

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 52564 / October 5, 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 MAKING FINDINGS AND  
IMPOSING REMEDIAL SANCTIONS  
PURSUANT TO SECTION 15(b) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**I.**

The Securities and Exchange Commission (“Commission”) instituted public administrative proceedings on August 29, 2005 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.**

Following institution of these proceedings, the Respondents submitted an Offer of Settlement (“Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over them and the subject matter of these proceedings, and the findings contained in Section III.6 below, which are admitted, Respondents consent to the entry of

this Order Making Findings and Imposing Remedial Sanctions Pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Order”), as set forth below.

### III.

On the basis of this Order and Respondents’ Offer, the Commission finds that:

#### 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, age 61 and 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, age 40 and 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, age 36 and 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, age 29 and a resident of Sullivan, Indiana, is a director of Alanar and was a registered representative associated with Alanar from January 1998 until July 2005.

#### ENTRY OF THE INJUNCTION

6. On July 26, 2005, an Order of Permanent Injunction and Other Relief 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 Act 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.

#### IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondents' Offer.

Accordingly, it is hereby ORDERED:

Pursuant to Section 15(b)(4) of the Exchange Act, that the registration of Alanar as a broker and dealer with the Commission be, and hereby is, revoked; and

Pursuant to Section 15(b)(6) of the Exchange Act, that Vaughn Reeves, Chip Reeves, Chris Reeves and Josh Reeves be, and hereby are barred from association with any broker or dealer;

Any reapplication for association by any of the Respondents will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

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

Jonathan G. Katz  
Secretary