

EXHIBIT "A"

COMPROMISE AND SETTLEMENT AGREEMENT

This Compromise and Settlement Agreement (“Agreement”) is entered into by and between Hans Tschebaum, Michael Tschebaum, and Palace Investments, Inc. (collectively, the “Tschebaums”), on the one hand, and Michael J. Quilling as Receiver for Sardaukar Holdings, IBC and Bradley C. Stark (“Receiver”), on the other hand. The Agreement becomes effective on the date executed according to the signature block below.

RECITALS

WHEREAS, the Receiver was appointed by the Court in Cause No. 3:05-CV-1328-L, styled *Securities and Exchange Commission v. Megafund Corporation, et al.* (the “Receivership Proceedings”);

WHEREAS, the Tschebaums personally received funds from one or more entities covered by the Receivership Proceedings;

WHEREAS, the Tschebaums own and control Palace Investments, Inc. (“Palace Investments”), which also received funds from one or more of the entities covered by the Receivership Proceedings;

WHEREAS, one or more of the entities covered by the Receivership Proceedings purchased a 2005 Maserati Quatraporte for the Tschebaums’ benefit and use;

WHEREAS, the Receiver filed a claim against the Tschebaums and Palace Investments to recover the funds and assets;

WHEREAS, the Tschebaums assert that they have a legitimate defense to the Receiver’s claims;

WHEREAS, both parties dispute the claims and defenses of the other; and

WHEREAS, in an effort to resolve any and all disputes between them and to avoid further uncertainties, costs, and expenses of litigation, the Tschebaums and the Receiver have reached the agreements set forth below.

AGREEMENTS

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Tschebaums and the Receiver agree as follows:

1. **Reservation of Fifth Amendment Rights.** The Tschebaums hereby assert that entering into this Agreement shall not be deemed as a waiver of their privileges under the Fifth Amendment.

2. **Sworn Financial Statements.** The Tschebaums shall prepare, sign, and deliver sworn financial statements to the Receiver within 10 days of the date that this Agreement becomes effective. The financial statements shall fully disclose, under oath and penalty of perjury, the information listed in Exhibit "1." Failure to meet this deadline gives both parties the right to terminate this Agreement by written notice to opposing counsel.

3. **Amount of Settlement.** Based on the Tschebaums' earlier representations of their financial status, the parties have tentatively agreed to enter into an agreed judgment in exchange for the Tschebaums delivering \$125,000.00 to the Receiver. The Receiver, however, reserves the right to give his final approval to this proposal until after reviewing the Tschebaums' sworn financial statements.

If the sworn financial statements reveal assets consistent with the Tschebaums' representations, then the Receiver shall communicate final approval of the \$125,000.00 settlement figure to the Tschebaums' counsel within 14 days of the date that this Agreement becomes effective. The Tschebaums shall then deliver \$125,000.00 to the Receiver within 18 days of the date that this Agreement becomes effective. Failure to meet these deadlines gives either party the right to terminate this Agreement by written notice to opposing counsel.

If, however, the sworn financial statements reveal significantly greater assets than previously represented, the Receiver shall communicate his rejection of the \$125,000.00 settlement figure and propose a new settlement figure to the Tschebaums' counsel within 14 days of the date that this Agreement becomes effective. If the Tschebaums agree to the new settlement figure, then they shall deliver that amount to the Receiver within 18 days of the date that this Agreement becomes effective. If the Tschebaums reject the new settlement figure or if the parties fail to meet these deadlines, then either party shall have the right to terminate this Agreement by written notice to opposing counsel.

4. **The 2005 Maserati Quatraporte.** With regards to the 2005 Maserati Quatraporte, the Tschebaums shall sign title of that vehicle over to “Michael J. Quilling, Receiver” and deliver the title certificate and odometer disclosure to the Receiver, or a party designated by the Receiver, within 18 days of the date that this Agreement becomes effective. Failure to meet this deadline gives both parties the right to terminate this Agreement by written notice to opposing counsel.

5. **Court Approval.** This Agreement is expressly conditioned upon Court approval to be obtained in the Receivership Proceedings. Both parties shall have the right to terminate this Agreement if the Court has not entered its approval in the Receivership Proceedings within 60 days of the date that this Agreement becomes effective.

6. **Order of Dismissal.** Following Court approval of this Agreement and the delivery of all assets described above, the parties shall sign and enter an Order of Dismissal with Prejudice in the form attached as Exhibit “2.”

7. **Candid Cooperation with Receiver.** For twelve months after the entry of the Agreed Judgment, the Tschebaums agree to candidly cooperate with the Receiver and his legal counsel by answering questions regarding the identity, source, destination, and location of assets that the Receiver believes may be traced to any entities involved in the Receivership Proceedings.

These questions will be answered with the assistance of counsel and shall in no way waive the Tschebaums’ right to assert their Fifth Amendment privilege in this or any other future lawsuits.

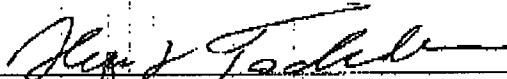
8. **No Admission of Liability and No Precedential Effect.** Nothing in this Agreement shall be an admission of liability regarding the claims or defenses of either party because this Agreement is the result of arms length negotiations over contested issues. Nothing in this Agreement is intended to have precedential effect and shall not be relied upon by any other person interested in the Receivership Proceedings.

9. **Entire Agreement.** This Agreement sets forth the entire agreement between the Tschebaums and the Receiver and there are no unwritten representations, agreements, understandings or promises not expressly set forth herein.

10. **Advice of Counsel.** In negotiating this Agreement, the Tschebaums have had the opportunity to consult with counsel of their choosing and have been fully advised by counsel as to the effect of each and every provision of this Agreement and the consequences thereof with a full

beneficiaries have any interest in the matters that are the subject of this Agreement, that the Tschebaums are fully authorized to contract on their behalf and have complete authority to execute this Agreement with regard to those assets.

SIGNED this 19 day of AUG, 2006.


Hans Tschebaum


Michael Tschebaum,
individually and for Palace Investments, Inc.

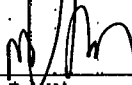

Michael J. Quilling,
Receiver for Sardaukar Holdings, IBC, et al.

EXHIBIT “1”

STATEMENT OF FINANCIAL CONDITION OF _____

I. Statement of Assets and Liabilities as of _____, 2006:

A. Assets:

List all assets owned by you, your spouse, or any other member of your household, directly or indirectly, and all assets which are subject to your or your spouse's possession, enjoyment, or control, regardless of whether legal title or ownership is held by a relative, trustee, lessor, or any other intermediary, including but not limited to the categories indicated below.

- 1. Cash _____
 - 2. Cash Surrender Value of Insurance _____
 - 3. Accounts Receivable _____
 - 4. Loans or Notes Receivable _____
 - 5. Real Estate _____
 - 6. Furniture and Household Goods _____
 - 7. Automobiles _____
 - 8. Securities _____
 - 9. Partnership Interests _____
 - 10. Net Value of Ownership Interest in Business _____
 - 11. Individual Retirement Accounts (IRAs) _____
 - 12. Keogh Accounts or Plans _____
 - 13. 401(k) Accounts or Plans _____
 - 14. Other Pension Assets _____
 - 15. Annuities _____
 - 16. Prepaid Expenses or Liabilities _____
 - 17. Credit Balances on Credit Cards _____
 - 18. Other (Itemize) _____
 - 19. _____
 - 20. _____
-
- Total Assets** _____

B. Liabilities:

List all liabilities, including but not limited to the items listed below.

- 1. Mortgages _____
- 2. Auto Loans _____
- 3. Credit Card Debt _____
- 4. Loans on Insurance Policies _____
- 5. Installment Loans _____
- 6. Other Loans or Notes Payable _____
- 7. Accrued Real Estate Taxes _____
- 8. Judgments/Settlements Owed _____
- 9. Other (Itemize): _____
- 10. _____
- 11. _____

Total Liabilities _____

C. Net Worth (Assets Minus Liabilities) _____

D. For each asset with a fair market value of greater than \$1000, describe the asset, state the form of ownership (e.g., individual, joint, beneficial interest), provide a fair market value and explain how fair market value was determined (e.g., appraisal, comparison, estimate, etc.).

E. For each liability, indicate the date incurred; the original amount of the liability; the length of the obligation; the interest rate, the collateral or security; if any, who is responsible for the obligation; the outstanding balance; the name(s) and address(es) of all obligee(s); and your relationship (if any) to each creditor.

F. List all securities or commodities brokerage accounts and accounts at banks or other financial institutions in your name; under your control; in which you have or had a beneficial interest; or to which you are or were a signatory since January 1, 2004. For each account, specify the location of the account, account number and balance in cash or securities.

G. List any 401(k) plans, pension plans, Keogh plans, individual retirement accounts, profit sharing plans, thrift plans, life insurance policies or annuities, in which you have an interest, vested or otherwise. For each account or plan, specify the account name, the location of the account, account number and balance, and the terms of withdrawal or loan options.

H. List all credit cards or lines of credit in your name or to which you are a signatory, including the name of the credit issuer, account number, credit limit, and amount of indebtedness.

II. Cash Flow Information

A. Income/Receipts

List all money or other income received from any source on a monthly basis by you, your spouse, or any other member of your household, identifying the source, recipient, and amount. For any income received on a basis other than monthly, convert to a monthly basis for the purposes of this statement.

<u>Description</u>	<u>Source</u>	<u>Amount</u>
1. Salary/Wages	_____	_____
2. Commissions/Advances	_____	_____
3. Consulting Fees	_____	_____
4. Dividends	_____	_____
5. Interest	_____	_____
6. Annuities	_____	_____
7. Pensions	_____	_____
8. Rents/Royalties	_____	_____
9. Sales of Assets (Net)	_____	_____
10. Repayment of Loans	_____	_____
11. Payments on obligations made on your behalf by others	_____	_____
12. Fringe Benefits (e.g., car)	_____	_____
13. Alimony/Child Support	_____	_____
14. Gifts/Bonuses	_____	_____
15. Other (Itemize)	_____	_____
16. _____	_____	_____
Total Receipts		_____

B. Expenses/Disbursements

List all monthly expenditures for whatever purpose for you or your household for the past 12 months, identifying the purpose and the amount, including projected expenses. For any expenditure which varies from month to month, indicate a range of amounts and the average amount on a monthly basis.

<u>Description</u>	<u>Amount</u>
1. Mortgage/Rent	_____
2. Food	_____
3. Utilities	_____
4. Payment on Loans	_____
5. Real Estate Taxes	_____
6. Insurance Premiums	_____
7. Medical Expenses	_____
8. Automobile Expenses	_____
9. Alimony/Child Support	_____
10. Income Taxes	_____
11. Other Expenses (Itemize)	_____
12. _____	_____
13. _____	_____
14. _____	_____
15. _____	_____

Total Expenses/Disbursements _____*

*If you anticipate unusual expenses in the coming 12 months, please describe them.

III. Other Information

A. List any disbursement having a value of \$1000 or more, made on your behalf, or on behalf of your spouse or children, by any other person or entity since January 1, 2004, the amount of the disbursement, and the name and address of the person or entity who made the disbursement.

B. List all transfers of cash in an amount of \$1000 or more, or assets or property with a cost or fair market value of \$1000 or more, made by you since January 1, 2004, and, if applicable, identify the value of the asset, the consideration received, and the relationship of the transferrer to the transferee, or indicate that no such transfers have been made.

- C. Identify any financial institution accounts (other than those identified in Item I-F. above) in which you have deposited more than \$1000 since January 1, 2004, or indicate that no such deposits have been made.
- D. List all dependents, their ages, and whether or not they reside with you.
- E. Attach federal income tax returns filed by you or on your behalf (including personal, trust, or business returns) during the years 2004 and 2005.
- F. Attach any federal gift tax returns filed by you or your spouse during the years 2004 and 2005.
- G. Attach any financial statement which the declarant has prepared during the years 2004 and 2005 for any purpose (e.g., such as a financial statement provided to a bank to secure a loan).
- H. Attach copies of documents evidencing all outstanding loans for which you or your spouse is either a lender or borrower.
- I. Attach copies of all securities, commodities, bank, or other financial institution account statements for the past 12 months in your or your spouse's name, under your or your spouse's control, or in which you or your spouse has a beneficial interest.
- J. Attach federal tax returns filed during the years 2004 and 2005 by any entity for which you, your spouse, or any other member of your household served as director, member, partner, officer, or otherwise exercised discretion or control, either as individuals or through other entities.

Under penalties of perjury, I declare that I have examined the information given in this statement, and attached hereto, and, to the best of my knowledge and belief, it is true, correct, and complete. I further declare that I have no assets, owned either directly or indirectly, or income of any nature other than as shown in, or attached to, this statement. I understand that any material misstatements or omissions made by me herein or in any attachments hereto may constitute criminal violations, punishable under 18 U.S.C. 1001.

Name

Date

Sworn before me this ____ day of _____, ____.

Notary Public

EXHIBIT “2”

APPROVED AS TO CONTENT AND FORM:

/s/ Michael J. Quilling

Michael J. Quilling, Receiver
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/s/ Edwin J. Tomko

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ATTORNEY FOR DEFENDANTS