

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION

JAMES A. KNAUER as the Court Appointed)
Receiver for HEARTLAND)
FINANCIAL SERVICES, INC., and JMS)
INVESTMENT GROUP, LLC,)

Plaintiff,)

v.)

CAUSE NO. IP01-C-1168 T/K

JONATHON ROBERTS FINANCIAL)
GROUP, INC.,)
ALLIANCE CAPITAL MANAGEMENT)
CORP.,)
ANDOVER SECURITIES INC.,)
FSC SECURITIES CORPORATION, and)
FFP SECURITIES, INC.,)

Defendants.)

DEFENDANT'S INITIAL RULE 26 DISCLOSURES

Pursuant to Rule 26(a)(1) of the Federal Rules of Civil Procedure, defendant FFP Securities, Inc. ("FFP") makes the following disclosures as required by this Court's January 8, 2002 Case Management Plan:

A. The following witnesses are likely to have discoverable information regarding FFP's defenses to plaintiff's allegations:

Roseanne Horan
FFP Securities, Inc.
15455 Conway Road
Chesterfield, Missouri 63107

Sandra Pruett
FFP Securities, Inc.
15455 Conway Road
Chesterfield, Missouri 63107

Kenneth R. Payne
c/o Linda Wagner
156 East Market Street, Suite 900
Indianapolis, Indiana 46204

Kenneth R. Payne
c/o Mark Inman
3545 North Washington Blvd.
Indianapolis, Indiana 46205

Daniel G. Danker
c/o William E. Marsh
Indiana Federal Community Defenders
111 Monument Circle, Suite 752
Indianapolis, Indiana 46204

Johann M. Smith
c/o Dexter B. Johnson
Mallon & Johnson
19 South La Salle Street, Suite 1202
Chicago, Illinois 60603

Johann M. Smith
c/o Dennis Zahn
Symmes Voyles Zahn Paul & Hogan
700 Jefferson Plaza
One Virginia Avenue
Indianapolis, Indiana 46204

Constance Brooks-Kiefer
c/o Stephen W. Dillon
3601 N. Pennsylvania Street
Indianapolis, Indiana

All of the foregoing witnesses may be contacted only through their respective counsel.

B. The following documents, or categories of documents, have currently been identified as likely to be pertinent to the defenses in this case:

1. Business records of Heartland Financial Services, Inc.
2. Business records of JMS Investment Group, LLC.

3. Investor files of Heartland Financial Services, Inc.

4. Investor files of JMS Investment Group, LLC.

5. Documentation reflecting investments made by investors through Heartland Financial Services, Inc.

6. Documentation reflecting investments made by investors through JMS Investment Group, LLC.

7. Documentation reflecting claims made by investors against Heartland Financial Services, Inc.

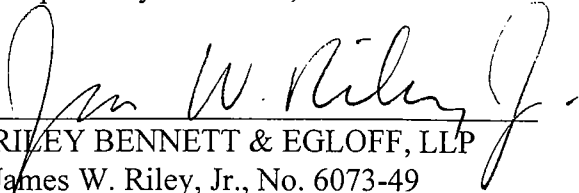
8. Documentation reflecting claims made by investors against JMS Investment Group, LLC.

C. Defendant FFP is not seeking any damages in this action.

D. Attached as Tab A and Tab B herewith are insurance agreements which may satisfy part or all of a judgment which may be entered in the action or to indemnify or reimburse for payments made to satisfy a judgment which may be entered. American International Group, Inc. has agreed to indemnify FFP subject to a reservation of rights.

These disclosures are made subject to FFP's motion to dismiss currently before this Court. The motion is based upon the reasons set forth therein. Pending the outcome of the motion, FFP hereby reserves the right to supplement these initial disclosures.

Respectfully submitted,


RILEY BENNETT & EGLOFF, LLP
James W. Riley, Jr., No. 6073-49
One American Square, 18th Floor
Box 82035
Indianapolis, Indiana 46282-0003

BRYAN CAVE LLP
Thomas E. Wack
Leo J. Asaro
Thomas S. Rea
211 N. Broadway, Suite 3600
St. Louis, MO 63102
(314) 259-2423
(314) 259-2020 (facsimile)

Attorneys for Defendant FFP Securities

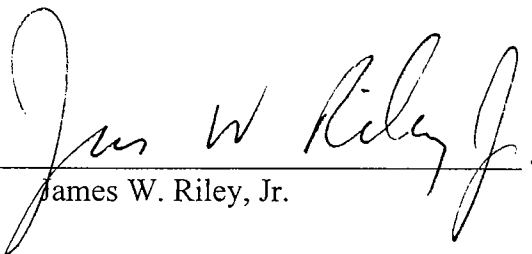
CERTIFICATE OF SERVICE

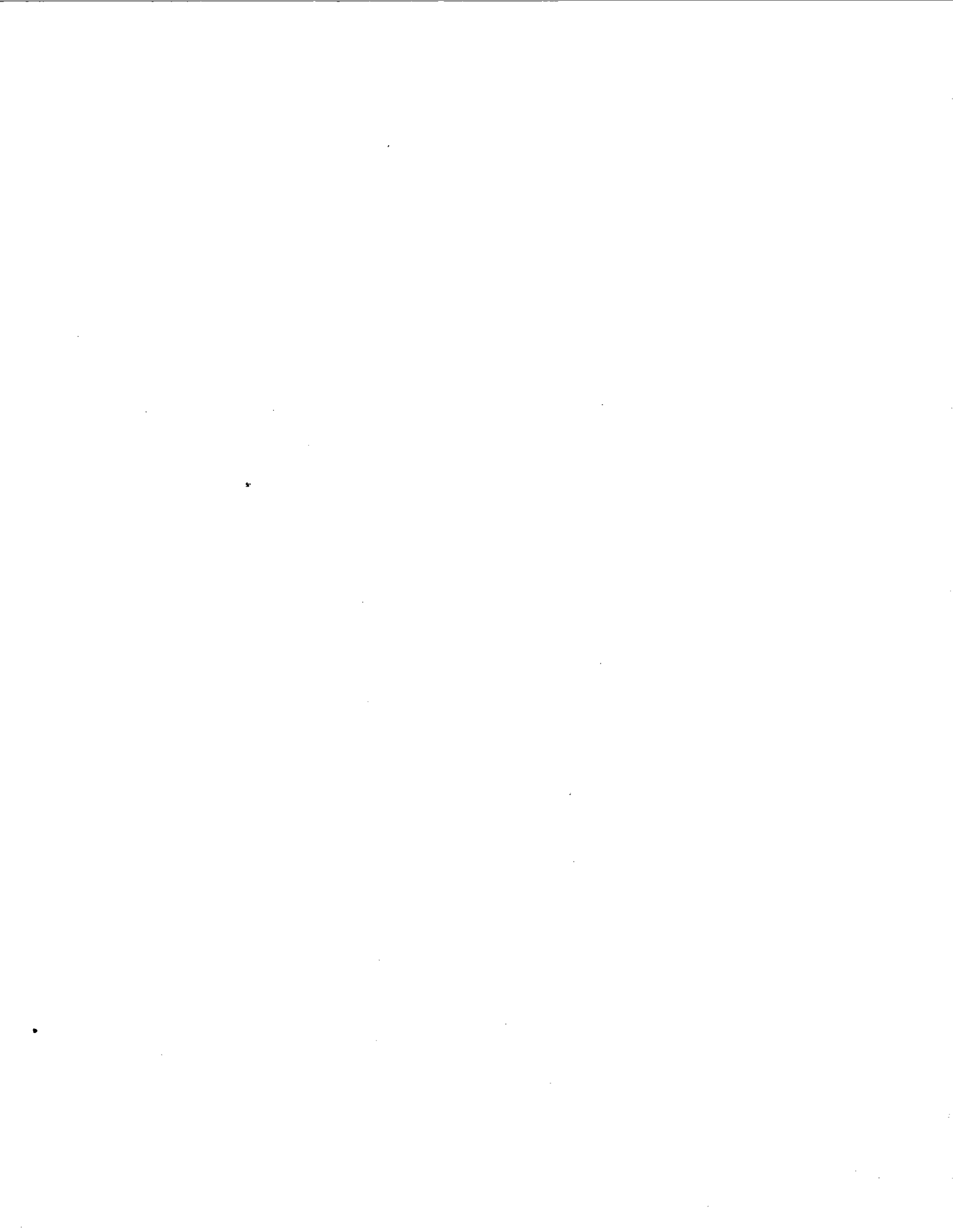
I hereby certify that a true and exact copy of the foregoing Initial Rule 26 Disclosures has been served this 10th day of April, 2002, via First Class United States Mail, postage prepaid, upon:

William Bock III
Kroger Gardis & Regas
Bank One Center/Circle
111 Monument Circle, #900
Indianapolis, IN 46204

William L. O'Connor
Dann Pecar Newman & Kleiman, P. C.
2300 One American Square
Box 82008
Indianapolis, IN 46282-2132

Thomas E. Wheeler, II
Locke Reynolds LLP
201 North Illinois Street, Suite 1000
P.O. Box 44961
Indianapolis, IN 46244-0961


James W. Riley, Jr.



ENDORSEMENT # 5

*This endorsement, effective 12:01 A.M. June 30, 1999 forms part of
Policy number 859-00-11
Issued to First Financial Planners, Inc.*

By National Union Fire Insurance Company of Pittsburgh, Pa.

NUCLEAR ENERGY LIABILITY EXCLUSION

In consideration of the premium charged, it is hereby understood and agreed that this policy does not apply to any claim or claims:

- A. all, arising out of, based upon, attributable to, or in any way involving, directly or indirectly the hazardous properties of nuclear material, including but not limited to:
- (1) nuclear material located at any nuclear facility owned by, or operated by or on behalf of, any Insured, or discharged or dispersed therefrom; or
 - (2) nuclear material contained in spent fuel or waste which was or is at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of any Insured; or
 - (3) the furnishing by any Insured of services, materials, parts or equipment in connection with planning, construction, maintenance, operation or use of any nuclear facility; or
 - (4) claims for damages to the Named Insured or its shareholders which alleges, arises from, is based upon, is attributed to or in anyway involves, directly or indirectly, the hazardous properties of nuclear material.
- B. (1) which is insured under a nuclear energy liability policy issued by the Nuclear Energy Liability underwriters or Nuclear Insurance Association of Canada or would be insured under any such policy but for its termination upon exhaustion of its limit of liability; or
- (2) with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954 or any law amendatory thereof, or (b) the Insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, with any person or organization.

As used in this endorsement:

"hazardous properties" include radioactive, toxic, or explosive properties;

"nuclear material" means source material, special nuclear material or by-product material;

"source material", "special nuclear material", and "by-product material" have meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof;

"spent fuel" means any fuel element or fuel component, solid or liquid which has been used or exposed to radiation in a nuclear reactor;

"waste" means any waste material (1) containing by-product material and (2) resulting from operation by any person or organization of any nuclear facility included within the definition of nuclear facility under paragraph

(a) or (b) thereof;

"nuclear facility" means

- (a) any nuclear reactor,
- (b) any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing spent fuel, or (3) handling, processing or packaging waste,
- (c) any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time the total amount of such material in the custody of the Insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235.
- (d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste, and includes the site on which any of the foregoing is located, all operations conducted on such site and all-premises used for such operations;

"nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

COB V

AUTHORIZED REPRESENTATIVE

ENDORSEMENT # 6

This endorsement, effective *12:01 A.M. June 30, 1999* forms part of
Policy number *859-00-11*
Issued to *First Financial Planners, Inc.*

By *National Union Fire Insurance Company of Pittsburgh, Pa.*

PROFESSIONAL ERRORS AND OMISSIONS

In consideration of the premium charged, it is hereby understood and agreed that the Insurer shall not be liable to make any payment for Loss in connection with any claim or claims made against the Directors or Officers, alleging, arising out of, based upon or attributable to the Company's or an Insured's performance of professional services for others for a fee, or any alleged act, error or omission relating thereto, including, but not limited to, offerings of any public or private limited partnerships, professional services as an underwriter, investment advisor, investment counselor, mutual fund advisor, broker, dealer, financial advisor, investment banker, investment manager, or any professional service similar thereto.

Provided, however, the foregoing exclusion shall not be applicable to any derivative or shareholder class action Claims against the Directors and Officers alleging failure to supervise those who performed or failed to perform such professional services.

COPY

AUTHORIZED REPRESENTATIVE



AMERICAN INTERNATIONAL COMPANIES

**DIRECTORS, OFFICERS AND PRIVATE COMPANY LIABILITY INSURANCE
POLICY**

Including Employment Practices and Securities Liability

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Policy Number: 859-00-11

Renewal of: 856-31-25

- | | |
|--|--|
| <input type="checkbox"/> AIU Insurance Company | <input type="checkbox"/> Granite State Insurance Company |
| <input type="checkbox"/> American Home Assurance Company | <input type="checkbox"/> Illinois National Insurance Company |
| <input type="checkbox"/> American International Pacific Insurance Company | <input checked="" type="checkbox"/> National Union Fire Insurance Company of Pittsburgh, Pa. |
| <input type="checkbox"/> American International South Insurance Company | <input type="checkbox"/> National Union Fire Insurance Company of Louisiana |
| <input type="checkbox"/> Birmingham Fire Insurance Company of Pennsylvania | <input type="checkbox"/> New Hampshire Insurance Company |

(each of the above being a capital stock company)

NOTICE: EXCEPT TO SUCH EXTENT AS MAY OTHERWISE BE PROVIDED HEREIN, THE COVERAGE OF THIS POLICY IS GENERALLY LIMITED TO LIABILITY FOR ONLY THOSE CLAIMS THAT ARE FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD AND REPORTED IN WRITING TO THE INSURER PURSUANT TO THE TERMS HEREIN. PLEASE READ THE POLICY CAREFULLY AND DISCUSS THE COVERAGE THEREUNDER WITH YOUR INSURANCE AGENT OR BROKER.

NOTICE: THE LIMIT OF LIABILITY AVAILABLE TO PAY JUDGMENTS OR SETTLEMENTS SHALL BE REDUCED BY AMOUNTS INCURRED FOR LEGAL DEFENSE. AMOUNTS INCURRED FOR LEGAL DEFENSE SHALL BE APPLIED AGAINST THE RETENTION AMOUNT.

NOTICE: THE INSURER DOES NOT ASSUME ANY DUTY TO DEFEND. HOWEVER THE INSURED MAY UNDER CERTAIN CONDITIONS TENDER THE DEFENSE OF A CLAIM. IN ALL EVENTS, THE INSURER MUST ADVANCE DEFENSE COSTS PAYMENTS PURSUANT TO THE TERMS HEREIN PRIOR TO THE FINAL DISPOSITION OF A CLAIM.

DECLARATIONS

ITEM 1. NAMED ENTITY: *First Financial Planners, Inc.*

MAILING ADDRESS: *15455 Conway Road*
Chesterfield, Missouri 63017-7603

EXTRA
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STATE OF INCORPORATION OR STATE OF FORMATION OF THE
NAMED ENTITY: *Missouri*

ITEM 2. SUBSIDIARY COVERAGE: any past, present or future Subsidiary of the
Named Entity

ITEM 3. POLICY PERIOD: From: *June 30, 1999* To: *June 30, 2002*
(12:01 A.M. standard time at the address stated in Item 1.)

ITEM 4. LIMIT OF LIABILITY: \$ *3,000,000* aggregate for all Loss combined
(including Defense Costs)

ITEM 5. RETENTION: *5,000,000*
Judgments, Settlements and
Defense Costs (non-Indemnifiable Loss)

None

Employment Practices Claims

Judgments, Settlements and Defense Costs
(Company and Indemnifiable Loss)

\$ *200,000*
for Loss arising from Claims
alleging the same Wrongful Act
or Related Wrongful Acts
(waivable under Clause 6 in
certain circumstances)

Securities Claims (other than private placements)

Judgments, Settlements and Defense Costs
(Company and Indemnifiable Loss)

\$ *200,000*
for Loss arising from Claims
alleging the same Wrongful Act
or Related Wrongful Acts
(waivable under Clause 6 in
certain circumstances)

All Other Claims (including private placements)

Judgments, Settlements and Defense Costs
(Company and Indemnifiable Loss)

\$ *200,000*
for Loss arising from Claims
alleging the same Wrongful Act
or Related Wrongful Acts
(waivable under Clause 6 in
certain circumstances)

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ITEM 6. CONTINUITY DATES:

- A. Coverages A and B(ii): *July 18, 1997* ✓
- B. Coverage B(i): *July 18, 1997* ✓
- C. Outside Entity Coverage: Per Outside Entity,
see endorsement # *1*

ITEM 7. PREMIUM: \$ 82,500

ADDITIONAL PREMIUM FOR PUNITIVE, EXEMPLARY AND
MULTIPLIED DAMAGES: \$ 10,000 (included in above) (No punitive
damages coverage provided:)

ITEM 8. NAME AND ADDRESS OF INSURER (hereinafter "Insurer"):
(This policy is issued only by the insurance company indicated below.)

*National Union Fire Insurance Company of Pittsburgh, Pa.
175 Water Street
New York, NY 10038*

IN WITNESS WHEREOF, the Insurer has caused this policy to be signed on the
Declarations Page by its President, a Secretary and a duly authorized representative of
the Insurer.

PRESIDENT

SECRETARY

AUTHORIZED REPRESENTATIVE

COUNTERSIGNATURE DATE

COUNTERSIGNED AT

COPY



AMERICAN INTERNATIONAL COMPANIES®

DIRECTORS, OFFICERS AND PRIVATE COMPANY LIABILITY INSURANCE
POLICY

Including Employment Practices and Securities Liability

*PrivateEdge*SM

In consideration of the payment of the premium, and in reliance upon the statements made to the Insurer by application forming a part hereof and its attachments and the material incorporated therein, the insurance company designated in Item 8 of the Declarations, herein called the Insurer, agrees as follows:

1. INSURING AGREEMENTS

COVERAGE A: INDIVIDUAL INSURED INSURANCE

This policy shall pay the Loss of each and every Director, Officer or Employee of the Company arising from a Claim first made against such Insureds during the Policy Period or the Discovery Period (if applicable) and reported to the Insurer pursuant to the terms of this policy for any actual or alleged Wrongful Act in their respective capacities as Directors, Officers or Employees of the Company except when and to the extent that the Company has indemnified such Insureds. The Insurer shall, in accordance with and subject to Clause 8, advance Defense Costs of such Claim prior to its final disposition.

COVERAGE B: PRIVATE COMPANY INSURANCE

This policy shall pay the Loss of the Company arising from a:

- (i) Claim first made against the Company, or
- (ii) Claim first made against an Individual Insured,

during the Policy Period or the Discovery Period (if applicable) and reported to the Insurer pursuant to the terms of this policy for any actual or alleged Wrongful Act, but, in the case of (ii) above, only when and to the extent that the Company has indemnified the Individual Insured for such Loss pursuant to law, common or statutory, or contract, or the Charter or By-laws of the Company duly effective under such law which determines and defines such rights of indemnity. The Insurer shall, in accordance with and subject to Clause 8, advance Defense Costs of such Claim prior to its final disposition.

DEFENSE PROVISIONS

The Insurer does not assume any duty to defend, provided, however, the Named Entity may at its sole option tender to the Insurer the defense of a Claim for which coverage is provided by this policy to the Insurer in accordance with Clause 8 of the policy. Regardless of whether the defense is so tendered, the Insurer shall advance Defense Costs (excess of the applicable retention amount) of such Claim prior to its final disposition. Selection of counsel to defend a "Designated Claim" shall be made in accordance with Clause 9 of the policy.

2. DEFINITIONS

- (a) "Affiliate" means: (i) any person or entity that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is in common control with, another person or entity; or (ii) any person or entity that directly, or indirectly through one or more intermediaries, is a successor in interest to another person or entity.
- (b) "Claim" means:
- (1) a written demand for monetary or non-monetary relief (including any request to toll or waive any statute of limitations); or
 - (2) a civil, criminal, administrative, regulatory or arbitration proceeding for monetary or non-monetary relief which is commenced by:
 - (i) service of a complaint or similar pleading; or
 - (ii) return of an indictment (in the case of a criminal proceeding); or
 - (iii) receipt or filing of a notice of charges.
 - (3) an administrative or regulatory investigation when conducted by the Equal Employment Opportunity Commission ("EEOC") (or similar state, local or foreign agency) which is commenced by the filing of a notice of charges, service of a complaint or similar document of which notice has been given to the Insured. However, in no event shall the term "Claim" include any labor or grievance proceeding which is subject to a collective bargaining agreement.

The term "Claim" shall include an Employment Practices Claim and a Securities Claim.

- (c) "Company" means the Named Entity and any Subsidiary thereof.
- (d) "Continuity Date" means the date set forth in:
- (1) Item 6A of the Declarations with respect to Coverages A and B(ii);
or
 - (2) Item 6B of the Declarations with respect to Coverage B(i);
 - (3) Item 6C of the Declarations with respect to a Claim made against an Individual Insured(s) arising out of such Insured's service as a director, officer, trustee or governor of an Outside Entity.
- (e) "Defense Costs" means reasonable and necessary fees, costs and expenses consented to by the Insurer (including premiums for any appeal bond, attachment bond or similar bond, but without any obligation to apply for or furnish any such bond) resulting solely from the investigation, adjustment, defense and appeal of a Claim against the Insureds, but excluding salaries of officers or Employees of the Company.
- (f) "Employee(s)" means any past, present or future employee, whether such employee is in a supervisory, co-worker or subordinate position or otherwise, including any part-time, seasonal and temporary employee in his or her capacity as such. An individual who is leased to the Company shall also be an Employee, but only if the Company provides indemnification to such leased individual in the same manner as is provided to the Company's employees. Any other individual who is contracted to perform work for the Company, or who is an independent contractor for the Company shall also be an Employee, but only if the Company provides indemnification to such individual in the same manner as that provided to the Company's employees, and such individual is scheduled by written endorsement attached hereto and the Company pays any additional premium required by the Insurer relating to such individual.
- (g) "Employment Practices Claim" means a Claim alleging an Employment Practices Violation.
- (h) "Employment Practices Violation(s)" means any actual or alleged:
- (1) wrongful dismissal, discharge or termination (either actual or constructive) of employment, including breach of an implied contract;
 - (2) harassment (including sexual harassment whether "quid pro quo", hostile work environment or otherwise);

- (3) discrimination. (including but not limited to discrimination based upon age, gender, race, color, national origin, religion, sexual orientation or preference, pregnancy, or disability);
- (4) Retaliation (including lockouts);
- (5) employment-related misrepresentation(s) to an Employee or applicant for employment with the Company;
- (6) employment-related libel, slander, humiliation, defamation, invasion of privacy;
- (7) wrongful failure to employ or promote;
- (8) wrongful deprivation of career opportunity, wrongful demotion or negligent employee evaluation, including the giving of negative or defamatory statements in connection with an employee reference;
- (9) wrongful discipline;
- (10) failure to grant tenure;
- (11) failure to provide or enforce adequate or consistent corporate policies and procedure relating to any Employment Practices Violation;
- (12) violation of an individual's civil rights relating to any of the above,

but only if the Employment Practices Violation relates to an Employee(s), or applicant for employment with the Company or an Outside Entity, whether direct, indirect, intentional or unintentional.

With respect to any customer or client of the Company, whether individually or as a class or group, Employment Practices Violation shall mean only any actual or alleged discrimination, sexual harassment or violation of an individual's civil rights relating to such discrimination or sexual harassment, whether direct, indirect, intentional or unintentional.

- (i) "Individual-Insured(s)" means:
 - (1) any past, present or future duly elected or appointed directors, officers, management committee members or members of the Board of Managers of the Company, but only in their capacities as such. Coverage will automatically apply to all new directors, officers, management committee members or members of the Board of Managers of the Company after the inception date of this policy;
 - (2) any past, present or future duly elected or appointed directors, officers, management committee members or members of the Board of Managers



