

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

SECURITIES AND EXCHANGE	§	
COMMISSION	§	
	§	
Plaintiff,	§	
	§	
VS.	§	NO. 3-05-CV-1328-L
	§	
MEGAFUND CORPORATION,	§	
ET AL.	§	
	§	
Defendants.	§	

**ORDER**

On November 15, 2006, the court held a hearing on the Receiver's fourth interim applications for payment of attorney's fees and expenses incurred on behalf of the Megafund Corporation Receivership Estate, the Sardaukar Holdings Receivership Estate, and the Lancorp Financial Group Receivership Estate. Michael J. Quilling, the court-appointed Receiver, attended the hearing in person and through his counsel, Brent Rodine. After considering the fee applications and the interim status reports filed in conjunction therewith, it appears that the Receiver has recovered more than \$5.5 million in money and assets since this action was filed in July 2005. During that same time period, the Receiver, his law firm, and accountants have been paid more than \$900,000 in fees alone. Yet no distributions have been made to investors. Until such time as a plan for the interim distribution of assets has been presented to the magistrate judge, the court will not approve the pending fee applications, or any further fee applications, filed by the Receiver.

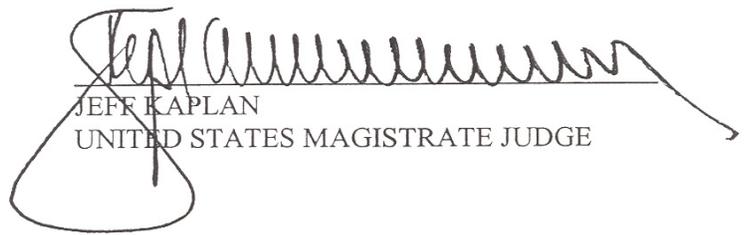
Accordingly, the Receiver's fourth interim applications for payment of attorney's fees incurred on behalf of the Megafund Corporation Receivership Estate [Doc. #211], the Sardaukar

Holdings Receivership Estate [Doc. #214], and the Lancorp Financial Group Receivership Estate [Doc. #213] are denied without prejudice. The Receiver may refile these fee applications after he submits a proposed interim distribution plan to the magistrate judge for approval. If an interim distribution plan cannot be proposed within the next 90 to 120 days, the Receiver may seek relief from this order upon a showing of good cause.

This order does not apply to expenses, other than professional accounting fees, incurred by the Receiver on behalf of the subject Estates. The Receiver may continue to reimburse his law firm for expenses on a monthly basis in accordance with the order dated May 8, 2006.

SO ORDERED.

DATED: November 15, 2006.

  
JEFF KAPLAN  
UNITED STATES MAGISTRATE JUDGE