

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION**

JAMES A. KNAUER as the Court Appointed)	
Receiver for HEARTLAND)	
FINANCIAL SERVICES, INC., JMS)	
INVESTMENT GROUP, LLC,)	CASE NO. IP-01-1168-C T/K
)	
Plaintiff,)	
)	
v.)	
)	
JONATHON ROBERTS FINANCIAL)	
GROUP, INC., ALLIANCE CAPITAL)	
MANAGEMENT CORP., ANDOVER)	
SECURITIES, INC., FSC SECURITIES)	
CORPORATION AND FFP SECURITIES,)	
INC.,)	
)	
Defendants.)	

**PLAINTIFF'S FIRST INTERROGATORIES AND
FIRST REQUESTS FOR PRODUCTION OF DOCUMENTS
TO FSC SECURITIES CORPORATION**

The Plaintiff, James A. Knauer, as the Court Appointed Receiver for Heartland Financial Services, Inc. and JMS Investment Group, LLC, by counsel, and, pursuant to Rules 26, 33, and 34 of the Federal Rules of Civil Procedure tenders to the Defendant, FSC Securities Corporation (“FSC” or “Defendant”) and to Defendant’s attorneys, Plaintiff’s First Interrogatories and First Requests for Production of Documents to FSC. The Defendant is requested to produce the requested documents for inspection and copying to William Bock, III, and Reynolds B. Brissenden, KROGER, GARDIS & REGAS, LLP Bank One Center/Circle, 111 Monument Circle, Suite 900, Indianapolis, Indiana 46204-5175 within thirty (30) days after service of these

requests. The Defendant is requested to answer the interrogatories within thirty (30) days after service.

INSTRUCTIONS

1. These interrogatories ("Interrogatories") and requests for production of documents ("Requests for Production") are directed to the Defendant, FSC Securities Corporation (referred to herein as "FSC" or the "Defendant"), and the Defendant's employees, agents, servants, assigns, representatives, past and present, and unless privilege is claimed, each and every attorney, past and present, of each and every such individual or entity and each successor or predecessor (including specifically Alliance Capital Management Corp.).

2. The Requests for Production demand all responsive documents in possession, custody, or control, of the Defendant and its attorneys, including all documents in the possession of experts, consultants or independent contractors.

3. If any document responsive to a Request for Production is no longer in your possession, custody or control, state:

- a. what was done with the document and by whom;
- b. when the transfer or disposition was made;
- c. the identity and address of the current custodian of the document;
- d. the person who made the decision to transfer or dispose of the document;
and
- e. the reasons for the transfer or disposition.

4. If anything is or has been redacted or deleted from a document produced in response to a Request for Production state:

- a. the reason for the redaction or deletion;
- b. the date of the redaction or deletion;
- c. the subject matter of the redacted or deleted material; and
- d. the identity of the person responsible for the redaction or deletion.

5. If privilege is asserted as to any document, or portion of any document, furnish a list identifying each document, or portion of any document for which privilege is claimed, together with the following information:

- a. the title of the document;
- b. the nature of the document (e.g., interoffice memorandum, correspondence, report);
- c. the author or sender;
- d. the date of the document;
- e. the name of each person to whom an original or a copy was shown or circulated;
- f. the name, address and telephone number of the custodian of the document and/or copies thereof;
- g. the basis upon which privilege is claimed;
- h. the facts upon which you rely to support the claim of privilege or exemption; and
- I. a summary of the subject matter of the document in sufficient detail to permit the court to rule on the propriety of the privilege or exemption.

6. The Requests for Production are continuing in nature and must be supplemented promptly in accordance with Rule 26(e). The Plaintiff demands production of any additional

responsive documents obtain or discovered between the date documents are produced and the time of trial.

7. All responsive documents should be organized and labeled to correspond with the number and letter of the request.

DEFINITIONS

1. "You," or "your" refers to the Defendant, FSC Securities Corporation and its attorneys, including any agent, officer, director, employee or representative or any merged, consolidated or acquired predecessor or successor, parent, subsidiary, division, affiliate, controlling stockholder, or any person acting on your behalf.

2. "Any" and "all" shall be construed to mean "each and every."

3. "Document" means the original or an identical and legible copy thereof, and all non-identical copies (whether different from the original by reason of notations made on such copies or otherwise), regardless of origin or location, of any writings or records of any type or description, however produced or reproduced, including but not limited to any papers or books, records, letters, photographs, videotapes, audiotapes, correspondence, communications, telegrams, cables, telex messages, memoranda, notes, notations, work papers, transcripts, minutes, reports and recordings of telephone or other conversations, or of interviews, conferences, or other meetings, affidavits, statements, summaries, opinions, reports, studies, analyses, evaluations, contracts, agreements, jottings, agendas, bulletins, notices, announcements, advertisements, instructions, charges, manuals, brochures, publications, schedules price lists, client lists, journals, statistical records, desk calendars, appointment books, diaries, lists, tabulations, sound recordings, computer printouts, data processing program library, data

processing input and output, electronic mail, microfilm, books of accounts, records and invoices reflecting business operations, all records kept by electronic, photographic or mechanical means, any notes or drafts relating to the foregoing, and all things similar to any of the foregoing, however denominated.

4. "Identify", "identity", "identification", "describe" or "description":
 - A. When used in reference to an individual, shall mean to state his full name, present or last known residence address, business or official affiliation, business address, and phone number.
 - B. When used in reference to a corporation, shall mean to state its full name, officers, directors, shareholders, its state of incorporation, and its principal place of business.
 - C. When used in reference to a partnership, shall mean to state its full name, the identity (as defined) of each partner, and its principal place of business.
 - D. When used in reference to a person other than an individual, corporation or partnership, shall mean to state its official name, its organizational form, and its address.
 - E. When used in reference to a communication, shall mean to state (a) whether such communication is oral or in writing; (b) if in writing, its date, author, addressee, custodian, title, present location and subject matter; (c) if oral, the date, persons participating, and the subject matter thereof. In lieu of identifying any written communication, copies thereof may be furnished to Plaintiff.

5. "Communicate" or "communications": Every manner or means of disclosure, transfer, or exchange, and every disclosure, transfer or exchange of information whether orally or by document or whether face-to-face, by telephone, mail, personal delivery, or otherwise.

6. As used in these definitions, instructions and interrogatories, the term "oral communication" shall mean any utterance heard by any person, whether in person, by telephone, computer mail, facsimile transmission, or otherwise.

7. As used herein, the term "thing" means any physical object other than a document.

8. The term "policies" or "procedures" shall refer to any rule, directive, practice, or course of conduct, whether formal or informal, written or unwritten, recorded or unrecorded, which was in existence or is recognized by the Defendant.

9. The term "meeting" shall refer to any assembly, convocation, or encounter, or contemporaneous presence of two or more persons for any purpose, whether or not planned, arranged or scheduled in advance.

10. The singular includes the plural and vice versa. The masculine includes the feminine and neuter genders. The past tense includes the present tense where the clear meaning is not distorted by change of tense.

11. "Or" and "and" shall mean and/or.

12. "Person" or "persons" means any and all natural persons or individuals, corporations, partnerships, organizations, associations, governmental bodies or political or quasi-corporate subdivisions thereof, groups or other business enterprises, together with their predecessors, successors, and assigns, their directors, officers, agents, servants, consultants,

contractors, subcontractors, employees, and representatives, and all agents and representatives thereof.

13. "Relating to" means constituting, defining, describing, discussing, involving, concerning, containing, evidencing, embodying, reflecting, identifying, stating, analyzing, mentioning, responding to, referring to, dealing with, commenting upon, or in any way pertaining to.

14. "Sherry Larson" refers to the licensed securities agent known variously as Shari Larson, Sharon Larson, Sheri Larson, Sherry Larson, Sharon Larsen, Sherry Larsen, Sharon Elaine, Sharon Elaine Fitzsimmons, and/or Sharon Fitzsimmons.

INTERROGATORIES

1. Identify each person who has provided you or your attorney with a statement (written or oral) concerning this action or any facts or events underlying this action. For each person identified, please provide the date on which the statement was provided and the names of those persons present when the statement was provided.

ANSWER:

2. Identify each person whom you expect to call as an expert witness at trial. For each person so identified, please provide the signed expert report and disclosures required by Fed.R.Civ.P. 26(a)(2) and state:

- (a) The subject matter about which the expert is expected to testify;
- (b) The substance of the facts and opinions about which the expert is expected to testify and a summary of the grounds for each opinion;

- (c) a complete statement of all opinions to be expressed and the basis and reasons therefor;
- (d) the data or other information considered by the witness in forming the opinions;
- (e) any exhibits to be used as a summary of, or support for, the opinions;
- (f) the qualifications of the witness, including a list of all publications authored by the witness within the preceding ten years;
- (g) the compensation to be paid for the study and testimony; and
- (h) a listing of any other cases in which the witness has testified as an expert at trial or by deposition within the preceding four years.

ANSWER:

3. State whether any person has filed a charge or complaint with any local, State or Federal governmental agency, the National Association of Securities Dealers (or any other similar association) or a civil action in any court within the last ten (10) years charging you with (1) violation of the rights of any client or (2) the negligent or improper supervision of individuals to whom you have granted a securities license. If any such charge or civil action has been filed, please state: the date it was filed; the cause number and name of the court or agency in which it was instituted; the names of all parties, the nature and substance of the allegations, the disposition or current status of the matter; and the name, address and telephone number of each adverse party.

ANSWER:

4. State whether any person has filed a charge or complaint with any local, State or Federal governmental agency, or a civil action in any court, in any state within the last ten (10) years alleging that (1) one of your employees exercised undue influence over the financial decisions of a client or (2) that one of your employees or agents used the employee's or agent's position with you or the fact that they were a licensed agent of FSC to gain the confidence of a client and exploited that confidence for personal financial gain. If any such charge or civil action has been filed, please state: the date it was filed; the cause number and name of the court or agency in which it was instituted; the names of all parties, the nature and substance of the allegations, the disposition or current status of the matter; and the name, address and telephone number of each adverse party.

ANSWER:

5. Identify and describe all precautions or other due diligence activities you regularly take to monitor and ensure that your employees or licensed agents do not use their position to financially exploit any client they serve.

ANSWER:

6. Identify each of your employees who had any supervisory responsibility over Ken Payne or Daniel Danker and include the following information with respect to each person identified:

(a) Full name, and dates of employment with you;

- (b) Job title/position held during the time the individual had supervisory responsibility over Ken Payne or Daniel Danker;
- (c) The nature of their supervisory role over Ken Payne or Daniel Danker;
- (d) The individual's current job title/position;
- (e) If no longer employed with you, state the date of the individual's employment separation, the reason for the employment separation and the individual's last known home address and telephone number.

ANSWER:

7. Describe in detail the job duties/responsibilities, and the job qualifications for the positions identified in your answer to Interrogatory No. 6.

ANSWER:

8. State all facts and identify all documents relating to any disciplinary actions (if any) or adverse reports or comments taken or made by FSC or any entity with oversight authority over FSC against each person listed in Response to Interrogatory No.6 during the last five (5) years of his/her employment with you.

ANSWER:

9. Identify all documents reviewed in supervising Ken Payne or Daniel Danker.

ANSWER:

10. Identify (including listing all information requested in the foregoing Interrogatory No. 6) all of your employees who communicated with Ken Payne or Daniel Danker.

ANSWER:

DOCUMENT REQUESTS

The following documents are requested to be produced:

1. All documents identified in response to any of the foregoing interrogatories.
2. All documents that are expected to be relied upon by any witness you intend to call at trial or that will be used to refresh the recollection of any witness.
3. All documents that you intend to introduce as exhibits at trial.
4. All documents contained in any file(s) for Ken Payne, including, but not limited to: personnel file, file(s) reflecting status of brokerage licenses, applications for a brokerage license or other position or status with you, discipline and/or observations of Ken Payne's job performance, workers compensation claim file(s), grievance file(s), unfair labor practice claim file(s), and unemployment compensation file(s).
5. All documents contained in any file(s) for Daniel Danker, including, but not limited to: personnel file, file(s) reflecting status of brokerage licenses, applications for a brokerage license or other position or status with you, discipline and/or observations of Daniel

Danker's job performance, workers compensation claim file(s), grievance file(s), unfair labor practice claim file(s), and unemployment compensation file(s).

6. All correspondence and other documents (including, but not limited to electronic mail, letters, memoranda, interoffice mail and handwritten notes) addressed to Ken Payne or referring to Ken Payne or his work performance, including, but not limited to all documents that relate to any evaluation of, or employment decision about, (including any decision to discipline, promote, reward, demote or terminate), Ken Payne.

7. All correspondence and other documents (including, but not limited to electronic mail, letters, memoranda, interoffice mail and handwritten notes) addressed to Daniel Danker or referring to Daniel Danker or his work performance, including, but not limited to all documents that relate to any evaluation of, or employment decision about, (including any decision to discipline, promote, reward, demote or terminate), Daniel Danker.

8. All correspondence and other documents (including, but not limited to electronic mail, letters, memoranda, interoffice mail and handwritten notes) referring to Ken Payne, Daniel Danker, Sherry Larson and/or this lawsuit.

9. All electronic mail or other documents initiated by any employee, officer, director or prospective clients or other third parties or agent of any of FSC which refer to any investigation of Ken Payne, Daniel Danker, Sherry Larson, Heartland and/or this lawsuit.

10. All electronic mail messages or other documents drafted by, initiated by, or signed by Ken Payne concerning any aspect of his work performance with you.

11. All electronic mail messages or other documents drafted by, initiated by, or signed by Daniel Danker concerning any aspect of his work performance with you.

12. All electronic mail messages or other documents drafted by, initiated by, or signed by Sherry Larsen concerning any aspect of her work performance with you.

13. All organizational charts, personnel charts, descriptions, or other similar documents, showing the identities, title and/or responsibilities of each person responsible in any manner for your Indiana operations and/or for the recruitment, hiring, selection, training or discipline of Ken Payne, Daniel Danker and/or Sherry Larson.

14. All documents, statements and memos from, about, or relating to, witnesses or potential witnesses or persons contacted in connection with this case or any internal, civil or criminal investigation involving Ken Payne, Daniel Danker, Sherry Larson, Heartland Financial Services, JMS Investment Group, LLC or the clients of any of the foregoing.

15. All documents which you contend support any defense you will assert in this matter.

16. All manuals, handbooks, policies, procedures, notices or directives issued or enforced by you from January 1, 1994 to the present, pertaining to:


- (a) the provision of services;
- (b) protecting the rights, interests and/or physical and financial well-being of clients;
- (c) investigating the qualifications and/or background of securities agents;
- (d) monitoring services provided to your clients by your agents;
- (e) internal investigation of complaints and/or charges of client mistreatment;

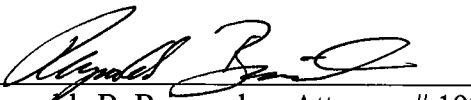
- (f) preventing undue influence over clients by your agents
- 17. All employee manuals in use within the last five (5) years.
- 18. All documents referring to or created as a result of any decision or suggestion to discipline, demote, fire or terminate Ken Payne, Daniel Danker or Sherry Larson.
- 19. All documents supporting any contention that you are not liable for damages suffered by Heartland and JMS as a result of the allegations in the Complaint in this matter.
- 20. Copies of all policies of insurance that may provide coverage to any defendant relating to any allegation in the Complaint in this action.
- 21. Any and all written employment procedures, rules or policies for your Indianapolis office(s), including any policies in place in 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001 and 2002.
- 22. All job descriptions for each position in your offices for 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001 or 2002.
- 23. Your annual reports and annual proxy statements for 1994, 1995, 1996, 1997, 1998, 1999, 2000, and 2001.
- 24. All performance reviews of Ken Payne, Daniel Danker, Sherry Larson or other documentation evaluating their work performance.
- 25. All client records or files for any client of Ken Payne, Daniel Danker or Sherry Larson.
- 26. All computer disks and other electronic or mechanical compilations of information responsive to any of the foregoing Requests, together with software, hardware, instructions and other things necessary and sufficient to permit the retrieval and use of the

information captured on computer disk or tape or by other electronic or mechanical means in a manner equal to or better than the information processing and retrieval capabilities of your office or representatives.

Respectfully submitted,

KROGER GARDIS & REGAS, LLP

By 
William Bock, Attorney # 14777-49

By 
Reynolds B. Brissenden, Attorney # 19989-49

**Attorneys for Plaintiff, James A. Knauer,
Receiver for Heartland Financial Services, Inc.
and JMS Investment Group, LLC**

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing has been served by hand delivery upon the following counsel, on this 3rd day of July, 2002:


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The undersigned certifies that the foregoing has been served by United States Mail postage prepaid upon the following counsel of record:

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