

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION

UNITED STATES SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

ALANAR, INC., et al.,

Defendants,

and

CHURCHMEN'S INVESTMENT CORPORATION, et al.,

Relief Defendants.

Judge: David F. Hamilton

CIVIL ACTION NO.:

1:05-CV-1102-DFH-TAB

Magistrate Judge: Tim A. Baker

**ELEVENTH MOTION FOR INTERIM COMPENSATION OF
LAW FIRM AND ACCOUNTING FIRM RETAINED BY RECEIVER**

Bradley W. Skolnik, the Receiver herein, petitions the Court for authorization of payment of fees and expenses to BGBC Partners, LLP, the Receiver's accountants, and Harrison & Moberly, LLP, the attorneys retained by the Receiver to assist in these proceedings. In support thereof, the Receiver shows the Court as follows:

Background

1. On December 20, 2005, this Court entered its Order Granting Plaintiff Securities and Exchange Commission's Motion to Convert Monitorship to Receivership. (Docket No. 73). Pursuant to this Order, as amended, Bradley W. Skolnik was appointed as the Receiver in this action and has been specifically authorized to employ the law firm of Harrison & Moberly, LLP, and the accounting firm of BGBC Partners, LLP, as well as other lawyers and professionals deemed necessary by the Receiver to carry out his duties and responsibilities.
2. This request for interim compensation for the law firm of Harrison & Moberly, LLP and the accounting firm of BGBC Partners, LLP is for work on behalf of the Receiver performed by

these firms. The Receiver believes all such work performed and services rendered were proper and necessary in order for Harrison & Moberly, LLP to provide legal services to the Receiver and for BGBC Partners, LLP to provide accounting services and assist in the forensic investigation in this matter.

3. Since the inception of the Receivership on December 20, 2005, the Receiver has previously filed ten interim motions for compensation of law firms and accounting firms retained by the Receiver, all of which have been granted by this Court.

4. The services to be rendered by the Receiver, his counsel and the forensic accountants retained by him are extensive as Receiver Defendant, Alanar, Inc. ("Alanar"), and the related entities that comprise the Receiver Defendants can best be described as a financial services conglomerate that once consisted of approximately:

- Fifty-two (52) separate entities (forty-two (42) of which are bond funds),
- Four hundred thirty-eight (438) separate bond/brokerage accounts,
- Over three (300) open bond issues, with an aggregate outstanding balance due from issuers of almost \$165,000,000, and
- Over ten thousand (10,000) individual accounts.

Request for Interim Compensation of Law Firm of Harrison & Moberly, LLP

5. The law firm of Harrison & Moberly, LLP has performed various services all of which are described in detail in its statement for services rendered, a copy of which is attached hereto and incorporated by reference herein as Exhibit A. The services performed by Harrison & Moberly, LLP for and on behalf of the Receiver during the period from July 1, 2010 through October 15, 2010 include, but are not limited to, the following:

- a. The Receiver and his counsel and accountants continue to devote a substantial amount of time to matters pertaining to the implementation of the Approved Alternative Receivership Plan (Docket No. 321), including the implementation and administration of the investor claims and trade creditor claims procedures adopted by this Court.
- b. The Receiver and his counsel and accountants have devoted a substantial amount of time implementing the orders entered by this Court authorizing the distribution, to date, of approximately \$35 million to investors and trade creditors.
- c. The Receiver and his counsel and accountants have devoted a significant amount of time to a variety of matters and issues pertaining to the individual retirement accounts (IRAs) for which Receiver Defendant Guardian Services, LLC serves as custodian and the 401(k) accounts for which Alanar, Inc. serves as a plan sponsor. On January 14, 2010, the Receiver filed a Motion for Order Authorizing Receiver to Terminate Guardian Services, LLC Individual Retirement Accounts, which was granted by this Court (Docket No.1037).
- d. Receiver's counsel and accountants continue to provide the Receiver with legal and accounting advice and assistance on a variety of issues and matters pertaining to the administration of the Receivership estate. The Receiver and his counsel continue to work closely with and have attended several in-depth meetings and conferences with BGBC Partners, LLP regarding a wide variety of pending matters.
- e. The Receiver and his counsel have been required to devote a significant amount of time to pending or threatened litigation and other legal matters, including foreclosure proceedings, involving the Receiver or Receiver Defendants.

f. Receiver's counsel have devoted a considerable amount of time to a variety of real estate matters, including the gathering of information regarding the status of real estate pledged as collateral for many of the bond issues. This information is necessary in order for the Receiver and his counsel to determine the appropriate course of action to take in attempting to collect on non-performing bond issues. A substantial amount of time has been devoted by the Receiver and his counsel and accountants to preparations for the initiation of foreclosure proceedings against several defaulting bond issuers.

g. The Receiver and his counsel have spent a considerable amount of time responding to communications from and working with bond issuers (and their counsel) that are interested in refinancing or working out their indebtedness on the bonds.

h. Counsel for the Receiver have had communications with bond issuers to obtain and gather data and information regarding the issuers' indebtedness under the bond issues, including the ability or willingness of the issuers to make payments or reach settlements.

i. The Receiver and his counsel and accountants have endeavored to keep travel time to a minimum in this matter. There are occasions, however, when one of the Receiver's accountants has been required to travel to the Alanar offices in Sullivan, Indiana. Also, the Receiver and his counsel and accountant recently traveled to Detroit, Michigan for the purpose of meeting with the representatives of a defaulting bond issuer and to inspect several church properties of other defaulting bond issuers in the Detroit, Michigan area.¹

¹ The travel to Detroit was an extensive day-long trip that required the Receiver and his counsel and accountant to each devote no less than thirteen hours of time, including round-trip travel, meetings and inspections of properties, to this matter.

6. The attorneys and staff from the law firm of Harrison & Moberly, LLP have devoted a total of 380.10 hours to this matter during the period from July 1, 2010 through October 15, 2010 at an average hourly rate of approximately \$189.90 for a total amount of fees of \$72,181.00, incurred expenses of \$560.59, for a total amount due of \$72,741.59.

7. No agreement or understanding exists between the members of Harrison & Moberly, LLP or any other person for the sharing of compensation to be received for services rendered in connection with this case.

8. Harrison & Moberly, LLP has been employed by the Receiver pursuant to an agreement that its services would be billed on an hourly rate, subject to review and approval of this Court.

Request for Interim compensation of Accounting Firm of BGBC Partners, LLP

9. The accounting firm of BGBC Partners, LLP has performed various services all of which are described in detail in the description of services rendered and statement attached hereto and incorporated by reference herein as Exhibit B.

10. The accountants and staff of BGBC Partners, LLP devoted a total of 174.50 hours to this matter during the period from July 1, 2010 through October 15, 2010 at an average hourly rate of approximately \$235.78, for a total amount of fees of \$41,143.26, and incurred costs and expenses of \$2,863.30, for a total amount due of \$44,006.56.

11. No agreement or understanding exists between the BGBC Partners, LLP and any other person for the sharing of compensation to be received for services rendered in connection with this case.

12. The Plaintiff, U.S. Securities and Exchange Commission, has reviewed the attached statements for services rendered and expenses incurred by the law firm and accounting firm

retained by the Receiver and has informed the Receiver that it has no objections regarding these statements.

WHEREFORE, Bradley W. Skolnik, the Receiver herein, respectfully prays that:

a. The Court award the Receiver's counsel, Harrison & Moberly, LLP, an interim allowance of compensation for legal fees and expenses in the amount of \$72,741.59, or such sum as the Court deems proper, and

b. The Court award BGBC Partners, LLP, the accountants retained by the Receiver, an interim allowance of compensation for accounting fees and expenses in the amount of \$44,006.56, or such sum as the Court deems proper.

Respectfully submitted,

s/Bradley W. Skolnik
Bradley W. Skolnik (1770-49)
Receiver

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CERTIFICATE OF SERVICE

I hereby certify that on February 9, 2011, a copy of the foregoing Eleventh Motion for Interim Compensation of Law Firm and Accounting Firm Retained by Receiver was filed electronically. Notice of this filing will be sent to the following parties by operation of the Court's CM/ECF system:

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And I further hereby certify that on February 9, 2011 a copy of the foregoing Eleventh Motion for Interim Compensation of Law Firm and Accounting Firm Retained by Receiver was mailed, by first-class U.S. Mail, postage prepaid and addressed, to the following:

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