

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

SECURITIES AND EXCHANGE	§	
COMMISSION	§	
	§	
Plaintiff,	§	
	§	NO. 3-05-CV-1328-L
VS.	§	
	§	
MEGAFUND CORPORATION, ET AL.	§	
	§	
Defendants.	§	

SHOW CAUSE ORDER

Michael J. Quilling, as Receiver for Sardaukar Holdings, IBC ("Sardaukar") and related entities, seeks an order requiring Jimmy C. Heard and Chrystler Inc., collectively referred to as "Respondents," to show cause why they should not be held in civil contempt for violating this court's July 5, 2005 Amended Order Appointing Temporary Receiver. This order provides, in pertinent part:

All persons . . . who receive actual notice of this Amended Order by personal service or otherwise . . . shall promptly deliver to the Receiver all Receivership Assets in the possession or under the control of any one or more of them and shall promptly surrender all Receivership Records.

Order App. Temp. Rec., 7/5/05 at 2, ¶ I(3) (emphasis added). According to the Receiver, Respondents sent a total of \$35,000 to Sardaukar in January 2005. Two months later, in March 2005, Sardaukar made two payments to Respondents--a return of their \$35,000 investment and an additional payment of \$107,392.61. Records from the Sardaukar Holdings Receivership Estate indicate that these payments were made out of investor funds. On or about February 1, 2007, the Receiver sent Respondents a letter enclosing a copy of the Amended Order Appointing Temporary

Receiver and demanding the return of \$107,392.61 transferred to them by Sardaukar. A second demand was made upon Respondents by email on or about March 2, 2007. To date, Respondents have failed to deliver these receivership assets to the Receiver.

A show cause hearing is set for **April 13, 2007** at **10:00 a.m.** before U.S. Magistrate Judge Jeff Kaplan, 1100 Commerce Street, 16th Floor, Dallas, Texas. Jimmy C. Heard, individually and as principal agent of Chrystler Inc., is ordered to attend this hearing *in person*, then and there to show cause why he and Chrystler Inc. should not be held in civil contempt for violating the July 5, 2005 Amended Order Appointing Temporary Receiver by failing to return \$107,392.61 in receivership assets to the Receiver. A written response to the motion is neither required nor desired. Respondents will be given an opportunity to present any evidence and argument at the show cause hearing.

The district clerk shall serve a copy of this show cause order on Respondents at the following addresses by regular mail and e-mail:

Jimmy C. Heard
1000 Pine Hill Road
Bainbridge, Georgia 39817
email: heardjch@htn.net

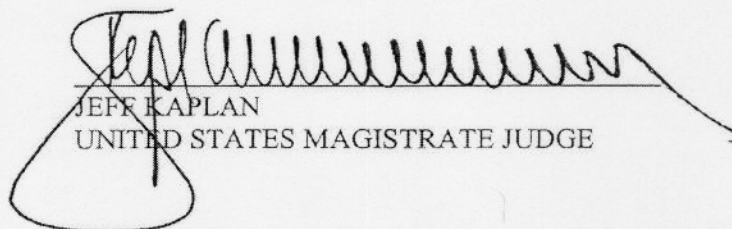
Chrystler Inc.
c/o J. Heard
1000 Pine Hill Road
Bainbridge, Georgia 39817

The Receiver is directed to attempt personal service of this show cause order on Respondents. The court will not hold Respondents in contempt unless they are personally served with a copy of this show cause order or the Receiver can establish that they had actual notice of the hearing. Proof of service must be filed with the district clerk before any relief is granted.

Respondents are warned that their failure to attend this show cause hearing in person may result in the imposition of additional sanctions. In addition, the court may issue a bench warrant directing the United States Marshal to effect the arrest of any Respondent who fails to appear at the show cause hearing and to keep him in custody until brought before the court.

SO ORDERED.

DATED: March 19, 2007.



JEFF KAPLAN
UNITED STATES MAGISTRATE JUDGE