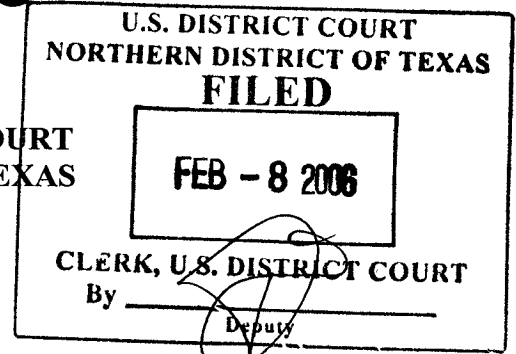


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ORIGINAL

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



SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

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

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

Defendants,

and

PAMELA C. STARK,

Relief Defendant.

STATUS REPORT

Counsel for Plaintiff Securities and Exchange Commission and counsel for Defendants Stanley A. Leitner, James A. Rumpf, Bradley C. Stark, Megafund Corp., CIG, Ltd., Cilak International and Sardaukar Holdings, IBC, and Relief Defendant Pamela C. Stark conferred on January 24, 2006, and hereby submit this Status Report as follows:

1. Nature of Case and Contentions:

A. Plaintiff: The Defendants conducted an unregistered and fraudulent securities offering that lured investors with false promises of annual investment returns of

120 percent. Since June 2004, Defendants fraudulently raised approximately \$13.8 million from at least 70 investors. The scheme was orchestrated by Defendants Stanley A. Leitner, James A. Rumpf and Bradley C. Stark, and perpetrated through their companies, Megafund Corp., CIG, Ltd. and Sardaukar Holdings, IBC, respectively. Virtually every representation made to investors about the nature and terms of the investment was a fabrication. The Defendants operated what is commonly known as a High Yield Investment Program scheme, using investors' funds in a manner other than represented. In particular, Leitner transferred nearly \$11 million of investor funds to Rumpf's offshore company, CIG. Subsequently, Stark, a convicted felon, through his company Sardaukar, received \$9.5 million of those funds. Stark squandered investor funds on luxury cars, jewelry and travel.

Pamela Stark, a Relief Defendant and wife of Defendant Bradley Stark, received approximately \$1 million of investor funds for no apparent consideration and under circumstances in which it is not just, equitable or conscionable for her to retain the funds. The Commission, in the interest of protecting the public from further fraudulent activities, brought this action seeking an order permanently enjoining the Defendants from further violations of Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933 [15 U.S.C. §§ 77e(a), 77e(c) and 77q(a)] ("Securities Act") and Section 10(b) of the Securities Exchange Act of 1934 [15 U.S.C. § 78j(b)] ("Exchange Act"), and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]. The Commission also seeks orders requiring the Defendants to pay civil monetary penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)], and Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)], and

requiring the Defendants and Relief Defendant to disgorge all ill-gotten gains, plus prejudgment interest thereon.

2. Challenge to Jurisdiction or Venue:

No party asserts a challenge.

3. Pending or Contemplated Motions:

Robert Christie, counsel for Bradley Stark, Pamela Stark and Sardaurkar Holdings, anticipates filing a motion to withdraw as counsel.

Plaintiff anticipates filing a motion for summary judgment should settlements not be reached in a prompt manner.

4. Matters Requiring a Conference with Court:

No party has identified such a matter.

5. Likelihood Other Parties will be Joined:

No joinder is anticipated.

6. Discovery Dates and Scheduling Recommendations

A. Time Frame:

Plaintiff's Expert Reports: May 12, 2006

Defendants' Expert Reports: May 26, 2006

Discovery Cutoff: June 30, 2006

Dispositive Motions: July 28, 2006

Pretrial Filings: September 22, 2006

B. Discovery Contemplated:

In light of the significant probability of settlement as to Defendants Leitner, Rumpf, Megafund, Cilak and CIG, the Commission and these parties will

attempt to promptly reach agreements in principle to conclude this matter and thereby avoid the expense of significant discovery. As to Defendants Bradley Stark and Sardaukar Holdings, the Commission estimates that it will be required to take a total of 10 depositions to prove the falsity of the representations made by the defendants and to obtain victim testimony.

C. Limitations

The parties do not wish to limit discovery by subject areas or issues.

The parties do not seek modification in the limitations on discovery imposed by the Federal Rules of Civil Procedure or the Court's local rules.

Plaintiff has advised Defendants that all non-privileged material in its possession related to the investigation of this matter is available for inspection and copying at the Plaintiff's office, at the convenience of the Defendants.

7. Dondi:

The undersigned counsel certify that they have read the *Dondi* decision and are familiar with the district's Civil Justice Expense and Delay Reduction Plan as amended in May 2002.

8. Trial

A. Requested Date: October 2, 2006

B. Estimated Length One week

C. Jury Demand None

9. Trial before Magistrate:

The parties agree to have all non-dispositive motions handled by Magistrate Kaplan. However, the parties request that the District Judge rule upon dispositive

motions and conduct the trial of this matter.

10. Settlement Prospects:

There is a high probability for settlement as to Defendants Leitner, Megafund, Rumpf, Cilak, CIG and Relief Defendant Pamela Stark. There is a lesser probability of settlement for Bradley Stark and Sardaukar Holdings.

11. Mediation:

The parties do not believe that mediation will be of value.

12. ECF Matters:

No party objects to ECF handling.

13. Objections to Rule 26(a)(1) disclosures:

No changes are suggested to the timing, form or requirements for disclosures under Rule 26(a).

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U.S. Securities and Exchange Commission

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and CIG, Ltd.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the *Status Report* as presented to the Court for filing in the above-captioned case on the 8th day of February, 2006 and I served a true and correct copy of the foregoing document by depositing a copy thereof in an authorized Federal Express depository at Fort Worth, Texas, with overnight express charges prepaid and addressed to the following parties and persons:

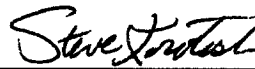
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