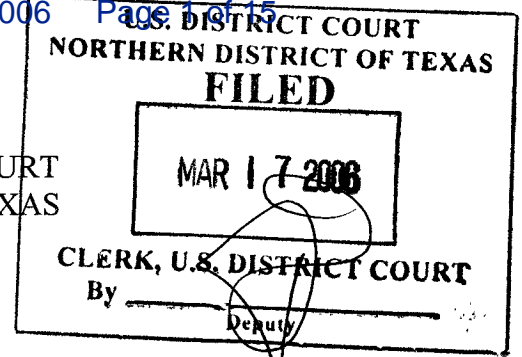


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IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF TEXAS DALLAS DIVISION

SECURITIES AND EXCHANGE COMMISSION, §

Plaintiff, § ORIGINAL

v. §

MEGAFUND CORPORATION, STANLEY A. LEITNER, SARDAUKAR HOLDINGS, IBC., and BRADLEY C. STARK, CIG, LTD., and JAMES A. RUMPF, Individually and d/b/a CILAK INTERNATIONAL, §

Defendants, §

and §

PAMELA C. STARK, §

Relief Defendant. §

Civil Action No. 3:05-CV-1328-L

RECEIVER'S PROPOSED BUDGET (Lancorp Financial Receivership Estate)

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

COMES NOW, Michael J. Quilling, the duly appointed Receiver in these proceedings ("Receiver") and, pursuant to this Court's order of March 1, 2006, submits this Proposed Budget (Lancorp Financial Receivership Estate).

1. As the Court is aware, these proceedings have been divided into three separate Receivership Estates. Accordingly, this budget will address the Lancorp Financial Receivership Estate as this estate has different issues and challenges which impact anticipated fees and expenses. In addition, in order to put the budget into perspective, a brief description of some of the issues are presented.

Lancorp Financial Receivership Estate

a. General Matters.

2. This estate is comprised of the assets and liabilities of Lancorp Financial Group, LLC and Lancorp Financial Fund Business Trust. Based upon records currently available to the Receiver, approximately \$11,365,000.00 was raised by Lancorp from investors and \$9,365,000.00 was forwarded to Megafund for investment and \$2,000,000.00 was forwarded to First National Bancorp for investment.

3. The goal of the Receiver is to first, determine who got the diverted funds and second, to recover as much of the funds as possible. Based on the Receiver's efforts to date, \$1,316,116.14 has been recovered.

b. Pending and Anticipated Litigation.

4. The Receiver has filed a lawsuit relating to fraudulent misrepresentation made by Megafund's counsel to Lancorp.

(i) *Michael J. Quilling, Receiver for Megafund Corporation and Lancorp Financial Group, LLC v. Kenneth Wayne Humphries*; Cause No. 3:06-CV-0299-R pending before Judge Jerry Buchmeyer. A lawsuit to recover damages in excess of \$5 million against a Kentucky lawyer.

5. The Receiver anticipates filing several more lawsuits against others for their roles in upholding or improperly using Lancorp funds sent to them for investment purposes as facts relating to the potential lawsuits are developed.

c. Physical Assets.

6. There are no known physical assets in the receivership estate other than furniture items/equipment of nominal value in the hands of Gary Lancaster.

d. Claims.

7. 123 claims have been submitted to the Receiver totaling \$9,842,275.95 through March 15, 2006 which appear to relate to the Lancorp Financial receivership estate.

e. Budget Items.

8. The Court's March 1, 2006 order sets forth stages to be budgeted, several of which really have no application as to the Receiver because the Receiver has no role in the litigation between the Plaintiff or the Defendants. The Receiver's sole role is to marshal assets and identify liabilities.

Preliminary Investigation.

9. In that these proceedings have been pending for over eight (8) months, the Receiver's "preliminary" investigation stage has since passed. However, the Receiver's investigation continues and will continue until all assets have been identified, liquidated and claims established. In budgeting this stage the Receiver will assume that it is appropriate to account for the ongoing and future investigative efforts.

Total Hours	Attorney Compensation (Hourly Rate)	Estimated Expenses	Total
50	Michael J. Quilling, \$350.00	\$5,000.00	\$32,200.00
0	D. Dee Raibourn, \$250.00		
50	Brent J. Rodine, \$150.00		
20	Paralegals, \$100.00-\$110.00		

Legal Research

10. In connection with these proceedings (as opposed to the lawsuits listed above) the Receiver does not anticipate that much in the way of research will be necessary unless associated with motions filed by the Receiver with respect to assets.

Total Hours	Attorney Compensation (Hourly Rate)	Estimated Expenses	Total
0	Michael J. Quilling, \$350.00	\$1,000.00	\$4,220.00
0	D. Dee Raibourn, \$250.00		
20	Brent J. Rodine, \$150.00		
2	Paralegals, \$100.00-\$110.00		

Pleadings Preparation

11. In connection with these proceedings (as opposed to the lawsuits listed above) the Receiver does not anticipate that much in the way of pleadings preparation will be necessary unless associated with motions filed by the Receiver with respect to assets.

Total Hours	Attorney Compensation (Hourly Rate)	Estimated Expenses	Total
5	Michael J. Quilling, \$350.00	\$100.00	\$2,820.00
0	D. Dee Raibourn, \$250.00		
5	Brent J. Rodine, \$150.00		
2	Paralegals, \$100.00-\$110.00		

Formal Discovery

12. In connection with these proceedings (as opposed to the lawsuits listed above) the Receiver anticipates taking at least ten depositions of people associated with the fraudulent scheme to aid him in his investigation.

Total Hours	Attorney Compensation (Hourly Rate)	Estimated Expenses	Total
20	Michael J. Quilling, \$350.00	\$10,000.00	\$27,300.00
15	Hamp Moody, \$350.00		
30	Brent J. Rodine, \$150.00		
5	Paralegals, \$100.00-\$110.00		

Expert Witnesses

13. In connection with these proceedings (as opposed to the lawsuits listed above) the Receiver does not anticipate the use of experts.

Dispositive Motions

14. The Receiver anticipates filing Motions to Compel, Motions for Order to Show Cause and Motions to Allow/Disallow Claims, each of which may be considered to be dispositive motion.

Total Hours	Attorney Compensation (Hourly Rate)	Estimated Expenses	Total
5	Michael J. Quilling, \$350.00	\$100.00	\$5,400.00
0	D. Dee Raibourn, \$250.00		
20	Brent J. Rodine, \$150.00		
5	Paralegals, \$100.00-\$110.00		

Trial Preparation

15. Unless asked to assist the Securities and Exchange Commission, the Receiver does not anticipate being involved in trial preparation.

Trial

16. Unless asked to assist the Securities and Exchange Commission, the Receiver does not anticipate being involved in trial.

Other Services(i) **Document and Bank Record Subpoenas.**

This category includes (1) determining bank account records and other documents to subpoena in order to aid in the tracing of assets; (2) preparing and serving the subpoenas; (3) review of the materials received for completeness; and (4) communications with the party producing to obtain missing documents and/or better copies.

Total Hours	Attorney Compensation (Hourly Rate)	Estimated Expenses	Total
5	Michael J. Quilling, \$350.00	\$500.00	\$4,200.00
0	D. Dee Raibourn, \$250.00		
10	Brent J. Rodine, \$150.00		
5	Paralegals, \$100.00-\$110.00		

(ii) Depositor/Recipient Identification and Location.

This category includes the tracing of both deposits and disbursements to determine the identity and/or location of each so that claim forms can be issued to depositors and disbursements investigated for legitimacy. This can entail internet and database searches.

Total Hours	Attorney Compensation (Hourly Rate)	Estimated Expenses	Total
2	Michael J. Quilling, \$350.00	\$1,000.00	\$5,250.00
0	D. Dee Raibourn, \$250.00		
20	Brent J. Rodine, \$150.00		
5	Paralegals, \$100.00-\$110.00		

(iii) Asset Identification and Seizure.

This category includes investigation of disbursements to determine if an asset was acquired and, if so, its description, location and value. This category includes subpoena preparation and issuance, verbal and written communications and taking possession of assets.

Total Hours	Attorney Compensation (Hourly Rate)	Estimated Expenses	Total
20	Michael J. Quilling, \$350.00	\$2,500.00	\$11,500.00
0	D. Dee Raibourn, \$250.00		
10	Brent J. Rodine, \$150.00		
5	Paralegals, \$100.00-\$110.00		

(iv) Demand Letter and Negotiation.

This category includes preparation of demand letters and subsequent verbal and written negotiation as to the payment of funds and/or delivery of assets.

Total Hours	Attorney Compensation (Hourly Rate)	Estimated Expenses	Total
2	Michael J. Quilling, \$350.00	\$100.00	\$3,300.00
5	Hamp Moody, \$350.00		
5	Brent J. Rodine, \$150.00		
0	Paralegals, \$100.00-\$110.00		

(v) Additional Lawsuit Preparation.

This category includes preparation of lawsuits, summons, civil cover sheets, certificates of interested persons and all related papers incident to filing a lawsuit.

Total Hours	Attorney Compensation (Hourly Rate)	Estimated Expenses	Total
2	Michael J. Quilling, \$350.00	\$500.00	\$6,200.00
10	Hamp Moody, \$350.00		
10	Brent J. Rodine, \$150.00		
0	Paralegals, \$100.00-\$110.00		

(vi) Investor Correspondence.

This category includes responding to inquiries from investors and claimants via telephone, letter and email.

Total Hours	Attorney Compensation (Hourly Rate)	Estimated Expenses	Total
20	Michael J. Quilling, \$350.00	\$300.00	\$15,650.00
0	D. Dee Raibourn, \$250.00		
5	Brent J. Rodine, \$150.00		

70	Paralegals, \$100.00-\$110.00		
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(vii) Website Updates.

This category includes the constant updating of the Receiver's website.

Total Hours	Attorney Compensation (Hourly Rate)	Estimated Expenses	Total
30	Michael J. Quilling, \$350.00	\$100.00	\$23,600.00
0	D. Dee Raibourn, \$250.00		
50	Brent J. Rodine, \$150.00		
50	Paralegals, \$100.00-\$110.00		

(viii) Claim Receipt and Processing.

This category includes the (1) issuance of claims to potential claimants; (2) the entry of claims into the database and issuance of postcards; (3) review of the claims; (4) communications with claimants to resolve concerns; (5) motions to approve or disapprove claims; and (6) hearings before the Court with respect to resolving claims.

Total Hours	Attorney Compensation (Hourly Rate)	Estimated Expenses	Total
5	Michael J. Quilling, \$350.00	\$500.00	\$11,450.00
0	D. Dee Raibourn, \$250.00		
10	Brent J. Rodine, \$150.00		
70	Paralegals, \$100.00-\$110.00		

(ix) Fee Applications.

This category includes the preparation and service of fee applications and supporting declarations for the Receiver and professionals retained by him as well as any required hearings before the Court.

Total Hours	Attorney Compensation (Hourly Rate)	Estimated Expenses	Total
10	Michael J. Quilling, \$350.00	\$100.00	\$6,200.00
0	D. Dee Raibourn, \$250.00		
10	Brent J. Rodine, \$150.00		
10	Paralegals, \$100.00-\$110.00		

(x) Bank Account Reconciliations.

This category includes the review and reconciliation of the bank accounts maintained by the Receiver as well as conversations with Comerica Bank regarding transfers of funds when necessary.

Total Hours	Attorney Compensation (Hourly Rate)	Estimated Expenses	Total
10	Michael J. Quilling, \$350.00	\$0.00	\$3,500.00
0	D. Dee Raibourn, \$250.00		
0	Brent J. Rodine, \$150.00		
0	Paralegals, \$100.00-\$110.00		

(xi) Final Report and Distribution Plan.

This category includes the preparation of the Receiver's Final Report and Proposed Distribution Plan and all supporting schedules.

Total Hours	Attorney Compensation (Hourly Rate)	Estimated Expenses	Total
25	Michael J. Quilling, \$350.00	\$50.00	\$10,100.00
0	D. Dee Raibourn, \$250.00		
5	Brent J. Rodine, \$150.00		
5	Paralegals, \$100.00-\$110.00		

(xii) Asset Maintenance and Sales.

This category includes the (1) payment of expenses associated with holding of assets such as a house or automobile; (2) efforts to determine asset values and market them for sale; (3) preparation and execution of documents incident to sales; (4) the conducting of eBay auctions; and (5) preparation of motions and related papers to obtain approval of sales and attending hearings.

Total Hours	Attorney Compensation (Hourly Rate)	Estimated Expenses	Total
20	Michael J. Quilling, \$350.00	\$5,000	\$14,050.00
0	D. Dee Raibourn, \$250.00		
10	Brent J. Rodine, \$150.00		
5	Paralegals, \$100.00-\$110.00		

(xiii) Distribution Check Processing.

This category includes the (1) issuance of distribution checks to holders of approved claims; and (2) follow-up regarding lost, returned or uncashed checks.

Total Hours	Attorney Compensation (Hourly Rate)	Estimated Expenses	Total
2	Michael J. Quilling, \$350.00	\$100.00	\$3,000.00
0	D. Dee Raibourn, \$250.00		
0	Brent J. Rodine, \$150.00		
20	Paralegals, \$100.00-\$110.00		

(xiv) Cooperation with Law Enforcement.

This category includes communications with law enforcement officials, including (1) responding to requests for information; (2) obtaining information; (3) testifying in grand jury proceedings, at trial and at sentencing.

Total Hours	Attorney Compensation (Hourly Rate)	Estimated Expenses	Total
20	Michael J. Quilling, \$350.00	\$100.00	\$7,650.00
0	D. Dee Raibourn, \$250.00		
0	Brent J. Rodine, \$150.00		
5	Paralegals, \$100.00-\$110.00		

(xv) Communications with the SEC.

This category includes telephone conferences, meetings and written correspondence with the Securities and Exchange Commission regarding case issues.

Total Hours	Attorney Compensation (Hourly Rate)	Estimated Expenses	Total
30	Michael J. Quilling, \$350.00	\$50.00	\$11,890.00
0	D. Dee Raibourn, \$250.00		
5	Brent J. Rodine, \$150.00		
5	Paralegals, \$100.00-\$110.00		

(xvi) General and Administrative.

This category includes handling general matters and attending hearings relating to the case not specifically contemplated above.

Total Hours	Attorney Compensation (Hourly Rate)	Estimated Expenses	Total
20	Michael J. Quilling, \$350.00	\$50.00	\$8,150.00
0	D. Dee Raibourn, \$250.00		
0	Brent J. Rodine, \$150.00		
10	Paralegals, \$100.00-\$110.00		

(xvii) Lawsuits.*Quilling v. Humphries*

Total Hours	Attorney Compensation (Hourly Rate)	Estimated Expenses	Total
5	Michael J. Quilling, \$350.00	\$6,000.00	\$26,300.00
30	D. Dee Raibourn, \$250.00		
50	Brent J. Rodine, \$150.00		
5	Paralegals, \$100.00-\$110.00		

Summary

The following is a summary of the foregoing budgeted items by category.

Category	Total Hours/Fees	Expenses	Total
Preliminary Investigation	\$27,200.00	\$5,000.00	\$32,200.00
Legal Research	\$3,220.00	\$1,000.00	\$4,220.00
Pleadings Preparation	\$2,720.00	\$100.00	\$2,820.00
Formal Discovery	\$17,300.00	\$10,000.00	\$27,300.00
Dispositive Motions	\$5,300.00	\$100.00	\$5,400.00
Document & Bank Record Subpoenas	\$3,700.00	\$500.00	\$4,200.00
Recipient Identification and Location	\$4,250.00	\$1,000.00	\$5,250.00
Asset Identification and Seizure	\$9,000.00	\$2,500.00	\$11,500.00
Demand Letters and Negotiation	\$3,200.00	\$100.00	\$3,300.00
Additional Lawsuit Preparation	\$5,700.00	\$500.00	\$6,200.00
Investor Correspondence	\$15,350.00	\$300.00	\$15,650.00
Website Updates	\$23,500.00	\$100.00	\$23,600.00
Claim Receipt and Processing	\$10,950.00	\$500.00	\$11,450.00
Fee Applications	\$6,100.00	\$100.00	\$6,200.00
Bank Account Reconciliations	\$3,500.00	\$0.00	\$3,500.00
Final Report and Distribution Plan	\$10,050.00	\$50.00	\$10,100.00

Category	Total Hours/Fees	Expenses	Total
Asset Maintenance and Sales	\$9,050.00	\$5,000.00	\$14,050.00
Distribution Check Processing	\$2,900.00	\$100.00	\$3,000.00
Cooperation with Law Enforcement	\$7,550.00	\$100.00	\$7,650.00
Communications with the SEC	\$11,840.00	\$50.00	\$11,890.00
General and Administrative	\$8,100.00	\$50.00	\$8,150.00
Lawsuits	\$20,300.00	\$6,000.00	\$26,300.00

TOTALS **\$210,780.00** **\$33,150.00** **\$243,930.00**

Good Faith Estimation of Recoveries

17. In addition to the recoveries already made (\$1,316,116.14) the Receiver anticipates that he will recover an additional \$930,000.00 plus whatever final distribution is made by the Megafund Receivership Estate to the Lancorp Financial Receivership Estate. The Receiver is severely hampered in making such an estimate because he has no knowledge of the ability of a given defendant to pay any judgment awarded.

Caveats

18. No amounts are included in any budget materials for the Receiver's accountants and private investigators.

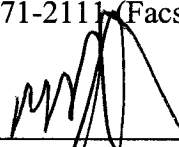
19. This budget does not include the fees and expenses incurred from the beginning of these proceedings through February 28, 2006 which total \$13,508.88.

DATED this 17th day of March, 2006.

Respectfully submitted,

QUILLING SELANDER CUMMISKEY & LOWNDS, P.C.
2001 Bryan Street, Suite 1800
Dallas, Texas 75201-4240
(214) 871-2100 (Telephone)
(214) 871-2111 (Facsimile)

By:



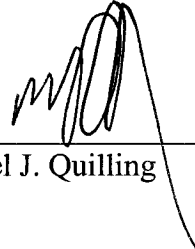
Michael J. Quilling
State Bar No. 16432300

ATTORNEYS FOR RECEIVER

CERTIFICATE OF SERVICE

This is to certify that on the 17th day of March, 2006, a true and correct copy of the above and foregoing was served, via first class mail, with full and proper postage prepaid thereon, to:

Stephen J. Korotash Securities and Exchange Commission 801 Cherry Street, Suite 1900 Fort Worth, Texas 76102	Scott Baker 10830 North Central Expressway Suite 475, B4 Dallas, Texas 75231
Jeffrey Henderson Henderson & Lyman 175 West Jackson Boulevard, Suite 240 Chicago, Illinois 60604	CIG, Ltd. c/o James Rumpf 1802 Pleasant Valley Drive, Suite 100-149 Garland, Texas 75040
James Rumpf, Individually and d/b/a CILAK International 1802 Pleasant Valley Drive, Suite 100-149 Garland, Texas 75040	Steve Smoot Smoot Law Firm, P.C. 4545 Mt. Vernon Houston, Texas 77006



Michael J. Quilling