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

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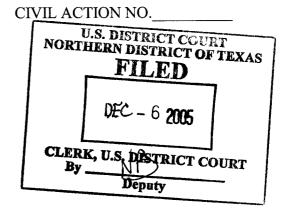
MICHAEL J. QUILLING, RECEIVER FOR MEGAFUND CORPORATION AND STANLEY A. LEITNER

PLAINTIFFS,

VS.

URBAN TELEVISION NETWORK CORPORATION

DEFENDANT.



- 05CV 2395.- N

(JURY TRIAL DEMANDED)

COMPLAINT

TO THE HONORABLE JUDGE OF SAID COURT:

COMES NOW, Michael J. Quilling, in his capacity as Receiver for Megafund Corporation and Stanley A. Leitner ("Receiver") and files this his Complaint against Urban Television Network Corporation and in support of such would respectfully show the Court as follows:

Parties

- 1. Plaintiff, Michael J. Quilling is the Receiver appointed for Megafund Corp. and Stanley
 A. Leitner pending before the United States District Court for the Northern District of Texas, Dallas
 Division, the Honorable Sam A. Lindsay presiding.
- 2. Defendant, Urban Television Network Corporation, is a corporation that is incorporated under the laws of The State of Texas. Defendant has its principal place of business in the State of Texas. Defendant may be served with process by serving its registered agent, Randy Moseley, at 18505 Highway 377 South, Cresson, Texas 76035.

COMPLAINT - PAGE 1

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.

2001 Bryan Street, Suite 1800

Dallas, Texas 75201

(214) 871-2100 (Telephone)

(214) 871-211 (Facs) mile)

Bv

Michael J. Quilling

State Bar No. 16432300

D. Dee Raibourn, III

State Bar No. 24009495

ATTORNEYS FOR RECEIVER

SJS 44 (Rev. 11/04)

Case 3:05-cv-02395 Document 1 Filed 12/06/2005 CIVIL COVER SHEET

Page 6 of 6 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 Sentember 1974, is required for the use of the Cloric of Court for the papers.

| of initiating the civil docket s | et. (SEE INSTRUCTIONS ON THE REVER | (SE OF THE FORM.) | | | | |
|--|---|---------------------------|------------------------------------|--|--|--|
| I. (a) PLANTING | | | DEFENDANTS | | | |
| 1 1 1 - | ng, Receiver for Megafund Corporation | on and Stanley U | rban Television Netv | vork Corporation | | |
| OA'. Leitner | | EIVED | | • | | |
| (b) County of Residence | | | ounty of Residence of F | ırst Listed Defendant | | |
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| | Address, and Telephone Number RK, U.S. I NORTHERN DI | CTOIOT OF TOIOTS | ttorneys (If Known) | ~ ~ ~ ~ ~ ~ ~ | | |
| | diminiskey & Lownes, FC, 2001 Bry | an St., Suite | 3 - 0 | 5 C V 2 3 9 |) 5 N | |
| | 5 75201, (214) 871-2100 ICTION (Place an "X" in One Box Only | | | | | |
| | | • | Diversity Cases Only) | INCIPAL PARTIES | (Place an "X" in One Box for Plainti: and One Box for Defendant) | |
| ☐ 1 U.S. Government | U.S. Government | | PTF DEF PTF DEF | | | |
| Tument | (O 3 Government Not a Party) | Citizen of | This State 🔀 1 | Incorporated or Proof Business In This | . – – | |
| | a | | | or Business in Tin | 3 State | |
| ☐ 2 U.S. Government Defendant | ☑ 4 Diversity | Citizen of A | Another State 2 | 2 Incorporated and I | | |
| | (Indicate Citizenship of Parties in Item III) | | | of Business In | Another State | |
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| IV. NATURE OF SUIT | (Place an "X" in One Box Only) | Foreign (| Country | | | |
| CONTRACT | TORTS | FORFEIT | URE/PENALTY | BANKRUPTCY | OTHER STATUTES | |
| ☐ 110 Insurance ☐ 120 Marine | | AL INJURY 🗍 610 Ag | | 422 Appeal 28 USC 158 | ☐ 400 State Reapportionment | |
| 130 Miller Act | ☐ 310 Airplane ☐ 362 Person ☐ 315 Airplane Product ☐ Med. 1 | | her Food & Drug ug Related Seizure | 423 Withdrawal 28 USC 157 | 410 Antitrust430 Banks and Banking | |
| 140 Negotiable Instrument | Liability 🗍 365 Perso | nal Injury - of P | Property 21 USC 881 | | 450 Commerce | |
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| (Excl. Veterans) | ☐ 345 Marine Product 🔀 370 Other | Fraud 🗍 690 Oth | | | 810 Selective Service | |
| ☐ 153 Recovery of Overpayment of Veteran's Benefits | Liability ☐ 371 Truth ☐ 350 Motor Vehicle ☐ 380 Other | | | SOCIAL SECURITY 861 HIA (1395ff) | 850 Securities/Commodities/ | |
| 160 Stockholders' Suits | ☐ 355 Motor Vehicle Proper | ty Damage Act | ō | 862 Black Lung (923) | Exchange 875 Customer Challenge | |
| ☐ 190 Other Contract ☐ 195 Contract Product Liability | Product Liability 385 Prope 360 Other Personal Produc | | | 863 DIWC/DIWW (405(g)) 864 SSID Title XVI | 12 USC 3410 890 Other Statutory Actions | |
| ☐ 196 Franchise | Injury | & D | nsclosure Act | 865 RSI (405(g)) | 891 Agricultural Acts | |
| REAL PROPERTY 210 Land Condemnation | CIVIL RIGHTS PRISONER □ 441 Voting □ 510 Motion | | | FEDERAL TAX SUITS 870 Taxes (U.S. Plaintiff | 892 Economic Stabilization Act | |
| 220 Foreclosure | 442 Employment Senten | ce 🗖 791 Em | pl. Ret Inc. | or Defendant) | 893 Environmental Matters 894 Energy Allocation Act | |
| ☐ 230 Rent Lease & Ejectment ☐ 240 Torts to Land | ☐ 443 Housing/ Habeas C Accommodations ☐ 530 Gener | | arity Act | 871 IRS—Third Party | 895 Freedom of Information | |
| 245 Tort Product Liability | 444 Welfare 🗍 535 Death | Penalty | | 26 USC 7609 | Act 900 Appeal of Fee Determination | |
| ☐ 290 All Other Real Property | 445 Amer. w/Disabilities - 540 Mand Employment 550 Civil 1 | amus & Other | | | Under Equal Access | |
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| | Other 440 Other Civil Rights | | | | State Statutes | |
| V. ORIGIN (Place) | | | | | Appeal to District | |
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| THE CALLED OF A CONT. | Cite the U.S. Civil Statute under wh | ich you are filing (Do no | ot cite jurisdictional st | atutes unless diversity): | | |
| VI. CAUSE OF ACTIO | Brief description of cause: Constr | uctive trust and fraudu | lent transfer | | | |
| | • | | | | _ | |
| VII. REQUESTED IN | ☐ CHECK IF THIS IS A CLASS | ACTION DEMAN | ND \$ 665,000.00 | CHECK YES only 1 | f demanded in complaint | |
| COMPLAINT: | UNDER F.R C.P. 23 | | | JURY DEMAND: | ✓ Yes □ No | |
| VIII. RELATED CASE | (See instructions) | | | | | |
| IF ANY | (See instructions) JUDGE | Sam A. L | indsav | DOCKET NUMBER | 3:05-CV-1328-L | |
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