

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.	§	

**NOTICE OF OBJECTION FILED BY RALPH SCHAEFER  
(SARDAUKAR HOLDINGS RECEIVERSHIP ESTATE)**

TO THE HONORABLE SAM A. LINDSAY, UNITED STATES DISTRICT JUDGE:

COMES NOW, Michael J. Quilling as the Receiver appointed in this action (“Plaintiff” or “Receiver”) and files this notice that Ralph Schaefer has objected to (1) the Receiver’s proposed interim distribution to Sardaukar claimants and/or (2) the Magistrate Judge’s recommendation to disallow potential claims by Mr. Schaefer’s wife, Robin Schaefer. The Receiver would respectfully show the Court as follows:

1. On July 5, 2005, this Court appointed Michael J. Quilling as Receiver for the Defendants and Relief Defendants in this case. Since that time, the Receiver has diligently pursued assets and causes of action belonging to the Sardaukar Holdings Receivership Estate. The Receiver has also attempted to locate and contact Sardaukar investors to convince them to file investor claim forms.

### **The Claim Approval Procedure**

2. On January 11, 2007, the Receiver filed his Amended First Motion to Allow “A” Claims and Disallow Potential “A” Claims [Dkt. No. 250] relating to the Sardaukar Holdings Receivership Estate. In it, the Receiver recommended that the Court allow claims by the six investors who filed timely claim forms and disallow the potential claims by the twenty-seven investors who did not.

3. The Court issued an Order [Dkt. No. 251] that set February 2, 2007, as the date by which interested parties could object to the Receiver’s motion. Only John and Barbara Stark filed a timely objection [Dkt. No. 266].

4. On February 7, 2007, the United States Magistrate Judge issued his Findings and Recommendation [Dkt. No. 269], which recommended that (1) the Starks’ objection should be overruled, (2) the six claims approved by the Receiver should be allowed, and (3) the twenty-seven claims denied by the Receiver should be disallowed. Those findings specifically recommended that claims by Robin Schaefer and CDB&B Investors, Inc. be disallowed for failure to return a timely claim form to the Receiver.

### **The Proposed Interim Distribution**

5. In anticipation of the claim approval process, the Receiver also proposed making an interim distribution to the six Sardaukar investors that filed timely claim forms. On January 19, 2007, the Receiver filed his Motion to an Make Interim Distribution [Dkt. No. 255] to those claimants.

6. The Court issued an Order [Dkt. No. 261] that set February 12, 2007, as the date by which interested parties could object. Only John and Barbara Stark filed a timely objection [Dkt. No. 281].

7. On February 14, 2007, the United States Magistrate Judge issued his Findings and Recommendation [Dkt. No. 286], which recommended that (1) the Starks' objection should be overruled and (2) that \$1,900,000.00 should be distributed pro-rata to the six approved Sardaukar claimants.

#### **Ralph Schaefer's Objection**

8. On or about February 16, 2007, Ralph Schaefer contacted the Receiver's claims analyst to discuss the Findings and Recommendation [Dkt. No. 269] to disallow claims by Robin Schaefer and CDB&B Investors, Inc. The Receiver's claims analyst suggested that Mr. Schaefer file a written objection with the Court and send a copy to the Receiver's office.

9. On February 23, 2007, Mr. Schaefer sent a letter to the Court Clerk [Dkt. Nos. 287, 288] that was docketed on the record. That letter was construed as an objection to the Findings and Recommendation that the Receiver make an interim distribution to the six approved Sardaukar claimants. Mr. Schaefer also sent a copy to the Receiver and included a claim form for his wife, Robin Schaefer, and her portion of funds purportedly invested through CDB&B Investors, Inc.

10. On February 28, 2007, the Court issued an Order [Dkt. No. 289] granting the Receiver's First Amended Motion to Allow "A" Claims and Disallow Potential "A" Claims [Dkt. No. 269]. In that Order, the Court notes that "no objections have been filed." *Id.* at ¶ 3. The Receiver notes that this is technically true, since the Pacer docket report construes Mr. Schaefer's letter as an objection to the Magistrate Judge's recommendation on interim distributions [Dkt. No. 286] and not on the allowance and disallowance of potential Sardaukar claims [Dkt. No. 269]. However, to the extent that Mr. Schaefer's letter might also object to having his wife's claim disallowed, the Receiver wishes to clarify that point for the record.

