

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

SECURITIES AND EXCHANGE COMMISSION, §
§
Plaintiff, § Civil Action No. 3:05-CV-1328(BD)
§
v. § ECF
§
MEGAFUND CORPORATION, STANLEY A. § **Case 3:05-cv-01328 Document 252 Filed 01/16/2007 Page 1 of 4**
LEITNER, SARDAUKAR HOLDINGS, IBC., § **Referred to the U.S. Magistrate Judge**
BRADLEY C. STARK, CIG, LTD., and §
JAMES A. RUMPF, Individually and d/b/a §
CILAK INTERNATIONAL, §
§
Defendants, §
and §
PAMELA C. STARK, §
§
Relief Defendant. §

**RECEIVER'S MOTION TO APPROVE
SETTLEMENT WITH ALLAN CLARK**

TO THE HONORABLE JEFF A. KAPLAN, UNITED STATES MAGISTRATE JUDGE:

COMES NOW, Michael J. Quilling as the Receiver for Megafund Corporation and Stanley A. Leitner ("Plaintiff" or "Receiver") and files this his Motion to Approve Settlement with Allan Clark and, in support of such, would respectfully show the Court as follows:

1. On July 1, 2005, the Securities and Exchange Commission ("SEC") initiated these proceedings against numerous defendants purportedly involved in a fraudulent investment scheme. *See Complaint* [Dkt. No. 1]. By order of July 5, 2005 this Court appointed Michael J. Quilling as Receiver for the defendants and relief defendant and he has since continued to function in that capacity. *See Order Appointing Temporary Receiver* ("Order Appointing Receiver") [Dkt. No. 9],

as amended July 19, 2005 [Dkt. No. 36].

2. The Order Appointing Receiver expressly authorizes legal action to recover funds transferred out of the Receivership Estate:

The Receiver is hereby authorized to institute such actions or proceedings to impose a constructive trust, obtain possession and/or recover judgment with respect to persons or entities who received assets or funds traceable to investor monies.

Case 3:06-cv-01328 Document 252 Filed 01/16/2007 Page 2 of 4

Id. [Dkt. No. 36] at ¶ 13.

3. On June 20, 2006 the Receiver filed a Complaint against Allan Clark, individually and d/b/a Financial Risk Specialists (collectively “Clark”). *Complaint* [Dkt. No. 1] (3:06-CV-1088). The Receiver alleged that Clark received a little over \$160,000.00 in funds fraudulently transferred from a *Ponzi* scheme or otherwise held in constructive trust for the benefit of Megafund investors.

Id.

4. Clark and the Receiver have since entered into a Settlement Agreement to resolve the claims and defenses at issue in that lawsuit. As part of that settlement, Clark has agreed to pay the Receivership Estate a total of \$160,000.00 in eight monthly installments. A true and correct copy of this Settlement Agreement is attached as Exhibit “1” and fully incorporated for all purposes.

5. The Receiver submits that approving this Settlement Agreement is clearly in the Receivership Estate’s best interests because it effectively recovers all amounts at issue in that case.

WHEREFORE, PREMISES CONSIDERED, the Receiver requests that this Court enter an Order approving the proposed Settlement Agreement attached as Exhibit “1” and awarding the Receiver such other and further relief, general or special, at law or in equity, to which he 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)
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By: /s/ Brent J. Rodine

Case 3:05-cv-01328 Document 252 Filed 01/16/2007 Page 3 of 4

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ATTORNEYS FOR RECEIVER

CERTIFICATE OF CONFERENCE

Pursuant to Local Civil Rule 7.1, the Receiver's counsel participated in separate telephone conferences with the following parties on January 16, 2007 and they do not oppose the relief requested:

Stephen J. Korotash,
Attorney for the SEC

Austin H. England,
Attorney for Allan Clark

Case 3:05-cv-01328 Document 252 Filed 01/16/2007 Page 4 of 4

/s/ Brent J. Rodine

CERTIFICATE OF SERVICE

This is to certify that on January 16, 2007, a true and correct copy of this motion has been served on the parties in this matter by electronic notice and by U.S. mail, with first-class postage pre-paid, to:

Austin H. England
VEON & ENGLAND, P.C.
909 Lake Carolyn Parkway, Suite 150
Irving, Texas 75039

/s/ Brent J. Rodine

This Motion will also be posted on the Receiver's website, www.secreceiver.com after filing.