

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF INDIANA

UNITED STATES SECURITIES	)	
AND EXCHANGE COMMISSION,	)	
	)	
Plaintiff,	)	Civil Action No.
	)	IP00-1265 C
KENNETH R. PAYNE,	)	
JOHANN M. SMITH,	)	
DANIEL G. BANKER, CONSTANCE	)	Judge J.D. Tinder
BROOKS-KIEFER,	)	
HEARTLAND FINANCIAL SERVICES,	)	
INC., AND JMS INVESTMENT	)	
GROUP, LLC.	)	
	)	
Defendants.	)	

**ENTRY GRANTING RECEIVERS MOTION: 1) TO TERMINATE PORTIONS OF LEASEHOLD SPACE OF HEARTLAND FINANCIAL SERVICES, INC.;**  
**2) TO ENGAGE AUCTIONEER; 3) TO CONDUCT AUCTION SALE OF BUSINESS EQUIPMENT AND OFFICE FURNISHINGS OF HEARTLAND FINANCIAL SERVICES, INC.**

James A. Knauer, the Receiver for Heartland Financial Services, Inc. ("Heartland") and JMS Investment Group, Inc. ("JMS"), has filed with the court a *Receivers Motion: 1) to Terminate Portions of Leasehold Space of Heartland Financial Services, Inc.; 2) to Engage Auctioneer; 3) to Conduct Auction Sale of Business Equipment and Office Furnishings of Heartland Financial Services, Inc.* (the "Motion") by the terms of which the Receiver requests the court's approval to take certain actions more particularly described therein with regard to terminating part of the office lease of Heartland Financial Services, Inc.; to conduct an auction sale of most of Heartland's office equipment and furnishings and to engage an auctioneer to conduct the proposed auction sale.

The court, having considered the request of the Receiver as set forth in the Motion, now finds that the Motion should, in all respects be granted and it is, therefore,

**ORDERED:** The Receiver may enter into the proposed agreement with Heartland's landlord to partially terminate Heartland's lease upon the terms set forth in the Motion;

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**FURTHER ORDERED;** The Receiver is authorized to conduct a public auction sale of the business equipment and office furnishings of Heartland and JMS. In view of the fact that applicable Uniform Commercial Code filings against Heartland or JMS have been lost by Office of the Secretary of State of the State of Indiana, the Receiver shall attempt to notify all persons whom the Receiver reasonably believes may assert a claim to any equipment or furnishings located at Heartland's offices by furnishing them with a copy of the Motion and this Order. Any person who objects to the sale of any asset is ordered to file, within five (5) business days of the receipt notice of the sale, a written objection with this court setting forth; (i) the nature of the claim of such person, (ii) attaching copies of any documentation upon which such person's claim is based and; (iii) the amount the claimant alleges to be due. Such objection shall be served upon the Receiver, *James A. Knauer, Kroger, Gardis & Regas, PO Box 44941 Monument Circle, Suite 900 Indianapolis, IN 46244-0941*. Upon the receipt of any properly filed objection, the Receiver will either; a) sell the item with a reserve equal to or greater than the amount claimed by the objector, b) withhold the item from the sale until the objection can be resolved by the court, or, c) abandon the equipment item to the creditor if the Receiver agrees with the objection and concludes that there is no equity in the asset or that the Receiver is not likely to obtain the court's approval to sell the asset..

**FURTHER ORDERED;** The Receiver is authorized to engage Commercial Liquidators of America Inc. as auctioneers for the Receiver to conduct the auction sale herein approved and, following the conclusion of the sale, to pay the customary and reasonable expenses of such sale and to pay the auctioneers in accordance with the terms of their contract as set forth in the Motion.

DATED           9/11/00          

**John Daniel Tinder**

John Daniel Tinder, Judge, U.S. District Court

Distribution attached

Distribution:

James A. Knauer  
Kroger, Gardis & Regas, L.L.P.  
111 Monument Circle, Suite 900  
P.O. Box 44941  
Indianapolis, Indiana 46244-0941

William Bock, III  
Kroger, Gardis & Regas, L.L.P.  
111 Monument Circle, Suite 900  
P.O. Box 44941  
Indianapolis, Indiana 46244-0941

Paul A. Montoya  
United States Securities and Exchange Commission  
500 West Madison Street  
Suite 1400  
Chicago, Illinois 60661

Kara M. Washington  
United States Securities and Exchange Commission  
500 West Madison Street  
Suite 1400  
Chicago, Illinois 60661

Jeannette L. Lewis  
United States Securities and Exchange Commission  
500 West Madison Street  
Suite 1400  
Chicago, Illinois 60661

Fred D. Scott  
Attorney at Law  
55 Monument Circle  
Suite 814  
Indianapolis, Indiana 46204