

STATE OF NEBRASKA
Department of Banking & Finance

In the Matter of:)	
)	
First Americans Insurance Service, Inc.,)	
2621 West Highway 30,)	
Grand Island, Nebraska;)	
)	
Stella M. Levea,)	FINDINGS OF FACT
President, Treasurer and Director,)	
2621 West Highway 30,)	
Grand Island, Nebraska;)	
)	CONCLUSIONS OF LAW
James P. Masat,)	
Vice President, Secretary and Director,)	
2621 West Highway 30,)	
Grand Island, Nebraska;)	AND ORDER TO
)	
Kenneth W. Mottin,)	
Vice President,)	
2621 West Highway 30,)	CEASE AND DESIST
Grand Island, Nebraska, and)	
)	
Their Affiliates, Controlling)	
Persons, Officers, Directors,)	
Agents, and Employees)	
)	
RESPONDENTS)	

THIS MATTER comes before the Nebraska Department of Banking and Finance (“DEPARTMENT”), by and through its Director, pursuant to its authority under the Securities Act of Nebraska, Neb. Rev. Stat. §§ 8-1101 to 8-1123 (Reissue 2007) (“Act”). Pursuant to Neb. Rev. Stat. § 8-1115 (Reissue 2007), the DEPARTMENT has investigated the acts of First Americans Insurance Service, Inc., 2621 West Highway 30, Grand Island, Nebraska; Stella M. Levea, 2621 West Highway 30, Grand Island, Nebraska; James P. Masat, 2621 West Highway 30, Grand Island, Nebraska; Kenneth W.

Mottin, 2621 West Highway 30, Grand Island, Nebraska; and their affiliates, controlling persons, officers, directors, agents, and employees (collectively “RESPONDENTS”).

Based upon its investigation, the DEPARTMENT hereby finds as follows:

FINDINGS OF FACT

1. First Americans Insurance Service, Inc. (“FIRST AMERICANS”) is a corporation organized under the laws of Nebraska and has its principal place of business at 2621 West Highway 30, Grand Island, Nebraska. FIRST AMERICANS is registered with the Nebraska Department of Insurance as an insurance agency.

2. Stella M. Levea (“LEVEA”) is a Director and President and Treasurer of FIRST AMERICANS.

3. James P. Masat (“MASAT”) is a Director and Vice President and Secretary of FIRST AMERICANS.

4. Kenneth W. Mottin (“MOTTIN”) is Vice President of FIRST AMERICANS.

5. In 1998, FIRST AMERICANS filed a notice with the DEPARTMENT claiming an exemption from the registration requirements of the Act pursuant to Section 8-1111(9) of the Act. Subsequent exemption filings were made by FIRST AMERICANS in 1999, 2000, 2003, and 2006. Pursuant to such exemption filings, FIRST AMERICANS offered and sold Indebtedness Agreements (hereinafter “Notes”) to investors. Some Notes were purportedly collateralized by either zero coupon bonds or insurance annuities purchased by FIRST AMERICANS.

6. On or about August 17, 2007, FIRST AMERICANS entered into a voluntary moratorium agreement with the DEPARTMENT under which FIRST AMERICANS agreed it would not effect the sale of Notes, other than the renewal of

Notes existing at that time, until FIRST AMERICANS had reached a satisfactory resolution with the Nebraska Department of Insurance with respect to matters which arose in connection with an examination of FIRST AMERICANS, or unless otherwise agreed to by the DEPARTMENT. Neither of the conditions necessary for the termination of the moratorium have occurred.

7. On or about January 7, 2009, the DEPARTMENT was made aware that FIRST AMERICANS had offered and sold a Note in the amount of fifty thousand dollars (\$50,000.00) to a resident of Kansas in November 2008. The DEPARTMENT subsequently became aware of at least three (3) Nebraska residents who had purchased Notes of FIRST AMERICANS between October 2007 and November 2008.

8. At least two (2) of the Notes sales were effected by MOTTIN, with the Notes being accepted by MASAT as Vice President of FIRST AMERICANS.

9. Between October 2007 to the present, RESPONDENTS had not registered the Notes for sale in Nebraska under the Act, nor had RESPONDENTS filed a valid claim of exemption from registration with the DEPARTMENT.

10. At all times relevant to this Order, RESPONDENTS were not registered as broker-dealers or broker-dealer agents under the Act.

CONCLUSIONS OF LAW

1. The Notes offered and sold by FIRST AMERICANS constitute securities, as defined by Neb. Rev. Stat. § 8-1101(15) (Reissue 2007), required to be registered or exempt from registration by Neb. Rev. Stat. § 8-1104 (Reissue 2007).

2. Neb. Rev. Stat. § 8-1108.01(1) (Reissue 2007) provides that whenever it appears to the Director that the sale of any security is subject to registration under the Act

and is being offered or has been offered for sale without such registration or exemption from registration, the Director may order the issuer or offerer of such security to cease and desist from the further offer or sale of such security unless and until it has been registered under the Act.

3. By offering and selling the Notes, RESPONDENTS engaged in the business of effecting transactions and sales in securities. Such activity constitutes acting as a broker-dealer, as defined in Neb. Rev. Stat. § 8-1101(2) (Reissue 2007); or as an agent, as defined in Neb. Rev. Stat. § 8-1101(1) (Reissue 2007).

4. Neb. Rev. Stat. § 8-1108.01(2) (Reissue 2007) provides that whenever it appears to the Director that any persons are acting as broker-dealers or agents without registration as such, the Director may order such persons to cease and desist from such activity unless and until they have been registered as such under the Act.

5. Neb. Rev. Stat. § 8-1118(3) (Reissue 2007) provides, in part, that every officer or director of a person who offers or sells securities in violation of the Act shall be liable with, and to the same extent as, such person, unless the officer or director sustains the burden of proof that he or she did not know, and in the exercise of reasonable care could not have known, of the existence of the facts by reason of which the liability is alleged to exist.

6. LEVEA and MASAT, as officers and directors of FIRST AMERICANS, are liable for the actions of FIRST AMERICANS in connection with any violation of the Act. MOTTIN, as an officer of FIRST AMERICANS, is liable for the actions of FIRST AMERICANS in connection with any violation of the Act.

7. The issuance of an Order to Cease and Desist is necessary in this matter and appropriate in the public interest and for the protection of investors, and is consistent with the purposes fairly intended by the policy and provisions of the Act.

ORDER

IT IS THEREFORE CONSIDERED, ORDERED, AND ADJUDGED that First Americans Insurance Service, Inc., Stella M. Levea, James P. Masat, Kenneth W. Mottin, and their affiliates, controlling persons, officers, directors, agents, and employees; and any person or entity directly or indirectly controlled or organized by or on their behalf, are ordered to immediately cease and desist from the further offer or sale of securities, including, but not limited to, the Notes described herein, until the securities have been registered with the DEPARTMENT, or unless an exemption from registration under existing law can be shown by proof satisfactory to the DEPARTMENT.

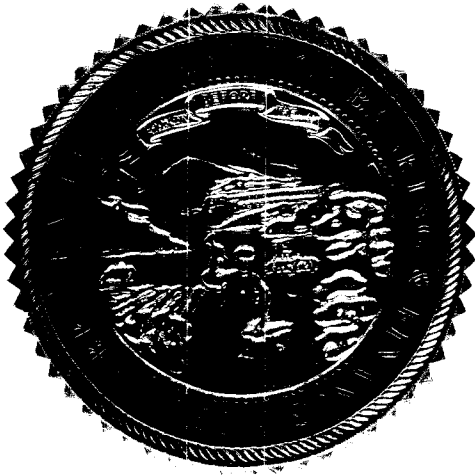
IT IS FURTHER ORDERED that First Americans Insurance Service, Inc., Stella M. Levea, James P. Masat, Kenneth W. Mottin, and their affiliates, controlling persons, officers, directors, agents, and employees; and any person or entity directly or indirectly controlled or organized by or on their behalf, are ordered to immediately cease and desist from the further offer and sale of securities, including, but not limited to, the Notes described herein, until they have been registered as broker-dealers or agents with the DEPARTMENT, or unless an exemption from registration under existing law can be shown by proof satisfactory to the DEPARTMENT.

RESPONDENTS may file a written request for a hearing with the DEPARTMENT at any time prior to 5:00 p.m. CST on February 9, 2009. If such a request is received, a hearing shall be held within thirty (30) business days after receipt

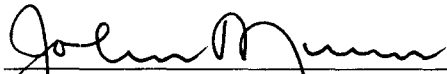
unless the parties agree to a later date or a hearing officer sets a later date for good cause.

The party or parties requesting the hearing shall bear the cost of such hearing. If no hearing is requested and none is ordered by the Director, this Order shall become a final Order on February 10, 2009, and remain in effect until modified or vacated by the Director.

DATED this 16th day of January, 2009.



STATE OF NEBRASKA
DEPARTMENT OF BANKING & FINANCE

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