

Exhibit “A”

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,	§	CIVIL ACTION NO. 3:06-CV-0355-N
	§	
v.	§	
	§	(JURY TRIAL DEMANDED)
MI-TY PRODUCTIONS, INC.,	§	
	§	ECF
Defendant.	§	

AFFIDAVIT OF MICHAEL J. QUILLING, RECIEVER

TO THE HONORABLE DAVID C. GODBEY, UNITED STATES DISTRICT JUDGE:

COMES NOW, Michael J. Quilling, in his capacity as Receiver for Megafund Corporation and Stanley A. Leitner, (“Plaintiff” or “Receiver”) and files this Motion for Entry of Final Default Judgment, Combined with Brief in Support, and would respectfully show the Court as follows:

I.

FACTS AND PROCEDURAL HISTORY

Before me, the undersigned authority, on this date personally appeared Michael J. Quilling, who being known to me to be the person whose name is subscribed hereto, and who, after being by me first duly sworn, upon his oath stated as follows:

1. My name is Michael J. Quilling. I am over twenty-one (21) years of age and am competent to make this affidavit. I have personal knowledge, or knowledge based on the records of Megafund Corporation (“Megafund”) and Stanley A. Leitner (“Leitner”), of the facts stated herein, and they are all true and correct.. Those records were made at or near the time by, or from

information transmitted by, a person with knowledge; were kept in the course of Megafund's and Leitner's regularly conducted business activity; and it was the regular practice of Megafund's and Leitner's business activity to make those records. I now have custody of Megafund's and Leitner's records concerning the matters addressed in this Affidavit.

2. 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, and Bradley C. Stark, CIG, Ltd., and James A. Rumpf, Individually and d/b/a Cilak International, Defendants, and Pamela C. Stark, Relief Defendant*. In connection therewith, the SEC sought appointment of a Receiver for the Defendants and Relief Defendant. The Court appointed me as Receiver in that proceeding by Order of July 5, 2005, and I have since continued to function in that capacity.

3. By Order of July 19, 2005, that Court expanded the Receivership in that proceeding to include CIG, Ltd. and James A. Rumpf, individually and d/b/a Cilak International, as additional Defendants. The Order also appointed me as Receiver for each of those individuals and entities, , and I have since continued to function in that capacity.

4. By a third Order entered in the SEC Proceedings on January 20, 2006, the receivership was expanded to include Lancorp Financial Group, LLC. That Order also appointed me as the company's Receiver, and I have since continued to function in that capacity.

5. As Receiver, I have investigated the businesses, transactions, assets, liabilities, books, and records of Megafund and Leitner. I have also interviewed witnesses, taken depositions, and reviewed all available documents concerning the company's investment scheme.

6. My investigation has revealed that Leitner operated a *Ponzi* scheme and fraudulent

investment program through Megafund. Investors sent funds to Megafund's accounts at Wells Fargo Bank and SouthTrust Bank believing those funds would be invested under Leitner's supervision. Leitner told investors that their funds would be sent to a "Trader" to execute various trades on their behalf and that their principal investments were never at risk. As Megafund received investor funds, however, Leitner fraudulently diverted large amounts as *Ponzi* payments to previous investors and for other expenses not related to the investment program.

7. The fraudulent nature of Megafund's investment program is self-evident from the bank records. Attached to this Affidavit as Exhibit A-1 and fully incorporated herein is an accounting summary of Megafund's Wells Fargo account. Those records show that Megafund's account was solely funded by investors' principal deposits, not interest earned on legitimate investments. Those funds were used to pay "returns" on other investments as well as distributions to individuals and entities that never exchanged anything of value in return. MI-TY Productions, Inc. ("Defendant") is among those who benefitted from this scheme.

8. Megafund diverted investor funds to Defendant in numerous transfers dating from February 10, 2005, to April 28, 2005. Based upon records currently available to me, Defendant received eleven separate transfers from Megafund's Wells Fargo bank account, totaling at least \$967,500.00. Megafund and its investors did not receive a reasonable value in exchange. Accordingly, Defendant has no legitimate claim to these funds.

9. I commenced this lawsuit by filing his Complaint on February 24, 2006. A true and correct copy of the Complaint is attached to this Affidavit as Exhibit A-2 and fully incorporated herein.

10. The Defendant was served with process by delivering a copy of the Summons and

Complaint to CSC - Lawyers Incorporating Service, its registered agent for service of process. A true and correct copy of the Declaration of Service is attached to the Receiver's Affidavit as Exhibit A-3 and fully incorporated herein.


11. The Defendant is a private entity and not an incompetent, infant, person currently in military service, or any officer or agency of the United States.

12. Service of Process was executed on March 3, 2006, so Defendant had until March 23, 2006 to file its Answer. As of this date, Defendant still has not filed an Answer, a motion under Fed. R. Civ. P. 12(b) or 56, or otherwise defended this lawsuit.

13. The Clerk of this Court entered Defendant's default into the record on April 5, 2006 in accordance with Rule 55(b)(1) of the Federal Rules of Civil Procedure. A true and correct copy of the Clerk's Entry of Default is attached to this Affidavit as Exhibit A-4 and fully incorporated herein.

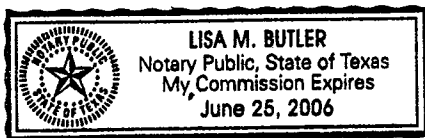
14. The damages suffered by Megafund and its investors are easily ascertainable and total \$967,500.00. Furthermore, as Receiver I have incurred \$320.00 in costs and \$1,905.00 in attorney's fees relating to this matter.

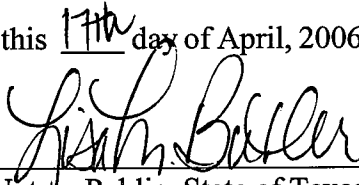
FURTHER AFFIANT SAITH NOT.



MICHAEL J. QUILLING

Subscribed and sworn to before me on this 17th day of April, 2006 by Michael J. Quilling.





Notary Public, State of Texas