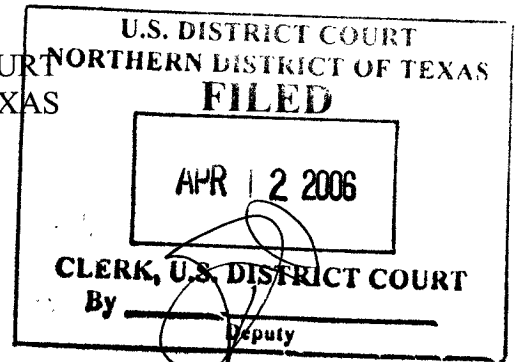


R

ORIGINAL

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



MICHAEL J. QUILLING, RECEIVER §
FOR MEGAFUND CORPORATION §
AND LANCORP FINANCIAL GROUP, §
LLC, §

Plaintiff, §

vs. §

KENNETH WAYNE HUMPHRIES, §

Defendant. §

Civil Action No. 3:06-CV-0299-R

REPLY TO DEFENDANT'S COUNTERCLAIM

TO THE HONORABLE JEFF KAPLAN, UNITED STATES MAGISTRATE JUDGE:

COMES NOW, Michael J. Quilling in his capacity as Receiver for Megafund Corporation and Lancorp Financial Group, LLC, ("Receiver") and files this his Answer to Defendant's Counterclaim and would respectfully show the Court as follows:

1 The Receiver admits that Megafund Corporation ("Megafund") retained Defendant to perform certain specific services.

2. The Receiver admits that Defendant performed some services for Megafund, but says that he is without full knowledge as to the nature of the services that Defendant was requested to perform and/or the extent to which Defendant completed same.

3. The Receiver is without knowledge of, and therefore denies, all allegations in Paragraph 3 of Defendant's Counterclaim.

4. The Receiver agrees that, in performing legal services for Megafund, Defendant committed acts constituting negligence, fraud, and violations of Federal and State law. The Receiver

is without knowledge of, and therefore denies, all other allegations in Paragraph 4 of Defendant's Counterclaim.

5. The Receiver denies all allegations in Paragraph 5 of the Defendant's Counterclaim.

6. The Receiver denies all allegations in Paragraph 6 of the Defendant's Counterclaim.

FIRST DEFENSE

7. All or part of the relief requested by Defendant is barred by the doctrine of contributory negligence.

SECOND DEFENSE

8. All or part of the relief requested by Defendant is barred by the doctrine of assumption of risk.

THIRD DEFENSE

9. All or part of the relief requested by Defendant is barred by the doctrine of estoppel.

FOURTH DEFENSE

10. All or part of the relief requested by Defendant is barred by failure of consideration.

FIFTH DEFENSE

11. All or part of the relief requested by Defendant is barred by Defendant's own fraudulent conduct.

SIXTH DEFENSE

12.. All or part of the relief requested by Defendant is barred due to Defendant's illegal conduct.

SEVENTH DEFENSE

13. All or part of the relief requested by Defendant is barred by the doctrine of laches.

EIGHTH DEFENSE

14. All or part of the relief requested by Defendant is barred by the doctrine of waiver.

NINTH DEFENSE

15. All or part of the relief requested by Defendant is barred by applicable statutes of limitation.

DEMAND FOR JURY TRIAL

16. The Receiver demands a trial by jury on all claims and causes of action asserted in Defendant's Counterclaim.

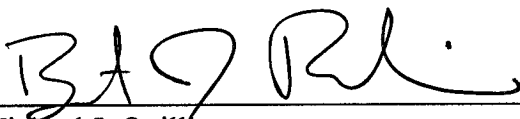
CONCLUSION

WHEREFORE, PREMISES CONSIDERED, the Receiver requests that the Court enter judgment that Defendant take nothing on his Counterclaim and grant the Receiver such other and further relief, at law or in equity, to which he may be justly entitled.

Respectfully submitted,

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By:



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ATTORNEYS FOR PLAINTIFF

CERTIFICATE OF SERVICE

This is to certify that on the 12 day of April, 2006 a true and correct copy of the foregoing was served via first class mail, with full and proper postage pre-paid thereon, to:

Kenneth W. Humphries
P.O. Box 74
110 East Ninth Street
Hopkinsville, Kentucky 42241-0074

