

STATE OF NEW JERSEY  
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF:

Proceedings by the Commissioner of Banking )  
and Insurance, State of New Jersey, to fine ) CONSENT  
the insurance license of Wei-Sheng Wang, ) ORDER  
Reference No. 9138864, and Li-Pin Hu, )  
Reference No.1511599 )

Wei-Sheng Wang  
9 Orchard Way  
Warren, NJ 07059

Li-Pin Hu  
9 Orchard Way  
Warren, NJ 07059

This matter, having been opened by the Commissioner of Banking and Insurance (“Commissioner”), State of New Jersey, upon information that Wei-Sheng Wang (“Wang”) and Li-Pin Hu (“Hu”), currently licensed as a resident insurance producers pursuant to N.J.S.A. 17:22A-32, may have violated the insurance laws of the State of New Jersey; and

WHEREAS, Wang and Hu (collectively “Respondents”) are subject to the provisions of New Jersey Insurance Producer Licensing Act of 2001, N.J.S.A. 17:22A-26 et seq. and the New Jersey Insurance Fraud Prevention Act (“Fraud Act”), N.J.S.A. 17:33A-1 et seq.; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a (2), an insurance producer shall not violate any insurance laws, or violate any regulation, subpoena or order of the Commissioner or of another state's insurance regulator; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a (8), an insurance producer shall not demonstrate unworthiness, lack of integrity, bad faith, dishonesty, financial irresponsibility, or incompetence to transact business as an insurance producer; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a (17), an insurance producer shall not knowingly facilitate or assist another person in violating any insurance laws; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a (19), an insurance producer shall notify the Commissioner within 30 days of the final disposition of any formal disciplinary action taken against the producer by the Financial Industry Regulatory Authority ("FINRA"); and

WHEREAS, pursuant to N.J.A.C. 11:17C-2.1 (a) and (b), all premium funds shall be held by an insurance producer in a fiduciary capacity and shall not be misappropriated, improperly converted to the insurance producer's own use, or illegally withheld by the licensee and shall be segregated and not in any manner commingled with any other funds of the insurance producer; and

WHEREAS, pursuant to N.J.A.C. 11:17C-2.3, an insurance producer shall establish and maintain a trust account into which shall be deposited cash, checks and other instruments payable to the insurance producer; and

WHEREAS, pursuant to N.J.A.C. 11:17C-2.4 (a) and (b), an insurance producer shall issue and properly maintain receipts for each premium for any payment, premium

deposit or installment payment which is submitted by personal delivery or when a receipt is requested, and shall maintain a copy of each receipt issued; and

WHEREAS, pursuant to N.J.A.C. 11:17C-2.5 (a) and (h), an insurance producer shall maintain accurate books and records reflecting all insurance-related transactions and shall maintain a file for each client or customer for a period of at least five years after the termination of coverage; and

WHEREAS, pursuant to N.J.S.A. 17:33A-4a(4)(b), no person shall prepare or make any written or oral statement, intended to be presented to any insurance company or producer for the purpose of obtaining an insurance policy, knowing that the statement contains any false or misleading information concerning any fact or thing material to an insurance application or contract; and

WHEREAS, pursuant to N.J.S.A. 17:33A-5c, violations of the Fraud Act subject the violator to a civil penalty not to exceed \$5,000.00 for the first offense, not to exceed \$10,000.00 for the second offense and not to exceed \$15,000.00 for each subsequent offense; and

WHEREAS, pursuant to N.J.S.A. 17:33A-5.1, each person who settles an insurance fraud proceeding shall be subject to a surcharge of 5% of the Fraud Act settlement amount; and

IT APPEARING, that on or about August 1, 2013, the New Jersey Department of Banking and Insurance (“Department”) was informed by the New York Life Insurance Company (“NYL”) of the termination of Respondent Wang, effective July 1, 2013. At the time of termination, Respondent Wang’s agent authority had been suspended by NYL as

a result of violating the company's financial underwriting verification process and for the inappropriate receipt and subsequent deposit of client premiums; and

IT FURTHER APPEARING, that from January 1, 2010 through December 31, 2013, the Respondents accepted multiple life insurance premium payments from various insureds, in excess of forty payments, and commingled said funds by depositing the premiums into their personal bank accounts. The premiums were then transmitted to NYL from the Respondents' personal bank accounts, in violation of N.J.S.A. 17:22A-40a (2), (8) and (17), N.J.A.C. 11:17C-2.1 (a) and (b) and N.J.A.C. 11:17C-2.3; and

IT FURTHER APPEARING, that during the aforementioned time periods, the Respondents failed to maintain proper books and records that reflect all insurance-related transactions and failed to issue and maintain proper receipts documentation for each premium remitted to and/or issued from their agency, in violation of N.J.S.A. 17:22A-40a (2), (7), (8), (16), and (17), N.J.A.C. 11:17C-2.4 (a) and (b) and N.J.A.C. 11:17C-2.5 (a) and (h); and

IT FURTHER APPEARING, that on March 11, 2014, Respondent Wang was sanctioned by the Financial Industry Regulatory Authority ("FINRA") under an Acceptance, Waiver and Consent and was permanently barred from the securities industry for actions involving the commingling of client funds with personal funds involving Respondent Hu's personal bank account, and failed to notify the Department of the FINRA action within 30 days of the final disposition, pursuant to and in violation of N.J.S.A. 17:22A-40a (19); and

IT FURTHER APPEARING, that Respondent Wang submitted a universal life application to NYL on or about December 1, 2009 for proposed insured YH that

misrepresented the applicant's annual income and net worth, in violation of N.J.S.A. 17:33A-4a(4)(b); and

IT FURTHER APPEARING, that the Respondents:

- 1) Have admitted responsibility for the aforementioned violations, but neither admit nor deny the Fraud Act violations; and
- 2) Have cooperated with the investigation conducted by the Department of Banking and Insurance; and

IT FURTHER APPEARING, that cause does exist under N.J.S.A. 17:22A-40a, N.J.S.A. 17:22A-45c and N.J.S.A. 17:33A-5c to impose a fine; and

IT FURTHER APPEARING, that the Respondents have waived their right to a hearing on the aforementioned violations and consented to the payment of a fine in the amount of \$35,000.00 for the violations of the Producer Licensing Act and payment of a civil penalty in the amount of \$5,000.00 for the violations of the Fraud Act; and

IT FURTHER APPEARING, that pursuant to N.J.S.A. 17:33A-5.1, Respondent shall pay a statutory insurance surcharge of \$250.00; and

IT FURTHER APPEARING, that this matter should be resolved upon the consent of the parties without resort to a formal hearing on the aforementioned violations; and

NOW, THEREFORE, IT IS on this 18<sup>th</sup> day of SEPTEMBER, 2014

ORDERED AND AGREED, that Respondents admit to the violations of the Producer Licensing Act and the Fraud Act as described above; and

IT IS FURTHER ORDERED AND AGREED, that Respondents shall pay a civil penalty of \$35,000.00 for the violations of the Producer Licensing Act admitted herein; and

IT IS FURTHER ORDERED AND AGREED, that Respondents shall pay a civil penalty of \$5,000.00 for the violations of the Fraud Act admitted herein; and

IT FURTHER ORDERED AND AGREED, that Respondents shall pay an insurance fraud surcharge in the amount of \$250.00 for the violations of the Fraud Act violations admitted herein; and

IT IS FURTHER ORDERED AND AGREED, that said civil penalty and surcharge shall be paid by certified check, cashier's check or money order made payable to the "State of New Jersey, General Treasury," with an initial payment of \$8050.00 due and payable immediately upon execution of this Consent Order by Respondents and 10 subsequent monthly payments of \$3220.00 due and payable on or before the 31<sup>st</sup> day of each month thereafter; and

IT IS FURTHER ORDERED AND AGREED, that the signed Consent Order together with the initial civil penalty payment and surcharge of \$8050.00 and each subsequent monthly installment payment shall be remitted to:

New Jersey Department of Banking and Insurance  
Attention: Virgil Downtin - Chief of Investigations  
9<sup>th</sup> Floor, Consumer Protection Services, Enforcement  
P. O. Box 329  
Trenton, New Jersey 08625

IT IS FURTHER ORDERED AND AGREED, that in the event full payment of the civil penalty and surcharge are not made or any payment is not made in accordance with this Order, the Commissioner may exercise any and all remedies available by law, including but not limited to recovery of any unpaid penalties in summary proceedings, in accordance with the penalty enforcement law N.J.S.A. 2A:58-10 et seq.; and

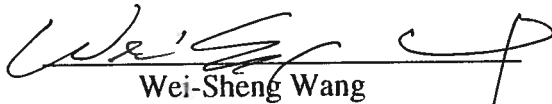
IT IS FURTHER ORDERED AND AGREED that the provisions of this Consent Order represent a final agency decision and constitute a final resolution of the violations contained herein; and

IT IS FURTHER ORDERED AND AGREED that Respondents shall cease and desist from engaging in the conduct that gave rise to this Consent Order.

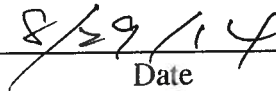


Peter L. Hartt  
Acting Director of Insurance

Consented to as to Form,  
Entry and Content



Wei-Sheng Wang



Date



Li-Pin Hu



Date

State of NJ County of Middlesex

I certify that on 8/29/2014, Wei-sheng Wang and Li-pin Hu personally came before me and acknowledge under oath to my satisfaction that this person is named in and personally signed this document



Shaw Kung Jan

my commission expires 1/8/15

