

SHINDER GANGAR

AFFIDAVIT OF FACTS

On this 18th day of February 2014, under penalty of perjury, on my oath, I, Shinder Singh Gangar attest to the following facts stated herein as being true, based on my personal knowledge, and to which I will and do hereby testify.

Further to my Witness Statement of November 9, 2013, I provide this additional information for clarity and detail of the things GARY MCDUFF was told by myself and others in the U.S., UK, and the Bahamas, which caused him to believe that the investment operation, taken as a whole, and the men behind it were at all times conducting only legitimate and legal transactions.

1. At the 2001 meeting in the New York offices of the broker-dealer firm of EMS owned by David Hardy, Mr. McDuff was shown references, and the resume' of Terry Dowdell and Michael Boyd. The CEO of the firm, Ken MacKay, also showed him extensive transaction information regarding an EMS Cash Management Agreement being managed by EMS for a former client of Dobb White & Co. Mr. McDuff was allowed to contact the trust officer, Sue Dignan, at Wells Fargo Bank, acting as the Custodian. After speaking to Sue Dignan, Mr. McDuff agreed to become involved in assisting EMS, David Hardy, Terry Dowdell, Michael Boyd, and Dobb White & Co. in contracting with other major banks willing to provide Custodian services for investors who wanted to place their minimum of \$10 million dollars in the EMS Cash Management Agreement. Mr. Mackay provided Mr. McDuff all the information he would need to present to banks to accomplish the task.
2. Mr. McDuff established a Custodian and Cash Management Agreement with Cole Taylor Bank in Chicago, and with U.S. Bank in La Jolla, California, using the documentation and references that EMS representatives gave to him.
3. The only persons associated with EMS whom Mr. McDuff either met in person, or communicated with by telephone or other means, were David Hardy in the Bahamas, Ken MacKay, David Cooper, and Anthony Mitchell in New York, and Michael Boyd in Connecticut. He did not ever meet or speak to Terry Dowdell.
4. Mr. McDuff's role was not to raise money from investors. There were numerous financial planners and consultants already doing that. The need was for relationships to be established at the banks that the investors wanted to act as their custodian. Mr. McDuff was not asked to solicit investors. He was asked to retain law firms that were knowledgeable in structuring entities or parameters that conformed to the relevant laws and guidelines governing the management of client money.

5. Mr. McDuff was never asked to be a manager of investor funds. He had already proven to me and my associates in the UK that his talent was in negotiating and establishing relationships with financial institutions, to provide specific services needed by clients.
6. I introduced Gary McDuff to a number of my colleagues in the UK that had provided administrative support in dealing with Dobb White client funds placed with us for investment. Among them were Alan White, David Taylor, Mike Steptoe, and Ian Collins. I also introduced Gary McDuff to three bankers who were in the process of purchasing a small bank in Dominica. They were Terrence de'Ath, Iain McWhirter, and Chris Stone. They were aware of his banking contacts and his reputation of completing assignments. They were also aware that he had a 1993 conviction in relation to the sale of his home. In fact, I first met Mr. McDuff through a mutual friend who had told me of a man from Texas who was in London being interviewed by Granada Television in relation to how and why he had been convicted. His conviction was no secret to anyone in London who knew him or knew of him. In 2003 the story of his conviction was posted on the internet website www.GaryMcDuff.com. See page 20 of Part II of the Public Service Investigation Report.
7. Mr. McDuff worked closely with Mr. Stone, Mr. McWhirter, and Mr. De'Ath in the trust department of the Dominica bank. To accommodate U.S. customers who chose to, or were required to invest their money only in the U.S., it was recommended that a formal Investment Fund be formed in the U.S. and managed by a U.S. owner with the appropriate securities licenses. After hearing this recommendation by UK attorney Colin Riseam, Mr. De'Ath and I agreed to put our financial support behind the project.
8. Mr. McDuff had met Gary Lancaster, a banker who was working for U.S. Bank when the initial Cash Management Agreement with Michael Boyd, of Wilkinson Boyd was set in place. Following the unrelated legal problems of Mr. Dowdell, U.S. Bank closed that management account. Mr. Lancaster resigned his position from the bank, on invitation to work directly with Mr. De'Ath. Mr. Lancaster presented the same Cash Management Agreement to the broker-dealer firm of Piper Jaffray for consideration. The legal department of Piper Jaffray requested the CMA be modified to incorporate a number of changes. Mr. De'Ath instructed Mr. McDuff to consult with attorney Norman Reynolds about the changes. Mr. Reynolds had no objection. The CMA was completed and signed by Piper Jaffray as custodian, holding the investor's money on deposit in their brokerage account at U.S. Bank. It was countersigned by the investor and Gary Lancaster as the nominated manager by the investor. Five million dollars was placed in the account.
9. Contemporaneous to the Piper Jaffray CMA, Mr. Reynolds was nearing completion of the Lancorp Financial Fund, for which Mr. Lancaster had accepted venture capital from our group in the UK to form. Following Mr. Lancaster's trip to London, where he was presented with the opportunity by Mr. De'Ath, Mr. McWhirter, myself, and Mr. Riseam, the terms of the agreement were mutually agreed upon. We agreed to advance to Mr. Lancaster the money required to form and operate the Fund until it had enough money under management to be

self-sustaining and producing a respectable income for his investors. We agreed to use our brokers, financial planners and consultants to direct their clients to Mr. Lancaster. Also, we would direct the clients of Dobb White and the Dominica bank who wanted to invest in the U.S. to Mr. Lancaster for acceptance into his Fund. He would not be the one to raise money from investors for his Fund. We agreed to send them to him. We contacted our independent brokers, who had sent us clients in the past, and let them know the Lancorp Fund would soon be open for business, accepting investor subscriptions. Among the brokers we contacted were Elson Lui, Don Winkler, and Robert "Bob" Reese. None of these men knew Gary McDuff until I told them to contact Gary McDuff to obtain information about Gary Lancaster, the owner/manager of the Fund, and Norman Reynolds who had constructed the Fund to comply with U.S. laws. Mr. De'Ath and I asked Mr. McDuff to answer questions from these brokers so they would be better able to explain the opportunity to their clients. Since Mr. McDuff's parents were among the very first investors in the Lancorp Fund, he told me that Norman Reynolds verified that there was nothing wrong in him answering questions from these brokers, or their clients, about what he knew of the character of Mr. Lancaster, or how Mr. Reynolds had designed the Fund. The primary prohibitions Mr. Reynolds warned us, and Mr. McDuff to avoid, was no public advertising, and that only Mr. Lancaster was authorized to provide printed material about the Fund to prospective investors. That actually simplified the process for all of us. Everyone I am aware of abided by the instructions of Mr. Reynolds, including Gary McDuff. Prospective, and actual investors were sent directly to Mr. Lancaster to obtain any and all printed materials related to the Lancorp Fund. I recall seeing reports sent by Mr. Lancaster to Mr. De'Ath, showing how many subscription application booklets and private placement memorandums had been sent out as the Fund took on more and more investors nearing its 100-investor limit.

10. It was very important for Mr. Lancaster to keep Mr. De'Ath apprised of the accumulation of monies from investors in the escrow account. The Fund itself needed only Five million dollars to begin doing business. However, it needed Ten million dollars to qualify for the purchasing of insurance policies to protect investor's share value, from Lloyd's through First City insurance brokers.
11. From the beginning of the Lancorp Fund project, I had presented the representative of First City Partners, Mr. John Sevastopolu, with the question of him writing a Lloyd's policy for Lancorp Fund investors. Mr. Sevastopolu received a Lancorp Financial Fund Private Placement Memorandum, drafted by Norman Reynolds in 2003 as well as the professional history of Gary Lancaster. Mr. McDuff had previously negotiated the purchase of three separate insurance policies from First City to protect their Dobb White & Co. investment. Through that process, Mr. McDuff dealt with Mr. Sevastopolu directly following my introduction. On my instructions, Mr. McDuff provided Mr. Sevastopolu with all the information First City needed to review, in considering the request for insurance. The initial response from First City was to provide the insurance as laid out in the Lancorp Fund Memorandum. The Lancorp Fund, when reaching the minimum of Five million dollars

would be both an "Accredited and Qualified" investor, according to the definitions provided by Mr. Reynolds. There were three classifications of investors in the U.S. The lowest level was designated as "non-Accredited", having a net worth less than One million dollars, with annual income below Two hundred thousand dollars. The next level was designated as "Accredited", being investors with a net worth of more than One million dollars, with income above Two hundred thousand dollars per year, or a business trust with total assets in excess of Five million dollars. The highest level was designated as being both "Accredited and Qualified Purchasers" with more than Five million dollars to more than Twenty-five million dollars in owned investments. When reaching the minimum of Five million dollars, the Lancorp Fund would be both an "Accredited and Qualified" investor, according to the definitions provided by Mr. Reynolds.

12. It is significantly important to be aware that before the Lancorp Fund's completion, Dobb White and its network of independent financial planners anticipated directing in excess of Ten million dollars into the Lancorp Fund. The Fund needed that amount under management to be able to participate directly in syndication underwriting activity. Effectively, the Lancorp Fund would not be able to do business with Mr. De'Ath or the entities he worked with, until Lancorp had Ten million dollars minimum needed, to be able to participate in underwriting syndications offered by major institutions.
13. As Mr. Lancaster neared the Five million dollar mark that would allow the Lancorp Fund to begin operating, he indicated that he was ready to purchase the insurance for each of the investors who had authorized him to use a portion of their escrowed investment money to buy a policy for them as specified in the Memorandum. Mr. Sevastopolu at First City was put on notice to begin the process to issue the policies for each investor. Mr. Sevastopolu submitted the request to Lloyd's underwriters, who informed Mr. Sevastopolu that changes in the financial guaranty insurance industry had taken place, and they could not issue the coverage until the Lancorp Fund met the minimum investment capital under management to qualify to enter as a direct beneficiary participant in the underwriting activity outlined in the Memorandum.
14. This created a paradox for Mr. Lancaster that no one expected. For reasons unrelated to the Lancorp Fund, the accounting firm of Dobb White & Co. and its owners were forced into bankruptcy. That caused the anticipated transfer of Dobb White investors into the Lancorp Fund to be delayed for an extended period of time. The result was, instead of sending well over Ten million dollars in investor money in aggregate from existing investors to the Lancorp Fund, only a slow stream of new money from those investors and some new investors provided by referring professionals like Mr. Reese, had accumulated just over half enough to allow the Lancorp Fund to enter into underwriting syndications. Without enough money under management, First City could not issue a Lloyd's policy. Without the ability to purchase the insurance, Mr. Lancaster could not take the money out of the Lancorp Fund escrow account and begin doing business. This problem was presented to Mr. De'Ath and all the men he and I worked with in the UK.

replacing insurance with the bank obligation had been accepted by enough investors to allow him to launch the investment phase with Tricom, and all investors who had not accepted the change had been fully refunded.

19. Mr. Lancaster then obtained the bank obligation assuring value, and the investment contract from Lance Rosenberg, the owner of Tricom. In keeping with the contract flow that attorney Colin Riseam and Mr. De'Ath had discussed with Mr. Lancaster, Tricom contracted with the Lancorp Group, and the Lancorp Group contracted with the Lancorp Fund. Tricom paid out earnings to Fiscal Holding and to the Lancorp Group. Mr. Lancaster reported that he paid the Lancorp Fund investors their pro-rata share of the earnings. The investment opportunity ended after eight months, when Tricom returned all of the money back to Mr. Lancaster. None of those transactions had any connection to the compensation paid to Mr. McDuff by Secured Clearing Corporation. Mr. De'Ath paid Mr. McDuff a paid stipend that had nothing to do with any earnings derived from Fiscal Holdings placing Lancaster's money in any investments. Mr. McDuff was paid the same stipend before, and after, the Lancorp Fund was created. Everything Mr. McDuff did for Mr. De'Ath was as an employee of Secured Clearing Corporation. Dobb White & Co. had contracted with Secured Clearing Corporation in the past, so I know this to be true.
20. Gary McDuff was, at all times, subordinate to his superior, Mr. De'Ath. Mr. De'Ath insisted on compliance of the highest standard in all his business activities. Mr. McDuff was required to abide by that standard. Mr. De'Ath had advanced the money, through Secured Clearing, to form and operate the Lancorp Fund, yet he held no authority to command Mr. Lancaster to do anything. If Mr. De'Ath had no authority over Mr. Lancaster's business decisions, it is not correct to suggest that Mr. McDuff did.
21. From the very beginning, I was present in the meetings when the men in the UK, with whom I had professional ties, chose Mr. Lancaster. Mr. Lancaster was never asked to be the "front" for anyone. It was certainly never suggested that he would be nothing more than a puppet, whose strings would be pulled by the men in London, or by anyone else. None of the men in London ever told him to obey any command from Mr. McDuff. It was quite the opposite. Mr. De'Ath offered Mr. Lancaster the assistance of Mr. McDuff to use in any way he might need during the forming of the Fund. Mr. McDuff was clearly designated to be the servant of Mr. Lancaster. It was made very clear that Mr. Lancaster would be the sole person in control of the Fund. For advancing the money for the Fund formation, and the operating money to Mr. Lancaster, Mr. De'Ath asked only that whenever he (Mr. De'Ath, via Secured Clearing Corporation, or his Fiscal Holdings partners) presented qualifying investment opportunities to Mr. Lancaster, that Lancaster would give those investments priority consideration, provided the investment offered equal earnings and measure of safety than other investment opportunities. It was understood that such consideration would be given only if the investments conformed to the Lancorp Fund investment criteria. Each investment opportunity was to be presented to Mr. Lancaster in a contract that would state what portion of the profit would vest to Secured Clearing Corporation, and what portion

would vest to Mr. Lancaster and his investors. This is what transpired with the Tricom investment. Tricom divided the profits three ways. Tricom's portion, Lancaster's portion, and Fiscal Holding's portion. Mr. De'Ath was paid his share in proportion to his equity in Fiscal Holdings. Mr. McDuff was paid nothing, because he had no equity in any participating entity.

22. The Tricom investment ended in December of 2004. As Mr. De'Ath's health failed, my partner and I found ourselves embroiled in the bankruptcy and related legal battle. Before Mr. De'Ath retired, the final activity I have knowledge of involved Robert Reese requesting to be compensated for referring his clients to the Lancorp Fund. In the past, he had been compensated by Dobb White, which was permitted under UK law. Mr. Reese complained that the State of California had ordered him to stop introducing investors to any investment unless he obtained a securities license. He had always represented himself to be an investment advisor who had a permit to aid his clients in making investment decisions. He told us that Mr. Lancaster had made it clear to him that the Lancorp Fund could not pay any fees or commissions for shares purchased by his clients in the Lancorp Fund.
23. Mr. De'Ath suggested that the lawyers provide directives on how to address this unexpected problem. After Mr. Reynolds told the men in London that the Lancorp Fund would not be permitted to pay anything to introducers of clients into the Lancorp Fund, they agreed that Mr. Lancaster would not do so, because it was prohibited. Such compensation would be paid from monies earned by other entities participating in the same transactions that were not part of any money due to Mr. Lancaster or the Lancorp Fund.
24. Several attorneys in Belize had been involved in providing Mr. McDuff with solutions that Secured Clearing Corporation needed to provide specific services for Mr. De'Ath and Dobb White. The Queen of England had knighted one of the attorneys. He was the former chief justice to the Supreme Court. He had understanding of laws of many governments, including the U.S. The Belize attorney suggested forming a company named Dividends Inc. that would own a portion of Secured Clearing Corporation, thereby making it entitled to a portion of Secured Clearing Corporation's earnings. Dividends Inc. would offer a special series of stock to anyone who caused Secured Clearing's earnings to increase by making syndication participation money available to Secured Clearing Corporation, or its affiliate, Fiscal Holdings, by increasing the total amount of money under Lancaster's management. If the referring parties exercised the option extended to them to buy shares of Dividend Inc., they would become stockholders in Dividends Inc. and be entitled to their respective portion of income earned by Dividends Inc. through its partial ownership of Secured Clearing Corporation. Mr. Reynolds said he saw no conflict with any regulation for an entity that may contract with the Lancorp Fund as provided in the Memorandum to do anything it chose with profits it earned from transactions it did jointly with the Lancorp Fund, provided those profits did not contractually belong to the Lancorp Fund and were not paid out of the Lancorp Fund. It was my belief that this stock ownership resolved the issue raised by Mr. Reese. Mr. Reese, along with John Burke and Al Masters were among the first financial

advisors who purchased shares in Dividends Inc. This was the last activity of which I had direct knowledge.

25. My personal and company bankruptcy proceedings forced me to withdraw from all investment coordinating activities. When I withdrew, so did Alan White, David Taylor, Mike Steptoe, Ian Collins, and Chris Stone. Mr. De'Ath retired for health reasons. Iain McWhirter and Barry Northrop pursued other professional opportunities. One of the final negotiations of Mr. De'Ath was to merge the assets of Secured Clearing Corporation, owned by Mr. De'Ath, with Secured Clearing Corporation-Belize, under the control and ownership of Victoria Avilez, Mr. Roy Cadle, and Sir George Brown. Mr. McDuff had introduced me to attorney John Avilez in London in 1999. I have since been informed that John Avilez and Sir George Brown died before charges were brought against Mr. Lancaster, Mr. Reese, or Mr. McDuff in relation to the Lancorp Fund. Because Mr. De'Ath had provided the investment or underwriting capital for the Lancorp Fund, Mr. De'Ath had conveyed the right to present investment opportunities to Secured Clearing Corporation, to present investment opportunities to Mr. Lancaster to participate in, and earn a contracted portion of profits in excess of any profits due to the Lancorp Fund. Mr. McDuff already had a working relationship with the attorneys in Belize, and they knew he had been providing funding to Mr. Lancaster on behalf of Mr. De'Ath. Victoria Avilez appointed Mr. McDuff to be a Director of Secured Clearing Corp-Belize.

26. In my final communications with Mr. De'Ath and Mr. McDuff, it was my understanding that Secured Clearing Corp-Belize had purchased ownership in MexBank in Mexico City, and part of the trade involved Secured Clearing Corporation assigning its venture capital repayment rights owed by Mr. Lancaster to MexBank. MexBank lawyers were to provide the legal services required to secure the release of monies held in a Secured Clearing bank account held at Banamex in Mexico City so it could be returned to the court-appointed receiver in the UK in charge of settling the bankruptcy of Dobb White & Co. Some monies scheduled to be paid out to Dobb White clients was being held in that account when the bankruptcy court ordered the account to be suspended and the money paid over to the receiver, Baker Tilly. Banamex was not cooperating with the receiver or the bankruptcy court so legal intervention was required. I do not know the outcome of those proceedings. I have seen court documents of consecutive proceedings spread out over more than three years of litigation, trying to free the money for the receiver. The last documentation presented to me, showed that in early 2012, Mr. McDuff had petitioned a Mexican government agency known as SIEDO to intervene in demanding the money be returned to the receiver.

I have reviewed the factual content of Part I of the Public Service Investigation Report, and I hereby confirm the truth of the account of the facts in relation to me, to Dobb White, and all the people and entities I introduced to Mr. McDuff, beginning on page 65. Even though I was not involved at the time Mr. Lancaster became aware of the Megafund, I can set some facts straight that are inaccurate in the allegations made against Mr. McDuff.

- a) The Cash Management Agreement on pages 72 through 75 of the Public Service Investigation Report is not the one created by EMS, Wilkinson Boyd, or Jackson Walker, which involved Mr. McDuff. It is devoid of being restricted to use by Qualified Purchasers only.
- b) The Lancorp Fund was permitted to invest in "any obligation" of a qualified bank directly or indirectly using a broker-dealer or a fund, whenever the Lancorp Fund cash was not invested in "Permitted Investments" See article 1.16. (d) (i).
- c) Norman Reynolds confirmed that he had done everything required under U.S. securities laws to file or register the Lancorp Fund with the SEC as a Reg D 506 Fund exempt from public registration requirements. Based on Mr. Reynolds representations, everyone was under the absolute impression that it was indeed an exempt fund.
- d) When Mr. Lancaster was in London, he explained that he held a series 6,7,63, and 65 license, and that his series 65 license allowed him to act as an investment advisor.
- e) Mr. McDuff went out of his way to inform people he dealt with, of his prior conviction. When, in 2003, he published the www.GaryMcDuff.com website story assembled by Granada Television reporters, it was read by me, and was considered common knowledge among those here who knew him.
- f) The Lancorp Fund was never slated to maintain an insurance policy to protect investor's funds against loss. The insurance broker, First City, had agreed to offer each investor an opportunity to purchase their own individual insurance policy if they wanted one. But, that offer would only be available to each Lancorp Fund investor once the Lancorp Fund reached Ten million dollars under management. John Sevastopolu was the insurance broker that confirmed this to me.
- g) The representation that Mr. Lancaster had been involved in a similar investment program in Europe prior to the Lancorp Fund's formation, was, in my estimation, Norman Reynolds drawing on what he gleaned from his visit to Mr. De'Ath's offices in London, and the Five million dollar transaction Mr. Lancaster had structured at U.S. Bancorp Piper Jaffray, under the guidance of Mr. De'Ath. Every Cash Management Agreement preceding that one, had been successful, and not one penny of client funds had ever been lost. For this reason, that was not a misrepresentation of fact.
- h) Any suggestion that Mr. Lancaster would retain control over the money placed in the Lancorp Fund at all times is impossible. The Memorandum discloses that the money will be used to purchase any obligation of banks whenever the cash is not invested in "permitted investments". Each time Mr. Lancaster made a purchase on his own, or indirectly through a broker-dealer or a fund, he had to give up control of the money. As long as whatever was

being purchased conformed to the Memorandum, he was obligated and authorized by each subscribing investor to release their money.

- i) It is complete error to suggest that the Lancorp Fund was created to deceive investors into investing, by promising insurance protection, knowing that no such insurance would be provided. As I explained above, it would be available when the Lancorp Fund had enough money under management to qualify for it. That allegation must be disposed of, in view of what Mr. Lancaster did to modify the Memorandum, eliminating the insurance option, and giving every investor the option of a refund of their money before using it to conduct business.
- j) I was present when the idea for the Lancorp Fund was conceived in London. Mr. McDuff became involved later. It was not his idea. Bankers and lawyers in London recommended it should be formed. No one in the UK had ever heard of the Megafund, or a man named Stan Leitner, so I can confirm with certainty that the Lancorp Fund was not created to be a Ponzi scheme, or for the purpose of investing in the Megafund.

In conclusion, and on a much more personal level, I would like to say this about the character of Gary McDuff, which I have observed since 1998.

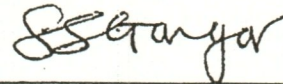
I have always found Gary McDuff to be completely truthful and honest. He was always one who did everything in his power to ensure that everything we did was fully compliant with all the complex securities law in all jurisdictions. To this end he always insisted upon using reputable law firms who were experts in that field. My dealings with Gary McDuff over many years have been completely open and transparent. I hold Gary McDuff in the highest regard and cannot help feel that a huge mis-carriage of justice has occurred.

Furthermore, Mr. McDuff respects, honors, and protects his parents. It is my opinion that he would never knowingly place his parents or their money in harm's way. If he had ever expected his parents would lose the money they invested in the Lancorp Fund, he would have stopped them from making the investment.

The Lancorp Fund was created with only honorable intentions. Until January 2005, when my first-hand knowledge ended, Mr. Lancaster conducted himself with confidence and integrity. Mr. McDuff never once reported to me, or to Mr. De'Ath, that Mr. Lancaster was not operating the Fund properly, or that he was anything other than a qualified professional, and constantly vigilant in making sure that all laws and regulation were strictly followed.

I stand ready to testify of these facts in person or by live video appearance to insure justice is based on accurate facts.

18th February, 2014



Shinder Singh Gangar, Affiant

18th February, 2014



Sarah Randall
Solicitor

References in Support:

1. Public Service Investigation Report Part I
2. Public Service Investigation Report Part II
3. INDEX A through L - Jackson Walker archived files provided to Norman Reynolds by Terrence de'Ath directly or by Gary McDuff on orders of Mr. de'Ath.