

No. **2023-7977**

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

Date: 05/19/2023

Subject Considered:

Texas Department of Insurance

v.

Thi Hong Duyen Nguyen

SOAH Docket No. 454-21-2475.C

General Remarks and Official Action Taken:

The subject of this order is the general lines agent license with property and casualty and life, accident, health, and HMO qualifications held by Thi Hong Duyen Nguyen. This order revokes Ms. Nguyen'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 Ms. Nguyen's license. A copy of the proposal for decision is attached as Exhibit A.

Ms. Nguyen filed exceptions to the administrative law judge's proposal for decision. TDI Enforcement filed a reply to the exceptions.

The administrative law judge recommended no changes to the proposal for decision in response to the exceptions or reply. A copy of the administrative law judge's response to exceptions is attached as Exhibit B.

The administrative law judge's proposed findings of fact and conclusions of law, with changes to the findings of fact as described in this order, are adopted by the commissioner.

Legal Authority for Changes to Proposal for Decision

The legal authority for the changes to the proposal for decision made in this order is Tex. Gov't Code § 2001.058(e)(3), which provides that "[a] state agency may change a finding of fact or conclusion of law made by the administrative law judge, or may vacate or modify an order issued by the administrative judge, only if the agency determines . . . that a technical error in a finding of fact should be changed."

Analysis

Errors in the Proposal for Decision

On page 1, the proposal for decision states:

On January 3, 2022, the ALJ reopened the record to have Staff submit proposed findings of fact and conclusions of law. On February 4, 2021, the record closed upon the filing of Staff's proposed findings of fact and conclusions of law.

The statement that the record closed on February 4, 2021, is an error because the hearing did not convene until September 2, 2021, and the certificate of service for TDI Enforcement Staff's Proposed Findings of Fact and Conclusions of Law shows that the proposed findings and conclusions were submitted on February 2, 2022.

On page 2, the proposal for decision contains the statement "On September 22, 2017, the Department issued general lines agent license, No. 1768889 to Ms. Nguyen," and footnote 8 references "Staff Ex. 18" as support. Staff Ex. 18 includes a document titled "Individual Information Inquiry," which provides information about Ms. Nguyen's licensure status. However, the exhibit refers to No. 176889 as Ms. Nguyen's individual ID, and it lists a different number as her license number. In addition, Factual Allegation No. 1 in the original petition states that No. 1768889 is Ms. Nguyen's individual identification number, and Specific Admission No. 1 in Ms. Nguyen's answer to the original petition agrees that No. 1768889 is Ms. Nguyen's individual identification number.

Also on page 2, the proposal for decision states that Farmers Insurance appointed Ms. Nguyen as an agent on August 14, 2017. However, the original petition states that Ms. Nguyen was appointed as an agent by Farmers Insurance on March 29, 2018, and Specific Admission No. 4 in Ms. Nguyen's answer to the original petition provides this same date. In addition, information in Staff Ex. 18 also reflects this appointment date.

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On page 4 of the proposal for decision, there is a typographical error, located in the second bullet in the list identifying post-bind changes that Ms. Nguyen made. The sentence includes the words "changed t," which appears to be a duplication of the words "changed t[he]."

On page 5, in the seventh bullet in the list identifying post-bind changes, the proposal for decision states that Farmers Insurance issued the policy ending in 5665 on January 8, 2019, and that Ms. Nguyen changed it on that same day. A footnote indicates the source for the information in the bullets is Staff Ex. 8. However, the date listed in Staff Ex. 8 for this policy is January 28, 2019.

On page 7 of the proposal for decision, there is a typographical error in the second paragraph. In addressing Ms. Nguyen's testimony about her work, the proposal for decision says "hat" instead of "that."

On page 10 of the proposal for decision, there is another typographical error. There is an extra dollar sign where the PFD states the financial impact to Farmers from the post-bind changes.

Technical Error in Proposed Finding of Fact No. 1

Finding of Fact No. 1 states that No. 1768889 is Ms. Nguyen's license number. But as previously addressed, No. 1768889 is Ms. Nguyen's individual identification number. As adopted by this order, proposed Finding of Fact No. 1 is corrected to say:

On September 22, 2017, the Texas Department of Insurance (Department) issued a general lines agent license to Thi Hong Duyen Nguyen, individual identification No. 1768889.

Technical Error in Proposed Finding of Fact No. 2

Finding of Fact No. 2 states that Farmers Insurance appointed Ms. Nguyen as an agent on August 14, 2017. But as previously addressed, Ms. Nguyen was appointed by Farmers Insurance as an agent on March 29, 2018. As adopted by this order, proposed Finding of Fact No. 2 is corrected to say:

On March 29, 2018, Farmers Insurance (Farmers) appointed Ms. Nguyen as an agent.

Technical Errors in Proposed Finding of Fact No. 26

Proposed Finding of Fact No. 26 states, in part, that "On February 4, 2021, the record closed upon the filing of Staff's proposed findings of fact and conclusions of law." As

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previously addressed, the date of February 4, 2021, is an error. As adopted by this order, proposed Finding of Fact No. 26 is corrected to say:

The record initially closed on November 19, 2021, after the parties filed written closing arguments. On January 3, 2022, the ALJ reopened the record to have Staff submit proposed findings of fact and conclusions of law. On February 4, 2022, the record closed upon the filing of Staff's proposed findings of fact and conclusions of law.

Findings of Fact

1. Findings of Fact Nos. 3–25 as contained in Exhibit A are adopted by the commissioner and incorporated by reference into this order.
2. In place of Finding of Fact No. 1 as contained in Exhibit A, the following finding of fact is adopted:

On September 22, 2017, the Texas Department of Insurance (Department) issued a general lines agent license to Thi Hong Duyen Nguyen, individual identification No. 1768889.

3. In place of Finding of Fact No. 2 as contained in Exhibit A, the following finding of fact is adopted:

On March 29, 2018, Farmers Insurance (Farmers) appointed Ms. Nguyen as an agent.

4. In place of Finding of Fact No. 26 as contained in Exhibit A, the following finding of fact is adopted:

The record initially closed on November 19, 2021, after the parties filed written closing arguments. On January 3, 2022, the ALJ reopened the record to have Staff submit proposed findings of fact and conclusions of law. On February 4, 2022, the record closed upon the filing of Staff's proposed findings of fact and conclusions of law.

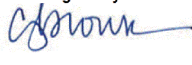
Conclusions of Law

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

COMMISSIONER'S ORDER
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Order

It is ordered that Thi Hong Duyen Nguyen's general lines agent license with property and casualty and life, accident, health, and HMO qualifications is revoked.

DocuSigned by:

FC5D7EDDFFB4F8... _____
Cassie Brown
Commissioner of Insurance

Recommended and reviewed by:

DocuSigned by:

5DAC5618BBC74D4... _____
Jessica Barta, General Counsel

DocuSigned by:

27ADF3DA5BAF4B7... _____
Justin Beam, Assistant General Counsel



SOAH DOCKET NO. 454-21-2475.C
TDI ENFORCEMENT CASE NO. 24372

TEXAS DEPARTMENT
OF INSURANCE,
Petitioner

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BEFORE THE STATE OFFICE

v.

OF

THI HONG DUYEN NGUYEN ,
Respondent

ADMINISTRATIVE HEARINGS

PROPOSAL FOR DECISION

The staff (Staff) of the Texas Department of Insurance (Department) seeks to revoke Thi Hong Duyen Nguyen’s license because Staff alleges that she 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 Ms. Nguyen’s license.

I. PROCEDURAL HISTORY, NOTICE, AND JURISDICTION

On September 2, 2021, ALJ Steven M. Rivas with the State Office of Administrative Hearings (SOAH) convened a hearing on the merits in this case via Zoom videoconference.¹ Staff was represented by staff attorney Amanda Cagle. Ms. Nguyen appeared and was represented by attorney Frank King. The record initially closed on November 19, 2021, after the parties filed written closing arguments.

On January 3, 2022, the ALJ reopened the record to have Staff submit proposed findings of fact and conclusions of law. On February 4, 2021, the record closed upon the filing of Staff’s proposed findings of fact and conclusions of law.² Notice and jurisdiction were not disputed and are set out in the Findings of Fact and Conclusions of Law below.

¹ This hearing was joined with 454-21-2474.C, Texas Department of Insurance (Department) v. Dang.

² 1 Tex. Admin. Code § 155.425(e).

II. DISCUSSION

A. Applicable Law

The Department may discipline a license holder if the Department determines that the license holder has engaged in fraudulent or dishonest acts or practices.³ 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.⁴ Staff has the burden of showing by a preponderance of the evidence that Ms. Nguyen's license should be revoked based on her conduct and Ms. Nguyen has the burden to prove her license should not be revoked despite her misconduct.⁵

B. Evidence

At the hearing, Staff offered 19 exhibits,⁶ which were admitted, and presented testimony of Glenn Hogue, an investigator with Farmers Insurance, and Lewis Wright, IV, administrative review liaison to the Department's Enforcement Division. Ms. Nguyen offered 6 exhibits,⁷ which were admitted, and testified on her own behalf.

1. Background Facts

On September 22, 2017, the Department issued general lines agent license, No. 1768889 to Ms. Nguyen.⁸ On August 14, 2017, Farmers Insurance (Farmers) appointed Ms. Nguyen as an agent. From July 2018 through May 2019, Ms. Nguyen worked at the Lihn Do Agency in Richardson, Texas, an agency appointed by Farmers Insurance. During that same time,

³ Tex. Ins. Code § 4005.101(b)(5).

⁴ Tex. Ins. Code § 4005.102(2)(A).

⁵ 1 Tex. Admin. Code § 155.427.

⁶ Staff offered 19 total exhibits in this case and 454-21-2474.C (Department v. Dang).

⁷ Dang Ex. A-F.

⁸ Staff Ex. 18.

Ms. Nguyen's job duties included processing and submitting applications for automobile insurance (applications) to the underwriters of Farmers Insurance.

On July 16, 2019, Farmers' Internal Audit Department received an Underwriting Referral based on an audit, which found that, between July 2018 and May 2019, agents at the Lihn Do Agency⁹ submitted 36 out of 61 (60%) applications to Farmers with erroneous information that was later corrected after the policy was issued.¹⁰

Farmers investigated the allegations and determined that Ms. Nguyen submitted 13 applications with false names, addresses, and social security numbers, which she subsequently corrected on the policy after Farmers issued the policy. A change of this type is known as a post-bind change. The investigation also found that these 13 policies contained false information about prior insurance coverage. The investigation further revealed that Ms. Nguyen attached fake college diplomas on two other applications that she submitted to Farmers. On January 6, 2020, Farmers terminated Ms. Nguyen's appointment. On July 2, 2020, the Department proposed to revoke Ms. Nguyen's license, which she timely appealed.

2. Post-Bind Changes and False Information on Policies

a. Staff's Case

Staff called Glenn Hogue, an investigator with Farmers since 2010 whose primary job duty is to investigate allegations of fraud. He testified that he is familiar with the facts of this case, and that Farmers assigned him as lead investigator of this case after the original investigator, Edward Jefferson, retired from Farmers. Mr. Hogue confirmed that the investigation into Ms. Nguyen's misconduct was based on an audit that reflected a high number of post-bind changes that were made to policies where Ms. Nguyen had submitted the initial application.

⁹ Lihn Do and the Lihn Do Agency voluntarily surrendered its insurance licenses on July 13, 2020. Staff Ex. 14.

¹⁰ Staff Ex. 6 at TDI 30.

Specifically, Mr. Hogue testified that a search of Ms. Nguyen's computer using her User ID showed that Ms. Nguyen submitted 13 applications to Farmers with false information then subsequently corrected the information on the policy after Farmers issued the policy. Mr. Hogue stated the post-bind changes that Ms. Nguyen made were to the customer's name, address, or social security number (SSN).

Mr. Hogue further testified that a computer search using Ms. Nguyen's User ID reflected that, on the same policies where Ms. Nguyen made post-bind changes, she also submitted false information about prior continuous coverage to Farmers on the applications for these policies. Specifically, Mr. Hogue testified, Ms. Nguyen credited the policies with several months of prior continuous coverage where the applicant (and eventual insured) had no record of any prior coverage with Farmers. The investigative findings of the post-bind changes and false prior continuous coverage are summarized below:¹¹

- On May 2, 2019, Farmers issued policy 3371.¹² On the same date, Ms. Nguyen changed the applicant's first name and removed the SSN. The application also reflected the applicant had 215 months of prior continuous coverage where the applicant had none.
- On April 25, 2019, Farmers issued policy 3251. On May 9, 2019, Ms. Nguyen changed t changed the applicant's first name and removed the SSN. The application also reflected the applicant had 83 months of prior continuous coverage where the applicant had none.
- On May 1, 2019, Farmers issued policy 4649. On May 2, 2019, Ms. Nguyen changed the applicant's first name, middle name, and SSN. The application also reflected the applicant had 123 months of prior continuous coverage where the applicant had none.
- On May 6, 2019, Farmers issued policy 3824. On May 7, 2019, Ms. Nguyen changed the applicant's first name, address, and removed the SSN. The application also reflected the applicant had 32 months of prior continuous coverage where the applicant had none.

¹¹ Staff Ex. 8.

¹² Only the last four digits of the policy are displayed.

- On April 11, 2019, Farmers issued policy 0919. On April 18, 2019, Ms. Nguyen changed the applicant's first name, and removed the SSN. The application also reflected the applicant had 149 months of prior continuous coverage where the applicant had none.
- On February 7, 2019, Farmers issued policy 3458. On February 12, 2019, Ms. Nguyen changed the applicant's first name. The application also reflected the applicant had 176 months prior continuous coverage, but the applicant had none.
- On January 8, 2019, Farmers issued policy 5665. On the same date, Ms. Nguyen changed the applicant's first name, middle name, and removed the SSN. The application also reflected the applicant had 69 months of prior continuous coverage where the applicant had none.
- On January 29, 2019, Farmers issued policy 7182. On January 31, 2019, Ms. Nguyen changed the applicant's first name. The application also reflected the applicant had 71 months prior continuous coverage, but the applicant had none.
- On January 15, 2019, Farmers issued policy 1991. On the same date, Ms. Nguyen changed the applicant's first name, and removed the SSN. The application also reflected the applicant had 89 months of prior continuous coverage where the applicant had none.
- On January 10, 2019, Farmers issued policy 7481. On January 11, 2019, Ms. Nguyen changed the applicant's first name, added a middle name, and removed the SSN. The application also reflected the applicant had 33 months of prior continuous coverage where the applicant had none.
- On January 4, 2019, Farmers issued policy 6988. On January 8, 2019, Ms. Nguyen changed the applicant's first name. The application also reflected the applicant had 168 months prior continuous coverage, but the applicant had none.
- On January 7, 2019, Farmers issued policy 3801. On the same date, Ms. Nguyen changed the applicant's first name, added a middle name, and removed the SSN. The application also reflected the applicant had 168 months of prior continuous coverage where the applicant had none.
- On December 18, 2018, Farmers issued policy 5064. On the same date, Ms. Nguyen changed the applicant's first name. The application also reflected the applicant had 73 months prior continuous coverage, but the applicant had none.

Mr. Hogue testified that in addition to the post-bind changes that were discovered, the investigation found that, following each post-bind change that Ms. Nguyen made, she also suppressed what is known as a “facesheet.” According to Mr. Hogue, a facesheet is a letter that Farmers mails to a customer whenever a change is made to a policy. However, in this case, the investigation determined that Ms. Da Nguyen suppressed the facesheets from being issued, which then prevented anyone from being informed about the changes that were made to the customer information on those policies.¹³

Mr. Hogue testified that the applications containing false data caused Farmers to issue the policies at a lower or preferred rate than if Ms. Nguyen had submitted the applications correctly. Mr. Hogue asserted that none of the applicants above would not have qualified for a standard Farmers policy, but instead would have qualified for a policy issued at a higher rate by Bristol West Insurance (a Farmers Company). Mr. Hogue calculated the financial impact to Farmers was \$12,845 in lost premiums because the policies were issued at Farmers’ preferred rate instead of being issued at a higher rate offered by Bristol West Insurance.¹⁴

Staff also called Lewis Weldon Wright, IV, administrative review liaison to the Department’s Enforcement Division who testified that he is familiar with the facts of this case. Mr. Wright testified that on January 10, 2020, Farmers notified the Department that it had terminated Ms. Nguyen’s appointment due to the allegations against Ms. Nguyen.¹⁵ He testified that Ms. Nguyen’s practice of making post-bind changes was “abnormal” in his experience, and that any change to a policy should be done carefully and should require official documentation and possibly an explanatory reason of why the initial information was not correct. He further testified that changing an applicant’s social security number on a policy would raise questions as to the initial solicitation of the risk to an insurance carrier.

Mr. Wright testified that the Department refers to the guidelines found in the Texas Insurance Code chapter 4005.101 on agent misconduct. He testified that a person who is licensed

¹³ Staff Ex. 8.

¹⁴ Staff Ex. 8.

¹⁵ Staff Ex. 10.

by the Department should convey confidence to the public that they will act in a trustworthy manner and that they will perform honest and reliable transactions that will protect the public as well as tangible and intangible assets. Based on his review of the evidence in this matter, he conformed that the Department seeks to revoke Ms. Nguyen's license.

b. Testimony of Ms. Nguyen

Ms. Nguyen testified that she currently works for Magnum Choice Agency, owned by Joseph Qiu, and performs customer service duties. She admitted that until June 2021, she worked for the Bao Viet Agency, an agency owned by Lihn Do and her husband. She testified that when she worked at the Lihn Do Agency, an assistant would provide her with an applicant's personal and prior coverage information and that based on the information provided to her, she would work up a quote and provide the quote to the customer usually by email. She testified that if the quote was acceptable to the customer, she would then submit the application to Farmers' underwriters and the policy would be forwarded to the customer by regular U.S. mail.

Ms. Nguyen testified that she would make a post-bind change to a policy only if the customer called the agency and requested the change. However, she could not remember whether she made any post-bind changes to the 13 policies in question. She further testified that she received no training from Farmers or the Lihn Do Agency on how to properly submit applications or how to make corrections to policies.

3. Fake College Diplomas

a. Staff's Case

Staff again called Mr. Hogue to testify about the allegation that Ms. Nguyen attached fake college diplomas to applications for Farmers insurance. Mr. Hogue testified that a computer search using Ms. Nguyen's User ID reflected that between July 2018 and May 2019, Ms. Nguyen attached college diplomas to two applications that she submitted for insurance. Mr. Hogue explained that Farmers offers a discount known as its Affinity rate to insureds who

have a college degree in engineering, for example. Mr. Hogue testified that each application contained a college diploma purportedly issued by the University of Texas at Dallas (UT Dallas) for a Bachelor of Science degree in Engineering with a graduation date of December 9, 2009.

Mr. Hogue testified the diplomas appeared false by their appearance on the basis that the customers' names on each diploma were in a different font from the rest of the diploma, the names were misaligned, the diplomas all bore the same printing marks, and the edges of a box were visible around some of the customer names. He also noted that a template of the diploma was discovered on a computer file at the Lihn Do Agency during the investigation that was named "Office Template Linh Do\Affivitive[*sic*]," which contained a diploma template that could be edited by typing an applicant's name on the template. Mr. Hogue finally concluded the diplomas were fake after he confirmed that UT Dallas does not offer a Bachelor of Science degree in Engineering.¹⁶

The investigative findings of the fake diplomas are summarized as follows:¹⁷

- Application for policy 7209¹⁸ contained a diploma purportedly issued by UT Dallas on December 9, 2009.
- Application for policy 5010 contained a diploma purportedly issued by UT Dallas on December 9, 2009.

Mr. Hogue testified that the applications submitted with fake diplomas caused Farmers to issue the policies at its Affinity rate, a lower rate than if Ms. Nguyen submitted the applications without a diploma showing the applicant graduated from UT Dallas with a Bachelor of Science degree in engineering. Mr. Hogue calculated the financial impact to Farmers was \$190 in lost premiums because the policies were issued at Farmers' Affinity rate.¹⁹

¹⁶ Staff Ex. 13. Affidavit from the University of Texas at Dallas stating it did not offer a Bachelor of Science Degree in Engineering.

¹⁷ Staff Ex. 11.

¹⁸ Only the last four digits of the policy are displayed.

¹⁹ Staff Ex. 11.

With respect to the allegation of fake diplomas, Mr. Wright again testified that the Department refers to the guidelines found in the Texas Insurance Code chapter 4005.101 on agent misconduct. He testified similarly that based on his review of the evidence Ms. Nguyen submitted applications with fake diplomas, and the Department seeks to revoke Ms. Nguyen's license.

b. Testimony of Ms. Nguyen

Ms. Nguyen identified each diploma at the hearing and initially admitted that she attached the diplomas to the two applications but contended the applications were given to her by an assistant within the Lihn Do Agency. Later, she asserted that she did not remember whether she attached the diplomas to the two applications. She further could not explain how the applications with fake diplomas were found during a computer search under her User ID.

C. Analysis

Pursuant to the Texas Insurance Code § 4005.101(b)(5), the Department may discipline a license holder if the Department determines that the license holder has engaged in fraudulent or dishonest acts or practices. In this case, the ALJ finds the preponderant evidence establishes that Ms. Nguyen engaged in fraudulent or dishonest acts or practices and that the Department should revoke her license.

Although Mr. Hogue did not perform initial investigation into Ms. Nguyen's actions, his testimony about the investigative findings was credible and uncontroverted. Mr. Hogue has been employed by Farmers for 12 years and his primary job duty is to investigate fraud. That being the case, it is unlikely that he would offer sworn testimony that is false or unreliable.

The evidence reflects that Ms. Nguyen made 13 post-bind changes to policies where she submitted the original application to Farmers. The changes in question were to the applicant's name, address, or Social Security Number. Mr. Hogue's undisputed testimony was that if Ms. Nguyen submitted the applications with the applicants' correct information, none of the

applicants would have been approved for automobile insurance with Farmers, and that issuing the policies in question resulted in a \$12,845 financial impact to Farmers.

Ms. Nguyen offered inconsistent testimony about the post-bind changes. She asserted that she did not deliberately input incorrect information on the applications, which resulted in the post-bind changes. Yet, she also testified that she did not remember whether she made any of the post-bind changes. She also testified she was not trained on how to process applications for insurance at Farmers.

Most notably, she testified that the post-bind changes were made because the customers requested the change. This does not make sense given that five of the 13 post-bind changes were performed on the same date the policy was issued meaning the customer would have had to receive the policy through U.S. mail, review it, and request Ms. Nguyen to change the information on the same date the policy was issued. Three of the post-bind changes were made the day after the policy was issued, and three other post-bind changes were less than four days after the policy was issued. Regardless, the fact that Ms. Nguyen suppressed the facesheets for each policy change undermines her credibility that any customer would have known to contact her about making a change to the policy even in instances where the post-bind change was made several days after the policy was issued.

The evidence further established that Ms. Nguyen attached fake college diplomas to two applications she submitted to Farmers, which resulted in Farmers issuing the policies at its Affinity rate. The diplomas were generally questionable in that they were all issued by UT Dallas for the same degree and had the same graduation date of December 9, 2009. They were also fake in their appearance because the applicant's name was misaligned and was printed in a different font than the rest of the diploma. Finally, it was determined that UT Dallas does not offer the degree for which each applicant purportedly received. Mr. Hogue's undisputed testimony was that if Ms. Nguyen submitted the applications without the fake college diplomas, the applicants would not have been approved for Farmers' Affinity rate discount and this resulted in a \$190 financial impact to Farmers. Although the financial impact is small, it does not justify her misconduct of attaching fake diplomas to applications.

Staff has met its burden of proving that Ms. Nguyen 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 based on the total number of times Ms. Nguyen made post-bind changes and attached fake diplomas to applications for insurance with Farmers. In support of this recommendation, the ALJ makes the following findings of fact and conclusions of law.

III. FINDINGS OF FACT

1. On September 22, 2017, the Texas Department of Insurance (Department) issued general lines agent license, No. 1768889 to Thi Hong Duyen Nguyen.
2. On August 14, 2017, Farmers Insurance (Farmers) appointed Ms. Nguyen as an agent.
3. From July 2018 through May 2019, Ms. Dang worked at the Lihn Do Agency in Richardson, Texas, an agency appointed by Farmers.
4. At the Lihn Do Agency, Ms. Nguyen's job duties included processing and submitting applications for automobile insurance (applications) to Farmers' underwriters.
5. On July 16, 2019, Farmers' Internal Audit Department received an Underwriting Referral based on an audit, which found that, between July 2018 and May 2019, agents at the Lihn Do Agency submitted 36 out of 61 (60%) applications to Farmers with erroneous information that was later corrected after the policy was issued.
6. Changing information on a policy such as an insured's names, address, or social security number after it is issued is known as a post-bind change.
7. Between December 2018, and May 2019, Ms. Nguyen submitted 13 applications for automobile insurance with false personal information, including, names, addresses, social security numbers, and false records of previous coverage with Farmers.
8. After the policies were bound, Ms. Nguyen changed the personal information on the application to match the personal information of the actual end-customer.
9. The 13 applicants would not have qualified for a standard policy with Farmers but would have instead been issued a policy by Bristol West Insurance (a Farmers company) at a higher rate.

10. Ms. Nguyen suppressed the generation of “facesheets” in Farmers’ system. A facesheet is a document that is automatically generated when a change is made to a policy and then mailed out to the customer to reflect what changes have been made to the policy.
11. By suppressing the facesheets, Ms. Nguyen ensured that no one was informed of the changes she made to the customer information for the policies.
12. Ms. Nguyen’s actions relating to the false information on the 13 applications caused Farmers to issue policies at a preferred or lower rate.
13. The financial impact to Farmers for issuing policies at a lower rate was \$12,845 in lost premiums.
14. Between July 2018 and May 2019, Ms. Nguyen attached fake college diplomas on two applications for automobile insurance that she submitted to Farmers.
15. The fake diplomas attached to the applications submitted by Ms. Nguyen were purportedly issued by the University of Texas at Dallas (UT Dallas), for the same degree, a Bachelor of Science in Engineering, and all reflected the same graduation date, December 9, 2009.
16. The customers’ names on each diploma were in a different font from the rest of the diploma, the names were misaligned, the diplomas all bore the same printing marks, and the edges of a box were visible around some of the customer names.
17. A template of the diploma purportedly from UT Dallas was found on a computer file at the Lihn Do Agency named “Office Template Linh Do\Affivitive[*sic*],” which contained a diploma template that could be edited by typing an applicant’s name on the template.
18. UT Dallas does not offer a Bachelor of Science degree in Engineering.
19. Ms. Nguyen’s actions relating to the fake diplomas that she attached to the two applications caused Farmers to issue policies at its Affinity rate, a lower rate.
20. The financial impact to Farmers for issuing policies at a lower rate was \$190 in lost premiums.
21. On January 6, 2020, Farmers terminated Ms. Nguyen’s appointment.

22. On July 2, 2020, the Department proposed to revoke Ms. Nguyen's license, which she timely appealed.
23. On June 1, 2021, Department Staff issued a notice of hearing and a request to docket seeking to impose sanctions on Ms. Nguyen for violations of the Texas Insurance Code.
24. 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 section 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.
25. On September 2, 2021, Administrative Law Judge (ALJ) Steven M. Rivas with the State Office of Administrative Hearings (SOAH) convened a hearing on the merits via Zoom videoconference. Staff was represented by staff attorney Amanda Cagle. Ms. Nguyen appeared and was represented by attorney Frank King.
26. The record initially closed on November 19, 2021, after the parties filed written closing arguments. On January 3, 2022, the ALJ reopened the record to have Staff submit proposed findings of fact and conclusions of law. On February 4, 2021, the record closed upon the filing of Staff's proposed findings of fact and conclusions of law.

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. Ms. Nguyen 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 submitting applications for automobile insurance to Farmers with false information, making post-bind changes to correct the information after the policy was issued, and suppressing facesheets for these policies, Ms. Nguyen engaged in engaged in fraudulent or dishonest acts or practices. Tex. Ins. Code § 4005.101(b)(5).

6. By submitting applications for automobile insurance to Farmers with fake college diplomas, Ms. Nguyen engaged in fraudulent or dishonest acts or practices. Tex. Ins. Code § 4005.101(b)(5)
7. The Department should revoke Ms. Nguyen's license. Tex. Ins. Code § 4005.101(b)(5).

SIGNED March 24, 2022.



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



Exhibit B

State Office of Administrative Hearings

Kristofer S. Monson
Chief Administrative Law Judge

May 12, 2022

Cassie Brown
Commissioner of Insurance
Texas Department of Insurance
333 Guadalupe, Tower 1, 13th Floor, Mail Code 113-2A
Austin, Texas 78714

VIA E-FILE TEXAS

RE: SOAH Docket No. 454-21-2475.C; Texas Department of Insurance v. Thi Hong Duyen Nguyen

Dear Commissioner Brown:

On March 24, 2022, the undersigned Administrative Law Judge (ALJ) issued a Proposal for Decision (PFD) in this case. On April 8, 2022, Respondent Thi Hong Duyen Nguyen filed exceptions to the PFD. On April 22, 2022, Staff for Texas Department of Insurance filed a reply to Respondent's exceptions.

Having considered Respondent's exceptions and Staff's reply, the ALJ finds the PFD should not be amended. Therefore, the ALJ recommends that the PFD be adopted as written. Because the State Office of Administrative Hearings has concluded its involvement in the matter, the case is being remanded to the Texas Department of Insurance pursuant to Texas Government Code § 2003.051(a).

Sincerely,

A handwritten signature in black ink, appearing to read "S. Rivas", is written over a horizontal line.

Steven M. Rivas
Administrative Law Judge

SR/np

cc: Amanda Cagle, Staff Attorney, Texas Department of Insurance, 333 Guadalupe, Tower 1, 13th Floor, Austin, Texas 78701 - **VIA E-FILE TEXAS**
Chief Clerk, Texas Department of Insurance, 333 Guadalupe, Tower I, Suite 1300D, Austin, Texas 78701 - **VIA E-FILE TEXAS**
Frank King, Bertolino, LLP, 3101 Bee Caves Road, Suite 270, Austin, TX 78756 - **VIA E-FILE TEXAS**