

ORIGINAL

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

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

MEGAFUND CORPORATION,  
STANLEY A. LEITNER,  
SARDAUKAR HOLDINGS, IBC., and  
BRADLEY C. STARK,

Defendants,

and,

PAMELA C. STARK,  
CIG, LTD.,

Relief Defendants.

U.S. DISTRICT COURT NORTHERN DISTRICT OF TEXAS <b>FILED</b> <b>JUL 5 2005</b> CLERK, U.S. DISTRICT COURT By <u>dg</u> Deputy
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Civil Action No.

**3-05 CV 1328-L**

**EX PARTE TEMPORARY RESTRAINING ORDER AND ORDER  
FREEZING ASSETS AND GRANTING OTHER EMERGENCY RELIEF**

This matter came on before me, the undersigned United States District Judge, this 5<sup>th</sup> day of July, 2005, on the *ex parte* motion of the Securities and Exchange Commission ("Commission") for the issuance of a Temporary Restraining Order, an asset freeze and other substantive and procedural orders against Megafund Corp., Stanley A. Leitner, Bradley C. Stark and Sardaukar Holdings, IBC (collectively "Defendants"), and for certain equitable relief against CIG, Ltd. and Pamela C. Stark (collectively "Relief Defendants"). Having considered the Commission's Complaint, supporting memorandum, declarations and exhibits thereto, and argument of counsel, this Court finds as follows:

1. This Court has jurisdiction over the subject matter of this action and over all parties hereto, and the Commission is a proper party to bring this action.

2. There is good cause to believe that the Defendants have engaged, are engaged, and will continue to engage, in acts and practices that constitute and will constitute violations of Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933 ("Securities Act"); and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 thereunder.

3. There is good cause to believe that investor funds and assets obtained by the Defendants and Relief Defendants from the unlawful activities described in the Commission's Complaint have been and will be misappropriated, wasted or otherwise used to the detriment of investors.

4. There is good cause to believe that investor funds and assets obtained by the Defendants and Relief Defendants from the unlawful activities described in the Commission's Complaint may be outside the jurisdiction of this Court, and that the Defendants and Relief Defendants may have assets outside the jurisdiction of this Court.

5. There is good cause to believe that the Defendants will continue to engage in the acts and practices constituting the violations set forth above unless restrained and enjoined by order of this Court.

6. There is good cause to believe that giving notice to the Defendants and Relief Defendants of the Commission's motion for this Order would result in immediate and irreparable injury, loss or damage to investors.

**IT IS THEREFORE ORDERED:**

**I.**

Defendants and their agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, are restrained and enjoined from making use of any means or instrumentalities of interstate commerce, or of the mails or of any facility of a national security exchange, directly or indirectly, in connection with the purchase or sale of any security:

- (a) to employ any device, scheme or artifice to defraud;
- (b) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;
- (c) to engage in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person; or
- (d) to use or employ any manipulative or deceptive device or contrivance in contravention of a rule or regulation prescribed by the Securities and Exchange Commission.

[Exchange Act § 10(b) and Rule 10b-5 thereunder (15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5)].

**II.**

Defendants and their agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, are restrained and enjoined in the offer or sale of any securities by use of any means or instruments of transportation or communication in interstate commerce, or of the mails, from, directly or indirectly:

- (a) employing any device, scheme or artifice to defraud;
- (b) obtaining money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
- (c) engaging in any transactions, practices or courses of business which operate or would operate as a fraud or deceit upon any purchaser or prospective purchaser.

[Securities Act § 17(a) (15 U.S.C. § 77q(a))].

### III.

Defendants and their agents, servants, employees, and all persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, are restrained and enjoined from, directly or indirectly:

- (a) making use of the means or instruments of transportation or communication in interstate commerce or of the mails to sell any securities through the use or medium of any offering document or otherwise, unless and until a registration statement is in effect with the Commission as to such securities;
- (b) carrying any securities or causing them to be carried through the mails or in interstate commerce, by any means or instruments of transportation, for the purpose of sale or delivery after sale, unless and until a registration statement is in effect with the Commission as to such securities; or
- (c) making use of any means or instruments of transportation or communication in interstate commerce, or of the mails, to offer to sell, or to offer to buy, through the use or medium of any offering documents or otherwise, any securities, unless a registration statement has been filed with the Commission as to such securities, or while a registration

statement filed with the Commission as to such securities is the subject of a refusal order or stop order or (prior to the effective date of the registration statement) any public proceeding of examination under Section 8 of the Securities Act [15 U.S.C. § 77h]; provided, however, that nothing in this Part III of this Order shall apply to any security or transaction which is exempt from the provisions of Section 5 of the Securities Act [15 U.S.C. § 77e].

[Securities Act §§ 5(a) and 5(c) (15 U.S.C. §§ 77e(a) and 77e(c))].

#### IV.

Defendants, Relief Defendants, and their officers, agents, employees, servants, attorneys and all persons in active concert or participation with them, who receive actual notice of this Order by personal service or otherwise, are restrained and enjoined from, directly or indirectly, making any payment or expenditure of funds (including charges on any credit card or draws on any other credit arrangement), and from assigning, conveying, transferring, encumbering, disbursing, dissipating, selling, hypothecating or concealing any assets, monies, or other property owned by or in the actual or constructive possession of these Defendants or Relief Defendants, pending a showing to this Court that they have sufficient funds or assets to satisfy all claims arising from the violations alleged in the Complaint, pending the posting of a bond or surety sufficient to assure payment of any such claim, or until further order of this Court. Further, any bank, trust company, broker-dealer or other depository institution holding accounts for or on behalf of the Defendants or Relief Defendants shall make no transactions in securities (excepting liquidating transactions necessary as to wasting assets) and no disbursements of funds or securities (including extensions of credit or advances on existing lines of credit), including the honor of any negotiable instrument (including specifically, any check, draft, or cashier's check) purchased by or for the Defendants or Relief Defendants, pending further order of this Court.

V.

To effectuate the provisions of Paragraph IV above, the Commission may cause a copy of this Order to be served on any bank, savings and loan, broker-dealer or other financial or depository institution either by United States mail or by facsimile as if such service were personal service, to restrain and enjoin any such institution from disbursing funds, directly or indirectly, to or on behalf of the Defendants or Relief Defendants, or any companies or persons or entities under their control.

VI.

Defendants and Relief Defendants shall immediately repatriate all funds and assets obtained, directly or indirectly, from the activities described in the Commission's Complaint, or from one another, that are now located outside the jurisdiction of this Court. Such funds shall be immediately transferred or paid to the Court-Appointed Temporary Receiver. Furthermore, with respect to any other asset owned by the Defendants that is now located outside the jurisdiction of this Court, including, specifically, any monies, securities, real property, or other assets, the Defendants shall immediately identify to the Court-Appointed Temporary Receiver the location of such asset, the price paid or consideration given, and the date upon which it was purchased and/or received. Securities, or other personalty that can be readily moved or transferred, and title or other documents reflecting ownership as to real property, shall be delivered to the Court-Appointed Temporary Receiver without delay.

VII.

Defendants Leitner and Stark shall immediately surrender their passports to the Clerk of this Court and are prohibited from traveling outside the continental United States without the prior approval of this Court.

## VIII.

Defendants and Relief Defendants shall make an interim accounting, under oath, within ten days of the issuance of this Order or three days prior to any hearing on the Commission's application for preliminary injunction and other relief, whichever occurs first, detailing by amount, date, method and location of transfer, payee and payor, purpose of payment or transfer of: (a) all investor monies and other benefits received, directly and indirectly, from or as a result of the activities alleged in the Complaint or thereafter transferred; (b) all monies and other assets received, directly or indirectly, from any defendant or relief defendant in this case; (c) all of their current assets wherever they may be located and by whomever they are being held, and their current liabilities; and (d) all accounts with any financial or brokerage institution maintained for the Defendants or Relief Defendants at any point during the period from June 1, 2004 to the present. The accounting shall be sufficient to permit a full understanding of the flow of investor funds from the investor to their present location to the extent known by the Defendants and Relief Defendants or within their power to determine. The accounting and all documents reviewed in the course of the preparation thereof or otherwise pertaining thereto shall be delivered by facsimile or overnight courier to Steve Korotash, Securities and Exchange Commission, 801 Cherry Street, 19th Floor, Fort Worth, Texas 76102 by the deadline set forth above.

## IX.

Defendants, Relief Defendants and their agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, are restrained and enjoined from destroying, removing, mutilating, altering, concealing or disposing of, in any manner, any of their books and records or any

documents relating in any manner to the matters set forth in the Commission's Complaint, or the books and records and documents of any entities under their control, until further order of this Court.

X.

The United States marshal in any district in which any Defendant or Relief Defendant resides, transacts business or may be found is authorized and directed to make service of process at the request of the Commission.

XI.

A. All parties may take depositions upon oral examination, and demand production of documents or other things, of parties and persons who are not parties prior to the expiration of 30 days after service of the Commission's Complaint on the Defendants and Relief Defendants.

B. All parties shall comply with the provisions of Rule 45 of the Federal Rules of Civil Procedure, regarding issuance and service of subpoenas, unless the provision of testimony or production of documents is agreed to by the person(s) subpoenaed.

C. Pursuant to Rule 30(a) of the Federal Rules of Civil Procedure, all parties may take depositions upon oral examination, subject to 72 hours' notice.

D. Pursuant to Rule 34(b) of the Federal Rules of Civil Procedure, the parties shall produce all documents requested within 72 hours of service of such request.

E. All parties shall serve written responses to any other party's request for discovery and the interim accountings to be provided by Defendants and Relief Defendants by delivery to the Plaintiff Commission address as follows:



UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Fort Worth District Office  
Attention: Steve Korotash  
Burnett Plaza, Suite 1900  
801 Cherry Street, Unit #18  
Fort Worth, TX 76102-6882  
Facsimile: (817) 978-4927

and by delivery to other parties at such address(es) as may be designated by them in writing. Such delivery shall be made by the most expeditious means available, including facsimile machine.

XII.

Defendants and Relief Defendants shall serve, by the most expeditious means possible, including facsimile, and in accordance with paragraph XI., above, any papers in opposition to the Commission's Motion for Preliminary Injunction and for other relief no later than 96 hours before any scheduled hearing on the Motion for Preliminary Injunction. The Commission shall serve any reply at least 24 hours before any hearing on the Motion for Preliminary Injunction by the most expeditious means available, including facsimile.

XIII.

All provisions of this order shall remain in full force and effect until <sup>5:00 p.m.</sup> ~~specifically~~ *July 18, 2005.* ~~modified by further order of this Court.~~ Under Fed. R. Civ. P. 43(e), the Court ~~in determining~~ *whether the Defendants should be preliminarily enjoined* ~~may consider solely the affidavits,~~ ~~exhibits, and pleadings filed by the parties.~~ *See, e.g., FSLIC v. Dixon, 835 F.2d 554, 558-59 (5th Cir. 1987); E.E. Maxwell Co. v. Arti Decor, Ltd., 635 F. Supp. 749, 751 n.3 (N.D. Tex. 1986).* ~~Unless the Court rules upon the Commission's Motion for Preliminary Injunction pursuant to~~ ~~Fed. R. Civ. P. 43(e),~~ *A* adjudication of the Commission's Motion for Preliminary Injunction shall

take place at the United States Courthouse, 1100 Commerce, Dallas, Texas, on the

13th day of July, 2005, at 2:00 o'clock p.m.

EXECUTED AND ~~ENTERED~~ Set at 8:30 o'clock 9.m CST this 5th day of

July, 2005.  
issued Set

Sam G. Lindsay  
UNITED STATES DISTRICT JUDGE