

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**

Michael J. Quilling has filed separate interim applications for payment of: (1) \$42,033.00 in attorney's fees and \$1,393.76 in expenses incurred on behalf of the Megafund Corporation Receivership Estate [Doc. #211]; (2) \$48,650.00 in attorney's fees and \$3,105.56 in expenses incurred on behalf of the Sardaukar Holdings Receivership Estate [Doc. #214]; and (3) \$21,441.00 in attorney's fees and \$1,355.64 in expenses incurred on behalf of the Lancorp Financial Group Receivership Estate [Doc. #213]. The Receiver also seeks authority to pay his accountants, Litzler, Segner, Shaw & McKenney, LLP, \$3,160.00 in fees incurred on behalf of the Sardaukar Holdings Receivership Estate and \$5,487.00 in fees incurred on behalf of the Lancorp Financial Group Receivership Estate. All fee applications cover the period from July 1, 2006 through September 30, 2006.<sup>1</sup>

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<sup>1</sup> The court previously authorized the Receiver "to pay 100% of his expenses on a monthly basis, provided statements are sent to the SEC each month, no objections thereto have been presented, and the quarterly fee applications are filed as required." *See* Order, 5/8/06 at 4. As permitted by this order, the Receiver has reimbursed his law firm for expenses incurred on behalf of the various Receivership Estates and now seeks court approval of that action.

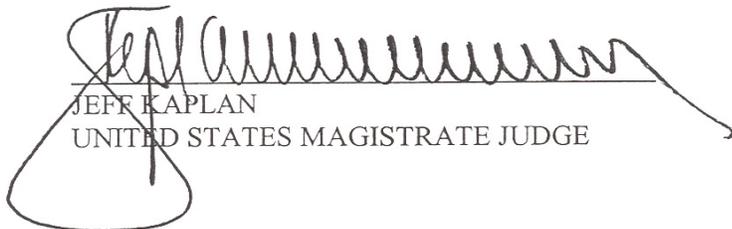
The interim status reports filed in conjunction with these fee applications show that the Receiver has recovered more than \$5.5 million in money and assets since this action was filed in July 2005. During that same time period, the Receiver, his law firm, and accountants have been paid more than \$900,000.00 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 established, the court is reluctant to approve the pending fee applications, or any further fee applications, filed by the Receiver.

Accordingly, a hearing on the Receiver's interim applications for payment of fees and expenses is set for **November 9, 2006** at **9:00 a.m.** before U.S. Magistrate Judge Jeff Kaplan, 1100 Commerce Street, 16th Floor, Dallas, Texas. The Receiver is ordered to attend this hearing in person. At that time, the Receiver should be prepared to advise the court of his plan for the interim distribution of assets to investors of the Megafund Corporation, Sardaukar Holdings, and Lancorp Financial Group Receivership Estates, and to show cause why the payment of attorney's fees and expenses should not be suspended pending the approval of an interim distribution plan. All investors and interested persons are invited to attend this hearing.

The Receiver shall post his most recent fee applications and this order on his website, [www.secreceiver.com](http://www.secreceiver.com). Appropriate links to the court's docket sheet shall also be provided on the website.

SO ORDERED.

DATED: October 16, 2006.

  
JEFF KAPLAN  
UNITED STATES MAGISTRATE JUDGE