No. **2023-8113**

Official Order
of the
Texas Commissioner of Insurance

Date: 8/3/2023

Subject Considered:

Texas Department of Insurance
v.
Frank Julian Turney III; Frank Julian Turney, Jr.; The Houston Agencies Inc.; Turney & Son, Inc., and Frank J. Turney Jr. Insurance Agency, Inc.

SOAH Docket No. 454- 21-2548.C

General Remarks and Official Action Taken:

The subjects of this order are (1) Frank Julian Turney III's general lines agent license with a property and casualty qualification and a life, accident, health, and HMO qualification; (2) The Houston Agencies Inc.'s general lines agency license with a property and casualty qualification and a life, accident, health, and HMO qualification; (3) Turney & Son, Inc.'s general lines agency license with a property and casualty qualification and a life, accident, health, and HMO qualification; (4) Frank J. Turney, Jr. Insurance Agency, Inc.'s general lines agency license with a property and casualty qualification and a life, accident, health, and HMO qualification; and (5) Frank Julian Turney, Jr.'s general lines agent license with a property and casualty qualification and a life, accident, health, and HMO qualification.

This order revokes the licenses held by Frank Julian Turney III; The Houston Agencies Inc.; Turney & Son, Inc.; and Frank J. Turney, Jr. Insurance Agency, Inc. and it suspends the license held by Frank J. Turney, Jr. for two years, but probates that suspension.

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 Frank Julian Turney III's and The Houston Agencies Inc.'s licenses be revoked and the license of

Frank Julian Turney, Jr. be suspended and the suspension probated. A copy of the proposal for decision is attached as Exhibit A.

The Texas Department of Insurance (TDI) and Frank Julian Turney III, The Houston Agencies Inc., and Frank Julian Turney, Jr. (collectively, the Turneys) filed exceptions to the administrative law judge's proposal for decision.

In response to the exceptions, the administrative law judge recommended revising the proposal for decision. The revision included a recommendation that Turney & Son, Inc.'s and Frank J. Turney, Jr. Insurance Agency, Inc.'s licenses also be revoked. A copy of the administrative law judge's response to exceptions is attached as Exhibit B.

Length of Suspension for Frank Julian Turney, Jr.

The administrative law judge recommended a probated suspension for Frank Julian Turney, Jr.'s license. However, the administrative law judge did not address the length of time for the probated suspension.

In the proposal for decision, the administrative law judge concludes that, while Mr. Turney's conduct was less serious than that of his son, he was "somewhat involved in a dishonest act" and he allowed his son back into the business despite red flags. Because of this, the commissioner believes that a probated suspension of two years, with reporting requirements, is necessary to allow TDI to observe how Mr. Turney continues to perform as a licensee.

Specifying that Frank Julian Turney, Jr.'s probated suspension will be for two years and including reporting requirements does not require any changes to the findings of fact or conclusions of law.

Findings of Fact

The findings of fact contained in Exhibit A and as revised consistent with Exhibit B are adopted by the commissioner and incorporated by reference into this order.

Conclusions of Law

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

Order

It is ordered that Frank Julian Turney III's general lines agent license with a property and casualty qualification and a life, accident, health, and HMO qualification is revoked.

It is further ordered that The Houston Agencies Inc.'s general lines agency license with a property and casualty qualification and a life, accident, health, and HMO qualification is revoked.

It is further ordered that Turney & Son, Inc.'s general lines agency license with a property and casualty qualification and a life, accident, health, and HMO qualification is revoked.

It is further ordered that Frank J. Turney, Jr. Insurance Agency, Inc.'s general lines agency license with a property and casualty qualification and a life, accident, health, and HMO qualification is revoked.

Finally, it is ordered that that Frank Julian Turney, Jr.'s general lines agent license with a property and casualty qualification and a life, accident, health, and HMO qualification is suspended for two years. The suspension is probated, and during the period of probation, Frank Julian Turney, Jr. must comply with the following terms and conditions.

If, during the probation period imposed by this order, TDI issues any additional licenses or authorizations to Frank Julian Turney, Jr., those additional licenses or authorizations will be suspended until the probation period imposed by this order has ended. The suspension will be probated, and the same terms and conditions stated in this order will apply.

Beginning from the date of this order and continuing through the probation period, Frank Julian Turney, Jr. must provide written notice of his probated suspension to any appointing company, agency, employer, sponsor, or other entity on behalf of which he performs the acts of an agent. Mr. Turney must provide TDI with a copy of the notification within 30 days of the appointment, employment, or sponsorship by emailing it to TDI at EnforcementReports@tdi.texas.gov.

Beginning from the date of this order and continuing through the probation period, Frank Julian Turney, Jr. must file a written report, on or before the 15th day of the month on a quarterly basis for the months of August, November, February, and May, with TDI by emailing it to EnforcementReports@tdi.texas.gov.

The report must include the following information:

a. Frank Julian Turney, Jr.'s current mailing address and telephone number;

b. the name, mailing address, and telephone number of Mr. Turney's employer, and if Mr. Turney is self-employed, a statement that he is self-employed and the name, mailing address, and telephone number of his business;

c. the name and address of any insurer that has appointed Mr. Turney as an agent;

d. the name and address of any insurer that has cancelled Mr. Turney's appointment as an agent; and

e. a copy of any and all contracts Mr. Turney enters into with an insurer, broker, agent, agency, managing general agent, or any other person or entity in the business of insurance.

Frank Julian Turney, Jr. must notify TDI immediately of the following by emailing EnforcementReports@tdi.texas.gov:

a. any charges or indictments filed against him for a misdemeanor or felony during the period he is required to file reports, excluding traffic offenses and Class C misdemeanors;

b. any state or regulatory actions taken against him, including formal and informal actions;

c. any change in his employment or his residence; and

d. any complaint made against Mr. Turney concerning his performance as an agent, as well as a written explanation detailing the steps taken to resolve it.

DocuSigned by:
CBrown
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Cassie Brown
Commissioner of Insurance

Recommended and reviewed by:

DocuSigned by:
Allison Eberhart
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Allison Eberhart, Deputy General Counsel

DocuSigned by:
Kara Salmanson
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Kara Salmanson, Attorney

2023-8113

Exhibit A

SOAH Docket No. 454-21-2548 Suffix: C

Before the State Office of Administrative Hearings

Texas Department of Insurance,
Petitioner
v.
Frank Julian Turney III; Frank Julian Turney, Jr.; The Houston Agencies Inc.; Turney & Son, Inc., and Frank J. Turney Jr. Insurance Agency, Inc.,
Respondents

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The Houston Agencies Inc.; Turney & Son, Inc., and
Frank J. Turney Jr. Insurance Agency, Inc.,
Respondents

Proposal for Decision

Staff of the Texas Department of Insurance (Department) seeks to discipline individual Respondents Frank Julian Turney III (Son Turney) and Frank Julian Turney, Jr. (Father Turney) and their agencies The Houston Agencies Inc.; Turney & Son, Inc.; and Frank J. Turney Jr. Insurance Agency, Inc. based on allegations that they obtained premium finance loans in the names of customers without those customers' knowledge or consent, improperly signed those customers' names and provided incorrect addresses on loan agreements, failed to timely pay customers' premiums, improperly used one customer's refund to pay another customer's premium, changed a customer's email address with a carrier to hide their actions, and failed to register an assumed name. The Administrative Law Judge (ALJ) finds that Staff established some, but not all, of the violations and recommends that Son Turney's and The Houston Agencies' licenses be revoked and that Father Turney be subject to a probated suspension.

I. NOTICE, JURISDICTION, AND PROCEDURAL HISTORY

There are no disputed issues of notice in this case, which is addressed in the findings of fact and conclusions of law without further discussion here. Respondents raised a jurisdictional issue relating to one of the misappropriation claims. That issue will be addressed with the other discussion relating to that claim.

The hearing on the merits was held via Zoom government videoconference on May 23-25, 2022, before ALJ Rebecca S. Smith. Staff appeared and was represented by Staff Attorney Amanda Cagle. Respondents were represented by attorney Glenn J. Fahl. The record closed on August 5, 2022, the deadline for filing response briefs.[1]

[1] Respondents' request to file a late brief is granted, and their brief is considered in this Proposal for Decision.

II. APPLICABLE LAW

The Texas Insurance Code authorizes the Department to regulate the business of insurance in this state and to take disciplinary action against license holders who violate the law or rules related to insurance.[2] In particular, under Texas Insurance Code section 4005.101, the Department may take disciplinary action against a license holder for engaging in a fraudulent or dishonest act or practice or for misappropriating, converting, or illegally withholding money belonging to an insurer or an insured.[3] A license holder is subject to discipline for its own actions and also actions taken through an officer, director, or shareholder.[4]

The Department's rules also require an agent to provide the Department with a copy of the assumed name certification showing that any assumed names used by an agent have been registered.[5] The Department may discipline a licensee for a willful violation of this rule.[6]

Staff bears the burden of proof on these allegations.[7]

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[2] Tex. Ins. Code §§ 31.002(1), (3), 4005.102.

[3] Tex. Ins. Code § 4005.101(b)(4), (5).

[4] Tex. Ins. Code § 4005.101(b).

[5] 28 Tex. Admin. Code § 19.902(a).

[6] Tex. Ins. Code § 4005.101(b)(1).

[7] 1 Tex. Admin. Code § 155.427.

III. EVIDENCE

Staff presented the testimony of seven witnesses. Respondents presented the testimony of five witnesses, including one, Robert Lotridge, via deposition. Two of those witnesses, Rebecca Bunge and Jeffrey O'Dea, were designated as experts.

Most of the allegations involve several different transactions during a period ranging from late 2017 through the early 2020. Staff's allegations relating to registration are discussed separately.

A. The Turneys and the Agencies

Father Turney holds a general lines agent license with a property and casualty qualification issued by the Department on August 4, 1986, and a life, accident, health and HMO qualification issued by the Department on October 27, 1986. He previously also held a surplus lines agent license.

His son, Son Turney, holds a general lines agent license with a property and casualty qualification issued by the Department on January 30, 2003, and a life, accident, health and HMO qualification issued by the Department on August 19, 2005.

Together, the Turneys are involved with three insurance agencies. The first, The Houston Agencies, Inc., holds a general lines agency license with a property and casualty qualification issued by the Department on March 6, 1987, and a life, accident, health and HMO qualification issued by the Department on March 18, 1987. The Houston Agencies only deals with commercial lines.[8] Father Turney is The Houston Agencies' owner and president. Son Turney is its vice president. Both Turneys serve as designated responsible licensed persons for The Houston Agencies.

The second agency is Turney & Son, Inc., which holds a general lines agency license with a property and casualty qualification and a life, accident, health and HMO qualification, both of which were issued by the Department on February 19, 2008. As with The Houston Agencies, Father Turney is Turney & Son's owner and president, and Son Turney is the vice president. Both are designated responsible licensed persons.

The third agency is Frank J. Turney, Jr. Insurance Agency, which holds a general lines agency license with a property and casualty qualification and a life, accident, health and HMO qualification, both of which were issued by the Department on April 1, 2015. Ownership of this agency is less clear. The Department's records, which are based on Son Turney's filings, show Son Turney as the vice president and owning 100% of the agency.[9] At hearing, Father Turney testified that he owned all of the shares of Frank. J. Turney, Jr. Insurance Agency.[10]

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[8] Tr. Vol. 2 (Father Turney) at 488.

[9] TDI Ex. 27 at 3534.

[10] Tr. Vol. 2 (Father Turney) at 488.

Most of the Turneys' arguments revolve around a former employee of The Houston Agencies, Robert Lotridge. At the time of the events, Mr. Lotridge worked as a producer. He is no longer affiliated with The Houston Agencies. Around the time of the incidents, Mr. Lotridge sent a series of unpleasant anonymous messages to the Turneys and to companies they dealt with. Some of these messages accused the Turneys of wrongdoing.

For the last five to seven years, Son Turney has handled the accounting for all three agencies.[11] Father Turney has been semi-retired during that time.[12] Father Turney testified that each agency had both an operating account and a premium trust account.[13] Money coming in from insureds and from finance companies would be deposited in the premium trust account, and premiums would then be paid from that account.[14] Commissions would also be paid from that account.[15] By 2019, most of the carriers would sweep money out of the premium trust account. The agencies would write checks to the remaining carriers.[16] All of the accounts were with the same bank, and transfers between the accounts were frequent and would be completed quickly.[17] Although Turney & Son employees deposited cash receipts into one account, no one other than the Turneys could

[11] Tr. Vol. 3 (Father Turney) at 580.

[12] Tr. Vol. 3 (Son Turney) at 638.

[13] Tr. Vol. 2 (Father Turney) at 489.

[14] Tr. Vol. 2 (Father Turney) at 490.

[15] Tr. Vol. 2 (Father Turney) at 490.

[16] Tr. Vol. 2 (Father Turney) at 492.

[17] Tr. Vol. 3 (Father Turney) at 592; Tr. Vol. 3 (Son Turney) at 635, 636-37; TDI Ex. 18A at 505-06 (December 2017 statement).

make other transactions, such as transmitting premiums to insurers or making withdrawals.[18]

Respondents placed some of the policies at issue through a company called AmWINS. AmWINS is a managing general agent, or MGA, which means it represents insurers and has authority to act on their behalf, by placing coverage and then issuing and servicing policies.[19] There was testimony that beginning in 2017, AmWINS had noticed an issue with The Houston Agencies:

> Just an ongoing trend of late payments, and sometimes notices of cancellations were issued. Reinstatements would sometimes be issued before the cancellation date; sometimes not. It could be a situation where it was—there was a lapse in coverage. So it was an ongoing servicing, and our accounting department was very much aware of the fact that it was an unusual trend with an agency that they had to keep an eye on financially.[20]

Many of the transactions involved premium financing. A premium finance loan is a loan between an insured and the company that allows the insured to pay the premium through installment payments to the finance company. The finance company pays the insurer in full.[21] The financing agreement can alternatively be set up to pay the insurance agency, instead of the insurer directly.[22]

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[18] Tr. Vol. 3 (Father Turney) at 586; Tr. Vol 3 (Son Turney) at 634.

[19] Tr. Vol. 1 (Bowers) at 50.

[20] Tr. Vol. 1 (Bowers) at 63.

[21] Tr. Vol. 1 (Bowers) at 58.

[22] Tr. Vol. 1 (Bowers) at 162.

The first transaction discussed in this PFD occurred in late 2017 through early 2018. The other transactions occurred in a period ranging from late summer 2019 through early 2020. Each transaction will be discussed separately below. Evidence of Staff's allegations related to an assumed name certificate will be discussed last.

B. AFCO's Additional Payment

On December 14, 2017, AFCO Credit Corporation (AFCO), a premium financing company, accidentally double-funded a $182,000 premium loan for one of The Houston Agencies' customers. For this loan, AFCO paid the agency, The Houston Agencies, rather than the insurer. Thus, when AFCO funded the loan twice, The Houston Agencies received approximately $365,000 rather than $182,000. Although AFCO originally thought the double funding was the result of The Houston Agencies' actions, it later became clear that AFCO's error caused the double funding.

Because of the double funding, AFCO deposited $365,000 into The Houston Agencies' premium trust account on December 14, 2017.[23] By the end of that month, however, the premium trust account balance was only $110,626.48.[24] Therefore, some of the extra $182,000 had been spent. Policy premiums were paid, but during that time, a total of $43,000 also was transferred

[23] Tr. Vol. 2 (Smith) at 309.

[24] Tr. Vol. 2 (Smith) at 309.

from the trust account to The Houston Agency's operating account and to an account for Turney & Son.[25]

Mr. Lotridge notified AFCO of the double payment on January 16, 2018, and told AFCO that the duplicate money would be returned.[26] The money was not immediately repaid. According to AFCO's records, on January 30, 2018, someone from AFCO contacted Father Turney, who said that Son Turney had already mailed a check.[27] Those same records indicate that in a later follow-up call, Son Turney told an AFCO employee that check number 3727 in the amount of $186,244.50 had been mailed on January 24.[28] Son Turney remembers it differently. He stated that he "believed" that when he spoke to AFCO, he said he "would send a check out" and asserted that he "never stated we sent a check to AFCO."[29]

Regardless of whether assurances were made, AFCO did not receive a check. On February 13, 2018, Donna Garza, AFCO's Texas strategy growth manager, sent Son Turney an email asking if he knew whether the money had been returned to AFCO.[30] She had been asked to reach out to the Turneys because previous efforts

[25] Tr. Vol. 3 (Son Turney) at 634-36.

[26] Tr. Vol. 2 (Smith) at 310. The evidence does not show how he discovered the double payment.

[27] Tr. Vol. 2 (Smith) at 311.

[28] Tr. Vol. 2 (Smith) at 311-12.

[29] TDI Ex. 18A at 514-15.

[30] TDI Ex. 22 at 4882-83.

to get repaid had not been successful.[31] Ms. Garza had a long-standing business relationship with the Turneys, particularly with Father Turney.

At hearing, Ms. Garza described a conversation she had with Son Turney a few days after sending him that email:

> I asked him, So when can it be returned? And he said, I don't have it. And I sit for a second, you know, because everything's going through your mind. And I'm like, What do you mean you don't have it? He said, Well, I don't have it, I used it to pay other policies. And I said, Okay.
>
> I'm just thinking in my head how can I make this situation better for everybody. I said, Well, okay, how much of that amount can you pay back now? Because I — as I expressed to him, I told him — I said, This is not good. They are most likely going to terminate, they, senior leadership, above my, you know, position is they are probably going to terminate the agency because of this, so how much can you pay back? Can you pay a portion? Can you give me — can I — can you give us anything today that I can go back and report to them? And he said, I can't, that he doesn't have it.[32]

Ms. Garza added that the intended purpose of AFCO's funds is to pay for the policies on the financing agreement.[33] The loan is not for other use.

Son Turney described his conversation with Ms. Garza differently. He testified that he did not say he could not send her anything. Instead, he says, he told

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[31] Tr. Vol. 1 (Garza) at 243.

[32] Tr. Vol. 1 (Garza) at 245.

[33] Tr. Vol. 1 (Garza) at 249.

her that if she could give him a couple of weeks, he could get her some money.[34] He also expressed his concern that he had made a mistake. He testified that he did not want his father to find out, so he handled things himself.

On February 22, 2018, AFCO still had not been repaid and so sent a demand letter to the Turneys and The Houston Agencies.[35] After receiving the demand letter, all three Respondent agencies together took out a loan to repay AFCO.[36] Father Turney signed on behalf of the agencies and as guarantor.[37]

Ms. Garza testified that AFCO stopped doing business with the Turneys and their agencies after this incident, but then reinstated their business after she went to bat for them.[38] As part of the reinstatement, Son Turney was no longer to be associated with the agency.[39] After some period of time, approximately one month, Son Turney resumed working with the agency.[40]

In their testimony, both Turneys emphasized that AFCO failed to make it clear that the mistake was theirs. They also note that Ms. Garza realized Son Turney was back working with the agencies when she saw him during an office visit, but she withheld that knowledge from her employer. Father Turney agreed that he never formally told AFCO that Son Turney had returned to work.

[34] Tr. Vol. 3 (Son Turney) at 620.

[35] TDI Ex. 7 at 538.

[36] TDI Ex. 18A at 129.

[37] TDI Ex. 18A at 141.

[38] Tr. Vol. 1 (Garza) at 250.

[39] Tr. Vol. 1 (Garza) at 251-52, 254.

[40] Tr. Vol. 3 (Father Turney) at 571-72.

C. Bullet Concrete

Bullet Concrete, a company based in Conroe, Texas, obtained three policies from The Houston Agencies with an effective date of September 10, 2019, and was sent an invoice for $24,690.75.[41] The invoice itself indicates that it is from Frank J. Turney Jr. Insurance, although the email sending that invoice came from a Houston Agencies email address.[42] On September 10, 2019, Bullet Concrete paid its full premium amount via two checks made out to Frank Turney Insurance.[43] These checks were deposited into the Frank Turney Jr. Insurance trust account on September 17, 2019, and cleared the same day.[44] Father Turney testified that these checks were made out to the wrong agency—to Frank Turney Insurance instead of to The Houston Agencies.[45] He did not mention that the invoice reflected that it came from Frank J. Turney, Jr. Insurance, so the check matched the invoice. Father Turney agreed that an entity he and Son Turney control had Bullet Concrete's full payment on September 17, 2019.[46]

On October 8, 2022, Son Turney submitted an application for a premium finance loan for one of Bullet Concrete's three policies—from Lloyd's of London—to AFCO. This application was submitted in Bullet Concrete's name.

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[41] TDI Ex. 18A at 217.

[42] TDI Ex. 18A at 216-17.

[43] TDI Ex. 18A at 218. The difference between the invoiced amount and the larger amount paid is not explained.

[44] TDI Ex. 18A at 219.

[45] Tr. Vol. 2 (Father Turney) at 538; *see also* TDI Ex. 18A at 218.

[46] Tr. Vol. 3 (Father Turney) at 589.

It is undisputed that Son Turney submitted the application without Bullet Concrete's knowledge or consent. Similarly, Son Turney signed the name of Bullet Concrete's owner, Mr. Dutton, without his knowledge or consent.[47] He did not sign his own name with a marking of "on behalf of." Instead, he signed as if he were Mr. Dutton. He also put his own home address in Montgomery, Texas, as Bullet Concrete's address.[48] Father Turney's signature is also at the bottom of the applicant, representing the agent. Father Turney testified that his signature at the bottom of the application was the result of Son Turney using his signature stamp, which he made available for his son and others to use.[49]

The financing loan was accepted, and AFCO, the premium financing company, sent AmWINS a financing confirmation on October 9, 2019.[50] Payment on Bullet Concrete's Lloyd's of London policy was due on October 15, 2019, and AmWINS received the first payment on this policy from AFCO on October 18, 2019.[51]

On October 15, 2019, Son Turney sent an AFCO employee an email expressing concern that notices "are still being sent to everyone in the agency."[52] Ms. Garza testified that it struck her as "funny" that one of the Turneys requested

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[47] Tr. Vol. 3 (Father Turney) at 590.

[48] Tr. Vol. 1 (Bowers) at 53.

[49] Tr. Vol. 3 (Father Turney) at 591.

[50] TDI Ex. 9 at 583.

[51] Tr. Vol. 1 (Bowers) at 62.

[52] TDI Ex. 22 at 4887.

that nobody else receive the financing or cancellation notices.[53] She also called Son Turney's eagerness to limit who received notices from AFCO "just not a good sign."[54]

By the end of October 2019, AFCO became concerned about the loan. Ms. Garza testified that The Houston Agencies had paid the loan back on behalf of the insured. That repayment was unusual; usually agents do not make loan payments on behalf of an insured.[55] AFCO Senior Vice President Patti Smith described an agent making a payment on an insured's loan "a red flag."[56] This payment triggered an email from Ms. Garza to Father Turney requesting a copy of a form signed by the insured giving the agency authorization to make payments on its behalf.[57] Father Turney responded that it would take a week or two to get that authorization form. Ms. Garza testified that getting the form should not have taken that long and that the length of time was concerning.[58] Father Turney also emailed her that "[w]e have had problems getting mail at the office that [is] why Frankie set it up to send to his home."[59] Ms. Garza testified that AFCO sent other things to The Houston Agencies' office, and she was not aware of any issues with the agency receiving mail.[60]

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53 Tr. Vol. 1 (Garza) at 258.

54 Tr. Vol. 1 (Garza) at 259.

55 Tr. Vol. 1 (Garza) at 262.

56 Tr. Vol. 2 (Smith) at 375.

57 Tr. Vol. 1 (Garza) at 262-63; TDI Ex 22 at 2745-46.

58 Tr. Vol. 1 (Garza) at 263-64.

59 TDI Ex. 22 at 2745-46.

60 Tr. Vol. 1 (Garza) at 265.

After looking into the matter, AFCO realized that Bullet Concrete had not authorized the loan. Around this time, Father Turney asked to cancel the loan. Ms. Smith, who was in charge of collections, agreed to waive the finance fees to allow the loan to fully cancel. Ms. Smith testified, "I wanted to simply get our money back and be done with this because I was very aware that there were issues and wanted to get out from under this situation as much as we could."[61] The loan canceled on October 29, 2019.[62]

AmWINS also had issues with the Bullet Concrete policy. Because the financed amount was not the entire premium—over $10,500 remained outstanding—AmWINS issued a Notice of Cancellation to Bullet Concrete on November 5, 2019, indicating that the policy would be canceled, effective November 20, 2019, for nonpayment of premiums.[63]

AmWINS received payment directly from The Houston Agencies on Bullet Concrete's account on November 7, 2019. The policy did not fully cancel, and coverage did not lapse. AmWINS employee Debra Bowers testified that notices of cancellation can still have negative consequences for an insured, even if the policy is reinstated before coverage lapses. Most significantly, "carriers state that after the third one, [AmWINS] can't reinstate [the policy], because it indicates a financial problem or concern."[64] She added that notices of cancellation will also

[61] Tr. Vol. 2 (Smith) at 333.

[62] TDI Ex. 18A at 124.

[63] TDI Ex. 9 at 578-79.

[64] Tr. Vol. 1 (Bowers) at 79.

go out to mortgage companies or additional insureds, which alerts them to a potential problem.

Ms. Bowers also testified that normally, someone at AmWINS would let the producing agent know that a notice of cancellation was about to be issued.[65] Producers would get involved because they are the customer's contact with the agency and are the company's greatest help in getting the issue resolved.[66] She testified, however, that at some point, Father Turney instructed AmWINS that communication should go through the accounting email at The Houston Agencies, and not to involve the producers. They should just email the accounting department.[67] She thought the request was unusual.[68]

Ms. Bowers added that, based on her 41 years in the insurance industry, it is not customary for an agent to collect a full premium and then finance that premium.[69]

Staff also introduced into evidence Bullet Concrete's affidavit that it had no records showing it entered into the financing agreement or indicating that anyone from Bullet Concrete signed that agreement.[70]

[65] Tr. Vol. 1 (Bowers) at 65.

[66] Tr. Vol. 1 (Bowers) at 65-66.

[67] Tr. Vol. 1 (Bowers) at 66.

[68] Tr. Vol. 1 (Bowers) at 67.

[69] Tr. Vol. 1 (Bowers) at 58.

[70] TDI Ex. 10.

D. Navarro Hospitality

Navarro Hospitality, located in Victoria, Texas, runs a La Quinta hotel. Unlike Bullet Concrete, Navarro Hospitality was one of Mr. Lotridge's clients.

The Houston Agencies sent Navarro Hospitality an invoice for $18,103.58. This invoice included the full annual premiums for three policies, including one from Crum & Forster, and partial premiums on two policies. The invoice indicated that the remaining balance on the two partial-payment policies was $29,235, and that final payment of the balance was due on October 20, 2019.[71] Navarro Hospitality paid The Houston Agencies $18,103.56, the first amount, via check on September 27, 2019.[72] This amount included the entire Crum & Forster premium. The Houston Agencies deposited this amount into its trust account on October 1, 2019, and it cleared the same day.[73] Navarro Hospitality also sent The Houston Agencies a second check for $29,235—the remaining balance amount—on October 21, 2019.[74] The second check was deposited into the same trust account on October 21, 2019.[75]

The Crum & Forster premium was due to AmWINS on October 15, 2019.[76] Because The Houston Agencies did not make any payment to AmWINS for this

71 TDI Ex. 18A at 495.

72 TDI Ex. 18A at 259.

73 TDI Ex. 18A at 261.

74 TDI Ex. 18A at 260.

75 TDI Ex. 18A at 262.

76 Tr. Vol. 1 (Bowers) at 74.

premium, AmWINS issued a notice of cancellation for nonpayment on this policy on November 7, 2019.[77] The notice indicated that cancellation would take effect on November 22, 2019.

Although Navarro Hospitality had paid The Houston Agencies the full amount of the Crum & Foster premium on September 27, 2019, and the remaining balance for the other two policies on October 21, 2019, The Houston Agencies did not pay AmWINS any amount on this policy until November 12, 2019.[78] That initial payment was for $934.39, not the full amount owing on the Crum & Foster premium. AmWINS received a second payment on this policy on November 13, 2019, which covered the remaining balance of $2,618.46.[79] This second payment was not made by The Houston Agencies, but rather by Capital Premium Financing, a premium financing company.[80]

The agreement with Capital Premium Financing was entered into on November 11, 2019,[81] a few weeks after the cancellation of the Bullet Concrete financing with AFCO. The borrower's signature reads "Ketan Patel."[82] Father Turney's name is printed as the agent, and the agreement contains his signature, as well. Although Navarro Hospitality is located in Victoria, Texas, the financing agreement lists the company's address as a P.O. Box in Conroe, Texas.

[77] Tr. Vol. 1 (Bowers) at 74, 75; TDI Ex. 9 at 568.

[78] TDI Ex. 9 at 574.

[79] Tr. Vol. 1 (Bowers) at 74; TDI Ex. 9 at 574.

[80] Tr. Vol. 1 (Bowers) at 74; TDI Ex. 9 at 574.

[81] TDI Ex. 12 at 614.

[82] TDI Ex. 12 at 624.

The P.O. box listed as Navarro Hospitality's mailing address is one that Son Turney set up for The Houston Agencies.[83] The agreement also lists Son Turney's home telephone number as the telephone number for Navarro Hospitality.[84] The documents provide The Houston Agencies' street address, rather than its P.O. Box, so the agency and the insured had different addresses.

Sarah Bush, with Capital Premium Financing, testified that the company expects an applicant's signature to be a true, genuine signature. She emphasized that among the items a borrower agrees to is giving the financing company the power of attorney to cancel their insurance for nonpayment.[85] She also testified that, as part of the agreement, the agent warrants that the borrower's signature is genuine and also that the agent has delivered a copy of the agreement to the borrower.[86] The Capital Premium Financing note for Navarro Hospitality was ultimately paid in full.[87]

Navarro Hospitality has no records of instituting a loan like the one provided.[88]

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[83] TDI Ex. 18A at 176.

[84] Tr. Vol. 1 (Bowers) at 77.

[85] Tr. Vol. 1 (Bush) at 219-20.

[86] Tr. Vol. 1 (Bush) at 222.

[87] Tr. Vol. 1 (Bush) at 231.

[88] TDI Ex. 14.

At hearing, Son Turney testified why he completed the financing for Navarro:

> Mr. Lotridge came to me saying that the insured was going to be late on the second payment, he didn't think he was going to have the complete amount of the second payment, so he wanted me to set up a finance note for, I believe, it was two policies.[89]

Son Turney testified that he signed Mr. Patel's name on the finance application and agreement on November 11, 2019, and at the time, he believed that Mr. Lotridge had signature authority from the customer.[90]

Navarro Hospitality's Crum & Foster policy was reinstated on November 15, 2019, and coverage never lapsed.[91]

E. Shree Ramkabir, LLC

1. Premium Payment and Loan

On August 19, 2019, The Houston Agencies sent an invoice for $27,669.58 to Almena State Bank for a Covington policy for an insured, Shree Ramkabir, LLC d/b/a Econo Lodge Tulsa.[92] A few days later, on August 23, 2019, the bank wired the full invoiced amount to The Houston Agencies' premium trust account.[93]

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[89] Tr. Vol. 3 (Son Turney) at 622.

[90] Tr. Vol. 3 (Son Turney) at 624.

[91] Tr. Vol. 1 (Bowers) at 78.

[92] TDI Ex. 18A at 300.

[93] TDI Ex. 18A at 329.

Payment for Shree Ramkabir's policy was due on September 15, 2019.[94] On October 4, 2019, AmWINS issued a Notice of Cancellation for Non-Payment.[95] AmWINS received its first payment on this policy on October 9, 2019. This payment was only a partial payment of $5,229.93.[96] The Houston Agencies paid the remaining balance on October 21, 2019.[97]

On October 4, 2019, the same date the notice of cancellation was issued, Son Turney submitted to AFCO an application for a premium finance loan on behalf of Shree Ramkabir.[98] In forwarding the application, Son Turney wrote, "Please process attached. 1st month installment was collected." The same day, AFCO entered into a premium finance agreement to pay several of Shree Ramkabir's policies, including the Covington policy. The agreement indicates that it is signed by the insured, specifically by Ninhkumar Bhaka. In the box labeled "Insured (Name and Address as shown on the policy)," it states:

> Shree Ramkabir, LLC
> DBA: Econo Lodge Tulsa
> 3305 W Davis St Suite 100
> Conroe, TX 77304.[99]

[94] Tr. Vol. 1 (Bowers) at 82.

[95] TDI Ex. 12 at 586.

[96] Tr. Vol. 1 (Bowers) at 82.

[97] Tr. Vol. 1 (Bowers) at 82-83.

[98] TDI Ex. 7 at 552.

[99] TDI Ex.7 at 551.

This address is The Houston Agencies' address. Someone at AFCO noticed that the address was the same. AFCO's system notes say "the agent and insured are located in the same building, this is not the agent's own policy, ok to process."[100] It is clear from the other statements, such as the reference to Son Turney's statement that the first installment was collected, that "agent" in this memo refers to Son Turney.

At hearing, Son Turney denies being involved with this financing application, other than processing it. He testified that he processed the note at Mr. Lotridge's request.[101] He also denied signing Mr. Bhaka's name, although he agreed he put his father's signature stamp on the application.[102] He also agreed that he called to ask whether he had to collect the first payment before sending in the application and called a few days later to ask about how long it takes AFCO to fund.[103]

Also on Friday, October 4, 2019, the same date Son Turney submitted the financing application, an AmWINS employee sent an email to Mr. Lotridge informing him that a Notice of Cancellation for Non-Payment had been issued for the Shree Ramkabir policy.[104] Within a few minutes of receiving this email, Mr. Lotridge forwarded it to Son Turney and one other person within the agency,

[100] TDI Ex. 7 at 4879.

[101] Tr. Vol. 3 (Son Turney) at 626.

[102] Tr. Vol. 3 (Son Turney) at 650.

[103] Tr. Vol. 3 (Son Turney) at 651-52.

[104] TDI Ex. 20 at 9807.

saying "This was paid in full by the bank by wire transfer. Urgent this is paid today."

On October 7, 2019, Son Turney responded to the AmWINS employee, saying "I will get this sent in today sorry I was not in the office on Friday." About an hour later, Son Turney sent a follow-up response to the AmWINS employee reminding her that he previously requested that any payment inquiries be sent to the accounting email address (which only went to him), and emphasized: "Bob [Lotridge] is NOT an employee of ours so there could be delays in us getting notifications. You are NOT to send any payment inquiries to him he is only a producer I am not sure why he even became a point of contact for payment."[105] The next day, he reiterated that this request was for all accounts.[106]

On October 7, 2019, according to AFCO's records, an AFCO employee "called the agent left a message." On October 8, the same employee noted, "spoke to the agent Robert Lotridge was told the insured paid the pfa off in full, per the agent, this pfa can be voided."[107] The next day, Son Turney requested that AFCO only send notifications to his email address and only use his direct telephone line.[108] As Ms. Smith described it, Son Turney was asking "that all communication from AFCO be funneled directly to him."[109]

[105] TDI Ex. 20 at 9806-07.

[106] TDI Ex. 20 at 9806.

[107] TDI Ex. 7 at 4879.

[108] TDI Ex. 22 at 4888.

[109] Tr. Vol. 2 (Smith) at 329.

As with the previous two insureds, Shree Ramkabir has no record of entering into this loan.[110]

2. Refund and Credit

On October 18, 2019, Shree Ramkabir filed a request to cancel the insurance policy, noting that the property was sold.[111] This cancellation resulted in a refund of unearned premium. On November 22, 2019, AmWINS credited The Houston Agencies with the premium refund of $19,137 for the Shree Ramkabir policy with Covington.[112] This amount also appeared as a credit on AmWINS' December 3, 2019 statement for several different policies.[113] On December 17, 2019, Son Turney sent the following email to an AmWINS employee:

> There is a credit for Shree Ramkabir in the amount of $17,988.78, please use this to pay for Sai Jalaram [another Houston Agencies customer] in the amount of $17,593.60. I had sent a check out to Shree Ramkabir earlier in the month and forgot to send an email to apply to credit for the policy.[114]

Despite Son Turney's statement, The Houston Agencies did not send Almena State Bank a refund check for the canceled Shree Ramkabir policies until February 19, 2020.[115]

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[110] TDI Ex. 15.

[111] TDI Ex. 9 at 589.

[112] Tr. Vol. 1 (Bowers) at 91; TDI Ex. 18A at 344.

[113] TDI Ex. 18A at 473.

[114] TDI Ex. 18A at 474.

[115] TDI Ex. 8 at 555.

Respondents' expert witness, Rebecca Bunge, testified that using one refund to offset another amount owing is consistent with generally accepted accounting principles:

> if we're talking about making the request to apply a credit for one customer against a debit to another customer, yes, that that is fine as long as you have the audit trail and internal controls in place. And, again, I did not audit it, but if you have that, then it is perfectly fine.[116]

Ms. Bunge testified that she did not audit The Houston Agencies' books. She also testified that she asked to confirm that The Houston Agencies had returned the money to Shree Ramkabir before making that transaction:

> I was told that they had sent a check out through QuickBooks. And after a couple of weeks they responded to two, three and had not received it, and they went back and they are trying to make sure that they got all the funds and finally got that back out to them.[117]

Ms. Bunge testified that never saw any documentation that the return of funds had occurred.[118] She also never saw any unredacted bank statements from Respondents. She only saw the account numbers to show that the separate accounts existed. She never saw a record of deposits, payments, or balances.[119]

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[116] Tr. Vol. 1 (Bunge) at 211.

[117] Tr. Vol. 1 (Bunge) at 213.

[118] Tr. Vol. 1 (Bunge) at 213.

[119] Tr. Vol. 1 (Bunge) at 191-92.

Father Turney also testified that the debit-credit exchange is standard.[120] He added that "[t]he purpose of doing that is we get the money in the cancelled policy individual's hands 30, maybe even 45 days quicker than them waiting for those dollars to actually be available."[121] This is because it takes around 60 days for the MGA to get the refund money from the insurer.[122]

F. Sai Jalaram, Inc.

On November 1, 2019, Sai Jalaram, Inc. wrote The Houston Agencies a check for $19,774 to pay a policy premium in full.[123] The check was deposited the same day.[124] According to AmWINS' records, payment on that policy was due on November 15, 2019.[125] Although Sai Jalaram's check had been deposited over two weeks before the payment due date, The Houston Agencies did not timely pay AmWINS, who issued a notice of cancellation on December 11, 2019.[126] An AmWINS employee emailed Mr. Lotridge a copy of the notice, and he responded that he believed the policy had been paid in full.[127] AmWINS did not receive payment until Son Turney asked it to credit Shree Ramkabir's credit to the Sai Jalaram premium in the December 17, 2019 email previously discussed. This

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[120] Tr. Vol. 2 (Father Turney) at 532.

[121] Tr. Vol. 2 (Father Turney) at 533.

[122] Tr. Vol. 2 (Father Turney) at 532.

[123] TDI Ex. 18A at 410.

[124] TDI Ex. 18A at 415.

[125] TDI Ex. 9 at 604.

[126] Tr. Vol. 1 (Bowers) at 96; TDI Ex. 9 at 602.

[127] TDI Ex. 9 at 598-99.

was over a month and a half after Sai Jalaram had paid The Houston Agencies for its policy.

G. CNV Ventures

In September 2019, CNV Ventures LLC, a hotel company based in Floresville, Texas, wanted to obtain a builder's risk policy from US Assure.[128] This policy, to go into effect on September 17, 2019, had a premium of $16,884.[129] On October 15, 2019, CNV paid the premium amount, plus a financing charge, to The Houston Agencies via credit card.[130] Niraj Patel, one of CNV's members, testified that he would have expected the agent to send the money to the insurance company.

Later, Mr. Patel received a premium invoice from US Assure that was dated October 28, 2019.[131] The invoice, which was mailed to CNV Venture's address in Floresville, indicated that US Assure had received a $4,220 payment on October 18, 2019, and that a minimum payment of $6,332 was due on November 16, 2019.[132] After receiving the invoice, Mr. Patel called Mr. Lotridge to ask why he was getting an invoice when he had already paid in full.[133]

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[128] Tr. Vol. 2 (Patel) at 386.

[129] Tr. Vol. 2 (Patel) at 3878-88; TDI Ex. 18A at 245.

[130] Tr. Vol. 2 (Patel) at 388-89; TDI Ex. 18A at 255.

[131] Tr. Vol. 2 (Patel) at 389.

[132] TDI Ex. 16 at 658.

[133] Tr. Vol. 2 (Patel) at 390.

On October 28, 2019, The Houston Agencies sent US Assure a $3,166.00 check as a second payment on CNV's policy.[134]

On November 11, 2019, someone using Son Turney's email address logged into US Assure's system and changed the mailing address for CNV Ventures to the mailing address for The Houston Agencies in Conroe, Texas.[135] Mr. Patel testified that he did not ask anyone to make that change.[136] US Assure employee Rachele Holden testified that the effect of that change was that invoices, notices of cancellation, and all the other notices would go The Houston Agencies instead of to the insured.[137] On December 2, 2019, The Houston Agencies made the last payment on CNV's policy.[138] That same day, someone using the same email address logged into US Assure's account and changed CNV's mailing address back to the correct Floresville address.[139]

Mr. Patel agreed that the policy was a direct-bill policy under which the insured would normally directly pay the insurer, and not go through the agency.[140] He added that if the insurer would have accepted a credit card for payment, he would have gone directly through the insurer. He also agreed that he was technically late when he made his first payment.[141]

[134] TDI Ex. 16 at 650.

[135] Tr. Vol. 2 (Holden) at 414; TDI Ex. 16 at 641.

[136] Tr. Vol. 2 (Patel) at 391-92.

[137] Tr. Vol. 2 (Holden) at 415.

[138] Tr. Vol. 2 (Holden) at 417.

[139] Tr. Vol. 2 (Holden) at 416.

[140] Tr. Vol. 2 (Patel) at 396.

[141] Tr. Vol. 2 (Patel) at 396.

US Assure employee Rachele Holden testified that, under the producer agreement with agents for the builder's risk program, an agent who collects premium on a direct bill policy, is to remit the premium payment to US Assure immediately.[142]

The Turneys testified that Mr. Lotridge violated agency policy by accepting two payments and by accepting payments on a direct bill policy. Son Turney testified that he had difficulty using US Assure's online portal and could not figure out how to pay the proper amount. He did not testify about changing the customer's email address.

H. Assumed Name

Staff presented the testimony of Lewis W. Wright IV, who is the Administrative Review Liaison to the Department's Enforcement Division. Mr. Wright testified that the Turneys failed to register an assumed name, Lone Star Insurance Agency of Houston, with the Department.[143]

Father Turney testified that he purchased the Lone Star agencies in 2007 and filed the assumed name certificate for Lone Star Insurance Agency of Houston with the Texas Secretary of State on November 10, 2015.[144] He also filed an

[142] Tr. Vol. 2 (Holden) at 411.

[143] Staff originally pleaded that Lone Star Insurance was an unlicensed entity, but dropped that argument in its closing.

[144] Tr. Vol. 2 (Father Turney) at 525-26.

assumed name certificate with the Harris County Clerk's Office.[145] He testified that he believed he was doing everything he needed to do because the company was selling insurance in the name of Turney & Son, which is a licensed agency.[146]

IV. ANALYSIS

A. Premium Financing

Staff alleges that the Turneys' conduct related to the loans subjects them to discipline under Texas Insurance Code section 4005.101(b)(5), which authorizes disciplining a license holder who engages in fraudulent or dishonest acts or practices. Staff alleges that responsibility also flows through to the agencies, since both Turneys are officers, and Father Turney is the owner.

Initially, the ALJ finds that Son Turney submitted three loan applications under the names of customers, and signed those customers' names, without their knowledge or consent. The ALJ does not find it credible that Son Turney was acting at Mr. Lotridge's direction when he entered the Navarro Hospitality loan. There was no reason for Mr. Lotridge to request a loan. Even though Navarro Hospitality was a few days late on its second installment, The Houston Agencies had received that late payment three weeks before it entered into the financing agreement. Additionally, Son Turney took steps to avoid Mr. Lotridge receiving notices.

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[145] Tr. Vol. 2 (Father Turney) at 526.

[146] Tr. Vol. 2 (Father Turney) at 527.

Similarly, the ALJ does not find Son Turney's testimony that he does not know who signed the Shree Ramkabir note to be credible, and finds that he signed that note as well. The note fits the pattern of the other two notes. Additionally, Son Turney's conduct, such as telling AFCO that Shree Ramkabir was located in the same building as The Houston Agencies, went beyond just forwarding an application. The ALJ also finds it notable that, after AFCO asked Son Turney about the insured and the agency having the same address in the Shree Ramkabir documents, later applications provided different addresses for the parties, even when those addresses all went to Son Turney.

The ALJ also finds that Son Turney took steps to ensure that the insureds would not find out about these loans, such as putting his address and personal telephone number instead of the customers' information on the applications. Both Turneys also took actions to ensure that no one else at the agency would discover what was happening. Although difficulties with agents forwarding invoices could explain why Son Turney wanted to receive all communication from an MGA or financing company, those difficulties do not explain both Turneys' insistence that an agent not also be copied on communications. Concealment is the more plausible explanation. In short, this conduct—taking out a loan in the name of customers and taking steps to hide those loans from customers—is, on its face, a dishonest act.[147]

[147] The ALJ does not find Mr. O'Dea's testimony to be persuasive to the extent he asserted such conduct was acceptable.

Despite this, the Turneys argue that the Insurance Code and the Uniform Commercial Code, as adopted in the Texas Business and Commerce Code, authorize their actions. First, the Turneys rely on section 651.151 of the Texas Insurance Code, which sets out requirements for premium finance agreements. The Turneys cite the following subsection:

> (b) A premium finance agreement must be dated and signed by the insured. An agreement may be signed on behalf of the insured by the insured's agent if:
>
> (1) the agreement contains policies for other than personal, family, or household purposes; and
>
> (2) the premiums for the policies exceed $1,000.[148]

They argue that "[n]owhere do the cited provisions require express consent of the insured."[149] And to some extent, that is true: the quoted provision only implies that consent is required through its use of "on behalf of." But immediately following the quoted provision are several other requirements. Among those requirements is one that the premium finance agreement must contain "the name and residence or business address of the insured *as specified by the insured*."[150] If the insured must specify the address he or she wants used on the agreement, that certainly suggests the insured must be aware of the financing. The ALJ notes that the agreements in this case did not include the insured's specified address on them.[151]

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[148] Tex. Ins. Code § 651.151(b).

[149] Resp. Br. at 17.

[150] Tex. Ins. Code § 651.151(c)(2)(emphasis added).

[151] The ALJ notes that this section also requires an agreement to contain the principal balance, which is the difference between the total amount of any premiums and the down payment. Tex. Ins. Code § 651.151(c)(6)-(8).

The Turneys also rely on section 3.402 of the Uniform Commercial Code as a grant of authority for their actions.[152] This section states:

> If a person acting, or purporting to act, as a representative signs an instrument by signing either the name of the represented person or the name of the signer, the represented person is bound by the signature to the same extent the represented person would be bound if the signature were on a simple contract. If the represented person is bound, the signature of the representative is the "authorized signature of the represented person" and the represented person is liable on the instrument, whether or not identified in the instrument.[153]

The ALJ does not find that this provision, about who is liable on negotiable instruments, has any particular relevance to the issues here, which are about an insurance agent's responsibilities. In fact, this section, standing alone, would suggest that when Son Turney signed notes without his clients' knowledge or consent, he put those clients at risk of liability should the financing company need to enforce the agreement.

But this section does not stand alone, as the Turneys are aware. In their briefing, the Turneys also cite a portion of Texas Business and Commerce Code section 1.103(a) to the effect that the provisions must be liberally construed.[154] However, they omit part (b) of that section, which states, "[u]nless displaced by the particular provisions of this title, the principles of law and equity, including . . .

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[152] The Turneys contend that the premium financing agreements are negotiable instruments and so are subject to section 3 of the Uniform Commercial Code.

[153] Tex. Bus. & Com. Code § 3.402(a).

[154] Tex. Bus. & Com. Code § 1.103(a).

the law relative to . . . principal and agent, . . . fraud, [or] misrepresentation, . . . shall supplement its provisions." Thus, the provisions in section 3.402, which do not authorize signature without consent, also do not override preexisting requirements relating to fraud.

As for fraud, the common law elements of fraud, used to establish a fraudulent act, are (1) that a material representation was made; (2) the representation was false; (3) when the representation was made, the speaker knew it was false or made it recklessly without any 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.[155]

The ALJ finds that Staff established the first five elements of fraud based on all the loans. Staff established Son Turney falsely represented that individual clients had applied for the loans, and the financing companies relied upon those representations. Son Turney was aware this representation was false, and intended to convince the financing companies to rely on those representations. The ALJ finds that AFCO suffered actual injury from the actions when it flat-cancelled the Bullet Concrete loan without receiving financing fees on it. The other parties were at risk of harm.

In short, the ALJ finds that Son Turney, and by extension, The Houston Agencies, is subject to discipline for engaging in dishonest acts relating to the three

[155] *Italian Cowboy Partners, Ltd. v. Prudential Ins. Co. of Am.*, 341 S.W.3d 323, 337 (Tex. 2011).

premium financing loans and fraudulent acts for Bullet Concrete. Father Turney is subject to discipline for dishonest acts in trying to conceal what took place. The ALJ does not find that Frank J. Turney Jr. Insurance Agency, Inc. or Turney & Son, Inc. were involved in this conduct.

B. Misappropriation of Funds

Staff also alleges that the Turneys and the agencies are subject to discipline under another provision of section 4005.101, which sets out that a license holder may be disciplined if the license holder:

> has misappropriated, converted to the applicant's or license holder's own use, or illegally withheld money belonging to:
> (A) an insurer;
> (B) a health maintenance organization; or
> (C) an insured, enrollee, or beneficiary.[156]

Respondents argue that this section requires Staff to establish that the any money that was misappropriated was for the Turneys' own use. [157] They argue that Staff has failed to show that any money went into the Turneys' pockets.

Nevertheless, although Respondents argue that "own use" is part of the prohibition on misappropriation, the actual statutory language makes it clear that the phrase "own use" refers to converting money, not to misappropriation. Thus,

[156] Tex. Ins. Code § 4005.101(b)(4).

[157] Respondents' Closing Arguments at 3.

Staff is not required to establish that the Turneys misappropriated money for their own use.[158]

In any event, while there is no evidence that anyone took the money to, say, buy items for their own personal use,[159] there is ample evidence showing that Son Turney, and by extension, The Houston Agencies, used the loan money to prop up the business's shortfalls, rather than paying their customers' premiums. In other words, this money was used for The Houston Agencies. Between the loans to cover premiums that had been paid to the extra payment from AFCO not being in the account, the evidence paints a picture of a business in financial distress and actions being taken in an attempt to relieve that distress. The ALJ finds misappropriation of funds as it relates to the premiums paid by Navarro Hospitality and Shree Ramkabir. The Bullet Concrete premiums, which were deposited in a separate account, seem an incident of mismanagement, rather than misappropriation. The ALJ finds Son Turney, who controlled the financing, and The Houston Agencies may be disciplined for misappropriation.[160]

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[158] Staff did not plead that the Turneys converted any money.

[159] The ALJ notes there was no particular explanation for the $43,000 transferred from The Houston Agencies' trust account in December 2017.

[160] Staff argues that the other agencies could be responsible, as well, based on intermingling of funds. However, Staff only introduced one bank record into evidence. That record was a December 2017 statement, which showed a significant amount of transferring between accounts. However, that date was before the misappropriation in question, and it is unclear from a single statement whether that amount of transferring funds between accounts continued.

C. Shree Ramkabir's Refund

There would be no issue with using the Shree Ramkabir refund to pay another customer's premium had The Houston Agencies actually paid Shree Ramkabir around the same time. Then it would be, as Ms. Bunge described, just a straightforward accounting transaction. It would be a method to simplify the accounting when several different policies were billed together, and Shree Ramkabir (or the bank) would still get its money back.

But that is not what happened. Instead, the bank did not get its refunded premium back for approximately three months after it was credited to The Houston Agencies, and approximately two months after The Houston Agencies asked AmWINS to use it to pay another customer's premium. During that time, the refund money—money belonging to the insured—was used to keep The Houston Agencies afloat. The ALJ finds misappropriation as it relates to the use of the Shree Ramkabir refund.

Son Turney's actions in addressing the Shree Ramkabir refund provide another example of a dishonest act that subjects him to discipline. In particular, he went out of his way to tell AmWINS that he had already sent Shree Ramkabir a check, when in fact, he had not.[161]

[161] TDI Ex. 18 at 474.

D. CNV and Sai Jalaram

The ALJ finds that Son Turney's changing CNV's mailing address to The Houston Agencies' mailing address was also a dishonest act designed to hide information from the insured. Son Turney is subject to discipline for that conduct. Because Son Turney testified about his difficulties with US Assure's online payment system, and that Mr. Lotridge's decision to allow CNV to pay via credit card was unusual and against policy, the ALJ finds that Staff did not establish misappropriation of funds with CNV.

As for Sai Jalaram, Staff established a delay in paying AmWINS premiums The Houston Agencies had already collected. A delay by itself would not be actionable, but Staff introduced sufficient evidence, based not just on the delay, but on the other shortages of money that have been established, that the money Sai Jalaram paid to The Houston Agencies was used for other purposes. Staff established that Son Turney and The Houston Agencies misappropriated Sai Jalaram's premium payment.

E. AFCO's Double Funding

Respondents argue that Texas Insurance Code section 4005.101(b)(4), which subjects a license holder to discipline for misappropriating, converting to the license holder's own use, or illegally withholding money belonging to an insurer; a health maintenance organization; or an insured, enrollee, or beneficiary, does not apply to the AFCO double-funding situation because AFCO is not an insurer, an insured, or a beneficiary.

The ALJ agrees with Respondents that their actions involving AFCO's double funding do not fall under that section because AFCO is not one of the enumerated groups.[162] The ALJ finds that Respondents' slowness in returning the funding, while suggesting business difficulties, was neither a fraudulent nor dishonest act. Staff did not establish this violation.

F. Assumed Name

It is clear that the Turneys did not file a copy of the assumed name certificate for Lone Star Insurance with TDI until they were informed that was required. However, Staff did not establish that this failure was willful—done intentionally and voluntarily—rather than an omission. Father Turney testified that he was unaware of the requirement, particularly since the actual transactions were through Turney & Sons, a licensed agency. Therefore, it should not result in discipline.

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[162] The ALJ disagrees with Respondents, however, that AFCO's status as a financing company deprives the Department of jurisdiction over Respondents' conduct in relation to them.

G. Penalty

Because Staff established that the Turneys engaged in conduct for which they can be disciplined, the issue becomes what discipline is appropriate. Under Texas Insurance Code section 4005.102, the Department may, among other things, suspend or revoke a license, assess an administrative penalty, or reprimand a license holder.

In his testimony, Mr. Wright set out the reasons he believed that license revocation, while serious, was the appropriate penalty.[163] In short, he testified, "the Texas consumer would not be served in the best interest for continued licensure to exist in an environment when transparency in the insurance transaction was not being adhered to and was not a goal."[164]

The Respondents mainly address fault, so they do not argue for a lesser penalty.

The ALJ finds that Son Turney's conduct was sufficiently serious to justify revocation. He arranged for loans in his client's names without their permission, tried to hide his actions from his clients and others at the agency, lied to premium finance companies, and used money received to pay for premiums for other purposes.

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[163] Tr. Vol. 2 (Wright) at 463-64.

[164] Tr. Vol. 2 (Wright) at 463.

Son Turney is an officer of The Houston Agencies, and the loans he submitted were with The Houston Agencies' participation. The misappropriated funds were also, for the most part, deposited in The Houston Agencies' account. The ALJ recommends that The Houston Agencies' license be revoked, as well.

The ALJ finds, however, that Father Turney's conduct was less serious. He was involved in the efforts to limit the number of people who received notification, which suggests some involvement in a dishonest act. It is true that he allowed his son back into the business when there were red flags about him. He also set up a situation in which his son had control of the bookkeeping and could also use his signature stamp without great controls. But those other actions are not violations of the Insurance Code or rules, or at least, none of those actions fall under the violations Staff pleaded. The ALJ finds that revocation is too harsh a remedy for Father Turney's actions and recommends that the Department issue Father Turney a probated suspension.

As Staff did not establish violations relating to the Frank J. Turney, Jr. Insurance Agency or to Turney & Son, Inc., the ALJ does not recommend assessing any penalty against them.

V. FINDINGS OF FACT

1. Frank Julian Turney III (Son Turney) holds a general lines agent license with a property and casualty qualification issued by the Texas Department of Insurance (Department) on January 30, 2003, and a life, accident, health and HMO qualification issued by the Department on August 19, 2005.

2. Frank Julian Turney, Jr. (Father Turney) holds a general lines agent license with a property and casualty qualification issued by the Department on August 4, 1986, and a life, accident, health and HMO qualification issued by the Department on October 27, 1986.

3. The Houston Agencies, Inc. holds a general lines agency license with a property and casualty qualification issued by the Department on March 6, 1987, and a life, accident, health and HMO qualification issued by the Department on March 18, 1987. Father Turney is The Houston Agencies' owner and president. Son Turney is its vice president. Both Turneys serve as a designated responsible licensed person for The Houston Agencies.

4. Turney & Son, Inc. holds a general lines agency license with a property and casualty qualification and a life, accident, health and HMO qualification, both of which were issued by the Department on February 19, 2008. Father Turney is Turney & Son's owner and president, and Son Turney is the vice president. Both are designated responsible licensed persons.

5. Frank J. Turney, Jr. Insurance Agency holds a general lines agency license with a property and casualty qualification and a life, accident, health and HMO qualification, both of which were issued by the Department on April 1, 2015. Father Turney owns Frank. J. Turney, Jr. Insurance Agency.

6. For the last five to seven years, Son Turney has handled the accounting for all three agencies.

7. On December 14, 2017, AFCO Credit Corporation (AFCO), a premium financing company, accidentally double-funded a $182,000 premium loan for one of The Houston Agencies' customers. For this loan, AFCO paid the agency, The Houston Agencies, rather than the insurer. Thus, when AFCO funded the loan twice, The Houston Agencies received approximately $365,000 rather than $182,000.

8. Because of the double funding, AFCO deposited $365,000 into The Houston Agencies' premium trust account on December 14, 2017. By the end of that month, however, the premium trust account balance was only $110,626.48.

9. After AFCO requested the additional money be returned, Son Turney said he did not have it.

10. After receiving a demand letter in February 2018, all three agencies took out a loan to repay AFCO.

11. Bullet Concrete, a company based in Conroe, Texas, obtained three policies from The Houston Agencies with an effective date of September 10, 2019, and was sent a premium invoice for $24,690.75. The invoice indicates that it is from Frank J. Turney Jr. Insurance, although the email sending that invoice came from a Houston Agencies email address.

12. On September 10, 2019, Bullet Concrete paid its full premium amount via two checks made out to Frank Turney Insurance. These checks were deposited into the Frank Turney Jr. Insurance trust account on September 17, 2019, and cleared the same day.

13. On October 8, 2022, Son Turney submitted an application for a premium finance loan for one of Bullet Concrete's three policies—from Lloyd's of London—to AFCO.

14. Bullet Concrete did not know about the loan or consent to it.

15. On the finance application, Son Turney signed the name of Bullet Concrete's owner without his knowledge or consent. Son Turney also listed his own home address in Montgomery, Texas, as Bullet Concrete's address.

16. Because Son Turney listed his home address as Bullet Concrete's address, Bullet Concrete would not receive any notification about the loan.

17. Son Turney requested that AFCO not copy any other people in the agency on notices about loans.

18. After concerns about the loan to Bullet Concrete, AFCO agreed to waive its financing fees and cancel the loan.

19. The Houston Agencies sent Navarro Hospitality an invoice for $18,103.58. This invoice included the full annual premiums for three policies, including

one from Crum & Forster, and partial premiums on two policies. The invoice indicated that the remaining balance on the two partial-payment policies was $29,235, and that payment on that balance was due on October 20, 2019.

20. Navarro Hospitality paid The Houston Agencies $18,103.56 via check on September 27, 2019. This amount included the entire Crum & Forster premium. The Houston Agencies deposited this amount into its trust account on October 1, 2019, and it cleared the same day.

21. Navarro Hospitality sent The Houston Agencies a second check for $29,235—the remaining balance amount—on October 21, 2019. The second check was deposited into the same trust account on October 21, 2019.

22. Payment of the Crum & Forster premium was due to AmWINS, a managing general agent, on October 15, 2019.

23. Because The Houston Agencies did not make any payment to AmWINS for this premium, AmWINS issued a notice of cancellation for nonpayment on this policy on November 7, 2019. The notice indicated that cancellation would take effect on November 22, 2019.

24. The Houston Agencies made its first payment to AmWINS on the Navarro Hospitality Crum & Forster premium on November 12, 2019. That initial payment was only a partial payment.

25. On November 11, 2009, Son Turney submitted a financing agreement with Capital Premium Financing in Navarro Hospitality's name. Son Turney signed the name of Navarro Hospitality's principal, Ketan Patel, and listed a P.O. Box he obtained for The Houston Agencies as Navarro Hospitality's address. Son Turney also listed his own telephone number as the number for Navarro Hospitality. Son Turney listed The Houston Agencies' street address—not the P.O. Box—as the agency address.

26. Capital Premium Financing paid the remaining balance on Navarro Hospitality's premium, and the policy was reinstated without coverage lapsing.

27. Capital Premium Financing was repaid on the loan.

28. On August 19, 2019, The Houston Agencies sent an invoice for $27,669.58 to Almena State Bank for a Covington policy for an insured, Shree Ramkabir, LCC d/b/a Econo Lodge Tulsa.

29. On August 23, 2019, Almena State Bank wired, on Shree Ramkabir's behalf, the full invoiced amount to The Houston Agencies' premium trust account.

30. Payment for Shree Ramkabir's policy was due on September 15, 2019.

31. On October 4, 2019, AmWINS issued a Notice of Cancellation for Non-Payment for Shree Ramkabir's policy.

32. Also on October 4, 2019, an AmWINS employee sent an email to Mr. Lotridge, a producer with The Houston Agencies, informing him that a Notice of Cancellation for non-payment had been issued for the Shree Ramkabir policy. Within a few minutes of receiving this email, Mr. Lotridge forwarded it to Son Turney and one other person within the agency, saying "This was paid in full by the bank by wire transfer. Urgent this is paid today."

33. The same day, Son Turney submitted to AFCO an application for a premium finance loan on behalf of Shree Ramkabir. Shree Ramkabir was not aware of the loan and did not consent to it.

34. Son Turney signed a name on behalf of the insured and listed The Houston Agencies' street address as the address of the insured.

35. In sending the application, Son Turney wrote, "Please process attached. 1st month installment was collected."

36. When asked why the insured and agent had the same address, Son Turney told an AFCO employee that Shree Ramkabir and the agency were located in the same building.

37. Shree Ramkabir and The Houston Agencies are not located in the same building.

38. On October 7, 2022, Son Turney requested that AmWINS only send notices to him, and a few days later requested that AFCO email and call only him.

39. On October 18, 2019, Shree Ramkabir filed a request to cancel the insurance policy, noting that the property was sold. This cancellation resulted in a refund of unearned premium.

40. On November 22, 2019, AmWINS credited The Houston Agencies with the premium refund of $19,137 for the Shree Ramkabir policy with Covington. This amount also appeared as a credit on AmWINS' December 3, 2019 statement for several different policies.

41. December 17, 2019, Son Turney sent AmWINS an email stating that he had previously sent a check to Shree Ramkabir and requesting that AmWINS apply Shree Ramkabir's credit to the premium owing for another client, Sai Jalaram, Inc.

42. The Houston Agencies did not send Almena State Bank a refund check for the canceled Shree Ramkabir policy until February 19, 2020.

43. On November 1, 2019, Sai Jalaram, Inc. wrote The Houston Agencies a check for $19,774 to pay for a policy premium in full. The check was deposited the same day.

44. The Houston Agencies did not timely pay AmWINS for the Sai Jalaram policy, and AmWINS issued a notice of cancellation on December 11, 2019.

45. AmWINS did not receive payment until Son Turney asked it to credit Shree Ramkabir's credit to the Sai Jalaram premium in the December 17, 2019 email.

46. In September 2019, CNV Ventures LLC, a hotel company based in Floresville, Texas, wanted to obtain a builder's risk policy from US Assure. This policy, to go into effect on September 17, 2019, had a premium of $16,884. On October 15, 2019, Niraj Patel, one of CNV's members, paid the premium amount, plus a financing charge, to The Houston Agencies via credit card.

47. Later, Mr. Patel received a premium invoice from US Assure that was dated October 28, 2019. The invoice, which was mailed to CNV Venture's address in Floresville, indicated that US Assure had received a $4,220 payment on October 18, 2019, and that a minimum payment of $6,332 was due on

November 16, 2019. After receiving the invoice, Mr. Patel called Mr. Lotridge to ask why he was getting an invoice when he had already paid in full.

48. On October 28, 2019, The Houston Agencies sent US Assure a $3,166.00 check as a second payment on CNV's policy.

49. On November 11, 2019, someone using Son Turney's email address logged into US Assure's system and changed the mailing address for CNV Ventures to the mailing address for The Houston Agencies in Conroe, Texas. Mr. Patel did not ask anyone to make that change.

50. On December 2, 2019, The Houston Agencies made the last payment on CNV's policy. That same day, someone using the same email address logged into US Assure's account and changed CNV's mailing address back to the correct Floresville address.

51. Mr. Lotridge violated agency policy by accepting two payments by credit card and by accepting payments on a direct bill policy.

52. The Turneys failed to register an assumed name, Lone Star Insurance Agency of Houston, with the Department.

53. Father Turney was unaware of the registration requirement.

54. On June 7, 2021, the Department mailed a Notice of Hearing to the Turneys and the three agencies. 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 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.

55. The hearing on the merits was held via Zoom videoconference on May 23-25, 2022, before ALJ Rebecca S. Smith. Staff appeared and was represented by Staff Attorney Amanda Cagle. Respondents were represented by attorney Glenn J. Fahl. The record closed on August 5, 2022, the deadline for filing of response briefs.

VI. CONCLUSIONS OF LAW

1. The Department has jurisdiction over the subject matter of this proceeding. Tex. Ins. Code §§ 4001.002; 4005.102.

2. SOAH has jurisdiction over all matters relating to the conduct of the proceeding, including the preparation of a proposal for decision with findings of fact and conclusions of law. Tex. Gov't Code ch. 2003; Tex. Ins. Code § 4005.104.

3. Adequate and timely notice of the hearing was provided. Tex. Gov't Code §§ 2001.051-.052; Tex. Ins. Code § 4005.104(b).

4. Son Turney, Father Turney, and The Houston Agencies engaged in fraudulent or dishonest acts or practices in violation of Texas Insurance Code § 4005.101(b)(5).

5. Son Turney and The Houston Agencies misappropriated money belonging to Navarro Hospitality, Shree Ramkabir, and Sai Jalaram, its insureds, in violation of Texas Insurance Code § 4005.101(b)(4).

6. AFCO is not an insurer, a health maintenance organization, an insured, an enrollee, or a beneficiary, so misappropriating, converting, or illegally withholding money belonging to it does not subject a license holder to discipline under Texas Insurance Code section 4005.101(b)(4).

7. Staff did not establish a willful violation of the Department's rule requiring an agent to provide the Department with a copy of the assumed name certification showing that any assumed names used by an agent have been registered. Tex. Ins. Code § 4005.101(b)(1); 28 Tex. Admin. Code §19.902.

8. The Department is authorized to revoke Son Turney's and The Houston Agencies' licenses. Tex. Ins. Code §§ 4005.101(b)(4)-(5), .102(2).

9. Son Turney's and The Houston Agencies' licenses should be revoked.

10. The Department is authorized to issue a probated suspension of Father Turney's license. Tex. Ins. Code §§ 4005.101(b)(5), .102(2)-(3).

11. Father Turney's license should be placed on probated suspension.

12. Staff did not establish that Turney & Son, Inc. or Frank J. Turney, Jr. Insurance Agency are subject to discipline.

SIGNED SEPTEMBER 30, 2022.

ALJ Signature(s):

Rebecca S Smith

Rebecca Smith

Presiding Administrative Law Judge

2023-8113

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Associated Case Party: TDI

Name	BarNumber	Email	TimestampSubmitted	Status
Amanda Cagle		Amanda.Cagle@tdi.texas.gov	9/30/2022 10:30:28 AM	SENT
Rachel Cloyd		Rachel.Cloyd@tdi.texas.gov	9/30/2022 10:30:28 AM	SENT
Anna Kalapach		Anna.Kalapach@tdi.texas.gov	9/30/2022 10:30:28 AM	SENT
Texas Department of Insurance		Enforcementgeneral@tdi.texas.gov	9/30/2022 10:30:28 AM	SENT

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Name	BarNumber	Email	TimestampSubmitted	Status
Glynis Malveaux		[redacted]	9/30/2022 10:30:28 AM	SENT
Glenn Fahl		[redacted]	9/30/2022 10:30:28 AM	SENT

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Associated Case Party: Chief Clerk

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Chief Clerk		ChiefClerk@tdi.texas.gov	9/30/2022 10:30:28 AM	SENT

2023-8113

Exhibit B

State Office of Administrative Hearings

Kristofer S. Monson
Chief Administrative Law Judge

March 28, 2023

Amanda Cagle
Texas Department of Insurance
VIA EFILE TEXAS

Glenn J. Fahl
VIA EFILE TEXAS

RE: Docket Number 454-21-2548.C; Texas Department of Insurance No. 23331; TDI v. Frank Julian Turney Jr.; Frank Julian Turney III; The Houston Agencies, Inc.; Turney & Son, Inc; and Frank J. Turney Jr. Insurance Agency, Inc.

Dear Parties:

Respondents and Staff of the Texas Department of Insurance each filed exceptions to the Proposal for Decision issued in this case.

Respondents' exceptions largely address the issue of penalty that was omitted from their closing arguments. In particular, Respondents argue that the probated suspension recommended for Frank Julian Turney, Jr. (Father Turney) is too harsh and that The Houston Agencies' license should not be revoked. The ALJ is not persuaded that the proposed sanctions in the PFD should be reduced.

In contrast, Staff's exceptions argue, among other things, that the sanctions proposed for Father Turney are too lenient and argue that the licenses of Turney & Son, Inc. and the Frank J. Turney Jr. Insurance Agency should also be revoked, along with The Houston Agencies' license.

The ALJ is not persuaded that Father Turney's license should be revoked. For the reasons set out in the PFD, his culpability is significantly less than his son's. The ALJ has not suggested that Father Turney should be exonerated or not face any sanction. To the contrary, the ALJ suggested a probated suspension, which is a serious penalty, and one that appears appropriate for his violations.

Nor is the ALJ persuaded that Staff established misappropriation by Turney & Son, Inc. or the Frank J. Turney Jr. Insurance Agency. The conduct that the ALJ found Staff established involved actions related to The Houston Agencies' policies. As Staff notes, there are connections among all three agencies and some tangential connections between these other agencies and the complained-of conduct. But those connections are not the basis of any allegations Staff pleaded in this matter. For example, the wrong entity billed Bullet Concrete, but that mistake (or even the subsequent depositing of the check in the account of the wrong agency) is not the basis of the enforcement action. And as set out in Footnote 160, the ALJ did not find that Staff established misappropriation based on bank transfers to the other agencies.

Nevertheless, on rereview, the ALJ will alter the reading of Texas Insurance Code section 4005.101(b) to allow discipline of a license holder for conduct of an officer, director, or shareholder while that officer, director, or shareholder is acting outside that capacity. Thus, in this case, Turney & Son, Inc. and the Frank J. Turney Jr. Insurance Agency are subject to discipline for their officers' violation of the Insurance Code.

Additionally, the ALJ agrees with Staff that an incorrect date is included in Finding of Fact No. 38.

The ALJ does not recommend any additional changes, for the reasons set out in the Proposal for Decision. Many of the proposed changes request findings contrary to what the ALJ found to be established by evidence.

Accordingly, the ALJ recommends the following Findings of Fact and Conclusions of Law be modified to read:[1]

[1] Although Staff requested a finding that Father Turney is the president of Frank J. Turney Jr. Insurance Agency, they provided no citation for that assertion and the ALJ finds it unsupported in the record.

Findings of Fact

5. Frank J. Turney, Jr. Insurance Agency Inc. holds a general lines agency license with a property and casualty qualification and a life, accident, health and HOM qualification, both of which were issued by the Department on April 1, 2015. Father Turney owns Frank J. Turney, Jr. Insurance Agency, Inc. Son Turney is the vice president and designated responsible licensed person.

38. On October 7, 2019, Son Turney requested that AmWINS only send notices to him, and a few days later requested that AFCO email and call only him.

Conclusions of Law

12. Turney & Son, Inc. and Frank J. Turney, Jr. Insurance Agency, Inc. are subject to discipline because their officers, owners, shareholders, and designated responsible licensed persons engaged in fraudulent or dishonest acts or practices in violation of Texas Insurance Code § 4005.101(b)(5).

The ALJ also recommends the following Conclusions of Law be added:

13. Turney & Son, Inc. and Frank J. Turney, Jr. Insurance Agency, Inc. are subject to discipline because one of their officers, owners, shareholders, and designated responsible licensed persons misappropriated money belonging to insureds, in violation of Texas Insurance Code § 4005.101(b)(5).

14. The Department is authorized to revoke Turney & Son, Inc.'s and Frank J. Turney, Jr. Insurance Agency, Inc.'s licenses. Tex. Ins. Code §§ 4005.101(b)(4)-(5), .102(2).

With these changes, the PFD is ready for consideration.

ALJ Signature(s):

Rebecca S Smith

Rebecca Smith
Presiding Administrative Law Judge

CC: Service List

2023-8113

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Associated Case Party: TDI

Name	BarNumber	Email	TimestampSubmitted	Status
Amanda Cagle		Amanda.Cagle@tdi.texas.gov	3/28/2023 11:16:39 AM	SENT
Rachel Cloyd		Rachel.Cloyd@tdi.texas.gov	3/28/2023 11:16:39 AM	SENT
Texas Department of Insurance		Enforcementgeneral@tdi.texas.gov	3/28/2023 11:16:39 AM	SENT

Associated Case Party: Chief Clerk

Name	BarNumber	Email	TimestampSubmitted	Status
Chief Clerk		ChiefClerk@tdi.texas.gov	3/28/2023 11:16:39 AM	SENT

Case Contacts

Name	BarNumber	Email	TimestampSubmitted	Status
Glynis Malveaux		[redacted]	3/28/2023 11:16:39 AM	SENT
Glenn Fahl		[redacted]	3/28/2023 11:16:39 AM	SENT
Glenn Fahl		[redacted]	3/28/2023 11:16:39 AM	SENT