

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION

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

FOURTH MOTION FOR INTERIM COMPENSATION
OF JAMES A. KNAUER AS RECEIVER

James A. Knauer, the appointed and acting Receiver herein, moves the Court for an Order authorizing the payment of fees for his services as the Receiver in these proceedings and in support thereof, states as follows:

1. On August 21, 2000, the undersigned was appointed as the Receiver for Heartland Financial Services, Inc., JMS Investment Group, LLC, and their related companies (the "Heartland Companies").
2. Since the date of his appointment the Receiver has performed the duties of his office and, accordingly, requests the court to authorize payment of interim compensation for his services.
3. This Motion seeks an award of compensation for services of the Receiver from November 30, 2003 through and including the 31st day of May, 2006, a period of approximately 30 months. The Receiver believes that all of the work performed and services rendered were proper and necessary in order to administer the Receivership estate.
4. The work of the Receiver is described in detail in the report of work in process, a copy of which is attached hereto and incorporated by reference herein and marked as Exhibit "A" to this Application. The services performed by the Receiver for and on

behalf of the Receivership include, but are not limited to, the following:

- a. Continuing to respond to numerous telephone calls and emails from investors and their counsel;
 - b. Maintenance of the Receivership Website for the dissemination of information to investors concerning the administration of the Receivership;
 - c. Arranging for the liquidation of the assets;
 - d. Attending and participating in meetings pertaining to all claims of the Receivership and claims against the Receivership including the claim to money deposited with GIFSA in Grenada, the claim to the condo in Belize, the claim against Leslie Reed, and the claim of the IRS against the Receivership;
 - e. Directed all actions of the Receiver's counsel and accountants;
5. The *Receiver's Fifth Report of Acts and Transactions* 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. Exhibit "A" to this Application provides a detail of the time expended by the Receiver in this cause.
7. The Receiver has allocated the work performed by him 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; fielding investor inquiries; working with accountants for the Receiver; organizing and maintaining the investor website; meeting with the Securities and Exchange Commission and other federal investigative agencies; maintaining bank accounts; investigating claims of the receivership estate against third parties; 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 and securing court approval for asset disposition.
- c. Litigation. Includes all activities related to the pursuit of claims involving litigation or the threat of litigation against or by the Receiver.
- d. Claims Administration. Includes all matters related to the allowance or disallowance of each creditors claim as well as actions related to the distribution of Receivership funds to the holders of allowed claims in the Receivership.

- 8. Each time entry listed on Exhibit "A" is identified as one of the categories above.
- 9. Set forth below is a summary of the work performed by the Receiver by category:

WORK ALLOCATION

Description	Amount Requested
Organization and Administration of the Receivership	4,669.50
Liquidation of Assets	1,521.00
Litigation	2,023.50
Claims Administration	741.00

- 10. The Receiver requests compensation for his services totaling 31.70 hours at an hourly rate of \$270.00-295.00 per hour, or the sum of \$8,955.00.
- 11. No agreement or understanding exists between the Receiver and any other person for the sharing of compensation to be received for services rendered in connection with this case.

THEREFORE, James A. Knauer, as Receiver for Heartland Financial Services, Inc. and its affiliated entities, requests that the Court award him an interim allowance of compensation for services in the amount of \$8,955.00, or such sum as deemed proper by the Court.

 /s/ James A. Knauer
 James A. Knauer, Receiver

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing has been served upon the following parties by the Court's Electronic Case Filing System or by depositing a copy of same in the United States Mail, first class postage pre-paid, on this 22nd day of September, 2006:

Paul A. Montoya
Kara M. Washington
Jeannette L. Lewis
United States Securities and Exchange
Commission
175 West Jackson Boulevard
Suite 900
Chicago, Illinois 60604

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

Joseph L. Meadows
U.S. Department of Justice
P.O. Box 55
Ben Franklin Station
Washington DC 20044

Irwin B. Levin
Scott D. Gilchrist
Eric S. Pavlack
Cohen & Malad, L.L.P.
136 North Delaware Street
Suite 300
P.O. Box 627
Indianapolis, Indiana 46206-0627

/s/ James A. Knauer
James A. Knauer, Receiver

Kroger, Gardis & Regas, L.L.P.
111 Monument Circle, Suite 900
Indianapolis, Indiana 46204-2152
317-692-9000 - phone
317-264-6832 - fax