

U.S. SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
RELEASE NO. 52353 / August 29, 2005

ADMINISTRATIVE PROCEEDING
FILE NO. 3-12018

**ADMINISTRATIVE PROCEEDINGS INSTITUTED AGAINST ALANAR, INC.,
VAUGHN A. REEVES, SR., VAUGHN A. REEVES, JR., JONATHAN
CHRISTOPHER REEVES, AND JOSHUA CRAIG REEVES**

The Securities and Exchange Commission (Commission) announced today that it has instituted Public Administrative Proceedings and Notice of Hearing Pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Order”) against Alanar, Inc. (“Alanar”), Vaughn A. Reeves, Sr., Vaughn A. Reeves, Jr., Jonathan Christopher Reeves, and Joshua Craig Reeves (“the Reeves”) to determine whether the Commission should suspend or revoke the registrations of Alanar and the Reeves under Section 15(b) of the Securities Exchange Act of 1934.

The Commission alleges that, from at least 2001 until 2005, in connection with the sale of church bonds and units of bond funds, Alanar and the Reeves misused funds meant for the repayment of bondholders and bond fund investor proceeds. Employing solicitations appealing to the Christian faith of many investors, Alanar and the Reeves raised at least \$120 million through church bond issuances and \$54 million through the sale of bond fund units. The Reeves diverted at least \$8 million worth of church funds meant to repay bondholders into an online brokerage account at E*Trade Financial and used those funds to trade stock and options, loaned \$617,000 of those bondholder repayment funds to a slow-paying bond issuer, and made unsecured loans to themselves and other entities they controlled. The Reeves misused bond fund investor proceeds by causing the bond funds to loan \$535,000 to each other and transferring almost \$5 million worth of bond fund investor proceeds to other entities they controlled. None of these misuses of bond repayment funds or bond fund investor proceeds were disclosed to investors. Alanar and the Reeves also misrepresented the rates of return for at least four bond funds.

A hearing will be scheduled before an administrative law judge to determine whether the allegations contained in the Order are true, to provide Alanar and the Reeves an opportunity to dispute these allegations, and to determine what sanctions, if any, are appropriate and in the public interest.

The Commission directed that an Administrative Law Judge shall issue an initial decision in this matter no later than 120 days from the date of service of its Order.