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13 **IN THE UNITED STATES DISTRICT COURT**
14 **FOR THE DISTRICT OF NEVADA**

15 SECURITIES AND EXCHANGE
16 COMMISSION,
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18 Plaintiff,
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20 vs.
21 MATTHEW WADE BEASLEY, et al.,
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23 Defendants,
24
25 and
26 THE JUDD IRREVOCABLE TRUST, et al.,
27
28 Relief Defendants.

CASE NO. 2:22-cv-00612-CDS-EJY

**RECEIVER’S REPLY IN
SUPPORT OF HIS MOTION FOR
ORDER IN AID OF
RECEIVERSHIP AUTHORIZING
RECEIVER TO PURSUE CLAW-
BACK ACTIONS**

Receiver Geoff Winkler submits this Reply in support of his Motion for Order in Aid of Receivership Authorizing the Receiver to Pursue Claw-back Actions (the “*Motion*”). (See ECF No. 876).

This Reply is based on the following memorandum of points and authorities, the attached exhibits, all papers on file, and any argument the Court may consider.

MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

Judd’s Response to the Receiver’s Motion, (*see* ECF No. 879), is just the latest example of his effort to deflect from his role in these proceedings and to use the Receivership for his own gain. Judd is a Defendant facing significant liability, not just directly in *this* action to the Plaintiff, but also to the Receiver via ancillary “claw-back” litigation. To put things in perspective, Judd himself raised \$103.3 million from 160 investors. (*See* ECF No. 792-1, Forensic Acctng., p. 31). After accounting for all transfers to and from Judd evidenced in the records initially compiled and reviewed to complete the Forensic Accounting, Judd personally received a net of \$79.3 million from the J&J Enterprise, of which *only \$37.5 million has so far been recovered* by the Receiver, leaving over \$40 million in outstanding Receivership Property distributed to Mr. Judd and, as of yet, unaccounted for. (*Id.*)¹

Judd was thus not a victim of the fraudulent J&J Enterprise but rather a beneficiary. Accordingly, his interest in the Estate arises from his liability to it, and his standing to object to a proposed recovery effort by the Receiver is limited to challenging whether the Receiver’s proposed action would somehow harm the Estate instead of benefiting it. That does not appear to be the object of Judd’s Response, though. Judd’s Response instead appears to be an effort to mitigate the exposure to liability he has created for other people in his orbit. This is because Judd did not just personally profit from the scheme. A number of Judd’s investors and associates also saw substantial personal gains – gains they achieved only at the direct expense of “Net Loser”²

¹ Ironically, information provided to the Receiver since the time of the Forensic Accounting Report has revealed *further material losses* attributable to Judd. Claimants and Net Winners have recently provided information regarding pooled investments, the use of tax entities and retirement accounts, and other information that could not be gleaned from the account-level information the Receiver relied on in producing the Forensic Accounting. The results are preliminary, but the Receiver anticipates that the new information will reveal total investments raised by Judd that exceed \$106.1 million, from 194 investors, with Judd netting \$82.3 million from the Enterprise, meaning the Receiver has not yet recovered *more than \$44 million* in funds Judd transferred to himself without providing any valuable goods or services in exchange. Accordingly, the Receiver anticipates updating the Forensic Accounting in the next Quarterly Report. As explained below, however, the specifics of the Forensic Accounting are not relevant to determining the Motion.

² Capitalized terms defined in the Motion and used here take the same meaning here as

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1 investors.³

2 At bottom, Judd makes two arguments in opposition to the Motion:

- 3 • First, faced with the prospect that his friends, family, and other
4 associates may now have to return funds to the Receivership Estate
5 for the benefit of the victims of the scheme, Judd attempts to delay
6 the inevitable, calling the Receiver’s desire to pursue such
7 individuals “premature.” *E.g.*, Resp. p. 1. In doing so, Judd
8 implicitly argues that one of the Receiver’s duties is to reduce
9 Judd’s personal exposure – or more directly here, the exposure that
10 he passed on to his friends and family – by pursuing other available
11 avenues of recovery *before* pursuing Judd’s own Transferees (to
12 whom Judd is likely also liable). Judd lists out various potential
13 recovery sources – all of which the Receiver is separately pursuing
14 anyway – and asserts that the Receiver must exhaust these avenues
15 before pursuing recovery from Judd’s associates.
- 16 • Second, Judd lodges generalized complaints about the Receiver’s
17 Forensic Accounting, even suggesting a fantastical conflict
18 between a *neutral* and himself, while generally questioning the
19 Report’s validity based on spurious assumptions.

20 There is no basis for such arguments in the Court’s Appointment Order or the case law. Perhaps
21 most glaringly, Judd’s arguments regarding other recovery sources suffer from a practical flaw:
22 even were the Receiver to obtain these recoveries, there would still be a large shortfall in terms
23 of repaying Net Loser investors, meaning all Net Winners would remain just that: winners subject
24 to disgorgement. More fundamentally, neither Judd nor any other interested party gets to dictate
25 the timing or totality of the Receiver’s recovery efforts based on a preference for recovery from
26 some sources over others. That is for the Receiver to recommend, based on his business judgment
27 and goal of maximizing Estate value, and the Court to determine in its equitable discretion (based
28 on the Receiver’s recommendation and any other *valid* input from interested parties).

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31 assigned to them in the Motion.

32 ³ The Receiver’s team determined that *approximately \$22 million* is potentially
33 recoverable just from individuals or entities associated with Judd and who have been determined
34 to be Net Winners. (*See* ECF No. 876-1, pp. 2-5 (setting forth Net Winners associated with Judd
35 with cumulative liability approaching \$23 million). The Court has broad discretion to authorize
36 the Receiver to pursue such funds through litigation.

1 Finally, in filing the Response, Judd is once again violating this Court’s Appointment
2 Order. The Order requires him to “assist the Receiver in fulfilling his duties and obligations,”
3 rather than obstructing the Receiver’s efforts, which is mostly what he has done to date. (ECF
4 No. 88, p. 8, ¶ 14). Judd’s continued efforts to run up the costs of this proceeding, and transparent
5 attempt to delay the Receiver’s efforts to obtain ill-gotten assets Judd bestowed on his friends and
6 family, has no legal basis.

7 **II. ARGUMENT**

8 Judd’s Response fails to address the critical questions before the Court: whether the
9 actions proposed by the Receiver are (1) authorized by the Appointment Order and the law and
10 (2) in the best interest of the Estate (i.e., equitable and value maximizing). The litigation the
11 Receiver proposes against Net Winners and Transferees easily satisfies both inquiries.

12 The Appointment Order mandates that the Receiver “use reasonable efforts to determine
13 the nature, location and value of *all property interests* of the Receivership Defendants” and “sue
14 for and collect, recover, receive and take into possession from third parties *all* Receivership
15 Property” (ECF No. 88, p. 4:14-28 (emphasis added)). Put most simply, the fundamental
16 duty the Court imposed on Mr. Winkler was to “assume control of the J&J Receivership
17 Defendants and ... *pursue* and preserve *all of their claims*” (*Id.* at 4:8-13 (emphasis added)).
18 And in setting forth the reasons for appointing the Receiver, the Court also specifically cited the
19 need to “marshal[] and preserv[e]” assets of the Receivership Entities that “were *fraudulently*
20 *transferred by the Defendants,*” like Judd. (*Id.* at p. 2:9-14 (emphasis added)). The claims against
21 the Net Winners and Transferees comprise such assets, and the Receiver is thus not just
22 authorized but *mandated* to pursue them at the time the Receiver believes is in the best interest
23 of the Receivership Estate – which is now.

24 The Appointment Order’s mandates in this regard are consistent with a longstanding body
25 of case law. As recently as 2023, the Ninth Circuit confirmed that because ““the corporations
26 created and initially controlled by [the wrongdoer] are controlled by a receiver whose *only object*
27 *is to maximize the value of the corporations* for the benefit of their investors and any creditors,”
28 there could be no ‘objection to the receiver’s bringing suit to recover corporate assets unlawfully

dissipated by [the wrongdoer].” *Winkler v. McCloskey*, 83 F.4th 720, 726 (9th Cir. 2023) (quoting *Scholes v. Lehmann*, 56 F.3d 750, 755 (7th Cir. 1995)); see also *Klein v. Cornelius*, 786 F.3d 1310, 1316–17 (10th Cir. 2015); *Janvey v. Democratic Senatorial Campaign Comm., Inc.*, 712 F.3d 185, 190 (5th Cir. 2013). The law is clear: the Receiver must *maximize* the value of the Estate through *all* available recovery vehicles, specifically to include litigation over fraudulently transferred assets, as multiple federal Circuits in addition to the Ninth have confirmed. The Court’s broad discretion to authorize such equitable relief is equally clear. See, e.g., *id.*; see also *SEC v. Capital Consultants, LLC*, 397 F.3d 733, 738 (9th Cir. 2005) (holding that a “district court’s power to supervise an equity receivership and to determine the appropriate action to be taken in the administration of the receivership is extremely broad”).

In opposing the Receiver’s Motion, Judd ignores the authority cited above and in the Motion and instead makes two primary arguments, both of which are fundamentally flawed: 1) the Receiver should pursue claims against others before pursuing claims against his associates; and 2) the accounting relied on by the Receiver to identify the Net Winners and Transferees is flawed. However, there is no support for Judd’s proposition in the Appointment Order or the relevant case law.

A. The Court Should Authorize the Receiver to Commence Litigation Against the Net Winners and Transferees.

There is no basis for the Court to delay granting the Motion and authorizing the Receiver to immediately pursue claims against Net Winners and Transferees. Notably, Judd does not contest the clear legal authority supporting the Receiver’s request but instead suggests variously that the Receiver should first (1) resolve the Wells Fargo Litigation, (2) seek money Judd paid to the Internal Revenue Service and claims he is owed, and (3) pursue claims against the Church of Jesus Christ of Latter Day Saints. (ECF No. 879, pp. 6-7).

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1 As an initial matter, even were the Receiver to successfully recover all the funds Judd
 2 specifies, there would still be *a massive loss to investors*, necessitating the Receiver’s recovery
 3 from the Net Winners and other Transferees.⁴ (See ECF No. 868-6, Balance Sheet to Fifteenth
 4 Quarterly Report [ECF No. 868], (showing total liabilities of \$248,701,953 (comprised mostly
 5 of the claims of “Net Losers”) and total assets of \$186,014,447 (comprised of all known
 6 recoverable assets, including estimates of those recoveries identified by Judd, such as the
 7 litigation recovery from Wells Fargo)).⁵ Moreover, recovery from the third party sources
 8 identified by Judd does not alter the “netting rule” whereby amounts paid to investors are netted
 9 against their investments and recoverable by the Receiver. See *Donell v. Ghadrnan*, 2013 WL
 10 692853, at *3 (C.D. Cal. Feb. 26, 2013) (citing *Donell v. Kowell*, 533 F.3d at 771), *In re United*
 11 *Energy Corp.*, 944 F.2d 589, 595 n. 6 (9th Cir. 1991). In other words, regardless of if the
 12 Receiver is able to recover amounts from Wells Fargo or other sources, Net Winners and
 13 Transferees are not entitled to a windfall at the expense of the Net Losers that invested in the
 14 J&J Scheme unless and until the Receiver recovers sufficient Property to make a full return of
 15 invested capital to *all Net Losers*.

16 As explained above, the Receiver’s latest estimates indicate a shortfall of assets relative
 17 to liabilities in excess of \$60 million. (See *supra* ECF No. 868-6). Put differently, the Receiver
 18 does not at this time anticipate recovering assets sufficient to *fully* repay all Net Loser investor
 19 claims. Even assuming a healthy recovery from Net Winners and Transferees, *and* recovery
 20 from all the sources Judd identifies, the Estate will still be unable to pay back all Net Losers in
 21 full, based on the assets identified to date. The Receiver continues to investigate and identify
 22 new recovery sources, but at this point, it is not likely that will change. Accordingly, Judd’s
 23 claim that the amounts the Receiver could collect from these other sources would somehow turn
 24

25 ⁴ The Receiver is actively pursuing additional sources of recovery for the Receivership
 26 Estate, and the relief sought in the subject Motion thus will not alter or deter the same. The effort
 27 to recover from Net Winners and Transferees is *supplemental* to such existing activities.

28 ⁵ As always, the Receiver notes that these calculations are estimates based on information
 known at the time of disclosure. They are thus subject to change, and the Receiver already
 anticipates modest adjustments to, for instance, total liabilities based on information recently
 provided by Investors during the claims process.

1 Net Losers into Net Winners is hopeful thinking, at best.

2 In any event, a receiver is not required to pick and choose which recoveries he pursues,
3 or the timing of those pursuits, to satisfy the personal preferences of any particular interested
4 party, let alone a named Defendant for whom the Receiver has marshaled significant evidence of
5 wrongdoing. Neither the Appointment Order nor any case law the Receiver is aware of dictates
6 that the Receiver should reduce Judd’s personal exposure or delay pursuing claims against Net
7 Winners and Transferees by recovering first from sources of that a Defendant chooses.

8 Further, time is not on the Receiver’s side. The longer the Receiver delays in initiating
9 fraudulent transfer proceedings, the more likely it is that money may disappear and the Receiver’s
10 ability to collect diminishes. Indeed, this Court recognized a need early on in these proceedings
11 to enjoin Defendants from dissipating assets. (*See e.g.*, ECF No. 4 (Temporary Restraining
12 Order); ECF No. 56 (Order Entering Preliminary Injunction)). The injunctive orders did not
13 extend to the individuals and entities the Receiver now intends to pursue, however, and delaying
14 bringing the proceeds only serves to provide additional time for assets to go missing.

15 Perhaps realizing the futility of his position, Judd makes a half-hearted effort to conduct
16 his own cost benefit analysis and appears to suggest that no further attorneys’ fees should be
17 incurred to pursue this recovery. But Judd makes no meaningful effort to challenge the merits
18 of the more than \$50 million in fraudulent transfer claims at issue (i.e., the “benefit” side of the
19 equation). Moreover, it is the Receiver’s business judgment, not Judd’s that matters.⁶
20 Additionally, as referenced in the Motion, the law firm proposed to pursue the legal claims is
21 providing a 20% discount off its standard rates, is experienced in handling fraudulent transfer
22 matters, and is familiar with the facts and circumstances of this case.⁷ Judd fails to address the

23
24 ⁶ Prior to filing the Motion, the Receiver attempted to reach out to Net Winners in an
25 attempt to recover the funds without a need for litigation, with only limited success. Subsequent
26 to the filing of the Motion, a number of Net Winner have come forward and voluntarily agreed to
return the funds to the Receiver and will not be included in the formal legal proceedings requested.
But most have continued to ignore their liability, necessitating the filing of the lawsuits proposed.

27 ⁷ The suggestion in the Motion that the law firm has “raked in millions” in assisting the
Receiver in this matter (i) is inaccurate, (ii) fails to acknowledge the discounted rates provided by
28 said law firm, and (iii) ignores that 20% of fees approved to date have been held back and not
distributed to the law firm since the inception of this proceeding. Nor does Judd meaningfully
challenge that the services of that law firm have ultimately benefitted the Estate, as the Court has

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1 discounts that have been provided.

2 **B. Judd’s Efforts to Challenge the Forensic Accounting Serve No Purpose.**

3 It is ironic that a Defendant that failed to keep virtually any accounting records of the tens
4 of millions of dollars of “investments” he was responsible for by and through J&J Consulting is
5 now attempting to challenge the necessity and validity of forensic accounting that details how the
6 Enterprise raised and then swiftly diverted \$159 million in investment capital from over 1,200
7 investors. Due in large part to Judd’s own lack of record keeping, the Receiver was required to
8 obtain records from 179 bank and brokerage accounts from the sixteen individuals and their
9 seventy-five entities who together operated this Enterprise.

10 Combined, the Receiver’s team reviewed 163,164 transactions with a volume of \$3.81
11 billion, all of which were digitized, reconciled, categorized, traced, and tied out to one another to
12 analyze the Enterprise. (See ECF No. 792-1, Forensic Acctng., pp. 7-8). The Court is well aware
13 of the Receiver’s efforts in this regard through multiple court filings and hearings and the
14 suggestion that there as an “inherent conflict” and/or questions regarding the reliability of the
15 report are not only misguided, but inappropriate in the context of responding to a Motion seeking
16 leave to pursue claims against Net Winners and Transferees.⁸ Indeed, if a Net Winner and/or
17 Transferee has a basis to challenge the amount the Receiver is seeking to recovery they will have
18 an opportunity to do so in the forthcoming litigation.

19 Additionally, Judd’s attempt to discredit the “Fraud Proximity Ratio” attributed to each
20 Defendant in the Forensic Accounting has no bearing on the amounts the Receiver is seeking to
21 recovery from Net Winners and Transferees. Similarly, how much Judd or other Defendants
22 invested in the scheme is not relevant and does not change the fact that individuals and entities
23 identified in Exhibit A to the Motion received funds in excess of what they invested. Nor does it

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26 implicitly found in granting the firm’s fee applications and approving the Receiver’s quarterly
27 recommendation to continue his engagement of the firm. (See, e.g., ECF No. 862).

28 ⁸ Curiously, Judd takes issue with the disclaimer in the Forensic Accounting that
references that efforts that were made to complete the report based on available information, while
ignoring his own lack of record keeping and transparency regarding the events that pre-dated the
filing of this Action.

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1 change the fact that the individuals and entities in Exhibit B to the Motion received transfers
2 without the exchange of any legitimate consideration or valuable goods and services provided to
3 the J&J Receivership Defendants.

4 Finally, Judd’s attempt to discredit the Receiver and his team in opposing the subject
5 Motion serves no purpose. Even if Judd had a credible basis to challenge the Forensic Accounting
6 – which he does not – any such arguments are putting the cart in front of a horse that does not
7 even exist yet. This is not the appropriate time or forum to question and/or challenge what
8 evidence will be utilized to pursue claims against the Net Winners and Transferees – debating
9 questions of the weight and reliability of evidence that has not yet been disclosed in lawsuits that
10 have not yet been filed is nonsensical. Moreover, as Judd is not an intended party in the proposed
11 litigation, he does not have a basis to challenge the same.

12 **III. CONCLUSION**

13 A Receivership Defendant’s scattershot attack of a neutral forensic accounting prepared
14 by a court-appointed receiver, without any valid basis for doing so, would be strange in any
15 context. It is particularly strange to make such an attack in the context of the Receiver’s motion
16 for authority to pursue litigation against third parties to mitigate the damages caused by the
17 underlying fraudulent enterprise. As discussed above, however, the move is consistent with
18 Judd’s consistent effort to deflect blame, drive up the cost of this action, and attempt to use the
19 Receivership for his own strategic purposes. Indeed, the other arguments in Judd’s Response
20 reveal his desire to use the Receiver’s activities to reduce his associates’ exposure to liability,
21 and not to maximize the Estate’s value.

22 In any event, for the reasons stated above, the arguments raised in Judd’s Response are
23 largely irrelevant to the Receiver’s Motion and certainly provide no basis for denying it. That
24 being the case, the Receiver requests entry of an order granting the Motion at the Court’s earliest

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1 convenience, authorizing the Receiver to initiate litigation against the Net Winners and
2 Transferees.

3 DATED this 23rd day of March 2026.

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CERTIFICATE OF SERVICE

I hereby certify that on **March 23, 2026**, I caused the foregoing document to be electronically filed with the Clerk of the Court using the CM/ECF system, which will send notification of such filing to the CM/ECF participants registered to receive such service.

/s/ Evelyn Escobar-Gaddi
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