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14 **UNITED STATES DISTRICT COURT**
15 **DISTRICT OF NEVADA**

17 SECURITIES AND EXCHANGE
18 COMMISSION,

19 Plaintiff,

20 vs.

21 MATTHEW WADE BEASLEY, *et al.*,

22 Defendants,

23 THE JUDD IRREVOCABLE TRUST, *et al.*,

24 Relief Defendants.

Case No. 2:22-cv-00612-CDS-EJY

**STIPULATION AND [PROPOSED] ORDER
AUTHORIZING RELEASE OF FUNDS
FROM ACCOUNTS AT U.S. BANK
NATIONAL ASSOCIATION AND U.S.
BANCORP INVESTMENTS, INC.**

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STIPULATION AND [PROPOSED] ORDER

The following Stipulation and [Proposed] Order Regarding Release of Funds From Accounts at U.S. Bank National Association and U.S. Bancorp Investments, Inc. (the "Stipulation") is made by and between: (1) Geoff Winkler (the "Receiver"), the Court-appointed receiver in the above-entitled action; (2) the plaintiff Securities and Exchange Commission (the "Commission"); (3) U.S. Bank National Association ("U.S. Bank"); and (4) U.S. Bancorp Investments, Inc. ("USBI"), by and through their respective counsel of record, and with respect to the following facts.

A. On December 21, 2005, Matthew Wade Beasley (a defendant in the above-entitled action), as borrower, entered into a Reserve Line Agreement with U.S. Bank (the "Reserve Line Agreement") in connection with a deposit account ending in xx7143 (the "Reserve Line Account"). U.S. Bank maintains, and the Receiver does not dispute, that the Reserve Line Agreement provides U.S. Bank with a security interest in the Reserve Line Account.

B. On April 21, 2020, Jeffrey Jason Judd (a defendant in the above-entitled action) and Jennifer Rowland Judd, as borrowers, entered into a U.S. Bank Private Select Home Equity Creditline Agreement for the loan ending in xx6338 (the "HELOC"), in the principal amount of \$857,000.00. The HELOC is secured by, at least, a Deed of Trust on the real property located at 21371 Estepa Cir, Huntington Beach, California 92648 (the "Property"), dated April 21, 2020, and recorded in the Official Records of Orange County, California as instrument number 2020000220930. Pursuant to the HELOC agreement, U.S. Bank further claims a right of setoff against "all accounts" maintained at U.S. Bank by the HELOC borrowers;

C. On January 29, 2021, Jeffrey Jason Judd and Jennifer Rowland Judd, as borrowers, executed a Promissory Note in favor of U.S. Bank, as lender, in the principal amount of \$2,110,650.00 and in connection with the loan ending in xx3466 (the "Loan"). The Loan was secured by, at least: (1) a Consumer Pledge Agreement dated January 29, 2021 for the USBI account ending in xx8309, maintained in the name of the Judd Family Trust (the "Pledged Account"); (2) a Control Agreement for the Pledged Account dated January 29, 2021 and identifying the Judd Family Trust as the pledgor; and (3) a Consumer Guaranty, also dated January 29, 2021 and executed in favor of U.S. Bank by the Judd Family Trust;

1 D. U.S. Bank maintains, and the Receiver does not dispute, that U.S. Bank has perfected
2 security interests in the Property and the Pledged Account;

3 E. On April 13, 2022, this Court entered its Temporary Restraining Order and Orders:
4 (1) Freezing Assets; (2) Requiring Accountings; (3) Prohibiting the Destruction of Documents; and
5 (4) Granting Expedited Discovery; and (5) to Show Cause re Preliminary Injunction (the "TRO")
6 [ECF No. 3], which, among other things, imposed a freeze upon certain bank accounts, including
7 bank accounts held by or maintained in the name of defendant Jeffrey Jason Judd and the Judd
8 Family Trust (the "Judd Accounts") and Matthew Wade Beasley (the "Beasley Accounts");

9 F. On April 21, 2022, this Court entered its Order Entering Preliminary Injunction,
10 Asset Freeze, and Other Equitable Relief (the "PI") [ECF No. 56] which, among other things,
11 continued the freeze as to the Judd Accounts and the Beasley Accounts;

12 G. The Receiver was appointed on June 3, 2022 pursuant to this Court's Order
13 Appointing Receiver [ECF No. 88], amended on July 28, 2022 [ECF No. 207] (collectively, the
14 "Appointment Order");

15 H. Among other things, the Appointment Order required the turnover of certain funds
16 to the Receiver, including funds held in the Judd Accounts and the Beasley Accounts;

17 I. U.S. Bank and USBI acknowledge and affirm their respective obligations under the
18 Appointment Order to turn over funds maintained in the Judd Accounts, Beasley Accounts, and
19 other accounts subject to the TRO, PI, and Appointment Order, to the Receiver.

20 J. U.S. Bank and USBI filed Certified Statements in the above-entitled action on July 5,
21 2022 and July 1, 2022, respectively [see ECF Nos. 133, 140]. USBI's Certified Statement reflects
22 the balance of the Pledged Account was \$3,364,791.12 as of June 10, 2022. U.S. Bank and USBI
23 have maintained, and the Receiver has not disputed, that, because the balance of the Pledged
24 Account are invested, the value of the Pledged Account is subject to market volatility. U.S. Bank's
25 Certified Statement reflects the indebtedness on the Reserve Line Account was \$980.10, while the
26 balance of the Reserve Line Account was \$2,886.87, as of June 10, 2022;

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1 K. As identified by U.S. Bank and USBI in their Certified Statements, the aggregate
2 balances of the deposit, investment and indebtedness in the Judd Accounts and Beasley Accounts
3 as of June 10, 2022 was approximately \$8.65 million;

4 L. U.S. Bank has informed the Receiver that the HELOC and the Loan are in default,
5 incurring interest and fees, including interest at a current combined rate of approximately \$176 per
6 day, and with an aggregate outstanding balance of approximately \$2,719,531.01, inclusive of
7 accrued interest and fees, as of September 2, 2022;

8 M. Given the current HELOC and Loan defaults and U.S. Bank's security interest in the
9 Property and the Pledged Account, and the fact that each continue to accrue interest and fees, and
10 at U.S. Bank's request, the Receiver and the Commission have agreed that U.S. Bank shall be
11 permitted to apply assets maintained in the Pledged Account to the total outstanding Loan balance,
12 and in order to pay off such balance, in its entirety, and further to apply assets of the Judd Accounts
13 as the Receiver may direct to the total outstanding HELOC indebtedness in order to pay off such
14 balance, in its entirety, and avoid the accrual of additional interest and fees;

15 N. The Receiver and the Commission have agreed that, pursuant to the Reserve Line
16 Agreement, U.S. Bank shall be permitted to apply deposits maintained in the Reserve Line Account
17 to the indebtedness of the Reserve Line Account;

18 O. U.S. Bank and USBI have agreed that, within fourteen (14) days of the payoff of the
19 HELOC, the Loan, and the Reserve Line Account, as contemplated in Recitals M and N, above,
20 USBI shall turn over to the Receiver the remaining balance of the Pledged Account and U.S. Bank
21 shall turn over to the Receiver the remaining balances of the Reserve Line Account, and that U.S.
22 Bank and USBI shall turn over the remaining assets of the Judd Accounts, the Beasley Accounts,
23 and all other accounts maintained by U.S. Bank and USBI that are subject to the TRO, PI, and
24 Appointment Order. As of the date of this Stipulation, U.S. Bank and USBI believe the total amount
25 to be turned over to the Receiver will be approximately \$8.5 million;

26 P. In order to facilitate the transfer of invested assets maintained in accounts maintained
27 by U.S. Bank and USBI that are subject to the TRO, PI, and Appointment Order as set forth in
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1 Paragraph O above, U.S. Bank and USBI have agreed to liquidate any investment assets maintained
2 in those accounts if directed to do so by the Receiver; and

3 Q. U.S. Bank has further agreed that, upon the payoff of the HELOC and the Loan, as
4 contemplated in Recital M, above, it shall fully and completely release its security interest in the
5 Property, although the Property shall remain subject to the asset freeze imposed pursuant to the TRO
6 and PI, and to the turnover provisions of the Appointment Order.

7 **STIPULATION AND AGREEMENT**

8 Accordingly, and in consideration of the facts stated the Recitals above, the Receiver, the
9 Commission, U.S. Bank and USBI hereby stipulate and agree as follows:

10 1. In order to apply the assets maintained in the Pledged Account to the outstanding
11 HELOC and Loan balances, and thereafter to turn over the remaining balance to the Receiver, USBI
12 is authorized to liquidate the investment assets maintained in the Pledged Account;

13 2. USBI is authorized to provide U.S. Bank liquidated funds held in the Pledged
14 Account so that U.S. Bank may apply those funds to the outstanding HELOC and Loan balances,
15 inclusive of accrued interest and fees, in order to pay off such balances, in their entirety;

16 3. U.S. Bank is authorized to pay off the indebtedness of the Reserve Line Account
17 with the deposits of the Reserve Line Account;

18 4. Within fourteen (14) days of its application of: (1) funds held in the Pledged Account
19 to the outstanding HELOC and Loan balances; and (2) the deposits in the Reserve Line Account to
20 the indebtedness in the Reserve Line Account, as provided for herein, U.S. Bank and USBI shall
21 turn over to the Receiver, pursuant to payment instructions to be provided by the Receiver, all funds
22 remaining in the Pledged Account, the Reserve Line Account, the Judd Accounts, the Beasley
23 Accounts, and all other accounts maintained by U.S. Bank USBI that are subject to the TRO, PI,
24 and Appointment Order, including but not limited to the accounts identified in U.S. Bank's and
25 USBI's Certified Statements [ECF Nos. 133 and 140];

26 5. In order to facilitate the transfer of invested assets maintained in accounts maintained
27 by U.S. Bank and USBI that are subject to the TRO, PI, and Appointment Order as set forth in
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1 Paragraph 4, above, U.S. Bank and USBI are authorized and directed to liquidate any investment
2 assets maintained in those accounts if directed to do so by the Receiver; and

3 6. Upon the payoff of the HELOC and the Loan, as provided for herein, U.S. Bank shall
4 fully and completely release its security interest in the Property, although the Property shall remain
5 subject to the asset freeze imposed pursuant to the TRO and PI, and to the turnover provisions of
6 the Appointment Order.

7 **SO STIPULATED.**

9 Dated: October 6, 2022

SEMENZA KIRCHER RICKARD

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19 Dated: October 6, 2022

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COMMISSION

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1 Dated: October 6, 2022

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Attorneys for U.S. Bancorp Investments, Inc.

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IT IS SO ORDERED.

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Dated: _____

Hon. Cristina D. Silva
Judge, United States District Court

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