

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

MICHAEL J. QUILLING, Receiver for
Megafund Corporation and Stanley A.
Leitner,

Plaintiff,

v.

ALLAN CLARK, Individually and d/b/a
FINANCIAL RISK SPECIALISTS,

Defendant.

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Case 3:06-cv-01088

Civil Action No. 3:06-CV-1088-L (BD)
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ECF

Referred to the U.S. Magistrate Judge

**PLAINTIFF'S NOTICE OF SETTLEMENT
AGREEMENT AND DISMISSAL OF ALL CLAIMS**

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

COMES NOW, Michael J. Quilling, as Receiver for Megafund Corporation and Stanley A. Leitner, ("Plaintiff" or "Receiver") and, in accordance with this Court's Order of January 9, 2007 [Dkt. No. 28], files this Notice of Settlement Agreement and Dismissal of All Claims. In support of his motion, the Receiver would respectfully show the Court as follows:

1. On July 1, 2005, the Securities and Exchange Commission ("SEC") initiated *SEC v. Megafund Corporation, et al.*, Civil Action No. 3:05-CV-1328-L (N.D. Tex.) (the "Receivership Proceedings"). *Complaint* [Dkt. No. 1] (3:05-CV-1328).

2. In connection with that lawsuit, the SEC sought to have a receiver appointed for the defendants and relief defendant in that case. The Court appointed Michael J. Quilling as Receiver for Megafund, Leitner, and others and he has since continued to function in that capacity. *Order Appointing Temporary Receiver* [Dkt. No. 9], as amended July 19, 2005 [Dkt. No. 36] (3:05-CV-

1328).

3. On June 20, 2006, the Receiver filed this lawsuit against Defendant Allan Clark, individually and d/b/a Financial Risk Specialists (“Defendant”). *Complaint* [Dkt. No. 1]. In his Complaint, the Receiver alleged that Megafund fraudulently transferred \$167,316.00 of investor funds to the Defendant. *Id.* On July 31, 2006, the Defendant filed an Answer denying the Receiver’s claims for relief. *Original Answer of Allan Clark* [Dkt. No. 10].

4. On January 16, 2007, the parties executed a Settlement Agreement that would resolve all claims and defenses at issue in this case. A true and correct copy of this Settlement Agreement is attached as Exhibit “1” and fully incorporated for all purposes.¹

5. That Agreement is expressly conditioned upon Court approval in the Receivership Proceedings. *See id.* Therefore, the Receiver is simultaneously filing a motion in the Receivership Proceedings for that Court to enter its approval of this Settlement Agreement on the docket. Following approval, the Receiver and Defendant will file their Stipulation of Dismissal and Agreed Order in this case. *See id.* at Exhibits “1-B” and “1-C” (incorporating the parties’ Stipulation of Dismissal and Agreed Order of Dismissal).

¹ The Settlement Agreement is backed by a Promissory Note that has been redacted to obscure account numbers maintained by the Receivership Estate. *See Promissory Note*, Exhibit “1-A”.

Respectfully submitted,

QUILLING SELANDER CUMMISKEY & LOWNDS, P.C.
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By: /s/ Brent J. Rodine

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ATTORNEYS FOR PLAINTIFF

CERTIFICATE OF SERVICE

On the January 16, 2007 a true and correct copy of the above and foregoing was sent via first class mail, with full and proper postage prepaid thereon, to:

Allan Clark
c/o Austin H. England
Veon & England
909 Lake Carolyn Parkway, Suite 150
Irving, Texas 75039

 /s/ Brent J. Rodine
Brent J. Rodine