

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

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

**ORDER ON RECEIVER'S PROPOSED BUDGET**  
**(Megafund Receivership Estate)**

Michael J. Quilling, as Receiver for Megafund Corporation and related entities, has submitted a proposed budget in the amount of \$461,100.00 for fees and expenses likely to be incurred in marshaling assets, identifying liabilities, processing claims, and distributing proceeds to defrauded investors.<sup>1</sup> Of this sum, \$102,150.00 represents legal fees and expenses to be paid to his law firm, Quilling Selandar Cummiskey & Lownds, P.C., to prosecute five different civil actions pending in federal district and bankruptcy court.

To date, the Receiver has collected \$855,567.45 by liquidating various bank accounts and selling physical assets. In addition, the Receiver anticipates recovering another \$775,000.00, plus whatever final distribution is made by the Sardaukar Holdings Receivership Estate to the Megafund Receivership Estate. This assumes a recovery of 25%-50% of the damages sought in each pending lawsuit. Because of the uncertainties surrounding this litigation, including the collectability of any

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<sup>1</sup> The Receiver and his law firm already have been paid \$165,998.39 in fees and expenses related to the Megafund Receivership Estate.

judgments awarded, the court will monitor the legal fees and expenses incurred by the Receiver in light of monies recovered on behalf of investors.

The following procedures are hereby established for payment of the Receiver:

1. The Receiver shall submit quarterly applications specifying the amount of fees and expenses incurred on behalf of the Megafund Receivership Estate for the preceding 90 days. Fee applications shall be filed with the district clerk on or before the 10th day of April, July, October, and January. Each application must be supported by detailed records documenting the time spent, services performed, and expenses incurred in connection with the underlying receivership action and each lawsuit prosecuted by or on behalf of the Receiver. The hourly rate for each attorney or legal assistant who performed the service shall be listed for each entry. Any out-of-pocket expense item of more than \$500.00 must be supported by a receipt.

2. The Receiver shall post his fee application on his website, [www.secreceiver.com](http://www.secreceiver.com), when it is filed with the court. Appropriate links to the court's docket shall be provided to users of the website. Any interested party who objects to approval of the fee application must file written objections with the court within 20 days after the application is filed. Objections should be addressed to:

The Honorable Jeff Kaplan  
United States Magistrate Judge  
1100 Commerce Street, 16th Floor  
Dallas, Texas 75242

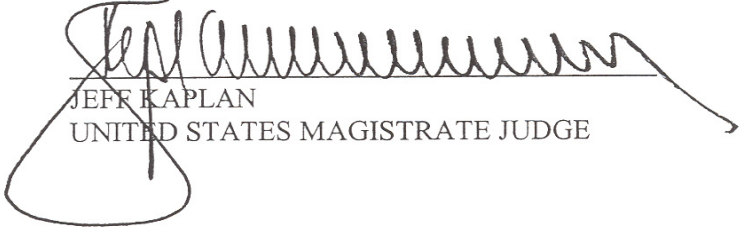
If any party desires a hearing on the fee application, a written request for hearing must accompany the objections. Unless a hearing is requested, the court intends to rule on the fee application based on the written submissions of the parties after the expiration of the deadline for filing objections.

3. The Receiver shall file an interim status report along with each fee application. The status report shall contain the following information: (a) a brief description of the actions taken by

or on behalf of the Receiver during the period covered by his fee application; (b) the amount of money or the value of assets recovered by the Receiver during the period covered by his fee application; (c) the total recovery obtained on behalf of defrauded investors to date; and (d) a brief description of the actions to be taken by or on behalf of the Receiver during the period covered by the next fee application. A copy of the interim status report shall be posted by the Receiver on his website.

SO ORDERED.

DATED: March 27, 2006.



JEFF KAPLAN  
UNITED STATES MAGISTRATE JUDGE