

9. Discount changed its physical address from 4800 Strawberry Lane, Louisville, KY 40206 to 906 Franklin Street, Louisville, KY 40206 on or about October 19, 2022.
10. Discount failed to file the required annual report for 2022.
11. Discount entered information concerning its address move in the Nationwide Mortgage Licensing System on or around January 7, 2023. Discount transacted business at its Louisville address prior to entering this address information in the Nationwide Mortgage Licensing System.
12. Discount's MCR for the first quarter of 2023, shows an application in process at the start of the quarter which would be January 1, 2023.
13. Discount filed the required MCR late for the fourth quarter of 2024.
14. Discount failed to file the required annual report for 2024.
15. Discount filed the required MCR late for the first quarter of 2025.
16. Discount filed the required MCR late for the second quarter of 2025.
17. Discount allowed its bond to be cancelled on or about September 20, 2025.
18. On October 25, 2025, an emergency order of suspension was entered suspending the license of Discount due to a failure to maintain the required bond.

STATUTORY AUTHORITY

19. KRS 286.8-046 states:

- (1) The commissioner may levy a civil penalty against any person who violates any provision of or any administrative regulation promulgated under this subtitle or order issued by the commissioner under this subtitle. The civil penalty shall be not less than one thousand dollars (\$1,000) nor more than twenty-five thousand dollars (\$25,000) per violation, plus the state's costs and expenses for the examination, investigation, and prosecution of the matter, including reasonable attorney's fees and court costs.
- (2) The commissioner may order restitution, refund, recovery of expenses, or direct such other affirmative action as the commissioner deems necessary

against any person who violates any order issued by the commissioner or any provision of, or administrative regulation promulgated under, this subtitle.

STATUTORY AUTHORITY FOR SPECIFIC VIOLATIONS

20. KRS 286.8-220(2)(h)-(i) states in relevant part:

No person shall, in connection with a transaction involving the mortgage lending process, or in connection with the operation of a mortgage loan business or the management or servicing of mortgage loans, directly or indirectly:

- (h) Fail to make disclosures as required by this subtitle or any other applicable state or federal law, including regulations thereunder; or
- (i) Fail to comply with state or federal laws, including the rules and regulations thereunder, that are applicable to transacting business in Kentucky.

21. 12 U.S.C. § 1008.111(f) states:

(f) The supervisory authority must require a loan originator to ensure that all residential mortgage loans that close as a result of the loan originator engaging in activities described in § 1008.103(b)(1) are included in reports of condition submitted to the NMLSR. Such reports of condition shall be in such form, shall contain such information, and shall be submitted with such frequency and by such dates as the NMLSR may reasonably require.

22. 12 U.S.C. 5104(e) states:

(e) Mortgage call reports:
Each mortgage licensee shall submit to the Nationwide Mortgage Licensing System and Registry reports of condition, which shall be in such form and shall contain such information as the Nationwide Mortgage Licensing System and Registry may require.

23. KRS 286.8-032(8)(b) states:

(b) A mortgage loan company or mortgage loan broker shall notify the commissioner of a change in the location or name of its business or the addition of any branch or branches in writing at least ten (10) days prior to change.

24. KRS 286.8-030 states:

- (1)
 - (a) It is unlawful for any person to transact business in Kentucky, either directly or indirectly, as a mortgage loan company or mortgage loan broker if the

mortgage loan company or mortgage loan broker is not licensed in accordance with the requirements of this subtitle, unless that person is exempt under KRS 286.8-020 and, if required by KRS 286.8-020(3) has timely filed a completed application for a claim of exemption, and the filed application for a claim of exemption has been approved by the commissioner.

(b) It is unlawful for any natural person to make a loan under KRS 286.8-020(10) without making the disclosure required by KRS 286.8-020(7).

(c) It is unlawful for any natural person to transact business in Kentucky, either directly or indirectly, as a mortgage loan originator, unless otherwise exempted, if the mortgage loan originator is not registered in accordance with KRS 286.8-255.

(d) It is unlawful for any mortgage loan company or mortgage loan broker to employ or use a mortgage loan originator if the mortgage loan originator is not registered in accordance with KRS 286.8-255 or otherwise exempted.

(e) It is unlawful for any mortgage loan company to employ or use, with or without compensation, a mortgage loan broker if the mortgage loan broker is not licensed in accordance with the requirements of this subtitle unless that person is exempt under KRS 286.8-020 and, if required by KRS 286.8-020(3), has timely filed a completed application for a claim of exemption, and the filed application for a claim of exemption has been approved by the commissioner.

(2) Neither the fact that a license or registration has been issued nor the fact that any person, business, or company is effectively registered or licensed, constitutes a finding by the commissioner that any document filed under this subtitle is true, complete, and not misleading. Nor does such fact directly or indirectly imply approval of the registrant or licensee by the commissioner or the Commonwealth of Kentucky. It is unlawful to make or cause to be made to any prospective customer or client any representation inconsistent with this subsection.

(3) Any mortgage loan company or mortgage loan broker who willfully transacts business in Kentucky in violation of subsection (1) of this section shall have no right to collect, receive, or retain any interest or charges whatsoever on a loan contract, but the unpaid principal of the loan shall be paid in full.

(4) Each solicited, attempted, or closed loan shall constitute a separate violation of this section.

(5) The unique identifier, name, and signature of any person originating a mortgage loan shall be clearly shown on the mortgage loan application. It shall be unlawful to make or cause to be made any representations on a mortgage loan application that are inconsistent with this subsection. The unique identifier shall also be displayed on solicitations or advertisements, including business cards or Web sites, of all persons holding themselves

out as being able to originate mortgage loans in Kentucky, and any other document as established by rule, regulation, or order of the commissioner.

25. KRS 286.8-036(3)-(5) states:

(3) A license may not be transferred or assigned without the prior written approval of the commissioner.

(4) No licensee shall transact the business provided for by this subtitle under any other name or maintain an office at any location other than a licensed location or an alternate work location.

(5) Every licensed mortgage loan company or mortgage loan broker shall notify the commissioner, in writing, within ten (10) days of the closing of any licensed office or registered Kentucky branch.

26. KRS 286.8-060(1) states:

Except as otherwise provided in this section, each mortgage loan company, mortgage loan broker, and mortgage loan originator shall post or be covered by a surety bond for the entire licensure or registration period in an amount prescribed by the commissioner, but in no event shall the bond be less than two hundred fifty thousand dollars (\$250,000) for mortgage loan companies and fifty thousand dollars (\$50,000) for mortgage loan brokers.

VIOLATIONS

27. In contravention of KRS 286.8-220(2)(h)-(i), 12 U.S.C. § 1008.111(f), and 12 U.S.C. 5104(e) by filing at least (6) Mortgage Call Reports after the deadline set for their filing.
28. In contravention of KRS 286.8-220(2)(h)-(i) and 12 U.S.C. § 1008.111(f) by failing to file annual reports for 2022 and 2024.
29. In contravention of KRS 286.8-032(8)(b) and KRS 286.8-036(5) by failing to notify the Department of Financial Institutions of a change of address within ten (10) days of moving.
30. In contravention of KRS 286.8-030 and KRS 286.8-036(3)-(4) by transacting business as a mortgage broker during that period of time during which they were operating without

being properly licensed under the subtitle. The subtitle does not permit a license to transfer without prior written approval of the commissioner and does not permit a licensee to transact business at any other location than a licensed location. By transacting business at 906 Franklin Street, Louisville, KY 40206 location while only being licensed at the 4800 Strawberry Lane, Louisville, KY 40206 location the previously stated provisions of the KRS.

31. In contravention of KRS 286.8-060(1) by failing to maintain a bond as a mortgage broker.

AGREEMENT AND ORDER

32. To resolve this matter without litigation or other adversarial proceedings, the Department and Discount Equity Services, Inc. agree to compromise and settle all claims arising from the above-referenced factual background in accordance with the terms set forth herein.

33. In the interest of economically and efficiently resolving the violations described herein, it is hereby **AGREED** and **ORDERED**:

- i. Discount Equity Services, Inc. shall be liable for a civil fine in the amount of twenty-thousand dollars (\$20,000.00) for the violations described herein; and
- ii. Discount Equity Services, Inc. shall voluntarily surrender its license; and
- iii. Discount Equity Services, Inc., shall not apply for reinstatement or renewal for the at least one year from the final date of execution of this Agreed Order; and
- iv. Discount Equity Services, Inc. shall come into full compliance with all applicable laws and regulations of the United States of America and the Commonwealth of Kentucky prior to any application for reinstatement or renewal; and
- v. The Department of Financial Institutions shall hold enforcement of the civil penalty set forth in paragraph (33)(i) of this Agreed Order in abeyance until the earlier of

- (a) The expiration of the maximum legally permitted time to enforce a judgment or agreed order; or
 - (b) Such time as Discount Equity Services, Inc. shall be reinstated per the terms of this Agreed Order and have no repeat violations for a period of one year from the date of that reinstatement; and
- vi. The civil penalty set forth in paragraph 33(i) of this Agreed Order shall be discharged if the terms of paragraph 33(v)(a) or 33(v)(b) are completed.
- vii. In the event Discount Equity Services, Inc. is reinstated prior to the expiration of the time period set forth in paragraph 33(v)(a) of this Agreed Order and Discount Equity Services, Inc. is found to have committed any violation of the same specific nature set forth in paragraphs 27-31 of this Agreed Order within one year of its reinstatement the civil penalty set forth in paragraph 33(i) of this Agreed Order shall be due within thirty (30) days written notice from DFI to Discount Equity Services, Inc.
- viii. All payments under this Order shall be in the form of a payment made via the NMLS system; and
- ix. Discount Equity Services, Inc., shall be aware of all laws, regulations, and requirements of mortgage broker license holders in the Commonwealth of Kentucky and shall comply with all such laws, regulations, and requirements in the future or be subject to all penalties and remedies at law; and
- x. Discount Equity Services, Inc., waives the right to demand a hearing at which it would be entitled to legal representation, to confront and cross-examine witnesses, and to present evidence on its behalf, or to otherwise appeal or set aside this Agreed Order; and

xi. Discount Equity Services, Inc., consents to and acknowledges the jurisdiction of the Department over this matter and that this Agreed Order is a matter of public record and may be disseminated as such; and

xii. In consideration of execution of this Agreed Order, Discount Equity Services, Inc., for itself, and for its successors and assigns, hereby releases and forever discharges the Commonwealth of Kentucky, the Department, Office of Legal Services, and each of their members, agents, and employees in their individual capacities, from any and all manner of actions, causes of action, suits, debts, judgments, executions, claims and demands whatsoever, known and unknown, in law or equity, that Discount Equity Services, Inc., ever had, now has, may have or claim to have against any or all of the persons or entities named in this paragraph arising out of or by reason of this investigation, this disciplinary action, this settlement or its administration; and

xiii. By signing below, the parties acknowledge they have read the foregoing Agreed Order, fully understand its contents, and that they are authorized to enter into and execute this Agreed Order and legally bind their respective parties; and

xiv. This Agreed Order shall constitute the Final Order in this matter.

SO ORDERED on this the 20th day of February, 2026.


MARNI ROCK GIBSON
COMMISSIONER

Consented to:

On behalf of the Department of Financial Institutions,

This 16 day of February, 2026.

[Handwritten Signature]

Director, Division of Non-Depository Institutions
Department of Financial Institutions

and

On behalf of Discount Equity Services, Inc.

This 17 day of Feb, 2026.

[Handwritten Signature]

Print Name:
For Discount Equity Services, Inc.

ACKNOWLEDGEMENT

STATE OF KENTUCKY)

COUNTY OF JEFFERSON)

On this the 14 day of FEBRUARY, 2026, MARK ALLECKA in my presence, acknowledged **him/herself** to be the authorized representative of Discount Equity Services, Inc., and, being authorized to do so, did enter into and execute the foregoing instrument, on behalf of Discount Equity Services, Inc., for the purposes therein contained, acknowledging the same.

My Commission Expires: 3/11/28

[Handwritten Signature]
Notary Public

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing Agreed Order was sent on this the 20 day of February, 2026, by the method indicated below to the following:

Via certified mail, return receipt requested and email:

Discount Equity Services, Inc.
Attn: Matt Coleman
906 Franklin St.
Louisville, KY 40206
matt@discountequity.com
registered agent for Discount Equity Services, Inc.

Via hand delivery:

Eric Richardson, Staff Attorney III
DEPARTMENT OF FINANCIAL INSTITUTIONS
500 Mero Street
Frankfort, KY 40601
eric.richardson@ky.gov
Counsel for Department of Financial Institutions

Kentucky Department of Financial Institutions

Name: Allison Reed by Victoria Ward - Bishop

Title: Executive Staff Advisor