



American Sterling Journal

Quarterly News Report

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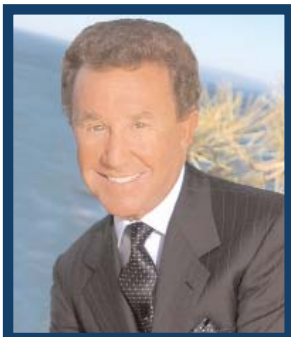
Inside This Issue:

Introduction to Journal	1
A Letter From Larry Dodge	1-2
A Thought For Success	1
Insurance Company	2
A Message From Compliance	3
Insurance Agency	3
Fun with Riddles	3
Film Production	4
Retail Banking	5
Special Announcements	5
20 Healthy Painless Ways	5
Mortgage Group	6
Answers to Riddles	6
New Year's Resolution	6

A Thought For Success

“Nothing can stop the man with the right mental attitude from achieving his goal; nothing on earth can help the man with the wrong mental attitude.”

- Thomas Jefferson -



Larry Dodge

Founding Chairman of American Sterling Corporations

Premier Issue of American Sterling Journal

Welcome to the premier issue of American Sterling Journal. We are very excited to be bringing you this publication and hope you find it both interesting and enjoyable. American Sterling is growing rapidly and this newsletter is the best way to keep you and the rest of our American Sterling family informed about current events and interesting happenings occurring in each of the American Sterling companies.

Every issue will give you quick facts and figures, a calendar of upcoming events, and brief stories highlighting advancements and developments in our various divisions. Periodically, there will be a feature section profiling American Sterling employees, a section to inform you about Human Resource issues and a section devoted to marketing. Articles about the internet and tech news will also appear.

This newsletter will be a useful tool for sharing information about our company with all employees within the

American Sterling group and everyone is encouraged to share this information with customers, family and friends. Please participate and suggest stories or information you think may be of interest. If you have such ideas, forward them to our marketing department.

This newsletter will be released on a quarterly basis, and like any other publication, there will be deadlines for copy submissions. If you have any questions or concerns about copy submission, please contact your National Marketing Manager, Joe Braier at jbraier@asbloan.com.

This is an exciting time to be a part of the American Sterling family. With a total of six companies, (Mortgage, Retail Banking, Insurance Company, Insurance Agency, Film Productions, and Capital Investments) there is something news worthy happening every day. We are glad to have each one of you be an integral part.

Enjoy!

A Letter From: Larry Dodge

Greetings!

I hope to find everyone in good health and enjoying the holiday season. As 2007 approaches, the American Sterling family is experiencing a very exciting time. I am enthused about the progress we have made with all of our companies within the American Sterling group. I am confident that our goals and objectives for 2007 will make our family

foundation even stronger and I am pleased with the hard work each and every one of you have put forth. I commend everyone for their outstanding efforts in 2006. We should all be proud of our hard work and where it has taken us.

Next year can be even more exciting. It promises to be a tough fight. Our

CONT. Page 2



A Letter From: Larry Dodge - Cont.

competition is intense and the business environment continues to change at a rapid pace for each of our American Sterling companies. Therefore, our efforts going into the new year have to be thoughtful and strong.

As many of you are well aware, we are preparing for many new exciting endeavors within each of our companies. Our mortgage division is experiencing synergistic teamwork with the resources led by Brannon Ogburn and Ron Dearden. The two have teamed up to create a strong presence within the mortgage industry. They have recently expanded their retail mortgage division and are looking to increase the wholesale side as well in 07'.

Our Film Production is preparing for the debut of their independent film "Dark Matter" in January at Sundance Film Festival. Produced and financed by American Sterling, this film is inspired by real events. It takes place in 1991 at an American University where a young Chinese student crashes into the American academic culture, his dreams ending with tragic consequences.

American Sterling's Insurance Service division is making significant strides with the leadership of John Hunt. John was brought on in the summer of 06' and is doing a fabulous job with our Insurance Services. The goals that are being set within the Insurance Services will strengthen this division as we expect significant growth in the near future. Ron Dearden is overseeing our Insurance Company -separate from our Insurance Service- which has been experiencing great success since their new programs were put into place in 2005.

Kelly Madorin is leading the charge for our Retail Banking services. With five offices - three in MO, one in AZ and one in CA - Kelly is working diligently with the other office managers and has plans on introducing new services that the bank will offer in the months to come.

Finally, our Capital Investments division continues to invest in new and promising business opportunities. These should expand and diversify American Sterling holdings, as the projects for the new year hold potential.

The realization of our goals depends on each one of us coming together and being a part of the American Sterling family. We must rely on effective communication with one another and generate positive synergy within our organization. Doing so will provide great personal and corporate fulfillment.

I look forward to our upcoming missions and wish you all the best throughout the 2007 year. Happy holidays to all.

God Bless,

Lawrence K. Dodge

Lawrence K. Dodge
Founding Chairman and CEO
American Sterling

What Does American Sterling Insurance Company Do?

American Sterling Insurance is our property casualty insurance company. Separate from our American Sterling Insurance Company (ASIS), ASIC is located in California and licensed to do business in 15 other states. Our insurance company started business in 1986 and has experienced both ups and downs throughout its life. The business was extremely successful in the beginning stages and in 1987, the force placed business was acquired by one of the Zurich Financial companies. The property casualty company continued to write forced placed business for a transition period through 1999, when it commenced writing a preferred automobile and homeowners program in California. Unfortunately, the results from that program were not as expected and in 2002, the company decided to exit those lines of business.

The run-off took a number of years, allowing the company to research new lines of business. In 2005, the company was successful in putting together two new programs. The first was with a company called Med James, which is located in Overland Park, KS. The Med

James program (which represents about \$2 million a month in premiums) provides short term low limit auto policies in the states of Arizona, Kansas and Nevada. American Sterling is exploring possible expansion opportunities for this program into New Mexico and Oklahoma for next year.

The second program is with a company called PBIS Insurance Services, Inc. This program provides insurance to mortgage lenders in the form of errors and omission coverage, producing about \$100,000 a month in premium. While the premiums are considerably lower, so are the losses under this program. Both programs benefit other entities within American Sterling's group of companies. The Med James program provides substantial deposits to American Sterling Bank and the PBIS program provides our mortgage operation insightful information regarding fraud detection and prevention along with opportunities for cross marketing of products to the mortgage division's broker base.

For more information on our insurance company, feel free to contact Ron Dearden at rdearden@asbloan.com.



A Message From Compliance: Apply Caution to Gift Cards

As the holiday shopping season gets under way, the Office of the Comptroller of the Currency, which regulates national banks, is advising consumers to carefully check the terms and conditions that apply to gift cards they may buy or receive.

"As we enter the holiday season, it is especially important that consumers be alert to the wide variety of terms and conditions available in the gift card market," said Comptroller of the Currency John Dugan. Some gift card issuers, for example, deduct a monthly fee from the gift card or apply inactivity fees if the card has not been used for some period of time. Gift card holders may not realize that the value of their cards has been reduced until they use them for a purchase.

The OCC suggests that consumers make sure they have received disclosures on some of the important terms and



conditions of the gift card they purchase, including:

- The fees, if any, that apply to the gift card, including those that apply after

the sale and reduce the value of the card.

- The expiration date of the gift card.
- The procedures to follow in the event a card is lost or stolen.
- The locations at which the gift card can be used.
- The procedures to follow in the event there are problems with the gift card.

If these disclosures are not stated on the gift card itself, or its packaging, the OCC suggests that consumers check to see if there is a toll-free number or Web site that will provide this information.

For more information, go to www.occ.gov/ftp/release/2004-108a.pdf or contact your American Sterling compliance VP, Chris Spellman at cspellman@americansterling.com.

American Sterling Has An Insurance Agency Too!

American Sterling Insurance Services (ASIS) is an insurance brokerage and consulting firm located in Overland Park, KS. Situated in the southwest corner of the Kansas City metropolitan area, ASIS serves a business and corporate clientele in the placement of insured employee welfare benefit plans, the administration of self-funded medical plans and the marketing and servicing of commercial property and casualty coverage.

Represented products include employee benefits like group life insurance, short and long-term disability coverage, major medical and dental. Commercial products include business owner packages, commercial liability, property coverage and worker's compensation plans.

ASIS is unique in the insurance brokerage and consulting business because the sales and service organization is national in scope and includes a Third Party Administration (TPA) department. TPA

services include claim payment and eligibility administration of medical and dental programs for employer groups. The ASIS TPA also administers and pays claims on the Sterling Benefit Solutions Limited Indemnity Medical plans insured and underwritten by a highly rated life insurance carrier.

As a full-service broker, consultant and administrator, it is possible for ASIS to work with clients across the full range of risk management and administrative needs. There are currently 17 full-time employees in the agency, including three sales producers, and the agency has underwriting and sales relationships with numerous insurance carriers to best serve its prospects and clients. If you have any questions/concerns regarding our American Sterling Insurance Services, please contact John Hunt at jhunt@americansterling.com.

American Sterling Riddle's

MATH

1. If you're 8 feet away from a door and with each move you advance half the distance to the door. How many moves will it take to reach the door.

BRAIN TEASER

2. A woman shoots her husband, then holds him under the water for over 5 minutes, then she hangs him. 3 minutes later they go out to eat together... how can this be?

WHAT AM I?

3. I have one head and three arms, what am I?



ANSWERS ON PAGE 6



American Sterling Productions Presents: DARK MATTER

American Sterling Productions (ASP) is led by our founder Larry Dodge and President and COO Janet Yang. Under a new initiative, ASP now also finances and produces independent feature films, documentaries, and television. The American Sterling Group (banking, insurance, real estate, mortgage, entertainment and technology) supports ASP in arranging financing, joint partnerships and revenue sharing arrangements. Consistent with the American Sterling values, ASP is interested in material that contributes to the enrichment of the global community.

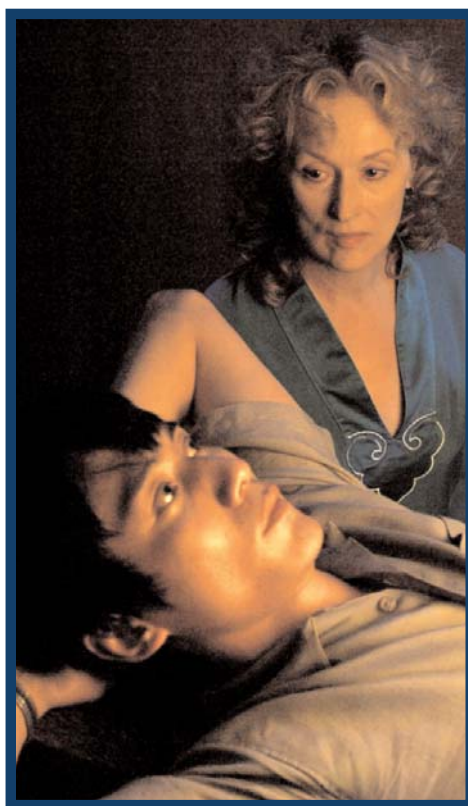
The Story of DARK MATTER

DARK MATTER, starring Liu Ye as Liu Xing and Meryl Streep as Joanna Silver, and directed by Chen Shi-Zheng, is an independent film produced by American Sterling Productions.

In 1991, a promising young scientist named Lu Gang walked into a seminar room at the University of Iowa and went on a shooting spree that claimed six lives, including his own. This tragic event provoked soul-searching in both the U.S. and China. To many, Lu Gang's act of violence was unthinkable. To others, it crystallized the feelings of alienation and anger felt by thousands of Chinese students aspiring to a better life in America. This emotionally ambiguous story planted a seed in the mind of Chen Shi-Zheng, a young performer and opera director, who had emigrated to the U.S. in 1987 in pursuit of artistic freedom.

This rendition of Dark Matter is inspired by a true story and has been approved by counsel, who have been working with the family originally involved in the "true story". DARK MATTER delves into the world of Liu Xing (Chinese for "Shooting Star"), a Chinese science student pursuing a Ph.D. in the U.S. in the early 1990's. Driven by ambition, yet unable to navigate academic politics, Liu Xing is inexorably pushed to the margins of American life, until he loses his way.

Liu Xing (Liu Ye) arrives at a big Western university with plans to study the origins of the universe. In the beginning, everything is looking up. He finds other Chinese students to share a cheap apartment with him, and flirts with an attractive American girl who works in a local tea shop. When the head of the department, Jacob Reiser



Liu Ye as Liu Xing and Meryl Streep as Joanna Silver star in DARK MATTER.
A film produced by American Sterling Productions.

(Aidan Quinn), welcomes Liu Xing into his select cosmology group, it seems that only hard work stands between him and a bright future in American science. At an orientation for foreigners sponsored by a local church, Joanna Silver (Meryl Streep), a wealthy patron of the university, notices the earnest student, and an unspoken bond forms between them.

Liu Xing becomes Reiser's protégé, accompanying him to a prestigious

conference where he makes an impressive debut. Liu Xing is drawn to the study of dark matter, an unseen substance that shapes the universe, but it soon becomes clear that his developing theories threaten the Reiser Model. Excited by the possibility of a breakthrough, Liu Xing is deaf to warnings that he must first pay his dues. Soon he is eclipsed within the department by Laurence, a more dutiful Chinese student, and is forced to go behind Reiser's back to publish his discoveries. When the article draws ire instead of accolades, Liu Xing turns to Joanna, who naively encourages him on his collision course.

Liu Xing clings to the idea of American science as a free market of ideas, and American society as wide open to immigrants. But in the end, his dissertation is rejected, and the girl in the tea shop brushes him off. His roommates find jobs, leaving him alone in the apartment. Too proud to accept help from Joanna, and unwilling to return to China, Liu Xing becomes a ghost-like presence at the university. Left alone with his shattered dreams, he explodes in a final act of violence.

Sundance Film Festival

Sundance was started in 1978 as the Utah/US Film Festival in an effort to attract more filmmakers to Utah. At the time, the main focus of the event was to present a series of retrospective films and filmmaker panel discussions; however it also included a small program of films made outside the Hollywood system, commonly known as independent films.

Dark Matter will make its debut at the Sundance Film Festival and is looking to make a great first impression. Our Film Production team has been putting in many hours preparing for Sundance and deserve recognition for their hard work. Look for a full recap on Sundance in the next American Sterling Journal.



Special Announcements

SUGAR CREEK

The loan operations team is proud to introduce our newest "family" member! Our file clerk, Amy Steward, had her new baby girl on 12/07/06 at 1:05 pm.



Isabelle Marie weighed in at 5 pounds, 1 ounce and is 17 3/4 inches long. After a very scary delivery, mother and baby are now doing fine. We hope to see Amy back in a few months!

Congrats to Amy, Jeff and family!

MILWAUKEE

On November 11, 2006, Jonathan Peterson, Wholesale Account Executive with American Sterling Bank - Mortgage, got married in Oconomowoc, WI. He and his wife enjoyed a long vacation that brought them through Panama City Beach and down through Playa Del Carmen, Mexico for their honeymoon.

Congrats Jonathon!

BLUE SPRINGS

Alice Campbell was married on December 5th, 2006 to Orville Gott. She is a personal banker at our Blue Springs location.



Congrats Alice!

SUGAR CREEK

On November 17, 2006 Associate, Kelly Madorin was promoted to the Sr. Retail Banking Branch Manager. Kelly previously had been responsible for leading the loan operations team at the Sugar Creek location.



Kelly is also a member of the American Sterling Executive Team. Kelly recently celebrated her 3rd year of employment with American Sterling Bank, on December 8th 2006.

Congrats Kelly!

If you would like to recognize someone in your office, please send your special announcement to Joe Braier at jbraier@asbloan.com.

American Sterling Retail Banking

American Sterling Retail Bank is a full service bank offering consumer and commercial retail banking products and services. The Bank offers different categories of checking, savings and certificate of deposit accounts. High yield money market accounts are also available. Besides deposit accounts, the Retail Bank offers consumer loan (home equity and auto) and commercial loans to offer to our customers. Our bank offers both a consumer credit card and also a corporate Visa card.

Retail Banking has a lot of exciting products to implement in the 1st quarter of 2007. Online Bill Pay, Business Internet Banking and Remote Deposit will be introduced for starters. To showcase these new additions, American Sterling Bank will be participating in the Independence Chamber of Commerce 2007 Business & Technology Expo. That event will take place on March 8th 2007.

Led by newly appointed Senior Retail Banking Branch Manager, Kelly Madorin, the retail banking division has five offices around the US.

Starting in Missouri, there are three locations. The first in Kansas City-MO, the second in Sugar Creek-MO, and the third in Blue Springs-MO. The other two offices are located in Carefree-AZ and Foothill Ranch, CA.

In 2007, the Retail Banking group is looking to participate in many new marketing endeavors. Starting in Foothill Ranch, the bank is exploring the possibility of sponsorship at Snowfest, taking place in the city of Lake Forest, CA. This event will allow the Retail Banking group to get in front of their target audience and show the products and services offered by our bank. The same holds true for our MO branches that will be participating at the 2007 Business and Technology Expo.

Participating in local events for all of the American Sterling companies is advantageous for sales and creating awareness. Contacting your local chamber of commerce to see what events are taking place



The consumer credit card is one of many products American Sterling Retail Banking offers. Contact our Retail Bank group for further information.

can provide more ideas of ways to get in front of our target audience. In 2007, be proactive, like the Retail Banking group, and create unique ways in communicating to your target audience. If you have ideas, contact our marketing department to discuss them.

If you have any questions/concerns regarding our American Sterling Retail Bank, please contact Kelly Madorin at: kmadorin@americansterling.com.

20 Painless Ways To Live A Healthier Life

Take the stairs instead of the elevator. Eat whole wheat bread. Don't buy prepared food - make it yourself. After dinner go for a bike ride or a walk instead of a date with the couch. Quit smoking. Drink fewer soft drinks. Exercise 20 minutes a day, 3 times a week. Stretch in the morning when you get out of bed. Suck in your abs while you sit at work. Share your success stories with friends. Eat a bagel instead of a donut. Avoid alcohol as much as possible. Set goals and stick to them. Try baked potato chips. Take deep cleansing breaths throughout the day. Be nice to people around you. Take a lunch to work instead of going out. Eat plenty of vegetables. Wash your hands. Drink water - lots of it!



American Sterling Mortgage Group

On September 1, 2006, American Sterling announced the acquisition of the Wholesale and Retail Division of Universal Savings Bank. The combination of these two mortgage divisions created a larger and stronger presence for American Sterling. Previously, American Sterling Bank's mortgage division locations were in the corporate office in Foothill Ranch, CA and an additional satellite office located in Las Vegas, NV. With the acquisition, American Sterling Bank's operations cover 11 national branches throughout the US. American Sterling now has branches in the following cities: Foothill Ranch-CA, Sacramento-CA, Temecula-CA, Phoenix-AZ, Las Vegas-NV, Dallas-TX, Houston-TX, St. Louis-MO, and Wauwatosa-WI. American Sterling also has three retail branches in Wauwatosa, Carefree-AZ, and Anthem-AZ.

The American Sterling Mortgage Group is lead by Brannon Ogburn, Executive VP of Mortgage Operations and Ron Dearden, Group Chief Financial Officer. The mortgage group is making significant strides and is looking forward to a successful year in 2007.

To begin, the Mortgage Group will be attending two tradeshows in January. The first will be in Denver, CO at the Colorado Mortgage Lenders Association show on Jan. 5th and the second at the California Association of Mortgage Brokers conference in Pasadena, CA on Jan. 18th. Account Executives and Branch Managers will set up a 10'x10' booth at these shows and hand out product flyers and goodies to the brokers who walk through looking to form relationships with lenders. Look for a full recap on the events in the next American Sterling Journal.

For more information on American Sterling's Mortgage group, please contact Ron Dearden at rdearden@asbloan.com, or Brannon Ogburn at bogburn@asbloan.com.

Retail Mortgage Expands

-Two Arizona offices join WI in retail efforts

On October 16th, 2006, American Sterling expanded their Retail Lending operations by adding to their Carefree, AZ office and opening a new office in Anthem, AZ. Mary Cervino, Retail Lending Manager for AZ, is leading the expansion efforts and is in the process of hiring a full staff for both locations.



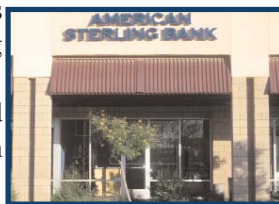
American Sterling office in Carefree, AZ

The first location is at our retail bank location in Carefree, AZ. Here, Mary will have loan officers working in and out of the office, generating loans on a consistent basis. The Phoenix Management team: Patti Hall (Broker Relations Coordinator), Patti McClane (Administrative Manager), and Jill Bartlett (Business Application Administrator), will be working out of this office as well starting January 15th.

The second location is in Anthem, AZ.

Here, Mary conducts her day-to-day operations and is beginning to see a steady flow of incoming business. With a great business plan in place for 2007, complimented by a strategic marketing plan, the upcoming year should be very successful for Cervino and the retail department in AZ.

If you know anyone looking to purchase a home or refinance their home, please contact Perry Miller, Retail Manager of Wauwatosa, WI at pmiller@asbloan.com, or Mary Cervino, Retail Manager of AZ at mcervino@asbloan.com.



American Sterling office in Anthem, AZ

???ANSWERS TO RIDDLES???

1. You will never reach the door, it will always be half the distance, no matter how small!
2. The lady was a photographer. She shot a picture of her husband, developed it, then hung it up to dry.
3. A Clock.

New Year's Resolution

According to a recent study, 40 to 45% of American adults make one or more resolutions each year. Among the top new years resolutions are ones about weight loss, exercise, and stopping their smoking habits. Also popular are resolutions dealing with better money management / debt reduction.

The following shows how many of these resolutions are maintained as time goes on:

- past the first week: 75%
- past 2 weeks: 71%
- after one month: 64%
- after 6 months: 46%



While a lot of people who make new years resolutions do break them, research shows that making resolutions is useful. People who explicitly make resolutions are 10 times more likely to attain their goals than people who don't explicitly make resolutions.

This year, let's all try to make one personal new years resolution and one that will go towards our production at work. Goals are an important part of life and taking advantage of the new year is a great way to start accomplishing your objectives you set forth.

Enjoy the Holidays and Happy New Year to Everyone!