

Jurisdiction and Venue

3. This Court has jurisdiction over the subject matter of this action because the actions stated herein constitute Receivership Assets within the meaning of the Order Appointing the Receiver. The Order Appointing the Receiver expressly states that all actions to determine disputes relating to Receivership Assets shall be filed in this Court. In addition, this Court has subject matter 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) the SEC Proceedings referenced below are pending in this District and this action is ancillary to it; (2) the Receiver was appointed in this District; and (3) this action involves Receivership Assets within the meaning of the Order Appointing the Receiver. The Order Appointing the Receiver expressly states that all actions to determine disputes relating to Receivership Assets shall be filed in this Court.

Background Facts

5. On July 1, 2005, the Securities and Exchange Commission (“SEC”) initiated Case No. 3:05-CV-1328-L currently styled *Securities and Exchange Commission, Plaintiff, vs. Megafund Corporation, Stanley A. Leitner, Sardaukar Holdings, IBC., Bradley C. Stark, CIG, Ltd., and James A. Rumpf, Individually and d/b/a Cilak International, Defendants, and Pamela C. Stark, Relief Defendant*, and in connection therewith sought the appointment of a Receiver as to the Defendants and Equity Relief Defendant. By Order dated July 5, 2005, entered in the SEC Proceedings, Michael J. Quilling was appointed as the Receiver and has continued to function in that capacity since that time.

6. By subsequent Order dated July 19, 2005, entered in the SEC Proceedings, the receivership was expanded to include additional individuals and entities, including CIG, Ltd. and James A. Rumpf, Individually and d/b/a Cilak International. By virtue of the same Order, Michael

J. Quilling was appointed as the Receiver for each of the additional individuals and entities and he continues to function in that capacity since that time.

8. Megafund Corp. (“Megafund”) is an entity which operated a Ponzi scheme and fraudulent investment program under the direction and control of Stanley A. Leitner (“Leitner”). In particular, investors sent funds to accounts at Wells Fargo Bank and SouthTrust Bank in the name of Megafund, which were to be invested by Megafund under the direction of Leitner. Leitner told investors that their funds would be sent to a “Trader” to execute various trades on behalf of the investor. In addition, investors were told that Megafund would remain in sole control of the funds and that their principal was never at risk. However, as investor funds were received, Leitner systemically diverted some of the funds for purposes contrary to what he told his investors and to make Ponzi payments to other investors. The rest of the funds were ultimately forwarded to Sardaukar Holdings, an entity controlled by Bradley Stark “Stark”. However, Stark diverted most of the funds to support an extravagant lifestyle and spending habits. Neither Leitner nor Stark ever invested investor funds consistent with Leitner’s representations.

9. In February 2005, Leitner began to divert funds to the Defendant. Based upon the records currently available to the Receiver, Defendant received a total of at least \$665,000.00 of investor funds. The Defendant gave no benefit whatsoever to Megafund, or its investors, for the funds and have no legitimate claim to them.

COUNT ONE

Constructive Trust & Disgorgement

10. The Receiver incorporates paragraphs 1 through 9 set forth above as if set forth verbatim hereat.

11. The funds paid to Defendant constitute and are directly traceable to the 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 its ill-gotten gains.

12. Pursuant to principles of equity, the Receiver seeks the imposition of a constructive trust upon all funds paid to the Defendant and a judgment requiring disgorgement of all amounts received. To the extent the Defendant is unable to disgorge the funds received, the Receiver seeks a money judgment against it in an amount equal to the funds received.

COUNT TWO

Fraudulent Transfer

13. The Receiver incorporates paragraphs 1 through 12 set forth above as if set forth verbatim hereat.

14. The Megafund investment program was fraudulent and a Ponzi scheme. Consequently, all funds and assets the Defendant received from Megafund constitute fraudulent transfers. In addition, the Defendant gave no benefit in exchange for the funds. The Receiver is entitled to recover all such funds and assets (or the value thereof) from the Defendant as fraudulent transfers, for which amounts the Receiver hereby sues.

COUNT THREE

Fees, Expenses, Cost and Interest

15. The Receiver incorporates paragraphs 1 through 14 set forth above as if set forth verbatim hereat.

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

JURY DEMAND

17. 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 against the Defendant in an amount equal to the amount of investor funds or assets received by it, plus pre-and post-judgment interest, attorney 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.

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By: 

Michael J. Quilling

State Bar No. 16432300

D. Dee Raibourn, III

State Bar No. 24009495

ATTORNEYS FOR RECEIVER

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained 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 J. Quilling, Receiver for Megafund Corporation and Stanley A. Leitner
(b) County of Residence of First Listed Plaintiff: Dallas
(c) Attorney's (Firm Name, Address, and Telephone Number): Quilling Selander Cummiskey & Lownds, PC, 2001 Bryan St., Suite 1800, Dallas, Texas 75201, (214) 871-2100

DEFENDANTS
Urban Television Network Corporation
County of Residence of First Listed Defendant: Dallas
NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE LAND INVOLVED.
Attorneys (If Known): 3-05CV2395-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)
Citizen of This State: PTF 1, DEF 1
Citizen of Another State: PTF 2, DEF 2
Citizen or Subject of a Foreign Country: PTF 3, DEF 3
Incorporated or Principal Place of Business In This State: PTF 4, DEF 4
Incorporated and Principal Place of Business In Another State: PTF 5, DEF 5
Foreign Nation: PTF 6, DEF 6

IV. NATURE OF SUIT (Place an "X" in One Box Only)
Table with columns: CONTRACT, REAL PROPERTY, CIVIL RIGHTS, TORTS, PRISONER PETITIONS, FORFEITURE/PENALTY, LABOR, SOCIAL SECURITY, FEDERAL TAX SUITS, BANKRUPTCY, OTHER STATUTES.

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

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 \$ 665,000.00
JURY DEMAND: Yes No

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

DATE: 12/6/05
SIGNATURE OF ATTORNEY OF RECORD: [Signature]

FOR OFFICE USE ONLY
RECEIPT # AMOUNT APPLYING IFP JUDGE MAG. JUDGE