

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

SECURITIES AND EXCHANGE COMMISSION,	§	
	§	
Plaintiff,	§	
	§	
v.	§	Civil Action No. 3:05-CV-1328-L
	§	
MEGAFUND CORPORATION, STANLEY A.	§	
LEITNER, SARDAUKAR HOLDINGS, IBC.,	§	
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 MAKE INTERIM  
DISTRIBUTION (MEGAFUND RECEIVERSHIP ESTATE)**

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

The Receiver appointed in these proceedings, Michael J. Quilling (“Receiver”), files this his Motion to Make Interim Distribution (Megafund Receivership Estate), and in support of such would respectfully show unto the Court as follows:

1. On July 5, 2005, the Court appointed the Receiver in these proceedings. Since his appointment, the Receiver has obtained possession of all known physical assets and has liquidated most of them to cash. He has also filed a number of lawsuits designed to collect additional monies, all of which are either still pending before this Court or have been resolved by prior Orders of the Court. Although there are still several matters to be pursued and resolved, they should yield additional funds to the Receivership Estate. Regardless of the outcome of those efforts, the Receiver

is currently in possession of enough cash to make a meaningful distribution to the holders of allowed claims.

2. Since his appointment, the Receiver has also been processing claims submitted by investors. To date, the Receiver has filed four different motions regarding the allowance and disallowance of "A" claims [Dkt. 210, 235, 231, 248], pursuant to which 178 claims totaling \$4,987,925.00 have been approved or are in the process of being approved. The Receiver has recently filed a motion to allow an "A" claim against the Megafund Receivership Estate on behalf of the Lancorp Financial Receivership Estate in the amount of \$8,365,000.00 [Dkt. No. 257]. Assuming that motion is granted and the Lancorp Financial Receivership Estate claim is allowed, there will be 179 claims with an aggregate total of \$13,352,925.00. It is possible, although not believed to be likely, that additional claims may be filed by investors against the Megafund Receivership Estate.

3. The Receiver currently has on hand, including interest accruals through December 31, 2006, \$949,957.14 on behalf of the Megafund Receivership Estate. If the Court grants the Receiver's Motion to Make Interim Distribution (Sardaukar Holdings Receivership Estate) [Docket No. 255], the Megafund Receivership Estate will receive an additional \$1,832,016.24 for a grand total of \$2,781,973.38. **This amount does not include amounts the Receiver has on deposit for the Lancorp Financial Receivership Estate.**

4. On October 6, 2006, the Receiver filed his Fourth Application for Allowance of Attorneys' Fees and Expenses [Dkt. No. 211] in the amount of \$43,426.76, which was denied without prejudice pending proposal of an interim distribution by the Receiver. Those amounts, plus additional attorneys' fees for the months of November and December of 2006 (\$16,673.00) need to be reserved. In addition, there are accounting fees and expenses that have accrued and that will

continue to accrue through closure of the case. There will certainly be additional attorneys' fees as the remaining litigation is concluded. Although the Receiver anticipates that there will be recoveries out of the litigation, no reliable estimate can be given to the Court as to what the litigation will yield at this time. Accordingly, so as to establish sufficient reserves for the accrued and unpaid administrative expenses and those expected to be incurred in the future, the Receiver proposes that he distribute \$2,500,000.00 at this time.<sup>1</sup> Any additional collections by the Receiver, as well as any unused reserves, will be available for a final and meaningful distribution.

5. In summary, the Court has approved and is in the process of approving claims against the Megafund Receivership Estate in the aggregate amount of \$13,352,925.00. The Receiver is requesting that \$2,500,000.00 be distributed pro-rata to the holders of the allowed claims. Assuming that those numbers are acceptable to the Court, the distribution amount to each holder of an allowed claim is calculated by dividing the amount of the distribution (\$2,500,000.00) by the amount of the claims (\$13,352,925.00) for a distribution percentage of 18.7224%. Attached hereto as Exhibit "1" is a schedule that reflects the exact amount each holder of an allowed claim will receive if the distribution is approved.

6. **This motion relates to the Megafund Receivership Estate and only the Megafund Receivership Estate. It does not relate to the Sardaukar Holdings Receivership Estate or the Lancorp Financial Receivership Estate.**

WHEREFORE, PREMISES CONSIDERED, the Receiver prays that upon final consideration of this motion and as conditioned above that the Court grant the motion and allow the

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<sup>1</sup> This amount will also allow the Receiver and the Court to deal with any additional claims that may be filed.

Receiver to make the requested interim distribution, and for such other and further relief, general or special, at law or in equity, to which the Receiver may show himself justly entitled.

Respectfully submitted,

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

By: Michael J. Quilling  
Michael J. Quilling  
State Bar No. 16432300  
Email: [mquilling@qsclpc.com](mailto:mquilling@qsclpc.com)  
D. Dee Raibourn, III  
State Bar No. 24009495  
Email: [draibourn@qsclpc.com](mailto:draibourn@qsclpc.com)

ATTORNEYS FOR RECEIVER

**CERTIFICATE OF SERVICE**

This is to certify that on the 20th day of January, 2007, a true a correct copy of the above and foregoing has been served on the attorneys for the parties in this matter via electronic notice

/s/ Michael J. Quilling

This Motion will also be posted on the Receiver's website, [www.secreceiver.com](http://www.secreceiver.com) after filing.