

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION

FILED
NOV 20 PM 2:22
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/K

RECEIVER'S MOTION FOR ALLOWANCE AND DISALLOWANCE OF CLAIMS

James A. Knauer, the Receiver for Heartland Financial Services, Inc., JMS Investment Group, LLC, and their affiliated companies, Defendants herein, in support of his motion states:

1. The undersigned was appointed Receiver for Heartland Financial Services, Inc., JMS Investment Group, LLC, and their related companies (the "Heartland Companies") on August 21, 2000.
2. Since the date of his appointment, the Receiver has attempted to collect and liquidate the assets of the receivership estate in accordance with order issued by this Court.
3. Subsequent to his appointment, with the assistance of the Receivership accountants and information supplied by the United States Securities and Exchange Commission, the Receiver attempted to identify all of the creditors of the Receivership.
4. Believing that the list of creditors was as complete as reasonable due diligence could ascertain, on December 22, 2000, the Receiver filed a motion with the Court requesting, among other things, that the Court approve claim filing procedures, a form for the filing of claims, a deadline (a "bar date") for filing claims and procedures for giving notice of the bar date.
5. On December 26, 2000, the Court entered an Order establishing a bar date

for the filing of claims as March 30, 2001, establishing procedures for filing claims, an approved form for claims filing and procedures for giving notice of the bar date.

6. The Receiver thereafter complied with the Court's orders and mailed and published notice, all as directed by the Court.
7. Thereafter, creditors of the receivership estate filed 455 claims totaling \$31,220,703.47.
8. Attached hereto as Exhibit "A" is a listing of creditors and the amount of their claims that were timely filed with the Receiver and which the Receiver recommends for allowance.
9. Attached hereto as Exhibit "B" is a listing of claims of investors that were not timely filed. The amounts of these claims are not disputed by the Receiver, however the Court must determine whether any late filed claims will be allowed.
10. Attached hereto as Exhibit "C" is a listing of claims that are disputed by the Receiver for the reasons shown.
11. Attached hereto as Exhibit "D" is a proposed notice to be issued by the Clerk of the Court to the holders of disputed and late filed claims.

THEREFORE; The Receiver requests that:

- A. That all claims listed on Exhibit "A" be approved by the Court as allowable claims in this Receivership;
- B. That the Court, after notice to the claim holder and hearing, determine whether any of the late filed claims should be allowed;
- C. That the Court, after notice to the claim holder and hearing, determine whether any of the claims to which the Receiver has objected should be allowed.


James A. Knauer, Receiver

Kroger, Gardis & Regas, L.L.P.
111 Monument Circle, Suite 900
Indianapolis, Indiana 46204-5125
317-692-9000 - phone
317-264-6832 - fax

CERTIFICATE OF SERVICE

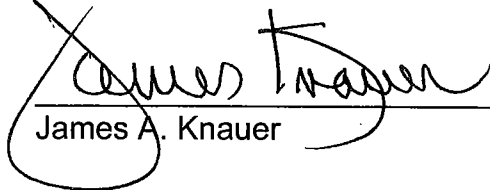
The undersigned hereby certifies that the foregoing has been served upon the following parties by placing a copy of the same in the United States Mail, first class postage pre-paid, on this 28 day of November, 2001:

Paul A. Montoya
Kara M. Washington
Jeannette L. Lewis
United States Securities and Exchange
Commission
500 West Madison Street
Suite 1400
Chicago, Illinois 60661

Fred D. Scott
Attorney at Law
55 Monument Circle
Suite 814
Indianapolis, Indiana 46204

Dexter B. Johnson
Mallon & Johnson, P.C.
19 S. LaSalle Street
Suite 1202
Chicago, Illinois 60603

Dennis Zahn
Symmes, Voyles, Zahn, Paul & Hogan
700 Jefferson Plaza
One Virginia Avenue
Indianapolis, Indiana 46204


James A. Knauer

Kroger, Gardis & Regas, L.L.P.
111 Monument Circle, Suite 900
Indianapolis, Indiana 46204-5125
317-692-9000 - phone
317-264-6832 - fax