UNITED STATES OF AMERICA

Before the

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

HARD COPY

RESPONDENT'S MOTION
APRIL 25, 2014

AMINISTRATIVE PROCEEDING
File No. 3-15764

In the Matter of GARY L. MCDUFF	RESPONDENT'S MOTION FOR SUMMARY DISPOSITION

Respondent was offered a "hearing" on February 21, 2014 by Commission Secretary Elizabeth Murphy, Release no. 71594, File no. 3-15764, wherein she stated, in Section III, "In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest, that public Administrative Proceedings be initiated to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act; and

IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof, shall be convened at a time and a place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110".

Section III of the ORDER lists three questions the Commission Secretary identifies as "the allegations made by the Division of Enforcement" which the, "public hearing for the purpose of taking evidence" has been ordered.

Question 1 is simply the identity of Respondent, which is agreed to be correct.

Question 2 is the claim that the Commission obtained a default judgment against Respondent on February 22, 2013 permanently enjoining him from future violations of specified Sections of the Securities Act of 1933 and the Exchange Act of 1934 in Civil Action Number 3:08-CV-526-L, in the United States District Court for the Northern District of Texas. Respondent's Rule 220 Initial Answer set out the facts demonstrating that the allegation to be incorrect by operation of preclusion law and the Rocker-Feldman Doctrine. Respondent had timely responded to that complaint which was administratively closed on 09/30/2010 by order of Federal District Judge Sam A. Lindsay.

In 2011, Respondent discovered an administrative settlement process whereby that claim could be setoff and settled to end the controversy in an honorable way.

Even though the case was closed, the Respondent chose to provide a remedy and remove all unresolved issues in that closed case by tendering a full settlement offer via Arizona State Case Number PR-2011-1216-AJ. That offer was not rejected and no record of opposition was ever presented by the Commission. Respondent followed the Federal policy favoring resolution of claims via Administrative Settlement. The Commission acquiesced that the matter of Cause No. 3:08-CV-000526-L was resolved by agreed Judgment on February 8, 2012 and a final Judgment was entered by the clerk of the Arizona Administrative Court on August 16, 2012 *resjudicata staredecisis* that judgment rendered by the ministerial Arizona Court was provided to the Commission, and Notice Concerning Rights of Appeal giving 23 days from September 14, 2012 was mailed. No appeal was ever requested or taken and the Judgment became final, binding and non-appealable by default following prescribed due process of law. That legal process came to an end and terminated Case No. 3:08-CV-000526-L by operation of law applicable to foreign judgments issued by any state court or tribunal within any state being entitled to full faith and credit in all federal courts. Respondent had a good faith, reliance right, to believe that exercising the unalienable right to contract with the Commission to resolve the matter through the lawful principles of offer and acceptance had properly ended the controversy.

The Division of Enforcement then went into supreme dishonor by not abiding by the terms of settlement or the judgment, which it never objected to. The extensive body of law in every state and federal court recognize that silence is a species of conduct that constitutes agreement. One who stands silent when afforded due process to respond cannot later complain about the consequences of that choice of silence. The conduct of the Division of Enforcement made the public case number (3:08-CV-000526-L) void when the agreed judgment was issued in Administrative Settlement Case No. PR-2011-1216-AJ, on August 16, 2012, and was entered in the Case Docket. The Division of Enforcement, in bad faith and in disregard to their obligation under that judgment, filed for public case no. 3:08-CV-000526-L to be reopened so that they could seek to obtain a judgment against Respondent in the same claim that had already been resolved. The Clean Hands Doctrine requires a Plaintiff who comes to court with clean hands, to keep them clean at all times, and if not, the Plaintiff forfeits any right to relief. At no time did the Division of Enforcement inform the District Clerk that they had not objected to the Settlement in form or substance (which they kept and did not reject), nor that they had not rejected to the Entry of Judgment against them, which terminated any right to seek future claims or penalties. They allowed the District Court to proceed uninformed and ignorant of the truth.

The federal district court Clerk rendered its default judgment against Respondent on September 24, 2012. That Judgment must be deemed void by the prior Judgment against the Division of Enforcement, which issued more than seven (7) months earlier on February 8, 2012.

The first judgment in favor of Respondent divested the Division of Enforcement of any continuing right to pursue their claim against Respondent. Any subsequent claim in any other forum against Respondent for the same subject matter must be deemed void. The Supreme Court said *"foreign judgments are in any case to be held conclusive with us"* 119 US 113 at 167 and the Court of Appeals for the 5th and 11th Circuit at 30 F.2d 933. In conclusion, Respondent respectfully invites this Court to find that the two (2) competing Cases 3:08-CV-000526-L and PR-2011-1216-AJ both terminated on the date case PR-2011-1216-AJ became final, since the choice of court, choice of law and choice of jurisdiction in Maricopa County, Arizona, was never once subjected to by the Division of Enforcement. Passive acquiescence is in itself an operation of law in any Administrative Settlement Proceeding. In that lawful process the Respondent prevailed which had collateral estoppal effect and permanent bar against further proceedings against Respondent in relation to the same subject matter claims in any other cause of action in any other jurisdiction.

This Court is petitioned to find that the Judgment obtained by the Division of Enforcement in Case No. 3:08-CV-000526-L was superseded by the Judgment in

Case No. PR-2011-1216-AJ and therefore void, or in the alternative, tainted and placed into legal question worthy of doubt, and certainly not entitled to conclusive recognition.

Therefore, Question II B2, by operation of law, must be deemed by this Court, to not be true.

The final Question in Section II B3, that describes the Commission's complaint which gave rise to Case No. 3:08-CV-000526-L focuses on the merits and the intrinsic nature of that case and the specific allegations made therein.

Respondent has tendered to this Court sworn affidavits, self-authenticating documents and other forms of undisputed factual evidence, demonstrating that the Respondent:

1. Was not the mastermind behind creating and operating the Lancorp Fund [of 2003 or 2005],
2. Did not materially misrepresent to investors the nature of the offering, risk, or ways investor's funds would be used,
3. Did not participate with Reese or Lancaster in contacting investors to raise money from investors except for Respondent's mother and father who were members of his household.
4. Did not ever state funds would only be invested in bonds rated A+ or A1, because the PPM clearly allows investment in any obligation of a qualified bank and any fixed income debt security fitting the parameters of Article 1.16(a), or (b), or (d) (i).
5. Did not tell investors that Lancorp was insured but did respond to questions confirming separate insurance policies could be purchased once the fund raised enough money to go effective; which became moot when Mr. Lancaster amended the PPM on April 5, 2004 removing the insurance element requiring every investor wanting insurance to sign the amendment removing insurance, or request their money back, before the fund went effective.
6. Verified that Mr. Lancaster held all major securities license and had done hundreds of millions of dollars of business in concert with portfolio managers within the banks that employed him and used his securities license's to earn fees and commissions for the bank, and was an experienced investment advisor and asset manager.
7. Revealed to the whole world his prior conviction by posting it on www.garymcduff.com before any money was invested in the Lancorp Fund and maintained that website disclosure until after the Lancorp Fund seized operating.

The attached sworn affidavit reveals Respondent's actual knowledge, intent and belief throughout the times in question and case law in support of the legal

matters asserted as defenses to the allegations made. Corroborating affidavits of others, having direct knowledge, have already been provided to this court.

Respondent does not find any mention in the February 21, 2014 Order Instituting Administrative Proceedings and Notice of Hearing Ordered by the Commission Secretary, giving Respondent notice that the proceedings are in relation to an enforcement or disciplinary proceeding. The Order states in plain language that the proceedings are to determine if the allegations in Section II are true. The Order is not ambiguous in its message to Respondent. The Proceedings and Hearing shall determine if Respondent has defenses for each allegation in Section II, which consists of A1, B2, B3. The Order communicates the proposition that if defenses exist to the allegations, remedial action would not be appropriate, or if none exist remedial action would or may be appropriate.

Respondent would therefore respectfully move this Court to recognize the extensive defenses presented, that fully rebuts the allegations made, thereby making the ORDERED hearing mandatory for the Division of Enforcement to show cause, why they are not now in dishonor of their Agreement with Respondent. And why any remedial action against Respondent in this instant matter should not be vacated for that reason, or in the alternative because the underlying matter (Case No. 3:08-CV-000526-L), was made moot by Settlement Agreement, Case No. PR-2011-1216-AJ, or for the most compelling reason of all, being that the facts and evidence show Respondent did not participate in the alleged violations and in the interest of justice must not be held liable for wrongs he had no knowledge of.

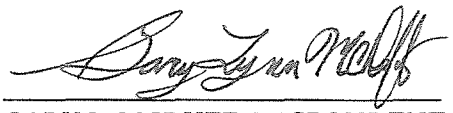
Respondent would protest any action intended to assess any new liability in excess of what was already assessed and sought in their prior action 3:08-CV-000526-L on the Doctrine that any matter which could have been raised in a prior proceeding involving the same parties and the same subject matter is not to be permitted as it would be a forbidden second bite of the apple. Respondent hereby moves this Honorable Court to accept these facts and pleadings as true, pursuant to Rule 250 in this MOTION FOR SUMMARY DISPOSITION against the Division of Enforcement. This Motion is made against that Division.

Any claims, actions, or requests they make against Respondent should be denied. Their failure to include other or additional remedial action beyond that, which they already sought, involuntarily resolved in the civil proceeding must be barred. Respondent has not been accused of any new violations on those alleged by the Division of Enforcement in their 2008 complaint and are time barred from bringing new allegations or demands for additional relief based on that same alleged conduct.

To preserve and not waive any right to be afforded the assured opportunity to establish defenses to the allegations, Respondent does not waive the hearing ordered by Commission Secretary, Elizabeth Murphy, to determine if the allegations made by the Division of Enforcement are true, unless this Court grants this RESPONDENT'S MOTION FOR SUMMARY DISPOSITION by finding that the allegations against the Respondent are not true, and the evidence provided has demonstrated that the facts represented by Respondent are instead true; or that the allegations made by the Division of Enforcement were made moot by the Settlement reached by the consent of the Commission in the unopposed Arizona proceedings reflected in the Record of Settlement between the parties in Case No. PR-2011-1216-AJ.

For the compelling reasons stated herein and supported corroborating affidavits of material fact together with self-authenticating evidence, Respondent praise this Court grant this MOTION FOR SUMMARY DISPOSITION in favor of Respondent as a matter of law and entitlement.

Respectfully requested,



GARY L. MCDUFF, RESPONDENT

ENCLOSED ATTACHMENTS:

1. RESPONDENT'S MOTION FOR SUMMARY JUDGMENT – 6 PAGES
2. RESPONDENT'S AFFIDAVIT OF FACTS AND MEMORANDUM IN SUPPORT OF RESPONDENT'S MOTION FOR SUMMARY DISPOSITION
3. GOVERNMENT'S EXHIBIT "A" FLOW CHART – 1 PAGE
4. EMBEZZLEMENT FLOW CHARTS OF TERRY DOWDELL BRADLEY STARK & ROBERT TRINGHAM – 6 PAGES
5. CERTIFICATE OF ADMINISTRATIVE JUDGMENT – 2 PAGES

ENCLOSED ATTACHMENTS
NO. 2-5

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

April 25, 2014

AMINISTRATIVE PROCEEDINGS
File No. 3-15764

In the Matter of GARY L. MCDUFF	RESPONDENT'S AFFIDAVIT OF FACTS AND MEMORANDUM IN SUPPORT OF RESPONDENT'S MOTION FOR SUMMARY DISPOSITION

I, Affiant, Gary L. McDuff, am over 18 years of age, of sound mind, have personal knowledge of the matters stated herein and am competent to affirm the following material facts.

I, the Affiant and Respondent, will now present the facts and law, which demonstrate that I was an innocent actor, who was used and manipulated by others who created and passed lies down to me through others, which I believed to be true based on reliable trusted sources. This evidence will show that at all times the only foreseeable outcome I had was of benefit, and not harm, to investors. No unlawful activity was suspected or revealed until June 2005 when the Division of Enforcement exposed Bradley Stark as the one who devised the fraudulent scheme to embezzle money from trusting ministers like my father.

It is true that I, like many others, was a distant party and stranger to Mr. Stark, who unknowingly aided Mr. Stark in perpetrating his scheme. On my father's request, I contacted only one potential investor and informed him of the Megafund. I contacted Gary Lancaster because he was the manager of my father's IRA money, to tell him that my father had met Stan Leitner of the Megafund, and the Megafund was looking for investors. Mr. Lancaster was looking for a place to invest my fathers IRA money, and the money of his other clients. He confirmed he would investigate the possibility of investigating in the Megafund. The investment was made after the Megafund provided Mr. Lancaster with proof of insurance protection incompliance with the required investment criterion.

That investment by Mr. Lancaster into the Megafund, showed no signs of trouble or suspicion. I was as shocked as anyone to learn the truth. The full truth was unknown to me until eight years later, when after an extensive search; I was able to locate Mr. Larry Frank, Mr. James Rumpf, Jr., and others who knew the full truth. Like me, they all aided and abetted Mr. Stark in committing his crimes without realizing it. Their affidavits all prove the truth, and what I had good cause to believe.

No crime was foreseeable to them, and therefore could not be foreseeable to me. The lies originating from Mr. Stark, and passed down to me by others, are proof that I was not the source of the lies, nor could I have possibly known about the lies if the others did not know Mr. Stark was lying to them.

If no harm or crime is reasonably foreseeable by one who aids another, he has not joined in the criminal conduct if he believes his acts to be lawful. Controlling law sets forth the knowledge requirement in order to be held liable.

The court in United States v. Hersh 100 US 33 said, "It is enough to exonerate a conspirator that he has ceased to further the conspiracy, [aiding and abetting], a specific withdrawal need not be shown. The gist of the crime of conspiracy [aiding and abetting] is the confederation or combination of minds . . . no party could be convicted on an overt act who had not joined in the conspiracy." The "conspiracy" statute, like the "aiding and abetting: statute are "catch-all" statutes which seek to impose liability on one for the acts of others when the direct evidence is not against the targeted defendant. Mere activity and association with a conspirator [aider or abettor] does not meet the Pinkerton test. That test requires that in order "for a defendant to be found guilty under Pinkerton for an offense committed by a co-conspirator in furtherance of the conspiracy, the offense must have also been reasonably foreseeable to the defendant" [who aided and abetted].

The most important distinction of Pinkerton (328 US 640) is the requirement of the offense being foreseeable by each participant in the illegal activity. "And, an individual's ratification of another's criminal act cannot form the basis of liability. He must be criminally liable if at all at the time when the crime takes place."

Being that all of the SEC allegations toward Affiant are rooted in the gravamen of premeditated fraud, with scienter, it is appropriate for Affiant to frame rebuttal to the allegations so as to encompass both the civil and criminal elements relied on by the Division of Enforcement to not only attempt to justify its bringing of civil action no. 3:08-CV-526-L, but to also justify referring their allegations to the US Attorney's Office for consideration of criminal prosecution; which was rejected by the US Attorney's

Office for the Northern District of Texas (the civil and criminal prosecuting district of the Megafund cases) and subsequently submitted by the SEC Division of Enforcement to the US Attorney's Office for the Eastern District of Texas who accepted the submission, only because the evidence was misconstrued and presented out of context. The facts to be presented will, through eye-witness and those having first hand knowledge, place the evidence in proper context and correct the erroneous presumptions upon which the SEC theory of Affiant's liability is currently based.

Throughout this Affidavit and Memorandum, Affiant shall mean Respondent and Respondent shall mean Affiant.

Respondent will demonstrate through self-authenticating evidence, newly discovered, that shows Respondent could not have committed the alleged violations, and that he did not know others were committing them. The facts will show that the conditions mentioned in United States v. Fox 24 LED 538 applies to Respondent in relation to the instant matter. The court said, "Congress has no power to subject a person to punishment for an act or transaction which, at the time of its occurrence, is not a violation of any law of the United States." There is no unwritten code to which resort can be had to spell out an unwritten offense against the United States. To constitute an offense against the United States, the act complained of must be forbidden by some statute in existence at the time it was committed. 4 Wall 277, Fox at 671 states that, "intent essential to the commission of a public offense must exist when the act complained of is done; it cannot be imputed to a party from a subsequent independent transaction". Respondent cannot be deemed vicariously liable for Lancaster's or Reese's actions under any express, implied, or presumed agency theory. Facts, records and sworn statements show, Respondent was always independent from Lancaster with no express or implied authority to solicit, offer, or sell shares of the Lancorp Fund.

In Gebardi 287 US 112 the court made an important observation when it said, "acts which are wrong in morals, but not punishable by law, it stands, so far as the law is concerned, upon the same footing as an innocent act." The court further observed, "For instance, a single act of sale or brokerage, etc., by an unlicensed person, would not constitute an offense against the revenue laws; but the bare repetitions of the act originally lawful, would be an offense." The SEC Complains alleges that Respondent and two co-defendants participated in profits contrary to the Lancorp Fund Private Placement Memorandum (PPM) of 2003. This is not a correct conclusion. The PPM allowed Lancaster to contract with and participate in the profits generated by investments Lancaster placed Fund money into, even though he was a principal of the entity offering the investment. Flaherty v. TXU 5th and 11th Cir 2009 stated that "corporate motive for profit is OK." Also, see Krome v. Merrill Lynch 637 F. Supp. 910, and Gartenberg 528

F. Supp. 1038 . . . . "an imputed commission and fee are not the same as a profit," and "significantly the Commission did not present the Court with any proof that a statute or regulation, or industry standard limits a market maker's profits, or proffer an expert who could attest to some standard guideline by which the court could determine excessiveness."

The SEC Complaint makes the claim that it was a violation for Lancaster as Trustee of the Lancorp Fund to earn any money other than the specified Trustee fees. That is not correct. The PPM allowed Lancaster, as a holder of "Founder's Shares", to earn any money not distributed to the holders of "Investor Shares" and that he, as Trustee, was the authorized party to determine what profit would be applied to each class of shares. And, in addition to that, Lancaster, as an owner of an external company, could contract with that company and the Lancorp Fund and have a right to the profits of that external company. In fact, there were three separate sources in relation to the Lancorp Fund from which Lancaster could, and did, earn income. This conflict of interest was disclosed in the PPM. Profits earned by Lancaster, separate from his Trustee fees, are the profits that attorney Norman Reynolds advised that he was at liberty to use or divide however he chose. It may be that the SEC investigators felt this to be inappropriate, but it was a provision of the PPM properly disclosed to every subscriber, and as in Gebardi, not punishable by law. Hedge fund managers routinely impose a 2 & 20% or even a 4 & 50% fee and profit participation. 2 to 4% of the account balance per year and up to 50% of all profits realized. Lancaster took no profits from any entity other than the contracted profits he was entitled to receive, and he paid no commissions, whatsoever, to anyone. He paid only profit participation contract obligations. It was not a section 16(b), 15 USC 78p(b) "unlawful profit".

The SEC Complaint claims Respondent had a duty, as did co-defendants Reese and Lancaster, to disclose several things, which were not disclosed. These pages set forth the lawful reasons why those claims are in error. All "material" information, which was required to be disclosed, was disclosed. Only that which the PPM did not require Lancaster to disclose was not disclosed. In Kovtum v. Vivus, Inc. Sept. 12, 2012 Dist Court 9th Dist LEXIS 139548 said, " ... it is well established that section 10(b) and Rule 10b-5(b) do not create an affirmative duty to disclose any and all material information." And, Matrixx Initiatives Inc. v. Siracusano 131 S. Ct. 1309 at 1321 (2011), states, "In general, companies have no duty to disclose facts, and must do so only when necessary to make . . . statements made, in light of an allegedly omitted fact, be viewed by the reasonable investor as having significantly altered the total mix of the information available." TSC Indus. Inc. v. Northway Inc., 426 US 438 (1976). And, Fiduciaries have no general duty to disclose non-public "information about specific investment options", 5th and 11th Cir 679 F.3d 1267 Lanfear v. Home Depot (2012). The Lancorp PPM

authorized Lancaster to enter into any transactions pursuant to the investment criteria without informing investors of each investment decision.

The remaining SEC claims relate to misrepresentations made by Lancaster and Reese, away from, and without Respondent's presence or participation. Said representations were claimed to be contrary to, or not supported in the PPM. Respondent cannot respond to what Lancaster and Reese did or not do outside of Respondent's knowledge. However, the PPM's written disclaimers made by Lancaster to investors, and then further signed off on by each investor, "directly contradicted the oral misrepresentations" asserted by the SEC. See Long John Silver's v. Nickleson Feb 11, 2013 LEXIS 18391 (dismissed omissions fraud claim), 15 USC 78-u-5(c)(1)(A)(i), Slayton v. Am. Express 604 F.3d 758 (2nd Cir 2009 Opinion). Further, Title 15 USC, 77z-2 allows for the application of "safe harbor" for forward-looking statements. 77z-2(c) shall not be liable with respect to any forward looking statement, written or oral in a "public" offering, and if "private", not at all, provided sufficient cautionary statements are included in conformity with the "be speaks-caution doctrine." The Lancorp Fund Private Placement Memorandum contained multiple Risk Warnings, including, but not limited to:

> PPM page (ii) THE ESTIMATES CONTAINED IN THIS MEMORANDUM ARE PREPARED ON THE BASIS OF ASSUMPTIONS AND HYPOTHESESES WHICH ARE BELIEVED TO BE REASONABLE BUT WHICH ARE SUBJECT TO SUBSTANTIAL RISKS AND CONTINGENCIES . . .NO ASSURANCE CAN BE GIVEN THAT ANY OF THE POTENTIAL BENEFITS DESCRIBED IN THIS MEMORANDUM WILL PROVE TO BE AVAILABLE.
>
> PPM page (iii) THE INVESTMENT DESCRIBED HEREIN INVOLVES SUBSTANTIAL RISKS INCLUDING; LIMITED OPERATING HISTORY OF THE TRUST; ARBITRARY OFFERING PRICE OF THE INVESTOR SHARES; SIGNIFICANT RESTRICTIONS ON THE TRANSFERABILITY OF THE SECCURITIES OFFERED HEREBY; ABSENSE OF PROFITABLE OPERATIONS; POTENTIAL COMPETITION; AND POSSIBLE RISK OF LOSS OF ENTIRE INVESTMENT. [Emphasis added].
>
> THE PURCHASE OF INVESTOR SHARES IS SUITABLE ONLY IF THE INVESTOR HAS SUBSTANTIAL FINANCIAL RESOURCES. EACH INVESTOR WILL BE REQUIRED TO WARRANT AND REPRESENT TO THE TRUST, IN WRITING, THAT THE ABOVE FACTS AND CIRCUMSTANCES ARE TRUE, IE. "*ANY REPRESENTATION NOT*

CONTAINED IN THIS MEMORANDUM . . . MUST NOT BE RELIED UPON." IN THE EVENT OF ANY MATERIAL CHANGES DURING THIS OFFERING, THIS MEMORANDUM WILL BE AMENDED OR SUPPLEMENTED ACCORDINGLY. [Article 9.8].

Rule 508(a) provides a safeguard for insignificant deviations from the express terms of Reg. D, if the error was made in good faith, 17 C.F.R. Section 230.508(a). Respondent is unaware of any deviations from the express terms of the April 5, 2004 amended terms of the Reg. D guidelines under which the Lancorp Fund of 2003 operated. On review, none are identifiable and, if any existed, they were insignificant and made in good faith. That withstanding, inappropriate deviations do appear to have taken place in relation to Lancorp Fund II of 2005.

The SEC has produced no evidence showing that securities attorney Normal Reynolds did not properly file Form D Notice for an exemption from securities registration requirements with the Commission. Mr. Reynolds' deposition and testimony specifically says he filed for federal registration exemption for the 2003 Lancorp Fund which he created for Mr. Lancaster, pursuant to Rule 506 of Reg. D, 17 C.F.R., Section 203.506, that provided a safe-harbor provision, authorized by section 4(2) of the 1933 Securities Act, 15 USC section 77d(2) for limited private placements. Rule 506 permits a private issuer to sell unregistered securities to any "accredited investor", and up to thirty-five other unaccredited investors. Respondent, along with attorney Normal Reynolds, is of the firm belief that the Lancorp Fund of 2003 was formed, filed with the Commission, and administered in full compliance with every aspect of Rule 506. The record is void of any showing that this is not factually correct.

Whenever a fraud claim is based on allegations of material omissions and/or non-disclosure, plaintiff must allege that the defendant had an affirmative duty to disclose, and allege facts and law demonstrating that the defendant had a legal duty to disclose. For Respondent to be held accountable for any alleged omissions or non-disclosures in relation to a claim of fraud, there must be a pleading of facts showing the existence of a fraud; Respondent's actual knowledge of the fraud; and that Respondent provided substantial assistance to knowingly advance the fraud's commission. In addition, the plaintiff must prove, in full, factually and specifically, all of the elements of the cause of action. There must be a showing that the Respondent, thereby, intended to induce the [investor(s)] to act to his detriment in reliance upon the false representation and that the [investor(s)] actually and justifiably relied upon the Respondent's misrepresentation in acting to his detriment. The absence of any one of these elements will preclude recovery. When it is demonstrated by reliable evidence that Respondent acted in good faith and loss was beyond his expectation, foreseeable outcome, or knowing act, a fraud claim, based

on an "omission", "non-disclosure" or "misrepresentation" theory fails. See Grant Thornton LLP v. Prospect High Income Fund 314 S.W. 3d 913 at 923 (Tex 2010).

Whenever congress has created a right to sue in securities matters, it has, with one exception, declared a limitation period no longer than three years. See 15 USC 77m, 15 USC 78i(e), 15 USC 78r(c), and 15 USC 78cc(b). "The proper period of limitations for a section 10(b) and Rule 10b-5 action should be one year after the plaintiff discovers the facts, and in no event, more than three years after the transaction in question." See Davis v. Birr, Wilson & Co. 839 F.2d 1369 (9th Cir 1988), Circuit Judge Aldisert concurring.

The last "transaction" of the 2003 Lancorp Fund known to Respondent was April 5, 2005. The SEC did not bring civil action against Respondent until March 26, 2008. That is 35 months after the last transaction and 22 months after the investigation of Respondent yielded the theory upon which the Division of Enforcement relied upon. The Division of Enforcement erred by waiting two years after discovery of alleged misconduct to bring civil action 3:08-CV-526-L against Respondent. Under Texas law, the law of the jurisdiction where the action was brought, the limitation period begins when the alleged fraud is discovered or should have been discovered. See Computer Assoc Intern, Inc. v. Altai, Inc., 918 S.W. 2d 453, 455 (Tex 1996).

Although most statutes of limitations in the 33 and 34 Acts are 1-3 year combinations, each applies to an associated express right of action.; one year from discovery or three years from the initial public offering or other transaction. See Norris v. Wirtx 7th Cir 1987 818 F.2d 1329 at 1331. One exception, the "unlawful profits statute", section 16(b) 15 USC 78p(b) sets two, rather than three, years as the period of repose, after the transaction, and the same one year period after discovery.

Respondent submits that as the court in Blue Chip Stamps v. Manor Drug Stores said, so says Respondent: "It would seem bizarre, if not anomalous, to go beyond the express statutes of limitations contained in provisions of the 1934 Act", (221 US 723, at 728). Also, see Data Access Systems SEC litigation 843 F.2d 1537.

The same facts, issues and evidence [including but not limited to Exhibit "A" of cause no. 3:06-CV-00959-L-BD filed in that Docket as "Document 1 page 8 of 9"], revolving around the same transactions were relied upon by the government's "privies" which constitute the same plaintiff in the following cases:

Cause no 3:06-cv-00959-L-BD Michael J. Quilling, Receiver for Megafund Corporation and Lancorp Financial Group, LLC by federal district court appointment (Northern District of Texas Dallas Division) for and on behalf of the Securities and

Exchange Commission (the "SEC"). Quilling is an agent by appointment for the SEC who is a "privy" for the Commission, the ultimate plaintiff. The case was filed against GARY MCDUFF on May 30, 2006. A default judgment was entered against GARY MCDUFF in the amount of $304,272.58 based on a flow chart identified as Exhibit "A", which represented the plaintiff's determination of GARY MCDUFF's portion of "ill-gotten gains". The judgment issued on January 23, 2007 without presenting any evidence while Respondent was employed abroad and the case was closed. The "Background Facts" in that complaint describe the same conspiratorial activities as contained in the next successive prosecution.

Cause no. 3:08-cv-00526-L was filed on March 27, 2008 as SECURITIES AND EXCHANGE COMMISSION, Plaintiff v. GARY L. MCDUFF. The COMPLAINT "SUMMARY" described the same conspiratorial activities of the Quilling/SEC case as being "directly or indirectly in concert with others, aided and abetted, etc.". A default Judgment issued on February 22, 2013 in the amount of $136,336.18 to be paid to the (SEC) plaintiff (a "Privy" of the United States of America). The judgment was an order of disgorgement "equal to the profits gained illegally as a result of the violations alleged." Exhibit "A" was again the central transactional evidence demonstrating the claims, together with the same descriptions of conduct. Exhibit "A" is attached for reference. However, respondent stands a good faith reliance that this case was made void by the agreed settlement with the Commission in Arizona case no. PR-2011-1216-AJ on February 8, 2012

NEWLY DISCOVERED AND MISCONSTRUED EVIDENCE

The interest of justice and public policy mandates that the integrity of the U. S. Securities and Exchange Commission restricts itself to prosecuting violations of law, and correcting any errors made in that process when the errors manifest and become clear and convincing. The instant matter is such a case where the errors of facts presumed to be correct when this case [3:08-cv-00526-L] was brought, have been determined to be erroneous and out of context in time, which materially changes the application of law that was relied upon when the charges were filed. The violations alleged and presented to this court were based on events and acts involving the Respondent, which can no longer be substantiated as being violations. Newly discovered evidence which was either unknown or overlooked by the investigators and prosecutor has shed new light of truth on what the Respondent knew and believed to be true, based not on circumstantial evidence or inference, but on self-authenticating records and documents as well as Affidavits of persons having first-hand knowledge of corroborated facts. What the Respondent knew, expressed to others, and reasonably expected to happen as a result of his participation in

the activities constituting the subject matter of this case is the Gravamen rooted and based on the Respondent's "intent".

The records, documents, and affidavits now available support the following chronological events and Respondent's corresponding actual belief and intent at each stage of the dates investigated events #1 -18 below:

1. Highly respected bankers and money managers in London and New York with untainted reputations hired the services of Respondent in 2001.. One headed the syndication products for the Middle East division of Wells Fargo Bank. One was the National Sales and Product Manager for the Government and Corporate Bond Departments of Merrill Lynch Capital Markets, Inc. And one was a former Senior Vice President and Chief Financial Officer of the Templeton Fund, Inc. appointed by Sir John Templeton, with responsibility for all accounting and finance functions of five of its operating companies and six of its registered investment companies (mutual funds). The Respondent had good cause to believe he had associated himself with highly qualified professionals with vast experience in financial markets worldwide.

2. Through Wilkinson Boyd Asset Management Inc., (WBAM), and Emerged Market Securities broker-dealer (EMS), the Respondent was instructed by the principal of Secured Clearing Corporation to use the Dechert Price & Rhodes law firm Cash Management Agreement and their accompanying legal opinion of its structure to establish additional Custody and Management accounts at other banking institutions where the Cash Management Agreement could be used to manage investor funds to earn underwriting and transaction profits dealing in "Permitted Investments" consisting of any obligations of qualified banks, and SEC registered debt securities having designated ratings.

3. Respondent was directed by the principal of Secured Clearing Corporation to establish a Cash Management Agreement with a Custody and Management account at U.S. Bank in LaJolla, California to manage $10 million for a foreign client (International Capital Institution). That client introduced Respondent to his private bank officer who was a Vice President of the U.S. Bank Private Client Group, Mr. Gary Lancaster. The agreements and management account was established on November 29, 2001 with Wilkinson Boyd Asset Management, owned by Michael Boyd, who provided management services, and Mr. Lancaster who provided oversight of all management activity on behalf of U.S. Bank to insure compliance with the agreement terms for the protection of the client. The client expressed significant trust and confidence in Mr. Lancaster as an

experienced banker. Mr. Lancaster revealed his holding of Series 6,7,63, and 65 securities licenses used to conduct securities transactions within U.S. Bank on behalf of the bank and its customers. Mr. Lancaster's Series 65 Invest Advisor representative license, as well as his Series 6, 7, and 63, was placed with U.S. Bancorp Piper Jaffray Broker-Dealer, the securities division of U.S. Bank.

4. Terrence de'Ath, the principal of Secured Clearing Corporation, along with two other U.K. bankers, made application to buy Overseas Development Bank & Trust, a Dominica bank. They hired Respondent as a trust department officer to work with London attorney Colin Riseam, to establish trust department policies for managing customer investments made through the bank's services. That bank board instructed Respondent to open a treasury account at U.S. Bank for the Dominica bank, which would be under the signatory control of Mr. de'Ath. While the application for approval was being processed by the legal department of U.S. Bank, the seller of the Dominica bank became the target of a federal investigation, as did Terry Dowdell, who was a new business associate of Michael Boyd. The legal department of U.S. Bank Private Client Group elected to terminate the application for a treasury account for the Dominica bank, and to terminate the Cash Management Agreement established between its customer International Capital Institution and Wilkinson Boyd Asset Management Inc.

   Mr. Lancaster investigated the reasons stated by the legal department for terminating the Wilkinson Boyd Cash Management Agreement. The reasons were related to men having no involvement with the decision-making or management of the client's funds. Mr. Lancaster offered to present the proposal to other institutions he had relationships with. Over the following months, at the request of the trust client, International Capital Institution still desired to proceed with the Cash Management Agreement with Mr. de'Ath and Mr. Boyd. Mr. Lancaster presented it to Bank of America, and Wells Fargo Bank in Portland, Oregon. He also presented it to Piper Jaffray, the broker-dealer of U.S. Bank. The legal department of Piper Jaffray conducted a review of the Cash Management Agreement (CMA) and asked for it to be modified to meet their requirements. They provided terms and modifications to incorporate into the CMA before they would agree to act as custodians for the client.

5. Mr. de'Ath instructed the Respondent to engage the professional services of the Jackson Walker law firm in Houston, Texas to incorporate the modifications Piper Jaffray wanted into the CMA. Attorney Norman Reynolds was assigned to the task by the firm. Mr. Reynolds traveled to London to meet with Mr. de'Ath and his attorney, Colin Riseam, to be briefed on all aspects of the activities that would

be undertaken by the CMA. He was provided with the details and discussed the requirements to create U.S.-based investment Funds, one registered one exempt. He was given documentation of past CMA activities to use as aids in re-creating the CMA with the provisions Piper Jaffray requested. He returned to Houston and set about completing the assignment. The Respondent was instructed to assist Mr. Reynolds in obtaining any information he needed from the bankers in London or the CMA money managers in New York. Corroborating affidavits and exhibits of David Deaton, Shinder Gangar and Lynn Hodge already filed with Respondent's Rule 220 Initial Answer.

6. Mr. de'Ath authorized Mr. Reynolds of the Jackson Walker law firm to create three U.S. based Funds. (1) The Avenger Fund, an exempt from registration fund, dealing only with qualified purchaser/investors. (2) The People's Avenger Fund, a fund that was to be a fully registered fund accepting all levels of investors from non-accredited, to accredited, to qualified. This fund became considerably more costly to complete than anticipated and its completion was postponed indefinitely. (3) The Lancorp Financial Fund, an exempt Regulation D 506 exempt from registration fund limited to 35 non-accredited and 65 accredited investors. The Avenger Fund was wholly owned and operated by Secured Clearing Corporation (Terrence de'Ath). The People's Avenger fund was wholly owned and operated by Lancorp Financial Group (Gary Lancaster). The Lancorp Financial Fund was wholly owned and operated by Lancorp Financial Group (Gary Lancaster). All three Funds were created by Mr. Reynolds and paid for by Mr. de'Ath through his Secured Clearing Corporation that employed the Respondent. The revised Cash Management Agreement was placed in the name of Secured Clearing Corporation, reflecting Mr. de'Ath as the appointed manager. Mr. de'Ath explained to Mr. Reynolds how syndication operations for fixed income products were structured, specifically that coordinating entities who brought together the underwriting always received participation in the profits involved and that Mr. Reynolds was to incorporate that element into the CMA and the Fund's documentation. The CMA and the Avenger Fund paid the investor a maximum earning per month and the excess vested to the manager. The Lancorp Fund, which had the same provision as the People's Avenger Fund, on the advice of Mr. Reynolds, stated no minimum earnings to allow for market conditions to create floating profits commensurate with what other similar funds paid investors from quarter to quarter. To accommodate this, Mr. Reynolds incorporated notice to investors that the manager was permitted to enter into contracts with entities the manager was affiliated with or had equity in, which would allow that entity to earn profits out of the contracts the Fund entered into with those entities. That

provision was placed in Article VII paragraph 7.5 of the Lancorp Fund Declaration of Trust, as was a conflict of interest notice.

7. Mr. de'Ath extended the offer to cover the costs of creating the People's Avenger Fund, which evolved into the Lancorp Fund, to Gary Lancaster, who traveled to London to discuss the proposal. Mr. de'Ath and the London based syndicators would provide the investment opportunities for Mr. Lancaster to place the Fund's money into. The participation in profits would be the means by which Mr. Lancaster would return to Mr. de'Ath the capital costs of creating the Fund, and provide him with future returns on his investment into Mr. Lancaster. An important element in the proposal was that Mr. de'Ath would use his sources to direct investors to the Lancorp Fund. One of those sources was the Dobb White & Company accounting firm who had numerous investors originating from an independent broker named Robert Reese. Mr. Lancaster was satisfied that he was capable of managing the fund, evaluating investment opportunities presented by Mr. de'Ath's U.K. team, and being provided with investors. He agreed to the proposal.

8. The Jackson Walker Law Firm had completed the revision of the CMA as requested by Piper Jaffray. It was presented to the legal department of Piper Jaffray for acceptance. Since Mr. de'Ath held no U.S. securities licenses, Piper Jaffray suggested that the investor, International Capital Institution appoint Mr. Lancaster as the CMA manager instead. The investor already had a relationship with Mr. Lancaster and had no objection. Mr. de'Ath would still be providing the investment opportunities and working in concert with Mr. Lancaster. All parties agreed. Piper Jaffray instructed their legal department to use the Jackson Walker CMA and insert their broker-dealer duties as custodian. That CMA was signed by the client, Mr. Lancaster of Lancorp Financial Group LLC as the MANAGER, and U.S. Bancorp Piper Jaffray as CUSTODIAN BD, on April 3, 2003. The client moved $5 million into account no. 4974890 designated inside Piper Jaffray as the "Client's Income and Expense Account". See attachments to Affidavit of Lynn Hodge filed with Respondent's Rule 220 Initial Answer.

9. The federal investigation into other unrelated activities of Terry Dowdell elevated from civil to criminal, and Mr. Dowdell admitted to acts of fraud. Mr. de'Ath and Michael Boyd chose to cease all business activities that had ties to sources used by Mr. Dowdell. Mr. de'Ath informed Mr. Lancaster that until it was known what Mr. Dowdell had done, no business activities would be initiated. While waiting, they began negotiations with other syndication coordinators who could use smaller participants with under $10 million.

10. While Mr. Lancaster began accepting investors to accumulate the $10 million needed for the Lancorp Fund to enter syndications, Mr. de'Ath located a syndication being coordinated by Tricom Securities in Australia to underwrite Citibank-issued products, which agreed in March of 2004 to accept less than $10 million from Mr. Lancaster's Fund.

    Insurance had been offered by First City underwriters in London to cover the principal of Lancorp investors but would only be available if the total under management reached $10 million. The Lancorp Fund had raised over $5 million, but under $10 million. Tricom Securities informed Mr. Lancaster that the custodian bank had issued a value guarantee in the form of a bank obligation assuring that the market value of the securities involved in the transactions would be greater than the amount paid for them. Mr. Lancaster asked Mr. Reynolds (who had changed law firms) what needed to be done to amend the Lancorp Fund Memorandum to replace the insurance coverage with the bank obligation. Mr. Reynolds advised that all investors, whose monies were being held in an escrow account, would need to sign an acceptance of the material changes before their money could be used. If they didn't agree, then their money must be returned to them. He would need to obtain signed acceptances from enough investors to reach $5 million before the Lancorp Fund could "go effective" and begin operating. To date, it had always been anticipated that the Lancorp Fund would reach the $10 million under management, and then purchase the insurance from First City insurance brokers for every investor wanting the insurance. Investors who contacted Mr. Lancaster during the accumulation stage were told that insurance would be provided before the fund went effective. And, once it began doing business, it would issue forward commitments to underwrite new issues of various fixed-income debt products as stated in the Memorandum. Also, that whenever the Fund was not participating in underwriting, it would invest in *"obligations of banks, purchased directly or indirectly using a licensed broker-dealer (such as Piper Jaffray) or a fund"*.

11. From its inception, the Lancorp Fund had two primary places it would deploy or commit the Fund's monies. *"Underwriting and investing in bank obligations"*. The Respondent was contacted by three or four clients of Robert Reese, one or two clients of Don Winkler, and one of LeVoy Dewey. They had all been told about the Lancorp Fund before contacting the Respondent. They wanted to know what the Respondent knew of Mr. Lancaster's background and the people he would be doing business with. Respondent told them how he met Mr. Lancaster, what the bankers in London had agreed to do to assist Mr. Lancaster, what he

understood the business activities entailed, and that his parents had placed their IRA retirement money under Mr. Lancaster's care. Respondent complied with Mr. Reynolds' instructions to not give any Lancorp Fund material to any prospective investor, or say anything that was not in the Memorandum, if contacted and asked.

The evidence reflects that Mr. Lancaster, Mr. Reese, Mr. Winkler, Mr. Dewey, and the Respondent all stated the same things to investors, with one exception. Mr. Reese allegedly made personal representations to his clients that were not correct at all. Clients said he told them that his family had invested as much as one million dollars in the Lancorp Fund, and that he had known Mr. Lancaster for many years, and that he and Mr. Lancaster had been involved in a similar European based investment, which if said was, at best, half-truth. No evidence indicates that Mr. Lancaster or the Respondent knew Mr. Reese was making these representations. Respondent made no representations to any Lancorp Fund investors after June 10, 2004, and no evidence has been presented reflecting otherwise.

The latest date of such communication with even Mr. Lancaster, in relation to any Lancorp Fund investor, was March 2004, just prior to the Fund going effective and investing with Tricom Securities. Respondent was told by Mr. Lancaster in March of 2004 that he had obtained the written bank obligation replacing the insurance, and enough signatures of investors accepting that material change to go effective. Respondent was not involved in the communications between Mr. Lancaster and Tricom Securities, in any capacity; during the eight months the Lancorp Fund monies were placed in the Citibank–related investment managed by Tricom.

The material change to the Lancorp Fund Memorandum on April 5, 2004 had the legal effect of eliminating all reference of insurance policy protection from the Memorandum, and more significantly made irrelevant any prior written or oral references about insurance, meaning that all previous communications with Lancorp Fund investors about insurance protection were not, and could not, be considered misrepresentations, because no investor's money was taken out of the ESCROW account and used without first informing each and every investor that the anticipated insurance was not available, but instead, a bank-issued value guarantee was, which would assure that any security purchased would be worth more than the amount paid for it, using the investor's money.

Highly significant was the notice and requirement that each investor agree in writing, or withdraw their money. Some did, most did not. There is no evidence that the April 5, 2004 material changes were not made properly to modify the Memorandum, removing the insurance option in accordance with the amendments section, Article 9.5. This factual background supported by documentation provided by Affiants adds significantly to the fact that Lancorp Fund investors were properly and legally informed of the material changes, and not misinformed about insurance protection by Respondent, Mr. Lancaster, or Mr. Reese. It also establishes evidence that the Lancorp Fund was created for lawful purposes, which it entered into properly and in compliance with the modified terms of the Memorandum.

The significant discovery of corroborating federal court confirmation of the material changes being made before any investor monies were used is new evidence, not known to defendant and presumably not known to the Commission in the instant case. The following findings of some 20 federal courts concurred with these facts: *"Lancorp investors were initially offered the opportunity to purchase insurance. Due to changes in the insurance industry in 2003 and 2004, Lancorp could not obtain insurance and had to guarantee investments by way of a new bank or broker-dealer obligation. Lancaster circulated a letter to previous investors in April 2004, asking them either to; (1) confirm their subscriptions and acknowledge the change or; (2) request withdrawal. At that time Lancaster offered a full and immediate refund to anyone whose "patience was at an end". Lancaster states that he honored all requests for refunds during this time because he understood that the delays in finalizing the offering were frustrating to investors, and that dropping the insurance provision was a material change. Significantly, this material alteration occurred after Lancaster became associated with ONESCO, a full service securities broker-dealer registered in all fifty States and a member of the NASD. Subsequently Lancorp invested in the Megafund, a Dallas-based investment fund that proved to be a Ponzi scheme resulting in substantial loss to Lancorp investors and causing Lancorp to be placed into receivership. Gary Lancaster worked as an independent contractor and registered representative of ONESCO...and served as the Trustee of the Lancorp Fund."*

See: Multiple Federal Courts that verified the material change of dropping the insurance provision in the PPM. This information qualifies under Rule 323 as a material fact of Judicial Notice standards and is official notice evidence.

2007 U.S. Dist. LEXIS 90332	Samuels	Nov 30, 2007
2008 U.S. Dist. LEXIS 1346		
2007 U.S. Dist. LEXIS 84945	Wallace	Nov 15, 2007
2007 U.S. Dist. 519 F Supp 2d 1006	Prins	Nov 06, 2007
2007 U.S. Dist. 514 F Supp 2d 857	Gibson	2007
2007 U.S. Dist. 504 F Supp 2d 913	Steinke	Aug 27, 2007
2007 U.S. Dist. 508 Supp 2d 872	Vernick	Sept 17, 2007
2007 U.S. Dist. 526 F Supp 2d 523	Emmertz	Dec 19, 2007
2007 U.S. Dist. 509 F Supp 2d 761	Pals	2007
2008 U.S. Dist. LEXIS 81187	Stephens	Feb 11, 2008
2008 U.S. Dist. LEXIS 111778	Robinson	Aug 25, 2008
2008 U.S. Dist. LEXIS 9827 (S.D. TX)	Catlan	Feb 8, 2008
2008 U.S. Dist. LEXIS 5852	Hoegler	Jan 25, 2008
2008 U.S. Dist. LEXIS 9189	Nemes	Jan 28, 2008
2008 U.S. Dist. LEXIS 6828	Cui	Jan 17, 2008
2008 U.S. Dist. LEXIS 3765	Theirs	Jan 10, 2008
2008 U.S. Dist. LEXIS 777 (WL271329)	Staudt	Jan 30, 2008
2008 U.S. Dist. LEXIS 11288	FINRA	Feb 01, 2008
2008 WL 220371	Charters	Jan 25, 2008
2008 U.S. Dist. LEXIS 1447	Broderson	Feb 14, 2008
2008 U.S. Dist. LEXIS 8187	Merkel	Feb 11, 2008

A prime example is found in the above-cited "Cattan" case where the court said, *"the terms of Lancorp private placement offering were materially altered and Lancaster gave Cattan the opportunity to withdraw or confirm his investment"*. None of those federal courts found that Lancorp was not a private placement fund exempt from registration, which serves to supports it as being the exempt Regulation D 506 private placement investment fund as created and confirmed by securities attorney Norman Reynolds.

12. Respondent cannot be held liable for not disclosing his 1993 conviction to Lancorp Fund investors. Proof of his notice of same to the general public in the form of a website published in September of 2003 and maintained through May

25, 2006 as www.GaryMcDuff.com qualifies as notice. This must apply to Mr. Lancaster as well. The securities laws do not require disclosure of prior convictions more than 5 years old, and only then when they involve some form of dishonesty and a title 18 USC 1987 conviction is not. The securities laws do not require disclosures of persons acting in the capacity, as the Respondent, who represent the company providing the venture capital to form the investment company (fund), simply because they communicate with each other. The Commission produced no rule, law or regulation showing that Respondent had a duty to disclose this fact, or that internet disclosure to the whole world was insufficient.

THE LANCORP FUND OF 2003

The foregoing pages have established, by historical fact and authenticated evidence that the 2003 PPM was properly modified to make sure all its material representations were amended with investor approval before Mr. Lancaster began using Lancorp Fund 2003 monies to invest, pursuant to the April 5, 2004 amendments. It remained in compliance with all rules and regulations in all aspects, up until, and through the Megafund investment, through the Lancorp Group and the distribution of the earnings the Lancorp Group paid the Lancorp Fund and MexBank (the other party entitled to profit participation). Mr. Lancaster had conducted himself properly, and abided by the "prudent man rule" of a trustee. MCDUFF and LANCASTER made no moves without legal advice, which was followed without deviation. REESE, in secret, and unknown to Lancaster or McDuff, solicited investors, using ads, until Mr. Lancaster learned of it and demanded it to stop immediately, to which Reese said he complied. No evidence has been produced showing Reese continued advertising after Mr. Lancaster demanded he cease doing so. Any suggestion that Mr. Lancaster allowed anyone, or that he, himself, did anything wrong in relation to the Lancorp Fund of 2003 is not supported by any record of evidence whatsoever, through June 1, 2005. This was not a conspiracy to defraud at all. There was no aiding and abetting by Lancaster, Reese or Respondent.

LANCORP FUND II OF 2005

The civil and criminal actions brought against Mr. Gary Lancaster are presumed justified because of his conduct, beginning on, or about, May 27, 2005, when he, acting alone, purposefully undisclosed to Respondent, created the Lancorp Financial Fund Business Trust II, without the legal counsel of Norman Reynolds, or any other lawyer of the Glast, Phillips & Murray Law firm, and made the first of multiple false representations. In a new PPM for Trust II, dated June 1, 2005, Mr. Lancaster represented that the Glast,

Phillips & Murray Law Firm represented this new Lancorp Fund Trust II as legal counsel, regarding LEGAL MATTERS, when that Firm had no knowledge of that PPM. See page 29. It is appropriate to examine how this Lancorp Fund II, birthed on June 1, 2005, was a virtual carbon copy of the Lancorp Fund PPM of March 2003 (the first fund).

Bear in mind, that there were two Lancorp Funds, not one. For easy reference, Lancorp Fund of 2003 will be referred to as the 2003 PPM, and the second will be referred to as the 2005 PPM. Respondent only had knowledge of the 2003 PPM (no evidence of any nature suggests that Respondent knew of the 2005 PPM). The first time Respondent was made aware that the 2005 PPM existed was during the trial of March, 2013.

THE REAL AIDING AND ABETTING CONSPIRACY

What you are going to read now was not known to Respondent until June 7, 2013, when a guard at the Fannin County Jail brought Respondent a bag containing over 3,000 pages of documents. Those documents contained the proof that Mr. Lancaster joined a conspiracy. Those documents, in addition to many others, present factual confirmation to back up his account of events. The documented statements and facts are his witnesses. Together, they reveal the truth.

The years of pre-complaint delay created relevant prejudice of Respondent's speedy trial right and the deaths of key witnesses compounded that prejudice, which denied Respondent due process of law. The SEC has the burden of persuasion as to the lack of prejudice caused by their unnecessary delay. For the first time, Respondent was able to understand what Mr. Lancaster had done that justified bringing civil, and even criminal action against him for his abuse of Lancorp Fund money after June 1, 2005. Gary Lancaster's sworn deposition of March 25, 2006 revealed what Respondent did not know until 2013. In those pages, Lancaster makes it clear that he never ever informed Gary McDuff that he [secretly] created the Lancorp Fund II Private Placement Memorandum dated June 1, 2005 for the Cash Management Agreements dated August 31, 2005.

On page 253 the SEC asks: "*Well, I'm a little confused, because it seems to me there are two classes of investors. The investors whose money was invested in Megafund...and those who invested afterwards.*" Answer: "*Correct*". On page 257 Mr. Lancaster agrees that he indicated to all investors, those whose money was tied up in the Megafund matter, as well as those whose money came into the Lancorp Fund after the Megafund investment, that all the money was frozen by the SEC and he could not return any money to anyone. That is exactly what he told Respondent and Mr. Reese also. It was that statement by Mr. Lancaster that led Respondent to believe that the Lancorp Fund had ceased all activities due to the SEC freeze of ALL Lancorp monies. However, the

transcript reveals that not to be true. The SEC had not frozen any money that came into the Lancorp Fund of 2003 after Mr. Lancaster made the third and final investment into the Megafund on May 4, 2005.

As Gary read this in his cell in June of 2013, he realized for the first time that Mr. Lancaster had told him a lie. Never once, had Gary caught Mr. Lancaster in a lie. He had always demonstrated himself to be a man of integrity, and worthy to be trusted. His conduct and constant concern to be in compliance with every law, rule, regulation, and moral code of business is precisely why Gary trusted him enough to endorse, and even recommend him as someone his parents could trust with their retirement money. Honest men never have a reason to lie, and Gary believed, without reservation, that Mr. Lancaster was an honest man. Gary had no reason to doubt or be suspicious of anything Mr. Lancaster told him.

As Gary realized that Mr. Lancaster had lied about not being able to return post-Megafund investor's money back to them, he presumed there must be some reason Mr. Lancaster had to justify, in his mind, that it was somehow OK to tell this lie to Gary and the investors. Lancaster's deposition provides the answer. It reveals that he was somewhat convinced by Mr. Leitner, that the money was going to be returned by Mr. Stark, and the Lancorp Fund money would be restored back to Mr. Lancaster. In his anticipation of that, he had made independent contracts with his own associates looking for a place to invest the money upon its return. He makes it clear that he did not tell Gary he was doing this. That alone is confirmation that Mr. Lancaster was in sole control of choosing where to invest Lancorp Fund monies, and Gary had no control over him, or Lancorp monies. A contact of Lancaster's, named Annie Chapman, had introduced him to a British businessman named Robert Tringham, who was living in California. Ms. Chapman told Lancaster she had been involved with Tringham in a "successful operation that had been paying regularly for nine months, and the funds were insured." The "insured" element captured Lancaster's interest, and he became persuaded by Tringham that he could earn substantially more by joining forces with Tringham than he could by reinvesting Lancorp Fund monies with the Megafund. This was in May of 2005.

THE UNLAWFUL CONDUCT UNKNOWN TO GARY MCDUFF

As this conspiracy comes into existence, be aware that Gary McDuff has no knowledge that Gary Lancaster is doing any Lancorp Fund business at all at this time. Gary McDuff does not know any of the people involved at all, directly or indirectly, nor had he heard their names until reading the Lancaster deposition.

There is no indication that Lancaster, at that particular time in history, had any bad intentions. It appears that he was simply trying to find a safe place to invest and earn more money. Somehow, Tringham convinced him he could earn a lot more than the Megafund was paying him, and he had no obligation to pay profit participation from any investment he discovered on his own, to MexBank. The agreement he had with MexBank only covered profits generated from the Megafund investment. He may, or may not have paid some of those anticipated profits to MexBank so it could recover the capital loaned to Lancaster. What he would have done will never be known, because he never earned any money with Tringham.

The fact that he did not inform MexBank, the bankers in London tied to Mr. de'Ath, or anyone who had advanced him the money to create the Lancorp Fund of 2003, that he was entering into contract relations with Mr. Tringham, indicates that he was following an agenda that was in his best interests, and not those of his venture capital providers. His covert methodology shines a revealing light on his motive.

Without returning to Mr. Reynolds for legal guidance, or even advice, he set out to structure a vehicle he could use to do business with Tringham, that was not connected to the old Lancorp Fund of 2003. That Fund was under SEC examination, so he needed a fresh and untainted entity to do new business through. So, on his own, he took the electronic data version of the Lancorp Fund 2003 PPM he had received from Mr. Reynolds two years earlier, and modified it, by removing references to insurance protection. He chose to name it "Lancorp Financial Fund Business Trust II". Like the original Lancorp Fund, it was to be a Reg. D 506 exempt Fund accepting only 100 total customers. His idea to do this began before it was known to him, or anyone else, that the May 2005 payment from the Megafund was not going to be made, or that the SEC was going to take action against the Megafund in June. He had already started creating this new structure to do business with Mr. Tringham in May 2005. He organized Lancorp Fund II Trust as a Nevada unregistered, non-diversified, closed-end management investment company on May 27, 2005.

The Lancorp Fund of 2003 already had its 99 or 100 maximum investors. The solution he conceived to create a parallel fund may seem logical on the surface, but it is not allowed under the SEC rules for Reg. D 506 exempt private placements. The SEC rules allowing limited sales to a few investors only under the Reg. D 506 exemption is for good reasons: To simplify the process of small business to raise needed capital and limit the number of non-accredited investors to whom the investment can be offered. The economics of doing a "registered" public offering makes sense when a large amount of money needs to be raised from a large number of people. Since Reg. D exemptions only

allow a maximum of 35 general public investors who are not "accredited", or better educated in investment analysis, to be involved, the public is protected.

Had Mr. Lancaster consulted with Mr. Reynolds, or any other securities lawyer, he would have been told that he could not circumvent investor limits by creating parallel Funds, when one fills up. It is not known if he knew this was prohibited and did it anyway, or if he just assumed it was OK. Regardless, it was a violation, and it was done with compounding errors, which rendered it non-compliant with Reg. D 506 rules and therefore, not entitled to an exemption. That meant he was selling non-exempt securities. Since that made them required to be registered in a public offering registration (and they were not), his selling of them as exempt securities was a presumed violation of securities laws.

The errors started when he failed to give notice to the SEC that he intended to launch a new Fund No. II to conduct the same type of business as his first Fund. He did not file the Form D Notice copies of the new PPM with the SEC, as required, and give them the requisite Notice of his launching of the second Fund. Had he done that, it is almost certain the SEC would have detected it as a prohibited enterprise, since Mr. Lancaster was the same issuer, and he had already used his "exemption" with Fund number one. He may have intended to file the notice after making some sales, but never did.

There was one brazen act in his preparation of the PPM of 2005. He represented in it that the same Law Firm had "passed" on (meaning approved by) it that had passed on the PPM of 2003. That was not true. The Glast, Philips & Murray Law Firm referenced on page 29 did not prepare or "pass" on the PPM of 2005. That was a misrepresentation. That PPM also did not have the required "auditors Report" that must be provided to investors in Reg. D private placements. That was an omission in violation of the rules. The governing Declaration of Trust contains numerous typing and tabulation errors that securities attorney Norman Reynolds would never allow out of his office as completed work product. The errors are glaring. Even Mr. Reynolds said the basic PPM looked like his work, but it contained things he would not have placed in it the way they appeared.

The deposition reveals that Lancaster had about $2 million that came in after the Megafund investments. $1.6 million was in Lancorp Fund 2003 and $400,000 was in Lancorp Fund II 2005.

The SEC investigator asks on page 263 and 264 if he invested the $2 million all with Mr. Tringham. Question: "*did you invest all of it*?" Answer: "*Yes, well, no not quite all of it, because when I started Fund Two, I had, I think four investors that had sent their applications in, same as starting all over with Fund One, I had to do the accumulation*

phase. But, it was obvious to me that it was going to be a long period of time before I was going to get, be able to get Fund Two to a point where it could start functioning. I contacted those four investors who were in Fund Two, who had signed up for Fund Two, letting them know that it was going to be an extended period of time. That if they wanted to, in effect, participate in the same activity as Fund One, that we would.. I would.. do with them a separate agreement to engage their funds the same way I was engaging the funds in Fund One. So they would essentially tag into that activity and get paid."

Then the SEC investigator asks, "*How would you do that, who told you*", etc. He confirms that he was told by Mr. Tringham to combine it into "*million-dollar minimum*" blocks and transfer it to Max International broker-dealer Securities Firm in New York.

He explains: "*To do the transaction, it had to be in round million dollar blocks to bring the paper into it. So I.. the money that was provided by the prospective Fund Two investors, pursuant to the separate Cash managements Agreements with them, I used their funds and what was then a million-six-of-or a little less than a million-six, because I didn't need all of the million-six of the fund to make two million dollars, and put two million dollars into the account."*

Question pages 365 and 266: "*What cash management agreements did you have with these investors? Was it something that you drew up*?"
Answer: "*It was something that I drew up specifically to each of them.*"
Question: "*and where did you get the data, the documentation, or where did you come up with...*"
Answer: "*I don't recall. It was part of everything that was provided on the CD's*" (he means the ones sent to him by Mr. Reynolds when Fund Once was finished).
Question: "*The Fund Two agreement that you drew up, yourself*?"
Answer: "*Yeah, Without the Fund Two.. the cash management.*"
Question: "*the one that you drew up yourself, that you were responsible for putting together? Did anybody help you with it, no lawyer or anybody, you just cut and pasted it from other stuff*?"
Answer: "*Well, I just took it really out of the Private Placement Memorandum that permitted the business section of that and made a stand alone agreement.*"

It is clear that the Lancorp Fund II of 2005 and the "Cash Management Agreements" of August 2005 were created by Mr. Lancaster without Respondent's knowledge, assistance, expectation, or involvement in any way whatsoever. It was done in connection with Mr. Tringham, for the specific purpose of doing business with his entities. The Lancorp Fund II investor monies were collected and held in a Bank of America account he opened in the name of "Ban Corp Financial Group Client Trust Account". On pages 257-260, Mr.

Lancaster explains what he thought he was getting into. He says, "I was kind of paralyzed in terms of what I should or shouldn't do at that point....I was looking to get out of Megafund.. I wanted to be active and trying to get a rate of return for the investors." He says he expected the money to be held in an account in the name of an entity he controlled at Max International where bonds and similar securities would be bought and sold a couple times a week. Mr. Tringham's company, First National Ban Corp, was the entity that was to make all this happen, so he made Mr. Lancaster a Vice President and partner. The Max International trading account was opened in the name of First National Ban Corp with both Lancaster and Tringham as signatories over the account. According to Lancaster, he did not know Tringham had equal authority over the account. He admits that he did little or no due diligence to validate Tringham's representations, and makes no mention that he saw proof of insurance to protect investor's funds.

It appears that fear of losing the Lancorp Fund through bankruptcy motivated Lancaster to enter a relationship with Tringham. He by-passed the rules he had followed with Lancorp Fund 2003, took a gamble, and lost.

Mr. Tringham was the top man in this conspiracy. He recruited Mr. Lancaster, and persuaded him to compromise his ethics to further the conspiracy, which had many players. The deposition names the following as being in Tringham's web:

- OASIS FOUNDATION, HUBMAN FOUNDATION, SANDSTRUM BROKER-DEALER, MAN FINANCIAL, MAX INTERNATIONAL, HIGHLANDER DEVELOPMENT INC., WORLD REACH INTERNATIONAL, FOREST BROKERS ADVISORS, INC., FIRST NATIONAL BAN CORP, FIRST ASSET MANAGEMENT CORP., NIGEL GILBERT, TIM HUBMAN, PETER KRUMMHOLTZ, WARREN A. FORREST, AARON SANDSTRUM, ART KROGAR, EDWARD GILBERT, MANFRED TROCHA, JACK PUEGET, HARRY FRIEDMAN, EDWARD AKOPIAN, KAZIM ATILLA, INFINITE INVESTMENTS, PETER GALLOP, and THOMAS BAKER.

The SEC determined that Tringham was operating a Ponzi scheme. Yet, the misrepresentations made in the PPM and the Cash Management Agreement identified in the Complaint, took place in this conspiracy, which happened AFTER RESPONDENT CEASED DOING BUSINESS WITH LANCASTER. **RESPONDENT WAS NOT INVOLVED IN THIS CONSPIRACY AT ALL, AND HAD NO CONNECTION TO ANY OF THESE PARTIES.** Here is where civil and criminal violations occurred. Respondent was involved with Lancaster before any violations occurred, but not during

or after. Respondent's involvement with Lancaster is best described as a lawful accessory before the unlawful fact.
The record, when taken as a whole, exposes evidence that there were multiple aiding and abetting conspiracies, not one, as the Complaint suggests. The evidence shows:

- Mr. Leitner violated civil securities laws in the way he formed, marketed, and managed the Megafund.
- When Mr. Lancaster joined Mr. Tringham, he created a Lancorp Fund number two, and four cash management agreements in violation of securities laws, and joined those non-compliant entities investor funds into Mr. Tringham's company, all in violation of securities laws, thereby joining Mr. Tringham's unlawful investment scheme.

When examined in context, it is indisputable that there were two conspiracies that constituted the unlawful conduct described in the Complaint, and a third one mentioned as well. Erroneously, the Complaint claims them to be a single conspiracy. The three separate aiding and abetting conspiracies are as follows:

- The Dowdell conspiracy (Reese & Dobb White)
- The Bradley Stark conspiracy (Stark, Rumpf, Leitner)
- The Robert Tringham conspiracy (Tringham, Lancaster via the Lancorp Fund number two and the four cash management agreements.)

It is significant that no court dealing with the civil or criminal actions against Dowdell, Dobb White & Co., Stark, Leitner, or Tringham, included or named GARY MCDUFF as a defendant, or as an aider and abettor in those actions. They kept the evidence in context, and excluded him as a suspect.

In the first two conspiracies, statements and evidence show that Respondent's role was not one that could afford him the ability to know there was any illegal activity taking place. It was transpiring at a level so far above him that he had no contact with the perpetrators. He heard only information that supported the validity of the activities and principals involved.

In the third conspiracy, RESPONDENT WAS NEVER ON THE SCENE, AND WAS UNAWARE IT WAS TAKING PLACE.

13. The term "due diligence" does not appear in any SEC regulation or statute, and an "underwriter" has no obligation to conduct due-diligence investigations of public or private offerings. Newby v. Enron 761 D. Supp 2d 504 (5th Dist. Ct) 2011.

The Lancorp Fund was a designated underwriter in its Memorandum; see page 12, paragraph 2. Mr. Lancaster, even without a duty to do so, conducted considerable due diligence before investing in the Megafund. His investigation left him with the belief that the Megafund was no less conforming with the modified terms of the Lancorp Fund Memorandum as was the Tricom-Citibank investment. There is no evidence whatsoever that Mr. Lancaster (or Respondent) knew or suspected that the Megafund was raising money to funnel into a Ponzi scheme. Mr. Lancaster appears to have conformed and complied with all relevant securities laws until the SEC closed down the Megafund. Respondent could only know what Mr. Lancaster informed him of what he was or was not doing. Respondent was in Texas, Belize, Mexico, and London, and not present in Oregon or Washington with Mr. Lancaster. Communication records do not reflect any co-management activities. Nothing constitutes an instruction from Respondent to Mr. Lancaster on what to do. The communications are mere exchanges of information concerning developments. The Securities Act of 1933, 1934, and the 1940 Act all reflect *"no person shall be subject to imprisonment for the violation of any rule or regulation if he proves that he had no knowledge of such rule or regulation"*. As in Chiarella 445 U.S. at 231. And in Sana Fe Industries v. Green 430 U.S. 462 the court points out that *"the language of subsection 1C (b) of the Act gives no indication that Congress meant to prohibit any conduct not involving manipulation or deception"*. The new evidence provides substantial evidence that Respondent was unaware of any deception or manipulation, misrepresentation or omission. That evidence provides more convincing inference that there was no intentional deception or criminal intent by Respondent, or any confederation with Mr. Lancaster or Mr. Reese to cause any financial harm or injury to any investor.

14. The Lancorp Fund Memorandum provided all the cautionary statements required to be made to prospective investors in compliance with the Bespeaks Caution doctrine, as well as specific notice that any oral or written representations not consistent with the content of the memorandum *"MUST NOT BE RELIED UPON"*. All disclosures required by law appear to have been made sufficiently to afford it the Safe Harbor rule, which limits liability to civil action if inexcusable neglect or mistake can be proven. 15 USCS 77z-2. Liability in this regard under 15 USCS 17m, 78i (e), 78r (c) and 78cc (b) which includes misleading statements, were given statutes of limitations by Congress of not more than three years after any transaction except *"unlawful profit"* 15 USCS 78p (b) was set at two years after such profit was realized. All required suit to be brought within one year of discovery. Even if there was civil liability the time passed before civil or criminal action was brought. Time limitations place by Congress

expired before the SEC filed the Complaint, therefore, this action is time-barred irrespective of guilt or innocence.

15. The fraud claims based on an "omission", "failure to disclose" and "misrepresentation theory" fail to be maintained in light of the newly discovered evidence which replaces the inferences of a confederation to aid and abet or conspire to defraud, with acts of good-faith and reasonable expectation of lawful business activities that would generate legitimate profits for investors and for the entities involved in providing the investment opportunities. What was foreseeable by the Respondent were ongoing compliant business activities. It is illogical to presume that those who employed the Respondent would go to such extreme measures to create a lawful investment fund at substantial capital cost, only to place all the money it raised into a known Ponzi scheme intentionally, and thereby lose the investor's money and their reputations simultaneously. Financial fraud violations that make no economic sense have been found by the federal courts to be inactionable.

16. The allegations in the Complaint are in conflict with the evidence. The SEC claim of a single conspiracy and only a single conspiracy theory was presented to the court. However, the documents shown, and references in the Complaint, were of three separate and distinct enterprises; of which none were dependent upon, connected with, or a continuation of the others. Therefore, the proof of facts are materially different from those alleged, which constitutes a variance and amendment of the Complaint which is impermissible and prejudicial under the case law precedent for the Fifth Circuit federal courts. See Pinkerton 32 8 U.S. 640, Fox 95 U.S. 670. Katz 271 U.S. 354. Gebardi 287 U.S. 112, Hyde 225 U.S. 347, Kotteakos 328 U.S. 750, and the 5th Circuit cases of Henry 661 F.2d 894, 102 S.Ct. 1619, Futch 637 F.2d 386 at 390-391

17. The pre-complaint delay of 34 months after the SEC brought its action against the Megafund and became aware of Respondent and brought civil action against Respondent caused substantial prejudice. Two key witnesses died, depriving Respondent of absolute defense testimony of Terrence de'Ath and Sir George Brown. The Supreme Court reversed 532 F.2d 59 for a 17 month delay in bringing charges, two witnesses died and therefore prejudiced defendant, finding that the record did not support that extra time was needed to investigate the case. They applied Doctrine of Presumptive Prejudice, defined by the Lovasco test 431 US 783, which the 5th Circuit applied in 1993 to United States v. Crouch 835 F.Supp.938, 84 F.3d 1497, following the Townley balancing test 665 F.2d 579 at

Take this into account: The Northern District of Texas Federal US Attorney's Office where the SEC filed civil claims against LANCASTER, REESE and MCDUFF turned down the request by the SEC to elevate their claims to criminal charges.

WHAT DID I DO? Evidence from all sources show, that I conducted myself in compliance with the laws, not in violation of them. At the very most, my conduct falls into the exact category described by the Supreme Court and other quoting courts, see 531 F.3d at 197 and 513 F.3d at 709: "*the statements were the result of merely careless mistakes by the defendants based on false information fed to them by others.*" The statements and representations that I made to people who contacted me about Mr. Lancaster and the Lancorp Fund of 2003 were the result of nothing more than mistakes based on false information fed to me by others, that at that time, I believed to be true. Further, I could not have known of Lancaster's violations, because Lancaster has made it clear that he never told me what he was doing after May 2005. I had no interaction with Lancaster after that date, so I could not have known of any of Lancaster's actions after May 2005 when the presumed violations began.

Respectfully submitted,

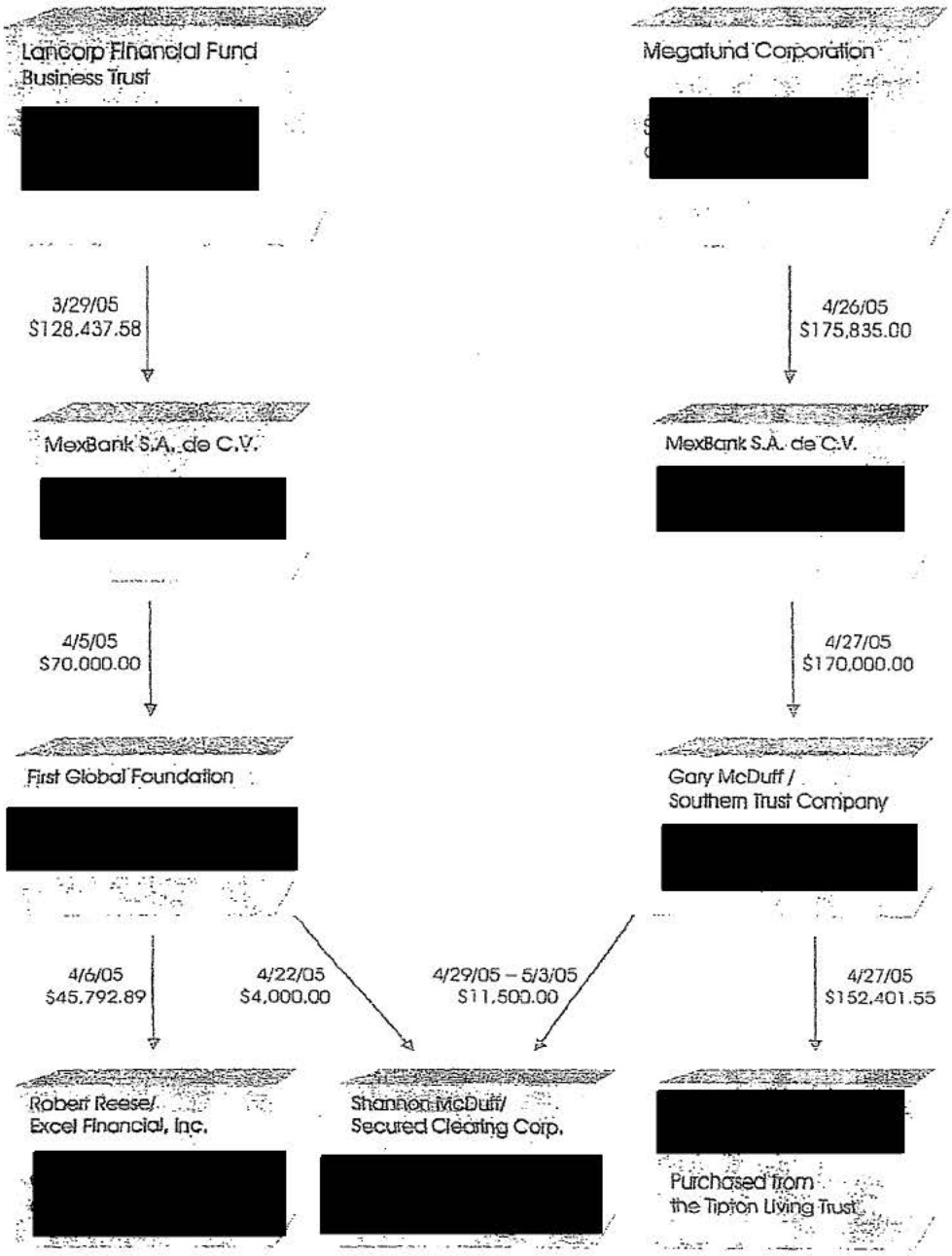
Gary Lynn McDuff

Subscribed and sworn to by affiant on this 25th day of April 2014 and attested to by the undersigned Jurats.

JURAT JURAT

[redacted]

EXHIBIT "A"


Lancorp Financial Fund
Business Trust
[redacted]
Megafund Corporation
[redacted]
3/29/05
$128,437.58
4/26/05
$175,835.00
MexBank S.A. de C.V.
[redacted]
MexBank S.A. de C.V.
[redacted]
4/5/05
$70,000.00
4/27/05
$170,000.00
First Global Foundation
[redacted]
Gary McDuff /
Southern Trust Company
[redacted]
4/6/05
$45,792.89
4/22/05
$4,000.00
4/29/05 – 5/3/05
$11,500.00
4/27/05
$152,401.55
Robert Reese/
Excel Financial, Inc.
[redacted]
Shannon McDuff/
Secured Clearing Corp.
[redacted]
[redacted]
Purchased from
the Tipton Living Trust

Terry Dowdell

Vavasseur Corporation Embezzlement

Terry Dowdell, the former CEO of the Templeton Funds for Sir John Templeton was the highly respected business man that shocked everyone who knew him when in 2001 he compromised his ethics and reputation by stealing clients money entrusted to his professional management. He was caught by the SEC embezzling money from undisclosed victims who trusted him, in addition to the losses he caused for clients of the accounting firm Dobb White & Co. For several years Dowdell conducted legitimate business with the money given to him to manage for Dobb White clients. He had returned 100% of all clients money together with a 30% gain on their principal. That performance caused many respected professionals in New York and London to want to forge alliances with him and grow his business model. The model began with EMS broker-dealer in New York and Michael Boyd the former head of Merrill Lynch fixed income products. Within two years the network chart showing #1 through #13 had developed into a team that held Mr. Dowdell in high esteem. Thankfully, no clients of Michael Boyd, Terrence de'Ath, Fiscal Holdings, EMS, Citibank, Wells Fargo, US Bank, US Bancorp Piper Jaffray, or Secured Clearing Corp who had clients funds in a Cash Management Agreement were affected. That is because the CMA agreements required the custodian banks to oversee every trade. Dowdell was only able to embezzle funds entrusted to him outside the protection of the CMA structure. Gary McDuff first met Gary Lancaster at US Bank where Lancaster worked in the Trust department. He was an experienced bank officer. Gary Lancaster and Gary McDuff never had an opportunity to deal with Mr. Dowdell. From the start they only dealt with Michael Boyd, Terrence de'Ath and others at Fiscal Holdings, and all those men remained above reproach. Once Mr. Lancaster completed forming the Lancorp Fund, Fiscal Holdings offered him an investment participation with Tricom securities at Citibank which lasted for eight or nine months and performed as expected.

Bradley Stark
Embezzlement

Bradley Stark is the person at the top who ultimately received all of the money invested in the Megafund gathered by or from parties listed in box #'s 2., 4., 5., 6., 7., 8., 9., 10., 11., 12., 13., 15., 16., 17., 18., 20., and others. All the money Stark paid back to Rumpf was bogus profits, who passed those profits down to Leitner, who passed them down to Lancaster and all other Megafund investors were not real profits at all. They were merely a portion of all investors money being returned to them less the portion of those profits Rumpf and Leitner believed they had legally earned. By adding up all the money kept by Stark that he squandered away, with the money paid to everyone monthly as profits-fees or commissions, and the money held in the company accounts of Stark, Rumpf, Leitner and Lancaster all the money is accounted for. Less the legal fees charged by the court appointed receiver Michael Quilling.

If the men who worked closest to Stark, Rumpf, and Leitner are to be believed, and there certainly is no reasons for them not to be believed, the only thief in the mix who knew the money was being embezzled was Stark. They say everyone below him was deceived or tricked. And whether they were investors or professionals contributing to the structuring of things, they were all victims of Stark's lies which were so convincing everyone acted on, and passed his lies on, because they believed they were true. That makes everyone between Stark and the investors, "unintentional accomplices" who made this crime possible.

Robert Tringham
Embezzlement

There is limited information available from public records about how Mr. Tringham devised this scheme. The primary source of details are provided in a sworn deposition given to the SEC by Gary Lancaster on 3/25/06. According to him, it was April of 2005 when a woman named Annie Chapman informed him that she was invested with a man named Robert Tringham who was managing her money and paying her a substantial profit each month. She put Mr. Lancaster in touch with Tringham who proposed that Lancaster place the remaining money from the Lancorp Fund not affected by the Megafund disaster in a new Fund, and then invest that money in Tringham's company, First National Bancorp. Lancaster had approximately $2 million dollars in the Lancorp Fund of 2003 prepared by attorney Norman Reynolds. Mr. Lancaster took the 2003 Private Placement Memorandum for the Lancorp Fund and duplicated it himself, without telling Norman Reynolds, or anyone who had assisted him previously. He created the Lancorp Financial Fund Business Trust II dated June 1, 2005 and made the false representation that it had been drafted and approved by the law firm of Glast Phillips & Murray that employed Norman Reynolds. Lancaster also created his own version of a Cash Management Agreement (CMA) without advice of Mr. Reynolds or any other lawyer. Both the Lancorp Fund II and the CMA did not conform to the SEC rules for exempt Reg D investment entities. Lancaster then comingled those monies with monies of other investors located by Tringham in a First National Bancorp account at Max International. Tringham made Lancaster a Vice President and introduced him as his partner to all other parties shown on the chart. Tringham persuaded Lancaster to help him raise $50 million dollars from those investors to secure a big trading contract that was later proved to be non-existent. Tringham was caught embezzling the money and charged with operating a ponzi scheme.

Private Registered Security Interest No. PR-20111216-AJ

CERTIFICATE OF ADMINISTRATIVE JUDGMENT

Maricopa County)
Arizona state republic) ss:
United States of America)

REGARDING THE MATTER: Foreign Judgment in the matter of Civil Action Number 3:08-CV-00526-L, issued in the U.S. DISTRICT COURT NORTHERN DISTRICT OF TEXAS, DALLAS DIVISION.

PRESENTMENT: Be it known that on 23 January 2012 the Undersigned, a duly empowered Notary Public, hereby awards this CERTIFICATE OF ADMINISTRATIVE JUDGMENT in the Matter captioned above to Gary Lynn McDuff, Claimant and Administrative Judgment Creditor, and on this same day and date does present the same to

Gary Lynn McDuff,
[redacted]
Claimant and Administrative Judgment Creditor.

This Certificate of Judgment is issued in consequence of the NOTICE OF DEFAULT IN DISHONOR – CONSENT TO JUDGMENT, signed and sealed by Gary Lynn McDuff, and the CERTIFICATE OF NON-RESPONSE/NON-PERFORMANCE in support thereof, signed and sealed by the Undersigned, the time limit having elapsed for any timely response thereto. The aforesaid NOTICE OF DEFAULT and CERTIFICATE OF NON-RESPONSE/NON-PERFORMANCE are both dated 23 January 2012, and this day and date the Undersigned has presented the same to:

Chief Financial Officer
c/o U.S. DISTRICT COURT NORTHERN DISTRICT
OF TEXAS, DALLAS DIVISION
1100 Commerce Street, Room 1452
Dallas, Texas 75242
Respondent and Administrative Judgment Debtor.

DECLARATION OF JUDGMENT: Whereupon, the undersigned Notary Public for the reason of Default and Dishonor by Non-Response/Non-Performance, does publicly and solemnly certify the Default and Dishonor as against all Parties it may concern by reason of Non-Response/Non-Performance thereof and Stipulations therein, this Administrative Judgment (includes) finds, upholds, and declares the following:

1. GARY L. MCDUFF having a superior Counter Claim and Lien Hold Interest in Civil Action Number 3:08-CV-00526-L issued by the U.S. DISTRICT COURT NORTHERN DISTRICT OF TEXAS, DALLAS DIVISION by way of a Private Administrative Process grants the releasing of all property and collateral belonging to the Defendant GARY L. MCDUFF.

2. There being a Stipulation and Agreement by and between the Parties herein that Gary Lynn McDuff's Recorded Counter Claim in Civil Action Number 3:08-CV-00526-L is granting to GARY L. MCDUFF the Paramount Claim to all Rights, Titles, Interest, and Property belonging to the Defendant GARY L. MCDUFF.

3. There being a Stipulation and Agreement by and between the Parties that GARY L. MCDUFF can rely on this Default Judgment as a Confession of Judgment in any proceedings, administrative or judicial, public or private.

4. There being a Stipulation and Agreement by and between the Parties that the Chief Financial Officer of the U.S. DISTRICT COURT NORTHERN DISTRICT OF TEXAS, DALLAS DIVISION, having granted a specific Limited Power of Attorney in Fact to execute any and all instruments and documents necessary to carry into existence in the Public or the Private the results of the Stipulations, Agreements, and Records by and between the Parties.

5. There being a Stipulation and Agreement by and between the Parties that the Chief Financial Officer of the U.S. DISTRICT COURT NORTHERN DISTRICT OF TEXAS, DALLAS DIVISION, that this Default Judgment and Limited Power of Attorney in Fact now issued as an Operation of Law as the FINAL ADMINISTRATION OF THE FACTS as set forth in the PRESENTMENT, through tacit acquiescence to the original PRESENTMENT and the subsequent NOTICE OF FAULT – OPPORTUNITY TO CURE, and that this Entire Matter is henceforth by Default deemed *res judicata* and *stare decisis*.

NOTICE: The undersigned Notary Public certifies that on 23 January 2012, NOTICE OF ADMINISTRATIVE JUDGMENT was sent to the Parties noted below by depositing in the official depository under the exclusive face and custody of the United States Post Office a sealed envelope containing said NOTICE directed to the persons at their last-known corresponding address as noted immediately below:

Chief Financial Officer
c/o U.S. DISTRICT COURT NORTHERN DISTRICT
OF TEXAS, DALLAS DIVISION
1100 Commerce Street, Room 1452
Dallas, Texas 75242
Respondent and Administrative Judgment Debtor.

TESTIMONY: I certify under penalty of perjury under the laws of the United States of America that the foregoing is true, correct, and complete.

Benton Hall, Notary Public
[redacted]

CERTIFICATION OF DUE PRESENTMENT OF NOTICE UNDER NOTARY SEAL	
Date of Presentment:	23 January 2012
Notice Presented Under Seal:	NOTICE OF DEFAULT IN DISHONOR – CONSENT TO JUDGMENT
Notary's Certification:	The above-noted Parties were presented Notice under Notary Seal that certification of Non-Response/Non-Performance within ten (10) days of postmark would comprise their Acceptance of the Terms and Conditions contained therein, the time having elapsed for response or performance thereof, which was dishonored.