

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

TRAVIS E. CORRELL, individually and doing
business as Horizon Establishment, et al.

Defendants,
and

BANNER SHIELD, LLC; et al.

Defendants Solely for
Purposes of Equitable Relief.

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Case No.: 4:05-CV-472

DECLARATION OF MARSHALL GANDY

I, Marshall Gandy, do hereby declare under penalty of perjury, in accordance with 28 U.S.C. §1746, that the following is true and correct, and that I am competent to testify as to the matters stated herein:

1. I am over 21 years of age. I am employed by the United States Securities and Exchange Commission ("Commission") as a Trial Attorney and have been employed in this capacity since March 1, 1999. I have been a member in good standing of the Texas State Bar Association since November 1979.

2. On or about December 12, 2005, Neulan D. Midkiff ("Midkiff") sold and transferred ownership of a receivership asset, a 2000 Fleetwood Discovery motor home.

[See Exhibit A attached hereto]

3. On or about January 3, 2006, Midkiff sent a letter to the defrauded investors of Joshua Tree Group LLC, which contained false and misleading information regarding the Commission's civil injunctive action. [See Exhibits B and C attached hereto]

4. On or about February 2, 2006, Midkiff delivered to Marshall Gandy, lead counsel for the Commission, a document entitled "Acceptance of Legal Matters Fiduciary" naming Mr. Gandy as the fiduciary for the Neulan D. Midkiff Trust and documents that purported to be a financial instrument drawn on the United States Treasury in the amount of \$100 million with instructions to Mr. Gandy to use the funds to settle the Commission's claims for monetary relief. [See Exhibit D attached hereto]

5. On or about February 2, 2006, Midkiff delivered to James Clarkson, Director of Regional Operations for the Commission, documents that purported to be a financial instrument drawn on the United States Treasury in the amount of \$100 million with instructions to Mr. Clarkson to use the funds to settle the Commission's claims for monetary relief. [See Exhibit E attached hereto]

6. On or about March 13, 2006, delivered to Ronda Blair, staff counsel for the Commission, documents that purported to be a financial instrument drawn on the United States Treasury in the amount of \$100 million with instructions to Ms. Blair to use the funds to settle the Commission's claims for monetary relief. [See Exhibit F attached hereto]

7. After being personally served with the *Order of Preliminary Injunction* Midkiff has failed to deliver to the Commission an interim accounting under oath.

Executed: March 20, 2006.

/s/ Marshall Gandy
MARSHALL GANDY