

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: John Daniel Tinder

CIVIL ACTION NO.:

1:05-CV-1102-JDT-TAB

Magistrate Judge: Tim A. Baker

MOTION FOR ORDER AUTHORIZING RECEIVER TO RELEASE LIEN
AFFIDAVIT RECORDED IN CONNECTION WITH FAITH FAMILY
CHRISTIAN CENTER, INCORPORATED BOND ISSUE

Comes now Bradley W. Skolnik, the Receiver herein, and petitions this Court for authority to release a lien affidavit recorded in connection with the Faith Family Christian Center, Incorporated bond issue underwritten by Alanar, Inc. In support thereof, the Receiver shows the Court as follows:

1. On December 20, 2005, the undersigned was appointed as the Receiver for Alanar, Inc. and several related entities, including the Receiver Defendant Guardian Services, LLC.
2. Alanar, Inc. was the underwriter of bonds ("Bond Issue No. 2409") first issued in 2004 by Faith Family Christian Center, Incorporated ("Faith Family"), located in Marshall, Minnesota.
3. In 2004, Faith Family and Southern Michigan National Bank & Trust ("SMBT"), as indenture trustee and Guardian Services, LLC as paying agent, executed a trust indenture for Faith Family's issuance of bonds in the principal amount of \$770,250. The trust indenture provides for a lien in favor of the indenture trustee, SMBT, on certain real estate owned by Faith Family located in Marshall, Minnesota. A copy of the trust indenture is attached hereto as Exhibit A.

4. According to the prospectus for the bond issue, The Bank of the West, formerly known as the Community First Bank, held a first mortgage on the subject real estate, and the proceeds from the sale of the bonds were to be used, among other things, to refinance and payoff the indebtedness to the bank. However, the indebtedness to The Bank of the West has not been paid off, presumably because sufficient funds were not raised from the sale of bonds. Accordingly, The Bank of the West still holds a first mortgage on Faith Family's real estate in Marshall, Minnesota and has obtained a decree of foreclosure and a monetary judgment in the amount of \$698,625.35 against Faith Family.

5. Faith Family never executed a mortgage in favor of SMBT as required under the terms of the trust indenture and, therefore, no mortgage was ever recorded which evidences that the indenture trustee holds a lien on the subject real estate for the benefit of the bondholders. On January 23, 2006, SMBT filed a lien affidavit as Document No. 164084 in the office of the Lyon County (Minnesota) Recorder, presumably to assert the indenture trustee's lien on the subject real estate pursuant to the trust indenture. A copy of the lien affidavit is attached hereto as Exhibit B.

6. On November 17, 2006, the Court entered an Order removing SMBT as indenture trustee in connection with various bond issues underwritten by Alanar, Inc., including bond issue #2409. The Receiver is presently carrying out the duties of an indenture trustee under the Court's supervision until a permanent trustee is appointed.

7. The Receiver has been advised that Faith Family has apparently obtained third party financing that will allow it to pay off the indebtedness due and owing in connection with Bond Issue No. 2409. The pay-off figure has been verified by the Receiver's accountant and the Receiver believes the pay-off figure represents the full amount owed by Faith Family.

According to the Receiver's accountant, the sum of \$107,932.77 remains due and owing, as of March 19, 2007, under the terms of the bond issue and the trust indenture.

8. The Receiver requests authorization to release the lien affidavit recorded by SMBT as Document No. 164084 in the office of the Lyon County (Minnesota) Recorder upon full payment by Faith Family to the paying agent Guardian Services, LLC of the entire balance owed by Faith Family under Bond Issue No. 2409.

9. The Receiver respectfully requests that the proceeds from the payment to the paying agent Guardian Services, LLC by Faith Family of the indebtedness owed under the bond issue should be held by the Receiver pending further order of this Court.

10. The Receiver believes it is clearly in the best interests of the investors in this bond issue as well as the Receivership for the paying agent Guardian Services, LLC to collect the payment at this time of the full indebtedness owed by Faith Family under the bond issue.

WHEREFORE, the Receiver, Bradley W. Skolnik, respectfully requests the Court to enter an order:

- a) Authorizing the Receiver to release the lien affidavit recorded as Document No. 164084 in the office of the Lyon County (Minnesota) Recorder upon payment by Faith Family to the paying agent Guardian Services, LLC of the entire balance owed in connection with Bond Issue No. 2409; and
- b) Requiring the Receiver to hold the proceeds received by the Guardian Services, LLC from Faith Family pending further order of this Court.

Respectfully submitted,

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

CERTIFICATE OF SERVICE

Service of the foregoing was accomplished via the United States District Court's Electronic Notification and/or via U.S. Mail, first class postage pre-paid, this 20th day of March 2007, addressed to:

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