



U.S. Securities and Exchange Commission

U.S. SECURITIES AND EXCHANGE COMMISSION

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Securities and Exchange Commission v. Megafund Corporation, Stanley A. Leitner, Sardaukar Holdings, IBC, and Bradley C. Stark, defendants, and CIG Ltd. and Pamela C. Stark, relief defendants, Civil Action No. 3-05-CV- 1328-L (U.S.D.C./N.D. Texas, Dallas Division)

SEC FILES EMERGENCY ACTION TO HALT FRAUDULENT "HIGH YIELD" INVESTMENT SCHEME AND FREEZE ASSETS FOR INVESTORS

The Securities and Exchange Commission ("Commission") announced today that on July 1, 2005, it filed an emergency civil action in the U.S. District Court for the Northern District of Texas, alleging an ongoing investment fraud in which at least \$13.8 million has been raised from 70 investors. The Commission's complaint alleges that the scheme was orchestrated by Stanley A. Leitner ("Leitner"), of Argyle Texas, and Bradley C. Stark ("Stark"), of Riverside California, a felon who engaged in the scheme while on federal probation for possessing counterfeit government securities. Also named in the Commission's action are Megafund Corporation ("Megafund") a Texas company controlled by Leitner, and Sardaukar Holdings, IBC, ("Sardaukar"), a British Virgin Island company controlled by Stark. United States District Judge Sam A. Lindsay has entered a temporary restraining order and asset freeze against the defendants, appointed a receiver to preserve assets, ordered the repatriation of all funds in offshore accounts, and directed Leitner and Stark to immediately surrender their passports.

The Commission's complaint alleges that, from June 2004 through the present, the defendants engaged in a scheme to defraud investors with promises of 120 percent annual investment returns and safety of investment principal. It is further alleged that the defendants targeted Christian ministries and other non-profit organizations with claims that a portion of the profits generated would benefit charitable causes. According to the complaint, the defendants represented that investor funds would be placed in an "account at a major U.S. Brokerage firm" where an unnamed "Trader" would engage in "arbitrage" transactions involving, among other things, "Treasury bills" and "certificates of deposits." In truth, the Complaint alleges that Megafund and Leitner transferred nearly \$11 million of investor funds to a Netherlands Antilles bank account in the name of an undisclosed entity, CIG Ltd. ("CIG"), and subsequently, Sardaukar and Stark received at least \$9.5 million of these funds.

It is further alleged that the defendants used investor funds for personal purposes and for other purposes that were not disclosed to investors, including \$1 million used by Leitner to finance the production of a movie. Stark is alleged to have squandered investor funds on among other things,

the purchase of luxury automobiles, and to have transferred over \$1 million to his wife, Pamela C. Stark, who along with CIG, is named in the Complaint as a relief defendant and whose assets were also frozen by the Court.

The complaint charges the defendants with violations of Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. In addition to the emergency relief listed above, the complaint seeks preliminary and permanent injunctive relief, an accounting, disgorgement of profits, and the imposition of civil penalties against the defendants and disgorgement of all funds received by the two relief defendants.

▶ [SEC Complaint in this matter](#)

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