

Application. Most of the services rendered during the period for which compensation is sought in this Motion are related to settlements and litigation initiated by the Receivership to recover "excess profits" from investors who were paid funds of the Ponzi scheme which resulted in the investor receiving more money from Heartland than they actually invested. A significant amount of time was also devoted to an action brought by the Receiver against several brokerage firms that was unsuccessful. The services performed by KGR for and on behalf of the Receiver include, but are not limited to, the following:

- a. Responded to numerous communications and correspondence from investors and their counsel;
- b. Prepared pleadings for filing with the Court in the administration of the receivership estate;
- c. Participated in the liquidation of assets and prepared and filed necessary pleadings with the Court to have asset sales approved;
- d. Attended and participated in meetings, calls, and investigations pertaining to liquidation of assets, claims, and third party lawsuits, including the Receiver's claims against investors who received excess profits, claims against brokerage firms and persons who received commissions from the Heartland Companies, and third party loans;
- e. Arranged for mass mailings of information to the creditors of the Receivership;
- f. Arranged for, and executed distributions of, over two million dollars to approximately 500 investors;
- g. Assisted the Receiver's accountants in assembling information for the preparation of the Heartland Companies' federal income tax returns and other tax return filings for the Receivership;
- h. Concluded numerous settlements and initiated lawsuits against investors who received excess payments, resulting in the collection of more than \$2.5 million dollars;
- i. Initiated an action against several brokerage firms who held the

security licenses of Defendants Payne and Danker for negligent supervision and other related claims and filed and pursued an appeal with the 7th Circuit Court of Appeals after the lawsuit was dismissed;

- j. Maintained a website for the Receivership in order to inform creditors of the activities of the Receivership; and
- k. Conducted extensive research pertaining to various legal issues in the case.

5. The *Receiver's Fourth Report of Acts and Transactions* filed herewith contains detailed narratives of the activities of the Receiver and his counsel undertaken in pursuit of their responsibilities in conducting the affairs of this Receivership. This report is incorporated herein by reference:

(H.I.)

6. Set forth below is a detail of the position, time and hourly billing rate for each attorney, paralegal, legal assistant, or law clerk of KGR who has performed services in this case.

<i>Initials</i>	<i>Name</i>	<i>Position</i>	<i>Rate</i>	<i>Hours</i>	<i>Total Amount</i>
MER	Marcia E. Roan	Attorney	\$200.00	88.2	\$17,640.00
WB	William Bock, III	Attorney	\$235.00 - 255.00	135.0	\$32,925.00
BRF	Brett R. Fleitz	Attorney	\$175.00 - 200.00	46.4	\$8,982.00
SDH	Samuel D. Hodson	Attorney	\$190.00 - 205.00	45.5	\$9,041.00
RBB	Reynolds B. Brissenden	Attorney	\$150.00 - 180.00	912.0	\$145,952.00
MTK	Matthew T. Klein	Attorney	\$160.00	29.2	\$4,672.00
JSM	James S. Milligan	Attorney	\$150.00	1.6	\$240.00
KMW	Kimberly M. Whigham	Paralegal	\$75.00 - 85.00	1.6	\$128.00
WNW	Wendy N. Wools	Paralegal	\$65.00 - 75.00	371	\$25,701.25
HNS	Heather N. Schuyler	Paralegal	\$65.00 - 75.00	80.2	\$5,345.00
TLP	Tracey L. Pier	Paralegal	\$65.00	3	\$195.00
TBJ	Tammy J. Bolin	Paralegal	\$65.00 - 75.00	66.6	\$4,788.25
CMC	Christopher M. Corbit	Web Tech	\$50.00	9.95	\$497.50
L/C	Law Clerk	Clerk	\$45.00	22.2	\$999.00

7. KGR has allocated the work performed for the Receivership into four categories as follows:
- a. Organization and Administration of the Receivership. Includes setting up files; preparing filings with the Court on matters which are not the subject of specific categories; assisting the Receiver with fielding investor inquiries; working with accountants for the Receiver; reviewing files of the Heartland Companies; organizing and ultimately maintaining the investor website; meeting with the Securities and Exchange Commission and other federal investigative agencies; setting up bank accounts; investigating each of the Heartland Companies with regard to its organization, assets and liabilities; investigating claims of the receivership estate against third parties and interviewing witnesses, deposing witnesses and issuing subpoenas for information related to the Receivership; assistance to the Receiver in preparing reports on activities of the Receiver for filing with the Court.
 - b. Liquidation of Assets. Includes matters related to possession of, and obtaining title to, or the right to dispose of, assets of the Receivership estate, including arranging to secure assets, liquidation of assets and obtaining Court approval for asset disposition.
 - c. Litigation. Includes all activities related to the pursuit of claims involving litigation or the threat of litigation by the Receiver. This category includes actions of the Receiver to recover so-called "excess profits" from investors who received more from the Heartland Companies than they actually invested.
 - d. Claims Administration. Includes the process of developing a methodology for calculating creditor claims in the Receivership; arranging for a bar date and the publication of notices to creditors of the existence of the Receivership and the claims filing deadline; arrangements for receiving creditor claims; the process of negotiation of claim issues and, if necessary, the process of preparing, filing and

litigating claims and objections of the Receiver and, ultimately, the distribution of Receivership funds to the holders of allowed claims in the Receivership.

8. Each time entry listed on Exhibit "A" is associated with one of the categories above.
9. Set forth below is a summary of KGR's work by category:

WORK ALLOCATION

Description	Amount Requested
Organization and Administration of the Receivership	\$25,461.25
Liquidation of Assets	\$7,873.00
Litigation	\$209,570.25
Claims Administration	\$14,201.50

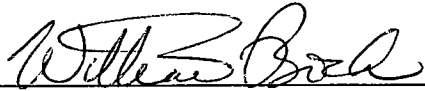
10. Summaries of the average hourly rate, the total hours worked and the total fees requested by KGR for all attorneys, paralegals, legal assistants, and law clerks who performed work on Receivership matters are set forth below:

Average Hourly Rate	\$141.89
Total Hours	1812.0
Total Fees Requested	\$257,106.00

11. No agreement or understanding exists between KGR and any other person or entity for the sharing of compensation to be received for services rendered in connection with this case.
12. KGR was employed by the Receiver pursuant to an agreement that KGR's services would be billed on an hourly rate, subject to the review and approval of this Court which is to be paid from the Receiver's unencumbered funds. KGR has previously been awarded fees for its services totaling \$163,479.00.
13. This motion will be posted on the Receivership website within two business days of its filing.

THEREFORE, Kroger, Gardis & Regas, LLP, requests that the Court award it an interim allowance of compensation for legal fees in the amount of \$257,106.00, or such sum as is deemed proper by the Court.

KROGER GARDIS & REGAS, LLP

By: 
William Bock Attorney # 14777-49

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 22nd day of December, 2003:

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