

No. 2019-5901

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

Date: MAR 15 2019

**Subject Considered:**

Chad Robert Howald  
16500 Lauder Ln., Apt. 18102  
Dallas, Texas 75248-1768

Default Order  
SOAH Docket No. 454-19-2301.C  
TDI Enforcement File No. 14448

**General remarks and official action taken:**

The subject of this order is whether disciplinary action should be taken against Chad Robert Howald (Respondent).

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

**Findings of Fact**

Failure to Respond to Notice of Hearing

1. On January 29, 2019, the Texas Department of Insurance filed a Notice of Hearing, attached as Exhibit A, with the State Office of Administrative Hearings.
2. The department's factual allegations set out in the attached Notice of Hearing are incorporated in this order as findings of fact.
3. The department sent the Notice of Hearing to Respondent's last known address provided in writing to the department, 16500 Lauder Ln., Apt. 18102, Dallas, Texas 75248-1768. Notice was also sent to one additional address associated with Respondent: 8700 Main St., Ste. 110, Frisco, Texas 75033-3073.

4. Respondent failed to file a written response to the notice of hearing within 20 days of the date the notice of hearing was mailed.
5. Based on Respondent's failure to file a written response to the notice of hearing, the department is entitled to disposition by default pursuant to 28 TEX. ADMIN. CODE §§ 1.88 and 1.89.

### **Conclusions of Law**

1. The commissioner has jurisdiction pursuant to Texas law, including TEX. INS. CODE §§ 82.051-82.055, 4001.002, 4005.101-4005.105, 4051.051, 4054.051, 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. The department 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. The department's factual and legal allegations set out in the attached Notice of Hearing 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 Chad Robert Howald's general lines agent license with a property and casualty qualification, and a life, accident, and health qualification, is revoked. A copy of this order will be provided to law enforcement and/or other appropriate administrative agencies for further investigation as may be warranted.

Kent C. Sullivan  
Commissioner of Insurance

By: \_\_\_\_\_

  
Doug Slape  
Chief Deputy Commissioner  
Commissioner's Order No. 2018-5528

Prepared and reviewed by:



\_\_\_\_\_  
Cassie Tighe  
Staff Attorney

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**Affidavit**

**STATE OF TEXAS** §  
§  
**COUNTY OF TRAVIS** §

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

"My name is Mariah Cook 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.

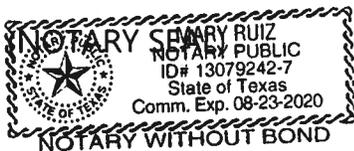
I have reviewed TDI's records concerning Chad Robert Howald. I have confirmed that:

- a. The last mailing address provided to the department in writing by Chad Robert Howald is 16500 Lauder Ln., Apt. 18102, Dallas, Texas 75248-1768.
- b. The file maintained by the Enforcement Section of the Legal and Enforcement Division contains a Notice of Hearing dated January 29, 2019, which was filed with the State Office of Administrative Hearings.
- c. On January 29, 2019, a Notice of Hearing addressed to Chad Robert Howald was mailed first class and certified, return receipt requested, to his last known address and one additional address associated with Howald: 8700 Main St., Ste. 110, Frisco, Texas 75033-3073.

Copies of the first class mail log and certified mail log maintained by the Enforcement Section are attached as Exhibit B and Exhibit C, respectively."

*Mariah S. Cook*  
Affiant

SWORN TO AND SUBSCRIBED before me on February 26<sup>th</sup>, 2019.



*Mary Ruiz*  
Signature of Notary Public  
Mary Ruiz  
Printed Name of Notary Public

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**SOAH DOCKET NO. 454-19-2301.C  
TDI ENFORCEMENT FILE NO. 14448**

**TEXAS DEPARTMENT OF INSURANCE,**

**Petitioner**

**v.**

**CHAD ROBERT HOWALD,**

**Respondent**

**BEFORE THE STATE OFFICE**

**OF**

**ADMINISTRATIVE HEARINGS**

**Notice of Hearing**

The Texas Department of Insurance is seeking disciplinary action against you. A public hearing will be held before an Administrative Law Judge on Wednesday, April 17, 2019, at 9:00 a.m. The hearing will take place at the State Office of Administrative Hearings, located in the William P. Clements Building, 300 W. 15th Street, 4th Floor, Austin, Texas, 78701.

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.

**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.**

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 and 4054.051, and TEX. GOV'T CODE §§ 2001.051-2001.178.

**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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**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 REVOCATION OF YOUR LICENSE, ISSUANCE OF A CEASE AND DESIST ORDER, IMPOSITION OF ADMINISTRATIVE PENALTIES, AND/OR PAYMENT OF RESTITUTION, 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 REVOCATION OF YOUR LICENSE, ISSUANCE OF A CEASE AND DESIST ORDER, IMPOSITION OF ADMINISTRATIVE PENALTIES, AND/OR PAYMENT OF RESTITUTION, 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, MC113-2A  
P.O. Box 149104  
Austin, Texas 78714-9104  
(512) 490-1064 (Fax)  
chiefclerk@tdi.texas.gov; and
- (3) Cassie Tigie  
Staff Attorney  
Texas Department of Insurance  
Enforcement Section, MC110-1A  
P.O. Box 149104

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Austin, Texas 78714-9104  
(512) 490-1020 (Fax)  
Cassie.Tigue@tdi.texas.gov.

## **Factual Allegations**

### Licensure

1. Chad Robert Howald (Howald) holds a general lines agent license with a life, accident, and health qualification, and a property and casualty qualification, originally issued by TDI on November 19, 2013.
2. Howald was appointed as an agent by Farmers Insurance Companies (Farmers) from November, 2013, through September, 2017.

### Background

3. While Howald was appointed with Farmers Insurance, he participated in the "Mail-In Program."
4. Farmers' Mail-in Program allows agents to collect premiums in cash. An agent can choose to be in this program if he lives more than seven miles from a Farmers-authorized bank.
5. Under the Mail-in Program, the agent maintains a personal bank account to be used for the sole purpose of holding customer premiums in trust. The agent deposits all cash premiums collected into his premium trust account and then writes a check for the total cash amount collected to Farmers. The agent then mails the premium trust account check with all other check collections to one of the Farmers-authorized banks. This process avoids mailing cash payments, and agents are required to complete it daily.
6. The payments are tracked by manual or computer-generated receipts. The computer-generated receipts are produced where the payment is entered directly into the Agent's Credit Advice (ACA) system and printed out. The ACA system keeps electronic records of all deposits. Farmers reconciles the manual and electronic records with the agent's premium trust account.

## Dishonest/Fraudulent Acts

7. According to a complaint filed by Farmers with TDI, Howald reinstated the automobile policy for one of his customers on three separate occasions between October of 2016 and May of 2017, by applying ACA payments without actually collecting the cash premiums, totaling \$2,567 in earned premium owed to Farmers. Howald then later requested that each payment be reversed.
8. On January 6, 2017, the customer sustained damage to his vehicle. Farmers covered the claim in the amount of \$7,343 but later discovered during its investigation that the policy would not have been in force had Howald not manipulated the account, resulting in the \$7,343 loss to Farmers.
9. During its investigation, Farmers also discovered Howald manipulated the payments for his own personal automobile policy on five separate occasions between October of 2015 and May of 2017, totaling \$1,866 in earned premium owed to Farmers.
10. Howald made an ACA check payment to his account but failed to make the corresponding ACA bank deposit. Howald later reversed the payment.
11. Howald subsequently admitted to the conduct regarding the customer's policy referenced above and his own personal policy in an interview with Farmers' investigators. Howald signed a statement on June 7, 2017, attesting to the above described payment manipulations of his personal auto premiums and one of his customer's premiums. On September 1, 2017, Farmers cancelled Howald's appointments.
12. According to Farmers, although Howald has repaid some of the money owed, Howald still owes Farmers \$653.62 for earned premium on his personal automobile policies and \$1,350 for earned premium on the customer's automobile policy as a result of the payments he manipulated.
13. On December 29, 2017, and January 2, 2018, Howald submitted written statements to TDI admitting to the conduct described above.

### **Legal Allegations**

1. Howald has committed acts for which a license holder may be disciplined under TEX. INS. CODE § 4005.101, as contemplated in TEX. INS. CODE § 4005.102.
2. Howald has willfully violated an insurance law of this state, pursuant to TEX. INS. CODE § 4005.101(b)(1).
3. Howald has misappropriated, converted to his own use, or illegally withheld money belonging to an insured, insurer, or beneficiary, in violation of TEX. INS. CODE § 4005.101(b)(4).
4. Howald engaged in fraudulent or dishonest acts or practices, in violation of TEX. INS. CODE § 4005.101(b)(5).

### **Relief Sought**

If one or more of the above allegations is found to be true, the commissioner may enter an order revoking your license, ordering you to cease and desist from certain activity, and/or imposing an administrative penalty, restitution, and additional sanctions. You have the right to appear at this hearing and to be represented by an attorney. Please address any questions and correspondence to the undersigned counsel at the address or telephone number below.

### **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.**

If you have any questions, please contact me at the address or telephone number shown below.

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Sincerely,



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Cassie Tighe  
Staff Attorney  
State Bar No. 24099994  
Texas Department of Insurance  
Legal and Enforcement Division - Enforcement Section, MC110-1A  
P.O. Box 149104  
Austin, Texas 78714-9104  
(512) 676-6356 (Direct)  
(512) 490-1020 (Fax)  
Cassie.Tighe@tdi.texas.gov

cc: Leah Gillum, Associate Commissioner, Enforcement Section, MC-110-1A  
Ginger Loeffler, Director, License Litigation Office, Enforcement Section, MC-110-1A  
Administrative Review, MC107-1A

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**CERTIFICATE OF SERVICE**

I, Cassie Tigue, certify that a true and correct copy of this *Notice of Hearing* was sent by regular, first-class mail and by certified mail, return receipt requested, on this 29th day of January, 2019 to:

Chad Robert Howald  
16500 Lauder Ln., Apt. 18102  
Dallas, Texas 75248-1768  
*Respondent Pro Se*

*Via CM/RRR No.:* 9214 8901 9403 8377 9535 43

Chad Robert Howald  
8700 Main St., Ste. 110  
Frisco, Texas 75033-3073  
*Respondent Pro Se*

*Via CM/RRR No.:* 9214 8901 9403 8377 9536 28



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Cassie Tigue

Firm Mailing Book For Accountable Mail

Name and Address of Sender  
 Texas Dept of Insurance  
 Mail Code 110-1A  
 333 Guadalupe St  
 Austin TX 78701  
 Daniel Miralles  
 January 29, 2019

- Check type of mail or service
- Adult Signature Required
  - Adult Signature Restricted Delivery
  - Certified Mail
  - Certified Mail Restricted
  - 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	Address (Name, Street, City, State, & Zip Code)	Postage	Insurance Value	Actual Value if Registered	Handling Charge	Form (Item Service) Fee	Postmark with Date of Receipt	ASR Fee	ASPD Fee	RD Fee	RR Fee	SCFD Fee
TIGUE / 14448	Chad Robert Howald 16500 Launder Ln., Apt. 18102 Dallas, Texas 75248-1768	65			Over \$50,000 in value							5901
	Chad Robert Howald 8700 Main St., Ste. 110 Frisco, Texas 75033-3073	65										

US POSTAGE \$002.90  
 ZIP 78701  
 04MM1252405

OFFICIAL BUSINESS  
 STATE OF TEXAS  
 PENALTY FOR PRIVATE USE



RECEIVED  
 JAN 31 2019  
 TDI - ENFORCEMENT

Adult Signature Restricted Delivery  
 Return Receipt  
 Signature Confirmation  
 Signature Confirmation Restricted Delivery  
 Special Handling

Hand

Postmaster, Per (Name of receiving employee)

Total Number of Pieces  
 Listed by Sender



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Firm Mailing Book For Accountable Mail

<b>Name and Address of Sender</b> MC 110-1A D Mireles Texas Department of Insurance 333 Guadalupe St Austin TX 78701		<b>Check type of mail or service</b> <input type="checkbox"/> Adult Signature Required <input type="checkbox"/> Priority Mail Express <input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Signature Confirmation <input type="checkbox"/> Collect on Delivery (COD) <input type="checkbox"/> Signature Confirmation Restricted Delivery <input type="checkbox"/> Insured Mail <input type="checkbox"/> Priority Mail		<b>Affix Stamp Here</b> (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 8377 9535 43	CHAD ROBERT HOWALD 18500 LAUDER LN APT 18102 DALLAS TX 75248-1788	0.70	3.50								1.60				
	TIGUE / 14448														
2 9214 8901 9403 8377 9536 28	CHAD ROBERT HOWALD 8700 MAIN ST STE 110 FRISCO TX 75035-3073	0.70	3.50								1.60				
				Handling Charge - if Registered and over \$50,000 in value					Adult Signature Required	Adult Signature Restricted Delivery	Restricted Delivery	Return Receipt	Signature Confirmation	Signature Confirmation Restricted Delivery	
														Special Handling	

RECEIVED  
 JAN 31 2019  
 TDI - ENFORCEMENT

Total Number of Places Listed by Sender: 2  
 Total Number of Pieces Received at Post Office: 2  
 Postmaster Per (Name of receiving employee): *[Signature]*



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# 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: 01/29/2019

Shipped From:

Name: MC 110-1A D MIRELES

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	2
Total	2

\*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 0012 4382 72

