### STATE OF WASHINGTON DEPARTMENT OF FINANCIAL INSTITUTIONS SECURITIES DIVISION

IN THE MATTER OF DETERMINING whether there has been a violation of the Securities Act of Washington by: Order Number S-07-054-07-CO01

CONSENT ORDER

Federal Savings, LLC; First Bancshares Inc.; JMA Northwest Investments, LLC; Jeremy M. Stamper

Respondents.

### INTRODUCTION

On March 8, 2007, the Securities Administrator of the State of Washington issued a Summary 11 Order to Cease and Desist and Notice of Intent to Impose Fine, Order Number S-07-054-07-TO01, against 12 Federal Savings, LLC; First Bancshares Inc.; JMA Northwest Investments, LLC; and Jeremy M. Stamper. 13 Pursuant to the Securities Act of Washington, RCW 21.20, the Securities Division of the 14 Department of Financial Institutions ("Securities Division") and Respondents, Federal Savings, LLC; First 15 Bancshares Inc.; JMA Northwest Investments, LLC; and Jeremy Stamper, do hereby enter into this 16 CONSENT ORDER in settlement of the matters alleged herein. Respondents neither admit nor deny the 17 Findings of Fact and Conclusions of Law stated below. 18

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## FINDINGS OF FACT

# I. <u>Parties</u>

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	1. Federal Savings, LLC ("Federal Savings") is a Delaware and a Nevada Limited Liability			
4	Company with a principal place of business at 110 Lakeside Avenue, Suite H, Seattle, Washington. Feder			
5	Savings is purportedly a subsidiary of First Bancshares, Inc.			
6	2. First Bancshares, Inc. ("First Bancshares") is a Delaware corporation with a principal place			
7	of business at 110 Lakeside Avenue, Suite H, Seattle, Washington. (First Bancshares, Inc. is not affiliated			
8	with First Bancshares, Inc. of Mountain Grove, Missouri which operates First Home Savings Bank.)			
9	3. JMA Northwest Investments, LLC ("JMA Northwest") is Washington Limited Liability			
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11	Northwest is purportedly doing business as Federal Savings.			
12				
13	4. Jeremy M. Stamper ("Stamper") is a Washington resident and a principal of Federal Savings. First Bancshares, and JMA Northwest Investments.			
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15	II. <u>Nature of the Offering</u>			
16	5. Beginning no later than January 2007, Federal Savings and First Bancshares have been			
17	offering and selling investments to Washington investors through the websites www.federalsavingsllc.com,			
18	www.federalsavingssecure.com, and www.federalsavingscorp.com.			
19	6. According to these websites, Federal Savings is and has been offering investments in the			
20	form of 6 month certificates with annual percent yields of 6.25% and 8.85%.			
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- The websites state, in part: "Count on Us...It's not just a motto. It's a promise made by each
   and every one of us every day. By focusing relentlessly on the bottom line, Federal Savings consistently
   provides America's highest yields on fixed-rate certificates. Federal Savings is a wholly owned subsidiary
   of First Bancshares, Inc., which holds interests in some of the most recognizable financial institutions in the
   United States with combined assets totaling over \$67 billion."
- 8. After visiting a Federal Savings website investors contact Federal Savings by completing a
  form on the website or by calling the telephone number on the website.
- 9. An investor is then sent, via fax from Seattle, Washington, an application form and wiring
  instructions to make the investment. The investor then wires funds to a bank located in Seattle,
  Washington.
- Investors in and out side the State of Washington have responded to the offering and have
   sent money. At least one Washington investor received an email from Federal Savings instructing the
   investor to either mail funds to Federal Savings in Seattle, Washington or to wire the investment funds to a
   bank located in Seattle, Washington after completing an application on the Federal Savings website. The
   investor sent a check to Federal Savings. The check was then deposited to an account in the name of JMA
   Northwest at a bank in Bellevue, Washington. The Washington investor subsequently received a notarized
   certificate agreement from Federal Savings signed by Stamper.

### III. <u>Misrepresentations and Omissions</u>

11. The websites are misleading giving investors the impression that Federal Savings and First Bancshares are banking institutions, have significant financial backing, are affiliated with publicly traded

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financial institutions, have an operating history, and are insured by the Federal Deposit Insurance
 Corporation ("FDIC").

3 12. First Bancshares, which shares the same name of a publicly traded Missouri state holding
4 company that provides banking services though its subsidiary First Home Savings Bank, fails to disclose
5 that is not affiliated with the Missouri entity.

Investors may also be mislead that Federal Savings is a FDIC insured bank because of a
reference to the FDIC on the websites and because the websites compare the returns being offered by
Federal Savings versus those offered by banks. Federal Savings is not FDIC insured and is not a state or
federally chartered bank.

10 14. The offering material provided by Respondents to investors fails to provide financial statements
 11 for Federal Savings or First Bancshares. Additionally, investors are not provided with material information
 12 regarding the ability of Federal Savings and First Bancshares to pay their stated rates of investment return.

#### IV. <u>Registration Status</u>

14 15. Neither Federal Savings nor First Bancshares is currently registered to sell its securities in
15 the State of Washington and have not previously been so registered.

16 16. Stamper is not currently registered as a securities salesperson or broker-dealer in the State of
17 Washington and has not previously been so registered.

Based upon the above Findings of Fact, the following Conclusions of Law are made:

### CONCLUSIONS OF LAW

I. <u>Securities</u>

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1	17. The offer or sale of the investment opportunities described above constitutes the offer or sale		
2	of a security as defined in RCW 21.20.005(10) and (12), namely, the offer or sale of an investment contract.		
3	II. <u>Registration Status</u>		
4	18. The offer or sale of said securities is in violation of RCW 21.20.140 because no registration		
5	for such offer or sale is on file with the Securities Administrator.		
6	III. <u>Registration of Broker-Dealer and Salesperson</u>		
7	19. Stamper has violated RCW 21.20.040 by offering or selling said securities while not		
8	registered as a securities salesperson or broker-dealer in the state of Washington.		
9	IV. <u>Anti-Fraud Provision</u>		
10	20. The offer or sale of said securities was made in violation of RCW 21.20.010 because, as set		
11	forth in the Findings of Fact, respondents misstated or omitted to state material facts necessary in order to		
12	make the statements made, in the light of the circumstances under which they were made, not misleading.		
13	CONSENT ORDER		
14	Based upon the foregoing and finding it in the public interest:		
15	IT IS AGREED AND ORDERED that Respondents, Federal Savings, LLC; First Bancshares Inc.;		
16	JMA Northwest Investments, LLC; and Jeremy M. Stamper, their agents and employees each shall cease		
17	and desist from offering or selling securities in violations of RCW 21.20.140, the securities registration		
18	section of the Securities Act of Washington.		
19	IT IS FURTHER AGREED AND ORDERED that Respondents, Federal Savings, LLC; First		
20	Bancshares Inc.; JMA Northwest Investments, LLC; and Jeremy M. Stamper, their agents and employees		
21	each shall cease and desist from acting as an unregistered securities broker-dealer or salesperson in		
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1	violation of RCW 21.20.040, the broker-dealer and securities salesperson registration section of the
2	Securities Act of Washington.
3	IT IS FURTHER AGREED AND ORDERED that Respondents, Federal Savings, LLC; First

Bancshares Inc.; JMA Northwest Investments, LLC; and Jeremy M. Stamper, their agents and employees
each shall cease and desist from violating RCW 21.20.010, the anti-fraud section of the Securities Act of
Washington.

7 IT IS FURTHER AGREED AND ORDERED that Respondents, Federal Savings, LLC; First
8 Bancshares Inc.; JMA Northwest Investments, LLC; and Jeremy M. Stamper shall be jointly and severally
9 liable for and pay investigative costs in the amount of \$4,500 on or before the date of entry of this Consent
10 Order.

IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Order.

IT IS FURTHER AGREED that in consideration of the foregoing Respondents Federal Savings,
LLC; First Bancshares Inc.; JMA Northwest Investments, LLC; and Jeremy M. Stamper, each waive their
rights to a hearing in this matter and judicial review of this matter pursuant to RCW 21.20.440 and RCW
34.05.

16 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

18 || SIGNED this \_3rd\_\_ day of \_\_\_May\_\_\_\_\_, 2007.

19 || Signed by:

20 || Federal Savings, LLC

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22 || By\_\_\_/s/\_\_\_\_

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1	Jeremy M. Stamper	
2	Signed by:	
3	First Bancshares, Inc.	
4		
5	By/s/	
6	Jeremy M. Stamper	
7		
8	Signed by:	
9	JMA Northwest Investments, LLC	
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11	By/s/ Jeremy M. Stamper	
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13	Signed by:	
14	/s/	
15	Jeremy M. Stamper, individually	
16	Signed by:	
17	McKay Chadwell, PLLC	
18	/s/	
19	Robert Chadwell, WSBA #22683 Attorney for Federal Savings, LLC,	
20	First Bancshares, Inc., JMA Northwest Investments, LLC and Jeremy M. Stamper	
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2 3	SIGNED and ENTERED this 14th day of May, 2007		
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5		Micheel Z, Stevenson	
6		MICHAEL E. STEVENSON Securities Administrator	
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8	Approved by:	Presented by:	
9	An Elm	Tyhet	
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11	Suzanne Sarason Chief Compliance and Examinations	Tyler Letey Financial Legal Examiner	
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