

To: Trade Creditors of Alanar, Inc. and related entities

Re: *United States Securities & Exchange Commission v. Alanar, Inc., et al.*  
United States District Court of the Southern District of Indiana (Indianapolis  
Division) Case No. 1:05-cv-01102-DFH-TAB

**TO INTERESTED PARTIES IN THE ALANAR, INC. RECEIVERSHIP CONCERNING  
THE "TRADE CREDITOR CLAIMS PROCEDURE" FOR DISTRIBUTIONS FROM  
THE RECEIVERSHIP ESTATE**

***You are encouraged to carefully study this summary and accompanying documents for details concerning the Trade Creditor Claims Procedure approved by the Court, and to consult with your own attorney or other advisors concerning your rights and obligations thereunder.***

On June 12, 2009, the United States District Court for the Southern District of Indiana (the "Court") approved the Trade Creditor Claims Procedure proposed to the Court by the Court-appointed Receiver, Bradley W. Skolnik (the "Receiver"). The following is a summary of the provisions of the Trade Creditor Claims Procedure provided for your convenience; a copy of the Trade Creditor Claims Procedure has also been sent to you. The Trade Creditor Claims Procedure adopted by the Court, the Receiver's *Motion to Adopt Trade Creditor Claims Procedure* (the "Trade Creditor Claims Procedure Motion"), and the Trade Creditor Claims Procedure Adoption Order are also available from the Court Clerk, 46 East Ohio Street, Room 105, Indianapolis, Indiana 46204, or by accessing the Receiver's website at [www.alanarinfo.com](http://www.alanarinfo.com). Again, you are encouraged to carefully study the Trade Creditor Claims Procedure and to consult with your own advisors regarding your rights and obligations under the Claims Procedure.

**SUMMARY OF TRADE CREDITOR CLAIMS PROCEDURE**

(1) **Mailing to Known Trade Creditors.** No later than July 13, 2009, the Receiver shall mail or cause to be mailed the Claims Packet to all Trade Creditors known to the Receiver by United States First Class Mail. The Claims Packet includes: (i) a Proof of Claim Form to be completed and filed with the Receiver; (ii) the Trade Creditor Claims Procedure; and (iii) this Summarizing Letter. Any purported Trade Creditor Claimant who does not receive a Claims Packet may request one by contacting the claims administrator for the Receiver at Stewart & Irwin, P.C., 251 E. Ohio St., Suite 1100, Indianapolis, Indiana 46204, (317) 639-5454, (317) 632-1319 (fax), [receiver@silegal.com](mailto:receiver@silegal.com) (email).

(2) **Publication and Posting on Website.** Within ten (10) days following the entry of the Trade Creditor Claims Procedure Adoption Order, the Receiver shall post a copy of the Trade Creditor Claims Procedure and the Trade Creditor Claims Procedure Adoption Order, including all Exhibits, on the Receiver's Alanar website, [www.alanarinfo.com](http://www.alanarinfo.com). The Receiver shall also promptly provide a Claims Packet to any requesting Trade Creditor.

(3) **Filing of Proof of Claim Form.** On or before the Claims Bar Date of **August 26, 2009**, any non-bond issuer Trade Creditor seeking to assert a claim must file with the Receiver a properly completed Proof of Claim Form reflecting the dollar amount of all goods and services provided to an Alanar Business Entity prior to the date of the Court's Order appointing the Receiver (December 20, 2005), all payments received from an Alanar Business Entity, and all supporting documentation. Any Trade Creditor which issued bonds underwritten by an Alanar Business Entity seeking to assert a claim must file with the Receiver a properly completed Proof of Claim Form reflecting the receivables and payables (if any) for each of the issuer's Bond Issues, and all supporting documentation. Unless waived by the Receiver in his sole discretion for good cause shown, any Trade Creditor or purported Trade Creditor that does not file a properly completed and documented Proof of Claim Form with the Receiver on or before the Claims Bar Date shall be forever barred from asserting a claim against the Alanar Business Entities, the Receiver, or the Receivership Estate, except for Governmental Authorities whose claims retain validity under applicable law. Trade Creditors shall bear the burden of ensuring that Proof of Claim Forms and accompanying documentation have been properly and timely received by the Receiver.

(4) **Review of Proof of Claim Forms and Mailing of Determination Notice.** The Receiver will review each timely filed and properly documented Proof of Claim Form to determine the validity and proper amount of the Claim. After making such a determination, the Receiver will then mail by United States First Class Mail a Determination Notice to each Trade Creditor that has timely filed a properly documented Proof of Claim Form on or before the Claims Determination Date of **October 26, 2009**. For each Claim the Receiver determines to be valid, the Determination Notice will contain the Receiver's calculation of the Trade Creditor's ATCC to be used for distributions from the Receivership Estate.

(5) **Requests for Redetermination.** Any Trade Creditor Claimant who disagrees with the Receiver's determination of the validity of their Claim or the calculation of their ATCC as set forth in the relevant Determination Notice may file a Request for Redetermination with the Receiver by mailing the Receiver a request clearly detailing the basis for the Trade Creditor Claimant's disagreement with the Receiver's determination of the validity of their Claim or the calculation of their ATCC, together with the ATCC claimed by the Trade Creditor Claimant and all supporting documentation. The Receiver will review each Request for Redetermination and accompanying documentation to determine the validity of such Request. The Receiver will then mail by United States First Class Mail a Final Determination Notice to each Investor Claimant filing a Request for Redetermination setting forth the Receiver's conclusions concerning such Request for Redetermination. The Receiver will also have the right to refer the Request for Redetermination of any Trade Creditor Claimant to the Court for final adjudication. **Any Request for Redetermination must be filed with the Receiver no later than thirty (30) days after the date the Determination Notice was mailed to the Trade Creditor Claimant. Unless waived by the Receiver in his sole discretion for good cause shown, any disagreeing Trade Creditor Claimant or purported Trade Creditor Claimant that does not timely file a properly completed and documented Request**

**for Redetermination with the Receiver shall be forever barred from disputing the Receiver's determination of the validity of their Claim or the ATCC shown in the Determination Notice.**

(6) **Right to Request Adjudication.** Any Trade Creditor Claimant dissatisfied with the Receiver's Final Determination Notice may request adjudication of their Request for Redetermination from the Court by filing a Request for Adjudication with the Receiver and the Court. **A failure to request adjudication within thirty (30) days of the date the Final Determination Notice was mailed to the Trade Creditor Claimant by the Receiver will waive the Trade Creditor Claimant's right to object to the Final Determination Notice.**

(7) **Resolution by Magistrate Judge or Special Master.** If a Trade Creditor Claimant files a Request for Adjudication or the Receiver requests that a claim be referred to the Court, the matter will be referred to a Magistrate Judge or Special Master appointed by the Court. The Magistrate Judge or Special Master may make a final determination based upon the written submissions or may set the matter for hearing. The Trade Creditor Claimant shall have the burden of proof in any adjudication. The final determination of the Magistrate Judge or Special Master may be appealed to the Court through procedures to be established by the Court as needed.

(8) **Validity.** No Trade Creditor or Trade Creditor Claimant who has failed to timely file an appropriate Request for Redetermination or Request for Adjudication shall be permitted to object to the barring or treatment of their Claim on the basis that the Receiver failed to properly mail, or that the Trade Creditor failed to receive, a Claims Packet or Final Determination Notice, or that such documents were not properly recorded as received by the Receiver or the Court Clerk. The burden of notifying the Receiver of a Trade Creditor's current address and other contact information shall be upon the Trade Creditor.

## Definitions

- A. “*Alanar Business Entities*” includes: (a) Alanar, Inc.; (b) Churchmen’s Income Bond Fund 1, LLC, Churchmen’s Income Bond Fund 2, LLC, Churchmen’s Income Bond Fund 3, LLC, Churchmen’s Income Bond Fund 4, LLC, Churchmen’s Income Bond Fund 6, LLC, Churchmen’s Income Bond Fund 7, LLC, Churchmen’s Income Bond Fund 8, LLC, Churchmen’s Income Bond Fund 11, LLC, Churchmen’s Income Bond Fund 13, LLC, Churchmen’s Income Bond Fund 14, LLC, Churchmen’s Income Bond Fund 15, LLC, Churchmen’s Growth Bond Fund 1, LLC, Churchmen’s Growth Bond Fund 3, LLC, Churchmen’s Growth Bond Fund 4, LLC, Churchmen’s Growth Bond Fund 6, LLC, Churchmen’s Growth Bond Fund 7, LLC, Churchmen’s Growth Bond Fund 10, LLC, Churchmen’s Growth Bond Fund 11, LLC, Churchmen’s Growth Bond Fund 12, LLC, Churchmen’s Aggressive Income Bond Fund 1, LLC, Churchmen’s Aggressive Income Bond Fund 2, LLC, Churchmen’s Aggressive Income Bond Fund 3, LLC, Churchmen’s Aggressive Income Bond Fund 4, LLC and Regent Capital, LLC, Churchmen’s Income Bond Fund 5, LLC, Churchmen’s Income Bond Fund 9, LLC, Churchmen’s Income Bond Fund 10, LLC, Churchmen’s Income Bond Fund 12, LLC, Churchmen’s Income Bond Fund 16, LLC, Churchmen’s Income Bond Fund 17, LLC, Churchmen’s Growth Bond Fund 2, LLC, Churchmen’s Growth Bond Fund 5, LLC, Churchmen’s Growth Bond Fund 8, LLC, Churchmen’s Growth Bond Fund 9, LLC, Churchmen’s Growth Bond Fund 13, LLC, Churchmen’s Growth Bond Fund 14, LLC, Churchmen’s Growth Bond Fund 15, LLC, Churchmen’s Aggressive Growth Bond Fund 1 LLC, Churchmen’s Aggressive Growth Bond Fund 2, LLC, Churchmen’s Aggressive Growth Bond Fund 3, LLC, Churchmen’s Aggressive Income Bond Fund 5, LLC, Churchmen’s Aggressive Income Bond Fund 6, LLC; (c) Guardian Services, LLC, First Financial Services of Sullivan County, Inc., The Liberty Group, Inc.; (d) Churchmen’s Investment Corp., Churchmen’s Capital Group, Inc. AIC Aviation, Inc., The Citadel Corporation of Sullivan County, Northstar Mortgage Funding, Inc., Northstar Development Corp.; and (e) the Reeves Family Limited Partnership.
- B. “*ATCC*” is a Trade Creditor’s Adjusted Trade Creditor Claim which shall be calculated by subtracting all payments made to a Trade Creditor on account of goods or services provided to an Alanar Business Entity from the dollar amount of goods or services provided to an Alanar Business Entity. Trade Creditors who have zero or negative ATCCs will not be entitled to participate in a Receivership Estate distribution. In calculating ATCCs for any Trade Creditors with multiple claims, the Receiver shall net positive and negative ATCCs to arrive at one combined ATCCs for each Trade Creditor.
- C. “*Claims Bar Date*” is the date by which a Trade Creditor must file a properly completed and documented Proof of Claim Form with the Receiver to avoid their claim being barred. Any Proof of Claim Form filed after this date shall be barred, except for good cause shown at the discretion of the Receiver. The Claims Bar Date is **August 26, 2009**.
- D. “*Claims Determination Date*” is the date by which the Receiver must reach his determination concerning the validity and amount of each Trade Creditor Claim. . The Claims Determination Date is **October 26, 2009**.
- E. “*Court Clerk*” is the Clerk of the United States District Court for the Southern District of Indiana, Indianapolis Division.

- F. **“Determination Notice”** is the notice sent by the Receiver stating the Receiver’s determination concerning the validity and amount of a Trade Creditor Claim.
- G. **“Final Determination Notice”** is the notice sent by the Receiver stating the Receiver’s final determination concerning an Trade Creditor Claimant’s Request for Redetermination.
- H. **“Governmental Authorities”** are federal, state, and local regulatory authorities, including, without limitation, taxing, workmen’s compensation, and unemployment authorities.
- I. **“Proof of Claim Form”** is the form to be filed with the Receiver with supporting documentation setting forth the basis and amount of a Trade Creditor Claim.
- J. **“Request for Adjudication”** is a Trade Creditor Claimant’s request to the Court Clerk asking for an adjudication of the Receiver’s Final Determination.
- K. **“Request for Redetermination”** is a Trade Creditor Claimant’s request, accompanied by any necessary supporting documentation, filed by the Trade Creditor Claimant with the Receiver requesting that the Receiver redetermine the validity or amount of the Trade Creditor Claim.
- L. **“Trade Creditors”** are: (a) those natural persons and entities that have provided goods or services to or otherwise have non-investment claims against the Alanar Business Entities; (b) those Governmental Authorities with non-investment claims against the Alanar Business Entities; and (c) those entities which issued bonds in the Bond Issues.
- M. **“Trade Creditor Claimant”** is a Trade Creditor or purported Trade Creditor that has timely filed an appropriate Proof of Claim Form as prescribed in the Trade Creditor Claims Procedure. Classification of a Trade Creditor as a Trade Creditor Claimant does not involve any determination of the validity, amount, or priority of a Trade Creditor Claim or the entities potentially liable therefore.
- N. **“Trade Creditor Claims”** are claims of Trade Creditor Claimants.
- O. **“Trade Creditor Claims Procedure”** is the procedure adopted by the Court for the determination of the amount and validity of Trade Creditor Claims, as amended or modified by the Court from time to time.
- P. **“Trade Creditor Claims Procedure Adoption Order”** is the Court’s Order adopting the Investor Claims Procedure and providing for implementation thereof.