Government of the District of Columbia

Department of Insurance, Securities and Banking

Thomas E. Hampton
Commissioner

Office of Legal Affairs

IN THE MATTER OF: Gerald Harvey Schaeffer, Chief Executive Officer, Treasurer & Director, First Washington Insurance Company, Inc.; Edith Frances Schaeffer, President and Director, First Washington Insurance Company, Inc.; and Jeffrey Mitchell Schaeffer, Vice President, Secretary & Director, First Washington Insurance Company, Inc.	Case Number: IB-CO-05-09

CONSENT ORDER

WHEREAS, Gerald Harvey Schaeffer, Edith Frances Schaeffer and Jeffrey Mitchell Schaeffer serve, respectively, in dual capacities as directors and officers of First Washington Insurance Company, Inc., NAIC # 14699, a District of Columbia domestic insurer with a business address of 3341 Benning Road, NE, Washington, DC 20019;

WHEREAS, First Washington Insurance Company is a wholly owned subsidiary of Anacostia Holding Company, Inc. and subject to the District of Columbia's Holding Company System Act of 1993, effective October 21, 1993 (D.C. Law 10-44; D.C. Official Code § 31-701 *et seq.*);

WHEREAS, D.C. Official Code § 31-706(a)(2) prohibits a domestic insurer and any person in its holding company system from entering into a loan transaction unless the insurer has notified the Commissioner in writing of its intention at least 30 days prior thereto;

WHEREAS, on August 1, 2008, Gerald Schaeffer, Jeffrey Schaeffer and Edith Schaeffer, acting in their dual capacities as officers and directors of the company, caused First

Washington Insurance Company to enter into a loan agreement with Gerald Schaeffer, acting in his individual capacity, in the amount of Two Million Dollars ($2,000,000), at a rate of 8.5%, due and payable in full on August 1, 2009, with five renewable periods of 12 months;

WHEREAS, on January 20, 2009, First Washington Insurance Company filed with the Commissioner a "Form D, Prior Notice of a Transaction," which provided responses to certain line-item requests for information regarding the identities of the parties to the transaction, a description of the transaction, and a description of the terms of the agreement;

WHEREAS, by failing to provide 30 days written notice prior to the execution of the loan agreement, First Washington Insurance Company violated D.C. Official Code § 31-706(a)(2); and

WHEREAS, D.C. Official Code § 31-710(b)(1) authorizes the Commissioner to levy a civil administrative penalty, after notice and hearing, of not more than $1,000 per violation, to be paid in their individual capacity, against any "director or officer of an insurance holding company system who knowingly violates, participates in, or assents to, or who knowingly permits any of the officers or agents of the insurer to engage in transactions . . . which have not been properly reported or submitted pursuant to . . . § 31-706(a)(2) . . . "

NOW THEREFORE,

IT IS HEREBY ORDERED, that Gerald Harvey Schaeffer, Edith Frances Schaeffer and Jeffrey Mitchell Schaeffer shall each be fined Two Thousand Dollars ($2,000), which represents a One Thousand Dollar ($1,000) civil administrative penalty for each of the positions held as directors and officers, for causing First Washington Insurance Company to violate § 31-706(a)(2). Payment shall be made by certified check, cashiers check or money order made payable to the DC Treasurer and delivered to the Commissioner of the Department of Insurance, Securities and Banking, 810 First Street, NE, Suite 701, Washington, DC 20002, c/o Adam H. Levi, Assistant Attorney General, Office of Legal Affairs.

This 18th day of March, 2009

Approved and so Ordered:

SEAL

Thomas E. Hampton
Commissioner

SEEN AND AGREED TO BY:

Gerald Harvey Schaeffer	3-16-2009 Date
Edith Frances Schaeffer	3/16/09 Date
Jeffrey Mitchell Schaeffer	3-16-2009 Date
WITNESS	3/16/09 Date