the rest of the money to E.A.
6. Castellano represented that E.A. had terminal cancer and was expected to die in less than two years. Castellano provided E.A.'s life expectancy and medical records to support the representation. T.C. paid Castellano \$50,000 on March 29, 2019, and \$18,000 on April 24, 2019, for the two policies.
7. T.C. did not receive the paperwork promised by Castellano showing T.C. and C.C. as owners or beneficiaries for the two insurance policies, and he did not receive proof of payment of the premiums. T.C. began to complain, but Castellano just made excuse after excuse. T.C. hired an investigator and discovered they were not owners or beneficiaries of the policies and demanded his money be returned. Castellano subsequently paid \$68,000 back to T.C.

M.D.

8. On or about January 17, 2019, and continuing through July 11, 2020, Castellano sold M.D. several life insurance policies based on representations the insured lives were expected to die in two years or less. M.D. paid Castellano and one owner, as directed by Castellano, the sum of \$133,000.
9. Castellano represented to M.D. that his initial lump sum payment would include premium payments on the two life policies insuring J.A. Castellano returned to M.D.

on or about November 14, 2019, however, and told M.D. he would have to pay premiums on the two policies on the life of J.A. Based on Castellano's representations, M.D. then paid \$644.51 per month for 23 months to Royal Neighbors of America Insurance Company for the monthly premiums for these two policies.

10. M.D. has no paperwork from any insurance company showing he is an owner or beneficiary of any life insurance policy. On or about August 24, 2021, M.D. learned from Royal Neighbors that he was neither the owner nor beneficiary of either policy. He stopped paying the premiums and filed a complaint about Castellano with the department.
11. On March 15, 2022, TDI served Castellano with an official inquiry for documents and responses pursuant to TEX. INS. CODE § 38.001. The documents and responses were due on March 30, 2020, but Castellano did not respond.

Legal Allegations

1. Castellano committed acts for which a license holder may be disciplined under TEX. INS. CODE § 4005.101, as contemplated by TEX. INS. CODE § 4005.102.
2. Castellano willfully violated an insurance law of this state, as contemplated by TEX. INS. CODE § 4005.101(b)(1).
3. Castellano has misappropriated, converted to the applicant's or license holder's own use, or illegally withheld money belonging to an insured, enrollee, or beneficiary, in violation of TEX. INS. CODE § 4005.101(b)(4).
4. Castellano engaged in fraudulent or dishonest acts or practices, in violation of TEX. INS. CODE § 4005.101(b)(5).
5. Castellano was engaging in the business of life settlements without a broker's license or a provider's license and committed fraudulent or dishonest acts or practices, in violation of TEX. INS. CODE § 1111A.004.
6. Castellano engaged in the unauthorized business of insurance because he did not have a life settlement broker's license or life settlement provider's license, in violation of TEX. INS. CODE §§101.051 and 101.102.

7. Castellano failed to respond to an official inquiry from the department, in violation of TEX. INS. CODE § 38.001.

Relief Sought

If one or more of the above allegations is found to be true, the department asks the Administrative Law Judge to enter a Proposal for Decision recommending that the Commissioner of Insurance issue an order:

1. revoking Castellano's general lines agent license; and
2. Imposing any other just and appropriate relief to which the department may be entitled to by law.

Respectfully Submitted,

/s/ Patrick Quigley

Patrick Quigley

State Bar No. 16430320

Texas Department of Insurance

Enforcement, MC ENF

P.O. Box 12030

Austin, Texas 78711-2030

(512) 676-6335 (Direct)

(512) 490-1020 (Fax)

Patrick.quigley@tdi.texas.gov

ATTORNEY FOR THE PETITIONER
TEXAS DEPARTMENT OF INSURANCE

2022-7552



Shipment Confirmation
Acceptance Notice

A. Mailer Action

Note to Mailer: The labels and volume associated to this form online, **must** match the labeled packages being presented to the USPS® employee with this form.

Shipment Date: 09/07/2022

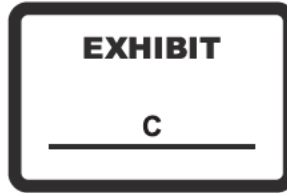
Shipped From:

Name: MC ENF M RUIZ

Address: 1601 CONGRESS AVENUE SUITE 6 900

City: AUSTIN

State: TX ZIP+4® 78711



Type of Mail	Volume
Priority Mail Express®	
Priority Mail®	0
First-Class Package Service®	
Returns	
International*	
Other	1
Total	1

*Start time for products with service guarantees will begin when mail arrives at the local Post Office™ and items receive individual processing and acceptance scans.

B. USPS Action

Note to RSS Clerk:

1. Home screen > Mailing/Shipping > More
2. Select Shipment Confirm
3. Scan or enter the barcode/label number from PS Form 5630
4. Confirm the volume count message by selecting Yes or No
5. Select Pay and End Visit to complete transaction

USPS EMPLOYEE: Please scan upon pickup or receipt of mail.
Leave form with customer or in customer's mail receptacle.

USPS SCAN AT ACCEPTANCE



9275 0901 1935 6200 0039 1132 75

QUIGLEY/25344



Name and Address of Sender

MC ENF M RUIZ
TEXAS DEPARTMENT OF INSURANCE
1601 CONGRESS AVENUE, SUITE 6.900
AUSTIN TX 78711

Check type of mail or service

- Adult Signature Required
Adult Signature Restricted Delivery
Certified Mail
Certified Mail Restricted Delivery
Collect on Delivery (COD)
Insured Mail
Priority Mail
Priority Mail Express
Registered Mail
Return Receipt for Merchandise
Signature Confirmation
Signature Confirmation Restricted Delivery

USPS Tracking/Article Number

1. 9214 8901 9403 8388 7925 06

QUIGLEY/25344

Addressee (Name, Street, City, State, & ZIP Code™)

MICHAEL ANTHONY CASTELLANO
CYPRESS, TX 77429

Affix Stamp Here

(for additional copies of this receipt).
Postmark with Date of Receipt.

2022-7552

Table with columns: Postage, (Extra Service) Fee, Handling Charge, Actual Value if Registered, Insured Value, Due Sender if COD, ASR Fee, ASRD Fee, RD Fee, RR Fee, SC Fee, SCD Fee, S Fee

Total Number of Pieces Listed by Sender: 1

Total Number of Pieces Received at Post Office: 1

Postmaster, Per (Name of receiving employee)