

COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS
AGENCY CASE NO. 2010-AH-035

DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

vs.

FRANKLIN FINANCIAL GROUP, INC.

RESPONDENT

AGREED ORDER

1. The Department of Financial Institutions (“DFI”) is responsible for regulating and licensing mortgage loan brokers, mortgage loan companies, mortgage loan originators, and mortgage loan processors in accordance with the provisions set forth in KRS Chapter 286.8, the Mortgage Loan Company and Mortgage Loan Broker Act (the “Act”).

2. Franklin Financial Group, Inc. (“Franklin Financial”) is authorized to do business in Kentucky as a licensed mortgage loan broker (MB 20297) pursuant to the Act, with its principal office located at 755 Maidstone Court, Cincinnati, OH 45230.

3. On January 20, 2010, the DFI conducted an examination of Franklin Financial and discovered that Franklin Financial had utilized one (1) unregistered mortgage loan originator, Scott Brandenburg, to originate mortgage loans during the 2009 calendar year in violation of KRS 286.8-030, which prohibits a mortgage loan broker and/or company from employing or using a loan originator who is not registered in accordance with KRS 286.8-255.

4. The DFI possesses a range of administrative authority in addressing violations of the Act, including license revocation, license denial, and the imposition of fines in an amount up to \$25,000 per violation. *See* KRS 286.8-046; 286.8-090.

5. In this case, the DFI assessed a fine against Franklin Financial in the amount of two thousand five hundred dollars (\$2,500.00) for utilizing an unregistered loan originator to originate Kentucky loans in violation of KRS 286.8-030.

6. In the interest of economically and efficiently resolving the violation(s) described herein, the DFI and Franklin Financial agree as follows.

a. Franklin Financial agrees to a fine assessment in the amount of two thousand five hundred dollars (\$2,500.00) for the violation(s) described herein;

b. Franklin Financial agrees to and shall pay the total fine assessed herein of two thousand five hundred dollars (\$2,500) no later than July 15, 2010 which shall be in the form of a certified check or money order made payable to "Kentucky State Treasurer" and mailed to the Department of Financial Institutions, Attn: Simon Berry, 1025 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601;

c. Franklin Financial agrees to register with the DFI all individuals who originate and/or process mortgage loans on Kentucky properties on its behalf; and

d. Franklin Financial shall devote the time and resources necessary to ensure continual and full compliance with all statutory requirements set forth in the Act and the regulations set forth in 808 KAR Chapter 12.

7. Franklin Financial waives its 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 own behalf, or to otherwise appeal or set aside this Order.

8. Franklin Financial consents to and acknowledges the jurisdiction of the DFI over this matter and that this Agreed Order is a matter of public record and may be disseminated as such.

9. In consideration of execution of this Agreed Order, Franklin Financial for itself, and for its successors and assigns, hereby releases and forever discharges the Commonwealth of Kentucky, the DFI, 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 Franklin Financial 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.

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

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

IT IS SO ORDERED on this the 14th day of July, 2010.



CHARLES A. VICE
COMMISSIONER

Consented to:

This 12th day of May, 2010.

This 21st day of May, 2010.

Nicole Biddle
Nicole Biddle, Director
Division of Nondepository Institutions
Department of Financial Institutions

Kevin M. Ary
Kevin M. Ary, President
Franklin Financial Group, Inc.

ACKNOWLEDGEMENT

STATE OF OH)
)
COUNTY OF HAMILTON)



TERRIE L. OSTERHOLZ
Notary Public, State of Ohio
My Commission Expires 02-15-11

On this the 21st day of MAY, 2010, before me *Terrie L. Osterholz*, the undersigned, *Kevin M. Ary*, did personally appear and acknowledge himself to be the President of Franklin Financial Group, Inc., and that he, being authorized to do so, entered into and executed the foregoing instrument for the purposes therein contained.

In witness whereof I hereunto set my hand.

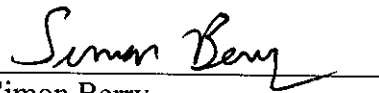
My Commission Expires: 2-15-2011

Terrie L. Osterholz
Notary Public

Certificate of Service

I, Simon Berry, hereby certify that a copy of the foregoing **Agreed Order** was sent on this the 14th day of July, 2010, by certified mail, return receipt requested, to the following:

Franklin Financial Group, Inc.
Attn: Kevin M. Ary
755 Maidstone Court
Cincinnati, OH 45230



Simon Berry
Department of Financial Institutions
1025 Capital Center Drive
Suite 200
Frankfort, Kentucky 40601
502-573-3390 ext. 232 (phone)
502-573-2183 (facsimile)

Counsel for Complainant