

JOINT STATUS REPORT

TO THE HONORABLE JUDGE OF SAID COURT:

In accordance with this Court's Order of February 23, 2006, the following status report is submitted by the parties:

Statement of the Case

1. Michael J. Quilling, as Receiver for Megafund Corporation and Lancorp Financial Group LLC, brings this action against Defendant Kenneth Wayne Humphries alleging that he willfully or negligently aided Megafund's controlling officer in using the company to operate a *Ponzi* scheme. The Receiver also alleges that the Defendant, acting as the attorney or general counsel for Megafund, issued an opinion letter to Lancorp Financial Group, LLC that contained false or misleading representations. Defendant denies these allegations.

Motions

2. There are no pending motions. The Receiver, however, anticipates filing a motion for summary judgment following discovery. The Defendant also contemplates filing motions challenging jurisdiction and the choice of forum in this proceeding.

Additional Parties

3. At this time, the Receiver is not aware any parties who should join this action. The Defendant believes that there are indispensable parties who should be made a part of this action, including Stanley A. Leitner and other parties with whom he dealt.

Settlement and Mediation

There are no settlement negotiations ongoing and no current prospects for 4. settlement of this case. The parties do not oppose mediation but believe it would be most effective after some discovery has been conducted.

Scheduling Order

5. The Receiver believes that the Court's Scheduling Order of February 23, 2006, is adequate because the issues in the case are straightforward. The Defendant does not believe that the Court's scheduling order of February 23, 2006, is adequate in that it unnecessarily sets expedited deadlines for completion of and rushes the case to trial, imposing a hardship on the Defendant.

Dondi Decision

6. The Receiver and Defendant have read the Dondi decision and acknowledge the obligations under Section 3 of the Court's Scheduling Order of February 23, 2006.



Trial Date

7. The Receiver believes that the Court's Scheduling Order of February 23, 2006, provides adequate time for the proposed trial setting. The Defendant does not.

Consent to Magistrate

Both parties do not consent to trial before United States Magistrate Judge. 8.

ECF

9. The parties do not object to the case being handled as an electronic case files case pursuant to Miscellaneous Order 61 and the ECF Procedures Manual.

Other Matters

10. Other than Defendant's anticipated challenges to jurisdiction and the choice of forum, there are no other matters relevant to the status and disposition of this case known to the parties at this time.



Respectfully submitted,

Kenneth W. Humphries

Kentucky State Bar No. 34630

P.O. Box 74

Hopkinsville, KY 42241-0074 Telephone: (270) 886-5649 Facsimile: (270) 886-5649

ATTORNEY FOR DEFENDANT

Michael J. Quilling

State Bar No. 16432300

James H. Moody, III

Texas State Bar No. 14307400

QUILLING SELANDER CUMMISKEY & LOWNDS, P.C.

2001 Bryan Street, Suite 1800

Dallas, Texas 75201

Telephone: (214) 871-2100 Facsimile: (214) 871-2111

ATTORNEYS FOR PLAINTIFF