

**STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE SERVICES**

Before the Commissioner of the Office of Financial and Insurance Services

In the matter of:

**David Stavale
26677 W. Twelve Mile Road
Southfield, MI 48034**

Enforcement Case No. 06-4250

Respondent

_____ /

**Issued and entered,
on July 7, 2006
by Frances K. Wallace,
Chief Deputy Commissioner**

CONSENT ORDER

**I.
BACKGROUND**

Stavale Financial Group, LLC (“Stavale Financial Group”) is a Michigan domestic limited liability company, organized under the laws of the State of Michigan, that has made application for licensure as a mortgage broker and lender under the Mortgage Brokers, Lenders, and Servicers Licensing Act (“MBLSLA”), Act No. 173 of 1987, as amended, MCL 445.1651 *et seq.* David Stavale (Respondent) is the sole owner of Stavale Financial Group. Respondent is not licensed by the Office of Financial and Insurance Services (“OFIS”) pursuant to the MBLSLA or any other consumer finance statute regulated by OFIS. In reviewing Stavale Financial Group’s application, OFIS

staff determined that Respondent was conducting mortgage-related activities, which require licensure as a mortgage broker under the MBLSLA.

Respondent and OFIS staff have conferred and have agreed to resolve this matter according to the terms set forth below.

II. FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. In Respondent's Personal Disclosure Statement submitted to OFIS on or about December 8, 2005, Respondent indicated that a mortgage licensee, Assured Capital Funding Inc. (Assured Capital), employed him from June 2001 to the present. However, from February 2004 to June 2004, there was a break in Respondent's employment with Assured Capital, at which point, a mortgage licensee, Starmark Financial, LLC (Starmark Financial) employed Respondent. While Respondent asserted in his application that he was an employee of the aforementioned licensees, Respondent received nonemployee compensation during his alleged employment with Assured Capital and Starmark Financial.

2. Respondent submitted Forms 1099 to OFIS for the years 2003, 2004, and 2005. In the year 2003, Respondent received nonemployee compensation from Assured Capital in sum of \$54,669.85. In the year 2004, Respondent received nonemployee compensation from Assured Capital in the sum of \$59,255.58 and \$22,511.19 from Starmark Financial. Further, in the year 2005, Respondent received nonemployee compensation from Assured Capital in the sum of \$78,484.85.

3. Section 2(1) of the MBLSLA prohibits a person from acting as a mortgage broker, mortgage lender, or mortgage servicer without first obtaining a license or registration.

4. Section 2(3) of the MBLSLA prohibits a residential mortgage loan originator (also known as a loan officer) from receiving directly or indirectly any compensation, commission, fee, points or other remuneration from a mortgage broker, mortgage lender, or mortgage servicer other than his/her employer.

5. Based on the forgoing, Respondent has conducted first lien mortgage business without the requisite license or registration certificate required under Section 2(1) of the MBLSLA.

III. ORDER

Therefore it is ORDERED that:

1. Respondent shall cease and desist violating Sections 2(1) and 2(3) of the MBLSLA.

2. Respondent shall pay to OFIS an applicable civil penalty of \$1000.00.

3. Respondent, as the sole member of Stavale Financial Group, LLC, shall establish and maintain a program to monitor and ensure compliance with all state and federal consumer laws and regulations relating to all mortgage activity.

4. Respondent, as the sole member of Stavale Financial Group, LLC, shall educate himself and all employees of Stavale Financial Group, LLC with respect to all state and federal consumer laws and regulations, including the Mortgage Brokers, Lenders, and Servicers Licensing Act.

5. Respondent shall review and ensure that Stavale Financial Group, LLC complies with the OFIS Consumer Finance Bulletin No. 2003-09-CF, posted on the OFIS website, which clarifies OFIS's position on employees and branch offices in Michigan.

6. Respondent, as the sole member of Stavale Financial Group, LLC, shall immediately designate a compliance officer for Stavale Financial Group, LLC and provide written notification to OFIS of the compliance officer's name and business address, to ensure that Stavale Financial Group, LLC is in compliance with all applicable state and federal laws. Respondent's written notice designating a compliance officer shall accompany his payment of a civil penalty as provided for in Paragraph 2 of this Order. Respondent, as the sole member of Stavale Financial Group, LLC, shall notify the Office of Financial and Insurance Services of any change in designation of the compliance officer within 30 days of such re-designation.

The Chief Deputy Commissioner, the Commissioner's authorized agent, retains jurisdiction over the matters contained herein and has the authority to issue such further Order(s) as she shall deem just, necessary, and appropriate in accordance with the provisions of the MBLSLA. Failure by David Stavale and Stavale Financial Group, LLC to abide by the terms and provisions of this Order may result in the commencement of additional proceedings.

Frances K. Wallace
Chief Deputy Commissioner