

Exhibit “1”

SETTLEMENT AGREEMENT

This Settlement Agreement, which is effective upon its execution, is by and between Michael J. Quilling (“Plaintiff” or “Quilling”), in his capacity as Receiver for Lancorp Financial Group, LLC and Lancorp Financial Fund Business Trust (collectively, “Lancorp”), and Robert Tringham (“Tringham”), First National Ban Corp. (“FNB”), and First Asset Management Corp. (“FAMC”) (collectively, “Defendants”). Plaintiff and Defendant(s) may be referred to as a “Party” or collectively as the “Parties.”

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I. THE DISPUTE

1. On July 1, 2005, the Securities and Exchange Commission (the “SEC”) filed an action against numerous individuals and entities, including Lancorp, in the matter styled: *Securities and Exchange Commission v. Megafund Corporation, et al*, Civil Action No. 3:05-CV-1328-L, in the United States District Court for the Northern District of Texas, Dallas Division (the “SEC Action”). In connection with that case, the SEC sought to have a Receiver appointed for the defendants. By order dated January 20, 2006, the District Court took exclusive jurisdiction and possession of the assets, monies, securities, claims in action, and properties of Lancorp, appointed Quilling as Receiver for Lancorp, and authorized Quilling to take certain action on behalf of Lancorp, including instituting, defending, compromising or adjusting such actions in state or federal courts necessary to collect, preserve and maintain the assets of Lancorp.

2. On April 20, 2007, Quilling filed suit against Tringham, FNB, and FAMC (among others) in the matter styled: *Michael J. Quilling, Receiver for Lancorp Financial Group, LLC and Lancorp Financial Fund Business Trust v. Robert Tringham, First National Ban Corp., First Asset Management Corp., Max International Broker Dealer Corp., and Nigel Gilbert*, Civil

Action No. 3-07CV0682-P, in the United States District Court for the Northern District of Texas, Dallas Division (the “Litigation”).

3. In the Litigation, Quilling asserts that, sometime in October 2005, Lancorp deposited \$2,000,000 of funds that investors had invested in Lancorp into FNB’s account at Max International. In his Complaint, Quilling admits that, of the original \$2,000,000 in investor funds deposited into the account at Max International, the Receiver seized \$1,115,628.77 pursuant to the District Court’s order dated January 20, 2006. Therefore, in the Litigation, Quilling seeks to recover \$884,371.23 (the difference between the \$2,000,000 deposited by Lancorp into FNB’s Max International account and the \$1,115,628.77 that the Receiver seized from the FNB’s Max International account) from Defendants. Quilling acknowledges that once Lancorp receives the sum of \$884,371.23, Lancorp will have received 100% of the funds it deposited at Max International and, therefore, has no claim or interest in any additional funds held or claimed by Tringham, FNB and/or FAMC.

4. On or about February 3, 2006, agents of the Internal Revenue Service (“IRS”) seized \$2,392,708.12 in funds from FNB’s account at Max International, which is presently the subject of an *in rem* civil forfeiture action filed in California on March 31, 2006 and styled: *United States of America v. \$2,457,472.07 In Bank Account Funds, and \$52,269.09 as a Substitute Res for a 2006 Land Rover Range Rover*, Civil Action No. CV 06-1971 CAS, in the United States District Court for the Central District of California, Western Division (the “Forfeiture Action”). Quilling asserts that the funds seized by the IRS include \$884,371.23 that belong to Lancorp. On August 27, 2007, the Assistant United States Attorney prosecuting the Forfeiture Action, Monica E. Tait, filed *Plaintiff’s Notice of Motion and Motion to Amend Complaint Pursuant to Fed. R. Civ. P. 15(a) and Release a Portion of the Defendant Bank*

Account Funds from this Court's Jurisdiction, or in the Alternative, to Dismiss \$884,371.23 as Defendants in this Matter Pursuant to Fed. R. Civ. P. 41(a) (the "Motion"). By the Motion, Ms. Tait seeks an order: (i) releasing from the California District Court's *in rem* jurisdiction \$884,371.23 of funds held in the Forfeiture Action, and (ii) permitting the Texas District Court presiding over the Litigation to take exclusive jurisdiction over such funds.

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5. The Parties recognize the uncertainties, time and expenses involved in the Litigation, and have determined that it is in their best interests to resolve the differences between them by entering in this Settlement Agreement.

6. THEREFORE, in consideration of the mutual covenants set forth below and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

II. SETTLEMENT TERMS

7. **Court Approval:** This Settlement Agreement is expressly conditioned upon Court approval in the SEC Action. If the Court in the SEC Action does not, for whatever reason, approve the Settlement Agreement, Quilling agrees to hold any funds received from the Forfeiture Action in trust until the resolution of any and all claims asserted by Quilling and Defendants against one another in this Litigation.

8. **Consideration:** To settle Quilling's claims against Defendants, Defendants agree not to oppose the Motion or Quilling's recovery of the \$884,371.23 currently held in the Forfeiture Action. In exchange for these agreements, Quilling agrees, on Lancorp's behalf, that within three days after the Motion is granted in the Forfeiture Action Quilling will file a notice of dismissal, with prejudice, of all claims arising from the subject matter of the Litigation that have been or could have been asserted by Lancorp against the Defendants. As stated in paragraph 3,

Quilling acknowledges that once he receives \$884,371.23, Lancorp will have received 100% of the funds it deposited at Max International and, therefore, has no claim or interest in any additional funds held or claimed by Tringham, FNB and/or FAMC. However, to the extent that any such claim, known or unknown, does exist arising out of Lancorp's transfer and/or deposit of investor funds to the bank account at Max International in the name of "First National Bancorp/Robert Tringham" (account number XXX-XX2704), Quilling, on Lancorp's behalf, agrees to assign to the claim to Tringham, FNB, and/or FAMC after the Motion is granted in the Forfeiture Action. Quilling also agrees, on Lancorp's behalf, to provide Defendants with access to, and the right to copy, any and all non-privileged documents in Quilling's possession, custody or control that relate to the SEC Action, the Forfeiture Action, and/or the Litigation. Finally, after the Motion is granted in the Forfeiture Action, Quilling agrees to take all necessary action to dissolve any and all temporary restraining orders obtained by Quilling and/or Lancorp that relate to bank accounts held by FNB, FAMC, and Tringham.

9. **Release:** Upon filing notice of dismissal in the Litigation, Quilling, on behalf of Lancorp Financial Group, LLC and Lancorp Financial Fund Business Trust, as well as all their present and former agents, affiliates, heirs, predecessors, successors, assigns, and attorneys, and all persons and entities affiliated or in privity with them, hereby release and forever discharge Robert Tringham, First National Ban Corp., and First Asset Management Corp., as well as all their present and former agents, employees, representatives, officers, directors, shareholders, partners, parent and subsidiary companies, affiliates, heirs, predecessors, successors, assigns, and attorneys, and all persons and entities affiliated or in privity with them, of and from any and all past, present or future lawsuits, claims, demands, liabilities, damages, losses, costs, expenses and causes of action related to this Litigation, whether direct or indirect, whether now known or

unknown, whether alleged or asserted, or whether liquidated or unliquidated that were or could have been asserted in the Litigation, arising out of or relating to the Litigation, or the subject matter of the Litigation, occurring prior to the date of this Agreement.

10. **Waiver of California Civil Code Section 1542:** Quilling, on behalf of Lancorp, knowingly, voluntarily, intentionally and expressly waives and relinquishes those rights, claims and benefits identified and released in Paragraph 9 above notwithstanding the provisions of California Civil Code Section 1542, as stated below, or any other similar provision of any other jurisdiction to the extent of its similarity. California Civil Code Section 1542 provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Quilling, on behalf of Lancorp, acknowledges that the foregoing waiver of California Civil Code Section 1542's provisions was separately bargained for. Quilling, on behalf of Lancorp, knowingly, voluntarily, intentionally and expressly waives any and all rights and benefits conferred by Section 1542, or by any law of any state or territory of the United States or principle of common law that is similar or analogous to Section 1542, to the extent of such similarity to Section 1542, and agrees and acknowledges that this waiver is an essential term of this Settlement Agreement, without which the above-mentioned consideration and dismissal herein would not have been given.

11. **Resolution of the Litigation:** Within three days after the Motion is granted in the Forfeiture Action Quilling will file a notice of dismissal, with prejudice, of the claims asserted by Quilling on behalf of Lancorp against the Defendants in this Litigation.

12. **Attorneys' Fees and Costs:** Each Party shall bear its own attorneys' fees and costs arising from the claims that were asserted or that could have been asserted in this Litigation and arising from the preparation and execution of this Settlement Agreement.

13. **Warranty of Capacity:** The persons who execute this Settlement Agreement on behalf of each of the Parties warrant and represent that they have been duly authorized to do so.

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14. **Representation of Comprehension of Document:** Quilling, on Lancorp's behalf, and Defendants expressly warrant and represent that before executing this Settlement Agreement, they have received independent legal advice from attorneys of their choice with respect to the advisability of making this Settlement Agreement, or have had a full and fair opportunity to do so, they have fully informed themselves of the Settlement Agreement's terms, contents, conditions, and effect, and they voluntarily agree to the Settlement Agreement's terms. The Parties further agree that this instrument is executed as their voluntary act and deed.

15. **Corporate Entities:** With respect to each corporate entity referenced herein, this Settlement Agreement shall be binding upon and inure to the benefit of the representatives, successors and assigns, trustees, agents, attorneys, and legal representatives of the corporate entity, as well as its officers, directors, employees, all present and former parents, subsidiaries, divisions, partners and affiliated companies.

16. **Counterparts/Duplicate Originals:** This Settlement Agreement may be executed in one or more counterparts. Email or facsimile signatures on this Settlement Agreement shall have the same force and effect as original signatures. A copy of this Settlement Agreement is as effective as an original.

17. **Entire Agreement:** The Parties agree that this Settlement Agreement contains the entire agreement between the Parties and supersedes any and all prior agreements,

arrangements or understandings between the Parties relating to the subject matter hereof. No oral understandings, statements or promises contrary to the terms of this Settlement Agreement exist. This Settlement Agreement may be amended only by written instrument signed by the Parties.

18. **Construction of the Agreement:** The terms of this Settlement Agreement are contractual in nature and not merely recitals. Each Party and counsel for each Party has reviewed and revised this Settlement Agreement. Thus, the rule of construction that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Settlement Agreement. Case 3:05-cv-01328 Document 354-2 Filed 09/17/2007 Page 8 of 15

19. **No Admission of Liability:** Neither the existence of this Settlement Agreement nor any statement contained herein shall be taken or construed to be an admission on the part of any Party hereto of the truth of any claim heretofore or hereafter asserted by any other Party.

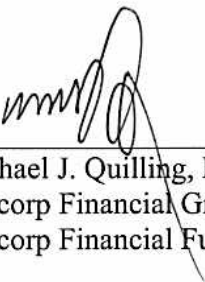
20. **Waiver and Severability:** The Parties agree that a waiver of any term or condition of this Settlement Agreement will not be deemed to be, and may not be construed as, a waiver of any other term or condition hereof. The Parties agree that if any provision of this Settlement Agreement is adjudicated to be unenforceable or invalid for any reason, that part will be severed from the Settlement Agreement but the validity and enforceability of the remainder of this Settlement Agreement shall in no way be affected or impaired.

21. **Governing Law:** Plaintiff enters into this Agreement by virtue of his authority as Receiver for Lancorp. Under the order entered on January 20, 2006, in the SEC Action, any dispute arising from or in any way connected with this Agreement shall be filed in the United States District Court for the Northern District of Texas, which has exclusive jurisdiction over any disputes relating to the Lancorp receivership estate.

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SIGNED and approved effective September ____, 2007.

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By: 
Michael J. Quilling, Receiver for
Lancorp Financial Group, LLC and
Lancorp Financial Fund Business Trust

By: _____
Robert Tringham, Individually

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By: _____
Robert Tringham, President of First
National Ban Corp.


By: _____
Robert Tringham, President of First
Asset Management Corp.

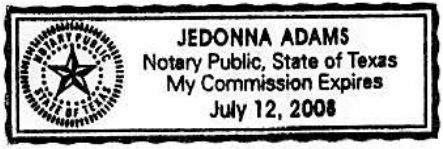
VERIFICATION

STATE OF TEXAS)
)
DALLAS COUNTY)

BEFORE ME, the undersigned authority, on this day personally appeared Michael J. Quilling, Receiver for Lancorp Financial Group, LLC and Lancorp Financial Fund Business Trust, a person known to me to be the authorized agent whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed. Case 3:05-cv-01628 Document 354-2 Filed 09/17/2007 Page 11 of 15

SUBSCRIBED TO AND SWORN BEFORE ME on this 13th day of September 2007, to certify which witness my hand and official seal of office.


Notary Public in and for the State of Texas



By: _____
Michael J. Quilling, Receiver for
Lancorp Financial Group, LLC and
Lancorp Financial Fund Business Trust



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By: _____
Robert Tringham, Individually



By: _____
Robert Tringham, President of First
National Ban Corp.



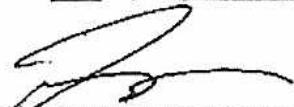
By: _____
Robert Tringham, President of First
Asset Management Corp.

VERIFICATION

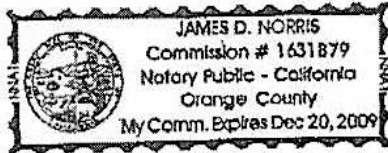
STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES)

BEFORE ME, the undersigned authority, on this day personally appeared Robert Tringham, a person known to me to be the authorized agent whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

SUBSCRIBED TO AND SWORN BEFORE ME on this 12th day of SEPT. 2007, to certify which witness my hand and official seal of office.



Notary Public in and for the State of California

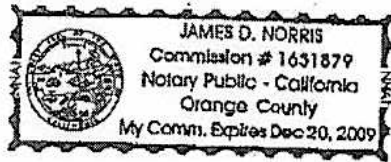



VERIFICATION

STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES)

BEFORE ME, the undersigned authority, on this day personally appeared Robert Tringham, President of First National Ban Corp., a person known to me to be the authorized agent whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

SUBSCRIBED TO AND SWORN BEFORE ME on this 12TH day of SEPT. 2007, to certify which witness my hand and official seal of office.





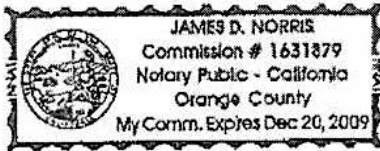
Notary Public in and for the State of California


VERIFICATION

STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES)

BEFORE ME, the undersigned authority, on this day personally appeared Robert Tringham, President of First Asset Management Corp., a person known to me to be the authorized agent whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

SUBSCRIBED TO AND SWORN BEFORE ME on this 12th day of SEPT, 2007, to certify which witness my hand and official seal of office.





Notary Public in and for the State of
California