

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF INDIANA

FILED
U.S. DISTRICT COURT
INDIANAPOLIS DIVISIO

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SOUTHERN DISTRICT
OF INDIANA
LAURA A. BRIGGS
CLERK

UNITED STATES SECURITIES)
AND EXCHANGE COMMISSION,)

Plaintiff,)

KENNETH R. PAYNE,)
JOHANN M. SMITH,)
DANIEL G. BANKER, CONSTANCE)
BROOKS-KIEFER,)
HEARTLAND FINANCIAL SERVICES,)
INC., AND JMS INVESTMENT)
GROUP, LLC.)

Defendants.)

Civil Action No.
IP00-1265 C

Judge John D. Tinder

**MOTION FOR ORDER AUTHORIZING EMPLOYMENT OF
KROGER, GARDIS & REGAS AS COUNSEL FOR RECEIVER**

James A. Knauer, the Receiver for Heartland Financial Services, Inc. ("Heartland") and JMS Investment Group, Inc. ("JMS"), in support of his motion filed herein, states:

1. The undersigned was appointed as the Receiver for Heartland and JMS on August 21, 2000.

2. The Receiver requires the assistance of counsel so that he may fulfill the responsibilities and exercise the powers of his office.

3. The Receiver desires to employ the Indianapolis, Indiana, law firm of Kroger, Gardis & Regas as his legal counsel for the reason that such firm is knowledgeable and experienced in the field of insolvency, creditors rights, business litigation and receivership law. Kroger Gardis & Regas has significant previous experience in the representation of fiduciaries for insolvent businesses, and the Receiver desires that such attorneys represent him in these proceedings.

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4. The Receiver discloses to the court that he is a partner in such law firm. The Receiver believes that this relationship will benefit the receivership due to Receiver's ability to readily delegate work assignments for his counsel to the lowest efficient level and his ability to quickly assign required tasks to personnel with whom he already has a working relationship (such as the Receiver's partners) and, in some cases, is already their superior (such as the firm's associates and legal assistants). William Bock, III, will be the partner of Kroger Gardis & Regas primarily in charge of this engagement.

5. The professional services which the Receiver requires of such counsel include:

A. Legal advice to the Receiver with respect to his duties and powers in this case.

B. Assistance to the Receiver in the investigation of the acts, conduct, assets, liabilities, and financial condition of Heartland, JMS, their affiliated businesses and principals, and any other matter relevant to the case or to the business affairs of such companies;

C. Matters with regard to the allowability of creditor claims;

D. Matters with respect to the prosecution of claims against third parties, if any;

E. Performance of such other legal services as may be required by and which are in the interest of the Receiver.

5. Members of Kroger Gardis & Regas are attorneys duly admitted to the practice of law in the United States District Court for the Southern District of Indiana, the United States Court of Appeals for the Seventh Circuit, and the United States Supreme

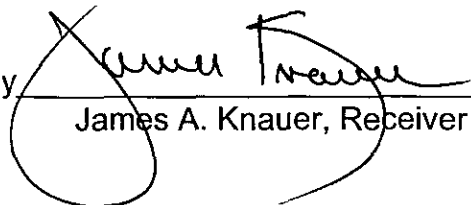
Court. The law firm understands that payment for legal services, costs, and disbursements shall occur only upon approval by the Court following submission of a request for payment upon such notice as the court deems appropriate. The application for compensation shall detail the nature of all services performed, the time spent by each professional in completing the work and the hourly billing rate sought by the firm for each such professional.

6. Any compensation sought for any legal services performed by James A. Knauer, will be separately identified from any request for compensation as a receiver herein. The law firm will exercise care to avoid any duplication in submitting such requests.

7. To the best of applicants' knowledge, no member of Kroger Gardis & Regas has any connection with the creditors of Heartland, JMS, their affiliates or principals or any other party in interest or their respective attorneys or accountants, and represent no interest adverse to the Receiver in matters upon which they are to be retained.

THEREFORE, the Receiver, requests that he be authorized to employ the law firm of Kroger, Gardis & Regas as his counsel to represent him in these proceedings.

**James A. Knauer, Receiver for Heartland
Financial Services, Inc. and JMS Investment
Group, L.L.C.**

By 
James A. Knauer, Receiver

CERTIFICATE OF SERVICE

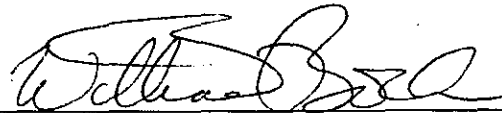
The undersigned hereby certifies that the foregoing has been served upon the following parties by placing a copy of the same in the United States Mail, first class postage pre-paid, on this 6th day of September, 2000:

Paul A. Montoya
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