

No. 2018- 5512

OFFICIAL ORDER
of the
TEXAS COMMISSIONER OF INSURANCE

Date: MAY 23 2018

Subject Considered:

MICHAEL ANTHONY CALDWELL
PO Box 200834
Arlington, Texas 76006

DEFAULT ORDER
SOAH DOCKET NO. 454-18-1637.C
TDI ENFORCEMENT FILE NO. 12425

General remarks and official action taken:

The subject of this order is whether a general lines agent license with a life, accident, and health qualification, and a property and casualty qualification should be issued to Michael Anthony Caldwell (Caldwell). A copy of this order will be provided to law enforcement and/or other appropriate administrative agencies for further investigation as may be warranted.

FINDINGS OF FACT

License Application

1. On October 19, 2016, Caldwell, individual identification number 417864, applied for a general lines agent license with a life, accident, and health qualification to be issued by the Texas Department of Insurance. On December 19, 2016 Caldwell also applied for a property and casualty qualification and an adjuster license.
2. In Caldwell's application for a general lines agent license with a life, accident, and health qualification, Caldwell failed to disclose his criminal history.
3. On January 11, 2017, the department proposed to deny Caldwell's application for a general lines agent license with a life, accident, and health qualification, and a property and casualty qualification due to Caldwell's criminal history and failure to comply fully with a prior commissioner's order. On January 19, 2017 the department also proposed to deny Caldwell's application for an adjuster license for the same reasons.
4. On January 23, 2017, Caldwell appealed the department's decision on his application for a general lines agent license and made a written request for a hearing. Caldwell did not appeal the department's decision on his application for an adjuster license.

Criminal History

5. On January 31, 1996, Caldwell falsely stated on his tax return, under penalty of perjury, that his joint taxable gross income was a loss of \$47,751. Caldwell omitted an additional income amount of \$294,967.82 on his tax return.
6. On December 19, 2000, Caldwell pleaded guilty to false statement on income tax return, a felony, in cause no. 3:99-CR-0419-R(01) in the United States District Court Northern District of Texas. The court ordered Caldwell to be placed on probation for five years and remain under home confinement for 180 days. The court further ordered Caldwell to pay restitution totaling \$47,751.
7. On February 26, 2004, Caldwell submitted a loan application to the Department of Housing and Urban Development (HUD) that had false and forged information including (1) the identity of the person who paid the required borrower funds, (2) the fact that the borrower was present at the closing and personally signed the application and closing documents, (3) the fact that the borrower would use the loan funds to purchase certain property, and (4) the forged borrower's signatures on the documents.
8. On June 20, 2012, Caldwell pleaded guilty to making a false statement to HUD and Aiding and Abetting, a felony, in cause no. 3:09-CR-247-P(07) in the United States District Court Northern District of Texas Dallas Division. The court sentenced Caldwell to prison for twelve months and one day. The court further sentenced Caldwell to one year supervised release after his release from prison and ordered Caldwell to pay \$445,100 in restitution.

Failure to Comply with Prior Commissioner's Order

9. Beginning on or about April 28, 2004, Caldwell and Caldwell's corporation, Galaxy Industries, Inc. dba Galaxy Title Services (Galaxy), engaged in the business of title insurance, acted as an escrow officer, and acted as a direct operation officer without being licensed by the department.
10. Caldwell and Galaxy also hired and supervised unlicensed employees who engaged in the business of insurance.
11. Caldwell and Galaxy engaged in a series of transactions requiring licenses. Many of these transactions were unauthorized closings during the housing market boom that preceded the Great Recession. Caldwell and Galaxy received title insurance premium splits for these unauthorized closings.
12. Furthermore, Caldwell and Galaxy engaged in illegal flip transactions. This is a two-part transaction where a piece of real estate is sold to a straw buyer for the fair market value, and then resold to an end buyer at an inflated value. This process often involves false loan

applications, employment documents, tax documents, and other fraudulent documents to obtain a loan for which the end buyer would not otherwise qualify.

13. Through a default order on April 25, 2007, Commissioner Order No. 07-0293, the commissioner ordered Caldwell and Galaxy to cease and desist engaging in the business of insurance without a license. The commissioner further ordered Caldwell to pay an administrative penalty of \$500,000 within 90 days from the date of the order. Caldwell has paid zero dollars towards this administrative penalty.

Failure to Respond to Notice of Hearing

14. On January 9, 2018, the department sent a notice of hearing to Caldwell's last known address provided in writing to the department, PO Box 200834, Arlington, Texas 76006. On January 31, 2018, the department sent an amended notice of hearing to Caldwell's same last known address.
15. Caldwell failed to file a written response to the notice of hearing or the amended notice of hearing within 20 days of the date the notices were mailed.

CONCLUSIONS OF LAW

1. The commissioner of insurance has jurisdiction over this matter pursuant to TEX. INS. CODE §§ 82.051-82.055, 4001.002, 4005.101, 4005.102, 4051.051, 4054.051, and 4101.051; TEX. GOV'T CODE §§ 2001.051- 2001.178; 28 TEX. ADMIN. CODE § 1.502; and TEX. OCC. CODE §§ 53.021-53.023.
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. Pursuant to 28 TEX. ADMIN. CODE § 19.906, Caldwell's last known address is presumed to be PO Box 200834, Arlington, Texas 76006.
4. The department sent a notice of hearing and an amended notice of hearing to Caldwell's last known address, as required by 28 TEX. ADMIN. CODE §§ 1.28(c) and 1.88(c), 1 TEX. ADMIN. CODE § 155.401, and TEX. GOV'T CODE Ch. 2001.
5. The department's allegations in the notice of hearing, set out herein as findings of fact nos. 1-13, are deemed admitted as true pursuant to 28 TEX. ADMIN. CODE § 1.89.
6. Based on Caldwell's prior criminal history, Caldwell has committed acts for which a license may be denied under TEX. INS. CODE, Chapter 4005, Subchapter C, because:
 - a. he has willfully violated an insurance law of this state, as contemplated by TEX. INS. CODE § 4005.101(b)(1);

- b. he has intentionally made a material misstatement in the license application, as contemplated by TEX. INS. CODE § 4005.101(b)(2);
 - c. he has attempted to obtain a license by fraud or misrepresentation as contemplated by TEX. INS. CODE § 4005.101(b)(3);
 - d. he has engaged in fraudulent or dishonest acts or practices, as contemplated by TEX. INS. CODE § 4005.101(b)(5); and
 - e. he has been convicted of a felony, as contemplated by TEX. OCC. CODE § 53.021(a) and TEX. INS. CODE § 4005.101(b)(8).
7. Caldwell committed an offense and has engaged in fraudulent or dishonest activity that directly relates to the duties and responsibilities of the licensed occupation, as contemplated in 28 TEX. ADMIN. CODE § 1.502(d).
8. Department guidelines, 28 TEX. ADMIN. CODE § 1.502(c)–(e), emphasize that the department:
 - a. considers it very important that applicants be honest, trustworthy, and reliable;
 - b. may refuse to issue an original license if the department determines that the applicant has committed an offense that directly relates to the duties and responsibilities of the licensed occupation; and
 - c. considers any offense for which fraud, dishonesty, or deceit is an essential element to be of such a serious nature that they are of prime importance when determining fitness for licensure.

It is ordered that Michael Anthony Caldwell's application for a general lines agent license with a life, accident, and health qualification, and a property and casualty qualification is denied.



Kent C. Sullivan
Commissioner of Insurance

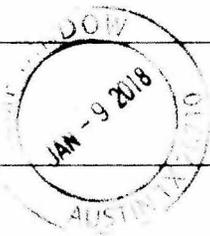
Name and Address of Sender
MC 110-1A M RUIZ
 Texas Department of Insurance
 333 Guadalupe St
 Austin Tx 78701

- 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

Affix Stamp Here
(if issued as an international certificate of mailing or for additional copies of this receipt).
Postmark with Date of Receipt.

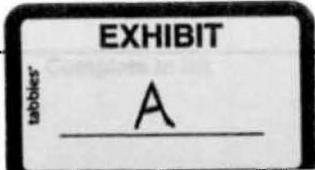
USPS Tracking/Article Number	Addressee (Name, Street, City, State, & ZIP Code™)	Postage	(Extra Service) Fee	Handling Charge	Actual Value if Registered	Insured Value	Due Sender if COD	ASR Fee	ASRD Fee	RD Fee	RR Fee	SC Fee	SCRD Fee	SH Fee	
1. 9214 8901 9403 8303 6901 77	MICHAEL ANTHONY CALDWELL PO Box 200634 ARLINGTON TX 76006-0834	0.67	3.35	Handling Charge - if Registered and over \$50,000 in value							1.45				
WILLS/12425															

2018-5512



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

Postmaster, Per (Name of receiving employee)



2018- 5512



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: 01/09/2018

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:

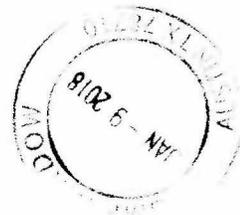
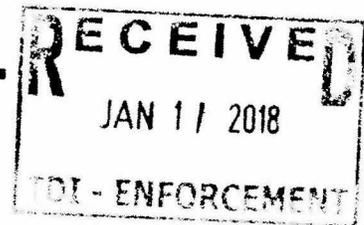
1. Home screen > Mailing/Shipping > More
2. Select Shipment Confirm
3. Scan or enter the barcode/label number from PS Form 5630
4. Confirm the volume count message by selecting Yes or No
5. Select Pay and End Visit to complete transaction

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 0006 7228 06





2018- 5512

Date Produced: 01/22/2018

ConnectSuite Inc.:

The following is the delivery information for Certified Mail™/RRE item number 9214 8901 9403 8303 6901 77. Our records indicate that this item was delivered on 01/19/2018 at 01:45 p.m. in ARLINGTON, TX 76006. The scanned image of the recipient information is provided below.

Signature of Recipient :

M. Willms

Address of Recipient :

P.O. Box 200834

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:

MICHAEL ANTHONY CALDWELL
PO Box 200834
ARLINGTON TX 76006-0834

Customer Reference Number: C654082.4023858
Return Reference Number: WILLS/12425

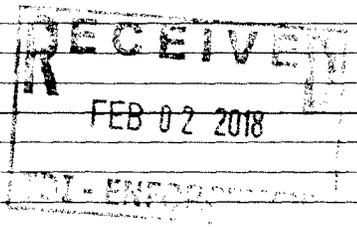
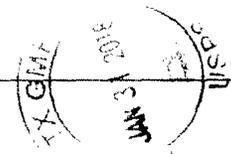


Name and Address of Sender
 MC-110-1A M. Cook
 Texas Department of Insurance
 333 Guadalupe St
 Austin TX 78701

- 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

Affix Stamp Here
 (if issued as an international certificate of mailing or for additional copies of this receipt).
 Postmark with Date of Receipt.

USPS Tracking/Article Number	Addressee (Name, Street, City, State, & ZIP Code™)	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	SH Fee	
1. 9214 8901 9403 8304 0903 27	MICHAEL ANTHONY CALDWELL PO Box 200834 ARLINGTON TX 76006-0834	0.68	3.45	Handling Charge - if Registered and over \$50,000 in value							1.50				
OLVERA/12425															



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

Postmaster, Per (Name of receiving employee)

2018-5512

2018- 5512



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: 01/31/2018

Shipped From:

Name: MC-110-1A M COOK

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 0006 9999 63

