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18 UNITED STATES DISTRICT COURT
 19 DISTRICT OF NEVADA

20 SECURITIES & EXCHANGE COMMISSION

21 v.

22 MATTHEW WADE BEASLEY; BEASLEY LAW
 23 GROUP PC; JEFFREY J. JUDD; CHRISTOPHER R.
 24 HUMPHRIES; J&J CONSULTING SERVICES, INC.,
 25 an Alaska Corporation; J&J CONSULTING SERVICES,
 26 INC., a Nevada Corporation; J AND J PURCHASING
 27 LLC; SHANE M. JAGER; JASON M. JONGEWARD;
 28 DENNY SEYBERT; ROLAND TANNER; LARRY
 JEFFERY; JASON A. JENNE; SETH JOHNSON;
 CHRISTOPHER M. MADSEN; RICHARD R.
 MADSEN; MARK A. MURPHY; CAMERON
 ROHNER; AND WARREN ROSEGREEN;

Defendants,

THE JUDD IRREVOCABLE TRUST; PAJ
 CONSULTING INC; BJ HOLDINGS LLC; STIRLING
 CONSULTING, L.L.C.; CJ INVESTMENTS, LLC; JL2
 INVESTMENTS, LLC; ROCKING HORSE
 PROPERTIES, LLC; TRIPLE THREAT
 BASKETBALL, LLC; ACAC LLC; ANTHONY
 MICHAEL ALBERTO, JR.; and MONTY CREW LLC;

Relief Defendants

Case No. 2:22-cv-0612-JCM-EJY

**DEFENDANT RICHARD R.
MADSEN’S ANSWER TO
AMENDED COMPLAINT**

1 Defendant, Richard R. Madsen, by and through his counsel of record, answers the
2 Amended Complaint (Dkt. 118), as follows:

3 **SUMMARY**

4
5 1. This case concerns a long-running fraudulent offering of securities perpetrated by
6 Defendants Matthew Wade Beasley, Esq., his law firm Beasley Law Group PC (“Beasley Law
7 Group”), Jeffrey Judd, Christopher Humphries, and three entities that Judd controlled: J&J
8 Consulting Services, Inc. (a Nevada corporation), J&J Consulting Services, Inc. (an Alaska
9 corporation), and J and J Purchasing LLC (unless otherwise noted, collectively, the “J&J
10 Entities”), a scheme for which Judd, Humphries, and Defendants Shane M. Jager, Jason M.
11 Jongeward, Denny Seybert, Roland Tanner, Larry Jeffery, Jason A. Jenne, Seth Johnson,
12 Christopher M. Madsen, Mark A. Murphy, Cameron Rohner, Warren Rosegreen, and others acted
13 as promoters.
14

15 **ANSWER:** Richard R. Madsen denies acting as a promoter and lacks knowledge or
16 information sufficient to form a belief about the truth of the remaining allegations in this
17 paragraph and thus denies those allegations.

18 2. The scheme worked as follows: from at least 2017 and continuing through March 2022,
19 the J&J Entities offered investments in purported settlement contracts with tort plaintiffs called
20 “purchase agreements.” These investments in the so-called “purchase agreements” constituted
21 securities under federal law. Judd, Humphries, and others told investors:
22

23 a. that they could purchase interests in insurance tort settlements, and that the invested
24 money was used to make advance payments to tort plaintiffs who had reached settlements with
25 insurance companies for tort claims and who were willing to pay a premium to receive a portion
26 of their settlement in advance rather than wait for payment from the insurance companies;
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28

1 b. that investors would receive returns on their investments of at least 12.5% every 90
2 days, for an annualized return of 50%, sometimes more, and that the investment had almost zero
3 risk; and

4 c. that Beasley and Beasley Law Group managed relationships with numerous personal
5 injury attorneys around the country to maintain a supply of purchase agreements to the J&J
6 Entities and their investors.
7

8 **ANSWER:** Richard R. Madsen denies that the “so-called ‘purchase agreements’”
9 constituted securities under federal law, denies the conduct alleged with respect to him, and lacks
10 knowledge or information sufficient to form a belief about the truth of the remaining allegations
11 and thus denies those remaining allegations.
12

13 3. From at least 2017 to March 2022, over 600 investors invested in the scheme, and it
14 appears that at least \$449 million in investor funds flowed into the scheme through Beasley Law
15 Group’s attorney trust (“IOLTA”) account at Wells Fargo, N.A. The amount that investors may
16 have been paid in Ponzi payments is as yet unknown. During that time, Beasley and Judd acted as
17 business partners in the J&J Entities and Beasley purported to act as an attorney for the J&J
18 Entities.
19

20 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
21 about the truth of the allegation and thus denies the allegations contained in the paragraph.
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23 4. In fact, the purchase agreements were fictitious, a fact which Beasley, Judd, and
24 Humphries knew or were reckless in not knowing. Beasley, Beasley Law Group PC, Judd, and
25 the J&J Entities did not use investor money to purchase interests in personal injury settlements, as
26 Judd, Humphries, Jager, Jongeward, Seybert, Tanner, Jeffery, Jenne, Johnson, C. Madsen, R.
27 Madsen, Murphy, Rohner, Rosegreen, and others represented to actual and prospective investors.
28

1 **ANSWER:** Richard R. Madsen admits he represented the purchase agreements as
2 interests in personal injury settlements, but lacks knowledge or information sufficient to form a
3 belief about the truth of the remaining allegations and thus denies those allegations.

4 5. Beasley, Judd, and others used a portion of investors' money to make periodic
5 payments of fictitious "returns" on the purchase agreements to investors in a Ponzi-like fashion,
6 but used the bulk of investor money to fund lavish lifestyles, including purchasing luxury homes
7 and properties, a private jet, ATVs, boats, and numerous luxury cars for themselves and their
8 relatives. Each of Judd, Humphries, Jager, Jongeward, Seybert, Tanner, Jeffery, Jenne, Johnson,
9 C. Madsen, R. Madsen, Murphy, Rohner, and Rosegreen recruited dozens, if not hundreds, of
10 investors into the scheme and received transaction-based compensation for bringing in additional
11 investors and more money from existing investors, even though none of them was a registered
12 broker or dealer, nor associated with a broker or dealer, registered with the Commission.

13 **ANSWER:** Richard R. Madsen admits that he transferred money as returns to investors
14 and received transaction-based compensation for such investors, and that he was not a registered
15 broker or dealer, nor associated with a broker or dealer, registered with the Commission, but
16 denies that the returns were "fictitious," and that he was under any obligation to be a registered
17 broker or dealer, or associated with a broker or dealer, registered with the Commission. As to the
18 remaining allegations in this paragraph, Richard R. Madsen lacks knowledge or information
19 sufficient to form a belief about the truth of the allegations and thus denies those allegations.

20 6. On March 3, 2022, agents from the Federal Bureau of Investigation ("FBI") executed
21 search warrants at the homes of Judd, Humphries, and Beasley. When agents arrived at Beasley's
22 home, Beasley brandished a pistol and the agents shot him twice. Beasley then locked himself
23 inside his home for nearly four hours. During that standoff, Beasley repeatedly confessed to an
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1 FBI negotiator that the J&J Entities' investment scheme was actually a Ponzi scheme that started
2 in 2016 or 2017.

3 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
4 about the truth of the allegation and thus denies the allegations contained in the paragraph.

5
6 7. The Commission brings this action to halt Defendants' violations of the federal
7 securities laws, prevent further harm to investors, and to seek disgorgement and civil penalties
8 stemming from Defendants' wrongdoing, among other remedies.

9 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
10 about the truth of the allegation as to Commission's intent in bringing this action, and thus denies
11 the allegations contained in the paragraph. Richard R. Madsen incorporates by reference the
12 Affirmative Defenses alleged below as a response to this allegation.

13 **JURISDICTION AND VENUE**

14
15 8. The Commission brings this action pursuant to Sections 20(b) and 20(d) of the
16 Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77t(b) and (g)] and Sections 21(d) and (e)
17 of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78u(d) and (e)] to enjoin
18 such acts, practices, and courses of business, and to obtain disgorgement, prejudgment interest,
19 civil money penalties, and such other and further relief as this Court may deem just and
20 appropriate.

21
22 **ANSWER:** Richard R. Madsen admits that Amended Complaint purports to be based
23 on the cited statutes, but denies the remaining allegations contained in the paragraph.

24 9. This Court has jurisdiction over this action pursuant to Section 22 of the Securities Act
25 [15 U.S.C. § 77v] and Section 27 of the Exchange Act [15 U.S.C. § 78aa].

26 **ANSWER:** Richard R. Madsen denies the allegations in this paragraph.
27
28

1 10. Venue is proper in this Court pursuant to Section 27 of the Exchange Act [15 U.S.C. §
2 78aa] because Defendants and Relief Defendants are found, inhabit, and/or transacted business in
3 the District of Nevada and because one or more acts or transactions constituting the violations
4 alleged herein occurred in the District of Nevada.

5 **ANSWER:** Richard R. Madsen admits that he transacted business in the District of
6 Nevada, but denies engaging in any acts or transactions constituting violations in the District of
7 Nevada. As to the remaining allegations in the paragraph, Richard R. Madsen lacks knowledge or
8 information sufficient to form a belief about the truth of the allegations and thus denies those
9 allegations.
10

11 11. Defendants were, individually and collectively, involved in the offer and sale of the
12 securities, as that term is defined under Section 2(a)(1) of the Securities Act [15 U.S.C. §
13 77b(a)(1)] and Section 3(a)(10) of the Exchange Act [15 U.S.C. § 78c(a)(10)], issued by
14 Defendants J&J Consulting Services, Inc., a Nevada corporation, J&J Consulting Services, Inc.,
15 an Alaska corporation, and J and J Purchasing LLC.
16

17 **ANSWER:** Denied.

18 12. Defendants, directly or indirectly, made use of the mails or the means or
19 instrumentalities of interstate commerce in connection with the conduct alleged in this Complaint.
20

21 **ANSWER:** Richard R. Madsen admits that he made use of the mails or the means or
22 instrumentalities of interstate commerce, but lacks knowledge or information sufficient to form a
23 belief about the truth of the remaining allegations in the paragraph and thus denies those
24 allegations.

25 13. **Matthew Wade Beasley** (“Beasley”), age 49, is a resident of Las Vegas, Nevada.
26 Beasley is President, Secretary, Treasurer, and Director of Beasley Law Group PC. Beasley has
27 been licensed to practice law in Nevada since May 2006.
28

1 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
2 about the truth of the allegation and thus denies the allegations contained in the paragraph.

3 **14. Jeffrey Jason Judd** (“Judd”), age 50, is a resident of Henderson, Nevada. Judd is
4 director, president, and treasurer of J & J Consulting Services, Inc. (Nevada) and director,
5 president, shareholder, and treasurer of J & J Consulting Services, Inc. (Alaska). Judd is a
6 manager of J & J Purchasing, LLC. Judd personally promoted the “purchase agreement”
7 investment scheme to multiple investors with false and misleading statements and omissions, and
8 he compensated promoters who in turn found additional investors. On information and belief,
9 Judd is a trustee of The Judd Irrevocable Trust.

11 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
12 about the truth of the allegation and thus denies the allegations contained in the paragraph.

14 **15. Christopher Ronn Humphries** (“Humphries”), age 48, is a resident of Henderson,
15 Nevada. He personally promoted the “purchase agreement” investment scheme to multiple
16 investors. He is a managing member of CJ Investments LLC.

17 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
18 about the truth of the allegation and thus denies the allegations contained in the paragraph.

20 **16. Beasley Law Group PC** (“Beasley Law Group”) is a professional corporation
21 organized in Nevada in 2011 with its principal place of business in Nevada. Beasley controls this
22 entity.

23 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
24 about the truth of the allegation and thus denies the allegations contained in the paragraph.

25 **17. J&J Consulting Services, Inc.** is a Nevada corporation formed in 2005 with its
26 principal place of business in Nevada (“J&J Nevada”). Judd controls this entity.
27
28

1 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
2 about the truth of the allegation and thus denies the allegations contained in the paragraph.

3 **18. J&J Consulting Services, Inc.** is also the name of an Alaska corporation,
4 incorporated in 2019, with its principal place of business in Nevada (“J&J Alaska”). Judd controls
5 this entity.
6

7 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
8 about the truth of the allegation and thus denies the allegations contained in the paragraph.

9 **19. J and J Purchasing LLC** (“J and J Purchasing”) is a Florida limited liability
10 company formed in October 2021 with its principal place of business in Nevada. Judd controls
11 this entity.
12

13 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
14 about the truth of the allegation and thus denies the allegations contained in the paragraph.

15 **20. Shane Michael Jager** (“Jager”), age 47, is a resident of Henderson, Nevada. He
16 personally promoted the Ponzi scheme to multiple investors and also recruited several additional
17 promoters who worked under his supervision. He received compensation for the investments he
18 procured. Jager is the managing member and owner of Stirling Consulting, L.L.C.

19 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
20 about the truth of the allegation and thus denies the allegations contained in the paragraph.
21

22 **21. Jason Myers Jongeward** (“Jongeward”), age 50, is a resident of Washington, Utah.
23 Jongeward promoted the “purchase agreement” investment scheme to multiple investors and
24 received compensation for the investments he procured. Jongeward is the governor of JL2
25 Investments LLC.

26 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
27 about the truth of the allegation and thus denies the allegations contained in the paragraph.
28

1 22. **Roland Tanner** (“Tanner”), age 65, is a resident of Henderson, Nevada. He promoted
2 the “purchase agreement” investment scheme to multiple investors and received compensation for
3 the investments he procured.

4 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
5 about the truth of the allegation and thus denies the allegations contained in the paragraph.
6

7 23. **Denny Seybert** (“Seybert”), age 44, is a resident of Henderson, Nevada. He promoted
8 the “purchase agreement” investment scheme to multiple investors and received compensation for
9 the investments he procured. He is the manager of Rocking Horse Properties, LLC.

10 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
11 about the truth of the allegation and thus denies the allegations contained in the paragraph.
12

13 24. **Larry Jeffery**, age 49, is a resident of Laguna Beach, California. Jeffery promoted the
14 “purchase agreement” investment scheme to multiple investors and received compensation for the
15 investments he procured. At all relevant times, Jeffery owned and controlled at least two shell
16 companies, FD Consulting Corp. and Capital Core Financial, Inc., which he used to receive
17 investor funds, pay fictitious returns to investors, and receive commissions.

18 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
19 about the truth of the allegation and thus denies the allegations contained in the paragraph.
20

21 25. **Jason A. Jenne**, age 52, is a resident of Las Vegas, Nevada. Jenne promoted the
22 “purchase agreement” investment scheme to multiple investors and received compensation for the
23 investments he procured. At all relevant times, Jenne owned and controlled J & D Consulting
24 Firm Inc., a shell company, through which millions of dollars of investor funds flowed.

25 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
26 about the truth of the allegation and thus denies the allegations contained in the paragraph.
27
28

1 26. **Seth A. Johnson**, age 35, is a resident of Gilbert, Arizona. Johnson promoted the
2 “purchase agreement” investment scheme to multiple investors and received compensation for the
3 investments he procured. At all relevant times, Johnson owned shell company Prestige
4 Consulting LLC (d/b/a Prestige Legal Funding) with Defendant Cameron Rohner. Johnson and
5 Rohner used Prestige Consulting LLC to receive investor funds, pay fictitious returns to investors,
6 and receive commissions.
7

8 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
9 about the truth of the allegation and thus denies the allegations contained in the paragraph.

10 27. **Christopher M. Madsen**, age 46, is a resident of Henderson, Nevada. C. Madsen
11 promoted the “purchase agreement” investment scheme to multiple investors and received
12 compensation for the investments he procured. At all relevant times, C. Madsen owned and
13 controlled Relief Defendant ACAC, LLC, received at least \$6.5 million in proceeds from the
14 investment scheme to which it has no legitimate claim and which Madsen used to receive investor
15 funds, pay fictitious returns to investors, and receive commissions.
16

17 **ANSWER:** Richard R. Madsen admits that Christopher M. Madsen is 46 years old and a
18 resident of Henderson, Nevada. As to the remaining allegations in the paragraph, Richard R.
19 Madsen lacks knowledge or information sufficient to form a belief about the truth of those
20 allegations and thus denies those allegations.
21

22 28. **Richard R. Madsen**, age 41, is believed to be a resident of Kanab, Utah. R. Madsen
23 promoted the “purchase agreement” investment scheme to multiple investors and received
24 compensation for the investments he procured. At all relevant times, R. Madsen owned and
25 controlled at least four shell companies, including Red Hills Investments, Inc., Battle Born
26 Funding LLC, Ruger Investments Inc, and Ruger Investments RM Inc, through which investment
27 money and fictitious returns flowed. R. Madsen instructed investors to wire money to Ruger
28

1 Investments Inc, and used that entity to pay fictitious returns to investors and receive
2 commissions.

3 **ANSWER:** Richard R. Madsen admits that he assisted individuals who approached him
4 about obtaining "purchase agreements," that some individuals who approached him to obtain
5 purchase agreements wired money to, and received returns from, Ruger Investments Inc. Richard
6 R. Madsen denies the remaining allegations in the paragraph. Richard R. Madsen further states
7 that he is 42 years old and has no knowledge as to what Plaintiff "believes" about his residency,
8 but is a resident of Duck Creek, Utah.

9
10 **29. Mark A. Murphy**, age 65, is a resident of Henderson, Nevada. Murphy promoted the
11 "purchase agreement" investment scheme to multiple investors and received compensation for the
12 investments he procured. At all relevant times, Murphy owned and controlled at least two shell
13 companies, American Colocation Services, Inc. and Black Rock Business Services, LLC. Murphy
14 used at least American Colocation Services, Inc. to receive investor funds, pay fictitious returns to
15 investors, and receive commissions.

16
17 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
18 about the truth of the allegation and thus denies the allegations contained in the paragraph.

19 **30. Cameron Rohner**, age 44, is a resident of Gilbert, Arizona. Rohner promoted the
20 "purchase agreement" investment scheme to multiple investors and received compensation for the
21 investments he procured. At all relevant times, Rohner owned and controlled shell company CR6
22 LLC and co-owned and controlled Prestige Consulting LLC (d/b/a Prestige Legal
23 Funding) with Defendant Johnson. Rohner used CR6 LLC to send investment money to the
24 Beasley IOLTA account and receive fictitious returns, and Rohner and Johnson used Prestige
25 Consulting LLC to receive investor funds, pay fictitious returns to investors, and receive
26 commissions.
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1 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
2 about the truth of the allegation and thus denies the allegations contained in the paragraph.

3 31. **Warren Rosegreen**, age 44, is a resident of Henderson, Nevada. Rosegreen promoted
4 the “purchase agreement” investment scheme to multiple investors and received compensation for
5 the investments he procured. At all relevant times, owned and controlled Relief Defendant Triple
6 Threat Basketball, LLC, which received over \$9 million in proceeds from the investment scheme
7 to which is has no legitimate claim.

8 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
9 about the truth of the allegation and thus denies the allegations contained in the paragraph.

10
11 **RELIEF DEFENDANTS**

12 32. **The Judd Irrevocable Trust** is a trust of unknown date and domicile, believed to be
13 under the control of Matthew Beasley, Jeffrey Judd, and/or Jennifer Judd. On information and
14 belief, Matthew Beasley is a trustee. The Judd Irrevocable Trust received at least \$1.4 million in
15 transfers from the Beasley Law Group IOLTA account at Wells Fargo, N.A. (“Beasley Law
16 Group IOLTA”), which were proceeds from the fraud to which it has no legitimate claim.

17 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
18 about the truth of the allegation and thus denies the allegations contained in the paragraph.

19 33. **PAJ Consulting Inc (“PAJ”)** is a Nevada corporation formed in October 2019.
20 Preston Judd, Jeffrey Judd’s 22-year-old son, is the president, secretary, and treasurer. PAJ
21 received over \$990,000 from J&J Consulting Services, Inc. between June 2020 and February
22 2022, which were proceeds of the fraud to which PAJ has no legitimate claim. PAJ also received
23 at least \$824,500 from the Beasley Law Group PC IOLTA, which were proceeds from the fraud
24 to which PAJ has no legitimate claim. PAJ’s bank records suggest it has no legitimate business
25 operations. It received large distributions of cash from J&J Consulting Services, Inc. and Beasley
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1 Law Group PC followed by lavish spending on, *e.g.*, travel, gambling, cryptocurrencies,
2 shopping, and restaurants.

3 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
4 about the truth of the allegation and thus denies the allegations contained in the paragraph.

5 **34. BJ Holdings LLC** is a Nevada limited liability company formed in March 2021. Its
6 managing members are J&J Consulting Services, Inc. and Beasley Law Group, PC. On
7 information and belief, BJ Holdings LLC holds assets that were purchased using investor funds,
8 including a 2008 Hawker Beechcraft 900XP private jet. It received at least \$500,000 in transfers
9 from the Beasley Law Group IOLTA, which are proceeds from the fraud to which it has no
10 legitimate claim.
11

12 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
13 about the truth of the allegation and thus denies the allegations contained in the paragraph.

14 **35. Stirling Consulting, L.L.C.** is a Nevada limited liability company formed in April
15 2018. Its principal place of business is Las Vegas, Nevada. Jager controls this entity. Stirling
16 Consulting, L.L.C. received at least \$30 million from the Beasley Law Group IOLTA account.
17 On information and belief, these were proceeds from the fraud to which it has no legitimate
18 claim.
19

20 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
21 about the truth of the allegation and thus denies the allegations contained in the paragraph.

22 **36. CJ Investments LLC** is a Nevada limited liability company formed in November
23 2019. Its principal place of business is in Henderson, Nevada. Humphries and Jessica Humphries
24 are both managing members of CJ Investments LLC. It received at least \$25 million from the
25 Beasley Law Group IOLTA account. On information and belief, these were proceeds from the
26 fraud to which it has no legitimate claim.
27
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1 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
2 about the truth of the allegation and thus denies the allegations contained in the paragraph.

3 **37. JL2 Investments, LLC** is a Washington limited liability company formed in
4 November 2019. Its principal place of business was initially Cheney, Washington. Upon
5 information and belief, its principal place of business moved to Washington, Utah in 2021.
6 Jongeward controls this entity. On information and belief, JL2 Investments received proceeds
7 from the fraud to which it has no legitimate claim.

8 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
9 about the truth of the allegation and thus denies the allegations contained in the paragraph.

10 **38. Rocking Horse Properties LLC** is a Nevada limited liability company formed in
11 January 1997. Its principal place of business is in Nevada. Seybert controls this entity. It received
12 over \$690,000 from the Beasley Law Group IOLTA account. On information and belief, these
13 were proceeds from the fraud to which it has no legitimate claim.

14 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
15 about the truth of the allegation and thus denies the allegations contained in the paragraph.

16 **39. Triple Threat Basketball, LLC** is a Nevada limited liability company formed in
17 April 2009. Its managers are Warren Rosegreen and Priscilla Rosegreen. It received transfers of
18 over \$9 million from the Beasley Law Group IOLTA account. On information and belief, these
19 were proceeds from the fraud to which Triple Threat Basketball, LLC has no legitimate claim.

20 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
21 about the truth of the allegation and thus denies the allegations contained in the paragraph.

22 **40. ACAC LLC** is a limited liability company of unknown domicile. A bank account in
23 the name of ACAC LLC received at least \$6.5 million from the Beasley Law Group IOLTA
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1 account. On information and belief, these were proceeds from the fraud to which it has no
2 legitimate claim.

3 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
4 about the truth of the allegation and thus denies the allegations contained in the paragraph.

5
6 41. **Anthony Michael Alberto, Jr.** (“Alberto”), age 34, is believed to be a resident of
7 Nevada or Pennsylvania. He received nearly \$4 million in transfers from the Beasley Law Group
8 IOLTA account. Beasley confessed to an FBI negotiator that Alberto was his bookie and he used
9 investor money to pay gambling debts he owed to Alberto. Alberto has received proceeds from
10 the fraud to which he has no legitimate claim.

11 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
12 about the truth of the allegation and thus denies the allegations contained in the paragraph.

13
14 42. **Monty Crew LLC** was a Nevada limited liability company formed in January 2019.
15 Its principal place of business was in Nevada. It became inactive in September 2021 and was
16 revoked in February 2022. Its manager was Alberto. It received nearly \$3 million in transfers
17 from the Beasley Law Group IOLTA account. As stated in paragraph 41 above, Beasley
18 confessed that the money paid to Alberto was proceeds from the fraud used to pay gambling
19 debts. Money Crew LLC received investor money to which it has no legitimate claim.

20
21 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
22 about the truth of the allegation and thus denies the allegations contained in the paragraph.

23 **FACTS**

24 **I. Judd, Humphries, and the J&J Entities Raised Money from Investors with False** 25 **Representations of an Investment in Personal Injury Settlements.**

26 43. Beginning at least as of January 1, 2017 and continuing until March 2022, the J&J
27 Entities, directly and through Judd, Humphries, Jager, Jongeward, Seybert, Tanner, Jeffery,
28 Jenne, Johnson, C. Madsen, R. Madsen, Murphy, Rohner, and Rosegreen offered investments in

1 purported personal injury settlement contracts. Judd told investors that he had a litigation
2 financing business with his attorney, Matthew Beasley, whereby Judd invested money in
3 contracts with personal injury plaintiffs while Beasley procured those contracts through his
4 contacts with other attorneys around the country. Judd told investors that Beasley and his law
5 firm Beasley Law Group had relationships with personal injury attorneys whose clients had
6 settlements with insurance companies, and who were willing to pay a premium to receive a
7 portion of their settlement in advance rather than wait for payment from the insurance companies.
8 Judd told investors that the J&J Entities entered into “purchase agreements” with the personal
9 injury plaintiffs whereby the J&J Entities advanced to the personal injury plaintiffs a portion of
10 their expected insurance settlement payout, and the plaintiffs repaid the J&J Entities plus interest
11 and fees when their insurance payout arrived.
12

13
14 **ANSWER:** Richard R. Madsen admits that he assisted individuals who approached him
15 about obtaining personal injury settlement contracts. Richard R. Madsen lacks knowledge or
16 information sufficient to form a belief about the truth of the remaining allegations in the
17 paragraph and thus denies those allegations.

18
19 44. Judd told investors that the purchase agreements came in amounts of \$80,000 or
20 \$100,000, with a term of 90 days, although he also said he allowed investors to split contracts
21 with him or other investors if they wanted to invest less than \$80,000. Judd told different
22 investors that they would receive different returns. Judd told some investors that they would make
23 up to \$22,000 within 90 days on an investment of \$100,000. Judd told other investors they would
24 receive 12.5% on their investments (50% on an annual basis), for a return of \$12,500 within 90
25 days on an investment of \$100,000 or \$10,000 within 90 days on an investment of \$80,000.

26
27 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
28 about the truth of the allegation and thus denies the allegations contained in the paragraph.

1 45. Judd told investors that at the end of the 90-day period, the J&J Entities would
2 reinvest the principal in a new purchase agreement with a new tort plaintiff, and the investor
3 could continue to receive his or her promised returns every 90 days. Judd told investors that they
4 could get their principal back rather than reinvesting it at the end of the contract term if they
5 chose.

6
7 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
8 about the truth of the allegation and thus denies the allegations contained in the paragraph.

9 46. Judd told investors that the tort plaintiffs who entered the purchase agreements paid an
10 administrative fee of \$5,000, half of which went to Beasley and Beasley Law Group, and the
11 other half of which went to the tort plaintiff’s attorney. Judd also told investors that Beasley and
12 Beasley Law Group managed the relationships with the various personal injury attorneys and
13 wrote the agreements with the personal injury plaintiffs, while Judd managed the investment side
14 of the business with assistance from his son Parker Judd. On information and belief, Judd
15 highlighted the fact that attorney Beasley was involved and that investor funds flowed through
16 Beasley Law Group’s IOLTA account.

17
18 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
19 about the truth of the allegation and thus denies the allegations contained in the paragraph.

20
21 47. Judd told investors that the risk from investing in the purchase agreements was almost
22 zero. Judd also told some investors that he would make good any investor loss, saying that he and
23 Beasley had a separate fund to make investors whole if a personal injury plaintiff failed to pay on
24 a contract. He claimed he had “never had to use” this fund, because “we’ve never had one go
25 bad.”

26 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
27 about the truth of the allegation and thus denies the allegations contained in the paragraph.
28

1 48. Humphries, like Judd, promoted the J&J Entities investment scheme to numerous
2 investors. Starting no later than August 2019, Humphries promoted the investment to people at
3 his gym and his church, as well as through friends and family. Like Judd, Humphries told
4 investors that the investment involved funding purchase agreements with personal injury
5 plaintiffs who had settlements with insurance companies but wanted to obtain a portion of their
6 money in advance. Humphries told investors that Matthew Beasley and his law firm Beasley Law
7 Group managed the relationships with various attorneys to supply the purchase agreements to
8 Judd and the J&J Entities. Humphries told investors that the purchase agreements were in
9 amounts of \$80,000 or \$100,000 and paid returns of 13% every 90 days. Sometimes Humphries
10 gave different returns to different investors, sometimes giving as much as 15% every 90 days, and
11 sometimes times giving as low as 10% every 90 days. Humphries told investors that there was
12 little to no risk on the investment. For example, Humphries told one investor in April 2021 that
13 J&J had never had a deal fall through.

14
15
16 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
17 about the truth of the allegation and thus denies the allegations contained in the paragraph.

18 49. Humphries provided contracts to his investors titled “Investor Agreement” that stated
19 in part: “Jeffrey Judd dba J&J Consulting Services Inc. conducts a business where he enters into
20 Purchase Agreements with attorney’s clients once a settlement has been reached and an award has
21 been granted. Jeffrey Judd uses his own money and facilitates . . . other acquaintances to purchase
22 these contracts; that act as a lien on the client’s settlement.” The Investor Agreements included
23 the investor’s name, the name of the purported tort plaintiff in whose settlement the investor was
24 investing, and the amount of the investment. The Investor Agreements prohibited the investor
25 “from contacting any parties related to the injury settlement or Purchase Agreement without the
26 prior written consent of Jeffrey Judd.” The Investor Agreements identified Humphries as the
27
28

1 “representative” of J&J and said that Humphries was J&J Consulting Services’ “Authorized
2 Agent”. Humphries signed dozens, if not hundreds, of these Investor Agreements with investors
3 dating from at least as early as March 2020 through December 2021, when Judd instituted new
4 paperwork as discussed in ¶ 59 below.

5
6 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
7 about the truth of the allegation and thus denies the allegations contained in the paragraph.

8 50. Humphries told investors that their capital would be reinvested in a new
9 purchase agreement at the expiration of each prior purchase agreement. Humphries would
10 repeatedly represent that his investors’ principal had purportedly been reinvested in a new
11 Purchase Agreement by sending emails giving the name of the new supposed tort plaintiffs and
12 instructing investors how much return they should expect. One such email that Humphries sent to
13 an investor, dated November 23, 2020, stated: “Attached is the Gile deal. This replaces the
14 Gunnar deal. You make \$2,600 in 90 days.” Humphries sent dozens, if not hundreds, of these
15 emails to investors from at least as early as March 2020 through March 2, 2022.

16
17 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
18 about the truth of the allegation and thus denies the allegations contained in the paragraph.

19 51. Humphries reacted angrily and dismissively when investors asked questions about the
20 specifics of the purported investments. For example, in February 2022, one investor asked
21 Humphries why J&J needed outside investors when the purported returns were so high that
22 J&J could just fund the contracts through a bank loan and still make a profit. Humphries
23 responded that this question was “loaded” and that the answer would be “loaded” and thus, “I
24 can’t possibly answer that.” This caused the investor to stop asking questions.

25
26 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
27 about the truth of the allegation and thus denies the allegations contained in the paragraph.
28

1 52. Humphries received compensation for bringing new investors into the scheme and for
2 raising additional money from existing investors. He told one investor that he received 5% of the
3 investor funds he raised and that he made around \$250,000 every three months.

4 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
5 about the truth of the allegation and thus denies the allegations contained in the paragraph.
6

7 53. Judd and Humphries typically instructed investors to wire their investment money to
8 Beasley Law Group's IOLTA account at Wells Fargo Bank N.A., but sometimes instructed
9 investors to wire their investment money to other accounts as well, including an account in
10 the name of J&J Consulting Services, Inc. at U.S. Bank, and an account in the name of
11 Humphries' entity CJ Investments LLC.

12 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
13 about the truth of the allegation and thus denies the allegations contained in the paragraph.
14

15 54. Humphries also touted to investors the fact that his wife Jessica Humphries was an
16 attorney. In November 2021, he instructed his investors to complete W-9 tax forms for their
17 investment and send them to Jessica. Jessica provided Forms 1099 to investors.

18 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
19 about the truth of the allegation and thus denies the allegations contained in the paragraph.
20

21 **II. Defendants' Representations Were Materially False and Misleading**

22 55. The foregoing representations made to investors by Judd, the J&J Entities, and
23 Humphries were materially false and misleading. Judd and the J&J Entities did not invest the
24 investors' funds in contracts with personal injury plaintiffs. Beasley and Beasley Law Group did
25 not actually procure contracts with personal injury plaintiffs and their attorneys.

26 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
27 about the truth of the allegation and thus denies the allegations contained in the paragraph.
28

1 56. Beasley confessed on March 3, 2022 to an FBI negotiator that the business was a
2 Ponzi scheme. Beasley and Judd returned a small portion of the invested money to investors in
3 Ponzi-type payments to meet investors' expectations of the promised percentages of returns every
4 90 days. These payments promoted investor confidence in the scheme, encouraged current
5 investors to invest more money, and allowed Beasley, Judd, and Humphries to continue to find
6 new victims. In reality, Beasley, Judd, and Humphries used the majority of investor money for
7 lavish personal expenses and to pay others to promote the scheme.
8

9 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
10 about the truth of the allegation and thus denies the allegations contained in the paragraph.
11

12 57. To lend credibility to the scheme, Beasley created fake "purchase agreements"
13 between J&J Consulting or J and J Purchasing and various purported injured tort plaintiffs and
14 their attorneys, which were then shared with investors by Judd, Humphries and other promoters.
15 Beasley often used the names of real attorneys from around the country (and sometimes even
16 used the names of real personal injury tort plaintiffs) on the fake purchase agreements, but there
17 were no actual underlying tort settlements and the attorneys whose names appeared on the fake
18 purchase agreements had no actual connection to Beasley. An example of one of these "purchase
19 agreements" is attached as **Exhibit A**.
20

21 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
22 about the truth of the allegation and thus denies the allegations contained in the paragraph, except
23 Richard R. Madsen admits that a document titled "Exhibit A: Example of Fake Purchase
24 Agreement" was attached to the Amended Complaint.
25

26 58. Until approximately December 2021, Judd provided investors "Investment
27 Agreements" or "Buyer Agreements" purporting to memorialize the investor's investment in a
28

1 tort plaintiff's purchase agreement. The agreements were between the investor, and Judd and J&J
2 Consulting Services, Inc. An example of one of the "Investment Agreements" is attached as
3 **Exhibit B**. An example of one titled a "Buyer Agreement" is attached as **Exhibit C**. These
4 agreements were signed by Judd.

5
6 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
7 about the truth of the allegation and thus denies the allegations contained in the paragraph, except
8 Richard R. Madsen admits that a document titled "Exhibit B: Example of Investor Agreement"
9 and a document titled "Exhibit C: Example of Buyer Agreement" were attached to the Amended
10 Complaint..

11
12 59. In approximately October 2021, Judd began telling investors that he was making
13 modifications to the business at the suggestion an attorney who conducted a review of the
14 business. As part of these purported business modifications, Judd formed J and J Purchasing LLC
15 in October 2021 and started operating the investment business through J and J Purchasing. In
16 approximately December 2021, as part of the business modifications, Judd started requiring
17 investors to sign new documentation with J and J Purchasing: a Confidential Private Placement
18 Memorandum ("PPM"); a Non-Compete, Non-Disclosure and Non-Solicitation Agreement; a
19 Mutual Confidentiality and Non-Disclosure Agreement, and a Confidential Subscription
20 Agreement. Judd personally distributed these documents to some investors, and the Promoter
21 Defendants and other promoters distributed copies to their investors. A copy of the PPM is
22 attached as **Exhibit D**.

23
24 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
25 about the truth of the allegation and thus denies the allegations contained in the paragraph, except
26 Richard R. Madsen admits that a document titled "Exhibit D: Confidential Private Placement
27 Memorandum ('PPM')" was attached to the Amended Complaint..
28

1 60. On or around December 13, 2021, Humphries sent emails to his numerous investors
2 telling them that J & J “conducted a self-imposed business analysis that took the better part of
3 2021.” Humphries told his investors that, going forward, it was a “requirement . . . that everyone
4 had to be at 12.5% return.” On or around January 5, 2022, Humphries emailed the PPM and
5 accompanying documents to his investors with instructions to sign and return them.
6

7 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
8 about the truth of the allegation and thus denies the allegations contained in the paragraph.

9 61. Judd and Humphries told investors that Beasley managed the relationship with the
10 personal injury attorneys. Humphries repeatedly told investors that they were not allowed to
11 contact the attorneys or plaintiffs whose names appeared on the purchase agreements. As stated
12 above, Humphries included a written prohibition on contacting the attorneys or plaintiffs in the
13 “Investor Agreement” he had his investors sign. On information and belief, Judd also told
14 investors that they were not allowed to contact the attorneys or plaintiffs whose names appeared
15 on the purchase agreements. These instructions kept investors from learning that the attorneys and
16 plaintiffs on the purchase agreements were not actually parties to the purchase agreements, and
17 that the purchase agreements were fake.
18

19 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
20 about the truth of the allegation and thus denies the allegations contained in the paragraph.
21

22 62. Despite this admonition from Judd and Humphries, some investors contacted the
23 attorneys named in the purchase agreements to inquire whether the purchase agreements were
24 real, only to discover that the attorneys had no such personal injury clients and no relationship
25 with Matthew Beasley or Beasley Law Group.
26

27 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
28 about the truth of the allegation and thus denies the allegations contained in the paragraph.

1 **III. Beasley, Beasley Law Group, Judd, the J&J Entities, and Humphries Acted With**
2 **Scienter**

3 63. Defendants Beasley, Beasley Law Group, Judd, the Judd Entities, and Humphries
4 knowingly or recklessly engaged in the fraudulent scheme detailed in the paragraphs above.

5 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
6 about the truth of the allegation and thus denies the allegations contained in the paragraph.

7 64. On March 3, 2022, when the FBI attempted to serve a search warrant at his home,
8 Beasley engaged in a standoff for approximately four hours with FBI agents, during which
9 Beasley spoke by telephone with an FBI negotiator. In the recorded calls with the FBI negotiator,
10 Beasley repeatedly confessed that the J&J investment was a Ponzi scheme that he started in 2016
11 or 2017. He confessed that the purchase agreements were fake and he used the names of attorneys
12 he did not know on the purchase agreements.

13 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
14 about the truth of the allegation and thus denies the allegations contained in the paragraph.
15

16 65. Beasley confessed that investors were promised that their investment money would be
17 given to someone who had settled a personal injury case but had not received their settlement
18 money yet. He confessed that he “got names of attorneys” for the scheme but “I never actually
19 talked to them.” He confessed that as Jeffrey Judd found more investors, “I made up more
20 attorney’s deals and just kept growing it.” Beasley confessed that investors “would give their
21 money to me, and I would supposedly send it to a bunch of attorneys” but actually “I kept it and
22 used it to pay, basically pay them back to pay off gambling debts.”
23

24 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
25 about the truth of the allegation and thus denies the allegations contained in the paragraph.
26

27 66. Judd knew or was reckless in not knowing that the purchase agreements were fake and
28 that the investment scheme was a fraud. Judd, as Beasley’s business partner in the scheme for

1 over seven years, either knew that the business was a fraud, or was reckless in not knowing. Judd
2 worked intimately with Beasley throughout the entire scheme. Judd told investors that he and
3 Beasley operated the business together and that Beasley was his attorney. Judd told at least one
4 investor that he saw bank statements and other documentation from Beasley. Had Judd
5 reviewed the bank statements of the Beasley IOLTA account—where, on information and belief,
6 he knew investor funds were aggregated—he would have readily seen that the investment scheme
7 was not a legitimate business and that there were very few, if any, proceeds of personal injury tort
8 settlements pursuant to the purchase agreements flowing into the account.

10 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
11 about the truth of the allegation and thus denies the allegations contained in the paragraph.

12
13 67. Further, the J&J Entities, which Judd controlled, were the counterparties on all the
14 purported purchase agreements and Judd supposedly signed them on behalf of his entities. As of
15 February 24, 2022, Judd boasted that he had \$475 million “under management,” was doing 450
16 contracts per week, and had done over 16,000 contracts to date. Judd either knew or was reckless
17 in not knowing that the purported counterparties on those 16,000 contracts did not actually enter
18 the agreements. Judd knew the purchase agreements were never signed by the purported
19 counterparties, or he recklessly disregarded that fact. Had Judd conducted the most basic of due
20 diligence on the fake purchase agreements and the flow of funds to and from Beasley Law Group,
21 it would have revealed the scheme.

23 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
24 about the truth of the allegation and thus denies the allegations contained in the paragraph.

25 68. Humphries also knew or was reckless in not knowing that the purchase agreement
26 investment scheme was a fraud. Humphries was at least aware of indicia that the tort settlements
27 at issue in the investment were fictitious, but nonetheless acted to hide that fact from investors.
28

1 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
2 about the truth of the allegation and thus denies the allegations contained in the paragraph.

3 69. Judd and Humphries acted to hide the fraud from investors by telling them that they
4 were prohibited from contacting the parties to the purchase agreements. Over the years, despite
5 being told not to do so, several investors contacted the attorneys listed on the purchase
6 agreements and the attorneys denied having such clients or entering the purchase agreements. On
7 information and belief, this information made its way back to the promoters, including
8 Humphries, and ultimately to Judd himself.

9
10 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
11 about the truth of the allegation and thus denies the allegations contained in the paragraph.

12 70. Various investors pushed their promoters, Judd, and the J&J Entities to answer
13 questions about the inability to verify that the purchase agreements were real, or asked to see
14 documentation such as bank statements showing actual money flows to the purported
15 counterparties on the purchase agreements. When promoters confronted Judd and the J&J Entities
16 about the fact that attorneys on the purchase agreements denied that the purchase
17 agreements were legitimate, Judd hid the fraud by stating to investors that the law firms were
18 probably denying the existence of the contracts simply due to client confidentiality concerns.

19
20 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
21 about the truth of the allegation and thus denies the allegations contained in the paragraph.

22 71. At least as early as 2019, Judd started requiring investors to enter non-disclosure
23 agreements as a condition of investing. Judd and his promoters also often required investors to
24 sign a document saying that they were prohibited from contacting any parties related to the
25 personal injury settlement or purchase agreement without the written consent of Jeffrey Judd.
26 Also, the “Investor Agreement” and “Buyer Agreement” documents (Exs. B and C hereto)
27
28

1 expressly prohibited investors from contacting the parties on the purchase agreements without
2 Judd's consent.

3 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
4 about the truth of the allegation and thus denies the allegations contained in the paragraph.

5 72. Ultimately, on or around January 2022, Judd and certain of his promoters decided to
6 stop sending the fake purchase agreements to investors altogether. Judd gave investors the excuse
7 that his "attorneys" had advised him to stop sending the purchase agreements to them.

8 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
9 about the truth of the allegation and thus denies the allegations contained in the paragraph.

10 73. On information and belief, Judd required investors to sign the document prohibiting
11 them from contacting the parties related to the personal injury settlement or purchase agreement,
12 and ultimately stopped disseminating the fake purchase agreements, because he was attempting to
13 hide their fictitious nature from investors.

14 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
15 about the truth of the allegation and thus denies the allegations contained in the paragraph.

16 74. Despite that they knew or were reckless in not knowing that the Purchase Agreements
17 were fake, Humphries and Judd nonetheless continued to solicit new investors and additional
18 investments from existing investors.

19 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
20 about the truth of the allegation and thus denies the allegations contained in the paragraph.

21 **IV. Defendants Judd, Humphries, Jager, Jongeward, Seybert, Tanner, Jeffery, Jenne,
22 Johnson, C. Madsen, R. Madsen, Murphy, Rohner, and Rosegreen Violated the Federal
23 Securities Laws by Acting as Unregistered Brokers.**

24 75. In addition to Humphries, Judd had several other promoters working underneath him
25 to locate new investors and funnel investment money into the J&J Entities scheme. Defendants
26
27
28

1 Jager, Jongeward, Seybert, Tanner, Jeffery, Jenne, Johnson, C. Madsen, R. Madsen, Murphy,
2 Rohner, and Rosegreen were among these promoters.

3 **ANSWER:** Richard R. Madsen admits that he assisted individuals who approached him
4 about obtaining "purchase agreements," and denies the remaining allegations in this paragraph
5 with respect to him. Richard R. Madsen lacks knowledge or information sufficient to form a
6 belief about the truth of the remaining allegations, and thus denies the allegations.
7

8 76. Jager, Jongeward, Seybert, Tanner, Jeffery, Jenne, Johnson, C. Madsen, R. Madsen,
9 Murphy, Rohner, and Rosegreen, like Judd and Humphries, each solicited dozens of investors to
10 invest in the purchase agreements and received transaction-based compensation in return. The
11 investors' interests in the purchase agreements issued by the J&J Entities—which Judd, Jager,
12 Jongeward, Seybert, Tanner, Jeffery, Jenne, Johnson, C. Madsen, R. Madsen, Murphy, Rohner,
13 and Rosegreen solicited investors to buy—constituted securities as that term is defined under the
14 federal securities laws.
15

16 **ANSWER:** Richard R. Madsen admits that he assisted individuals who approached him
17 about obtaining "purchase agreements," and that he received transaction-based compensation in
18 return. Richard R. Madsen denies the remaining allegations in the paragraph. Richard R. Madsen
19 lacks knowledge or information sufficient to form a belief about the truth of the allegation and
20 thus denies the allegations contained in the paragraph.
21

22 77. Judd, Jager, Jongeward, Seybert, Tanner, Jeffery, Jenne, Johnson, C. Madsen, R.
23 Madsen, Murphy, Rohner, and Rosegreen each used means or instrumentalities of interstate
24 commerce to solicit and sell securities as part of their regular business. Judd, Jager, Jongeward,
25 Seybert, Tanner, Jeffery, Jenne, Johnson, C. Madsen, R. Madsen, Murphy, Rohner, and
26 Rosegreen each used the internet to solicit investors, transferred cash through wire transfers, and
27 used email and telephone to negotiate and effect sales transactions.
28

1 **ANSWER:** Richard R. Madsen denies the allegations in this paragraph with respect to
2 him, except he admits to transferring cash through wire transfers and using email and telephone to
3 to communicate with individuals who approached him about obtaining “purchase agreements.”
4 Richard R. Madsen lacks knowledge or information sufficient to form a belief about the truth of
5 the remaining allegations and thus denies those allegations.
6

7 78. Humphries, Jager, Jongeward, Seybert, Tanner, Jeffery, Jenne, Johnson, C. Madsen,
8 R. Madsen, Murphy, Rohner, and Rosegreen handled investor funds. While investor funds
9 typically (but not always) flowed into Beasley Law Group’s IOLTA account, the payments of
10 purported “returns” to investors whom Humphries, Jager, Jongeward, Seybert, Jeffery, Jenne,
11 Johnson, C. Madsen, R. Madsen, Murphy, Rohner, and Rosegreen recruited would flow from
12 accounts held by Beasley Law Group or the J&J Entities into bank accounts for entities controlled
13 by Humphries, Jager, Jongeward, Seybert, Tanner, Jeffery, Jenne, Johnson, C. Madsen, R.
14 Madsen, Murphy, Rohner, and Rosegreen. From there, Humphries, Jager, Jongeward, Seybert,
15 Tanner, Jeffery, Jenne, Johnson, C. Madsen, R. Madsen, Murphy, Rohner, and Rosegreen would
16 distribute purported “returns” to investors they had solicited. Sometimes Humphries, Jongeward,
17 Seybert, Jeffery, Jenne, Johnson, R. Madsen, C. Madsen, Murphy, Rohner, and Rosegreen also
18 instructed investors to wire their investment money directly to the accounts in the names of the
19 entities they controlled rather than to Beasley Law Group’s account
20
21

22 **ANSWER:** Richard R. Madsen admits that with respect to him, investor funds flowed
23 into Beasley Law Group’s IOLTA account, but denies that the funds “typically” flowed into that
24 account. Richard R. Madsen admits that he distributed returns to investors, and that sometimes
25 investors wired their money to accounts he controlled. Richard R. Madsen lacks knowledge or
26 information sufficient to form a belief about the truth of the remaining allegations in this
27 paragraph and thus denies those allegations.
28

1 79. Jager used an account in the name of his entity Stirling Consulting, L.L.C., and
2 possibly others, to receive investor funds and also to distribute purported “returns” to investors.

3 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
4 about the truth of the allegation and thus denies the allegations contained in the paragraph.

5 80. In early 2022, Jager stated to at least one prospective investor that he had been
6 soliciting investors for the J&J Entities investment for five years, had solicited 250 investors, and
7 that he and Jongeward together had raised over \$200 million from investors for the J&J Entities.
8 Jager also stated to at least one prospective investor that Judd had negotiated a rate of payment to
9 Jager and Jongeward on the investments they raised, and that Tanner worked “under Jager”
10 soliciting investments in the purchase agreements.

11 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
12 about the truth of the allegation and thus denies the allegations contained in the paragraph.
13

14 81. Humphries used an account in the name of CJ Investments LLC and JCH Consulting,
15 L.L.C., among others, to receive investor funds and also distribute Ponzi payments to his in
16

17 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
18 about the truth of the allegation and thus denies the allegations contained in the paragraph.vestors.
19

20 82. Jongeward used an account in the name of his entity JL2 Investments LLC, and
21 possibly others, to receive investor funds and to distribute Ponzi payments to his investors.

22 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
23 about the truth of the allegation and thus denies the allegations contained in the paragraph.

24 83. Seybert used an account in the name of his entity Rocking Horse Properties, LLC, and
25 possibly others, to receive investor funds and distribute purported returns to his investors.

26 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
27 about the truth of the allegation and thus denies the allegations contained in the paragraph.
28

1 84. Tanner used an account in the name of Anthem Assets, LLC, and possibly others, to
2 receive investor funds and distribute purported returns to his investors.

3 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
4 about the truth of the allegation and thus denies the allegations contained in the paragraph.

5
6 85. Jeffery handled investor funds through accounts in the names of two entities that he
7 controlled, FD Consulting Corp., a California corporation, and Capital Core Financial, Inc., also a
8 California corporation. Jeffery on occasion told investors to send their investment money directly
9 into the account in the name of one or the other of these two entities, and other times Jeffery told
10 investors to send money directly to Beasley Law Group's IOLTA account. Jeffery used accounts
11 in the name of his two entities FD Consulting Corp. and Capital Core Financial, Inc. to distribute
12 purported returns to investors.

13
14 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
15 about the truth of the allegation and thus denies the allegations contained in the paragraph.

16 86. Jenne used an account in the name of his entity J & D Consulting Firm, Inc. to receive
17 investor funds and distribute purported returns to his investors. Beasley assisted Jenne to
18 incorporate J & D Consulting Firm, Inc., a Nevada corporation controlled by Jenne. Jenne
19 instructed investors to send their investment money to an account in the name of J & D
20 Consulting Firm, Inc., and Jenne sent checks for investors' fictitious returns from this same
21 account. Jenne required his investors to send him Forms W-4 so that his entity J & D Consulting
22 Firm, Inc. could send Forms 1099 to investors at the end of the year.

23
24 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
25 about the truth of the allegation and thus denies the allegations contained in the paragraph.

26 87. Rohner and Johnson formed the entity Prestige Consulting LLC to promote the
27 investment. They had investors enter agreements with Prestige Consulting LLC as the purported
28

1 seller of the interest in the underlying slip and fall settlement agreements, with Prestige
2 Consulting LLC then separately purchasing the purported settlement contract with one of the J&J
3 Entities, through Jager. Rohner and Johnson kept for themselves a portion of the purported
4 returns that the J&J Entities then paid on these purported settlement contracts. Rohner and
5 Johnson handled investor funds through their entity Prestige Consulting LLC as well as through
6 Rohner's separate entity CR6 LLC.
7

8 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
9 about the truth of the allegation and thus denies the allegations contained in the paragraph.

10 88. C. Madsen used an account in the name of his entity ACAC LLC to receive investor
11 funds and distribute fictitious returns to investors.

12 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
13 about the truth of the allegation and thus denies the allegations contained in the paragraph.
14

15 89. R. Madsen handled investor funds through accounts held in the names of two Nevada
16 corporations over which R. Madsen had sole control: Ruger Investments RM, Inc., and Ruger
17 Investments, Inc. R. Madsen told investors to wire their investment money to accounts held in the
18 name of Ruger Investments RM Inc. and/or Ruger Investments Inc. (as opposed to the Beasley
19 Law Group account), and he also paid investors' fictitious returns through these accounts.
20

21 **ANSWER:** Richard R. Madsen admits that investors wired money to and were paid
22 through these accounts, and that he told investors to those accounts, but denies that the returns
23 were "fictitious." Richard R. Madsen admits he had sole control of Ruger Investments RM, Inc.,
24 but denies that he controlled Ruger Investments Inc.

25 90. Murphy used accounts in the name of his entity American Colocation Services, LLC,
26 and potentially others, to receive investor funds and distribute purported returns to investors.
27 American Colocation Services, LLC is a Nevada limited liability company whose sold manager is
28

1 Murphy. It did business under the fictitious names “MJ Chown Management” and “Black Rock
2 Business Services” and had accounts under these fictitious names through which Murphy
3 received and distributed investor funds.

4 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
5 about the truth of the allegation and thus denies the allegations contained in the paragraph.
6

7 91. Rosegreen used an account in the name of his entity Triple Threat Basketball, LLC to
8 receive investor funds and to distribute fictitious returns to investors.

9 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
10 about the truth of the allegation and thus denies the allegations contained in the paragraph.
11

12 92. On information and belief, Jager, Humphries, Jongeward, Seybert, Tanner, Jeffery,
13 Jenne, Johnson, C. Madsen, R. Madsen, Murphy, Rohner, and Rosegreen also received
14 commission payments for their investor solicitations in the accounts of those entities that they
15 controlled.

16 **ANSWER:** Richard R. Madsen admits that he received commission payments for the
17 individuals who approached him about obtaining "purchase agreements," but denies soliciting
18 those investments. Richard R. Madsen lacks knowledge or information sufficient to form a belief
19 about the truth of the remaining allegations in this paragraph and thus denies those allegations.
20

21 93. Jager stated that he had a negotiated commission rate with Judd. In 2020, Humphries
22 stated to at least one investor that he personally made \$250,000 every three months from his
23 investor solicitations and received a 5% commission on investments he solicited.

24 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
25 about the truth of the allegation and thus denies the allegations contained in the paragraph.
26

27 94. Jongeward also made a percentage on each investment he obtained on behalf of the
28 J&J Entities. In early 2022, Jongeward stated to at least one prospective investor that he

1 personally “managed” over 150 investors and about \$52 million in investment funds, that this was
2 his “full-time job,” and that he had been doing it for two years.

3 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
4 about the truth of the allegation and thus denies the allegations contained in the paragraph.

5 95. Seybert told investors that he received commissions of \$1,250 or \$1,500 on each
6 contract that was funded by investors that he brought in. Tanner solicited numerous investors for
7 the J&J Entities scheme over a period of many months or years. In early 2022, Jager represented
8 to prospective investors that Tanner worked under his supervision to solicit additional investors
9 for the J&J Entities investment and that Tanner had raised over \$50 million for the J&J Entities.
10 On information and belief, Tanner and received transaction-based compensation for the investors
11 and investments he solicited.

12 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
13 about the truth of the allegation and thus denies the allegations contained in the paragraph.

14 96. Jenne told his investors that their returns would be 10% every 90 days, for an
15 annualized return of 40%. Jenne was actually paid higher returns by Judd on the Purchase
16 Agreement contracts purportedly purchased by each of Jenne’s investors. Jenne kept for himself
17 the portion that was in excess of 10% every 90 days. Jenne and Judd had multiple text
18 conversations about the fact that Jenne told his investors they only made 10% every 90 days
19 while Judd actually paid much higher returns and Jenne pocketed the difference. Both discussed
20 the fact that the investors were “greedy” and therefore Jenne could not tell his investors how
21 much he really made on their investments.

22 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
23 about the truth of the allegation and thus denies the allegations contained in the paragraph.
24
25
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27
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1 97. Like Jenne, Johnson and Rohner received higher rates of return directly from Judd for
2 the Purchase Agreements that they purchased using funds from investors they solicited to invest
3 through their entity Prestige Consulting LLC. They paid only a portion of those returns to
4 Prestige Consulting LLC investors, and kept the rest for themselves.

5 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
6 about the truth of the allegation and thus denies the allegations contained in the paragraph.
7

8 98. Jeffery told investors that he made commissions on the investments.

9 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
10 about the truth of the allegation and thus denies the allegations contained in the paragraph.
11

12 99. R. Madsen also told investors that he received commissions on the investors'
13 investments.

14 **ANSWER:** Admitted.

15 100. At all relevant times while Judd, Jager, Jongeward, Seybert, Tanner, Jeffery, Jenne,
16 Johnson, C. Madsen, R. Madsen, Murphy, Rohner, and Rosegreen engaged in soliciting investors
17 to buy interests in the purchase agreements in exchange for transaction-based compensation, none
18 of them were registered with the Commission as a broker or dealer, nor were they associated with
19 a broker or dealer registered with the Commission.

20 **ANSWER:** Richard R. Madsen admits that he helped individuals who approached him
21 about obtaining purchase agreements to purchase such agreements and that he was not registered
22 as a broker or a dealer, nor associated with a broker or dealer registered with he Commission.
23 Richard R. Madsen denies he was under any obligation to be registered as a broker or a dealer, or
24 associated with a broker or dealer registered with he Commission. Richard R. Madsen lacks
25 knowledge or information sufficient to form a belief about the truth of the remaining allegations
26 in this paragraph and thus denies those allegations.
27
28

1 **V. The Securities Offered and Sold Were Not Registered**

2 101. The securities offered and sold by Judd, Humphries, Jager, Jongeward, Seybert,
3 Tanner, Jeffery, Jenne, Johnson, C. Madsen, R. Madsen, Murphy, Rohner, and Rosegreen were
4 not registered with the Commission.

5 **ANSWER:** Richard R. Madsen denies that he offered or sold securities, but lacks
6 knowledge or information sufficient to form a belief about the truth of the remaining allegations
7 in this paragraph and thus denies those allegations.
8

9 102. J and J Purchasing LLC filed a Form D on December 13, 2021, purporting to give
10 notice of an exempt offering under Rule 506(b), but the J&J Entities' offers and sales of securities
11 were not exempt under Rule 506(b) because, among other things, investors were never provided
12 with the required disclosures of information under Rule 502(b) [17 CFR § 230.502]. In addition,
13 the Form D was itself false and misleading in its description of, *inter alia*, the investment and the
14 use of investor funds.
15

16 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
17 about the truth of the allegation and thus denies the allegations contained in the paragraph.
18

19 **FIRST CLAIM FOR RELIEF**
20 **Violations of Section 5(a) and (c) of the Securities Act [15 U.S.C. § 77e(a) and (c)]**
21 ***(Against All Defendants)***

22 103. The Commission re-alleges and incorporates by reference each and every allegation
23 in paragraphs 1–102, inclusive, as if they were fully set forth herein.

24 **ANSWER:** Richard R. Madsen re-alleges and incorporates by reference each and every
25 Answer to paragraphs 1–102, inclusive, as if they were fully set forth herein.

26 104. Defendants Beasley, Beasley Law Group, Judd, the J&J Entities, Humphries, Jager,
27 Jongeward, Seybert, Tanner, Jeffery, Jenne, Johnson, C. Madsen, R. Madsen, Murphy, Rohner,
28 and Rosegreen by engaging in the conduct described above, directly or indirectly,

1 a. made use of means or instruments of transportation or communication in interstate
2 commerce or of the mails to sell securities, as to which no registration statement was in effect,
3 through the use or medium of any prospectus or otherwise;

4 b. carried or caused to be carried through the mails or in interstate commerce, by any
5 means or instrument of transportation, securities as to which no registration statement was in
6 effect, for the purpose of sale or for delivery after sale; and

7 c. made use of any means or instruments of transportation or communications in interstate
8 commerce or of the mails to offer to sell or offer to buy through the use or medium of any
9 prospectus or otherwise securities as to which no registration statement had been filed.

10
11 **ANSWER:** Richard R. Madsen denies the allegations with respect to him, but lacks
12 knowledge or information sufficient to form a belief about the truth of the remaining allegations
13 and thus denies those allegations.

14
15 105. In regard to the sale of securities described herein, no exemption validly applied to
16 the registration requirements described above.

17 **ANSWER:** Richard R. Madsen denies that he sold securities, but lacks knowledge or
18 information sufficient to form a belief about the truth of the remaining allegations in this
19 paragraph and thus denies those allegations.

20
21 106. By reason of the foregoing, Defendants Beasley, Beasley Law Group, Judd, the J&J
22 Entities, Jager, Jongeward, Humphries, Seybert, Tanner, Jeffery, Jenne, Johnson, C. Madsen, R.
23 Madsen, Murphy, Rohner, and Rosegreen violated, and unless enjoined, will continue to violate,
24 Sections 5(a) and (c) of the Securities Act [15 U.S.C. § 77 e(a) and (c)].

25 **ANSWER:** Richard R. Madsen denies the allegations with respect to him, but lacks
26 knowledge or information sufficient to form a belief about the truth of the remaining allegations
27 and thus denies those allegations.
28

1 **SECOND CLAIM FOR RELIEF**

2 **Violations of Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)(1)]**
3 ***(Against Beasley, Beasley Law Group, Judd, the J&J Entities, and Humphries)***

4 107. The Commission re-alleges and incorporates by reference each and every allegation
5 in paragraphs 1–102, inclusive, as if they were fully set forth herein.

6 **ANSWER:** Richard R. Madsen re-alleges and incorporates by reference each and every
7 Answer to paragraphs 1–102, inclusive, as if they were fully set forth herein.

8 108. By engaging in the conduct described above, Beasley, Beasley Law Group, Judd, the
9 J&J Entities, and Humphries, and each of them, directly or indirectly, individually or in concert
10 with others, in the offer and sale of securities, by use of the means and instruments of
11 transportation and communication in interstate commerce or by use of the mails,
12

13 a. employed devices, schemes, or artifices to defraud;

14 b. obtained money or property by means of untrue statements of material fact or omissions
15 to state material facts necessary in order to make the statements made, in light of the
16 circumstances under which they were made, not misleading; and
17

18 c. engaged in transactions, practices, or courses of business which operated or would
19 operate as a fraud or deceit.

20 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
21 about the truth of the allegation and thus denies the allegations contained in the paragraph.

22 109. With respect to violations of Section 17(a)(1) of the Securities Act, each of
23 Defendants Beasley, Beasley Law Group, Judd, the J&J Entities, and Humphries engaged in the
24 above-referenced conduct knowingly or with severe recklessness.
25

26 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
27 about the truth of the allegation and thus denies the allegations contained in the paragraph.
28

1 110. With respect to violations of Sections 17(a)(2) and (a)(3) of the Securities Act, each
2 of Defendants Beasley, Beasley Law Group, Judd, the J&J Entities, and Humphries engaged in
3 the above-referenced conduct was at least negligent in its/his conduct and in making the untrue
4 and misleading statements alleged herein.

5
6 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
7 about the truth of the allegation and thus denies the allegations contained in the paragraph.

8 111. By reason of the foregoing, Beasley, Beasley Law Group, Judd, the J&J Entities, and
9 Humphries violated and, unless enjoined, will continue to violate Section 17(a) of the Securities
10 Act [15 U.S.C. § 77q(a)].

11 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
12 about the truth of the allegation and thus denies the allegations contained in the paragraph.
13

14 **THIRD CLAIM FOR RELIEF**
15 **Violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Exchange Act Rule**
16 **10b-5 [17 C.F.R. § 240.10b-5]**
17 ***(Against Beasley, Beasley Law Group, Judd, the J&J Entities, and Humphries)***

18 112. The Commission re-alleges and incorporates by reference each and every allegation
19 in paragraphs 1–102, inclusive, as if they were fully set forth herein.

20 **ANSWER:** Richard R. Madsen re-alleges and incorporates by reference each and every
21 Answer to paragraphs 1–102, inclusive, as if they were fully set forth herein.

22 113. By engaging in the conduct described above, Beasley, Beasley Law Group, Judd, the
23 J&J Entities, and Humphries, directly or indirectly, individually or in concert with others, in
24 connection with the purchase or sale of securities, by use of the means and instrumentalities of
25 interstate commerce or by use of the mails,

26 a. employed devices, schemes, and artifices to defraud;

1 b. made untrue statements of material facts and/or omitted to state material facts necessary
2 in order to make the statements made, in light of the circumstances under which they were made,
3 not misleading; and

4 c. engaged in acts, practices, and course of business which operated as a fraud and deceit
5 upon purchasers, prospective purchasers, and other persons.
6

7 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
8 about the truth of the allegation and thus denies the allegations contained in the paragraph.

9 114. Each of Beasley, Beasley Law Group, Judd, the J&J Entities, and Humphries
10 engaged in the above-referenced conduct and made the above-referenced untrue and misleading
11 statements knowingly or with severe recklessness.

12 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
13 about the truth of the allegation and thus denies the allegations contained in the paragraph.
14

15 115. By reason of the foregoing, each of Beasley, Beasley Law Group, Judd, the J&J
16 Entities, and Humphries have violated and, unless enjoined will continue to violate, Section 10(b)
17 of the Exchange Act [15 U.S.C. § 78j(b)] and Exchange Act Rule 10b-5 [17 C.F.R. § 240.10b-5].

18 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
19 about the truth of the allegation and thus denies the allegations contained in the paragraph.
20

21 **FOURTH CLAIM FOR RELIEF**

22 **Violations of Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)]**
(Against Judd, Humphries, Jager, Jongeward, Seybert, Tanner, Jeffery, Jenne, Johnson, C.
23 ***Madsen, R. Madsen, Murphy, Rohner, and Rosegreen)***

24 116. The Commission re-alleges and incorporates by reference each and every allegation
25 in paragraphs 1–102, inclusive, as if they were fully set forth herein.

26 **ANSWER:** Richard R. Madsen re-alleges and incorporates by reference each and every
27 Answer to paragraphs 1–102, inclusive, as if they were fully set forth herein.
28

1 117. By engaging in the conduct described above, Judd, Humphries, Jager, Jongeward,
2 Seybert, Tanner, Jeffery, Jenne, Johnson, C. Madsen, R. Madsen, Murphy, Rohner, and
3 Rosegreen and each of them:

4 a. engaged in the business of effecting transactions in securities for the account of others;
5 and
6

7 b. directly or indirectly, made use of the mails or the means or instrumentalities of
8 interstate commerce to effect transactions in, or to induce or attempt to induce the purchase or
9 sale of, securities without being registered as a broker or dealer with the Commission or
10 associated with a broker or dealer registered with the Commission.

11 **ANSWER:** Richard R. Madsen denies the allegations with respect to him, but lacks
12 knowledge or information sufficient to form a belief about the truth of the remaining allegations
13 and thus denies those allegations.
14

15 118. By reason of the foregoing, Judd, Humphries, Jager, Jongeward, Seybert, Tanner,
16 Jeffery, Jenne, Johnson, C. Madsen, R. Madsen, Murphy, Rohner, and Rosegreen each violated,
17 and unless enjoined will continue to violate, Section 15(a)(1) of the Exchange Act [15 U.S.C.
18 §78o(a)(1)].

19 **ANSWER:** Richard R. Madsen denies the allegations with respect to him, but lacks
20 knowledge or information sufficient to form a belief about the truth of the remaining allegations
21 and thus denies those allegations.
22

23 **FIFTH CLAIM FOR RELIEF**
24 **Equitable Disgorgement**
25 ***(Against All Relief Defendants)***

26 119. The Commission re-alleges and incorporates by reference each and every allegation
27 in paragraphs 1–118, inclusive, as if they were fully set forth herein.
28

1 **ANSWER:** Richard R. Madsen re-alleges and incorporates by reference each and every
2 Answer to paragraphs 1–118, inclusive, as if they were fully set forth herein.

3 120. Each of the Relief Defendants named in paragraphs 32-42 above obtained money,
4 property, and assets as a result of the violations of the securities laws by Beasley, Beasley Law
5 Group, Judd, the J&J Entities, and Humphries, to which they have no legitimate claim.

6 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
7 about the truth of the allegation and thus denies the allegations contained in the paragraph.
8

9 121. Each of the Relief Defendants should be required to disgorge all ill-gotten gains
10 which inured to their benefit under the equitable doctrines of disgorgement, unjust enrichment
11 and constructive trust.

12 **ANSWER:** Richard R. Madsen lacks knowledge or information sufficient to form a belief
13 about the truth of the allegation and thus denies the allegations contained in the paragraph.
14

15 **AFFIRMATIVE DEFENSES**

16 **FIRST DEFENSE: RICHARD R. MADSEN ACTED IN GOOD FAITH**

17 At all times the Richard R. Madsen had no knowledge of any wrongdoing and acted in the
18 good faith belief that the returns from the purchase agreements he purchased and assisted
19 individuals who approached him about obtaining, were legitimate. Moreover, those individuals
20 were paid the promised returns and every request for a refund was promptly paid.
21

22 **SECOND DEFENSE: NO LIKELIHOOD OF FUTURE VIOLATIONS**

23 The relief requested in the Amended Complaint is inappropriate, in whole or in part,
24 because the Amended Complaint fails to allege a reasonable likelihood of future violations by
25 Richard R. Madsen.

26 **THIRD DEFENSE: STATUTE OF LIMITATIONS**

27 Plaintiff's claim and Plaintiff's request for civil monetary penalties are barred, in whole or
28

1 in part, by an applicable statute of limitations.

2 **FOURTH DEFENSE: WAIVER / ESTOPPEL**

3 Plaintiff's claims are barred by waiver or estoppel or both. Plaintiff delayed the filing of
4 this action and the naming of additional defendants in its Amended Complaint, in whole or in
5 part, to justify seeking relief for which it would not otherwise be entitled to seek.
6

7 **FIFTH DEFENSE: UNCLEAN HANDS/BAD FAITH**

8 Plaintiff's claims are barred by the doctrines of unclean hands or bad faith or both.
9 Plaintiff delayed the filing of this action and the naming of additional defendants in its Amended
10 Complaint, in whole or in part, to justify seeking relief for which it would not otherwise be
11 entitled to seek.

12 **SIXTH DEFENSE: FAILURE TO STATE A CLAIM**

13 The Amended Complaint fails to state a claim upon which relief can be granted.
14

15
16 **WHEREFORE**, Richard R. Madsen prays for judgment in his favor and against Plaintiff
17 and for such other and further relief as this Court deems fair and just.

18 Date: July 23, 2022

19 /s/David A. O'Toole
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Attorneys for Defendant Richard R. Madsen

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CERTIFICATE OF SERVICE

I, David A. O’Toole, hereby certify that on July 23, 2022, I electronically filed **DEFENDANT RICHARD R. MADSEN’S ANSWER TO AMENDED COMPLAINT**, with the Court using the CM/ECF system, which will automatically send copies to any attorney of record in the case.

Respectfully Submitted,

/s/ David A. O’Toole
DAVID A. O’TOOLE