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GOVERNOR

MICHAEL B. JOHNSON  
COMMISSIONER



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## ARKANSAS SECURITIES DEPARTMENT

June 8, 2005

Hermann Ivester  
Mitchell, Williams, Selig, Gates & Woodyard, PLLC  
425 West Capitol Avenue, Suite 1800  
Little Rock, Arkansas 72201-3525

Re: Arkansas Security Capital Corporation  
No. 05-90000335-NA006

Dear Mr. Ivester:

The Department acknowledges receipt of your letter dated June 6, 2005, and accompanying documents regarding the proposed rescission offer and the transaction whereby Midwest Holdings, Inc. ("Midwest") proposes to purchase 1,410,000 shares of Arkansas Security Capital Corporation (the "Company") from existing shareholders. You have requested confirmation that the staff will recommend that the Commissioner take no action to enforce the registration provisions of the Arkansas Securities Act (the "Act") with respect to the proposed transactions. A brief summary of the facts surrounding these transactions, as more fully described in your letter, is set forth below.

The Company proposes to make a rescission offer to all persons who have subscribed to purchase its common stock in the current intrastate public offering that is registered by qualification. The Company will offer to return to all subscribers 83% of their purchase price which is being held in escrow.

Additionally, Midwest proposed to purchase 1,410,000 shares of the Company's common stock from existing shareholders who purchased their stock in a private placement in 2001. These shares constitute 47% of the 3,000,000 shares outstanding prior to the commencement of the current public offering. All of these shares are presently held in escrow pursuant to the Promotional Shares Escrow Agreement approved as a part of the current public offering. Also, Midwest proposes to purchase at original cost 5,000 shares each from six directors of First American Capital Corporation. The shares issued to Midwest will be placed in escrow and be subject to the Promotional Shares Escrow Agreement.

Based upon the representations contained in your letter and accompanying documents, the staff of the Department will recommend that the Commissioner take no action to enforce the registration provisions of the Act if the capitalization plan is completed in the manner described in your letter, and if the escrow arrangements are modified so as to accomplish the transactions. Please note that the position of the Department is based solely upon the representations in your

Mr. Hermann Ivester

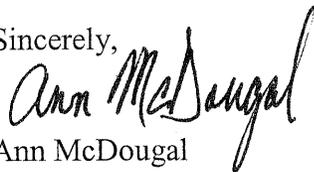
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letter and applies only to the transactions identified therein. Different facts or circumstances might, and often would, require a different response. The position expressed deals only with anticipated enforcement action by the Department and does not purport to be a legal opinion.

If you have any questions regarding this matter, please contact the undersigned.

Sincerely,

A handwritten signature in black ink that reads "Ann McDougal". The signature is written in a cursive style with a large, prominent initial "A".

Ann McDougal  
Deputy Commissioner