

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION

UNITED STATES SECURITIES)
AND EXCHANGE COMMISSION,)
)
Plaintiff,)
) Civil Action No. 00-cv-01265-JMS-TAB
KENNETH R. PAYNE,)
JOHANN M. SMITH,)
DANIEL G. DANKER, CONSTANCE)
BROOKS-KIEFER,)
HEARTLAND FINANCIAL SERVICES,)
INC., AND JMS INVESTMENT)
GROUP, LLC.)
)
Defendants.)

FINAL MOTION FOR INTERIM COMPENSATION
OF LAW FIRM OF KROGER GARDIS & REGAS, LLP,
AS ATTORNEYS FOR RECEIVER

Kroger Gardis & Regas, LLP ("KGR"), as counsel for the Receiver herein, moves the Court for an Order authorizing the payment of fees to KGR for services as attorneys for the Receiver in these proceedings and in support thereof, states as follows:

1. On August 21, 2000, James A. Knauer was appointed as the Receiver for Heartland Financial Services, Inc., JMS Investment Group, LLC, and their related entities (the "Heartland Companies").
2. On or about September 7, 2000, this Court entered an Order authorizing the Receiver to employ KGR as his legal counsel.
3. This Motion for Interim Compensation is for work on behalf of the Receiver from June 1, 2006, through and including the 11st day of February, 2011. KGR represents that all such work performed and services rendered were proper and necessary in order to represent the interests of the Receiver.
4. KGR has performed various services all of which are 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. Most of the services rendered during the period for which

compensation is sought in this Motion are related to liquidating the few remaining assets of the Receivership. The services performed by KGR for and on behalf of the Receiver include, but are not limited to, the following:

- a. Responded to 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 completing 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, and third party loans;
 - e. Assisted the Receiver's accountants in assembling information for the preparation of the Heartland Companies' federal income tax returns and other tax filings for the Receivership;
 - f. Maintained a website for the Receivership in order to inform creditors of the activities of the Receivership; and
 - g. Conducted research pertaining to various legal issues in the case.
 - h. Arranged for distributions of estate funds to approximately 480 investors.
5. The *Receiver's Final 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 Amt</i>
BRF	Brett R. Fleitz	Attorney	\$265.00-295.00	10.40	\$2,886.00
RCH	Ryan C. Hall	Attorney	\$100.00-\$105.00	3.30	\$339.50
ARF	Andrew R. Falk	Attorney	\$175.00	.20	\$35.00
LJM	Lawrence J. McMillan	Paralegal	\$135.00	1.20	\$162.00
WNW	Wendy N. Wools	Paralegal	\$110.00-\$115.00	158.20	\$17,614.00
HNS	Heather N. Schuyler	Paralegal	\$115.00	30.70	\$3,530.50
CAM	Caleb Miller	Web Tech	\$65.00	1.20	\$78.00
JAL	Judy A. Letine	Clerk	\$45.00	.40	\$18.00

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; maintaining the investor website; maintaining bank accounts; 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. Claims Administration. Includes assisting the Receiver with fielding investor inquiries, keeping the creditor database updated, following up on any returned creditor correspondence, and maintaining the investor

website and making distributions.

- d. Litigation . All litigation initiated by or against the Receiver or any receivership entity,

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 for the billing period:

WORK ALLOCATION

Description	Amount Requested
Organization and Administration of the Receivership	\$19,141.00
Liquidation of Assets	\$4,792.00
Litigation	\$0.00
Claims Administration	\$730.00

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 in the table below. As noted, the average hourly rate incurred for the billing period was \$119.81 indicating that much of the time involved was incurred by paraprofessionals which KGR believes, under the circumstances, represents delegation of the work to the most efficient level.

Average Hourly Rate	\$119.81
Total Hours	205.60
Total Fees Requested	\$24,663.00

11. In order to make a first and final distribution to all claimants, the Receiver's law firm requests that they be allowed compensation at their designated hourly rates for their anticipated time in completing and closing this estate as follows:

<i>Description</i>	<i>Prof</i>	<i>Rate</i>	<i>Time</i>	<i>Amount</i>
Arranging for the distribution of the funds in the Receivership estate to claimants and preparation and distribution of 1099's to claimants following the distributions; fielding creditor and investor calls; updating current addresses.	HNS	115	20.0	\$2,300.00
Preparing and filing supplemental report of distributions and revised accounting of funds on hand	HNS	\$115	3.0	\$345.00
Estimated out of pocket costs of making creditor distribution, preparation of 1099's and two mailings				\$1,200.00
TOTAL				\$3,845.00

12. Thus, the total fee request of the Receiver's law firm is the sum of its fees from June 1st, 2006 through and including the 11th day of February, 2011 - \$24,663.00 and their anticipated time and expenses - \$3,845.00, a total of \$28,508.00.

13. Set for the below is a table of expenses incurred by KGR (and detailed on Exhibit "A"):

Electronic research	214.10	
	234.04	
	<u>463.72</u>	
	911.86	911.86
Document reproduction	721.20	
	0.60	
	<u>721.80</u>	721.80
Telecommunication chgs	92.71	92.71
Mailing Expense	429.17	429.17
Supplies	35.84	35.84
Overnight Mail	17.54	17.54

Website Domain Name	200.00	200.00
Document Storage	2,554.08	2,554.08
Credit Back Electronic Res		<u>-911.86</u>
TOTAL EXPENSES		4,051.14

14. KGR requests that it be reimbursed the expenses set forth above in the amount of \$4,051.14.

15. KGR was employed by the Receiver pursuant to an agreement that its 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.

16. 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.

17. 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 \$24,081.00, or such sum as is deemed proper by the Court and its expenses of \$4,051.14.

Kroger Gardis & Regas, LLP

By: /s/ William Bock, III
William Bock, III, counsel for
James A. Knauer, Receiver

