

Statement about Jeff Lowrance, First Capital Savings and Loan and USA Tomorrow Newspaper

By: Devvy
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As regular readers to this column know, I have been enthusiastically helping to promote a new newspaper which came out last year, USA Tomorrow. There were a couple of editions put out and I submitted a third column, but a next edition never materialized.

Let me make one thing very clear here: USA Tomorrow and The US~ Observer based in Oregon, are not connected in any way. They are not affiliates; they are two completely separate entities. US~Observer has a solid reputation for the past 17 years in exposing corruption at all levels of government, including the IRS and hard hitting investigations. Ed Snook owns the US~Observer. I bring this up because he is working to help Jeff's investors.

Jeff Lowrance was in St. Paul for the GOP Convention last September. I was there and finally met him and his people. All activity was directed at getting the newspaper out to the hotels and attendees of the convention. At that time, I knew Jeff was a currency trader. From what I know as fact, he is extremely talented at this and has made extraordinary amounts of money from trading. More money than you and I will ever see in a life time.

I knew little about Jeff's bank at that time except that while in St. Paul, he expressed a desire to help people losing their homes through foreclosure. Over coffee, we discussed the dire situation for home owners and he decided something like a bridge loan was in order. In fact, he showed me a flyer that was in the special convention issue of the paper for his bank to help home owners. Contact FCSL and let them help with an interim loan while working with lenders to stop foreclosure. This seemed like a good idea. At the time I knew nothing about his investors or the growing problem.

After returning to Texas from the convention, I heard rumblings that Jeff was slow paying some of his bills for the newspaper, but that he was committed to making it a successful venture. I also found out in October that he did not pay a writer as promised. I was extremely upset about that and got on the phone with him. Jeff said it was a misunderstanding and that he would get this man paid. All new ventures have growing pains, but a person of integrity deals with them up front and openly.

In late October, one of my readers contacted me about becoming an investor in Jeff's bank, First Capital Savings and Loan. Since I knew so little about FCSL, I sent Jeff an email with some questions and here is how he responded, November 13, 2008:

1. First Capital S & L isn't listed as an active bank in New Zealand:

Jeff: "FCSL is not listed as an active "bank" in New Zealand because we are NOT a bank. We are a Finance Company. There are two kinds of financial institutions that an individual can purchase or be involved with there in New Zealand.

"One is the regular Banks that are regulated by the Reserve Bank of New Zealand. The second is the offshore structure that the government allows, which is a New Zealand Finance Company.

"We can ONLY open accounts for clients that are NOT citizens of New Zealand. Outside of that, we can open accounts for any and all clients worldwide.

"The distinct advantage of a New Zealand FC is that I can be as private as I want. We are authorized by the NZ government, of whom regulates our rules of order, in that if another taxing agency from another country wishes to inquire about one of our clients, and they ask if that client has an account with us, we are allowed by law, to completely ignore the request. I like that and so do our clients.

"The place in which you can find us listed as First Capital Savings & Loan is on a New Zealand web site that hosts the listing of all Finance Companies. It slips me for the web address at the moment, but I will get that to you on Monday asap. It shows our incorporation date and our status as a Finance Company. We are in good standing, with no complaints, in over 1 ½ years of business.

"When it comes to converting US Dollars to Euros, we work with our correspondent bank in Amsterdam by the name of Postbank. Here is the page which shows that they are covered by the equivalent of our FDIC, namely the Deposit Guarantee System (DGS) in Europe:

<http://www.registers.dnb.nl/dnb/default.aspx?folderid=2165&LanguageID=ENG&searchphrase=postbank>

I think the biggest questions Charles has:

1. How long has First Capital been a fully operational entity? 1 ½ years.
2. Does First Capital provide full disclosure as far as assets?

"Jeff: Since I am purposefully trying to NOT disclose information to anyone, due to the very reason for having a NZ Finance Company is for banking privacy, I do not provide disclosure to clients. However, we do provide a full 3+ year trade record of the trading activity that we have accomplished. I have it attached to this email. We now have over 5,100 trades logged ever since we started recording each and every trade. Also, the gentleman that does the actual verifying of the emails showing all of the trades that we are triggering, has a one-page Letter of Testimony should you want that as well.

"Capitalization v debt load: Since we only pay-out to clients a small monthly dividend and keep all the profit above the spread on our trades, and since I have been running 4 years now, we don't have any debt to speak of. I simply overspent on all variety of things for the past 1 1/2 years and used up a large amount of profit to delegate projects to other people. Outside of that, there is no debt load to speak of. And, as far as capitalization, the \$42 MM is the total of funds that have come into us over these last 4 years. We are trading from that principal amount.

"Depositors money: \$42 Million on deposit

"Contingency back up: We have a Standby Letter of Credit that backs up all of our depositors money. The SLC is with a third party bank in Cyprus. We like Cyprus due to its banking privacy laws.

3 . How safe are your savings in First Capital? Here in the US as you know, they are 'guaranteed' by the FDIC.

"Does New Zealand have anything like our FDIC? Yes, but for banks under the Reserve Bank of New Zealand system. We hold our funds in Euros, and therefore have our accounts at Postbank. They have the Deposit Guarantee System in Europe, as I mentioned before.

"If not, is First Capital insured in some other way?

Jeff: See above answers.

"I hope that this helps. It is fairly straightforward. Also, to keep my exposure down, my FCSL ONLY gets involved with Forex Currency Trading. It is the business that I know and I have no interest in getting involved with mortgages, commercial loans or financing of any other kind. I don't want the exposure, especially in this financial climate!"

My reader asked my advice. Since I am not an investment counselor nor do I have any experience with FOREX trading, I simply told him to evaluate the information provided. People who do "off shore" banking do it for privacy and expectations of a higher yield for their money. If he wanted to invest, perhaps it would be a good idea to invest a very small amount of money, wait six months and if the returns were to his expectations, then he could decide how to proceed. This man decided not to invest.

It is my understanding that all of Jeff's investors were very, very happy with the returns on their money until June, 2008.

That was the last payout to almost all of the investors.

Ed Snook did assist a couple of them who were in dire straits, I believe, in August. He got Jeff to wire transfer some funds to help one of them from losing his home. A number of the investors have retained Ed to help them recover their principle and hopefully, the interest as well.

I wrote another piece supporting the efforts of USA Tomorrow on December 8, 2008. Two days later, the first bomb shell dropped. Several individuals who purchased distributorships (\$195.00) for the newspaper began emailing me that they weren't getting the support they needed from Jeff's staff. I also heard some of what would snow ball about investors and Jeff's bank.

Jeff responded in a tardy fashion to my emails asking him to please help these people. He assured me his staff was working out the glitches and was fully committed to making sure

those who bought the distributorships would receive proper guidance and to please be patient. From what I was beginning to find out, the alarms began to go off.

However, I believe if someone is making a good faith effort, try to work with them for a good resolution. About a week later, I got a run down about the First Capital investors and the missed payment date of December 5, 2008.

By January 10, 2009, I knew there was a serious problem that seemed to be growing.

The next promised date to return the investors money was Jan. 5, 2009. Jeff promised the investors. He flew to Oregon a couple of months ago, which I found out later, and enlisted Ed Snook's help to help him get his financial problems straightened out. This was a good sign. Jeff didn't skip the country. He seemed sincere, was laying it all out and how he wanted to save his reputation and make it right. Ed spent an enormous amount of time trying to help Jeff work things out and get some money to the most desperate investors. Something he didn't have to do because he's a third party in this whole thing.

On January 25, 2009, I learned of three blog sites being maintained by Jeff's investors:

<http://www.firstcapitalsl.blogspot.com/>

<http://jefflowrance.blogspot.com/>

<http://jefflowranceowesusmoney.blogspot.com/>

After reading them thoroughly, I just sat here at my desk wondering why? For someone who is so talented, why this terrible mess? Is it just greed? There was a conference call scheduled on January 29th for investors. I called in and listened, but did not participate in the discussion. It was quite apparent these people are clearly frustrated, some very angry and upset, as well they should be. One promise after another from Jeff, but no money.

Jeff Lowrance is in the State of Texas. He has not left the country or fled to a non-extradition country. It is my understanding from the documentation that he is continuing to trade everyday on FOREX. Why he refuses to return the money that legally belongs to these investors is the big question. After further discussions with former newspaper employees, some of them are still waiting to be paid. Considering the amount of money owed the investors is somewhere in excess of \$25 million dollars, what's owed on the newspaper venture are small amounts, but the little guys needs their money, too.

What bothers me and Ed Snook is that it appears Jeff is still taking money from new investors for his "new" investment program. Since we have no access to his business records (no one does), we have no idea where that money is going. All of this is extremely distressing and it makes me sick. Jeff Lowrance has fooled a lot of people in a grand fashion. He has used people and because he makes no effort to correct the situation with the little people and the newspaper, I find that reprehensible. I have tried to give him the benefit of the doubt, but at this late date, I can no longer do that.

We all know the toxic environment out there for our economy. USA Tomorrow would have provided jobs as well as helping to educate our fellow Americans. These First Capital Savings and Loan investors believe Jeff used their money to fund the newspaper. Of course, no one really knows since there's no access to his business transactions.

Jeff Lowrance has the power to restore his good name and reputation by immediately paying those investors and anyone he owes money to on behalf of the newspaper. 'Good will' words are no good at this point in time. Too many promises never kept. Besides, where is all that money from his daily trading on FOREX going?

According to the latest post, January 31, 2009, on the first blog above, Jeff allegedly has made contact with Jay, who I understand is an attorney and an investor. Allegedly, Jeff has again promised to work with Jay to resolve that mess.

I sincerely hope that is true, but it doesn't take care of the little folks he owes regarding the newspaper. I have urged him in a email to do just that. Those who do understand FOREX trading tell me that his trades are making substantial pay offs. The number of local distributorships, as I understand it about 80. He can easily take what he makes from one day's FOREX trading and pay those debts as well as what he owes the printer and former employees who have quit.

Twice in the past 19 years have I been conned. Jeff represents number two. I feel horrible by what he has done. Not for myself, but for those who put so much work into the newspaper venture and for his investors in FCSL. We've all seen the horror story over the \$50 billion dollar Bernie Madoff swindle. It's hard to trust anyone anymore - especially those who wish to invest their hard earned money.

Now that Ed Snook (The US~Observer) has put out his own warning and the investors have those blogs up for all the world to see, the only recourse for Jeff Lowrance is to work with all of them and make things right. I sincerely hope he chooses that path because it's out there now for the whole world to see. The alternative for him, as he well knows, is looking over his shoulder for the long arm of the law and his reputation trashed forever.