

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

IN THE MATTER OF DETERMINING) Order Number S-07-054-07-TO01
Whether there has been a violation of the)
Securities Act of Washington by:) SUMMARY ORDER TO CEASE AND
) DESIST AND NOTICE OF INTENT TO
Federal Savings, LLC; First) IMPOSE FINES
Bancshares, Inc.; JMA Northwest)
Investments, LLC; Jeremy M.)
Stamper;)
)
Respondents)

THE STATE OF WASHINGTON TO: Federal Savings, LLC
First Bancshares, Inc.
JMA Northwest Investments, LLC
Jeremy M. Stamper

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, Federal Savings, LLC; First Bancshares, Inc.; JMA Northwest Investments, LLC; and Jeremy M. Stamper have each violated the Securities Act of Washington and that their violations justify the entry of an order of the Securities Administrator under RCW 21.20.390 against each to cease and desist from such violations. The Securities Administrator finds that delay in ordering the Respondents to cease and desist from such violations would be hazardous to the investors and to the public and that a Summary Order to Cease and Desist should be entered immediately. The Securities Administrator finds as follows:

1 **TENTATIVE FINDINGS OF FACT**

2 I. Parties

3 1. Federal Savings, LLC (“Federal Savings”) is a Delaware and a Nevada Limited
4 Liability Company with a principal place of business at 110 Lakeside Avenue, Suite H, Seattle,
5 Washington. Federal Savings is purportedly a subsidiary of First Bancshares, Inc.
6

7 2. First Bancshares, Inc. (“First Bancshares”) is a Delaware corporation with a
8 principal place of business at 110 Lakeside Avenue, Suite H, Seattle, Washington. (First
9 Bancshares, Inc. is not affiliated with First Bancshares, Inc. of Mountain Grove, Missouri which
10 operates First Home Savings Bank.)

11 3. JMA Northwest Investments, LLC (“JMA Northwest”) is Washington Limited
12 Liability Company with a principal place of business at 120 Lakeside Avenue, Suite 230, Seattle,
13 Washington. JMA Northwest is purportedly doing business as Federal Savings.

14 4. Jeremy M. Stamper (“Stamper”) is a Washington resident and a principal of
15 Federal Savings, First Bancshares, and JMA Northwest Investments.

16 II. Nature of the Offering

17 5. Beginning no later than January 2007, Federal Savings and First Bancshares have
18 been offering and selling investments to Washington investors through the websites
19 www.federalsavingsllc.com, www.federalsavingssecure.com, and www.federalsavingscorp.com.
20

21 6. According to these websites, Federal Savings is and has been offering investments
22 in the form of 6 month certificates with annual percent yields of 6.25% and 8.85%.

23 7. The websites state, in part: “Count on Us...It’s not just a motto. It’s a promise
24 made by each and every one of us every day. By focusing relentlessly on the bottom line,
25 Federal Savings consistently provides America’s highest yields on fixed-rate certificates.

1 Federal Savings is a wholly owned subsidiary of First Bancshares, Inc., which holds interests in
2 some of the most recognizable financial institutions in the United States with combined assets
3 totaling over \$67 billion.”

4 8. After visiting a Federal Savings website investors contact Federal Savings by
5 completing a form on the website or by calling the telephone number on the website.
6

7 9. An investor is then sent, via fax from Seattle, Washington, an application form
8 and wiring instructions to make the investment. The investor then wires funds to a bank located
9 in Seattle, Washington.

10 10. Investors in and out side the State of Washington have responded to the offering
11 and have sent money. At least one Washington investor received an email from Federal Savings
12 instructing the investor to either mail funds to Federal Savings in Seattle, Washington or to wire
13 the investment funds to a bank located in Seattle, Washington after completing an application on
14 the Federal Savings website. The investor sent a check to Federal Savings. The check was then
15 deposited to an account in the name of JMA Northwest at a bank in Bellevue, Washington. The
16 Washington investor subsequently received a notarized certificate agreement from Federal
17 Savings signed by Stamper.
18

19 III. Misrepresentations and Omissions

20 11. The websites are misleading giving investors the impression that Federal Savings
21 and First Bancshares are banking institutions, have significant financial backing, are affiliated
22 with publicly traded financial institutions, have an operating history, and are insured by the
23 Federal Deposit Insurance Corporation (“FDIC”).
24
25

1 **CONCLUSIONS OF LAW**

2 I. Securities

3 18. The offer or sale of the investment opportunities described above constitutes the
4 offer or sale of a security as defined in RCW 21.20.005(10) and (12), namely, the offer or sale of
5 an investment contract.

6 II. Registration Status

7
8 19. The offer or sale of said securities is in violation of RCW 21.20.140 because no
9 registration for such offer or sale is on file with the Securities Administrator.

10 III. Registration of Broker-Dealer and Salesperson

11 20. Stamper has violated RCW 21.20.040 by offering or selling said securities while
12 not registered as a securities salesperson or broker-dealer in the state of Washington.

13 IV. Anti-Fraud Provision

14 21. The offer or sale of said securities was made in violation of RCW 21.20.010
15 because, as set forth in the Tentative Findings of Fact, respondents misstated or omitted to state
16 material facts necessary in order to make the statements made, in the light of the circumstances
17 under which they were made, not misleading.

18 V. Emergency

19 22. The Securities Administrator finds that an emergency exists, that the continued
20 offering or selling of these securities constitutes a threat to the investing public, and that
21 summary orders to cease and desist from these violations is in the public interest and necessary
22 for the protection of the investing public.
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24
25

1 **SUMMARY ORDER**

2 Based on the foregoing,

3 NOW, THEREFORE, IT IS HEREBY SUMMARILY ORDERED that Federal Savings,
4 LLC; First Bancshares, Inc.; JMA Northwest Investments, LLC; Jeremy M. Stamper; their
5 agents and employees shall each cease and desist from offering or selling securities in any
6 manner in violation of RCW 21.20.140, the section of the Securities Act of Washington
7 requiring registration.
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9 It is further SUMMARILY ORDERED that Jeremy M. Stamper shall cease and desist
10 from violation of RCW 21.20.040, the section of the Securities Act that requires registration of
11 securities salespersons and broker-dealers.

12 It is further SUMMARILY ORDERED that respondents, Federal Savings, LLC; First
13 Bancshares, Inc.; JMA Northwest Investments, LLC; Jeremy M. Stamper; their agents, and
14 employees shall each cease and desist from violation of RCW 21.20.010, the anti-fraud section
15 of the Securities Act.

16 **NOTICE OF INTENT TO IMPOSE FINE AND RECOVER COSTS**

17 Pursuant to RCW 21.20.395, and based upon the above Tentative Findings of Fact and
18 Conclusions of Law, the Securities Administrator finds that Respondents Federal Savings, LLC;
19 First Bancshares, Inc.; JMA Northwest Investments, LLC; and Jeremy M. Stamper have each
20 committed a knowing or reckless violation of the Securities Act such that the imposition of a fine
21 is appropriate. Therefore, the Securities Administrator intends to order that the Respondents
22 shall each pay a fine in the amount of \$20,000 and pay the costs, fees, and other expenses
23 incurred in the conduct of investigating this matter, in an amount not less than \$1,500.
24

1 **AUTHORITY AND PROCEDURE**

2 This Order is entered pursuant to the provisions of RCW 21.20.390 and 21.20.395 and is
3 subject to the provisions of RCW 34.05. The respondents Federal Savings, LLC; First
4 Bancshares, Inc.; JMA Northwest Investments, LLC; and Jeremy M. Stamper may each make a
5 written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND
6 AND OPPORTUNITY FOR HEARING accompanying this order.
7

8 If a Respondent does not request a hearing, the Securities Administrator intends to adopt
9 the above Tentative Findings of Fact and Conclusions of Law as final, enter a permanent cease
10 and desist order, and impose fines and costs, as to that Respondent.

11 **CONTINUING INVESTIGATION**

12 The Securities Division is continuing to investigate the practices of the Respondents;
13 Federal Savings, LLC; First Bancshares, Inc.; JMA Northwest Investments, LLC; and Jeremy M.
14 Stamper to determine the full extent of the violations of the Securities Act that have occurred in
15 this matter.

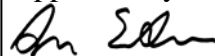
16 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

17 Dated and Entered this 8th day of March, 2007

18 

19 MICHAEL E. STEVENSON
20 Securities Administrator

21 Approved by:

22 

23 Suzanne Sarason
24 Chief of Compliance and
25 Examinations

Presented by:



Tyler Letey
Financial Legal Examiner