

No. 2020-6536

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

Date: 10/28/2020

Subject Considered:

Hector Arellano, Jr

[REDACTED]
Houston, Texas 77038

Default Order
SOAH Docket No. 454-21-0221.C
TDI Enforcement File No. 24729

General remarks and official action taken:

The subject of this default order is whether a general lines agent license with a property and casualty qualification should be issued to Hector Arellano, Jr (Respondent). Respondent did not respond to a Notice of Hearing filed by the Texas Department of Insurance (TDI). This order denies Respondent's license application.

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

Findings of Fact

Failure to Respond to Notice of Hearing

1. On September 25, 2020, TDI filed a Notice of Hearing, attached as Exhibit A, and an Original Petition, attached as Exhibit B, with the State Office of Administrative Hearings.
2. TDI's factual allegations set out in the attached Notice of Hearing and Original Petition are incorporated in this order as findings of fact.
3. TDI sent the Notice of Hearing and Original Petition to Respondent's last known address provided in writing to the department, [REDACTED], Houston,

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Texas 77038. The Notice of Hearing and Original Petition were also sent by electronic mail.

4. Respondent failed to file a written response to the Notice of Hearing within 20 days of the date the Notice of Hearing and Original Petition were mailed.

Conclusions of Law

1. The commissioner has jurisdiction pursuant to Texas law, including TEX. INS. CODE §§ 82.051-82.055, 4001.002, 4005.101, 4005.102, 4005.105, and 4051.051; TEX. OCC. CODE §§ 53.021-53.023; 28 TEX. ADMIN. CODE § 1.502; and TEX. GOV'T CODE §§ 2001.051-2001.178.
2. The commissioner has authority to dispose of this case informally pursuant to TEX. GOV'T CODE § 2001.056; TEX. INS. CODE § 82.055; and 28 TEX. ADMIN. CODE §§ 1.47, 1.88, and 1.89.
3. TDI provided proper notice of the hearing pursuant to TEX. GOV'T CODE §§ 2001.051, 2001.052, and 2001.054, and 28 TEX. ADMIN. CODE §§ 1.28, 1.88, 1.89, and 19.906.
4. Based on Respondent's failure to file a written response to the Notice of Hearing, TDI is entitled to disposition by default pursuant to 28 TEX. ADMIN. CODE §§ 1.88 and 1.89.
5. TDI's factual and legal allegations set out in the attached Notice of Hearing and Original Petition are incorporated in this order and deemed admitted as true pursuant to 28 TEX. ADMIN. CODE § 1.89.

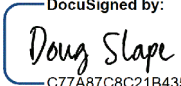
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Order

It is ordered that Hector Arellano, Jr's application is denied. A copy of this order will be provided to law enforcement and/or other appropriate administrative agencies for further investigation as may be warranted.

Commissioner of Insurance

By:  _____
Doug Slape
Chief Deputy Commissioner
TEX. GOV'T CODE § 601.002
Commissioner's Order No. 2018-5528

Prepared and reviewed by:



Kaycee Crisp, Staff Attorney
Enforcement Division

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Affidavit

STATE OF TEXAS §

§

COUNTY OF TRAVIS §

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

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

I have reviewed TDI's records concerning Hector Arellano, Jr I have confirmed that:

- a. The last mailing address provided to the department in writing by Hector Arellano, Jr is [REDACTED], Houston, Texas 77038.
- b. The file maintained by the Enforcement Division contains a Notice of Hearing and Original Petition dated September 25, 2020, which were filed with the State Office of Administrative Hearings.
- c. On September 25, 2020, the Notice of Hearing and Original Petition addressed to Hector Arellano, Jr were mailed certified, return receipt requested, to his last known address.

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

DocuSigned by:

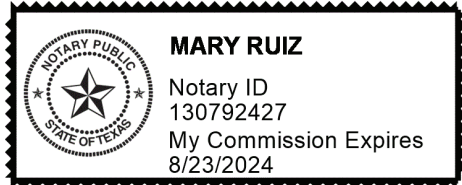
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Affiant

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SWORN TO AND SUBSCRIBED before me by means of an interactive two-way audio and video communication on 10/22/2020. This notarial act was an online notarization.

Notary Seal



Digital Certificate

DocuSigned by:
Mary Ruiz
795DC4D59167489...

Notary Public State of Texas

2020-6536

FILED
454-21-0221
9/25/2020 12:31 PM
STATE OFFICE OF
ADMINISTRATIVE HEARINGS
Donnie Roland, CLERK

ACCEPTED
454-21-0221
9/28/2020 8:41 AM
STATE OFFICE OF
ADMINISTRATIVE HEARINGS
Donnie Roland, CLERK

**SOAH DOCKET NO. 454-21-0221
TDI ENFORCEMENT FILE NO. 24729**

TEXAS DEPARTMENT OF INSURANCE,

BEFORE THE STATE OFFICE

Petitioner

v.

OF

HECTOR ARELLANO, JR.,

ADMINISTRATIVE HEARINGS

Respondent

NOTICE OF HEARING

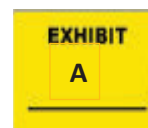
The Texas Department of Insurance (TDI) seeks to deny your license application. This Notice of Hearing and the Original Petition, which is attached and incorporated for all purposes, states the allegations against you and the relief sought by TDI.

A public hearing will be held before an Administrative Law Judge on **Monday, December 14, 2020, at 9:00 a.m.** The hearing will take place via videoconference using a videoconference platform controlled by the State Office of Administrative Hearings, unless otherwise ordered to proceed in another manner by the Administrative Law Judge.

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

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

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



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Notice of Hearing

Hector Arellano, Jr.

SOAH Docket No. 454-21-0221

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IF YOU FAIL TO FILE A WRITTEN RESPONSE, THE SCHEDULED HEARING CAN BE CANCELED AND WITHOUT FURTHER NOTICE TO YOU THE COMMISSIONER OF INSURANCE CAN ISSUE AN ORDER IN WHICH THE ALLEGATIONS IN THE NOTICE OF HEARING ARE DEEMED ADMITTED AS TRUE AND THE RELIEF SOUGHT IN THE NOTICE OF HEARING, INCLUDING DENIAL OF YOUR LICENSE APPLICATION, IS GRANTED BY DEFAULT.

IF YOU FILE A WRITTEN RESPONSE BUT THEN FAIL TO APPEAR ON THE DAY AND TIME SET FOR HEARING, WITHOUT FURTHER NOTICE TO YOU, THE COMMISSIONER OF INSURANCE CAN ISSUE AN ORDER IN WHICH THE ALLEGATIONS IN THE NOTICE OF HEARING ARE DEEMED ADMITTED AS TRUE AND THE RELIEF SOUGHT IN THE NOTICE OF HEARING, INCLUDING DENIAL OF YOUR LICENSE APPLICATION, IS GRANTED BY DEFAULT.

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

- (1) Docketing Division
State Office of Administrative Hearings
300 West 15th Street, Room 504
P.O. Box 13025
Austin, Texas 78711-3025
(512) 322-2061 (Fax);
- (2) Chief Clerk
Texas Department of Insurance
P.O. Box 149104, MC112-2A
Austin, Texas 78714-9104
(512) 490-1064 (Fax)
chiefclerk@tdi.texas.gov; and
- (3) Kaycee Crisp, Staff Attorney
Texas Department of Insurance
Enforcement Division, MC110-1A
P.O. Box 149104
Austin, Texas 78714-9104
(512) 490-1020 (Fax)
kaycee.crisp@tdi.texas.gov

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Notice of Hearing

Hector Arellano, Jr.

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Receiving Documents

The State Office of Administrative Hearings (SOAH) offers you the ability to receive service of orders and other documents issued by SOAH through email instead of by mail or fax. If you want to receive SOAH-issued documents by email, go to SOAH's website, www.soah.texas.gov, click on the "E-Services" tab, then click the "eFiling" hyperlink, and follow the instructions.

NOTE: A request to receive SOAH-issued documents by email does not change the procedures you must follow to file documents with SOAH. The rules for filing documents and providing copies to all other parties in the case are described in SOAH's Procedural Rules, which are available on SOAH's website. Click the "Agency" tab, then click "Administrative Rules and Laws" to view SOAH's Procedural Rules.

Important Security Notice

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

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Notice of Hearing
Hector Arellano, Jr.
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If you have any questions, please contact me at the address or telephone number shown below.

Respectfully Submitted,



Kaycee Crisp
State Bar No. 24057368
Texas Department of Insurance
Enforcement Division, MC110-1A
P.O. Box 149104
Austin, Texas 78714-9104
(512) 676-6327 (Direct)
(512) 490-1020 (Fax)
kaycee.crisp@tdi.texas.gov

ATTORNEY FOR THE PETITIONER
TEXAS DEPARTMENT OF INSURANCE

Enclosure: Original Petition

cc: Leah Gillum, Deputy Commissioner, Enforcement Division, MC-110-1A
Rachel Cloyd, Litigation Director, Enforcement Division, MC-110-1A
Administrative Review, MC107-1A

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Notice of Hearing

Hector Arellano, Jr.

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CERTIFICATE OF SERVICE

I, Kaycee Crisp, certify that a true and correct copy of the *Notice of Hearing and the Original Petition* were sent by certified mail, return receipt requested, and email, on this 25th day of September, 2020 to:

Hector Arellano, Jr.

[REDACTED]

Houston, TX 77038

Respondent Pro Se

Via CM/RRR No.: 9214 8901 9403 8321 8273 57

Via email: [REDACTED]



Kaycee Crisp

SOAH DOCKET NO. 454-_____
TDI ENFORCEMENT FILE NO. 24729

TEXAS DEPARTMENT OF INSURANCE,

Petitioner

v.

HECTOR ARELLANO, JR.,

Respondent

BEFORE THE STATE OFFICE

OF

ADMINISTRATIVE HEARINGS

ORIGINAL PETITION

The Texas Department of Insurance (TDI) seeks to deny Hector Arellano, Jr.'s license application. In support of this petition, TDI makes the following allegations upon information and belief:

Jurisdiction

The Commissioner of Insurance has jurisdiction over this matter pursuant to TEX. INS. CODE §§ 82.051-82.055, 4001.002, 4005.101, 4005.102, 4005.105, and 4051.051, TEX. GOV'T CODE §§ 2001.051-2001.178, 28 TEX. ADMIN. CODE § 1.502, and TEX. OCC. CODE §§ 53.021 – 53.023.

Factual Allegations

Application

1. On March 3, 2020, Hector Arellano, Jr. (Arellano) submitted an application for a general lines agent license with a property and casualty qualification.
2. On March 10, 2020, the Texas Department of Insurance (TDI) mailed Arellano a proposed denial letter. The letter informed Arellano of TDI's proposal to deny his application for a general lines agent license and informed him of his right to request a hearing.
3. On March 17, 2020, Arellano requested a hearing concerning the proposed denial of his application.



Revocation of Previous License

4. Arellano previously held two licenses with the department.
 - a. Arellano held a limited lines agent license number 1447407 from May 30, 2007, until its expiration on May 30, 2011, due to his failure to renew the license.
 - b. Arellano also held a general lines property and casualty license number 1685075 from May 5, 2011, until it was revoked on January 12, 2015.
5. On January 12, 2015, the Commissioner of Insurance entered Official Order No. 3775 (the Revocation Order), revoking Arellano's general lines property and casualty license.
6. The Revocation Order was issued following a hearing held at the State Office of Administrative Hearings before Gary Elkins, Administrative Law Judge, in Docket No. 454-14-4407.C. In the Revocation Order, the Commissioner of Insurance adopted the Proposal for Decision of ALJ Elkins and concluded that:
 - a. Arellano violated TEX. INS. CODE § 4054.051(3) by selling life insurance without a general life, accident, and health insurance license;
 - b. Arellano violated TEX. INS. CODE § 4005.101(b)(2) and (5) by engaging in fraudulent and dishonest acts and practices; and
 - c. Arellano violated TEX. INS. CODE §§ 4004.051, 4004.053, and 4004.054 by failing to comply with continuing education requirements.
7. In the Revocation Order, the Commissioner of Insurance also adopted the findings that:
 - a. Arellano sold life insurance policies despite the fact he was not licensed to sell life insurance when he sold the policies;
 - b. Arellano submitted specimens of his own saliva in place of those required of applicants in conjunction with approximately 30 applications for life insurance;

- c. Arellano submitted falsified home security certificates in conjunction with applications for homeowner's insurance indicating applicants had security systems in place at their homes when they had no such systems; and
- d. Arellano did not complete the required number of continuing education hours for his 2009-2011 or 2011-2013 reporting periods.

Legal Allegations

- 1. Arellano has had a previous license revoked in 2015 and has failed to show good cause why the 2015 revocation should not be deemed a bar to the issuance of a new license, as contemplated by TEX. INS. CODE § 4005.105(c).
- 2. Arellano has committed acts for which a license may be denied under TEX. INS. CODE § 4005.101, as contemplated in TEX. INS. CODE § 4001.105(3).
- 3. Arellano has violated an insurance law of this state, as contemplated by TEX. INS. CODE § 4005.101(b)(1).
- 3. Arellano has engaged in fraudulent or dishonest acts or practices, as contemplated by TEX. INS. CODE § 4005.101(b)(2) and (5).
- 4. Arellano has violated TEX. INS. CODE § 4054.051(3) by selling life insurance without a general life, accident, and health insurance license.
- 5. Arellano has violated TEX. INS. CODE §§ 4004.051, 4004.053, and 4004.054 by failing to comply with continuing education requirements.

Relief Sought

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

1. denying Arellano's license application and
2. imposing any other just and appropriate relief to which the department may be entitled to by law, including any combination of the above actions.

Respectfully Submitted,



Kaycee Crisp
Staff Attorney
State Bar No. 24057368
Enforcement Division, MC110-1A
Texas Department of Insurance
333 Guadalupe
Austin, Texas 78701
(512) 676-6327
Fax (512) 490-1020
kaycee.crisp@tdi.texas.gov

ATTORNEY FOR THE PETITIONER
TEXAS DEPARTMENT OF INSURANCE

2020-6536



Shipment Confirmation Acceptance Notice

A. Mailer Action

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

Shipment Date: 09/25/2020

Shipped From:

Name: MC 110-1A M RUIZ

Address: 333 GUADALUPE ST

City: AUSTIN

State: TX ZIP+4® 78701

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

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

B. USPS Action

Note to RSS Clerk:

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

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

USPS SCAN AT ACCEPTANCE



9275 0901 1935 6200 0024 3570 59

CRISP/24729





Firm Mailing Book For Accountable Mail

Name and Address of Sender

MC 110-1A M RUIZ
Texas Department of Insurance
333 Guadalupe St
Austin Tx 78701

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

2020-6536

- Check type of mail or service
Adult Signature Required
Adult Signature Restricted Delivery
Certified Mail
Certified Mail Restricted Delivery
Collect on Delivery (COD)
Insured Mail
Priority Mail
Priority Mail Express
Registered Mail
Return Receipt for Merchandise
Signature Confirmation
Signature Confirmation Restricted Delivery

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

HECTOR ARELLANO JR. HOUSTON TX 77038

USPS Tracking/Article Number

1. 9214 9901 9403 8321 8273 57

CRISP/24729

Table with columns: Postage, (Extra Service) Fee, Handling Charge, Actual Value if Registered, Insured Value, Due Sender if COD, ASR Fee, ASRD Fee, RD Fee, RR Fee, SC Fee, SCRD Fee, SM Fee. Includes values like 1.40, 3.55, 1.70, and various fee headers.

Postmaster, Per (Name of receiving employee)

Total Number of Pieces Listed by Sender: 1
Total Number of Pieces Received at Post Office: 1

Tracking History



Tracking #: 9214890194038321827357

Recipient: HECTOR ARELLANO JR

[REDACTED]
HOUSTON TX 77038

Date & Time	Event Type	Event	Event Location
09/25/2020 12:12		PRE-SHIPMENT INFO SENT USPS AWAITS ITEM	AUSTIN, TX, 78701
09/25/2020 15:58		PICKED UP	AUSTIN, TX, 78744
09/25/2020 22:07		PROCESSED THROUGH USPS FACILITY	AUSTIN, TX, 78710
09/25/2020 22:58		DEPART USPS FACILITY	AUSTIN, TX, 78710
09/26/2020 09:26		PROCESSED THROUGH USPS FACILITY	NORTH HOUSTON, TX, 77315
09/27/2020 18:05		PROCESSED THROUGH USPS FACILITY	NORTH HOUSTON, TX, 77315
09/28/2020 16:23		DELIVERED LEFT WITH INDIVIDUAL	HOUSTON, TX, 77038

Date Produced: 10/05/2020

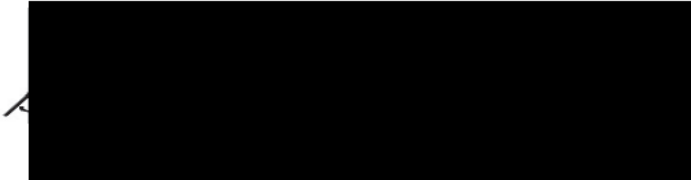
ConnectSuite Inc.:

The following is the delivery information for Certified Mail™/RRE item number 9214 8901 9403 8321 8273 57. Our records indicate that this item was delivered on 09/28/2020 at 04:23 p.m. in HOUSTON, TX 77038. The scanned image of the recipient information is provided below.

Signature of Recipient :

BN 3806
C-15

Address of Recipient :




Thank you for selecting the Postal Service for your mailing needs. If you require additional assistance, please contact your local post office or Postal Service representative.

Sincerely,
United States Postal Service

The customer reference number shown below is not validated or endorsed by the United States Postal Service. It is solely for customer use.

This USPS proof of delivery is linked to the customers mail piece information on file as shown below:


HOUSTON TX 77038

Customer Reference Number: C2286818.13018976

Return Reference Number: CRISP/24729