

STATE OF NORTH DAKOTA
BEFORE THE INSURANCE COMMISSIONER

In the Matter of)	
)	CONSENT ORDER
Nathaniel Jacob Rust,)	
NPN 16003462,)	CASE NO. AG-13-409
)	
Respondent.)	

TO: Nathaniel Jacob Rust, 2551 45th Street SW, Suite 105, Fargo, ND 58104-8622

Insurance Commissioner Adam Hamm (“Commissioner”) has determined as follows:

1. As a result of information obtained by the North Dakota Insurance Department (“Department”) regarding the conduct of Nathaniel Jacob Rust, NPN 16003462 (“Respondent”), an individual who has held a North Dakota insurance producer license at all times relevant to this proceeding, the Commissioner has begun administrative proceedings regarding Respondent’s conduct as alleged below and regarding the imposition of a civil penalty or any other action the Commissioner deems necessary. Respondent’s conduct is alleged to be in violation of N.D.C.C. §§ 26.1-02.1-02.1, 26.1-04-03, 26.1-26-15, and 26.1-26-42(1) and (6).

2. Employees of the North Dakota Insurance Department (“Department”) have investigated the activities of Respondent, including conducting witness interviews and reviewing paper documentation pertaining to the Department’s investigation.

3. N.D.C.C. § 26.1-02.1-02.1 states, in part:

A person may not commit a fraudulent insurance act.

4. N.D.C.C. § 26.1-04-03 states in relevant part:

26.1-04-03. Unfair methods of competition and unfair or deceptive acts or practices defined. The following are unfair methods of competition and unfair and deceptive acts or practices in the business of insurance:

...

12. Misrepresentation in insurance applications. Making false or fraudulent statements or representations on or relative to an application for an insurance policy, for the purpose of obtaining a fee, commission, money, or other benefit from any insurer, insurance producer, or individual.

5. N.D.C.C. § 26.1-26-15 states:

An applicant for any license under this chapter must be deemed by the commissioner to be competent, trustworthy, financially responsible, and of good personal and business reputation.

6. N.D.C.C. § 26.1-26-42 states, in part:

The commissioner may suspend, revoke, place on probation, or refuse to continue or refuse to issue any license issued under this chapter if, after notice to the licensee and hearing, the commissioner finds as to the licensee any of the following conditions:

1. A materially untrue statement in the license application.

...

6. In the conduct of affairs under the license, the licensee has used fraudulent, coercive, or dishonest practices, or has shown oneself to be incompetent, untrustworthy, or financially irresponsible.

7. The Commissioner has come into information that alleges Respondent has knowingly and intentionally engaged in a fraudulent insurance act and has in the conduct of affairs under his license used fraudulent, coercive, or dishonest practices in his actions on or about February 1, 2013, and continuing at least through March 2013, by writing fictitious insurance policies on himself and filing them with Farmers Insurance for personal financial benefit.

8. The Commissioner has come into information that alleges Respondent has used unfair methods of competition and unfair and deceptive acts or practices in the business of insurance on or about February 1, 2013, and continuing at least through March 2013, by writing fictitious insurance policies on himself and filing them with Famers Insurance for personal financial benefit.

9. The Commissioner has come into information that alleges the Respondent made a materially untrue statement in the Respondent's original license application or in the Respondent's renewal application, or both, by failing to disclose a previous deferred judgment for the Class A misdemeanor offense of Issuing Check Without an Account in Case No. 09-05-K-0185.

10. During a discussion with the Complainant, Respondent admitted to Complainant that Respondent had written fictitious insurance policies on himself and filed them with Farmers Insurance because his new business numbers for the month were low.

11. During a discussion with Insurance Department Investigator Greg Nelson, Respondent informed Nelson that Respondent's employer, Farmers Insurance, offers their agents a guaranteed income per month. Respondent advised that in order to continue to receive this guaranteed income agents are required to reach certain

numbers of new business quarterly. Respondent informed Nelson that Respondent wrote approximately 20 fictitious auto policies under his own name and then cancelled the policies the same day or the day after. Nelson later confirmed with Farmers Insurance that the number of fictitious auto and umbrella policies created and filed by Respondent was 36 (35 auto, 1 umbrella). The result was an increase in new business, allowing Respondent to continue receiving his guaranteed income.

12. Respondent's actions of writing fictitious insurance policies on himself and filing them with Farmers Insurance for personal financial gain constitutes violations of N.D.C.C. §§ 26.1-02.1-02.1, 26.1-04-03, 26.1-26-15, and 26.1-26-42(6) and (10) and are grounds for revocation of Respondent's individual insurance producer license.

13. Respondent's actions of making a materially untrue statement in the Respondent's original license application or in the Respondent's renewal application, or both, by failing to disclose a previous deferred judgment for the Class A misdemeanor offense of Issuing Check Without an Account constitutes a violation of N.D.C.C. §§ 26.1-26-42(1) and is grounds for revocation of Respondent's individual insurance producer license.

14. The conduct of Respondent as described in paragraphs 7, 8, 10, 11, and 12 of this Consent Order caused the Department to file a Cease and Desist Order against Respondent on June 24, 2013, which Cease and Desist Order is still in place.

15. Respondent acknowledges that at the time of signing the Consent to Entry of Order, he was aware of or had been advised of the right to a hearing in this matter, to consult an attorney, to present argument to the Commissioner, to appeal from any adverse determination after a hearing, and Respondent expressly waives those rights.

16. Respondent has agreed to informal disposition of this matter, without a hearing, as provided under N.D.C.C. § 28-32-22.

17. For purposes of resolving this matter without further administrative proceedings, Nathaniel Jacob Rust has agreed to enter into the following order.

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. Respondent's individual resident insurance producer license is hereby **REVOKED** effective upon the Commissioner's execution of this Order.
2. No administrative fine or other civil penalty is imposed.
3. The use of this Consent Order for competitive purposes by an insurance producer or agency holding a license in the State of North Dakota, or by any company holding a Certificate of Authority, or by anyone on their behalf, may be deemed unfair competition and be grounds for suspension or revocation of said license or authority.

DATED at Bismarck, North Dakota, this 9th day of July, 2013.



Adam Hamm
Insurance Commissioner
State of North Dakota

CONSENT TO ENTRY OF ORDER

The undersigned, **Nathaniel Jacob Rust**, states that he has read the foregoing Consent Order, that he knows and fully understands its contents and effect; that he has been advised of the right to a hearing in this matter, the right to be represented by legal counsel, the right to present evidence and arguments to the Commissioner, and the right to appeal from an adverse determination after hearing; and that by the signing of this Consent to Entry of Order he waives those rights in their entirety, and consents to

entry of this Order by the Commissioner. It is further expressly understood that this Order constitutes the entire settlement agreement between the parties, there being no other promises or agreements, either expressed or implied.

DATED this 28 day of June, 2013.



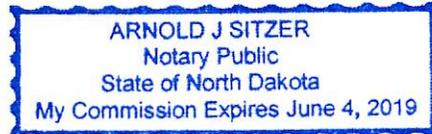
Nathaniel Jacob Rust

Subscribed and sworn to before me

this 28 day of June, 2013.


Notary Public

County of Cass
State of North Dakota



My commission expires: June 4th, 2019

RECEIVED
JUL 05 2013
Commissioner of Insurance
State of North Dakota