

No. 2017- 5061

**OFFICIAL ORDER
of the
TEXAS COMMISSIONER OF INSURANCE**

Date: MAY 03 2017

Subject Considered:

JAREL FRANCIS
13639 Ortega Ln
Houston, Texas, 77083-3435

DEFAULT ORDER
SOAH DOCKET NO. 454-17-3066.C
TDI ENFORCEMENT FILE NO. 9309

General remarks and official action taken:

This Order is in consideration of whether disciplinary action should be taken against Jarel Francis.

FINDINGS OF FACT

The findings of fact are as follows:

1. Jarel Francis, individual identification number 888249, holds a general lines agent license with a property and casualty qualification that the department issued on September 22, 2010. The department also issued a life, accident, and health qualification to Francis's general lines agent license on June 24, 2011.
2. On March 14, 2017, the department sent a notice of hearing to Francis's last known address provided in writing to the department: 13639 Ortega Ln Houston, Texas 77083-3435.
3. Francis failed to file a written response to the notice of hearing within 20 days of the date the notice of hearing was mailed.

Misappropriation/Conversion

Background

4. Francis was hired by agent Brandon Herndon in 2010 to work at a State Farm agency.

5. Around 2014, Herndon's agency began receiving numerous complaints from insureds stating that they remitted their premium payments but received notice that their vehicles did not have valid coverage. Herndon asked Francis to follow-up with the insureds to determine what happened. Francis told Herndon that he personally resolved the dispute with each insured. However, Francis did not actually resolve the disputes. Instead, he was pocketing premiums.
6. On at least 15 occasions, Francis quoted an auto policy to a potential customer and then collected a cash payment, usually around \$200, for the first month's premium. He then set up the policy on a State Farm Payment Plan account with recurring monthly payments that began about a month after the payment. He bound coverage with a \$.01 to \$2.00 payment. After printing the auto policy binder for the customer, Francis kept the initial cash premium payment. In some cases, he noted in the agency's record system that the customer changed their mind about purchasing the policy. He subsequently either submitted the application, making the policy effective the second month, or he never set up the policy.
7. Herndon conducted a self-initiated audit and identified several customers that paid cash premiums to Francis, totaling at least \$3,553.00. Despite paying the premiums, these customers either did not have valid coverage or had a delayed effective date on their policy. Herndon reported the suspicious activity to State Farm. State Farm conducted an internal audit.

Victims

T.W.

8. In October of 2012, T.W. purchased a Jeep from Gulfgate Dodge. Her salesperson introduced her to Francis because T.W. needed car insurance in place to drive the vehicle off the lot. Francis offered T.W. temporary 12-day coverage that would start immediately if she paid him \$200 cash, which she did.
9. T.W. subsequently provided Francis her credit card information to get long-term coverage. Francis told her the payment would auto-draft on the 9th of every month. However, a payment was immediately drafted on the 1st of the following month and then subsequently on the 9th and 15th. Francis told T.W. that there was a computing error, and he would refund the payments. Francis never refunded the payments.
10. Francis also told T.W. that due to the computing error, she did not have a policy in place. He said she needed to pay \$700 cash immediately to fix the error. Francis said he and his daughter were going to Africa and would stop to pick up the cash on the way.

11. After getting the \$700, Francis took his daughter to Disneyland and spent the cash instead of setting up a policy for T.W.

K.J.

12. In January of 2014, K.J. paid Francis \$130 in cash for a policy. On January 29, 2014, Francis deleted the payment from K.J.'s account because he pocketed the cash.

S.B.

13. On September 5, 2014, Francis paid a \$370 premium for his personal auto policy ending in 1025 with S.B.'s credit card.
14. In addition, on July 1, 2014, Francis paid a \$230 premium for his personal auto policy ending in 1025 with S.B.'s credit card.

C.M.

15. In October of 2014, C.M. completed an application for auto insurance coverage and paid a cash payment of \$300 to Francis. Francis said her policy would be effective in November of 2014.
16. About a month later, C.M. contacted State Farm to add a vehicle to her policy. State Farm informed her that she did not have an active auto policy.
17. Instead of setting up the policy and remitting the cash premium, Francis had filed C.M.'s application for coverage as "incomplete" and kept her cash payment. Francis never placed an auto policy for C.M.

D.N.

18. In October of 2014, D.N. paid Francis \$207.97 cash. On October 13, 2014, Francis deleted the payment from D.N.'s account because he pocketed the cash.

M.E.

19. Later in 2014, M.E. attempted to file a small auto accident claim but was denied coverage because Herndon's office had no record of an effective policy.
20. After some research, Herndon determined that Francis did not place a policy but instead pocketed the premium payment. In addition, Francis provided M.E. with false receipts and documents representing that M.E. had coverage when in fact no coverage existed.

T.R.

21. Around November 2014, T.R. reviewed her account summary and discovered that her "Last Amount Paid" on her Account Summary said \$0.00 even though T.R. paid Francis \$200 cash. Francis told T.R. that he remitted the premium, but a computer issue caused the \$0.00 balance display. However, Francis had actually pocketed the \$200 and set the policy to begin the following month.
22. T.R. later contacted Francis to make her payments through auto-draft. Instead of drafting the money from T.R.'s account, Francis set it up to draft from her mother's account. The payment was never drafted from T.R.'s account, and Francis did not return the funds to T.R.'s mother.

A.G.

23. Francis signed A.G. up for an auto policy that included enrolling him in the In-Drive Connect program without notifying A.G. of the program or obtaining his consent.
24. The In-Drive Connect program required that a monitor be placed in A.G.'s car. A.G. confronted Francis when he received the monitor because A.G. was not aware of the program and did not sign up for it. The program reduced the premium by providing a premium discount.
25. Francis included the program, without A.G.'s knowledge, to induce A.G. into purchasing the policy by offering a lower premium so Francis could get a commission on the purchased policy.

Other Victims

26. In addition to the victims identified above, there were at least 12 other policies that Francis issued with a delayed effective date on the policy or where he issued no policy and pocketed a cash payment, totaling at least \$2,885.

Credit Card Fraud

27. In at least 14 other instances, Francis used an insured's credit card to pay his own premium or another insured's premium, totaling at least \$3,237.96.
28. On March 21, 2014, Francis used \$721.44 in premium payments from his sweep account to pay for a campus event at Houston Baptist University.

Fake Insurance Policies

29. As part of its investigation, State Farm reviewed Temporary Liability Insurance cards issued by Francis. In that review, State Farm discovered that Francis issued 22 insurance cards that were fake.

Termination

30. On November 21, 2014, after Herndon's internal audit, Herndon confronted Francis. Francis denied the allegations, but when Herndon presented him with documentary evidence, Francis admitted to stealing premiums and setting up policies a month after the first premium payment or not setting them up at all.
31. Herndon terminated Francis.

Continuing Education

32. From September 22, 2010, through September 21, 2012, Francis did not complete any of the 30 hours of continuing education required for the reporting period.

Receipt of Prior Documents Sent

33. The department sent a Notice of Intention to Institute Disciplinary Action against Jarel Francis on November 16, 2016, to his address that is registered with the department. The department received a return receipt signed by Francis on November 18, 2016. Francis did not respond to the Notice.

CONCLUSIONS OF LAW

The conclusions of law are as follows:

1. The commissioner has the 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.
2. Based on 28 TEX. ADMIN. CODE § 19.906, Francis's last known address is presumed to be 13639 Ortega Ln Houston, Texas 77083-3435.
3. The department sent a notice of hearing to Francis'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.
4. The allegations in the notice of hearing, set out herein as findings of fact nos. 1 and 4-32, are deemed admitted as true pursuant to 28 TEX. ADMIN. CODE § 1.89.

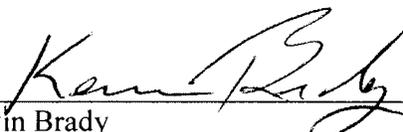
COMMISSIONER'S ORDER

Jarel Francis

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5. Francis has committed acts for which a license holder may be disciplined under TEX. INS. CODE § 4005.101, in violation of TEX. INS. CODE § 4005.102.
6. Francis has willfully violated an insurance law of this state pursuant to TEX. INS. CODE § 4005.101(b)(1).
7. Francis engaged in fraudulent or dishonest acts or practices in violation of TEX. INS. CODE § 4005.101(b)(5).
8. Francis 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).
9. Francis failed to complete all required continuing education hours for the relevant renewal period in violation of TEX. INS. CODE §§ 4004.051 (West 2005), 4004.053 (West 2009), and 4004.054.

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



Kevin Brady
Deputy Commissioner For Agency Affairs
Texas Department of Insurance
Delegation Order 4506

AFFIDAVIT

State of Texas §

§

County of Travis §

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

“My name is Judy Lopez, 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 Jarel Francis. I have confirmed that:

- a. The last mailing address provided to the department by Jarel Francis is 13639 Ortega Ln Houston, Texas 77083-3435.
- b. The file maintained by the Enforcement Section contains a notice of hearing dated March 14, 2017, filed with the State Office of Administrative Hearings.
- c. On March 14, 2014, certified letters, return receipt requested, and first class mailings each containing a notice of hearing were sent to Jarel Francis's last known address at 13639 Ortega Ln Houston, Texas 77083-3435.

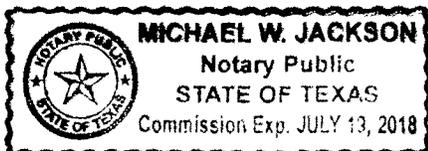
Copies of the certified mail and first class mail logs maintained by the Enforcement Section are attached as Exhibit A and Exhibit B.”

Judy Lopez
Affiant

SWORN TO AND SUBSCRIBED before me on 19 April 2017.

(NOTARY STAMP)

M Jackson M. JACKSON
Signature of Notary Public



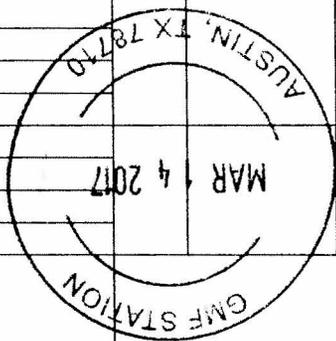
Notary without Bond
12421235-1

Name and Address of Sender
 Texas Dept of Insurance
 Mail Code 110-1A
 333 Guadalupe St
 Austin TX 78701
 March 14, 2017
 Judy Lopez

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

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	(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
7009 1680 0001 5375 4369	Jarel Francis 13639 Ortega Ln Houston, Texas 77083-3435	6.03		2.75							3.35			
<div style="border: 2px solid black; padding: 5px; display: inline-block;"> EXHIBIT  Labels </div>														
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														



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Case #5309 - Notice of Hearing

Wills

