

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION

FILED
U.S. DISTRICT COURT
SOUTHERN DISTRICT OF INDIANA
01 JUN -7 PM 3:40
SOUTHERN DISTRICT
OF INDIANA
LAURA A. BRIGGS
CLERK

UNITED STATES SECURITIES)
AND EXCHANGE COMMISSION,)
)
Plaintiff,)
)
KENNETH R. PAYNE,)
JOHANN M. SMITH,)
DANIEL G. DANKER, CONSTANCE)
BROOKS-KIEFER,)
HEARTLAND FINANCIAL SERVICES,)
INC., AND JMS INVESTMENT)
GROUP, LLC.)
)
Defendants.)

Civil Action No. IP00-1265 C -T/G

RECEIVER'S DISCLOSURE AND REQUEST FOR INSTRUCTIONS

James A. Knauer, the duly acting Receiver in these proceedings, in support of his *Receiver's Disclosure and Request for Instructions* states:

1. On Thursday, May 31, 2001, the Court conducted a hearing upon the following requests for the payment of professionals (the "Fee Requests") previously filed in this cause on May 11, 2001:
 - A. *Motion For Interim Compensation And Reimbursement of Expenses by Birk Gross Bell & Coulter as Accountants For The Receiver;*
 - B. *First Motion For Interim Compensation of James A. Knauer as Receiver;*
 - C. *First Motion For Interim Compensation of Law Firm of Kroger Gardis & Regas as Attorneys for Receiver*
2. Copies of the Fee Requests and notice of the hearing were served on counsel of record in this cause.
3. At the hearing, the Court inquired of the Receiver whether copies of the Fee Requests and notice of the hearing had been posted on the Receivership

website in advance of the hearing. The Receiver stated to the Court that the Fee Requests had been posted on the website within a few days of their filing as was the custom with all pleadings filed in this cause.

4. Upon returning to his office, the Receiver discovered that, through clerical inadvertence, due to the large size of the documents constituting the Fee Requests, such documents had not been posted on the website prior to the scheduled hearing (the Fee Requests are now on the website).
5. In light of the fact that the documents which constitute the Fee Requests and the hearing notice were not available for review to the creditors of the Receivership prior to the scheduled hearing on approval of the payment of professional fees, the Receiver believes that disclosure of his error should be made a matter of record and requests that the Court issue instructions which it considers appropriate to correct the error inasmuch as the Court has already issued an order allowing payment of the Fee Requests.
6. The Receiver believes that one appropriate procedure would be to promptly post this pleading on the website together with an entry of the Court providing that creditors of the Receivership may review the Fee Requests at the Court or on the Receivership website for a period of three weeks (which is the approximate time that the Fee Requests originally should have been available to creditors on the website had they been timely posted prior to the scheduled hearing) and that if any objections are received from creditors of the Receivership during the stated period, the Court should conduct a hearing with notice to counsel of record and the objecting party to consider such objections and consider modifying its prior orders authorizing payment of the Fee Requests for the amounts allowed. If no objections are received, then no further hearing should be necessary and otherwise the Court's previous entries on the Fee Requests should remain as allowed.

Therefore the Receiver requests that the Court consider and approve his *Receiver's Disclosure and Request for Instructions* upon the terms hereinabove set forth.

KROGER, GARDIS & REGAS, L.L.P.

By: 

James A. Knauer, Atty # 5436-49

Kroger, Gardis & Regas, L.L.P.

111 Monument Circle, Suite 900
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CERTIFICATE OF SERVICE

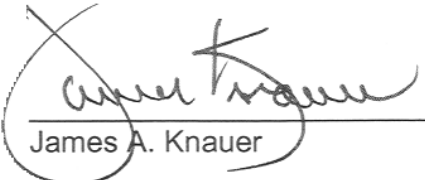
The undersigned hereby certifies that the foregoing has been served upon the following parties by placing a copy of the same in the United States Mail, first class postage pre-paid, on this 7 day of June, 2001:

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