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and BJ Holdings LLC*

17 **UNITED STATES DISTRICT COURT**  
18 **DISTRICT OF NEVADA**

19 SECURITIES AND EXCHANGE  
20 COMMISSION,

21 Plaintiff,

22 vs.

23 MATTHEW WADE BEASLEY et al.

24 Defendants;

25 THE JUDD IRREVOCABLE TRUST et al.

26 Relief Defendants.  
27  
28

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

**MOTION FOR ORDER TO SHOW  
CAUSE WHY PAULA BEASLEY  
AND AARON GRIGSBY SHOULD  
NOT BE HELD IN CONTEMPT FOR  
FAILURE TO COMPLY WITH THIS  
COURT'S ORDERS AND  
ALTERNATIVE MOTION FOR  
TURNOVER**

1 Comes now, Geoff Winkler, the Court-appointed Receiver (the “Receiver”), by and  
2 through his counsel of record the law firm of Greenberg Traurig, LLP, and hereby submits the  
3 following Motion for Order to Show Cause Why Paula Beasley and Aaron Grigsby should not be  
4 Held in Contempt for Failure to Comply with this Court’s Orders and Alternative Motion for  
5 Turnover (the “Motion”).

6 This Motion is based upon the attached Memorandum of Points and Authorities, the  
7 exhibits hereto including the Declaration of Kara B. Hendricks, the pleadings and papers on file,  
8 and such other and further arguments and evidence as may be presented to the Court in connection  
9 with the Motion.

10 DATED this 13th day of April 2023.

11 **GREENBERG TRAUIG, LLP**

12 By: /s/ Kara B. Hendricks

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26 **MEMORANDUM OF POINTS AND AUTHORITIES**

27 **I. INTRODUCTION**

28 At the hearing on the Receiver’s previous motion for an order to show cause, the Court gave Mrs. Beasley and Mr. Grigsby, her counsel, a second chance by compelling compliance with the Court’s prior orders instead of immediately entering an order to show cause, providing an opportunity to cure what appeared to be contempt. The Court was candid that it did so in part “so that you [Grigsby] and Mrs. Beasley avoid potential sanctions.” The Court was also candid that it

1 was granting the Receiver leave to renew his motion if Grigsby and Beasley did not take the  
2 opportunity seriously. Respectfully, Mr. Grigsby and Mrs. Beasley did not.

3 The documents and information provided in response to the order compelling Mr. Grigsby  
4 and Mrs. Beasley to produce specific documents and information to the Receiver in an effort to  
5 purge their contempt were inadequate. Moreover, the limited information that was provided  
6 demonstrates that Mrs. Beasley squandered substantial Receivership Assets on needless and self-  
7 indulgent lifestyle choices with the help and assistance of her counsel. Indeed, it appears since  
8 Matthew Beasley's arrest in March of last year, Mrs. Beasley has received at least \$267,020.83  
9 from the sale of three vehicles and has spent all but approximately \$11,700 of the same, despite  
10 orders by this Court requiring the preservation of those assets and turnover of the same to the  
11 Receiver.

12 A significant portion of these assets were transferred to Mr. Grigsby who purports to have  
13 earned them by providing legal and administrative services in contravention of the Court's asset  
14 freeze order. Mr. Grigsby is not – and was not – entitled to these assets, which remain subject to  
15 the Court's jurisdiction and freeze order, of which Mr. Grigsby was admittedly aware.  
16 Accordingly, the Receiver brings the subject Motion, seeking Court intervention. Specifically, the  
17 Receiver seeks an order to show cause why both Mrs. Beasley and Mr. Grigsby should not be held  
18 in contempt and/or an order requiring Mrs. Beasley and Mr. Grigsby to turnover remaining assets  
19 and/or the equivalent value of assets squandered. Finally, the Receiver requests an order that Mrs.  
20 Beasley and Mr. Grigsby pay the Receiver's reasonable attorneys' fees and costs in his efforts to  
21 obtain compliance with the Court's orders.

## 22 **II. RELEVANT FACTUAL AND PROCEDURAL BACKGROUND**

23 Mr. Grigsby and Mrs. Beasley have failed to comply with this Court's order resolving the  
24 Receiver's previously-filed Motion to Compel or Alternative Motion for Order to Show Cause (the  
25 "Motion to Compel"). ECF No. 333. The Motion to Compel, filed on October 21, 2022, centered  
26 on a number of violations of this Court's orders and a general failure to provide the Receiver with  
27 information related to the location and status of significant assets belonging to the Receivership  
28 Estate. Central to the Receiver's arguments were significant questions regarding the factual

1 background related to Mrs. Beasley’s apparent disposition of various vehicles including a 2020  
2 Mercedes Benz G63 G-Wagon (the “G-Wagon”), a 2016 Ferrari 488 GTB (the “Ferrari”), and a  
3 2020 Aston Martin Vantage (the “Aston Martin”).

4 **A. Hearing on the Motion to Compel.**

5 The Motion to Compel came before the Court on December 16, 2022. ECF No. 416.  
6 During the hearing, this Court noted the gravity of the situation and demonstrated a clear  
7 understanding of the facts.

8 “I have a very good command of the facts. I cannot say I have every fact  
9 memorized, but this is too grave a situation in my opinion for me to have glanced  
10 at things... You don’t have to educate me on the background of this case.” ECF  
11 No. 416 at p. 11:8-15.

12 The Court honed-in on the lack of information surrounding Mrs. Beasley’s disposition of  
13 the three vehicles, the status of real property within the Receivership Estate, Mrs. Beasley’s  
14 preservation of that real property, material misrepresentations to third parties, including the Court,  
15 regarding the same, and the lack of information related to Mr. Grigsby’s receipt of fees. The Court  
16 expressed concern with the fact that there has been no evidence demonstrating the location and/or  
17 status of approximately \$173,000.00 which should have been turned over to the Receiver following  
18 the sales.

19 “I don’t understand where that money went and the receiver has a right to know  
20 where it went.” ECF NO. 416 at p. 21:11-12.

21 The Court also expressed displeasure and concern with the numerous misrepresentations  
22 made to the SEC, the Court, and third parties regarding Mrs. Beasley’s disposition of the G-  
23 Wagon.<sup>1</sup>

24 Having not received information sufficient to answer the critical questions before it, the  
25 Court granted the Receiver’s Motion to Compel advising:

26 <sup>1</sup> Referencing an April 26, 2022 email from Mr. Grigsby to the SEC, wherein Mr. Grigsby stated “[i]n all  
27 candor, Ms. Beasley is hoping to sell the 2020 Mercedes and apply the proceeds to living and litigation  
28 expenses”, the Court stated: “You made a material misrepresentation to the SEC in writing that you  
provided to the Court. ... Your problem is misrepresentations in writing to the SEC and misrepresentations  
to the Court about what happened. And I don’t hear you trying to explain that at all and that genuinely  
concerns me.” ECF No. 416 at p. 28:20 - 29:22.

1 “I am not ordering show cause right now because I am going to give you an  
2 opportunity to come clean totally with the SEC and reverse the courts of action  
3 so that you and Mrs. Beasley avoid potential sanctions.” ECF No. 416 at  
4 p. 42:3- 6.

5 Through this second chance, the Court ordered a substantial production of documents and  
6 information on the following topics on or before January 20, 2023:

- 7 (1) Information about the sale of the Mercedes Benz;
- 8 (2) Evidence of the sale in Mr. Grigsby and/or Mrs. Beasley’s possession;
- 9 (3) Copies of any purchase or sale documents in Mr. Grigsby and/or  
10 Mrs. Beasley’s possession, custody, or control;
- 11 (4) A turnover of any proceeds that are still in – or an accounting of any  
12 proceeds that are still in Mr. Grigsby and/or Mrs. Beasley’s possession  
13 or Mrs. Beasley’s possession from the \$170,000 that was paid, and no  
14 dissipation of that money until there is a further court order;
- 15 (5) An accounting down to the penny of where the money that was paid, the  
16 \$170,000 was spent with supporting documentation;
- 17 (6) Information regarding the Aston Martin, the Ferrari and any other cars  
18 that were in Mr. Beasley’s and Mrs. Beasley’s possession before the fast-  
19 track divorce and an accounting of what – of the sale of those cars and  
20 where the money went that was received for those cars, whether it was  
21 to pay off a loan or to pay a gas bill, with receipts;
- 22 (7) Proof of insurance and payments made to date and maintenance records,  
23 if any, for the Range Rover;
- 24 (8) For the Schoofey property, all documentation showing payments made  
25 to date of taxes, HOA, insurance, principal, and interest;
- 26 (9) An accounting of all attorneys’ fees paid, including payments made  
27 through an American Express card. If any payments have been made  
28 using the American Express card, those funds are to be turned over. If  
payments have been made from any other source, all of that with a  
specific accounting must be provided to the SEC;
- (10) An accounting of the property that was taken from the Ruffian home  
upon Mrs. Beasley’s departure; and
- (11) any information about the Lake Tahoe property, the Mt. Charleston  
property, or any other property which the Court is not as familiar with  
must be turned over including any late notice or notices of sale or any  
other communication from the mortgage-holders on the properties as  
well as whether the payments have been brought current and the source  
of those payments if they have been made.

1 ECF No. 416 at p. 42:14-45:1.

2 On January 20, 2023, the Receiver received a production of documents from Mr. Grigsby.<sup>2</sup>  
 3 However, upon review, the information provided fell materially short of satisfying the Court's  
 4 order.<sup>3</sup> Because there was, however, *some* effort to comply with the Court's directive, the Receiver  
 5 sent written correspondence to Mr. Grigsby on March 3, 2023, seeking to conduct a meet and  
 6 confer regarding Mr. Grigsby's deficient production prior to bringing this matter back to the court  
 7 to (a) determine whether Mr. Grigsby and his client might fully comply or, at least, (b) obtain the  
 8 information necessary to support a motion for *specific* sanctions based on the damages to the  
 9 Receivership Estate from the pair's now-evidently contemptuous conduct.<sup>4</sup>

10 On March 9, 2023, counsel for the Receiver met with Mr. Grigsby, via video conference,  
 11 and discussed Mr. Grigsby's failure to provide a complete response to the Court's order.<sup>5</sup> Despite  
 12 no obligation to do so, the Receiver permitted Mr. Grigsby another opportunity to produce the  
 13 documents and information needed before the Receiver would be forced to bring this matter back  
 14 to the Court's attention.<sup>6</sup> As such, Counsel for the Receiver advised a complete response to the  
 15 Court's order was needed on or before March 17, 2023.<sup>7</sup> Mr. Grigsby advised that he would be  
 16 on vacation the week of March 13-17 and, as a courtesy, counsel for the Receiver agreed a  
 17 complete response was due no later than March 24, 2023.<sup>8</sup> On the evening of March 24, 2023,  
 18 Mr. Grigsby emailed a link to a Dropbox folder containing his supplemental production.<sup>9</sup>  
 19 However, the documents and information provided were still insufficient. What is more, from  
 20

21 <sup>2</sup> **Exhibit 1, APPN 0003**, Declaration of Kara B. Hendricks (the "Hendricks Decl.") at ¶ 4.

22 <sup>3</sup> Exh. 1, APPN 0003, Hendricks Decl. at ¶ 5; *see also* **Exhibit 2, APPN 0009**, January 20, 2023 Production  
 of Documents from Aaron Grigsby (the "January 20 Production").

23 <sup>4</sup> Exh. 1, APPN 0003, Hendricks Decl. at ¶ 6; *see also* **Exhibit 3, APPN 0213**, March 3, 2023  
 Correspondence from Kara Hendricks to Aaron Grigsby.

24 <sup>5</sup> Exh. 1, APPN 0003, Hendricks Decl. at ¶ 7; *see also* **Exhibit 4, APPN 0269**, March 9, 2023 email from  
 Kara Hendricks to Aaron Grigsby Re: SEC v. Matthew Beasley (the "March 9, 2023 email").

25 <sup>6</sup> Exh. 1, APPN 0003, Hendricks Decl. at ¶ 8; *see also* Exh. 4, March 9, 2023 email.

26 <sup>7</sup> Exh. 1, APPN 0003, Hendricks Decl. at ¶ 9; *see also* Exh. 4, March 9, 2023 email.

27 <sup>8</sup> Exh. 1, APPN 0003, Hendricks Decl. at ¶ 10; *see also* Exh. 4, March 9, 2023 email.

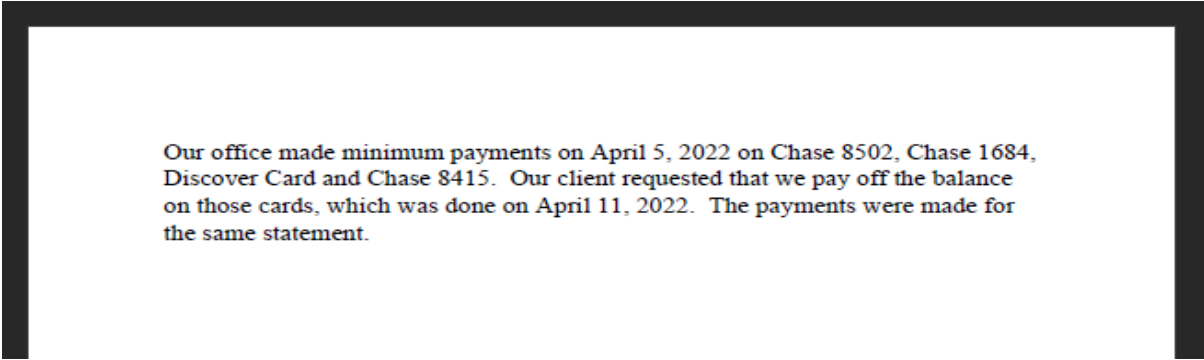
28 <sup>9</sup> Exh. 1, APPN 0004, Hendricks Decl. at ¶ 11; *see also* **Exhibit 5, APPN 0272**, March 24, 2023 email  
 from Aaron Grigsby to Kara Hendricks Re: Supplemental disclosures.

1 what was provided, additional red flags have arisen regarding the location of funds and the role  
 2 played by Mr. Grigsby in the same. As discussed below, Mr. Grigsby and Mrs. Beasley have now  
 3 eschewed *several* clear orders from this Court and have disposed of substantial receivership assets  
 4 which, at this stage, appear to be beyond recovery.

#### 5 **Mr. Grigsby and Mrs. Beasley's Purported Efforts to Comply.**

6 The set of documents provided to the Receiver on January 20 failed to scratch the surface  
 7 of this Court's inquiry (the "January 20 Production").<sup>10</sup> Although at first blush it appeared efforts  
 8 were taken to gather the required information, which the Receiver spent significant resources and  
 9 time evaluating, the January 20 Production consisted of little more than a written version of  
 10 Mr. Grigsby's representations to this Court during the Motion to Compel hearing and various  
 11 notices thrown together in a haphazard manner.<sup>11</sup> Most concerning however, was Mr. Grigsby's  
 12 response to this Court's order for an accounting "down to the penny."<sup>12</sup> As part of the January 20  
 13 Production, Mr. Grigsby provided undated, unsworn, documents providing nothing more than a  
 14 brief narrative of the purported disposition of funds.<sup>13</sup> The self-serving statements lacked  
 15 meaningful verifiable information and appeared to be made solely for the purpose of parroting  
 16 Mr. Grigsby's in-court statements. For example, Mr. Grigsby attempted to demonstrate an  
 17 accounting of funds paid to various credit cards through the document set forth in Figure 1 below.

18 **FIGURE 1**

19 
 20   
 21 **Our office made minimum payments on April 5, 2022 on Chase 8502, Chase 1684,**  
 22 **Discover Card and Chase 8415. Our client requested that we pay off the balance**  
 23 **on those cards, which was done on April 11, 2022. The payments were made for**  
 24 **the same statement.**

25  
 26 <sup>10</sup> Exh. 1, APPN 0004, Hendricks Decl. at ¶ 12; *see also* Exh. 2, January 20 Production.

27 <sup>11</sup> Exh. 1, APPN 0004, Hendricks Decl. at ¶ 13.

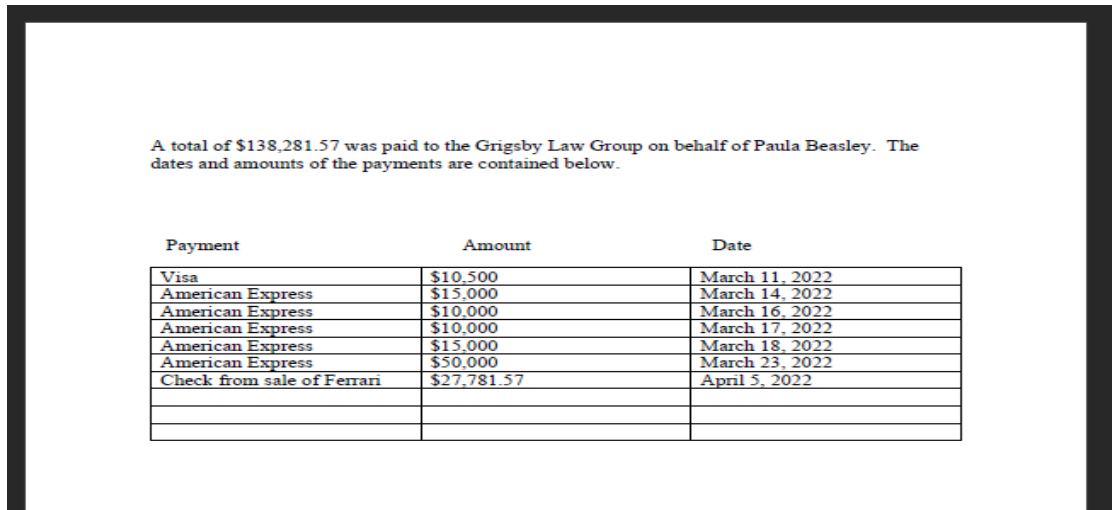
28 <sup>12</sup> Exh. 1, APPN 0004, Hendricks Decl. at ¶ 14.

<sup>13</sup> Exh. 1, APPN 0004, Hendricks Decl. at ¶ 15; *see also* Exh. 2, January 20 Production.

1 There is no indication in this document of the amount paid, the source of the funds, the  
 2 purpose for which they were spent or any receipts for the same.

3 Likewise, Figure 2 below represents Mr. Grigsby’s attempt to demonstrate payments made  
 4 to his firm on behalf of Paula Beasley.

5 **FIGURE 2**



15 This information, even if it accurately reflects the payments made to Grigsby Law Group,  
 16 lacks any information to identify the source of the payments—a critical part of this Court’s prior  
 17 order. ECF No. 416 at p. 43:12-17.

18 The remainder of the January 20 Production consisted primarily of various statements,  
 19 notices, and documents related to the Ruffian Residence and the South Lake Tahoe Residence.<sup>14</sup>  
 20 Importantly, the statements and other documents submitted in relation to any particular account,  
 21 credit card, or transaction were sporadic and incomplete. In other words, the Receiver might find  
 22 two months of partially redacted statements for a given credit card or utility account but not the  
 23 remaining months and without supporting documentation showing the source and offsetting  
 24 transaction for a referenced payment.

25 Thus, rather than preparing a complete accounting as ordered by the Court, Mr. Grigsby  
 26 delivered various documents, in no order, with no reliable explanation, with the apparent  
 27

28 <sup>14</sup> Exh. 1, APPN 0004, Hendricks Decl. at ¶ 16; *see also* Exh. 2, January 20 Production.

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1 assumption that the Receiver would comb through the documents and piece together Mr. Grigsby  
 2 and Mrs. Beasley’s financial journey – all the while drawing inferences in their favor to plug in  
 3 the many holes. After review of the lackluster production, the Receiver requested supplemental  
 4 information in hopes of quickly bringing this dispute to a resolution.<sup>15</sup> Additionally, the Receiver  
 5 requested that Mr. Grigsby and Mrs. Beasley provide a plan for turning over remaining assets and  
 6 and/or a payment plan to reimburse the Receivership Estate for what had clearly – even on a limited  
 7 record – been transferred to Grigsby and others in violation of the Court’s asset freeze.<sup>16</sup>

8 Following the Receiver’s conferral effort and provision of a (third) chance to avoid this  
 9 Court’s review of his contempt, Mr. Grigsby made a second production on the evening of  
 10 March 24, 2023 (the “March 24 Production”).<sup>17</sup> The March 24 Production consisted of ten (10)  
 11 primary documents.<sup>18</sup> Of those ten documents, three (3) were declarations from Paula Beasley  
 12 each purporting to relate to the sale of a different vehicle.<sup>19</sup> Attached to each declaration were  
 13 various credit card statements attempting to demonstrate where the funds from each sale went.<sup>20</sup>  
 14 However, the production was fraught with problems, and the Receiver’s team was once again  
 15 required to sort through the statements, remove duplicates, compare payments to bank statements  
 16 and create a map and timeline of the funds in question.<sup>21</sup> Curiously, the only aspect of the  
 17 production to which Mr. Grigsby appears to have paid significant attention was redacting all  
 18 identifying information on his firm’s deposit slips and statements.<sup>22</sup> The remainder of the  
 19

20 \_\_\_\_\_  
 21 <sup>15</sup> Exh. 1, APPN 0004, Hendricks Decl. at ¶ 17.

22 <sup>16</sup> *Id.* at ¶ 18.

23 <sup>17</sup> *Id.* at ¶ 19.

24 <sup>18</sup> *Id.* at ¶ 20.

25 <sup>19</sup> Exh. 1, APPN 0004, Hendricks Decl. at ¶ 21; *see also* **Exhibit 6, APPN 0274**, Declaration of Paula  
 26 Beasley Re: Mercedes (the “Mercedes Decl.”); **Exhibit 7, APPN 0443**, Declaration of Paula Beasley Re:  
 27 Ferrari (the “Ferrari Decl.”); and **Exhibit 8, APPN 0459**, Declaration of Paula Beasley Re: Aston Martin  
 28 (the “Aston Martin Decl.”).

<sup>20</sup> Exh. 1, APPN 0004, Hendricks Decl. at ¶ 22.

<sup>21</sup> *Id.* at ¶ 23.

<sup>22</sup> Mr. Grigsby’s choice to redact the identifying information for the deposits, withdrawals, and IOLTA  
 statements hindered the Receiver’s ability to ascertain the true location of the funds in question. Indeed, as  
 discussed below, the information visible in the Grigsby Law Group IOLTA statements suggests there were

1 March 24 production was: (1) a document showing the HOA payment history for the Schoofey  
 2 Residence<sup>23</sup>; (2) a GEICO Insurance bill dated November 13, 2022<sup>24</sup>; (3) a GEICO Insurance  
 3 repair estimate for the Range Rover following an apparent accident<sup>25</sup>; (4) a screen shot showing  
 4 GEICO Insurance on the Range Rover<sup>26</sup>; (5) a purported retainer agreement between GLG Law  
 5 Group and Paula Beasley<sup>27</sup>; (6) an invoice from GLG law group<sup>28</sup>; and (7) an insurance policy for  
 6 the Schoofey Residence.<sup>29</sup>

7 Unfortunately, it appears that Mr. Grigsby made no effort, apart from compiling records,  
 8 to comply with the spirit of this Court’s order, instead making a half-hearted effort to cleanse his  
 9 client’s actions. Even in *two* rounds of production, Mr. Grigsby has failed to produce the  
 10 accounting “down to the penny,” instead dumping a disorganized and incomplete set of documents  
 11 on the Receiver.

12 **B. Mr. Grigsby Has Failed to Provide Sufficient Documentation of the Proceeds**  
 13 **of the Sale of the Three Vehicles in Question.**

14 Of primary concern to the Receiver, was the lack of information and documentation  
 15 pertaining to Mrs. Beasley’s purported disposition of three vehicles: (1) the G-Wagon; (2) the  
 16 Ferrari; and (3) the Aston Martin. Specifically, the Court ordered Mr. Grigsby to produce  
 17 (1) information pertaining to the sale of each vehicle; (2) evidence of the purported sales, including  
 18 copies of any sale documents; (3) a turnover of any proceeds that are still in Mr. Grigsby’s or  
 19 Mrs. Beasley’s possession; (4) an accounting “down to the penny” of where those proceeds were  
 20

21 \_\_\_\_\_  
 22 additional accounts into which these funds flowed, but the Receiver has been unable to identify those  
 23 accounts due to Mr. Grigsby’s redactions.

23 <sup>23</sup> **Exhibit 9, APPN 0560**, HOA Payments

24 <sup>24</sup> **Exhibit 10, APPN 0567**, GEICO Bill With Payments

24 <sup>25</sup> **Exhibit 11, APPN 0571**, Paula Beasley GEICO Estimate. Notably, at no time was the Receiver notified  
 25 that the Range Rover had been involved in an accident. The status of any damage or repairs remains  
 26 unknown.

26 <sup>26</sup> **Exhibit 12, APPN 0579**, GEICO Policy Screenshot.

27 <sup>27</sup> **Exhibit 13, APPN 0581**, Grigsby Law Group Retainer.

28 <sup>28</sup> **Exhibit 14, APPN 0589**, Grigsby Law Group Invoice.

28 <sup>29</sup> Exh. 1, APPN 0005, Hendricks Decl. at ¶ 24; *see also* **Exhibit 15, APPN 0603**, Safeco Insurance Policy.

1 spent; and (5) information on the sale of any other vehicles that were in Mr. or Mrs. Beasley's  
2 possession prior to the divorce. ECF No. 416 at pp. 42-43.

3 In making this ruling, the Court expressed significant concern over the purported sale of  
4 the G-Wagon, noting the absence of any sale documents, the timing of material misrepresentations  
5 made to the SEC, the Court, and third parties, and the absence of any evidence of the location of  
6 the purported \$100,000.00 cash deposit. The questionable timeline and suspicious transaction  
7 need not be discussed in detail as they are addressed in the Receiver's prior Motion. *See* ECF  
8 No. 333 at pp. 5-12, *see also* ECF No. 363 at pp. 3-12.

9 Through the documents produced, the Receiver still has no information regarding the  
10 location of the \$100,000.00. Indeed, there is no evidence that the \$100,000.00 was ever deposited  
11 with Mr. Grigsby as he claims or that the funds even exist. The only reference to the \$100,000  
12 payment comes in Mrs. Beasley's declaration which contradicts text messages that were part of  
13 the Receiver's Motion to Compel indicating that Mrs. Beasley had no knowledge that that G-  
14 Wagon was sold until June of 2022. Mrs. Beasley's declaration states that on April 2, 2022, she  
15 requested that Mr. Nelms pay a \$100,000 cash deposit to her and that the G-Wagon was turned  
16 over to him at that time.<sup>30</sup> Not only is this inconsistent with information previously obtained by  
17 the Receiver,<sup>31</sup> but Mrs. Beasley does not indicate what happened to the funds after she received  
18 them. Indeed, it is unclear if Mrs. Beasley put the money under her mattress or if it was placed  
19 into another account of which the Receiver is not aware. This is assuming the funds exist(ed) at  
20 all.

21 With respect to the sale of the Ferrari, Mrs. Beasley provides no new information, declaring  
22 only that she sold the vehicle to Vegas Auto Gallery and received a check for \$55,563.15 as equity  
23 for the vehicle, half of which was thereafter transferred to attorney Garrett Ogata for *Mr.* Beasley's  
24

25 <sup>30</sup> *See*, Exh. 6, APPN 0275, Mercedes Decl. at ¶¶ 6 and 7.

26 <sup>31</sup> Mrs. Beasley's declaration directly contradicts the evidence presented in the Receiver's Motion to  
27 Compel in which Mrs. Beasley was actively attempting to sell the G-Wagon as late as June 28, 2022.  
28 ECF No. 363 at p. 3. Moreover, as late as July 23, 2022, nearly four months after her purported receipt of  
the \$100,000 cash deposit, her receipt of the two checks from Andre Nelms totaling \$70,000.00 and her  
transfer of title to Mr. Nelms, Mrs. Beasley advised, to a third party, she did not know how much the vehicle  
was sold for and that she was "never told." ECF No. 363 at p. 5.

1 legal representation.<sup>32</sup> The other half of the funds were apparently retained by Mr. Grigsby—a  
2 matter discussed below.

3 Mrs. Beasley's final declaration focuses on her sale of the Aston Martin which was  
4 allegedly sold on March 14, 2022.<sup>33</sup> Mrs. Beasley states she received a check in the amount of  
5 \$69,239.25 representative of the equity in the Aston Martin, which was deposited into  
6 Mr. Grigsby's IOLTA account. The Receiver will note that Mr. Grigsby produced copies of  
7 checks from Vegas Auto Gallery consistent with the amounts stated in the Declarations and that  
8 the various IOLTA statements, while heavily redacted, show deposits in those amounts. Thus, the  
9 sale and deposit of proceeds for the Ferrari and Aston Martin have, at least preliminarily, been  
10 demonstrated. However, what happened to the funds after that point is of grave concern in light  
11 of the Court's asset freeze order.

12 Interestingly, the bank records produced show that over \$240,000 was deposited into two  
13 attorney IOLTA accounts for the benefit of Mrs. Beasley over a seven-month period, many of  
14 them post-dating the asset freeze.<sup>34</sup> The deposits ranged from \$800.00 to \$69,232.25 and were  
15 placed into Mr. Grigsby IOLTA and a separate IOLTA that appears to belong to Abira Grigsby.  
16 Notably, there was a gap in deposits between March 28, 2022 and July 8, 2022, the time period  
17 that Mrs. Beasley purportedly received the \$100,000 in cash from the G-Wagon sale.

### 18 **C. The Dissipation of Receivership Funds.**

19 Despite the glaring omissions in the production, the documents and information that were  
20 produced demonstrate that in the months following Mrs. Beasley's disposal of the vehicles, the  
21 funds she received seemed to go out as quickly as they came in. Indeed, according to the  
22 declarations of Mrs. Beasley and the piecemeal information provided, it is apparent that  
23 Mrs. Beasley was divested of effectively all of the funds from the sale of the three vehicles.

24 \_\_\_\_\_  
25 <sup>32</sup> Exh. 7, APPN 0444, Ferrari Decl.

26 <sup>33</sup> Exh. 8, APPN 0460, Aston Martin Decl.

27 <sup>34</sup> Through the statements produced, the Receiver has located the following deposits: (1) March 18, 2022  
28 - \$69,232.25; (2) March 28, 2022 - \$55,563.15; (3) July 8, 2022 - \$22,165.00; (4) August 8, 2022 -  
\$5,315.00 (private school tuition refund of amount paid on American Express); (5) August 10, 2022 -  
\$48,500.00; (6) August 10, 2022 - \$4,000.00; (7) October 7, 2022 - \$30,000.00 (deposit into account of  
Abira Grigsby) (8) October 13, 2022 - \$5,000.00; (9) October 28, 2022 - \$800.00.

1 At this stage, there should be no dispute that the three vehicles in question – and/or the  
 2 proceeds from their sale – were Receivership Property subject to the asset freeze order entered on  
 3 April 13, 2022. Indeed, Mr. Grigsby admitted as much in his April 26, 2022 email to the SEC.  
 4 ECF No. 356 at Exh. F.<sup>35</sup> Thus, notwithstanding the impropriety of Mrs. Beasley’s disposition of  
 5 the vehicles, it is critical to determine what funds remain and for those that were spent, the purpose  
 6 for which they were allocated.

7 Despite Mr. Grigsby’s representation to the Court that Mrs. Beasley was “preserv[ing] the  
 8 community estate<sup>36</sup>,” the statements provided show quite the opposite. Indeed, according to the  
 9 documents provided, of the nearly \$300,000 in funds received from the sale of the three vehicles,  
 10 Mrs. Beasley claims to hold a mere \$11,700.00 with little to show for it.<sup>37</sup> Put into perspective,  
 11 \$11,700 represents less than four (4) percent of the \$294,802.40 derived from the sale of G-Wagon,  
 12 Ferrari and Aston Martin. At best, this was an almost entirely ineffective “preservation” of assets.

13 Through the sale of the three vehicles in question, Mrs. Beasley is alleged to have received  
 14 \$294,802.40 as demonstrated below.

Vehicle	Purported Proceeds
2020 Mercedes G63 G-Wagon	\$170,000.00
2016 Ferrari 488 GTB	\$55,563.15
2020 Aston Martin Vantage	\$69,239.25
TOTAL	\$294,802.40

15  
 16  
 17  
 18  
 19  
 20  
 21 Through her declarations and as demonstrated through a Grigsby Law Group IOLTA  
 22 statement, \$27,781.57, representing one-half of the Ferrari proceeds was transferred to Garrett  
 23

24 <sup>35</sup> In an April 26, 2022 email to the SEC, Mr. Grigsby stated “Given that both vehicles are subject to the  
 25 TRO, we are requesting that you consent to the return of both vehicle titles. In all candor, Ms. Beasley is  
 hoping to sell the 2020 Mercedes and apply the proceeds to living and litigation expenses.”

26 <sup>36</sup> During the hearing on the Motion to Compel, Mr. Grigsby represented to the Court that Mrs. Beasley  
 27 was preserving the community estate: “she also has an obligation to protect and preserve the community  
 estate. And that’s what she did.” ECF No. 416 at p. 34:13-14.

28 <sup>37</sup> It must be noted there is no documentation of these funds and the Receiver questions whether this amount  
 actually exists.

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1 Ogata on April 5, 2022.<sup>38</sup> Assuming, *arguendo*, Mrs. Beasley was permitted to divide the proceeds  
 2 from the Ferrari, Mrs. Beasley received at least \$267,020.83 from the sale of the three vehicles in  
 3 question yet, less than a year later, just \$11,700 remains.

4 Alarmingly, the ultimate disposition of remaining funds received by Mrs. Beasley  
 5 demonstrates waste of the Receivership assets. The credit card statements produced, while  
 6 insufficient to satisfy the Court's order, demonstrate that the funds derived from the sale of the  
 7 vehicles were spent on little more than maintaining the lifestyle Mrs. Beasley had grown  
 8 accustomed to living with Mr. Beasley through the use of his victims' funds. In other words,  
 9 investor funds that should have been placed into the Receivership Estate have been squandered on  
 10 restaurants, movies, food delivery, shopping, and other nonessential items.

11 At the last hearing, the Court ordered the turnover and/or preservation of all funds  
 12 remaining in Mrs. Beasley's possession which, taking her declaration as true, would be  
 13 \$11,700.00. ECF No. 416 at p. 42:18-22. To date, Mrs. Beasley and Mr. Grigsby have yet to turn  
 14 over a single dollar.

15 **i. Mrs. Beasley's Dissipation of Funds.**

16 After de-duplicating the totality of the production, Mrs. Beasley produced just twenty-five  
 17 (25) credit card statements for six (6) different credit cards.<sup>39</sup> The statements provided  
 18 demonstrate that between March 2022 through November 2022, payments totaling more than  
 19 \$97,000 were made to Mrs. Beasley's credit card accounts. As alarming as this number is, perhaps  
 20 more concerning are the purchases for which these payments were made. The credit card  
 21 statements provided demonstrate Mrs. Beasley continues to enjoy a thrifless lifestyle, charging  
 22 her credit cards for luxury and nonessential goods and services and then making large payments  
 23 to the same, despite a court order preventing her from doing so. For example, Mrs. Beasley's

24 Discover card

25 ///

26 <sup>38</sup> Exh. 7, Ferrari Decl. at Exhs. C (APPN 0454), D (APPN 0456).

27 <sup>39</sup> Statements were produced for (1) a Marriott Bonvoy Credit Card; (2) a Bank of America Credit Card;  
 28 (3) a Southwest Rapid Rewards Credit Card; (4) an American Express; (5) a Disney Credit Card; and (6) a Discover Card.

1 statement for March 13, 2022, through April 12, 2022, shows *twenty-eight (28) Uber Eats charges*  
 2 between just March 13 and April 11, 2022, followed by a payment in the amount of \$6,380.62.<sup>40</sup>

3 The records further demonstrate that the proceeds of the three vehicles that were not sent  
 4 to IOLTA accounts were allocated to needless products, services, and experiences including, but  
 5 not limited to: dining at high-end restaurants and food delivery services; TopGolf; shopping at  
 6 various stores including White House Black Market, Abercrombie and Fitch, Soccer Zone, and a  
 7 menswear boutique in Arizona; \$480.00 per month in self-storage;<sup>41</sup> approximately \$500 per  
 8 month for Verizon Wireless; regular dog grooming; yoga; movies; regular charges from Apple,  
 9 Inc.; nearly \$500 for beauty services; rental car fees; frequent charges at Starbucks including \$220  
 10 over an eight (8) day span in October 2022; and collect calls from an in-mate service.<sup>42</sup>

11 It appears that on at least one occasion, Mrs. Beasley also used Receivership Property to  
 12 pay for the direct expenses of her incarcerated husband, Mr. Beasley. On October 28, 2022,  
 13 Mr. Grigsby paid, on Mrs. Beasley's behalf, a Dr. Joseph E. McEllistrem for expenses related to a  
 14 psychiatric evaluation, conducted on March 24, 2022, and invoiced to Mr. Grigsby on April 5,  
 15 2022.<sup>43</sup> It appears, based on publicly available information, that this evaluation was used in a bid  
 16 to obtain Mr. Beasley's pretrial release from custody, which failed.<sup>44</sup> Mrs. Beasley and  
 17 Mr. Grigsby, for their part, offer no explanation of Mrs. Beasley's payment of this expense on  
 18 behalf of Mr. Beasley.

19 While the Receiver has not been tasked with monitoring or evaluating Mrs. Beasley's  
 20 spending habits, when her failure to provide credible information requires the Receiver's inquiry  
 21 and then reveals that her spending has significantly deteriorated the value of the Receivership

22 <sup>40</sup> Exh. 6, APPN 0346, Mercedes Decl. at Exh. L (Discover Card Statement for March 13, 2022 through  
 23 April 12, 2022).

24 <sup>41</sup> It appears from the credit card statements that Mrs. Beasley is paying nearly \$500 per month for self-  
 25 storage. However, there has been no identification of any assets held in storage and an accounting of the  
 26 same is warranted.

27 <sup>42</sup> Exh. 6, APPN 0274, Mercedes Decl.

28 <sup>43</sup> See Exh. 6, APPN 0279, Mercedes Decl. at p. 5, ¶ 16(g); see also Exhibit CC to *id.*, McEllistrem Invoice  
 dated April 5, 2022.

<sup>44</sup> Compare *id.* (containing invoices for travel expenses on March 24, 2022) with Ex. A to M. Beasley Mot.  
 to Reopen Detention Hearing, *USA v. Beasley*, Case No. 22-mj-00171-EJY, ECF No. 12, Ex. A  
 (McEllistrem Report, dated April 2, 2022, and based on a psychiatric evaluation performed on March 24,  
 2022).

1 Estate, the Receiver must bring the conduct to the Court’s attention. Based on the type of charges,  
2 amounts, and regularity of the same, it is readily apparent that the funds derived from the sale of  
3 the G-Wagon, Ferrari, and Aston Martin have vanished and the only remnant is the privileged  
4 lifestyle Mrs. Beasley continues to lead.

5 **ii. Grigsby IOLTA Accounts.**

6 Mrs. Beasley’s self-indulgent spending includes paying top dollar to Mr. Grigsby for  
7 alleged legal representation that appears, in reality, to involve little more than administrative tasks  
8 related to the very assets she has neither preserved nor turned over. Indeed, in attempting to  
9 demonstrate the path of funds in this case, Mr. Grigsby produced a number of deposit slips  
10 purporting to show funds deposited into his law firm account. During the March 9, 2022 meeting,  
11 the Receiver made clear that unredacted IOLTA statements were needed yet, the Grigsby Law  
12 Group IOLTA statements and the associated deposit slips bear significant redactions, making  
13 verification of the same impossible.

14 Identification of the accounts in question is critical as the statements and deposit slips  
15 suggest multiple accounts were involved in the transfer of funds. For example, Exhibit F to Paula  
16 Beasley’s Aston Martin Declaration contains a Grigsby law Group IOLTA statement for March 1  
17 through March 31, 2022. Similarly, Exhibit L contains the April statement for the Grigsby IOLTA  
18 account. Each statement demonstrates electronic transfers to and from a checking account ending  
19 in 4864.

20 Unfortunately, there has been no identification of the holder of the account ending in 4864.  
21 However, the records suggest that it is an additional account used to shift the funds at issue in this  
22 case. Looking beyond the unwarranted redactions, the records demonstrate further activity  
23 necessitating investigation. Notably, on October 7, 2022, \$30,000.00 appears to have been  
24 deposited into the IOLTA account of Abira Grigsby. Not only have Beasley and Grigsby failed to  
25 produce information regarding the source of the \$30,000, but also why it was deposited on behalf

26 ///

27 ///

28 ///

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1 of Mrs. Beasley in an account that, upon information and belief, is associated with Mr. Grigsby’s  
 2 wife, remains a mystery.<sup>45</sup>

3 Withholding critical identifying information by way of redaction, coupled with the lack of  
 4 a full accounting, solidify the Receiver’s position that there remain significant questions regarding  
 5 the path of funds in this case.

6 **D. Grigsby Attorneys’ Fees are Not Supported.**

7 Another point of concern centers on a stipulation entered during the Grigsby Divorce  
 8 indicating that Mr. Beasley would be responsible for the payment of \$110,000.00 of Mrs.  
 9 Beasley’s legal fees. At the hearing on the Motion to Compel, the Court noted:

10 “Doesn’t the divorce decree say that Mr. Beasley is going to pay those – that  
 11 American Express Bill for \$110,000? And isn’t Mr. Beasley’s source of funds  
 12 the alleged Ponzi scheme, Mr. Grigsby? You need to be very careful about what  
 13 you’re saying today, sir, because you have duties to this Court. And I have  
 looked just a little too carefully at all of this, so you’re not going to – you’re not  
 going to fool me with the facts.”

14 ECF No. 416 at p. 28:3-10.

15 For this reason, the Court ordered an accounting of all attorney’s fees paid and the turnover  
 16 of any fees payments made through the American Express card as referenced in the family court  
 17 March 28, 2022, Stipulation. However, Mr. Grigsby failed to produce any evidence of payments  
 18 or their source. Indeed, the only information provided pertaining to Mr. Grigsby’s services is a  
 19 retainer agreement and an invoice of charges, all of which have been discounted to \$0.00.<sup>46</sup>  
 20 Unfortunately, neither of these documents shed any light on payments made to Mr. Grigsby but  
 21 instead raise additional concerns for the Receiver.

22 In regard to the Retainer Agreement, it provides that Mr. Grigsby will represent  
 23 Mrs. Beasley in “[a]ll civil and criminal matters involving Paula Beasley arising out of the  
 24 marriage [*sic*] to Matthew Beasley or D-22-64478-Z [*sic*].” In consideration of the wide range of  
 25

26 \_\_\_\_\_  
 27 <sup>45</sup> There is no identification of Abira Grigsby, what role she plays in this matter, or her relation to the  
 Grigsby Law Group. According to the Nevada State Bar, Abira Grigsby (NV Bar No. 10308) is an attorney  
 at the Grigsby Law Group.

28 <sup>46</sup> Exh. 13, APPN 0581, Retainer Agreement; Exh. 14, APPN 0589, Grigsby Law Group Invoice.

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1 services purportedly provided, Mrs. Beasley allegedly agreed to pay Mr. Grigsby *exactly*  
2 **\$138,281.57**. Mr. Grigsby offers no explanation for the precision in this markedly *non*-round fee  
3 amount which, although not improper in and of itself, raises serious questions regarding the nature  
4 and timing of this supposed agreement between Grigsby and Beasley.

5 First, the Retainer Agreement further establishes that Mr. Grigsby was to be compensated  
6 at \$500.00 per hour and paralegals working on the matter would be billed at \$125.00 per hour. It  
7 is thus unclear what combination of services Mr. Grigsby could ever have provided that would  
8 result in a total fee ending in \$0.57.

9 Second, comparing the retainer agreement to Mr. Grigsby's first attempt to demonstrate  
10 the payment of attorneys' fees (shown in Figure 1 above), it appears this amount is simply a plug  
11 representing the charges made to Mr. Beasley's American Express *plus* one-half of the proceeds  
12 from the Ferrari. Third, the timing of these purported charges raises even more questions. As  
13 noted above, the divorce stipulation purporting to establish that Mr. Beasley would be responsible  
14 for \$110,000 worth of Mrs. Beasley's legal fees was dated March 28, 2022. Despite this, the self-  
15 created table shown in Figure 1 shows that Mr. Grigsby had already received \$110,500.00 in credit  
16 card payments by March 23, 2022—5 days before the Stipulation and Order.<sup>47</sup> In other words, if  
17 the dates identified by Grigsby are correct, he did not wait to receive court approval from the  
18 divorce court before taking his share of the pie.<sup>48</sup> What is more, the retainer agreement is dated  
19 March 24, 2022, yet the funds from the sale of the Ferrari were not deposited until March 28, 2022  
20 and divided amongst Mr. Grigsby and Mr. Ogata on April 5, 2022. Taken together, these  
21 circumstances raise – but do not answer – the question of how, when, and why Mr. Grigsby came  
22 up with his retainer amount.

23 Another concerning aspect of the Retainer Agreement is the fact that it happens to be dated  
24 March 24, 2022 and sets a term of exactly one year. Interestingly, it was exactly one year after the  
25

26 <sup>47</sup> Still, there has been no evidence of these payments produced.

27 <sup>48</sup> This sentiment mirrors the Court's finding questioning "[s]o if she doesn't want something, then you'll  
28 give it to the receiver?...if she wants it and she could afford it and it was given to her in the divorce decree,  
then she can keep it. If she doesn't want it and can't afford it and Mr. Beasley doesn't want the property  
either, then she can give it to the receiver?" ECF No. 416 at p. 15:15-16:9.

1 date on the Retainer Agreement that Mr. Grigsby made his supplemental production to the  
2 Receiver. Thus, under the terms of the Retainer Agreement, by the time this matter comes before  
3 the Court, Mr. Grigsby appears poised to assert that he no longer represents Mrs. Beasley. While  
4 it is certainly possible that these dates happen to align, the number of coincidences Mr. Grigsby  
5 and Mrs. Beasley have to account for has grown unwieldy.

6 Finally, and perhaps most importantly, during the March 9 conferral, Receiver's counsel  
7 requested from Mr. Grigsby copies of any itemized invoices from Grigsby Law Group with hourly  
8 billing entries evidencing any actual legal work Grigsby claims to have performed before and  
9 following the asset freeze. Mr. Grigsby stated during the conferral that he believed his retainer  
10 was earned in its entirety upon receipt. Counsel for the Receiver indicated then that this argument  
11 has been rejected by the Court, *see, e.g.*, ECF Nos. 235, 318, and 368; that the money belonged to  
12 the Receivership Estate; and that if Mr. Grigsby believed the Receiver should allow him to retain  
13 the funds, he needed to demonstrate what valuable services he believed he rendered for  
14 consideration. Mr. Grigsby failed to do so. Based on the information that *has* been disclosed, it  
15 does not appear Mr. Grigsby provided much if any actual legal advice to Mrs. Beasley, instead  
16 providing bill paying and related services. In any event, whatever services Mr. Grigsby provided,  
17 the information provided to date demonstrates only that his and Mrs. Beasley's undisclosed  
18 retention of the assets was in violation of the asset freeze and Appointment Orders, and neither  
19 party has explained why they were entitled to the funds.

20 In sum, the documents produced by Mr. Grigsby paint only part of the picture, and the part  
21 they paint is alarming. What is evident at this stage is that the decisions and actions of Mrs.  
22 Beasley and Mr. Grigsby have significantly damaged the Receivership Estate and thus reduced the  
23 amount of funds and assets available to rectify the wrongs committed.

### 24 **III. LEGAL ARGUMENT**

#### 25 **A. Court Action is Needed.**

26 “Courts have inherent power to enforce compliance with their lawful orders through civil  
27 contempt.” *Shillitani v. United States*, 384 U.S. 364, 370 (1966). Indeed, Courts “are universally  
28 acknowledged to be vested, by their very creation, with power to impose silence, respect, and

1 decorum, in their presence, and submission to their lawful mandates.” *Chambers v. NASCO, Inc.*,  
2 501 U.S. 32, 43, 111 S. Ct. 2123, 2132 (1991) (quoting *Anderson v. Dunn*, 19 U.S. 204, 5 L. Ed.  
3 242 (1821)) (emphasis added). “These powers are ‘governed not by rule or statute but by the  
4 control necessarily vested in courts to manage their own affairs so as to achieve the orderly and  
5 expeditious disposition of cases.’” *Id.* (quoting *Link v. Wabash R. Co.*, 370 U.S. 626, 630-631, 8  
6 L. Ed. 2d 734, 82 S. Ct. 1386 (1962)). The most prominent power is the contempt sanction, “which  
7 a judge must have and exercise in protecting the due and orderly administration of justice and in  
8 maintaining the authority and dignity of the court.” *Roadway Express, Inc. v. Piper*, 447 U.S. 752,  
9 764, 100 S. Ct. 2455 (1980). In exercising their inherent authority to enforce compliance, courts  
10 routinely find contempt in instances where a party fails to comply with turnover orders. *See e.g.*  
11 *Armstrong v. Guccione*, 470 F.3d 89, 100-02 (2d Cir. 2006) (incarcerating a corporate officer  
12 found to be in contempt of a court’s turnover order for failing and/or refusing to turnover corporate  
13 records and assets); *see also Commodity Futures Trading Comm’n ex rel. Kelley v. Skorupskas*,  
14 605 F. Supp. 923, 945, fn 23 (E.D. Mich. 1985) (In an action arising from a Ponzi scheme, the  
15 defendant was found to be in contempt of the court’s order and the receivership order because the  
16 defendant established a new operation in the basement of her parents’ home in which she  
17 developed clubs designed to circumvent the court’s order. Additionally, the Receiver permitted  
18 the defendant to retain a Mercedes Benz for her own personal use. However, immediately  
19 thereafter, the defendant used the Mercedes as collateral for a loan, in violation of the court order);  
20 *see also SEC v. Res. Dev. Int’l*, 291 F. App’x 660, 661 (5th Cir. 2008) (In an action by the SEC  
21 arising out of an illegal Ponzi scheme, a non-party was found in contempt of the court’s order to  
22 turn over assets to the receivership by refusing to either turn over the assets or to provide an  
23 accounting of the same).

24 More specifically, contempt has been found in instances akin to this matter, in which a  
25 related party and their counsel worked in concert to violate a freeze order and divert funds derived  
26 from the disposition of receivership property to the defendant. *See SEC v. AmeriFirst Funding,*  
27 *Inc.*, Civil Action No. 3:07-CV-1188-D, 2008 U.S. Dist. LEXIS 7510, at \*5-6 (N.D. Tex. Feb. 1,  
28 2008). In *AmeriFirst Funding*, as here, the defendants were accused of operating an investment

1 fraud, in violation of the Securities act of 1933. *Id.* Through the proceedings, as here, an asset  
2 freeze was implemented and the court entered a receivership order requiring, among other things,  
3 the turnover of receivership assets. *Id.* Following entry of the receivership order, the receiver  
4 filed a motion for an order to show cause, seeking to establish defendants and their counsel should  
5 be held in civil contempt for violating the court’s receivership order and asset freeze through the  
6 sale of a Picasso painting, among other misconduct. *Id.* Ultimately, the court held “although  
7 [counsel] is not a defendant, the Freeze Order covers those ‘in active concert or participating [with  
8 defendants], who receive actual notice of this order by personal service or otherwise.” *Id.* at 34.  
9 The court ultimately concluded that the defendants’ counsel was in active participation in the  
10 disposition of receivership assets and ultimately found him in contempt. *Id.*

11 To hold a party in civil contempt, “the moving party has the burden of showing by clear  
12 and convincing evidence that the [nonmoving party] violated a specific and definite order of the  
13 court.” *FTC v. Affordable Media, LLC*, 179 F.3d 1228, 1239 (9th Cir. 1999) (quoting *Stone v. City  
14 and County of San Francisco*, 968 F.2d 850, 856 n. 9 (9th Cir. 1992)); *see also In re Dual-Deck  
15 Video Cassette Recorder Antitrust Litig.*, 10 F.3d 693, 695 (9th Cir. 1993) (“Civil  
16 contempt...consists of a party’s disobedience to a specific and definite court order by failure to  
17 take all reasonable steps within the party’s power to comply.”). In this context, “[c]lear and  
18 convincing evidence means evidence sufficient to support a finding of ‘high probability’”. *Waits  
19 v. Frito-Lay, Inc.*, 978 F.2d 1093, 1105 (9th Cir. 1992), *abrogated by Lexmark Int’l, Inc. v. Static  
20 Control Components, Inc.*, 572 U.S. 118, 134 S. Ct. 1377 (2014). Upon a demonstration that a  
21 specific and definite order was violated, “[t]he burden then shifts to the contemnors ....”  
22 *Affordable Media*, 179 F.3d at 1239.<sup>49</sup>

23 Here, the Court has already found the totality of the circumstances warrant an order to show  
24 cause but chose to afford Mr. Grigsby another opportunity to “come clean totally with the SEC  
25 and reverse the course of action so that you and Mrs. Beasley avoid potential sanctions.” ECF  
26

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27 <sup>49</sup> The Ninth Circuit has found contempt sanctions are not warranted when a party’s action (or inaction)  
28 “appears to be based on a good faith and reasonable interpretation” of the Court’s order. *Vertex Distrib.,  
Inc. v. Falcon Foam Plastics, Inc.*, 689 F.2d 885, 889 (9th Cir. 1982).

1 No. 416 at p. 42:3-6. Despite this second opportunity – and a third opportunity afforded by the  
2 Receiver, Mr. Grigsby and Mrs. Beasley have not fully complied with the Court’s Order.

3 Although little has been learned conclusively through Mr. Grigsby and Mrs. Beasley’s  
4 production of documents, one thing is clear: Mrs. Beasley has wasted a substantial amount of  
5 Receivership assets. Perhaps Mrs. Beasley doesn’t comprehend the gravity of the situation, but  
6 from day one she has been aided by counsel, Mr. Grigsby, who is undeniably aware of the  
7 ramifications of his and Mrs. Beasley’s actions.

8 “If she’s so flighty that she can’t pay a gas bill, then you have a fiduciary duty  
9 and a duty as an attorney to make sure that she’s not violating the law.” ECF  
10 No. 416 at p. 28:20-22.

11 Mr. Grigsby has not shown that he complied with his duties but instead has shown he played a  
12 concerningly involved role in the actions giving rise to this dispute, which thus appear to implicate  
13 the Rules of Professional Conduct.<sup>50</sup>

14 The Court has already found that Mr. Grigsby was undeniably aware of the TRO and Asset  
15 Freeze in this case and that he knowingly violated those orders through his actions. Moreover, the  
16 court noted as a licensed attorney, Mr. Grigsby has a duty to ensure his client—Mrs. Beasley—is  
17 not violating the law. Despite this, Mr. Grigsby not only permitted Mrs. Beasley to violate the  
18 orders of this Court but aided her in doing so. In fact, the record before the Court demonstrates  
19 that Mr. Grigsby and Mrs. Beasley not only violated court orders but made numerous material  
20 misrepresentations to the SEC, the Receiver, the Court, and third parties to further and/or conceal  
21 the violations.

22 Given the undeniable fact that the receivership estate has been, and continues to be,  
23 diminished through the actions of Mrs. Beasley and Mr. Grigsby, the Receiver requests, in addition  
24 to an order a show cause hearing, this Court order the turnover of the following:

25 ///

26 <sup>50</sup> See *e.g.* Federal Rules of Professional Conduct 8.4 (Misconduct). At a minimum, Mr. Grigsby’s conduct  
27 appears to implicate the terms of FRPC 8.4(c)-(d) (“It is professional misconduct for a lawyer  
28 to:...(c) engage in conduct involving dishonesty, fraud, deceit or misrepresentation; (d) engage in conduct  
that is prejudicial to the administration of justice.”). Additionally, Rules 3.3 (Candor Toward the Tribunal)  
and 4.1 (Truthfulness in Statements to Others) appear to have been breached by Mr. Grigsby.

- 1 (1) The 2020 Mercedes G63 G-Wagon (VIN W1NYC7HJXLX350420) or  
2 the equivalent value of the G-Wagon at the time of entry of the  
Appointment Order (and its associated turnover provisions);
- 3 (2) All attorneys’ fees paid to the Grigsby Law Group including, but not  
4 limited to, any amounts received through any charge to a credit card in  
5 the name of Matthew Beasley and any amounts received from the sale of  
6 any receivership property including, but not limited to, the sale of the  
2016 Ferrari 488 GTB, the 2020 Aston Martin Vantage, or the 2020  
Mercedes G63 G-Wagon;
- 7 (3) the Schoofey Residence occupied by Mrs. Beasley;
- 8 (4) the Range Rover currently in Mrs. Beasley’s possession; and
- 9 (5) any Receivership Property contained in the storage unit Mrs. Beasley has  
10 maintained with Receivership funds and an inventory of the unit  
11 demonstrating compliance or, alternatively, turnover of the entire unit.

12 Turnover of the foregoing receivership assets will repair at least some of the damage done  
13 to the estate by Mrs. Beasley and Mr. Grigsby’s actions. To more fully compensate the Estates for  
14 actual damages, the Receiver also asks for an order awarding attorneys’ fees and costs incurred by  
15 the Receiver in his effort to obtain Mrs. Beasley and Mr. Grigsby’s compliance with this Court  
16 orders.

17 **B. Turnover is Warranted.**

18 The primary purpose of a receiver is to “promote orderly and efficient administration of  
19 the estate by the district court for the benefit of the creditors.” *SEC v. Hardy*, 803 F.2d 1034, 1038  
20 (9th Cir. 1986). In so doing, receivers are tasked with preserving the status quo while arranging a  
21 defendant’s complicated business records. *SEC v. Path Am., LLC*, No. C15-1350JLR, 2016 U.S.  
22 Dist. LEXIS 53075, at \*18-21 (W.D. Wash. Apr. 20, 2016). “A receiver is particularly necessary  
23 in instances where defendants have allegedly defrauded members of the investing public to avoid  
24 the continued diversion or dissipation of corporate assets.” *Id.* (citing *SEC v. First Fin. Grp. of Tex.*,  
25 645 F.2d 429, 438 & n.14 (5th Cir. 1981)). Pursuant to the terms of the Appointment Order<sup>51</sup>, the  
26 Receiver is to marshal and preserve all assets of the Defendants and the Relief defendants that:

27 \_\_\_\_\_  
28 <sup>51</sup> On June 3, 2022, this Court issued an order appointing the Receiver for the purpose of marshalling and  
preserving the Receivership Estate (ECF No. 88) (the “Appointment Order”).

1 (a) are attributable to funds derived from investors or clients of the Defendants; (b) are held in  
 2 constructive trust for the Defendants; (c) were fraudulently transferred by the Defendants; and/or  
 3 (d) may otherwise be includable as assets of the estates of the Defendants. ECF No. 88 at p. 2.

4 Here, the language in the Appointment order clearly extends to Mr. Grigsby and Mrs.  
 5 Beasley as it provides: “[*all persons and entities having control, custody or possession of any*  
 6 *Receivership Property* are hereby directed to turn such property over to the Receiver” and [t]he  
 7 Receiver is authorized to take immediate control of all personal property of the Receivership  
 8 Defendants[.]” ECF No. 88 at ¶¶ 15-22 (emphasis added). Further supporting the Receiver’s  
 9 position is the fact that the Appointment Order expressly defines “Receivership Property” as:

10 “all property interests of the Receivership Defendants, including, but not limited to,  
 11 monies, funds, securities, credits, effects, goods, chattels, lands, premises, leases,  
 12 claims, rights and other assets, together with all rents, profits, dividends, interest or  
 13 other income attributable thereto, of whatever kind, the Receivership Defendants  
 14 own, possess, have a beneficial interest in, or control directly or indirectly.”  
 ECF No. 88 at ¶ 7(A).

15 The proceeds from the sale of the vehicles referenced herein, the funds flowing from  
 16 Mrs. Beasley to the Grigsby IOLTA, as well as the Shoofey Residence in which Mrs. Beasley  
 17 currently resides and the Range Rover Mrs. Beasley possesses all fall within the definition of  
 18 Receivership Property. While the Receiver attempted to work with Mrs. Beasley to facilitate the  
 19 orderly turnover of Receivership Assets, Mrs. Beasley – through Mr. Grigsby – is no longer  
 20 cooperating, and the documents produced to date show a pattern of disregard for this Court’s  
 21 Orders, and waste. Given the circumstances, immediate turnover is thus warranted.

22 **C. An Order Providing the Receiver His Fees and Costs is Warranted.**

23 At the outset, the Receiver attempted to coordinate and resolve this dispute without judicial  
 24 intervention. However, after being stonewalled, the Receiver has been forced to expend significant  
 25 resources to obtain Mrs. Beasley and Mr. Grigsby’s compliance with clear court orders. Moreover,  
 26 as a result of Mr. Grigsby’s failure to comply with the Court’s order to produce an actual  
 27 accounting, the Receiver was forced to expend additional fees and costs in reviewing and  
 28 evaluating the documents produced. Stepping back, it is plain to see that at every step, Mr. Grigsby  
 and Mrs. Beasley have frustrated the purpose of the Receivership and have diminished the value



1 of the same. That being the case, an award of the Receiver’s attorneys’ fees and costs incurred to  
2 date is warranted.<sup>52</sup>

3 **IV. CONCLUSION**

4 For the foregoing reasons, the Receiver respectfully requests the Court enter an order to  
5 show cause why Mr. Grigsby and Mrs. Beasley should not be held in contempt. Additionally, the  
6 Receiver respectfully requests this Court order the turnover of the G-Wagon or its equivalent value  
7 at the time of the Receivership Appointment Order, any and all funds received by Mr. Grigsby  
8 from either Matthew or Paula Beasley in connection with his representation of Mrs. Beasley, the  
9 turnover of the Schoofey Residence, and the turnover the Range Rover in Mrs. Beasley’s  
10 possession. Additionally, the Receiver should be awarded costs and fees incurred to date in the  
11 Paula Beasley asset recovery efforts and the subsequent motion practice related to the same.

12 DATED this 13th day of April, 2023.

13 **GREENBERG TRAUERIG, LLP**

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27 *Attorneys for Receiver Geoff Winkler*

28 <sup>52</sup> Should the Court grant the Receiver’s request, the Receiver requests an opportunity to supplementally submit a memorandum demonstrating the fees and costs actually incurred.

**CERTIFICATE OF SERVICE**

I hereby certify that, on the **13th day of April, 2023**, a true and correct copy of the foregoing was filed electronically via the Court’s CM/ECF system. Notice of filing will be served on all parties by operation of the Court’s CM/ECF system, and parties may access this filing through the Court’s CM./ECF system and by serving via email by United States first class mail, postage pre-paid on the parties listed below:

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**INDEX OF EXHIBITS**

<b>EX NO</b>	<b>DESCRIPTION</b>
<b>EX 1</b>	Declaration of Kara B. Hendricks in Support of Motion for Order to Show Cause Why Paula Beasley and Aaron Grigsby Should Not be Held in Contempt for Failure to Comply with the Court's Orders and Alternative Motion for Turnover
<b>EX 2</b>	January 20, 2023 Email communication from Aaron Grigsby to Kara B. Hendricks Re: Beasley Disclosures, and Paula Beasley documents
<b>EX 3</b>	March 2, 2023 Letter from Kara B. Hendricks to Aaron Grigsby regarding the January 20, 2023 production of Paula Beasley documents
<b>EX 4</b>	March 9, 2023 Email communication thread between Kara B. Hendricks and Aaron Grigsby Re: SEC v. Matthew Beasley
<b>EX 5</b>	March 24, 2023 Email communication from Aaron Grigsby to Kara B. Hendricks Re: Supplemental disclosures, and supplemental Paula Beasley documents
<b>EX 6</b>	Declaration of Paula Beasley Re: Mercedes
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<b>EX 9</b>	HOA Payments
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<b>EX 12</b>	GEICO Policy Screenshot
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