

STATE OF MICHIGAN
DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE REGULATION

Before the Commissioner of the Office of Financial & Insurance Regulation

In the Matter of:

Sheryl D'Iorio
dba Northern Michigan Credit Consultants
DM-0010713

Enforcement Case No. 10-10955

and

Da Munschy,

Respondents.

Issued and entered
on 6/2, 2011
by Stephen R. Hilker
Chief Deputy Commissioner

CONSENT ORDER AND STIPULATION

FINDINGS OF FACTS AND CONCLUSIONS OF LAW

1. Respondent, Sheryl L. D'Iorio dba Northern Michigan Credit Consultants (D'Iorio), was licensed in the business of debt management by the Office of Financial and Insurance Regulation (OFIR) in accordance with the Debt Management Act (Act), MCL 451.411 *et seq.*
2. Respondent Da Munschy (Munschy) is not licensed in any capacity under the Act.
3. D'Iorio, as a person licensed under the Act, knew or had reason to know that, according to Section 16 of the Act, a licensee shall "create and maintain records of the accounts, correspondence, memoranda, papers, books, and other records of the debt management business." MCL 451.426.
4. During an examination commenced on September 20, 2010, D'Iorio was unable to present proper records of the debt management business as required by the Act.
5. On or about May of 2003, D'Iorio hired _____ to run the business. Based on information and belief, it was discovered in approximately January of 2010, that _____ was embezzling money from the business from 2005 to 2009. _____ was fired in January of 2010.

6. Since January 2010, Munschy has been running the business, attempting to pay the clients' creditors despite the shortfall due to the embezzlement, as well as accepting new clients and continuing to receive payments from existing clients.
7. D'Iorio, as a person licensed under the Act, knew or had reason to know that, according to Section 15 of the Act, a licensee shall maintain a trust account on behalf of the creditors and that "trust account shall at all times have an actual cash balance equal to or greater than the sum of the escrow balances of each debtor's account" and "if a trust account fails to contain sufficient funds . . . the licensee shall immediately upon discovery notify the director." MCL 451.425(3) and (4). Further, Administrative Rule 451.1241(2) provides that "remedial action, as provided in section 15(4) of the Act, shall be either an immediate replacement of funds or an immediate cessation of business until sufficient funds are placed in the account."
8. D'Iorio, as a person licensed under the Act, was responsible for the operation of the debt management business.
9. Based on the above facts, D'Iorio has violated Sections 15 and 16 of the Act, specifically, MCL 451.426 and 451.425(3) and (4) and is in violation of Administrative Rule 451.1241(2).
10. Based on the above facts, Munschy has violated Section 4 of the Act, MCL 451.414, which requires that a "person shall not engage in the business of debt management without first obtaining a license" and has violated Section 6(3), MCL 451.416(3), by providing counseling, budget analysis, and scheduling of debtor's funds without first passing a counselor examination.
11. On December 1, 2010, a Consent Order was issued ordering Respondents to cease and desist from conducting any business under the Debt Management Act.
12. Since that time, Respondents have complied with the Order, replaced all funds in the trust account, and have made all but one client whole.

Based on the findings of fact and conclusions of law above, and Respondents' stipulation to said facts, it is hereby **ORDERED** that:

1. Respondent D'Iorio has surrendered her debt management license and shall never apply for a debt management license in the State of Michigan.
2. Respondent Munschy shall never apply for a debt management license in the State of Michigan.
3. Respondents shall pay to OFIR the amount of \$1,417.50 for the costs of examination.
4. The amount owed to client _____, \$900.00, shall be held in trust for a period of one year, and shall be paid to _____ if she requests payment within said period.

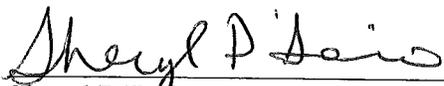
5. This Order supercedes and resolves all other orders entered in this matter, including the Cease and Desist Order issued on December 1, 2010.



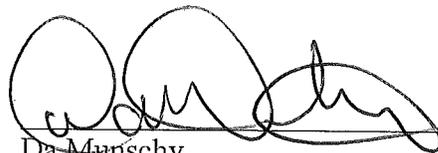
Stephen R. Hilker
Chief Deputy Commissioner

STIPULATION

Respondents have read and understand the consent order above. Respondents agree that the Chief Deputy Commissioner has jurisdiction and authority to issue this consent order pursuant to the Act. Respondents waive the right to a hearing in this matter if this consent order is issued. Respondents understand that this stipulation and consent order will be presented to the Chief Deputy Commissioner for approval and the Chief Deputy Commissioner may or may not issue this consent order. Respondents waive any objection to the Commissioner deciding this case following a hearing in the event the consent order is not approved. Respondents admit the findings of fact and conclusions of law set forth in the above consent order and agree to the entry of this order. Respondents admit that both parties have complied with the procedural requirements of the Michigan Administrative Procedures Act and the Act. Respondents have had an opportunity to review the Stipulation and Consent Order and have the same reviewed by legal counsel.



Sheryl D'Iorio
dba Northern Michigan Credit Consultants



Da Munschy

Dated: 5-25-2011

Dated: 5-25-2011

The Office of Financial and Insurance Regulation staff approves this stipulation and recommends that the Chief Deputy Commissioner issue the above consent order.



Scott Basel (P68335)
Attorney

Dated: 6-1-11