

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**  
**August 29, 2005**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-12018**

**In the Matter of**

**ALANAR, INC.,  
VAUGHN A. REEVES, SR.,  
VAUGHN A. REEVES, JR.,  
JONATHAN CHRISTOPHER  
REEVES and  
JOSHUA CRAIG REEVES,**

**Respondents.**

**ORDER INSTITUTING ADMINISTRATIVE  
PROCEEDINGS PURSUANT TO SECTION  
15(b) OF THE SECURITIES EXCHANGE  
ACT OF 1934 AND NOTICE OF HEARING**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against Alanar, Inc. (“Alanar”), Vaughn A. Reeves, Sr. (“Vaughn Reeves”), Vaughn A. Reeves, Jr. (“Chip Reeves”), Jonathan Christopher Reeves (“Chris Reeves”), and Joshua Craig Reeves (“Josh Reeves”) (collectively, “the Respondents”).

**II.**

After an investigation, the Division of Enforcement alleges that:

**A. RESPONDENTS**

1. Alanar is a Georgia corporation headquartered in Sullivan, Indiana, which has been registered with the Commission as a broker-dealer from November 1988 to the present.

2. Vaughn Reeves, a resident of Sullivan, Indiana, is the Chairman and CEO of Alanar, and was a registered representative associated with Alanar from September 1988 until July 2005.

3. Chip Reeves, a resident of Sullivan, Indiana, is the President, Chief Compliance Officer, and a director of Alanar, and was a registered representative associated with Alanar from September 1988 until July 2005.

4. Chris Reeves, a resident of Sullivan, Indiana, is a Vice President and a director of Alanar, and was a registered representative associated with Alanar from January 1992 until July 2005.

5. Josh Reeves, a resident of Sullivan, Indiana, is a director of Alanar and was a registered representative associated with Alanar from January 1998 until July 2005.

#### B. ENTRY OF THE INJUNCTION

6. On July 26, 2005, an Order of Permanent Injunction and Other Relief (“Order”) was entered by consent against: (1) Vaughn, Chip, Chris, and Josh Reeves (collectively, “the Reeves”), permanently enjoining them from future violations of Section 17(a) of the Securities Act of 1933 (“Securities Act”) and Section 10(b) of the Exchange and Rule 10b-5 thereunder; and (2) Alanar permanently enjoining it from future violations of Section 17(a) of the Securities Act and Sections 10(b) and 15(c)(1) of the Exchange Act and Rule 10b-5 thereunder, in the civil action entitled Securities and Exchange Commission v. Alanar, Inc., et al., Civil Action Number 1:05-cv-01102, in the United States District Court for the Southern District of Indiana.

7. The Commission’s complaint alleged 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.

### III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative proceedings be instituted to determine:

A. Whether the allegations set forth in Section II are true and, in connection therewith, to afford the Respondents an opportunity to establish any defenses to such allegations; and

B. What, if any, remedial action is appropriate in the public interest against the Respondents pursuant to Section 15(b) of the Exchange Act.

#### IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that the Respondents shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If the Respondents fail to file the directed answer, or fail to appear at a hearing after being duly notified, the Respondents may be deemed in default and the proceedings may be determined against them upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon the Respondents personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 210 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

For the Commission, by its Secretary, pursuant to delegated authority.

Jonathan G. Katz  
Secretary