

No. **2021-6974**

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

**Date: 08/30/2021**

**Subject Considered:**

Texas Department of Insurance  
v.  
Elizabeth Carolina Perez and Elizabeth C. Perez Insurance Agency, Inc.

SOAH Docket No. 454-20-2384.C

**General remarks and official action taken:**

The subject of this order is consideration of whether disciplinary action should be taken against Elizabeth Carolina Perez and whether administrative penalties or a cease and desist order should be issued against Elizabeth C. Perez Insurance Agency, Inc. (Respondents).

This order revokes Ms. Perez's general lines agent license with life, accident, and health and property and casualty qualifications. This order does not impose any administrative penalties or issue a cease and desist order against Elizabeth C. Perez Insurance Agency, Inc.

**Background**

After proper notice was given, the above styled case was heard by an administrative law judge (ALJ) for the State Office of Administrative Hearings. The ALJ made and filed a proposal for decision containing a recommendation that the Texas Department of Insurance (TDI) not revoke Ms. Perez's license, impose any administrative penalties, or issue a cease and desist order against Elizabeth C. Perez Insurance Agency, Inc. A copy of the proposal for decision is attached as Exhibit A. TDI Enforcement staff (Staff) filed exceptions to the proposal for decision, but the ALJ did not recommend any changes in response to it. A copy of the ALJ's response to exceptions is attached as Exhibit B. This order makes changes to the ALJ's proposal for decision, as described in the following analysis.

COMMISSIONER'S ORDER

TDI v. Elizabeth Carolina Perez and Elizabeth C. Perez Insurance Agency, Inc.

SOAH Docket No. 454-20-2384.C

Page 2 of 8

### **Legal Authority for Changes to Findings of Fact and Conclusions of Law**

The legal authority for the changes to the proposal for decision made in this order is TEX. GOV'T CODE § 2001.058(e)(1), which provides: "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 the administrative law judge did not properly apply or interpret applicable law, agency rules, written policies [of the agency], or prior administrative decisions...."

### **Analysis**

#### Texas Insurance Code § 4005.101(b)(5)

Staff allege that Ms. Perez engaged in fraudulent or dishonest acts or practices in violation of TEX. INS. CODE § 4005.101(b)(5). Staff's allegation is based, in part, on the fact that Ms. Perez applied for life insurance policies on Sandra and Alberico Britos' children and claimed to be the children's "parent" in various application documents. While Ms. Perez is the godmother to one of the children, it is undisputed that she is not the Brito children's parent. Nevertheless, the ALJ found that Ms. Perez honestly believed she was the children's coparent<sup>1</sup> and that her status as a coparent was the equivalent of a parent for life-insurance application purposes.<sup>2</sup> Accordingly, the ALJ concluded that Staff failed to meet its burden of establishing that Ms. Perez acted fraudulently or dishonestly in claiming to be the Brito children's parent on the life insurance application documents.

As the ALJ correctly recognizes, the primary issue in determining whether Ms. Perez acted fraudulently or dishonestly centers on her state of mind at the time she listed herself as the Brito children's parent. A fraudulent act may be committed by someone acting knowingly or recklessly; negligence is not sufficient. *See Meyer v. Tex. Dep't of Ins.*, No. 03–10–00642–CV, 2011 WL 5865240 (Tex. App.—Austin 2011, pet. denied)

---

<sup>1</sup> The term "coparent" has different connotations depending on the context in which it is used, but it does not appear to be a term officially recognized in Texas law, and Ms. Perez's status as a "coparent" carries no apparent legal significance.

<sup>2</sup> Proposal for Decision, pg. 20.

COMMISSIONER'S ORDER

TDI v. Elizabeth Carolina Perez and Elizabeth C. Perez Insurance Agency, Inc.

SOAH Docket No. 454-20-2384.C

Page 3 of 8

(mem. op.). A dishonest act is characterized by a lack of truth, honesty, or trustworthiness.<sup>3</sup> See *Zaal v. Tex. Dep't of Ins.*, No. 03–11–00512–CV, 2013 WL 5878912, at \*6 (Tex. App.—Austin 2013, no pet.) (mem. op.).

While the ALJ questions the credibility of the primary witnesses in this case, including Ms. Perez, he concluded that "Ms. Perez credibly testified to her belief that she was the [Brito] children's coparent and to her understanding from discussions with Farmers representatives that her coparent status was the equivalent of parent status for life-insurance application purposes."<sup>4</sup> There is ample reason to question Ms. Perez's credibility in this case,<sup>5</sup> but TDI acknowledges that an ALJ is generally in a better position to judge a witness's credibility. See *Yarborough v. State*, No. 14-00-00929-CR, 2001 WL 1386441, at \*4 (Tex. App.—Houston [14th Dist.] 2001, pet. ref'd) (not designated for publication) ("The trier of fact has the opportunity to observe the demeanor of the witnesses on the stand and is able to better judge their credibility."). Though that is not the end of our analysis in this case.

The ALJ accepted Ms. Perez's claim that she thought she could list herself as the children's parent on the life insurance applications because Farmers' representatives told her she could do so. What the ALJ fails to recognize, or at least discuss in his proposal for decision, is the fact that Ms. Perez not only listed herself as the Brito children's parent in the general application documents to establish an insurable interest in the children, but she also signed forms authorizing the release of medical records

---

<sup>3</sup> In some contexts, dishonesty does not require intent. See *Lynn v. Bd. of Law Examiners*, No. 03-97-00478-CV, 1999 WL 46683, at \*3 (Tex. App.—Austin 1999, no pet.) (not designated for publication) ("The Board is not required to prove 'intent' to justify a finding of dishonesty [under the Texas Disciplinary Rules of Professional Conduct]."); see also *Piland v. Tex. Bd. of Architectural Examiners*, 562 S.W.2d 26 (Tex. Civ. App.—Austin 1978, no writ); *Rinaldi v. CCX, Inc.*, 388 Fed. Appx. 290, 295 n.4 (4th Cir. 2010). As the term is used in Tex. Ins. Code § 4005.101(b)(5), however, TDI finds that a dishonest act is marked by deliberate or reckless deception – an honest mistake will not suffice.

<sup>4</sup> Proposal for Decision, pgs. 19-20.

<sup>5</sup> For example, Ms. Perez claims that she applied for the policies as a gift to the Brito children, but listed herself, her partner, and her actual son as the beneficiaries of the policies. During cross examination, when asked why she listed her family members as beneficiaries if the policies were intended as gifts to the Brito children, Ms. Perez curtly explained that she did so because it was "permissible." Transcript, pg. 201. Her explanation calls into question whether she truly intended the policies to be gifts to the Brito children.

COMMISSIONER'S ORDER

TDI v. Elizabeth Carolina Perez and Elizabeth C. Perez Insurance Agency, Inc.

SOAH Docket No. 454-20-2384.C

Page 4 of 8

and consenting to lab tests for one of the children,<sup>6</sup> falsely claiming authority to do so as their "parent."<sup>7</sup>

At the time she signed these forms, Ms. Perez had a biological child of her own and held a general lines agent license with a life, accident, and health qualification. Whatever her thoughts were regarding her ability to apply for life insurance for the Brito children, it is difficult to accept that as a parent and an agent authorized to sell life insurance,<sup>8</sup> Ms. Perez thought she could authorize the release of another child's medical records and consent to laboratory testing on that child based on the fact that she was the child's godparent and also believed to be the child's "coparent." Even accepting as true Ms. Perez's testimony that Farmers' representatives told her she could list herself as the parent on the applications, the medical records release and lab test forms were not simply just another part of the application – they were legal documents of monumental significance<sup>9</sup> that a parent and licensed agent would recognize or have reason to recognize as such.

Compounding the egregious nature of this act is the fact that Ms. Perez had ample opportunity to have one of the Brito children's actual parents sign the forms but chose instead to sign the documents herself claiming parental authority she knew or had reason to know she did not have.<sup>10</sup> Taken together, these facts and evidence clearly support a finding that Ms. Perez acted with knowledge as to the falsity of her representation, or at the very least acted recklessly in making such a representation. *See Johnson & Higgins of Tex., Inc. v. Kenneco Energy, Inc.*, 962 S.W.2d 507, 527 (Tex.

---

<sup>6</sup> Ms. Perez is the godmother of this child. Transcript, pg. 32. The record does not indicate that Ms. Perez signed similar forms for the other Brito child.

<sup>7</sup> TDI Exhibit 6, pgs. 90-93 (Ms. Perez signed the lab test consent form on a line labeled "Signatures of Proposed Insured, or Parent/Guardian.").

<sup>8</sup> Ms. Perez claims to not have had much experience in the sale of life insurance at the time in question. *See, e.g.*, Transcript pg. 180; Proposal for Decision, pg. 15. But the key point is that she was entrusted by the State of Texas to engage in such sales, which requires training/education and an examination. *See* 28 TAC ch. 19.

<sup>9</sup> *See* Health Insurance Portability and Accountability Act of 1996 (HIPAA), Pub. L. 104-191; HIPAA Privacy Rule, 45 C.F.R. Parts 160 and 164; Tex. Fam. Code Chs. 32 (Consent to Treatment of Child by Non-Parent or Child) and 151 (Rights and Duties in Parent-Child Relationship); Tex. Health & Safety Code Ch. 181 (Texas Medical Records Privacy Act).

<sup>10</sup> *See, e.g.*, Transcript, pg. 169.

COMMISSIONER'S ORDER

TDI v. Elizabeth Carolina Perez and Elizabeth C. Perez Insurance Agency, Inc.

SOAH Docket No. 454-20-2384.C

Page 5 of 8

1998) ("[A] representation is recklessly made if the speaker knows that he does not have sufficient information or basis to support it, or if he realizes that he does not know whether or not the statement is true.") (internal citations omitted).

As such, TDI finds there is substantial evidence in the record to support a conclusion that Ms. Perez acted fraudulently or dishonestly by signing the medical records release and lab test consent forms as the parent of one of the Brito children. By not addressing Ms. Perez's signatures on those forms specifically, the ALJ failed to consider highly relevant information in this case, rendering his analysis incomplete and resulting in a misapplication or misinterpretation of the law, agency rules, written policies, or prior administrative decisions.

On the question of whether disciplinary action should be taken against Ms. Perez, TDI considers it very important that its licensees be honest, trustworthy, and reliable. *See* 28 TEX. ADMIN. CODE § 1.502(c). TDI is also charged with protecting and ensuring the fair treatment of consumers. TEX. INS. CODE § 31.002(4). Ms. Perez's fraudulent or dishonest conduct, as described in this order, demonstrates that she is a risk to consumers and is not fit to hold a license.<sup>11</sup>

The following findings of fact and conclusions of law are changed accordingly:

The ALJ's proposed Finding of Fact No. 7 states:

On both life-insurance applications, Ms. Perez described herself as a "parent" of the Britos' children. Ms. Perez designated herself the primary beneficiary, and named her partner, Yaramy Trevino, and her son, Chris Perez, as contingent beneficiaries.

Based on the analysis above, Finding of Fact No. 7 is changed to state:

On both life-insurance applications, Ms. Perez described herself as a "parent" of the Britos' children. Ms. Perez also signed a medical records release form and a laboratory test consent form for one of the Britos' children as the child's parent or guardian. Ms. Perez designated herself the primary beneficiary, and named

---

<sup>11</sup> TDI acknowledges the significant impact revocation of a license has on an individual. However, under the Insurance Code, revocation is not necessarily permanent. An individual may apply for reinstatement after five years from the date of this order, as long as the individual can show good cause as to why the revocation should no longer be a bar to the issuance of a new license. TEX. INS. CODE § 4005.105.

COMMISSIONER'S ORDER

TDI v. Elizabeth Carolina Perez and Elizabeth C. Perez Insurance Agency, Inc.

SOAH Docket No. 454-20-2384.C

Page 6 of 8

her partner, Yaramy Trevino, and her son, Chris Perez, as contingent beneficiaries.

The ALJ's proposed Finding of Fact No. 9 states:

The preponderance of the evidence does not show that Ms. Perez represented that she was a parent to the Britos' children knowing that her relationship with the Britos' children did not support that description for purposes of the life-insurance applications on the Britos' children.

Based on the analysis above, Finding of Fact No. 9 is changed to state:

The preponderance of the evidence shows that, as part of the life-insurance application process, Ms. Perez signed a medical records release form and laboratory test consent form for one of the Britos' children as the child's parent or guardian either: (1) knowing that she was not the child's parent or guardian for purposes of those forms or; (2) without knowledge of the truth concerning whether her relationship with the child supported that description for purposes of those forms.

The ALJ's proposed Finding of Fact No. 10 states:

The preponderance of the evidence does not show that Ms. Perez represented that she was a parent to the Britos' children while acting recklessly without knowledge of the truth concerning whether her relationship with the Britos' children supported that description for purposes of the life-insurance applications on the Britos' children.

Based on the analysis above, Finding of Fact No. 10 is not adopted.

Based on the analysis above, new Conclusion of Law No. 5.1 is adopted:

Ms. Perez engaged in fraudulent or dishonest acts or practices. TEX. INS. CODE § 4005.101(b)(5).

The ALJ's proposed Conclusion of Law No. 6 states:

The Department should not revoke Ms. Perez's license, impose any administrative penalties, or issue a cease and desist order against the Agency.

## COMMISSIONER'S ORDER

TDI v. Elizabeth Carolina Perez and Elizabeth C. Perez Insurance Agency, Inc.

SOAH Docket No. 454-20-2384.C

Page 7 of 8

Based on the analysis above, Conclusion of Law No. 6 is changed to state:

The Department should revoke Ms. Perez's license. The Department should not impose any administrative penalties or issue a cease and desist order against the Agency.

### **Findings of Fact**

1. Findings of Fact Nos. 1 – 6, 8, and 11 – 14 as contained in Exhibit A are adopted by TDI and incorporated by reference into this order.

2. In place of Finding of Fact No. 7 as contained in Exhibit A, the following finding is adopted:

On both life-insurance applications, Ms. Perez described herself as a "parent" of the Britos' children. Ms. Perez also signed a medical records release form and a laboratory test consent form for one of the Britos' children as the child's parent or guardian. Ms. Perez designated herself the primary beneficiary, and named her partner, Yaramy Trevino, and her son, Chris Perez, as contingent beneficiaries.

3. In place of Finding of Fact No. 9 as contained in Exhibit A, the following finding is adopted:

The preponderance of the evidence shows that, as part of the life-insurance application process, Ms. Perez signed a medical records release form and laboratory test consent form for one of the Britos' children as the child's parent or guardian either: (1) knowing that she was not the child's parent or guardian for purposes of those forms or; (2) without knowledge of the truth concerning whether her actual relationship with the child supported that description for purposes of the forms.

4. Finding of Fact No. 10 is not adopted.

### **Conclusions of Law**

1. Conclusions of Law Nos. 1 – 5 as contained in Exhibit A are adopted by TDI and incorporated by reference into this order.

COMMISSIONER'S ORDER

TDI v. Elizabeth Carolina Perez and Elizabeth C. Perez Insurance Agency, Inc.

SOAH Docket No. 454-20-2384.C

Page 8 of 8

2. The following new Conclusion of Law No. 5.1 is adopted:

Ms. Perez engaged in fraudulent or dishonest acts or practices. TEX. INS. CODE § 4005.101(b)(5).

3. In place of Conclusion of Law No. 6 as contained in Exhibit A, the following conclusion is adopted:

The Department should revoke Ms. Perez's license. The Department should not impose any administrative penalties or issue a cease and desist order against the Agency.

**Order**

It is ordered that Elizabeth Carolina Perez's general lines agent license with life, accident, and health and property and casualty qualifications is revoked.

It is further ordered that no disciplinary action will be taken against Elizabeth C. Perez Insurance Agency, Inc.

Commissioner of Insurance

DocuSigned by:  
By: Doug Slape  
C77A87C8C21B435...  
Doug Slape  
Chief Deputy Commissioner  
Tex. Gov't Code § 601.002  
Commissioner's Order No. 2018-5528

Recommended and reviewed by:

DocuSigned by:  
James Person  
75578E954EFC48A...  
James Person, General Counsel

DocuSigned by:  
Justin Beam  
27ADF3DA5BAF4B7...  
Justin Beam, Assistant General Counsel





PFD TABLE OF CONTENTS

<b>I.</b>	<b>PROCEDURAL HISTORY, NOTICE, AND JURISDICTION</b>	<b>PAGE 1</b>
<b>II.</b>	<b>DISCUSSION</b>	<b>PAGE 2</b>
	A. <b>Background</b>	<b>PAGE 2</b>
	B. <b>Applicable Law</b>	<b>PAGE 3</b>
	C. <b>Evidence</b>	<b>PAGE 5</b>
	1. Ms. Brito’s Testimony	PAGE 6
	2. Yaramy Trevino’s Testimony	PAGE 9
	3. Farmers Employees’ Testimony	PAGE 12
	4. Ms. Perez’s Testimony	PAGE 13
	5. Christopher Perez’s Testimony	PAGE 17
	6. Beverly Parrish’s Testimony	PAGE 18
	7. Thanh Thi Nguyen’s Testimony	PAGE 18
	D. <b>Analysis</b>	<b>PAGE 19</b>
	1. Representation of Parental Status	PAGE 19
	2. Signature of Mr. Trevino	PAGE 21
	3. Improper Use of or Pay to Unlicensed Individuals	PAGE 22
	4. Acts by the Agency	PAGE 23
	5. Conclusion	PAGE 23
<b>III.</b>	<b>FINDINGS OF FACT</b>	<b>PAGE 24</b>
<b>IV.</b>	<b>CONCLUSIONS OF LAW</b>	<b>PAGE 25</b>

**SOAH DOCKET NO. 454-20-2384.C  
TDI NOS. 15440 & 23764**

<b>TEXAS DEPARTMENT OF INSURANCE, Petitioner</b>	§	<b>BEFORE THE STATE OFFICE</b>
	§	
	§	
	§	
v.	§	<b>OF</b>
	§	
<b>ELIZABETH CAROLINA PEREZ AND ELIZABETH C. PEREZ INSURANCE AGENCY, INC., Respondents</b>	§	<b>ADMINISTRATIVE HEARINGS</b>

**PROPOSAL FOR DECISION**

The staff (Staff) of the Texas Department of Insurance (Department) seeks to take disciplinary action against Respondents Elizabeth Carolina Perez (Ms. Perez) and Elizabeth C. Perez Insurance Agency, Inc. (Agency). Staff seeks revocation of Ms. Perez’s general lines agent license and an order that the Agency cease and desist from engaging in the unauthorized business of insurance. After considering the evidence and the applicable law, the Administrative Law Judge (ALJ) recommends that Staff’s requested relief be denied.

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

The hearing in this case was held by videoconference on September 28, 2020, before ALJ David DuBose with the State Office of Administrative Hearings in Austin, Texas. Staff was represented by staff attorneys Cassie Tigue and Stephanie Andrews. Ms. Perez and the Agency were represented by attorneys Kerry J. Bloodsaw and Kayleigh Smith. The hearing concluded that day, and the record closed on November 20, 2020, when Staff filed a reply brief. Notice and jurisdiction were not disputed and are set out in the Findings of Fact and Conclusions of Law below.

## II. DISCUSSION

### A. Background

Ms. Perez holds a general lines agent license with a life, accident, and health qualification, and a property and casualty qualification, originally issued by the Department on March 2, 2015.<sup>1</sup>

Ms. Perez became friends with Sandra Brito in college in 2006.<sup>2</sup> Ms. Perez was dating Yaramy Trevino, and Ms. Brito was dating Alberico Brito, whom she would later marry.<sup>3</sup> The couples spent a lot of time together over the years. In February or March of 2015, the Britos asked Ms. Perez and Mr. Trevino to be godparents of their daughter, and asked another couple to be godparents of their son.<sup>4</sup> The joint baptism occurred in May 2015.<sup>5</sup>

In March 2016, Ms. Perez applied for Farmers' New World Life Insurance (Farmers) policies on the Britos' children.<sup>6</sup> She listed herself as a "parent" of the Britos' children on both life-insurance applications.<sup>7</sup> Ms. Perez named herself the primary beneficiary, with Mr. Trevino and her son, Chris Perez, as contingent beneficiaries. There are apparent signatures for Ms. Perez as the proposed policy owner and Mr. Trevino as her spouse on the policies.<sup>8</sup> Ms. Perez contends that the Britos and Mr. Trevino were aware of and participated in the application process, while Mr. Trevino and Ms. Brito contend that they did not learn about the applications until months later.

The once-close relationship between Ms. Brito and Ms. Perez fractured, though the parties explain the estrangement very differently. Ms. Brito complained about Ms. Perez's actions

---

<sup>1</sup> Staff Ex. 3.

<sup>2</sup> Tr. at 26, 146.

<sup>3</sup> Tr. at 27.

<sup>4</sup> Tr. at 32.

<sup>5</sup> Tr. at 32.

<sup>6</sup> Staff Ex. 6 at TDI 107; Staff Ex. 7 at TDI 148.

<sup>7</sup> Staff Ex. 6 at TDI 107; Staff Ex. 7 at TDI 148. In one place, Ms. Perez designated herself as a "sibling" of the Britos' daughter, but conceded this was "obviously an error." Staff Ex. 6 at TDI 107; Tr. at 174.

<sup>8</sup> Staff Ex. 6 at TDI 110; Staff Ex. 7 at TDI 151.

regarding the life-insurance policy applications to several entities, including Farmers, the Harris County Sheriff's Office, and the Department. Farmers terminated Ms. Perez's appointment and agency agreement,<sup>9</sup> while the Sheriff's Office reported that the district attorney's office declined to file charges because there was no money loss or other offense.<sup>10</sup>

After investigation, Staff initiated this proceeding, alleging that Ms. Perez willfully violated insurance laws in the process of applying for and obtaining the insurance policies on the Britos' children. Staff alleged that she engaged in fraudulent or dishonest acts or practices, used an unlicensed person to do the business of insurance and paid them, and engaged in acts constituting the business of insurance without a license. Staff seeks revocation of Ms. Perez's license, assessment of an administrative penalty, and issuance of an order that the Agency cease and desist from engaging in the unauthorized business of insurance.

## **B. Applicable Law**

The Department may discipline a license holder if the Department determines that the license holder has willfully violated an insurance law of this state or has engaged in fraudulent or dishonest acts or practices.<sup>11</sup> Respondents contend that the common-law definition of fraud controls.<sup>12</sup> Staff contends that the Department "is not confined to the standards for common law fraud in either civil or criminal law" and may discipline an agent who "acts in a fraudulent or dishonest way, even if the agent did not intend to do so or intend for anyone to rely on those statements."<sup>13</sup> Staff notes that the Legislature amended a statute authorizing discipline for an agent who "knowingly deceived or defrauded a policyholder" by removing the word "knowingly" and by including "dishonest acts."<sup>14</sup>

---

<sup>9</sup> Tr. at 128.

<sup>10</sup> Staff Ex. 8 at TDI 166.

<sup>11</sup> Tex. Ins. Code § 4005.101(b)(1), (5).

<sup>12</sup> Respondents' Reply to Petitioner Texas Department of Insurance's Closing Arguments at 5.

<sup>13</sup> The Texas Department of Insurance's Response to Respondents' Reply to Petitioner Texas Department of Insurance's Closing Arguments, at 4.

<sup>14</sup> Citing Act of May 15, 2001, 77th Leg., R.S., ch. 703, §§ 1.05, 8.01, 2001 Tex. Gen. Laws 1348, 1355, 1400.

The words “fraudulent” and “dishonest” require a level of intent. In applying Texas Insurance Code § 4005.101(b), the Third Court of Appeals used the common-law fraud definition:

- (1) a material representation was made;
- (2) the representation was false;
- (3) scienter as to the falsity of the representation at the time it was made, which may be satisfied with proof either that the speaker
  - (a) had knowledge of the falsity, or
  - (b) acted recklessly without knowledge of the truth and as a positive assertion;
- (4) the speaker made the representation with the intent that the other party should act upon it;
- (5) the party acted in reliance on the representation; and
- (6) the party thereby suffered injury.<sup>15</sup>

In another case, the Third Court noted that the Department advocated for the ordinary definition of “dishonest conduct” as an act characterized by a lack of truth, honesty, or trustworthiness, and includes an act that is unfair or deceptive.<sup>16</sup> The concept that the term “dishonest” carries an intent requirement is supported by a Texas Supreme Court holding in the context of fidelity bonds that “[t]o constitute fraudulent and dishonest conduct, the employee must have some degree of intent to perform the wrongful action. . . . The intent need not be of the degree required for criminal conduct. . . . On the other hand mere negligence, carelessness or incompetence is insufficient.”<sup>17</sup>

---

<sup>15</sup> *Meyer v. Tex. Dep't of Ins.*, 03-10-00642-CV, 2011 WL 5865240, at \*3 (Tex. App.—Austin Nov. 23, 2011, pet. denied) (citing *Italian Cowboy Partners, Ltd. v. Prudential Ins. Co.*, 341 S.W.3d 323, 337 (Tex.2011)). For a fraudulent application, the court held that the Department need not show injury because the Texas Insurance Code is intended to prevent injury to the public. *Brown v. Texas Dep't of Ins.*, 34 S.W.3d 683, 689 (Tex. App.—Austin 2000, no pet.).

<sup>16</sup> *Zaal v. Texas Dep't of Ins.*, No. 03-11-00512-CV, 2013 WL 5878912, at \*2 (Tex. App.—Austin Oct. 29, 2013, no pet.) (citations omitted).

<sup>17</sup> *Great Am. Ins. Co. v. Langdeau*, 379 S.W.2d 62, 65 (Tex. 1964) (citations omitted).

A person, including an insurer, may not directly or indirectly do an act that constitutes the business of insurance except as authorized by statute.<sup>18</sup> Unless a person holds a license or certificate of authority issued by the Department, the person may not solicit or receive an application for insurance in this state, or aid in the transaction of the business of an insurer.<sup>19</sup> Similarly, a person must hold a general life, accident, and health license if the person acts as an agent who writes life, accident, and health insurance for an insurer.<sup>20</sup> An agent may not pay to any person directly or indirectly a commission or other valuable consideration for a service performed by that person as an agent unless the person holds a license to act as an agent.<sup>21</sup>

For violations of insurance laws or of the Department's rules, the Department may suspend, revoke, or deny renewal of a license; place on probation a person whose license has been suspended; assess an administrative penalty; reprimand a license holder; or require the license holder to qualify or re-qualify for a certificate to sell a product or product line.<sup>22</sup>

Staff has the burden of showing by a preponderance of the evidence that Ms. Perez's license should be revoked based on her conduct.<sup>23</sup>

### C. Evidence

At the hearing, the ALJ admitted Staff's eight exhibits and Respondents' seven exhibits.<sup>24</sup> Each side presented four witnesses.

---

<sup>18</sup> Tex. Ins. Code § 101.102.

<sup>19</sup> Tex. Ins. Code § 4001.101(a).

<sup>20</sup> Tex. Ins. Code § 4054.051(3).

<sup>21</sup> Tex. Ins. Code § 4005.053(a).

<sup>22</sup> Tex. Ins. Code § 4005.102; *see also id.* §§ 82.051-.055 (additional sanctions available to the Department).

<sup>23</sup> 1 Tex. Admin. Code § 155.427.

<sup>24</sup> Respondents' Exhibits A, B, and C (police reports), E and F (employment files of Perez's employees), and G (notice of harassment to Mr. Trevino's employer) were not admitted for the truth of the matters reported within them.

### 1. Ms. Brito's Testimony

Ms. Brito testified that she, her husband, Ms. Perez, and Mr. Trevino spent time together, having dinner and normal things that friends do.<sup>25</sup> Ms. Brito testified that, though she asked Ms. Perez and Mr. Trevino to be godparents of their daughter, the Britos did not request or expect that they be coparents or help to raise their children.<sup>26</sup> She said that, when Ms. Perez helped with her daughter, it was more as a babysitter.<sup>27</sup>

Ms. Perez also performed and offered professional services for the Britos. Ms. Perez prepared their tax returns for 2014 and 2015.<sup>28</sup> Ms. Brito testified that Ms. Perez asked if she wanted life insurance policies on the children in November 2015, and that Ms. Brito declined.<sup>29</sup> Ms. Brito testified that, in February 2016, the Britos visited Ms. Perez and were talking about her doing their 2015 taxes. Ms. Perez's demeanor changed suddenly when the Britos told her they had prepared their wills and that their son's godparents—friends for over 20 years—would take the children in the event the Britos died.<sup>30</sup>

Ms. Brito testified that Ms. Perez and Mr. Trevino had an on-again, off-again relationship.<sup>31</sup> In late 2015 or early 2016, the Britos and their children left during a lunch at Ms. Perez and Mr. Trevino's home because of an extended, loud argument between their hosts.<sup>32</sup> Ms. Brito testified that Ms. Perez and Mr. Trevino stopped communicating with them in

---

<sup>25</sup> Tr. at 30.

<sup>26</sup> Tr. at 32.

<sup>27</sup> Tr. at 33.

<sup>28</sup> Tr. at 28-29.

<sup>29</sup> Tr. at 29.

<sup>30</sup> Tr. at 51.

<sup>31</sup> Tr. at 31.

<sup>32</sup> Tr. at 31-32.

September 2016.<sup>33</sup> Mr. Trevino broke the silence on November 14, 2016, when he called Ms. Brito and told her that he and Ms. Perez had argued and that he had moved out.<sup>34</sup>

On November 29, 2016, Ms. Brito received a long email from Ms. Perez.<sup>35</sup> Ms. Perez wrote that Mr. Trevino's behavior had deteriorated to the point that she feared for the life and safety of herself and her son. She had filed for divorce<sup>36</sup> and gotten a protective order. She said that Mr. Trevino was stalking her and that she might have to defend herself with a firearm. Ms. Perez also gave directives in case she went on life support, asked Ms. Brito to care for Ms. Perez's son with the proceeds of a life insurance policy if she died, and described her burial plans. She wrote that she cut off communication with the Britos to protect them.

Ms. Brito testified that the email was strange and made her concerned for Mr. Trevino's safety.<sup>37</sup> Ms. Brito feared that the email was cover for future violence against Mr. Trevino.<sup>38</sup> Ms. Brito chose not to respond to Ms. Perez, but told Mr. Trevino about it.<sup>39</sup> She said that Mr. Trevino and Ms. Perez's relationship ended in December 2016.

Ms. Brito testified that, on April 30, 2017, Mr. Trevino called her and told her that, in the process of separating his Farmers insurance policies from Ms. Perez, he had learned about the life insurance policy on the Britos' son.<sup>40</sup> Ms. Brito said she was alarmed and called Farmers, but Farmers would not give her information because she was not a party to the policy.<sup>41</sup> She filed a complaint on May 1, 2017, with Farmers, and learned that Ms. Perez had also applied for a life insurance policy on her daughter, but that application was denied based on her daughter's weight.<sup>42</sup>

---

<sup>33</sup> Tr. at 34.

<sup>34</sup> Tr. at 35.

<sup>35</sup> Tr. at 35; Staff Ex. 8 at TDI 162-63.

<sup>36</sup> Ms. Perez contended that the parties had a non-ceremonial marriage, but Mr. Trevino did not consider them married.

<sup>37</sup> Tr. at 35-36.

<sup>38</sup> Tr.at 64, 66.

<sup>39</sup> Tr. at 36.

<sup>40</sup> Tr. at 37.

<sup>41</sup> Tr. at 38.

<sup>42</sup> Tr. at 38, 40.



In her complaint, Ms. Brito asserted that she never authorized the policy on her son, that she was not related to Ms. Perez, that she “was a former tax client of hers for 2014 and 2015 and that is the only way that she obtained personal information of my son,” and that she did not consent to the provision of a physical examination report on him.<sup>43</sup> Ms. Brito filed a complaint with the Department in February 2018. In a March 2018 email to the Department’s investigator, Ms. Brito asserted that Ms. Perez obtained a physical statement by either impersonating Ms. Brito on the phone or falsifying a consent form.<sup>44</sup> She told the Harris County Sheriff’s Office that Ms. Perez:

falsely signed my name and probably my husband’s name, used my social security number and all of my other private information to obtain a life insurance policy on my son to have her as the beneficiary. She obtained a physical statement from the pediatrician where my children go to in order [to] process the life insurance policy.”<sup>45</sup>

Ms. Brito testified, however, that she never saw the applications and did not know what information was required for them.<sup>46</sup>

Ms. Brito testified that she was concerned about Ms. Perez’s intentions in making herself—not the Britos—the beneficiary of the children’s policies. Ms. Perez’s actions made her so uncomfortable and concerned for her family’s safety that the Britos moved homes in July 2017 and July 2018.<sup>47</sup> She did not update her address on driver’s license for fear that Ms. Perez would find their new home through connections with the Department of Motor Vehicles.<sup>48</sup> Ms. Perez testified, however, that Ms. Perez never threatened her, her husband, or her children.<sup>49</sup>

---

<sup>43</sup> Staff Ex. 8 at TDI 169.

<sup>44</sup> Staff ex. 8 at TDI 170.

<sup>45</sup> Staff Ex. 8 at TDI 166.

<sup>46</sup> Tr. at 58.

<sup>47</sup> Tr. at 39.

<sup>48</sup> Tr. at 39; Staff Ex. 8 at TDI 165.

<sup>49</sup> Tr. at 51-52.

Ms. Brito denied attending a meeting at which the applications were completed.<sup>50</sup> She said her children would have been in school in the afternoon.<sup>51</sup> The Department requested proof of where her children were that day, but she said their school had deleted its attendance records.<sup>52</sup>

Ms. Brito testified that she and her husband remain friends with Mr. Trevino.<sup>53</sup> She denied having an affair with Mr. Trevino, as alleged by Ms. Perez.<sup>54</sup> Ms. Brito said that Mr. Trevino has a calm demeanor and that she did not believe that Ms. Perez feared Mr. Trevino.<sup>55</sup>

## 2. Yaramy Trevino's Testimony

Mr. Trevino testified that he and Ms. Perez were good friends with the Britos, that the couples enjoyed each other's company and hung out a lot.<sup>56</sup> They sometimes babysat the Britos' children in the evenings, and Ms. Perez sometimes babysat the Britos' children during the day.<sup>57</sup>

Mr. Trevino described the role of godparents as participating in the baptism and paying a little more attention to the child than they would a friend's child.<sup>58</sup> They would participate in special events like birthdays and graduations, but were not at all as an equal to the parents.<sup>59</sup> He did not recall having a conversation about him or Ms. Perez acting as a coparent to the Britos' children.<sup>60</sup>

---

<sup>50</sup> Tr. at 44.

<sup>51</sup> Tr. at 61.

<sup>52</sup> Tr. at 61; Staff Ex. 8 at TDI 195.

<sup>53</sup> Tr. at 48.

<sup>54</sup> Tr. at 43.

<sup>55</sup> Tr. at 46.

<sup>56</sup> Tr. at 77.

<sup>57</sup> Tr. at 77.

<sup>58</sup> Tr. at 78.

<sup>59</sup> Tr. at 78.

<sup>60</sup> Tr. at 79.

Mr. Trevino testified that he and Ms. Perez had good and turbulent moments through the ten years of their “difficult” relationship.<sup>61</sup> They lived together, but were never married.<sup>62</sup> He acknowledged that she had called the police a couple of times because of their arguments.<sup>63</sup>

He testified that, shortly before serving him with the divorce petition, Ms. Perez demanded that he block all of the Britos’ communications for their protection.<sup>64</sup> He thought it strange, but complied. He described the divorce filing as a surprise and traumatic.<sup>65</sup> He testified that, despite the petition and related restraining order requiring him to maintain distance from her, he and Ms. Perez continued to talk, visit, and express their love for each other.<sup>66</sup> He had hoped for reconciliation.<sup>67</sup> He testified that he did not go to Ms. Perez’s home if he knew she did not want him there.<sup>68</sup>

Mr. Trevino testified that an ex-employee of Ms. Perez’s told him that Ms. Perez had created the story about the Britos being a threat to end their communications, and had created a story for the Britos about Ms. Perez cutting off communications with the Britos because of turmoil with Mr. Trevino.<sup>69</sup> He said that, a few days later, he contacted the Britos.<sup>70</sup> After that contact, he and the Britos spoke and hung out frequently.<sup>71</sup> He denied having any relationship other than a friendship with Ms. Brito.<sup>72</sup>

---

<sup>61</sup> Tr. at 72.

<sup>62</sup> Tr. at 72.

<sup>63</sup> Tr. at 74.

<sup>64</sup> Tr. at 80.

<sup>65</sup> Tr. at 81.

<sup>66</sup> Tr. at 81.

<sup>67</sup> Tr. at 82.

<sup>68</sup> Tr. at 104.

<sup>69</sup> Tr. at 82-83.

<sup>70</sup> Tr. at 83.

<sup>71</sup> Tr. at 85.

<sup>72</sup> Tr. at 79.

Mr. Trevino testified that he learned of the policy on the Britos' son when he then began looking into separating his Farmers insurance policies from Ms. Perez.<sup>73</sup> He called Farmers to ask about some loans that, he claimed, Ms. Perez had taken out on his life-insurance policy without his approval.<sup>74</sup> Mr. Trevino testified that Ms. Perez had forged his signature to take out the loans.<sup>75</sup> The customer service agent asked him if he needed information about the policy on the Britos' son, but then stated that Mr. Trevino would have to discuss the issue with Ms. Perez because he was not the policy owner.<sup>76</sup>

Mr. Trevino testified that, immediately after talking with Farmers, he called the Britos to see if they knew about the policy.<sup>77</sup> He testified that both calls occurred on December 21, 2016.<sup>78</sup> He said that the Britos were surprised and terrified to learn of the applications and policy.<sup>79</sup>

Mr. Trevino denied signing the applications for the policies on the Britos' children.<sup>80</sup> He said he did not have any discussion about taking out the policies, did not want them, and was not present when the applications were submitted.<sup>81</sup> He said he was at work when the life-insurance applications were submitted, but that he had not provided the Department with proof that he was at work.<sup>82</sup> Mr. Trevino testified that he was told, possibly by a Department investigator, that Ms. Perez's ex-employee had submitted the applications into the Farmers system.<sup>83</sup>

---

<sup>73</sup> Tr. at 86.

<sup>74</sup> Tr. at 86.

<sup>75</sup> Tr. at 86, 89-90. Mr. Trevino testified that documents containing the allegedly forged signatures were produced during discovery in the divorce proceedings, and that the divorce petition was nonsuited the next day. Tr. at 92. He also testified that he had obtained a handwriting analyst to prove the signatures were forged and provided that report to the Department, but might have misremembered providing it to the Department. Tr. at 104-05.

<sup>76</sup> Tr. at 87.

<sup>77</sup> Tr. at 87.

<sup>78</sup> Tr. at 98; Staff Ex. 8 at TDI 199.

<sup>79</sup> Tr. at 88.

<sup>80</sup> Tr. at 88.

<sup>81</sup> Tr. at 89.

<sup>82</sup> Tr. at 103.

<sup>83</sup> Tr. at 89.

### 3. Farmers Employees' Testimony

Farmers's Special Investigation Unit Manager Craig Williamson testified regarding his investigation of Ms. Brito's complaint about Ms. Perez.<sup>84</sup> Mr. Williamson testified that an insurable interest is a direct interest in someone's life—usually a spouse or a child.<sup>85</sup> He said that, to his knowledge, a godparent does not have an insurable interest.<sup>86</sup> He reviewed the life-insurance applications. On the application for the Britos' daughter, Ms. Perez was the primary beneficiary and was listed as the daughter's sibling.<sup>87</sup> On the son's application, the beneficiary is Ms. Perez as parent.<sup>88</sup> Mr. Williamson said that the investigation did not reveal that Ms. Perez is the child's parent.<sup>89</sup>

Mr. Williamson said that Ms. Brito told Farmers that she was Ms. Perez's former tax client, but did not mention that Ms. Perez was a godparent to one of her children.<sup>90</sup> Ms. Perez told Farmers that she was the daughter's godmother, though Mr. Williamson said Farmers had no evidence that Ms. Perez was her godparent or co-parent.<sup>91</sup> Mr. Williamson acknowledged that his testimony was based on his review of Farmers' records; he did not personally speak to Ms. Brito, Mr. Trevino, or Ms. Perez.<sup>92</sup> He did not have evidence that Ms. Perez had forged Ms. Brito's signature.<sup>93</sup> He did not recall seeing medical records as part of the investigation.<sup>94</sup> He did not receive any proof of where Ms. Brito or Mr. Trevino were on March 31, 2016,<sup>95</sup> when Ms. Perez claimed to have met with them to discuss the policy applications.

---

<sup>84</sup> Tr. at 109.

<sup>85</sup> Tr. at 115.

<sup>86</sup> Tr. at 115.

<sup>87</sup> Tr. at 112-13; Staff Ex. 6 at TDI 107.

<sup>88</sup> Tr. at 114; Staff Ex. 7 at 148.

<sup>89</sup> Tr. at 114-15.

<sup>90</sup> Tr. at 116-17; Staff Ex. 6 at 085.

<sup>91</sup> Tr. at 118; Staff Ex. 6 at 081.

<sup>92</sup> Tr. at 116.

<sup>93</sup> Tr. at 120.

<sup>94</sup> Tr. at 119.

<sup>95</sup> Tr. at 120.

Farmers Insurance Houston Area Sales Manager Jay Turner testified that Farmers terminated Ms. Perez's appointment to be an agent because she misrepresented herself as the parent of an individual on an application.<sup>96</sup> He testified that an insurable interest generally pertains to relationship by law or by blood, and that a godparent does not meet those criteria.<sup>97</sup> Mr. Turner said that Ms. Perez made a material misrepresentation when she listed herself as a parent.<sup>98</sup> He said that Farmers expects its agents to be truthful, and that making a material misrepresentation is grounds for termination.<sup>99</sup> Mr. Turner testified that he reviewed the investigation by Farmers but did not personally investigate the case or interview anyone.<sup>100</sup>

#### 4. Ms. Perez's Testimony

Ms. Perez testified that her relationship with Mr. Trevino was violent, abusive, and controlling.<sup>101</sup> She said he isolated her from everyone except for the Britos.<sup>102</sup> She testified that she feared the consequences if she reported the abuse, and feared for her son.<sup>103</sup> Nevertheless, an incident in 2013 made her so concerned that she called the police.<sup>104</sup> After filing for divorce, she reported him for stalking on November 28, 2016, because he was following her.<sup>105</sup> She reported him again on February 10, 2017, because a car down the street looked like his and followed her, and she also filed a complaint with his employer.<sup>106</sup>

---

<sup>96</sup> Tr. at 125-26.

<sup>97</sup> Tr. at 128.

<sup>98</sup> Tr. at 128.

<sup>99</sup> Tr. at 128.

<sup>100</sup> Tr. at 129.

<sup>101</sup> Tr. at 150-51

<sup>102</sup> Tr. at 151.

<sup>103</sup> Tr. at 152.

<sup>104</sup> Tr. at 152-53; Respondents' Ex. A.

<sup>105</sup> Tr. at 162; Respondents' Ex. B.

<sup>106</sup> Tr. at 163-65; Respondents' Ex. C, G.

Ms. Perez characterized herself as being in a coparent relationship with the Britos that arose when Mr. Brito was deported to Brazil while Ms. Brito was pregnant with their first child. The family groups met in Peru, and Mr. Brito asked Ms. Perez, Mr. Trevino, and her son (Chris Perez) to take care of Ms. Brito for him.<sup>107</sup> Ms. Perez said that she and Mr. Trevino were present at the first child's birth, with Mr. Trevino narrating over the phone to Mr. Brito.<sup>108</sup> Ms. Perez said she physically helped the baby nurse from Ms. Brito.<sup>109</sup> She testified that the coparenting continued when Mr. Brito returned and was "a given" from how they spent all their time together.<sup>110</sup>

Ms. Perez conceded that the Britos lived in a different residence, but testified that Ms. Brito purchased land to build a house in which the Britos, Mr. Trevino, and Ms. Perez could live together and raise their children.<sup>111</sup> She testified that the four adults had discussed and agreed upon this.<sup>112</sup>

Ms. Perez testified that, on February 14, 2016, she proposed the insurance policies for the Britos' children as a gift to mark the first anniversary of their baptism.<sup>113</sup> Ms. Perez testified that the policy would earn cash value that the children can use when they turn 18.<sup>114</sup> She testified that she never proposed that the Britos purchase them, and that the Britos were open to the idea of the children receiving a gift.<sup>115</sup> Ms. Perez also stated that, around February 2016, Ms. Brito started acting weird and indicated interest in a romantic relationship by kissing Mr. Trevino and Ms. Perez on the lips.<sup>116</sup> Ms. Perez testified that Ms. Brito suggested that the couples switch partners.<sup>117</sup>

---

<sup>107</sup> Tr. at 204.

<sup>108</sup> Tr. at 186.

<sup>109</sup> Tr. at 186.

<sup>110</sup> Tr. at 186, 188

<sup>111</sup> Tr. at 188-89.

<sup>112</sup> Tr. at 189.

<sup>113</sup> Tr. at 166.

<sup>114</sup> Tr. at 166.

<sup>115</sup> Tr. at 199.

<sup>116</sup> Tr. at 155.

<sup>117</sup> Tr. at 157.

Ms. Perez testified that, because her primary experience was with auto and home insurance policies, she contacted Farmers' 1-800 number and chat line for information on the life insurance policies several times.<sup>118</sup> She said that random customer service representatives responded and she could not remember any of their names.<sup>119</sup> She said she told the Farmers reps that the parents gave her permission as a coparent and godparent of one of the children to gift the policies to the children.<sup>120</sup> She testified that the customer service rep told her that a coparent is the same as a same-sex parent, godparent, and parent, so that she could put that she was a parent on the application.<sup>121</sup> She said she got that response repeatedly.<sup>122</sup> Ms. Perez also said that Farmers representatives told her that she had an insurable interest because she was a coparent, and that she should list herself as a parent on the policy applications.<sup>123</sup>

Ms. Perez testified that, on the afternoon of March 31, 2016, she was in her office with all four Britos, Mr. Trevino, and her employees Ms. Borjon and Ms. Webb.<sup>124</sup> Ms. Perez testified that the Britos' daughter was in the office because she attended school for only half days, and that the son was there perhaps because he had been sick.<sup>125</sup> Ms. Perez testified that she filled out the application with the Britos, and that Ms. Brito supplied her daughter's height and weight.<sup>126</sup> She could not remember whether Mr. Trevino signed the applications or if she signed with his permission because he had to go to work.<sup>127</sup> She never signed Ms. Brito's name.<sup>128</sup>

---

<sup>118</sup> Tr. at 167, 181-82, 202.

<sup>119</sup> Tr. at 181.

<sup>120</sup> Tr. at 167-68.

<sup>121</sup> Tr. at 168.

<sup>122</sup> Tr. at 168.

<sup>123</sup> Tr. at 170.

<sup>124</sup> Tr. at 166.

<sup>125</sup> Tr. at 207.

<sup>126</sup> Tr. at 169.

<sup>127</sup> Tr. at 169.

<sup>128</sup> Tr. at 169.



Ms. Perez testified that she did not forge Mr. Trevino's signature on any documents.<sup>129</sup> She said that she had not been criminally charged with forgery.<sup>130</sup>

Ms. Perez admitted mistakes in filling out the applications. Though she listed herself as the parent of both children, she mistakenly once termed herself the daughter's sibling.<sup>131</sup> She also mistakenly listed Mr. Trevino as the spouse/domestic partner of both children.<sup>132</sup> Ms. Perez agreed that, had Farmers instructed her that, as a nonbiological parent she could not have a policy for the children, she would not have submitted the quote as she did.<sup>133</sup> She did not know if Farmers had a domestic partner/coparent option on their forms.<sup>134</sup> She could not remember why she named herself, and not the Britos, as beneficiaries.<sup>135</sup> Ms. Perez said she now understands she does not have an insurable interest in the Britos' children.<sup>136</sup>

Ms. Perez testified that Mr. Trevino confessed to her in August 2016 that he and Ms. Brito were having an affair. She said that Mr. Trevino told her he had given Ms. Brito \$25,000 to pay for private school for the Britos' daughter.<sup>137</sup> Ms. Perez was upset because Mr. Trevino was having an affair with "family," and because he had given money away without talking to her at a time they were trying to finance her son's college.<sup>138</sup>

Ms. Perez testified that Mr. Trevino had a physical confrontation with her son.<sup>139</sup> She filed for divorce in September 2016 after that altercation. She said she stopped communication with the

---

<sup>129</sup> Tr. at 171.

<sup>130</sup> Tr. at 172.

<sup>131</sup> Staff Ex 6 at TDI 108; Staff Ex. 7 at TDI 148; Tr. at 174.

<sup>132</sup> Staff Ex 6 at TDI 108; Staff Ex. 7 at TDI 148; 183-84.

<sup>133</sup> Tr. at 175-76.

<sup>134</sup> Tr. at 184-85.

<sup>135</sup> Tr. at 201.

<sup>136</sup> Tr. at 208.

<sup>137</sup> Tr. at 156.

<sup>138</sup> Tr. at 156.

<sup>139</sup> Tr. at 154.

Britos because she was overwhelmed.<sup>140</sup> Ms. Perez said she talked with Mr. Brito, but he said that he could not intervene because Ms. Brito was his immigration sponsor.<sup>141</sup>

Ms. Perez said she met with Mr. Trevino on November 29, 2016, and grew fearful of him during their meeting.<sup>142</sup> That same day, she sent the email to Ms. Brito because she wanted to warn her about Mr. Trevino and to save their friendship.<sup>143</sup> At the time, she thought of Ms. Brito as Mr. Trevino's victim, though her view changed after Ms. Perez heard Ms. Brito's testimony.<sup>144</sup>

## 5. Christopher Perez's Testimony

Ms. Perez's son, Christopher Perez, testified that he viewed the Britos as another form of legal guardian or as his aunt and uncle.<sup>145</sup> He said that he thought of himself as the Brito children's big brother, and that the Britos' children would call him big brother.<sup>146</sup> He spent a lot of time with the children, and testified that their families had dinners together, celebrated holidays, occasionally stayed overnight together, and took vacations together.<sup>147</sup> He said that no longer seeing the Britos' children made him feel like he had lost members of his family.<sup>148</sup> Mr. Perez testified that Mr. Trevino and his mother argued often, and that Mr. Trevino was controlling of what family and friends they saw.<sup>149</sup> Mr. Perez testified that Mr. Trevino had been violent with him once, when he was 17 years old, forcing him to stop doing homework and come to dinner.<sup>150</sup> He testified that,

---

<sup>140</sup> Tr. at 158.

<sup>141</sup> Tr. at 158.

<sup>142</sup> Tr. at 160.

<sup>143</sup> Tr. 160-61.

<sup>144</sup> Tr. at 204.

<sup>145</sup> Tr. at 136.

<sup>146</sup> Tr. at 136.

<sup>147</sup> Tr. at 136.

<sup>148</sup> Tr. at 140.

<sup>149</sup> Tr. at 138.

<sup>150</sup> Tr. at 139.

while the divorce was pending, Mr. Trevino drove by Ms. Perez's office and home and once followed him to and from school.<sup>151</sup> Mr. Trevino would stop by the house uninvited.<sup>152</sup>

#### 6. Beverly Parrish's Testimony

Beverly Parrish lives on the same block as Ms. Perez.<sup>153</sup> Ms. Parrish testified that, around October of 2016, she saw Mr. Trevino drive slowly down the block past his house more than once.<sup>154</sup> Ms. Perez told her that she and Mr. Trevino had separated because he had an altercation with Chris Perez and had an affair.<sup>155</sup> After that, she twice noticed unfamiliar cars parked on the street pointed toward Ms. Perez's house.<sup>156</sup> The cars drove away when she approached them. She said she did not know if they were looking at Ms. Perez's house, but "it sure looked like it."<sup>157</sup>

#### 7. Thanh Thi Nguyen's Testimony

Thanh Thi Nguyen testified that Ms. Perez is an agent who works for her at New York Life.<sup>158</sup> She said she had received no customer complaints about Ms. Perez and had not had to reprimand or discipline her.<sup>159</sup> She testified that she did not know that Ms. Perez had been terminated by Farmers.<sup>160</sup> She testified that a family friend of a minor child would not have an insurable interest in that child, but a godparent of a minor child would.<sup>161</sup> She said she would be

---

<sup>151</sup> Tr. at 139-40.

<sup>152</sup> Tr. at 140.

<sup>153</sup> Tr. at 214.

<sup>154</sup> Tr. at 215.

<sup>155</sup> Tr. at 215, 219-20.

<sup>156</sup> Tr. at 217-18.

<sup>157</sup> Tr. at 218.

<sup>158</sup> Tr. at 222.

<sup>159</sup> Tr. at 222.

<sup>160</sup> Tr. at 225.

<sup>161</sup> Tr. at 226.

grateful if someone opened an insurance policy for the benefit of her child, but would want to know why a person named someone else as a beneficiary.<sup>162</sup>

#### **D. Analysis**

The allegations of wrongdoing center on four general actions: Ms. Perez's representation on policy applications that she was a parent of the Brito children, the production of Mr. Trevino's signature on the applications, the use of unlicensed persons to act as agents, and any actions by the Agency without a license. Most of these claims are based on the allegations made by Ms. Brito and supported by Mr. Trevino, which are contradicted by Ms. Perez. From the parties' testimony, it is clear that Ms. Perez's relationship with Mr. Trevino was volatile and that her friendship with Ms. Brito has fractured. The witnesses' personal animus somewhat clouds all of their credibility, and their conflicting testimony cannot be reconciled or believed in critical parts. Staff has the burden of proving its allegations by a preponderance of the evidence.

##### **1. Representation of Parental Status**

Staff contends that Ms. Perez acted fraudulently or dishonestly by signing the applications as the parent of the Britos' children, and by identifying her son as a "sibling" of the Britos' children.<sup>163</sup> It is undisputed that Ms. Perez represented on the life-insurance applications that she was a parent of the Britos' children and that her son was their sibling.<sup>164</sup> To prove fraudulent or dishonest acts, Staff had the burden to prove that Ms. Perez knew that using the term "parent" to describe her relationship to the Britos' children was false or that she acted recklessly without knowledge of the truth.<sup>165</sup>

---

<sup>162</sup> Tr. at 229.

<sup>163</sup> Original Petition at ¶ 7.

<sup>164</sup> Staff Ex. 6 at TDI 107; Staff Ex. 7 at 148.

<sup>165</sup> *Meyer*, 03-10-00642-CV, 2011 WL 5865240, at \*3.

Ms. Perez testified that her relationship with the children was such that Farmers' representatives told her she could list herself as a parent. Ms. Perez was undisputedly the godmother of the Britos' daughter and considered herself the coparent of both the Britos' children.<sup>166</sup> She testified extensively about her relationship with the Britos and their children, from her long friendship with Ms. Brito, to Mr. Brito asking her to take care of his family in his absence, her presence at the birth of their son, their continued closeness, and their plans to live in one home. Her son similarly testified that he spent a lot of time with the Britos' children, that he played the big brother role, and that the Britos' children would call him big brother.<sup>167</sup> He said that no longer seeing the Britos' children made him feel like he had lost members of his family.<sup>168</sup> Ms. Perez testified that more than one Farmers customer service representative told her "a coparent is the same thing as a same sex parent, or the same thing as a parent, and so is a godparent, so you can put that you are a parent on this application."<sup>169</sup>

Staff adduced testimony of Ms. Brito and Mr. Trevino that there was no discussion of a coparenting arrangement.<sup>170</sup> Ms. Brito said that she did not expect Ms. Perez to help raise her children and that, when Ms. Perez helped with her daughter, it was more as a babysitter.<sup>171</sup>

On the evidence presented, Staff failed to prove that Ms. Perez committed a fraudulent or dishonest act by listing herself as a parent to the Britos' children. Ms. Perez credibly testified to her belief that she was the children's coparent and to her understanding from discussions with Farmers representatives that her coparent status was the equivalent of parent status for life-insurance application purposes. Her failure to provide the names of any of the Farmers' representatives does not disprove the conversations. Ms. Brito's and Mr. Trevino's denial of a coparenting relationship does not prove that Ms. Perez listed herself as a parent knowing that the representation was false or acting recklessly without knowledge of the truth.

---

<sup>166</sup> Tr. at 148, 186.

<sup>167</sup> Tr. at 136

<sup>168</sup> Tr. at 140, 168.

<sup>169</sup> Tr. at 168.

<sup>170</sup> Tr. at 32 (Ms. Brito); Tr. at 78 (Mr. Trevino).

<sup>171</sup> Tr. at 33.

Staff also alleged that Ms. Perez signed the applications on behalf of Mr. Trevino as the children's parent.<sup>172</sup> Mr. Trevino, however, is designated as the "spouse/domestic partner" of the Proposed Insured and his name is signed as the "Policy Owner's Spouse." Staff did not prove this allegation.

## 2. Signature of Mr. Trevino

Staff alleged that Ms. Perez signed the applications on behalf of Mr. Trevino, and argued that the signature was not authorized and was, therefore, a forgery.

Mr. Trevino testified that he did not sign the applications.<sup>173</sup> Mr. Trevino also testified that Ms. Perez had forged his signature on several other documents and that he provided the Department with a handwriting expert's analysis showing the forgeries.<sup>174</sup> However, no handwriting analysis was offered in this case. The credibility of Mr. Trevino's testimony is also undermined because his account of certain events conflicts with the account offered by Ms. Brito. Mr. Trevino said that he was unaware of the applications until December 21, 2016, and that "immediately after hanging up with the Farmers agent on the phone, I called the Britos and I told them what I had just learned."<sup>175</sup> Contrary to Mr. Trevino's testimony, however, Ms. Brito testified that she first learned of the applications from Mr. Trevino on April 30, 2017, and that she told the Department that she filed her complaint with Farmers the next day.<sup>176</sup>

Ms. Perez testified that she could not remember if Mr. Trevino signed his name or if he told her to sign for him because he had to get back to work. She testified that, if she signed his name, he consented to the signature.<sup>177</sup> She denied forging his signature.<sup>178</sup> Ms. Perez testified that

---

<sup>172</sup> Original Petition at ¶ 7.

<sup>173</sup> Tr. at 88.

<sup>174</sup> Tr. at 91, 105.

<sup>175</sup> Tr. at 87, 97; Staff Ex. 8 at TDI 199.

<sup>176</sup> Tr. at 37, 40, 41, 53, 63; TDI Ex. 8 at 170, 180.

<sup>177</sup> Tr. at 169.

<sup>178</sup> Tr. at 171.

she was unaware of any police reports filed on forgery claims against her and that she had not been criminally charged with forgery.<sup>179</sup>

On this evidence, the ALJ is not able to determine how Mr. Trevino's signatures were made on the policy applications. Therefore, Staff failed to prove by a preponderance of the evidence that Ms. Perez committed a fraudulent or dishonest act with regard to Mr. Trevino's signature on the applications.

### 3. Improper Use of or Pay to Unlicensed Individuals

In the Original Petition, Staff alleged that Respondents' employee, Monica Borjon, contacted Farmers' customer service line several times with questions about how to process applications and how payments should be made, and contacted the Farmers' customer service line twice regarding submitted applications. Staff further alleged that, at Perez's direction, Ms. Borjon was performing acts of a licensed agent.<sup>180</sup> It is undisputed that Ms. Borjon is not a licensed insurance agent.<sup>181</sup>

Ms. Borjon did not testify and was mentioned only in passing at the hearing.<sup>182</sup> Ms. Perez described Ms. Borjon as a contract employee, or "an employee of mine" whom Ms. Perez told to "quote the juvenile policies."<sup>183</sup> Ms. Perez wrote to a Farmers' representative that Ms. Borjon "initiated and executed the process of each of the juvenile policies."<sup>184</sup> It is not clear that such actions constituted the practice of insurance. Staff did not argue in its closing arguments that Ms. Perez used Ms. Borjon or another unlicensed person to do the business of insurance or paid them in violation of insurance laws.

---

<sup>179</sup> Tr. at 172.

<sup>180</sup> See Tex. Ins. Code § 4001.051.

<sup>181</sup> Staff Ex. 5.

<sup>182</sup> Mr. Trevino testified that he "learned that Ms. Perez's ex-employee actually was the one submitting the applications into the Farmers system." Tr. at 89. However, the ex-employee was not named. Ms. Perez wrote in the November 29, 2016 email to Ms. Brito that she fired Ms. Borjon for stealing. Staff Ex. 8 at TDI 162-63.

<sup>183</sup> Staff Ex. 7 at TDI 145, 157, 160.

<sup>184</sup> Staff Ex. 6 at TDI 081.

Staff did not prove these allegations by a preponderance of the evidence.

#### 4. Acts by the Agency

The Department alleged that “the Perez Agency submitted two life insurance applications to Farmers.”<sup>185</sup> It is undisputed that the Agency is not licensed by the Department,<sup>186</sup> but there is no evidence that the Agency did anything regarding the applications. The policies submitted did not have the Agency name anywhere on them, but do bear Ms. Perez’s name as “agent.”<sup>187</sup> The denial of one of the policies went directly to Ms. Perez, and did not mention the Agency.<sup>188</sup>

There is no evidence that the Agency performed any actions constituting the business of insurance, including the act of submitting the life-insurance applications alleged in this case.

#### 5. Conclusion

Staff failed to prove its factual allegations against Respondents by a preponderance of the evidence. Therefore, the evidence did not establish that Respondents: willfully violated insurance laws or engaged in fraudulent or dishonest acts or practices;<sup>189</sup> directly or indirectly used an unlicensed person to do the business of insurance, or paid an unlicensed person a commission;<sup>190</sup> or engaged in acts constituting the business of insurance without a license.<sup>191</sup>

Based on the foregoing, the ALJ recommends that the Department take no disciplinary action against Ms. Perez’s general lines agent license and that no cease and desist order should be

---

<sup>185</sup> Petition ¶ 6.

<sup>186</sup> Ex. 4 at TDI 026.

<sup>187</sup> Ex. 6 at TDI 107-26; Ex. 7 at TDI 148-53.

<sup>188</sup> Ex. 6 at TDI 131.

<sup>189</sup> Tex. Ins. Code § 4005.101(b)(1), (5).

<sup>190</sup> Tex. Ins. Code §§ 101.102, 4005.053(a).

<sup>191</sup> Tex. Ins. Code §§ 101.102, 4001.101(a), 4051.051, 4054.051(3).



entered against the Agency. In support of this recommendation, the ALJ makes the following findings of fact and conclusions of law.

### III. FINDINGS OF FACT

1. Elizabeth Carolina Perez, individual license number 1983735, holds a general lines agent license with a life, accident, and health qualification, and a property and casualty qualification, originally issued by the Texas Department of Insurance (Department) on March 2, 2015.
2. Ms. Perez formed the Elizabeth C. Perez Insurance Agency, Inc. (Agency), which is not licensed by or registered with the Department.
3. On September 11, 2020, Staff issued a notice of hearing and a request to docket seeking an order that revokes Ms. Perez's license, assesses an administrative penalty, and provides any other just and appropriate relief.
4. 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.
5. The hearing in this case was held by videoconference on September 28, 2020, before Administrative Law Judge David DuBose of the State Office of Administrative Hearings (SOAH). Staff of the Department was represented by staff attorneys Cassie Tigue and Stephanie Andrews. Ms. Perez and the Agency were represented by attorneys Kerry J. Bloodsaw and Kayleigh Smith. The hearing concluded that day, and the record closed on November 20, 2020, when Staff filed the reply brief.
6. In March 2016, Ms. Perez applied for two life insurance policies on the two children of her close friends, Sandra and Alberico Brito.
7. On both life-insurance applications, Ms. Perez described herself as a "parent" of the Britos' children. Ms. Perez designated herself the primary beneficiary, and named her partner, Yaramy Trevino, and her son, Chris Perez, as contingent beneficiaries.
8. Ms. Perez was a godparent to one of the Britos' children and considered herself a coparent to both children.
9. The preponderance of the evidence does not show that Ms. Perez represented that she was a parent to the Britos' children knowing that her relationship with the Britos' children did not support that description for purposes of the life-insurance applications on the Britos' children.

10. The preponderance of the evidence does not show that Ms. Perez represented that she was a parent to the Britos' children while acting recklessly without knowledge of the truth concerning whether her relationship with the Britos' children supported that description for purposes of the life-insurance applications on the Britos' children.
11. The preponderance of the evidence does not show that Ms. Perez forged Mr. Trevino's signature on the life-insurance applications.
12. Ms. Perez's former employee, Monica Borjon, is not licensed to sell insurance by the Department, but the preponderance of the evidence does not show that Ms. Perez or her Agency used Ms. Borjon or any other unlicensed employee to do the business of insurance.
13. The preponderance of the evidence does not show that the Agency has conducted any actions constituting the business of insurance.
14. There is no evidence that Ms. Perez conducted the business of insurance without a license. The evidence shows that she held a relevant insurance license at all relevant times.

#### **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 §§ 40.002, 4005.104.
3. Ms. Perez and the Agency received timely and sufficient notice of hearing. Tex. Gov't Code §§ 2001.051-.052.; Tex. Ins. Code § 4005.104(b).
4. The commissioner may order the holder of an authorization to cease and desist from an activity determined to be in violation of the Texas Insurance Code or a rule of the commissioner; or the failure to comply with the Texas Insurance Code or a rule of the commissioner. Tex. Ins. Code § 82.052(2).
5. The Department may revoke a license if the Department determines that the applicant has willfully violated an insurance law of this state; or has engaged in fraudulent or dishonest acts or practices. Tex. Ins. Code § 4005.101(b)(1), (5).

6. The Department should not revoke Ms. Perez's license, impose any administrative penalties, or issue a cease and desist order against the Agency.

**SIGNED January 19, 2021**

*David DuBoise*

---

**DAVID DUBOSE  
ADMINISTRATIVE LAW JUDGE  
STATE OFFICE OF ADMINISTRATIVE HEARINGS**



**Exhibit B**

# State Office of Administrative Hearings

Kristofer S. Monson  
Chief Administrative Law Judge

May 4, 2021

Kent Sullivan  
Commissioner of Insurance  
Texas Department of Insurance  
333 Guadalupe, Tower 1, 13<sup>th</sup> Floor, Mail Code 113-2A  
Austin, Texas 78714

VIA E-FILE TEXAS

**RE: Docket No. 454-20-2384; Texas Department of Insurance  
v. ELIZABETH CAROLINA PEREZ AND ELIZABETH C  
PEREZ INSURANCE**

Dear Commissioner Sullivan:

On January 20, 2021, the Administrative Law Judge (ALJ) issued the Proposal for Decision (PFD) in this case. By Order No. 6, the ALJ granted the motion by Staff of the Texas Department of Insurance (Staff) to extend the time to file exceptions until February 17, 2021. By Order No. 7, the ALJ granted the motion of Respondents' counsel to withdraw. The extended time to file exceptions fell during the winter storm that shut down the systems of the State Office of Administrative Hearings (SOAH).

Staff sent a copy of their exceptions on February 17, 2021 to the ALJ and Respondents by email, then filed the exceptions on Monday, February 22, 2021. Respondents did not file exceptions. On March 15, 2021, Respondents emailed responses to exceptions to the ALJ and Staff. Respondents attempted to e-file and reported that they had sent their response by regular mail, though none ever arrived at SOAH. Staff filed a reply to Respondents' response to exceptions, objecting to their untimeliness and to their content.

In their exceptions, Staff contends that the PFD misapplies Texas Insurance Code §§ 4005.101(b)(5) by using a common-law definition of "fraudulent" and "dishonest." Staff also challenges the credibility determinations made in the PFD. Staff further asserts that the PFD does not discuss dishonest acts. Staff requests changes to findings of fact and conclusions of law consistent with its criticisms of the PFD. The ALJ has reviewed the exceptions and does not recommend making the requested changes.



# State Office of Administrative Hearings

Kristofer S. Monson  
Chief Administrative Law Judge

Respondents did not file any exceptions, and the attempted response to Staff's filings was untimely and not effectively filed. In Staff's reply to Respondents' attempt to file a response to Staff's exceptions, Staff asserts that Respondents attempt to shift blame onto Farmers Insurance—an action that would exceed the scope of this licensing proceeding. The ALJ does not recommend making any changes to the PFD based on Respondents' response to Staff's exceptions to the PFD.

Sincerely,

/s/ David DuBose  
Administrative Law Judge

DD/JH  
Enclosure

cc: Cassie Tigue, Staff Attorney, Texas Department of Insurance, 333 Guadalupe, Tower 1, 13<sup>th</sup> 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 and INTERAGENCY MAIL**  
Elizabeth Carolina Perez, [REDACTED] Houston, Texas 77017.  
[REDACTED]