

Exhibit "B"

November 15, 2000

Re: *Heartland Financial Services*

Dear

This letter is being written to you in my capacity as the Receiver appointed by the United States District Court for the Southern District of Indiana in proceedings initiated by the United States Securities and Exchange Commission against Heartland Financial Services, Inc., JMS Investment Group, LLC and numerous affiliated companies (the "Heartland Companies") which were founded and managed by, Kenneth R. Payne, Johann Smith, Daniel Danker and others.

As you may now be aware from news stories, for much of their existence, the Heartland Companies were little more than a "Ponzi Scheme" in which investors who received payments of purported "profits" were actually paid money derived from investment funds received from later investors.

According to the records compiled by the accountants for the Receiver, you actually received more in payments from the Heartland Companies than you invested. The law is fairly well established that in the case of Ponzi Schemes the excess of the amounts received by investors over the amounts actually paid in are recoverable by a Receiver. Notwithstanding what may have been reported to you by the Heartland Companies, your funds were not invested, there were no profits paid to you and the funds that you received were simply other peoples money.

Attached to this letter is a schedule from the records of the Heartland Companies showing amounts that have been attributed to your account for receipts and disbursements. Although the accountants have strived to be accurate, we recognize in some circumstances your records may disagree

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with these figures and we will be happy to review your disbursement and deposit records to arrive at a correct figure.

One of my duties as Receiver is to recover funds paid to investors in excess of their investments. In order to induce you to settle this claim with the Receiver and avoid the costs of litigation, the Receiver is willing to accept, subject to the approval of the court, 85% of the amount of the claim against you. In order to accept the Receiver's settlement offer, you must contact the undersigned within five business days of receipt of this letter, after which time the foregoing settlement offer will be automatically withdrawn and we reserve the right to commence litigation to recover the amounts due to the Heartland Receivership.

While the offer of a discount contained in this letter is designed to encourage settlement and reduce litigation costs (for both you and the Receiver), nevertheless, in order to assess our claim and the likelihood of success in pursuing it, you may wish to consult your counsel. We encourage review of the case of *Shoals vs. Lehman* 56 F. 3d 750 (7th Cir. 1995). This case was an action in which a federal receiver for a Ponzi Scheme sought, among other things, to recover funds from an investor who had received payments in excess of his investment. We believe it is the definitive law of the 7th Circuit on the types of claims which are being asserted by the Heartland receiver against you and it is derived from a set of facts remarkably similar to the Heartland cases.

Sincerely,

James A. Knauer

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enclosure