

COPY

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION

FILED
CHARLOTTE, N. C.

MAY 20 2004

U. S. DISTRICT COURT
W. DIST. OF N. C.

MICHAEL J. QUILLING, Receiver §
for Frederick J. Gilliland, §
Plaintiff, §
v. §
MARILYN CRISTELL and the §
ESTATE OF RAYMOND R. CRISTELL, §
Defendants. §

Civil Action No. 3:04CV252

COMPLAINT

TO THE HONORABLE JUDGE OF SAID COURT:

COMES NOW, Michael J. Quilling, in his capacity as Receiver for Frederick J. Gilliland, ("Plaintiff") and files this his Complaint against Marilyn Cristell and the Estate of Raymond R. Cristell and in support of such would respectfully show unto the Court as follows:

PARTIES

1. Michael J. Quilling is the Receiver appointed for Frederick J. Gilliland in Civil Action No. 3:02CV128-McK, styled *Securities and Exchange Commission v. Frederick J. Gilliland, Defendant and MMACMC Banque de Commerce, Inc., Relief Defendant*, pending before the United States District Court for the Western District of North Carolina, Charlotte Division, the Honorable H. Brent McKnight presiding (the "SEC Proceedings").

2. Marilyn Cristell is an individual resident and citizen of the State of Florida and may be served with process at 2932 Eagle Estates Circle North, Clearwater, Florida 33761.

3. Upon information and belief, Marilyn Cristell is the personal representative of the Estate of Raymond Cristell and may be served with process at 2932 Eagle Estates Circle North, Clearwater, Florida 33761.

JURISDICTION AND VENUE

9. This Court has jurisdiction over the subject matter of this action because the actions stated herein constitute Receivership Assets within the meaning of the Order Appointing Receiver in the SEC Proceedings. In addition, this Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 754, 1692, 1331, 1332, and Fed. R. Civ. P. 4(k)(1)(D).

10. Venue for this action is proper in the Western District of North Carolina because (1) the SEC Proceedings referenced above are pending in this District and this action is ancillary to it; (2) the Receiver was appointed in this District; and (3) the action involves Receivership Assets within the meaning of the Order Appointing Receiver.

BACKGROUND FACTS

11. On March 27, 2002, the United States Securities and Exchange Commission (“SEC”) initiated Case No. 3:02CV128-McK, styled *Securities and Exchange Commission v. Frederick J. Gilliland, Defendant and MM APMC Banque de Commerce, Inc., Relief Defendant*, and in connection therewith sought the appointment of a receiver as to Frederick J. Gilliland and all entities owned or controlled by him. By Order signed May 21, 2003 entered in the SEC Proceedings, Michael J. Quilling was appointed as the Receiver and he has continued to function in that capacity since that time.

12. Prior to his appointment, Frederick J. Gilliland (“Gilliland”) operated a huge international Ponzi scheme under the auspices of a number of different entities which he owned and controlled, including Sterling Management Services, Inc. and Sterling Asset Services, Ltd. Gilliland solicited investors promising them spectacular rates of return based upon alleged but non-existent trading programs. In most instances, investors were required to send their funds to offshore bank accounts controlled by Gilliland. Between late-1997 and late-1998, large amounts of funds were

raised from investors and funneled through the offshore accounts. During that same time period, Gilliland systematically diverted investor funds for purposes not intended by the investors, including ponzi payments to other investors.

13. On or about October 9, 1998, Gilliland diverted in excess of \$90,000.00 of investor funds to Crown Eurocars, Inc. for the purchase of a 1999 Mercedes Benz SL500 (the "Vehicle"). Shortly thereafter, Gilliland transferred all rights, title and ownership of the Vehicle to Defendants.

14. On or about October 9, 1998, Gilliland diverted approximately \$25,000.00 of investor funds to Defendants.

15. No consideration of any value to the investors whose funds were diverted was given by Defendants.

COUNT ONE

FRAUDULENT TRANSFER

16. The Plaintiff incorporates paragraphs 1 through 15 set forth above as if set forth verbatim hereat.


16. The alleged investment programs operated by Gilliland were fraudulent Ponzi schemes. Consequently, all funds received by the Defendants are fraudulent transfers pursuant to applicable law. The Plaintiff hereby sues to recover each fraudulent transfer or the value thereof, plus interest at the rate allowed by law, attorneys fees and costs of court.

WHEREFORE, PREMISES CONSIDERED, the Plaintiff prays that upon final trial hereof that the Court enter judgment in favor of the Plaintiff against each of the Defendants in an amount equal to the amount of investor funds received by each Defendant, plus pre- and post-judgment interest, attorneys fees and costs of court and for such other and further relief, general or special, at law or in equity, to which the Plaintiff may show himself justly entitled.

Respectfully submitted,

QUILLING, SELANDER, CUMMISKEY & LOWNDS, P.C.
2001 Bryan Street, Suite 1800
Dallas, Texas 75201-4240
(214) 871-2100 (Telephone)
(214) 871-2111 (Facsimile)

By:



Michael J. Quilling
Texas Bar No. 16432300

ATTORNEYS FOR PLAINTIFF