

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

ORIGINAL

MICHAEL J. QUILLING, Receiver for
Sardaukar Holdings, IBC and Bradley C.
Stark,

Plaintiff,

v.

GLENN M. STARK,

Defendant.

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3-06 CV 1435-N

CIVIL ACTION NO. _____

(JURY TRIAL DEMANDED)

3112

COMPLAINT

TO THE HONORABLE JUDGE OF SAID COURT:

COMES NOW, Michael J. Quilling as Receiver for Sardaukar Holdings, IBC and Bradley C. Stark ("Receiver") and files this his Complaint against Glenn M. Stark and in support of such would respectfully show unto the Court the following:

Parties

1. Michael J. Quilling is the Receiver appointed for Sardaukar Holdings, IBC and Bradley C. Stark in a case pending before the United States District Court for the Northern District of Texas, Dallas Division, the Honorable Sam A. Lindsay presiding.

2. Defendant Glenn M. Stark is an individual residing in California who may be served at 1271 Calle Candelero, Chula Vista, California 91910-6811.

Jurisdiction and Venue

3. The Court has subject matter jurisdiction over this case because it involves Receivership Assets as described in the Order Appointing Temporary Receiver. That Order expressly states that all actions to determine disputes relating to Receivership Assets shall be filed

in this Court. Additionally, this Court has subject matter jurisdiction, in personam jurisdiction, and in rem jurisdiction pursuant to 28 U.S.C. § 754, § 1692, and Fed. R. Civ. P. 4(k)(1)(D).

4. Venue for this action is proper in the Northern District of Texas because: (1) this action is ancillary to the SEC Proceedings referenced below, which are already pending in this District; (2) the Receiver was appointed in this District; and (3) this action involves Receivership Assets within the meaning of the Order Appointing Receiver, which expressly states that all actions to determine such disputes shall be filed in this Court.

Background Facts

5. On July 1, 2005 the Securities and Exchange Commission (“SEC”) initiated Civil Action No. 3:05-CV-1328-L, currently styled *Securities and Exchange Commission v. Megafund Corporation, Stanley A. Leitner, Sardaukar Holdings, IBC, Bradley C. Stark, CIG, Ltd., and James A. Rumpf, Individually and d/b/a Cilak International and Pamela C. Stark, Relief Defendant*. In connection with that case, the SEC asked that the Court appoint a Receiver for the defendants and relief defendant. The Court appointed Michael J. Quilling as Receiver in that proceeding by Order dated July 5, 2005. Since that time, the Receiver has continued to function in that capacity.

6. On July 11, 2005 the Receiver filed notice of his appointment in the United States District Court for the Central District of California, as required by 28 U.S.C. § 754. That notice is on file with the District Court Clerk as Cause No. MISC-05-77.

7. Sardaukar Holdings, IBC (“Sardaukar”) is an entity which operated a *Ponzi* scheme and fraudulent investment program under the direction and control of Bradley C. Stark (“Stark”). In particular, investors sent funds to Sardaukar’s account at JPMorgan Chase Bank, N.A. with the understanding that Stark would supervise those funds and apply them towards various investments.

Stark, however, systemically diverted most of those funds to support an extravagant lifestyle and to personally benefit himself, his friends, and his family.

8. In January 2005, Stark diverted \$87,280.00 by official check to his brother, Glenn M. Stark ("Defendant"). Receivership Estate records indicate that this payment was made out of investor funds without Defendant exchanging any benefit for Sardaukar or its investors. Accordingly, Defendant has no legitimate claim to those funds.

COUNT ONE
Constructive Trust & Disgorgement

9. The Receiver incorporates paragraphs 1 through 8 as if fully set forth herein.

10. The funds paid to Defendant constitute and are directly traceable to funds of the defrauded investors. As such, they are impressed with a constructive trust and constitute Receivership Assets. The Defendant should be required to disgorge his ill-gotten gains.

11. Pursuant to principles of equity, the Receiver seeks the imposition of a constructive trust upon all funds paid to Defendant as well as a judgment disgorging all amounts received. To the extent that Defendant is unable to disgorge those funds, the Receiver seeks a money judgment against him in an amount equal to the funds received.

COUNT TWO
Fraudulent Transfer

12. The Receiver incorporates paragraphs 1 through 11 as if fully set forth herein.

13. The Sardaukar investment program was a *Ponzi* scheme. Consequently, all funds and benefits that the Defendant received from Sardaukar constitute fraudulent transfers and the Receiver is entitled to recover that amount from Defendant.

COUNT THREE
Fees, Expenses, Costs and Interest

14. The Receiver incorporates paragraphs 1 through 13 as if fully set forth herein.

15. As a direct result of Defendant's conduct, as alleged above, it has been necessary for the Receiver to file this action. The Receiver, therefore, sues for all costs, expenses, attorneys' fees, as well as pre-judgment and post-judgment interest to which he is entitled under the law or at equity.

JURY DEMAND

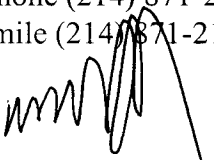
16. The Receiver respectfully requests that this case be tried before a jury.

WHEREFORE, PREMISES CONSIDERED, the Receiver prays that upon final trial hereof that the Court enter judgment in favor of the Receiver and against the Defendant in an amount equal to the amount of investor funds received, plus pre- and post-judgment interest, attorneys' fees and costs of court, and for such other and further relief, general or special, at law or in equity, to which the Receiver may show himself justly entitled.

Respectfully submitted,

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

By: _____


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ATTORNEY FOR PLAINTIFF

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JS 44 (Rev 11/04)

RECEIVED
 AUG 10 2006
 CLERK, U.S. DISTRICT COURT
 NORTHERN DISTRICT OF TEXAS

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information obtained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON THE REVERSE OF THE FORM.)

I. (a) PLAINTIFFS
 Michael U. Quilling, IBC and
 Bradley C. Stark

(b) County of Residence of First Listed Plaintiff Dallas
 (EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorney's (Firm Name, Address, and Telephone Number)
 Quilling Selander Cummiskey & Lownds, P.C., 2001 Bryan Street, Suite
 1800, Dallas, Texas 75201, (214) 871-2100

DEFENDANTS
 Glenn M. Stark

County of Residence of First Listed Defendant _____
 (IN U.S. PLAINTIFF CASES ONLY)

NOTE IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE LAND INVOLVED

Attorneys (If Known)
3-06 CV 1435 - N

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

1 U.S. Government Plaintiff

2 U.S. Government Defendant

3 Federal Question (U.S. Government Not a Party)

4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

	PTF	DEF		PTF	DEF
Citizen of This State	<input checked="" type="checkbox"/> 1	<input type="checkbox"/> 1	Incorporated or Principal Place of Business In This State	<input type="checkbox"/> 4	<input type="checkbox"/> 4
Citizen of Another State	<input type="checkbox"/> 2	<input checked="" type="checkbox"/> 2	Incorporated and Principal Place of Business In Another State	<input type="checkbox"/> 5	<input type="checkbox"/> 5
Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6

IV. NATURE OF SUIT (Place an "X" in One Box Only)

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES	
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise	PERSONAL INJURY <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury CIVIL RIGHTS <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 445 Amer w/Disabilities - Employment <input type="checkbox"/> 446 Amer w/Disabilities - Other <input type="checkbox"/> 440 Other Civil Rights	PERSONAL INJURY <input type="checkbox"/> 362 Personal Injury - Med Malpractice <input type="checkbox"/> 365 Personal Injury - Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability PERSONAL PROPERTY <input checked="" type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability PRISONER PETITIONS <input type="checkbox"/> 510 Motions to Vacate Sentence Habeas Corpus: <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition	<input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. & Truck <input type="checkbox"/> 650 Airline Regs <input type="checkbox"/> 660 Occupational Safety/Health <input type="checkbox"/> 690 Other LABOR <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt Relations <input type="checkbox"/> 730 Labor/Mgmt Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl Ret Inc Security Act	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 PROPERTY RIGHTS <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark SOCIAL SECURITY <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) FEDERAL TAX SUITS <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS—Third Party 26 USC 7609	<input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Annuity <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 810 Selective Service <input type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes
REAL PROPERTY	CIVIL RIGHTS	PRISONER PETITIONS	LABOR	FEDERAL TAX SUITS	
<input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	<input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 445 Amer w/Disabilities - Employment <input type="checkbox"/> 446 Amer w/Disabilities - Other <input type="checkbox"/> 440 Other Civil Rights	<input type="checkbox"/> 510 Motions to Vacate Sentence Habeas Corpus: <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition	<input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt Relations <input type="checkbox"/> 730 Labor/Mgmt Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl Ret Inc Security Act	<input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS—Third Party 26 USC 7609	

V. ORIGIN (Place an "X" in One Box Only)

1 Original Proceeding

2 Removed from State Court

3 Remanded from Appellate Court

4 Reinstated or Reopened

5 Transferred from another district (specify)

6 Multidistrict Litigation

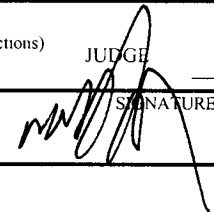
7 Appeal to District Judge from Magistrate Judgment

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):

VI. CAUSE OF ACTION Brief description of cause. Constructive trust and fraudulent transfer

VII. REQUESTED IN COMPLAINT: CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23 **DEMAND \$** 90,000.00 **CHECK YES only if demanded in complaint:** **JURY DEMAND:** Yes No

VIII. RELATED CASE(S) IF ANY (See instructions) **JUDGE** Sam A. Lindsay **DOCKET NUMBER** 3:05-CV-1328-L

DATE 8/10/06 SIGNATURE OF ATTORNEY OF RECORD 

FOR OFFICE USE ONLY

RECEIPT # _____ AMOUNT _____ APPLYING IFP _____ JUDGE _____ MAG JUDGE _____