

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(BD)

§

MEGAFUND CORPORATION, STANLEY A. §

ECF

LEITNER, SARDAUKAR HOLDINGS, IBC., §

Referred to the U.S. Magistrate Judge

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 APPROVE SETTLEMENT WITH HANS TSCHEBAUM,
MICHAEL TSCHEBAUM, AND PALACE INVESTMENTS, INC.**

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

COMES NOW, Michael J. Quilling (“Receiver”), and files this his Motion to Approve Settlement with Hans Tschebaum, Michael Tschebaum, and Palace Investments, Inc. and in support of such would respectfully show unto the Court as follows:

1. On July 1, 2005, the Securities and Exchange Commission (“SEC”) initiated these proceedings against numerous defendants involved in different levels of a purported investment program. *See Complaint* [Dkt. No. 1]. By order of July 5, 2005 this Court appointed Michael J. Quilling as Receiver for the defendants and relief defendant and he has since continued to function in that capacity. *See Order Appointing Temporary Receiver* (“Order Appointing Receiver”) [Dkt.

No. 9], as amended July 19, 2005 [Dkt. No. 36].

2. The Order Appointing Receiver expressly authorizes legal action to recover funds transferred out of the Receivership Estate:

The Receiver is hereby authorized to institute such actions or proceedings to impose a constructive trust, obtain possession and/or recover judgment with respect to persons or entities who received assets or funds traceable to investor monies.

Id. [Dkt. No. 36] at ¶ 13.

3. Accordingly, on July 25, 2005, the Receiver filed a Complaint against Hans Tschebaum and Michael Tschebaum seeking to recover investor funds sent to them as \$334,237.00 in cash plus a 2005 Maserati Quatraporte (the “Maserati”) purchased for \$141,675.71. *See Michael J. Quilling, Receiver for Sardaukar Holdings, IBC and Bradley C. Stark v. Hans Tschebaum, Michael Tschebaum, and Palace Investments, Inc.*; Cause No. 3:05-CV-1465 (N.D. Tex.). The Tschebaums admitted that these transfers occurred “substantially as described” in the Receiver’s Complaint. *Original Answer of Defendants* [Dkt. No. 5] at ¶ 1 (3:05-CV-1465); *Defendants’ Response to Plaintiff’s Motion for Preliminary Injunction* [Dkt. No. 14] at ¶¶ 4, 16 (3:05-CV-1465).

4. On March 22, 2006 the Receiver amended his Complaint to include an additional \$768,000.00 of investor funds sent to Palace Investments, Inc., an entity owned and controlled by the Tschebaums. *See Amended Complaint* [Dkt. No. 27] (3:05-CV-1465).

5. Hans Tschebaum, Michael Tschebaum, and Palace Investments, Inc. (collectively, the “Tschebaums”) have entered into a Settlement Agreement with the Receiver, wherein they agreed (1) to provide the Receiver with sworn financial statements; (2) to pay \$125,000.00 to the Receivership Estate upon the Receiver’s review and acceptance of those sworn financial statements;

CERTIFICATE OF CONFERENCE

Pursuant to Local Civil Rule 7.1, I participated in separate telephone conferences with the following counsel on August 21, 2006 and they do not oppose the relief requested:

Stephen J. Korotash,
Attorney for the SEC

Edwin J. Tomko,
Attorney for Hans Tschebaum, Michael Tschebaum and Palace Investments, Inc.

John W. Sweeney, Jr.,
Attorney for Bradley C. Stark and Pamela C. Stark

/s/ Brent J. Rodine
Brent J. Rodine

CERTIFICATE OF SERVICE

This is to certify that on the 21st day of August, 2006, 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/ Brent J. Rodine

This Motion will also be posted on the Receiver's website, www.secreceiver.com after filing.