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**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEVADA**

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

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

Defendants; and

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

Relief Defendants.

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

**REPLY IN SUPPORT OF MOTION
TO EXTEND DISCOVERY
SCHEDULE**

1 Plaintiff Securities and Exchange Commission (the “SEC”) submits the following reply
2 in support of its Motion to Extend Discovery Schedule (First Request) (Dkt. No. 539, herein
3 “Motion” or “Mot.”), and to address arguments raised in Defendant Richard Madsen’s Response
4 to the Motion (Dkt. No. 548, herein “Opposition” or “Opp.”).

5 Madsen’s Opposition—the only opposition to the SEC’s proposed extension from among
6 the thirty-one Defendants and Relief Defendants¹—misconstrues the basis of the SEC’s Motion
7 and the current state of the Receiver’s work, and fails to provide any rationale to deny the SEC’s
8 proposed extension.

9 **First**, the SEC does not contend, as Madsen claims, that it is “entitled to delay this case
10 until the non-party Receiver can prepare a forensic accounting.” (See Dkt. No. 548, Opp. at 1.)
11 To the contrary: absent the requested extension, the SEC fully intends to immediately complete
12 extensive discovery of Madsen and each of the other Defendants and Relief Defendants,
13 duplicate the Receiver’s work and complete its own forensic accounting, and move forward
14 toward summary judgment and trial. The basis of the SEC’s requested extension is not that it
15 intends to co-opt the Receiver’s forensic accounting or the Receiver’s discovery efforts for
16 purposes of litigation and trial; rather, it is that such duplicative work may be avoided if the
17 parties have the benefit of the Receiver’s efforts when negotiating out-of-court resolutions.

18 **Second**, the SEC is not, as Madsen claims, relying on the Receiver’s forensic accounting
19 to “determine[] the potential liability of Defendants.” (Dkt. No. 548, Opp. at 4.) The SEC, in
20 connection with both its initial motion for a temporary restraining order and preliminary
21 injunction and its motion for an amended preliminary injunction, completed a forensic analysis
22

23 ¹ While Madsen claims that the SEC’s proposal was met with “numerous objections” when
24 presented to Defendants and Relief Defendants (see Dkt. No. 548, at 2 n.1.), he fails to mention
25 that only two other Defendants objected to the proposal: Cameron Rohner and Seth Johnson.
26 Following additional discussions between the SEC and counsel for Rohner and Johnson, those
27 defendants withdrew their objections and determined not to oppose the SEC’s Motion. Thus,
28 Madsen is the sole remaining objector.

1 of the primary bank accounts used in Defendants’ fraudulent scheme and determined a minimum
2 amount of investor funds that flowed to each of the Defendants and Relief Defendants. (*See*,
3 *e.g.*, Dkt. No. 2-8, Declaration of Amir Salimi; Dkt. No. 24, Supplemental Declaration of Amir
4 Salimi; Dkt. No. 119–4, Declaration of Amir Salimi.) Since that time, the Receiver’s forensic
5 accounting has attributed additional investor funds to certain Defendants and Relief Defendants.
6 No Defendant or Relief Defendant, including Richard Madsen, has proposed to resolve the case
7 by repaying those entire amounts as disgorgement (plus prejudgment interest and a civil penalty).
8 Instead, Defendants have maintained that some, or even the majority, of the investor funds they
9 received were transmitted to other Defendants or Relief Defendants or sent out in payments of
10 “returns” to (numerous) investors, such that they should not be required to disgorge the total
11 amounts the SEC and the Receiver have calculated. If this case proceeds to trial, as Madsen
12 recognizes, it will be Defendants’ and Relief Defendants’ burden—not the SEC’s—to prove their
13 contentions regarding their use of investor funds, or otherwise show that the SEC’s calculations
14 are not reasonable approximations of their ill-gotten gains. (*See* Dkt. No. 548, Opp. at 4–5.)
15 Again, this will require extensive discovery and potentially expert work on behalf of all parties,
16 that may well be avoided (or at least truncated) if some parties can resolve the case based on the
17 parties’ review of all or parts of the Receiver’s forensic accounting.

18 ***Third***, Madsen’s various and spurious speculations regarding the SEC’s motives in
19 seeking the extension are not well-taken. To be clear, the SEC is not “improperly rid[ing] the
20 coattails of the criminal case [against Matthew Beasley],” is not attempting to “delay” the
21 litigation whatsoever, and is not attempting to prevent Defendants from questioning the
22 Receiver’s accounting conclusions. Instead, as set forth in the SEC’s Motion, the sole goal of
23 the proposed extension is to streamline this litigation and allow parties an opportunity to resolve
24 the case without expending significant time and resources in fact and expert discovery. The SEC
25 has not delayed this action, but instead has already provided its entire non-privileged
26 investigative file to all Defendants (over 250,000 pages, including the voluminous bank records
27 supporting its extant calculations of Defendants’ ill-gotten gains), and expects to produce the
28 remainder of its responsive, non-privileged documents (solely comprising communications

1 between SEC staff and third-parties) shortly. And, as set forth above, the SEC intends to
2 complete—and rely upon—its own forensic accounting for purposes of litigation and trial, and
3 has never suggested that it will be unable to settle or otherwise resolve the action if Defendants'
4 accountings differ from what the Receiver provides. Madsen's unsupported attempts to
5 speculate about the SEC's motives are no basis to deny the Motion.

6 ***Fourth and finally***, Madsen's contentions about the Receiver's work and motives are
7 equally baseless. Contrary to Madsen's claims, there is an important and necessary purpose for
8 the Receiver's accounting: it is paramount for the Receiver's own work in identifying investor
9 claimants and determining the scope and merit of their claims for reimbursement. As set forth in
10 the attached Declaration of Geoff Winkler (*see Exhibit 1*), the Receiver has been diligently
11 working on the forensic accounting, but the vast scope of Defendants' fraudulent scheme and the
12 lack of verifiable records from Defendants regarding the number and identity of the numerous
13 investors has made this a complicated process. Madsen's baseless speculation about the
14 Receiver's motives and misstatements about the Receiver's ongoing and diligent accounting
15 efforts cannot not provide a rationale to deny the SEC's Motion.

16 The SEC understands that it is in the interest of both the parties and the numerous
17 investors in Defendants' fraudulent scheme to efficiently move this action towards a resolution.
18 But it is not in anyone's interest for the SEC, Defendants, and/or Defendants' counsel to expend
19 money and resources in discovery that are better spent working to compensate the investor
20 victims of this fraudulent scheme. As such, the SEC respectfully requests that the Court grant
21 the proposed seven-month extension, which should streamline this action and allow opportunities
22 for settlement without the need for extensive, and expensive, additional discovery and expert
23 work.

24 Respectfully submitted,

25 Dated: July 17, 2023

26 /s/ Casey R. Fronk
27 Casey R. Fronk
28 Michael E. Welsh
Attorneys for Plaintiff
Securities and Exchange Commission

CERTIFICATE OF SERVICE

1 I hereby certify that on the 17th day of July, 2023, I caused the **REPLY IN SUPPORT**
2 **OF MOTION TO EXTEND DISCOVERY SCHEDULE** to be served to all parties entitled to
3 service through the Court's ECF system and to the following individuals by the means indicated
4 below:

5
6 *By U.S. Mail, first class, postage prepaid, to:*

7 Matthew Wade Beasley and
8 Beasley Law Group PC and
9 PAJ Consulting, Inc. (as Registered Agent)
10 Nevada Southern Detention Center
2190 East Mesquite Avenue
Pahrump, NV 89060

11 Jason M. Jongeward and
12 JL2 Investments, LLC
13 [REDACTED]
Washington, UT [REDACTED]

14 Warren Rosegreen and
15 Triple Threat Basketball, LLC
16 [REDACTED]
Henderson, NV [REDACTED]

17 Jeffrey Judd
18 The Judd Irrevocable Trust
19 [REDACTED]
Henderson, NV [REDACTED]

20 Jason A. Jenne
21 [REDACTED]
22 Las Vegas, NV [REDACTED]

23 Larry Jeffery
24 [REDACTED]
Laguna Beach, CA [REDACTED]

25 *By email to the following:*

26 Anthony Michael Alberto, Jr. and Monty Crew, LLC
27 [REDACTED]

1 Dyke Huish
2 Huish Law Firm
3 huishlaw@mac.com
4 *Counsel for Roland Tanner*

5 /s/ Casey R. Fronk
6 Casey R. Fronk

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Exhibit 1

UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

MATTHEW WADE BEASLEY *et al.*

Defendants;

THE JUDD IRREVOCABLE TRUST *et al.*

Relief Defendants.

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

**DECLARATION OF GEOFF WINKLER
IN SUPPORT OF SEC’S REPLY IN
SUPPORT OF MOTION TO EXTEND
DISCOVERY SCHEDULE**

I, GEOFF WINKLER, hereby declare as follows:

1. I am a founding member and CEO of American Fiduciary Services, LLC and was appointed by this Court as the Receiver in the above referenced matter via an Order entered on June 3, 2022 and thereafter amended to add additional defendants (ECF Nos. 88 and 207) (collectively the “Appointment Order”).

2. I make this declaration in support of the Securities & Exchange Commission’s (“SEC’s”) Reply in Support of its Motion to Extend Discovery Schedule (the “Reply”).

3. The Response to the SEC’s Motion to Extend Discovery filed by Defendant Richard Madsen (ECF No. 548) contains misstatements regarding the Receiver and my team’s efforts to complete a forensic accounting which I would like to address to clarify the record.

4. As Receiver, I have been authorized, empowered, and directed by the Appointment Order to, among other things: (1) take exclusive authority and control over the Receivership Entities; (2) conduct such investigation and discovery as necessary to identify and locate outstanding assets of the Receivership Entities; and (3) preserve and prevent the dissipation of such assets. A forensic accounting is a necessary part of my investigation and will be needed to effectuate an accurate and smooth claims process.

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1 5. The purpose of and status of the forensic accounting my team is working on has been
2 included as a part of each status report filed with this Court and is being completed for multiple
3 reasons including, but not limited to: identifying investors; identifying funds sent from various
4 defendants to other defendants, investors and third parties; locating potential new assets; establishing
5 damages for potential litigation against attorneys, accountants, financial institutions and other; and
6 will be utilized not only in the claims process in this case, but also to identify other sources of
7 recovery that the Receiver can pursue for the benefit of investors and creditors.

8 6. The records relating to the alleged Ponzi-scheme were not located in one place. In
9 fact, the limited documents that do exist are in the possession of the US Attorney's office and have
10 not yet been made available to me. Additionally, there was not a single investor list or single
11 accounting record of funds relating to the same. As such, my team was required to obtain documents
12 from multiple sources before our review and forensic accounting could meaningfully start.

13 7. At this juncture, I have received over 236 bank and brokage accounts covering over
14 five years. My team's review includes analyzing digitized bank transactions, bank statements, check
15 images, and wire details, amongst other bank documentations. My team has digitized statements for
16 twenty four (24) accounts and has audited 21,386 transactions. Additionally, we have reviewed
17 15,469 transactions for authenticity. In addition to looking at bank and brokerage records, we
18 continue to review tax returns to identify other potential assets of the receivership estate.

19 8. The review of these records is a time-consuming process and my team is working
20 diligently to complete the same as soon as possible. Although, we cannot guaranty when the report
21 will be completed, our goal is to complete the initial investor forensic accounting by December 31,
22 2023, the entity level forensic accounting by March 31, 2024 and the forensic accounting report by
23 June 30, 2024. We continue to strive to finish this work prior to these estimates, however, we believe
24 this timeline is the best estimate based on available information including the complexity of this case
25 and the number of people, bank accounts and transactions involved.

26 9. I have never refused to discuss my work with any defendant or suggested that I have
27 no obligations to answer any questions. I have had multiple discussions with the defendants in this
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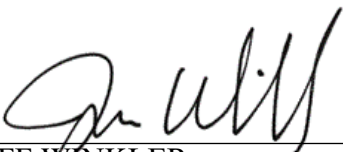
1 case and/or their counsel including multiple discussions with Mr. Madsen’s counsel as has my
2 retained counsel.

3 10. During discussions with Mr. Madsen’s counsel we explained the basis for my
4 turnover requests and attempted to worked with Mr. Madsen to facilitate the same.

5 11. The objections my team provided to Mr. Madsen’s subpoena speak for themselves
6 and were intended to narrow overly broad documents requests, avoid duplication of request made to
7 other parties, and to save receivership estate resources. After the objections were served,
8 Mr. Madsen has not had further discussion with my team regarding the same or appropriately raised
9 concerns with this Court.

10 I declare under penalty of perjury under the laws of the United States of America and the
11 State of Nevada that the foregoing is true and correct.

12 DATED this 17th day of July, 2023

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14 _____
15 GEOFF WINKLER
16 Declarant

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