

No. S084366
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

ROY M. TERRY, Jr., RECEIVER OF
INTERNATIONAL FIDUCIARY CORP., S.A.

PLAINTIFF

AND:

Daniel Eric Byer

DEFENDENT

STATEMENT OF DEFENCE

PREAMBLE:

The Writ of Summons and Statement of Claim filed on behalf of Roy M. Terry, Jr. Receiver of International Fiduciary Corp., S.A. (the receiver) in the Supreme Court of British Columbia on June 18, 2008, were based on, among other documents and information, the following:

“First Amended Complaint” filed by the United States Securities Commission (the SEC) in the United States District Court, Eastern District of Virginia, Alexandria Division (the US court); and

“Final Judgment of Default Against Defendant DANIEL ERIC BYER” (Final Judgment) filed by the SEC in the US court on August 28, 2007.

These documents in turn were based on information brought to the US court by the SEC in various formats based on information they had received, in part, from the British Columbia Securities Commission (the BCSC).

Because all of these parties were involved in the freezing of all of my bank accounts, and therefore, credit cards, I have been severely hampered in my ability to respond to the various SEC and US court actions. I have had no funds to travel to Virginia or retain any legal representation to assist me in understanding the US judicial system.

It is on this basis that I have prepared my own Statement of Defense. I will follow all of the documents in logical sequence and will respond, where response is appropriate, by paragraph number. All documents being referred to will be provided as Exhibits other than the Statement of Claim, the First Amended Complaint and the Final Judgment of Default Against DANIEL ERIC BYER.

I, Daniel Eric Byer, attest that the following information is true and correct, is based on my personal knowledge, is declared under any penalty of perjury both in the United States of America and Canada and that I am competent to testify as to the matters stated herein.

Before responding to each document as they were presented, I wish to make a statement “from a big-picture perspective” to this whole process.

From the outset, in order to establish their jurisdiction, the various securities commissions have referred to individuals involved with IFC as “investors” rather than the true description, “depositors”. Depositors were never sold any securities nor offered contracts – they simply deposited their money into a bank account.

All of the actions taken by the various securities commissions have been without one single complaint being filed against IFC or any of the defendants.

The SEC has stated that since April 2004 IFC has been ...offering contracts to participate in an investment program ...including 1st tier Medium Term Bank Notes ...which do not exist. The truth is, and the SEC is well aware of this, IFC was actually operating a LETTER OF CREDIT program from the commencement of its operations until, at least, March of 2006. Why has this never been made public?

Throughout various documents from both the BCSC and SEC, it has been stated that I am a principal in IFC, that I helped start IFC, that I helped to manage IFC, etc. I have never been an officer, director or shareholder of IFC as the letter attached as **Schedule A**, attests, nor have I been an employee as stated by the SEC.

As to the STATEMENT OF CLAIM:

2. I have, for the last 4 ½ years, resided at 3-34250 Hazelwood Avenue, Abbotsford, BC.
3. I have no knowledge of a Ponzi or classic pyramid scheme. In relation to these proceedings, I have never offered a contract to anyone. If a bond issued by the Royal

Bank of Canada is not an instrument issued by a Prime Bank, I am not sure what is meant here. Every day around the world "Prime Banks" issue debt instruments.

7. I have no knowledge of how to file documents with a US court and cannot afford a legal representative to do so. All of my accounts are frozen so I have no way to move funds. I have no assets of "investors" to repatriate. I had no way to appear before US court for any purpose.

8. The same response as provided in 7 above.

9. The same response as provided in 7 above.

15. Appearance issues are dealt with in 7 above.

16. I will respond to this Statement when I speak to the Final Judgment.

20. I will respond to this Statement when I speak to the Final Judgment.

A., B. AND C are inappropriate as no guilt has been determined in a court of law where I have been present.

As to the FIRST AMENDED COMPLAINT:

1. I have no knowledge of a Ponzi or classic pyramid scheme. In relation to these proceedings, I have never offered a contract to anyone. If a bond issued by the Royal Bank of Canada is not an instrument issued by a Prime Bank, I am not sure what is meant here. Every day around the world "Prime Banks" issue debt instruments.

2. I have never promised a rate of return to any one.

3. I have never promised a rate of return to anyone. I have never designed an investment program for any purpose, especially a fraudulent one. I have no knowledge of a fraud being engaged in upon "investors". I don't know how one can be "reckless" in not knowing something.

4. I did not use "investors" money for any purpose. I have never had access to any of the funds, any control over the funds, any ability to transfer or otherwise move the funds. I have never received any "investor" funds.

5. I have never carried on any business that violates any section(s) of the Securities Exchange Act.

6. I have never carried on any business that violates any section(s) of the Securities Exchange Act

12. I never solicited clients for investment with IFC.
 22. In relation to these proceedings, I have never offered or sold a security to anyone, either by telephone, the mails or otherwise.
 23. The same response as provided in 22 above.
 24. I was not involved with IFC in any way during 2004. In relation to these proceedings, I have never marketed any securities. No one has ever invested funds with me. I never told any one that their money would be pooled.
 25. I have never made a false statement to anyone involved with IFC.
 26. I never solicited any "investors" nor executed any agreements.
 27. I never had anyone invest with me.
 28. I have no knowledge of how funds were used, how they were maintained or controlled any accounts of any type.
 29. MTN's are a common instrument for banks to raise funds. I have no knowledge of the term "prime bank instrument" and therefore have never used it.
 30. In relation to these proceedings, I have never solicited anyone.
 35. I have no knowledge of misrepresenting or omitting any information as included in sub-paragraph's a – i.
 36. As I have never solicited anyone for IFC, I have no knowledge of misrepresenting any information.
 37. I have no knowledge of irregular bank signature cards. It is harder to believe that any bank in the USA would open up 144 accounts with only one signature required.
 43. I have never given Pinkett direction to cause funds to be transferred out of any account for any purpose, especially a purpose unrelated to any legitimate investment. Where I had funds wired is immaterial. Any funds that I received were not investors funds so there could have been no representations made relative to those funds.
 - 44-56 These repeated paragraphs are all dealt with in my statements above. I have never sold securities, by any method. I have never employed any device to defraud anyone. I have never knowingly made any untrue statements or knowingly omitted information that would have otherwise changed someone's mind. I have no reason to be "restrained"
- VII. I have no ill-gotten gains to disgorge.

As to the FINAL JUDGEMENT OF DEFAULT AGAINST DANIEL ERIC BYER:

7- 9. I have no knowledge of how to file documents with a US court and cannot afford a legal representative to do so. All of my accounts are frozen so I have no way to move funds. I have no assets of "investors" to repatriate. I had no way to appear before US court for any purpose.

13. I have never received proceeds of unlawful securities transactions and should not be required to disgorge any sum of money.

14. No one should be entitled to receive a civil penalty from me when I have never committed fraud, acted deceitfully, nor deliberately or recklessly disregarded any regulatory requirements. I have no knowledge as to how losses, if any, were suffered.

V. I take great exception to the statement that "his incumbent admission of the facts plead against him in the Complaint". I have never admitted anything. Default was received because I wasn't there to speak the truth. I couldn't be there because they froze all of my funds. Why would I be liable for disgorgement of any amount of funds as I have never received any funds from illicit gains? Why would I be liable for disgorgement of \$3,122,243, in any event? Where did that dollar amount come from? The "First Amended Complaint" paragraph 4 states that I received approximately \$2 million. The court has never been provided with proof that I received any funds, much less funds from illegal activities.

As to the "DECLARATION OF RICKY SACHAR IN SUPPORT OF PLAINTIFF'S APPLICATION FOR ENTRY OF AN ORDER GRANTING A TEMPORARY RESTRAINING ORDER, ASSET FREEZE, AND PRELIMINARY INJUNCTION" presented as Exhibit 1:

5. I have never promoted an IFC investment in British Columbia. I quote Mr. Sachar, "On June 28, 1989, Byer entered into a settled Order with the BCSC finding that he made misrepresentations as a director of a company, and imposing a one year director and officer ban". Attached hereto as Exhibit 2 is a true and accurate copy of the 1989 BCSC Order filed against Byer." I have attached that same order as **Exhibit 2** to this Statement of Defense. While the copy is true and accurate, Mr. Sachar has taken information and twisted it to present a picture of me that is inaccurate. No where does it state in that document that "I made misrepresentations as a director of the company". What it states is that I agreed that the Press Releases could be misleading. The president of the company authored and issued all of the Press Releases.

18. I did not provide a flow chart to an "investor". It is not my handwriting. The flow chart is attached as **Exhibit 3**.

24. – 35. All of the information provided by Mr. Bergen is from an interview with the BCSC. This was not a court of law so there was no one there to establish the truth. Many of his statements are inaccurate.

As to the “SUPPLEMENTAL DECLARATION OF RICKY SACHAR IN SUPPORT OF PLAINTIFF’S APPLICATION FOR ENTRY OF AN ORDER GRANTING A TEMPORARY RESTRAINING ORDER, ASSET FREEZE, AND PRELIMINARY INJUNCTION” presented as Exhibit 4:

6. Christina Byer is my daughter. Again, in order to mislead the court, Mr. Sachar has taken facts and twisted them. Mr. Sachar states “Ms. Byer testified that her father ‘told [her] directly’ that the IFC investment program pays 6% month returns to its investors”. In fact, as you can see from her transcript attached, in part, as **Exhibit 5**, she makes no reference to an “investment program” or to “investors”. That has been added by Mr. Sachar to create an illusion that the participants were investors not depositors as we have always declared.

7. Again I quote Mr. Sachar, “Ms Byer testified that her father told her that the 6% return was ‘guaranteed’ and that the investment was ‘a completely safe, risk-free program’” As you can see by her quoted testimony, there is no reference to an investment program. I am adding **Exhibit 6** at this juncture. It is also a partial transcript of the interview with Christina. It was left out by Mr. Sachar because it did not serve his purpose. On page 28, lines 12 – 27 and Page 29, lines 1 & 2 Mr. Bansal questioned her about her reference to the program as being a deposit program not an investment program. That has always been, and still is, her and my understanding

9. I quote Mr. Sachar, “Ms. Byer said that she has been present for conversations that her father had with potential investors and her father ‘talks about there being a bank in the States where the money sits, and then there’s some different banks involved.’” There is no reference in her testimony to “potential investors” as he has quoted. This quoted page has already been presented as **Exhibit 5**, Page 18 lines 15 – 18.

As to the Kornfeld Mackoff Solber LLP Letter:

I received a letter dated March 18, 2008 from Kornfeld Mackoff Silber LLP, the law firm representing Mr. Roy M. Terry, Jr. The author of that letter stated that he/she was assisting Mr. Douglas Hyndman in this matter. This letter is attached as **Exhibit 7**.

On March 19, 2007 a letter addressed to Mr. Hyndman was delivered by process server to his office at 1200 – 701 West Georgia Street, Vancouver British Columbia. **Exhibit 8** is the Affidavit of Delivery.

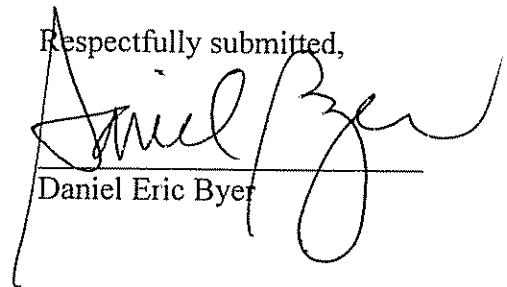
The letter to Mr. Hyndman is attached as **Exhibit 9**. Enclosed with that letter was an *Ex Parte* Notice of Special Appearance in Writing – De Bene Esse, attached as **Exhibit 10**. This letter and the Special Appearance, with all of its attachments, were never responded

to, as stipulated in the letter. See the Notarized Certificate of Non-Response attached as **Exhibit 11**.

By his failure to respond as stipulated, Mr. Hyndman has agreed to the following: Everything in the letter is true, correct, legal, lawful and binding upon him, in any court anywhere in Canada, irrespective of his protest or objection, or those who represent him; including, but not at all exhaustive; I have been wrongfully accused of alleged fraud and illegally distributing and trading without registration by the BCSC without their first asserting jurisdiction; I have been commercially impeded, libeled and slandered by the publication of these wrongful accusations, both on the BCSC web-site and in the media; my right to private contract between my family, close friends and others has been interfered with; and the BCSC has failed to produce proof of their allegations that I have committed a fraudulent act.

I do believe that the law firm of Kornfeld Mackoff Silber LLP cannot assist Mr. Terry as one of their senior partners is actually in agreement with me. I will pursue this with the court.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel Eric Byer", written over a horizontal line. The signature is fluid and cursive.

Daniel Eric Byer

Dated at Abbotsford, British Columbia this 17th day of September, 2008.