

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 revoke, )  
suspend, and/or fine The Walnut Advisory Corp., )  
d/b/a The Walnut Agency, Ref. No. 8013038, )  
Sigmar Hessing, Ref. No. 8013037, and )  
Ariel Hessing, Ref. No. 9247474. )

CONSENT  
ORDER

TO: **The Walnut Advisory Corp.**  
**d/b/a The Walnut Agency**  
PO Box 4417  
Warren, NJ 07059

**Sigmar Hessing**  
PO Box 4417  
Warren, NJ 07059

**Ariel Hessing**  
PO Box 4417  
Warren, NJ 07059

This matter, having been opened by the Commissioner of Banking and Insurance (“Commissioner”), State of New Jersey, upon information that The Walnut Advisory Corp., d/b/a The Walnut Agency (“Walnut”), currently licensed as a resident business entity insurance producer pursuant to N.J.S.A. 17:22A-32(b), and its designated responsible licensed producers Sigmar Hessing and Ariel Hessing, currently licensed as resident individual insurance producers, pursuant to N.J.S.A. 17:22A-32a, may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Walnut, Sigmar Hessing, and Ariel Hessing (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. (“Producer Act”) and the New Jersey Insurance Fraud Prevention Act, N.J.S.A. 17:33A-1 et seq. (“Fraud Act”); 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 (4) and 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 improperly withheld, misappropriated or converted for the insurance producer's own use, or illegally withheld by the licensee and all premium funds shall be segregated and not in any manner commingled with any other funds of the insurance producer; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a (8), an insurance producer shall not use fraudulent, coercive, or dishonest practices, or demonstrate incompetence, untrustworthiness or financial irresponsibility in the conduct of insurance business in this State; and

WHEREAS, pursuant to and N.J.A.C. 11:17C-2.2 (a) and N.J.A.C. 11:17C-2.3 (a), all premium funds shall be remitted to the insurer or other insurance producer, as applicable, within five business days after receipt of the funds except as otherwise required, and/or 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 when an insurance producer holds any premiums for more than five business days before remitting the premiums to an insurer or other insurance producer; and

WHEREAS, pursuant to N.J.A.C. 11:17C-2.5 (a), each insurance producer shall maintain accurate books and records reflecting all insurance-related transactions in which the insurance producer or his employees take part in; and

WHEREAS, pursuant to N.J.S.A. 17:33A-4a (2), a person violates the Fraud Act if he prepares or makes any written or oral statement that is intended to be presented to any insurance company, in connection with, or in support of or opposition to any claim for payment or other benefit pursuant to an insurance policy, knowing that the statement contains any false or misleading information concerning any fact or thing material to the claim; 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

WHEREAS, pursuant to the terms of an agreement with Zurich American Insurance Company of Illinois (“Zurich”), Walnut was authorized to solicit and receive applications for insurance, and was required to remit insurance premium to Zurich no later than forty-five (45) days after the end of the month; and

WHEREAS, for the period of January through June 2012, Respondents failed to timely remit premium funds to Zurich; and

WHEREAS, for the period of April through December 2012, Respondents commingled premium trust funds with operating funds; and

WHEREAS, for the period of January through December 2012, Respondents did not record the name of the insured, name of the insurer, policy number, net commission, and producer receiving the commission for any monies representing commission payments; and

WHEREAS, in May of 2000, Walnut and Sigmar Hessing entered into a Consent Order with the Department for failing to maintain its accounts which required, among other things, Walnut and Sigmar Hessing to cease and desist from engaging in the conduct that gave rise to the Order; and

WHEREAS, Respondents have acknowledged that for the period of January through December 2012, they failed to maintain its accounts and records and money was imprudently transferred between said accounts, which violates the terms of the previous Consent Order; and

WHEREAS, Walnut Advisory Group, knowingly provided inaccurate and incomplete statements on an Employee Theft Claim to Crum & Forster, dated June 17, 2012; and

WHEREAS, in order to avoid litigation, Respondents:

- 1) Have acknowledged the aforementioned violations; and
- 2) Have cooperated with the investigation conducted by the New Jersey Department of Banking and Insurance; and

WHEREAS, 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 and -5d to impose a fine; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a, cause does exist to revoke Respondent Sigmar Hessing's New Jersey insurance producer's license; and

WHEREAS, Respondents have waived their right to a hearing on the aforementioned violations and has consented to the payment of a fine in the amount of \$105,250.00; and

WHEREAS, Respondent Sigmar Hessing having retired from Walnut, has waived his right to a hearing on the aforementioned violations and has consented to the voluntary revocation of his insurance producer's license reference number 8013037; and

WHEREAS, this matter should be resolved upon the consent of the parties without resort to a formal hearing on the aforementioned violations, and further good cause appearing; and

NOW, THEREFORE, IT IS on this 28<sup>th</sup> day of October, 2015

ORDERED AND AGREED, that Respondent Sigmar Hessing consents to the voluntary revocation of his New Jersey insurance producer's license, reference number 8013037; and

IT IS FURTHER ORDERED AND AGREED that Respondents shall be jointly and severally liable for the fine payment of \$105,250.00 to the Commissioner, consisting of \$5,000.00 in penalties for violations of the Fraud Act, pursuant to N.J.S.A. 17:33A-5c, \$250.00 for the mandatory insurance surcharge, pursuant to N.J.S.A. 17:33A-5.1, and \$100,000.00 in penalties for violations of the Producer Act, pursuant to N.J.S.A. 17:22A-45c; and

IT IS FURTHER ORDERED AND AGREED, that an initial fine payment of \$30,250.00 shall be due and payable immediately upon execution of this Consent Order by Respondents and shall be paid by certified check, cashier's check or money order made payable to the State of New Jersey, General Treasury and be remitted to:

New Jersey Department of Banking and Insurance  
ATTN: Virgil Downtin, Chief of Investigations  
9th Floor – Enforcement Unit  
P.O. Box 329  
Trenton, New Jersey 08625

IT IS FURTHER ORDERED AND AGREED, that Respondents shall be jointly and severally liable for the remaining \$75,000.00 fine and the annual payments of \$25,000.00 that shall occur on or before October 1, 2016, October 1, 2017, and October 1, 2018; and;

IT IS FURTHER ORDERED AND AGREED, that in the event full payment of the fine 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 amounts in summary proceedings, in accordance with the penalty enforcement law N.J.S.A. 2A:58-10 et seq.; and

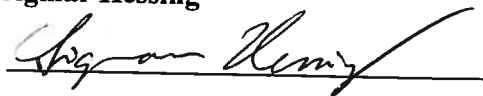
IT IS FURTHER ORDERED AND AGREED, that the provisions of this Consent Order represent a final agency decision and constitute a final resolution of the violations contained herein; and

IT IS FURTHER ORDERED AND AGREED, that Respondents shall cease and desist from engaging in the conduct that gave rise to this Consent Order and hereafter, shall comply in all respects with the New Jersey insurance laws and regulations.

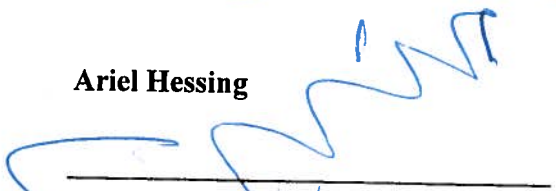
  
Peter L. Hart  
Director of Insurance

Consented to as to  
Form, Entry, and Content

**The Walnut Advisory Corp.**  
**d/b/a The Walnut Agency**  
Ariel Hessing  
Executive Officer  
(Print Name and Title)  
Date: October 8, 2015

**Sigmar Hessing**  


Date: October 8, 2015

**Ariel Hessing**  
  
Date: October 8, 2015