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
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 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 the department’s records concerning Michael Anthony Caldwell (Caldwell). I have confirmed that:

1. The last mailing address provided to the department by Caldwell in writing is PO Box 200834, Arlington, Texas 76006.
   a. The file maintained by the Enforcement Section of the Legal & Enforcement Division contains a notice of hearing dated January 9, 2018 and an amended notice of hearing dated January 31, 2018, both filed respectively with the State Office of Administrative Hearings.
   b. Certified letters, return receipts requested, and first class mailings containing the notice of hearing and the amended notice of hearing respectively, were sent to Caldwell’s last known address.

Copies of the certified mail logs maintained by the Enforcement Section are attached as Exhibit A.

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

Affiant

SWORN TO AND SUBSCRIBED before me on MAY 15, 2018.
**Name and Address of Sender**
MC 110-1A M RUIZ  
Texas Department of Insurance  
333 Guadalupe St  
Austin TX 78701

**USPS Tracking/Article Number**
<table>
<thead>
<tr>
<th>USPS Tracking/Article Number</th>
<th>Addressee (Name, Street, City, State, &amp; ZIP Code™)</th>
<th>Postage (Extra Service Fee)</th>
<th>Handling Charge</th>
<th>Actual Value if Registered</th>
<th>Insured Value</th>
<th>Due Sender if COD</th>
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<th>ASRD Fee</th>
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<th>RR Fee</th>
<th>SC Fee</th>
<th>SCRD Fee</th>
<th>SH Fee</th>
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**Check type of mail or service**
- [ ] Adult Signature Required
- [ ] Adult Signature Restricted Delivery
- [X] Certified Mail
- [ ] Certified Mail Restricted Delivery
- [ ] Collect on Delivery (COD)
- [ ] Insured Mail
- [ ] Priority Mail
- [ ] Priority Mail Restricted Delivery
- [ ] Priority Mail Express
- [ ] Registered Mail
- [ ] Return Receipt for Merchandise
- [ ] Signature Confirmation

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

**Handing Charge - if Registered and over $50,000 in value**

Privacy Notice: For more information on USPS privacy policies, visit usps.com/privacypolicy.
A. Mailer Action

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

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<th>Type of Mail</th>
<th>Volume</th>
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<tr>
<td>First-Class Package Service*</td>
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<td>1</td>
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</table>

*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.

PS Form 5630, September 2016  PSN 7530-08-000-4335
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. Caldwell

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
P.O. Box 200834
ARLINGTON, TX 76006-2834

Customer Reference Number: C654082.4023858
Return Reference Number: WILLS/12425
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<th>Handling Charge</th>
<th>Actual Value if Registered</th>
<th>Insured Value</th>
<th>Due Sender if COD</th>
<th>ASR Fee</th>
<th>ASRD Fee</th>
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Affix Stamp Here

(Find out as an international certificate of mailing or for additional copies of this receipt.)

Postmark with Date of Receipt.

2018-5512

Total Number of Pieces Listed by Sender: 1
Total Number of Pieces Received at Post Office: 1
Postmaster, Per (Name of receiving employee):
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.

Shipped From:

Name: MC-110-1A M COOK
Address: 333 GUADALUPE ST
City: AUSTIN
State: TX ZIP+4* 78701

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<tr>
<td>First-Class Package Service*</td>
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<tr>
<td>Returns</td>
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</tr>
<tr>
<td>International*</td>
<td>0</td>
</tr>
<tr>
<td>Other</td>
<td>0</td>
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<tr>
<td>Total</td>
<td>1</td>
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</table>

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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

FEB 02 2018

9275 0901 1935 6200 0006 9999 63

PS Form 5630, September 2016 PSN 7530-08-000-4335
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<th>Return Receipt for Merchandise</th>
<th>Signature Confirmation Required</th>
<th>Signature Confirmation Restricted Delivery</th>
<th>Rejected Receipt</th>
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PS Form 3877, June 2016

Completed in Ink

EXHIBIT B

Privacy Note: For more information on USPS privacy policies, visit usps.com/privacy policy.
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<th>aei return receipt</th>
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</table>

**Name and Address of Sender**
Texas Dept of Insurance
Mail Code 110-1A
333 Guadalupe St
Austin TX 78701
Mariah Cook
January 31, 2018

**Firm Mailing Book For Accountable Mail**

**USPS Tracking/Article Number:** OLVERA/12425

**Address (Name, Street, City, State, & Zip Code):**
Michael Anthony Caldwell  PO Box 208334  Arlington, Texas 76008-0034

**Postage:**

**Handling Charge:**

**Actual Value if Registered:**

**Insured Value:**

**Total Payable:**

**AEI Fee:**

**AEI Return Receipt:**

**SC Fee:**

**SC RD Fee:**

**SH Fee:**

**Special Handling:**

**Privacy Note:** For more information on USPS privacy policies, visit usps.com/privacy policy.

**Handing:**

**FEb 02 2018**

**Handing:**

**2018 - 5512**

**Handing:**