

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

In re REFCO, INC. SECURITIES
LITIGATION

ELECTRONICALLY FILED

MASTER FILE NO
05 CIV. 8626 (GEL)

Hon. Gerald E. Lynch

JURY TRIAL DEMANDED

**GRANT THORNTON LLP'S ANSWER AND AFFIRMATIVE DEFENSES TO LEAD
PLAINTIFFS' FIRST AMENDED CONSOLIDATED CLASS ACTION COMPLAINT**

WINSTON & STRAWN LLP
200 Park Avenue
New York, New York 10166
(212) 294-6700

35 W. Wacker Drive
Chicago, Illinois 60601
(312) 558-5600

*Attorneys for Defendant
Grant Thornton LLP*

ANSWER

Defendant Grant Thornton LLP ("Grant Thornton"), by and through its attorneys, Winston & Strawn LLP, hereby alleges as its Answer and Affirmative Defenses to the First Amended Consolidated Class Action Complaint, dated May 5, 2006 ("Complaint"), and avers as follows:

I. NATURE OF THE ACTION¹

1. Grant Thornton denies the allegations set forth in paragraph 1 of the Complaint to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 1 as to Refco² or the other defendants in this action (collectively, "Defendants").³ Grant Thornton further denies the allegations set forth in paragraph 1 to the extent that they purport to characterize Refco's public statements, and respectfully refers the Court to the public statements referenced therein for the exact terms and contents thereof.

2. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 2 of the Complaint, except states, upon information and belief, that Refco provided brokerage and clearing services in the international, currency and futures markets.

¹ Grant Thornton utilizes the titles, headings, and subheadings as used in the Complaint solely for the Court's convenience and does not admit to any assertions or allegations as set forth in any such title, heading, or subheading.

² The term "Refco" as referred to herein includes Refco Inc., and its predecessors Refco Group Ltd., LLC ("Refco Group") and New Refco Group Ltd., LLC ("New Refco").

³ Notwithstanding the fact that certain Refco entities are not parties to this action due to their filing for bankruptcy protection under Chapter 11 of the Bankruptcy Code, where applicable (*i.e.*, where the allegations encompass Refco and/or any of its affiliates or subsidiaries), the term Defendants shall include Refco and/or its relevant subsidiaries and affiliates.

3. Grant Thornton denies the allegations set forth in paragraph 3 of the Complaint to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 3 as to the other Defendants.

4. Grant Thornton denies the allegations set forth in paragraph 4 of the Complaint to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 4 as to the other Defendants.

5. Grant Thornton denies the allegations set forth in paragraph 5 of the Complaint, except states, upon information and belief, that Refco engaged in a Leveraged Buyout⁴ with Thomas H. Lee Partners L.P. ("Thomas H. Lee Partners") and certain affiliates in August 2004, and in connection with the Leveraged Buyout⁵, issued and sold \$600 million worth of bonds. Grant Thornton respectfully refers the Court to the S-4 Registration Statement, filed with the Securities and Exchange Commissions ("SEC") on or about April 6, 2005 (hereinafter, "Bond Registration Statement") and the offering circular dated July 22, 2004 (hereinafter, "Offering Memorandum") for the details of that transaction.

6. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 6 of the Complaint, except states that Refco conducted an initial public offering in 2005 (hereinafter, "IPO"), and respectfully refers the Court to the S-1 Registration Statement, dated August 10, 2005 (hereinafter, "IPO Registration Statement") for the details of that transaction.

⁴ Unless otherwise indicated herein, for the convenience of the Court, all capitalized terms are defined as set forth in the Complaint.

⁵ Grant Thornton utilizes the titles, headings, and subheadings as used in the Complaint solely for the Court's convenience and does not admit to any assertions or allegations as set forth in any such title, heading, or subheading.

⁵ The term "Refco" as referred to herein includes Refco Inc., and its predecessors Refco Group Ltd., LLC and New Refco Group Ltd., LLC ("New Refco").

7. Grant Thornton denies the allegations set forth in paragraph 7 of the Complaint to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 7 as to the other Defendants, except states that Refco announced the discovery of a receivable owed to it by an entity controlled by Phillip Bennett ("Bennett") in a press release dated October 10, 2005 ("October 10 Press Release"). Refco determined on October 9, 2005 that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and contents thereof.

8. Grant Thornton denies the allegations set forth in paragraph 8 of the Complaint to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 8 as to the other Defendants, except states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and contents thereof.

9. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 9 of the Complaint, except states, upon

information and belief, that several civil, criminal and regulatory investigations relating to Refco are ongoing.

10. Grant Thornton denies the allegations set forth in paragraph 10 of the Complaint, except states that the allegations set forth therein purport to describe Plaintiffs' claims.

II. JURISDICTION AND VENUE

11. Grant Thornton neither admits nor denies the allegations set forth in paragraph 11 of the Complaint, which state a legal conclusion, as to which no response is required.

12. Grant Thornton neither admits nor denies the allegations set forth in paragraph 12 of the Complaint, which state a legal conclusion, as to which no response is required.

13. Grant Thornton neither admits nor denies the allegations set forth in paragraph 13 of the Complaint, which state a legal conclusion, as to which no response is required. Grant Thornton denies the remaining allegations set forth in paragraph 13.

14. Grant Thornton neither admits nor denies the allegations set forth in paragraph 14 of the Complaint, which state a legal conclusion, as to which no response is required. Grant Thornton further states that the allegations set forth in paragraph 14 are directed at another defendant and no response by Grant Thornton is required.

15. Grant Thornton denies the allegations set forth in paragraph 15 to the extent asserted against Grant Thornton and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 15 as to the other Defendants.

III. PARTIES AND RELEVANT NON-PARTIES

A. Plaintiffs

16. Grant Thornton denies the allegations set forth in paragraph 16 of the Complaint to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 16 as to the other

Defendants, except states, that, by order dated on or about February 8, 2006, the Court appointed RH Capital Associates LLC as Co-Lead Plaintiff in this action.

17. Grant Thornton denies the allegations set forth in paragraph 17 of the Complaint to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 17 as to the other Defendants, except states that, by order dated on or about February 8, 2006, the Court appointed Pacific Investment Management Company LLC as Co-Lead Plaintiff in this action.

18. Grant Thornton denies the allegations set forth in paragraph 18 of the Complaint to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 18 as to the other Defendants, except states that Pacific Investment Management Series-PIMCO High Yield Fund is not a lead plaintiff in this action.

19. The statements set forth in paragraph 19 of the Complaint are not allegations for which an admission or denial is required.

B. The Company

20. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 20 of the Complaint, except states that, upon information and belief, Refco Inc. filed for bankruptcy protection on or about October 17, 2005, was a Delaware limited liability company with offices located at One World Financial Center, 200 Liberty Street, Tower A, New York, New York, and issued stock in connection with the IPO. Grant Thornton respectfully refers the Court to the IPO Registration Statement for a description of Refco's business structure and ownership interests.

21. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 21 of the Complaint, except states that, upon

information and belief, Refco Group Ltd., LLC ("Refco Group") filed for bankruptcy protection on or about October 17, 2005, and was a Delaware limited liability company with offices located at One World Financial Center, 200 Liberty Street, Tower A, New York, New York. Grant Thornton respectfully refers the Court to the Bond Registration Statement for the exact terms and contents thereof and a description of Refco Group Ltd. LLC's business structure and ownership interests, and to the Form 10-K Annual Report, and Form 10-K/A Annual Report for the exact terms and contents thereof.

22. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 22 of the Complaint, except states that, upon information and belief, New Refco Group Ltd., LLC ("New Refco") was the parent of Refco Group Ltd. LLC and filed for bankruptcy protection on or about October 17, 2005. Grant Thornton respectfully refers the Court to the IPO Registration Statement and Bond Registration Statement for a description of New Refco's business structure and ownership interests.

23. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 23 of the Complaint, except states that, upon information and belief, Refco Finance Holdings LLC filed for bankruptcy protection on or about October 17, 2005. Grant Thornton respectfully refers the Court to the Bond Registration Statement for the exact terms and contents thereof and a description of Refco Finance Holdings LLC's business structure and ownership interests, and to the Form 10-K Annual Report, and Form 10-K/A Annual Report for the exact terms and contents thereof.

24. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 24 of the Complaint, except states that, upon information and belief, Refco Finance Inc. filed for bankruptcy protection on or about October

17, 2005. Grant Thornton respectfully refers the Court to the Bond Registration Statement for the exact terms and contents thereof and a description of Refco Finance Inc.'s business structure and ownership interests, and to the Form 10-K Annual Report, and Form 10-K/A Annual Report for the exact terms and contents thereof.

25. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 25 of the Complaint, except states that, upon information and belief, Refco Capital Markets Ltd. filed for bankruptcy protection on or about October 17, 2005. Grant Thornton respectfully refers the Court to the criminal complaint referenced in paragraph 25 for the exact contents thereof.

C. The Defendants

1. The Bennett Shell-Entity Defendants

26. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 26 of the Complaint.

27. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 27 of the Complaint.

28. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 28 of the Complaint.

2. The Refco-Affiliated Defendants

29. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 29 of the Complaint.

30. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 30 of the Complaint.

31. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 31 of the Complaint.

The Officer Defendants

32. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 32 of the Complaint, except states that, upon information and belief, Bennett became President and Chief Executive Officer of Refco Group in or about September 1998. Grant Thornton respectfully refers the Court to the Offering Memorandum, Bond Registration Statement, and IPO Registration Statement for the exact terms and contents thereof and a description of Bennett's history with Refco. Grant Thornton further respectfully refers the Court to the Form 10-K Annual Report and Form 10-K/A Annual Report referenced in paragraph 32 of the Complaint for the exact terms and contents thereof. To the extent the allegations set forth in paragraph 32 purport to characterize the indictment against Bennett, which was filed on or about November 10, 2005 ("Indictment"), Grant Thornton respectfully refers the Court thereto for the exact contents thereof.

33. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 33 of the Complaint, except states that, upon information and belief, Gerald M. Sherer ("Sherer") joined New Refco as Executive Vice President and CFO in or about January 2005. Grant Thornton respectfully refers the Court to the IPO Registration Statement for the exact terms and contents thereof and a description of Sherer's history with Refco. Grant Thornton further respectfully refers the Court to the Form 10-K Annual Report and Form 10-K/A Annual Report referenced in paragraph 33 for the exact terms and contents thereof.

34. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 34 of the Complaint, except states that, upon information and belief, William M. Sexton ("Sexton") joined Refco Group in or about April 1999 as Executive Vice President and Chief Operating Officer of Refco, LLC for a period of

time until he served as Executive Vice President and Chief Operating Officer of Refco Group in or about August 2004. Grant Thornton respectfully refers the Court to the Offering Memorandum, Bond Registration Statement, and IPO Registration Statement for the exact terms and contents thereof and a description of Sexton's history with Refco. Grant Thornton further respectfully refers the Court to the Form 10-K Annual Report and Form 10-K/A Annual Report referenced in paragraph 34 for the exact terms and contents thereof.

35. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 35 of the Complaint, except states that, upon information and belief, Santo C. Maggio ("Maggio") joined Refco in 1985 and was Executive Vice President of Refco Group and an officer of other Refco subsidiaries as well during his tenure at Refco. Grant Thornton respectfully refers the Court to the Offering Memorandum, Bond Registration Statement, and IPO Registration Statement for the exact terms and contents thereof and a description of Maggio's history with Refco. Grant Thornton further respectfully refers the Court to the Form 10-K Annual Report and Form 10-K/A Annual Report referenced in paragraph 35 for the exact terms and contents thereof.

36. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 36 of the Complaint, except states that, upon information and belief, Joseph J. Murphy ("Murphy") was Executive Vice President of Refco Group since 1999 and was also an officer of other Refco subsidiaries at certain points in time. Grant Thornton respectfully refers the Court to the Offering Memorandum, Bond Registration Statement, and IPO Registration Statement for the exact terms and contents thereof and a description of Murphy's history with Refco. Grant Thornton further respectfully refers the Court

to the Form 10-K Annual Report and Form 10-K/A Annual Report referenced in paragraph 36 for the exact terms and contents thereof.

37. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 37 of the Complaint, except states that, upon information and belief, Phillip Silverman ("Silverman") was an officer of Refco and several of its subsidiaries. Grant Thornton respectfully refers the Court to the Offering Memorandum, Bond Registration Statement, and IPO Registration Statement for the exact terms and contents thereof and a description of Silverman's history with Refco. Grant Thornton further respectfully refers to the Form 10-K Annual Report and Form 10-K/A Annual Report referenced in paragraph 37 for the exact terms and contents thereof.

38. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 38 of the Complaint, except states that, upon information and belief, Dennis A. Klejna ("Klejna") began serving as Executive Vice President and General Counsel of Refco Group in 1999. Grant Thornton respectfully refers the Court to the Offering Memorandum, Bond Registration Statement, IPO Registration Statement for the exact terms and contents thereof and a description of Klejna's history with Refco. Grant Thornton further respectfully refers the Court to the Form 10-K Annual Report and Form 10-K/A Annual Report referenced in paragraph 38 for the exact terms and contents thereof.

39. The statements set forth in paragraph 39 of the Complaint are not allegations for which an admission or denial is required.

3. Defendant Trosten

40. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 40 of the Complaint, except states that, upon information and belief, Robert C. Trosten ("Trosten") was Executive Vice President and CFO of

Refco Group from in or about 2001 until in or about October 2004. Grant Thornton respectfully refers the Court to the Offering Memorandum for the exact terms and contents thereof and a description of Trosten's history with Refco.

4. Defendant Grant

41. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 41 of the Complaint, except states that, upon information and belief, Tone N. Grant ("Grant") was the CEO of Refco Group prior to Bennett. Grant Thornton respectfully refers the Court to the Offering Memorandum and Bond Registration Statement for a description of Grant's history with Refco and the ownership interests thereof.

5. Audit Committee Defendants

42. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 42 of the Complaint, except states that, upon information and belief, Ronald L. O'Kelley ("O'Kelley"), at certain points in time, was a member of Refco's audit committee. Grant Thornton respectfully refers the Court to the IPO Registration Statement for the exact terms and contents thereof and a description of O'Kelley's employment history. Grant Thornton further respectfully refers the Court to the Offering Memorandum, Bond Registration Statement, Form 10-K, and Form 10-K/A referenced in paragraph 42 for the exact terms and contents thereof.

43. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 43 of the Complaint, except states that, upon information and belief, Leo R. Breitman ("Breitman"), at certain points in time, was a member of Refco's audit committee. Grant Thornton respectfully refers the Court to the IPO Registration Statement for the exact terms and contents thereof and a description of Breitman's employment

history. Grant Thornton further respectfully refers the Court to the Bond Registration Statement, Form 10-K, and Form 10-K/A referenced in paragraph 43 for the exact terms and contents thereof.

44. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 44 of the Complaint, except states that, upon information and belief, Nathan Gantcher ("Gantcher"), at certain points in time, was a member of Refco's audit committee. Grant Thornton respectfully refers the Court to the IPO Registration Statement for the exact terms and contents thereof and a description of Gantcher's employment history. Grant Thornton further respectfully refers the Court to the Bond Registration Statement, Form 10-K, and Form 10-K/A referenced in paragraph 44 for the exact terms and contents of thereof.

45. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 45 of the Complaint.

6. The Defendants Affiliated with Thomas H. Lee Partners

46. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 46 of the Complaint, except states that, upon information and belief, Thomas H. Lee Partners and/or an affiliate acquired interests in Refco in or about August 2004.

47. The statements set forth in paragraph 47 of the Complaint are not allegations for which an admission or denial is required.

48. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 48 of the Complaint.

49. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 49 of the Complaint, and respectfully refers the

Court to the Offering Memorandum, Bond Registration Statement, IPO Registration Statement, Form 10-K and Form 10-K/A referenced in paragraph 49 for the exact terms and contents thereof and for a description of Thomas H. Lee's employment history and relationship with Refco.

50. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 50 of the Complaint, and respectfully refers the Court to the Offering Memorandum, Bond Registration Statement, IPO Registration Statement, Form 10-K and Form 10-K/A referenced in paragraph 50 for the exact terms and contents thereof and a description of David V. Harkins' employment history and relationship with Refco.

51. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 51 of the Complaint, and respectfully refers the Court to the Offering Memorandum, Bond Registration Statement, IPO Registration Statement, Form 10-K and Form 10-K/A referenced in paragraph 51 for the exact terms and contents thereof and a description of Scott L. Jaeckel's employment history and relationship with Refco.

52. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 52 of the Complaint, and respectfully refers the Court to the Offering Memorandum, Bond Registration Statement, IPO Registration Statement, Form 10-K and Form 10-K/A referenced in paragraph 52 for the exact contents and terms thereof and a description of Scott A. Schoen's employment history and relationship with Refco.

53. The statements set forth in paragraph 53 of the Complaint are not allegations for which an admission or denial is required.

7. Grant Thornton

54. Grant Thornton denies the allegations set forth in paragraph 54 of the Complaint, except states that Grant Thornton is a Chicago-based U.S. member firm of Grant Thornton International, which has member firms in 112 countries and is one of six global accounting, tax,

and business advisory organizations. Grant Thornton further states that it served as Refco's independent registered public accountant, subsequent to Arthur Andersen LLP, beginning in or about October 2002, and provided audit reports in connection with its role as Refco's independent registered public accountant.

8. The Underwriter Defendants

55. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 55 of the Complaint, except neither admits nor denies the allegations set forth in paragraph 55 of the Complaint, which state a legal conclusion, as to which no response is required.

56. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 56 of the Complaint, except neither admits nor denies the allegations set forth in paragraph 56 of the Complaint, which state a legal conclusion, as to which no response is required.

57. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 57 of the Complaint, except neither admits nor denies the allegations set forth in paragraph 57 of the Complaint, which state a legal conclusion, as to which no response is required.

58. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 58 of the Complaint, except neither admits nor denies the allegations set forth in paragraph 58 of the Complaint, which state a legal conclusion, as to which no response is required.

59. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 59 of the Complaint, except neither admits nor

denies the allegations set forth in paragraph 59 of the Complaint, which state a legal conclusion, as to which no response is required.

60. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 60 of the Complaint, except neither admits nor denies the allegations set forth in paragraph 60 of the Complaint, which state a legal conclusion, as to which no response is required.

61. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 61 of the Complaint, except neither admits nor denies the allegations set forth in paragraph 61 of the Complaint, which state a legal conclusion, as to which no response is required.

62. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 62 of the Complaint, except neither admits nor denies the allegations set forth in paragraph 62 of the Complaint, which state a legal conclusion, as to which no response is required.

63. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 63 of the Complaint, except neither admits nor denies the allegations set forth in paragraph 63 of the Complaint, which state a legal conclusion, as to which no response is required.

64. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 64 of the Complaint, except neither admits nor denies the allegations set forth in paragraph 64 of the Complaint, which state a legal conclusion, as to which no response is required.

65. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 65 of the Complaint, except neither admits nor denies the allegations set forth in paragraph 65 of the Complaint, which state a legal conclusion, as to which no response is required.

66. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 66 of the Complaint, except neither admits nor denies the allegations set forth in paragraph 66 of the Complaint, which state a legal conclusion, as to which no response is required.

67. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 67 of the Complaint, except neither admits nor denies the allegations set forth in paragraph 67 of the Complaint, which state a legal conclusion, as to which no response is required.

68. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 68 of the Complaint, except neither admits nor denies the allegations set forth in paragraph 68 of the Complaint, which state a legal conclusion, as to which no response is required.

69. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 69 of the Complaint, except neither admits nor denies the allegations set forth in paragraph 69 of the Complaint, which state a legal conclusion, as to which no response is required.

70. The statements set forth in paragraph 70 of the Complaint are not allegations for which an admission or denial is required.

71. The statements set forth in paragraph 71 of the Complaint are not allegations for which an admission or denial is required.

9. Defendant BAWAG

72. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 72 of the Complaint, except states that, upon information and belief, BAWAG is a banking organization located in Austria.

73. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 73 of the Complaint, except states that, upon information and belief, BAWAG and/or an affiliate, owned a 10% equity interest in Refco Group for a period of time prior to August 5, 2004.

74. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 74 of the Complaint, and respectfully refers the Court to BAWAG's public statements referenced in paragraph 74 for the exact terms and contents thereof.

75. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 75 of the Complaint.

76. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 76 of the Complaint, and respectfully refers the Court to the documents referenced in paragraph 76 for the exact terms and contents thereof.

77. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 77 of the Complaint, except states that, upon information and belief, (i) on or about October 10, 2005, BAWAG loaned €350 million to Bennett, or a Bennett controlled entity; (ii) BAWAG filed an adversary complaint in connection with Refco's bankruptcy proceedings on or about November 16, 2005; and (iii) Refco's Official

Committee of Unsecured Creditors filed counterclaims against BAWAG on or about April 25, 2006. Grant Thornton respectfully refers the Court to the pleadings filed in connection with the aforementioned actions for the exact terms and contents thereof.

IV. CLASS ALLEGATIONS

78. Grant Thornton denies the allegations set forth in paragraph 78 of the Complaint, except neither admits nor denies the allegations set forth in paragraph 78, which state a legal conclusion, as to which no response is required, except states that Plaintiffs purport to bring this action pursuant to Rules 23(a) and 23(b)(3) of the Federal Rules of Civil Procedure.

79. Grant Thornton denies the allegations set forth in paragraph 79 of the Complaint, except states that, upon information and belief, Refco offered to exchange \$600 million of unregistered 9% Senior Subordinated Notes for registered notes in April 2005, and consummated an IPO in or about August 2005.

80. Grant Thornton denies the allegations set forth in paragraph 80 of the Complaint.

81. Grant Thornton denies the allegations set forth in paragraph 81 of the Complaint.

82. Grant Thornton denies the allegations set forth in paragraph 82 of the Complaint.

83. Grant Thornton denies the allegations set forth in paragraph 83 of the Complaint.

84. Grant Thornton denies the allegations set forth in paragraph 84 of the Complaint.

85. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 85 of the Complaint.

V. **FACTUAL ALLEGATIONS PERTINENT TO CLAIMS FOR RELIEF UNDER THE SECURITIES ACT**

A. **Historical Background Regarding the Company**

86. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 86 of the Complaint, except states that, upon information and belief, Refco provided brokerage and clearing services.

87. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 87 of the Complaint.

88. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 88 of the Complaint.

89. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 89 of the Complaint.

90. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 90 of the Complaint.

91. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 91 of the Complaint.

92. Grant Thornton denies the allegations set forth in paragraph 92 of the Complaint to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 92 as to the other Defendants, except states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant

Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

B. The THL Partner Defendants' Investment and the 2004 Recapitalization

93. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 93 of the Complaint, except states that, upon information and belief, in or about June 2004, Refco was owned 90% by Refco Holdings and 10% by BAWAG Overseas, Inc. Grant Thornton respectfully refers the Court to the public disclosures referenced in paragraph 93 for the exact terms and contents thereof.

94. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 94 of the Complaint, except states that, upon information and belief, a recapitalization of Refco took place on or about August 5, 2004, and respectfully refers the Court to the document referenced in paragraph 94 for the exact terms and contents thereof.

95. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 95 of the Complaint, except states that, upon information and belief, a recapitalization of Refco took place on or about August 5, 2004.

96. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 96 of the Complaint, except states that, upon information and belief, a recapitalization of Refco took place on or about August 5, 2004.

97. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 97 of the Complaint.

98. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 98 of the Complaint, except states that, upon

information and belief, Refco Finance Holdings merged with Refco Group at the time of the Bond Offering.

99. Grant Thornton denies the allegations set forth in paragraph 99 of the Complaint to the extent that they purport to characterize the contents of the Bond Registration Statement and IPO Registration Statement, except states that paragraph 99 accurately quotes a chart contained in the Bond Registration Statement and IPO Registration Statement, and respectfully refers the Court to the Bond Registration Statement and IPO Registration Statement for the exact terms and context thereof.

C. The Bond Offering

100. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 100 of the Complaint, except states that there was a 144A bond offering, and respectfully refers the Court to the Offering Memorandum and Bond Registration Statement for the exact terms and contents thereof.

101. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 101 of the Complaint, and respectfully refers the Court to the Bond Registration Statement for a description of the 144A bond offering.

102. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 102 of the Complaint, and respectfully refers the Court to the Offering Memorandum for the exact terms and contents thereof and a description of the 144A bond offering.

103. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 103 of the Complaint, except states that, upon information and belief, Refco offered to exchange \$600 million of unregistered 9% Senior

Subordinated Notes for registered notes in April 2005, and respectfully refers the Court to the Offering Memorandum for the exact terms and contents thereof.

104. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 104 of the Complaint.

1. The Offering Memorandum

105. Grant Thornton denies the allegations set forth in paragraph 105 of the Complaint to the extent that they purport to characterize the contents of the Offering Memorandum, and respectfully refers the Court to the Offering Memorandum for the exact terms and contents thereof. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in paragraph 105.

106. Grant Thornton denies the allegations set forth in paragraph 106 of the Complaint to the extent that they purport to characterize the contents of the Offering Memorandum, and respectfully refers the Court to the Offering Memorandum for the exact terms and contents thereof. Grant Thornton further denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in paragraph 106 of the Complaint, except that Grant Thornton neither admits nor denies the allegations set forth in the first sentence of paragraph 106, which state a legal conclusion, as to which no response is required.

107. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 107 of the Complaint, except states that Grant Thornton issued an audit report relating to Refco's consolidated financial statements as of February 28, 2003 and February 29, 2004, and respectfully refers the Court to the Offering Memorandum for the exact terms and contents thereof.

108. Grant Thornton denies the allegations set forth in paragraph 108 of the Complaint to the extent that they purport to characterize the contents of the Offering Memorandum, and

respectfully refers the Court to the Offering Memorandum for the exact terms and contents thereof. Grant Thornton denies the remaining allegations set forth in paragraph 108, except states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

(a) **The Financial Statements in the Offering Memorandum Set forth Untrue Statements of Material Facts**

109. Grant Thornton denies the allegations set forth in paragraph 109 of the Complaint to the extent that they purport to characterize the contents of the Offering Memorandum, and respectfully refers the Court to the Offering Memorandum for the exact terms and contents thereof. Grant Thornton denies the remaining allegations set forth in paragraph 109, except states that, upon information and belief, the Offering Memorandum set forth Refco's audited and unaudited financial statements as well as a discussion of certain historical financial data. Grant Thornton further states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

110. Grant Thornton denies the allegations set forth in paragraph 110 of the Complaint, except states that Grant Thornton issued an audit report relating to Refco's consolidated financial statements as of February 28, 2003 and February 29, 2004, which financial statements were included in the Offering Memorandum, to which the Court is respectfully referred for the exact terms and contents thereof.

111. Grant Thornton denies the allegations set forth in paragraph 111 of the Complaint, except states that Grant Thornton issued an audit report relating to Refco's consolidated financial statements as of February 28, 2003 and February 29, 2004, which financial statements were included in the Offering Memorandum, to which the Court is respectfully referred for the exact terms and contents thereof.

112. Grant Thornton denies the allegations set forth in paragraph 112 of the Complaint, except states that it issued an audit report relating to Refco's consolidated financial statements as of February 28, 2003 and February 29, 2004, which financial statements were included in the Offering Memorandum, to which the Court is respectfully referred for the exact terms and contents thereof.

113. Grant Thornton denies the allegations set forth in paragraph 113 of the Complaint, except states that Refco's unaudited consolidated financial statements for fiscal years 2000, 2001 and 2002 were included in the Offering Memorandum, to which the Court respectfully is referred for the exact terms and contents thereof.

114. Grant Thornton denies the allegations set forth in paragraph 114 of the Complaint, except states that Refco's unaudited financial statements for the first quarter of fiscal year 2005 were included in the Offering Memorandum, to which the Court respectfully is referred for the exact terms and contents thereof.

115. Grant Thornton denies the allegations set forth in paragraph 115 of the Complaint, except states that Refco's Unaudited Pro Forma Consolidated Statements of Operations for fiscal year 2004, the twelve months ended May 31, 2004, and the three months ended May 31, 2004 were included in the Offering Memorandum, to which the Court respectfully is referred for the exact terms and contents thereof.

116. Grant Thornton denies the allegations set forth in paragraph 116 of the Complaint, except states that Refco's Unaudited Pro Forma Consolidated Balance Sheet for the twelve month period ending May 31, 2004 was included in the Offering Memorandum, to which the Court respectfully is referred for the exact terms and contents thereof.

117. Grant Thornton denies the allegations set forth in paragraph 117 of the Complaint to the extent that they purport to characterize the contents of Offering Memorandum, except states that paragraph 117 accurately quotes only a portion of the Offering Memorandum, and respectfully refers the Court to the Offering Memorandum for the exact terms and context thereof.

118. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 118 of the Complaint, except states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

119. Grant Thornton denies the allegations set forth in paragraph 119 of the Complaint to the extent that they purport to characterize the contents of Refco's public statements and the complaint in Thomas H. Lee Equity Fund V., L.P. v. Bennett, No. 05 Civ. 9608 (S.D.N.Y.) ("THL Complaint"), and respectfully refers the Court to those documents for the exact terms and contents thereof.

120. Grant Thornton denies the allegations set forth in paragraph 120 of the Complaint to the extent that they purport to characterize the contents of Refco's public statements and the THL Complaint, and respectfully refers the Court to those documents for the exact terms and contents thereof. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in paragraph 120.

121. Grant Thornton denies the allegations set forth in paragraph 121 of the Complaint to the extent that they purport to characterize the Indictment, and respectfully refers the Court thereto for the exact contents thereof. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in paragraph 121.

122. Grant Thornton denies the allegations set forth in paragraph 122 of the Complaint, and states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

(b) **The Description of Customer Receivables and Related-Party Transactions in the Offering Memorandum Set forth Untrue Statements and Omissions of Material Fact**

123. Grant Thornton denies the allegations set forth in paragraph 123 of the Complaint to the extent that they purport to characterize the Offering Memorandum, except states that paragraph 123 accurately quotes only a portion of the Offering Memorandum, and respectfully refers the Court to the Offering Memorandum for the exact terms and context thereof. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in paragraph 123.

124. Grant Thornton denies the allegations set forth in paragraph 124 of the Complaint to the extent that they purport to characterize the Offering Memorandum, except states that paragraph 124 accurately quotes only a portion of the Offering Memorandum, and respectfully refers the Court to the Offering Memorandum for the exact terms and contents thereof.

125. Grant Thornton denies the allegations set forth in paragraph 125 of the Complaint, except states that paragraph 125 accurately quotes only a portion of the Offering Memorandum, and respectfully refers the Court to the Offering Memorandum for the exact terms and context thereof.

126. Grant Thornton denies the allegations set forth in paragraph 126 of the Complaint to the extent that they purport to characterize the Offering Memorandum, and respectfully refers the Court to the Offering Memorandum for the exact terms and contents thereof. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in paragraph 126, and states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005,

taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

(c) **The Offering Memorandum Misrepresented the Reasons for the Company's Purported Success**

127. Grant Thornton denies the allegations set forth in paragraph 127 of the Complaint to the extent that they purport to characterize the Offering Memorandum, except states that paragraph 127 accurately quotes only a portion of the Offering Memorandum, and respectfully refers the Court to the Offering Memorandum for the exact terms and context thereof.

128. Grant Thornton denies the allegations set forth in paragraph 128 of the Complaint to the extent that they purport to characterize the Offering Memorandum, except states that paragraph 128 accurately quotes only a portion of the Offering Memorandum, and respectfully refers the Court to the Offering Memorandum for the exact terms and context thereof.

129. Grant Thornton denies the allegations set forth in paragraph 129 of the Complaint to the extent that they purport to characterize the Offering Memorandum, and respectfully refers the Court to the Offering Memorandum for the exact terms and contents thereof. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in paragraph 129, and states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

(d) **The Offering Memorandum Misrepresented the Company's Ability to Access the Cash It Needed to Service Its Debt**

130. Grant Thornton denies the allegations set forth in paragraph 130 of the Complaint to the extent that they purport to characterize the Offering Memorandum, except states that paragraph 130 accurately quotes only a portion of the Offering Memorandum, and respectfully refers the Court to the Offering Memorandum for the exact terms and context thereof. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in paragraph 130.

131. Grant Thornton denies the allegations set forth in paragraph 131 of the Complaint to the extent that they purport to characterize the Offering Memorandum, except states that paragraph 131 accurately quotes only a portion of the Offering Memorandum, and respectfully refers the Court to the Offering Memorandum for the exact terms and context thereof. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in paragraph 131.

132. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 132 of the Complaint.

133. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 133 of the Complaint.

134. Grant Thornton denies the allegations set forth in paragraph 134 of the Complaint to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in paragraph 134 as to the other Defendants, except states that paragraph 134 accurately quotes only a portion of the Offering Memorandum, and respectfully refers the Court to the Offering Memorandum for the exact terms and context thereof.

135. Grant Thornton denies the allegations set forth in paragraph 135 of the Complaint to the extent that they purport to characterize the Offering Memorandum, and respectfully refers the Court to the Offering Memorandum for the exact terms and contents thereof. Grant Thornton states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

(e) **The Offering Memorandum Misrepresented
That the Company Had Taken Adequate Steps
To Protect Itself From the Risk of Customer Defaults**

136. Grant Thornton denies the allegations set forth in paragraph 136 of the Complaint to the extent that they purport to characterize the Offering Memorandum, except states that paragraph 136 accurately quotes only a portion of the Offering Memorandum, and respectfully refers the Court to the Offering Memorandum for the exact terms and contents thereof. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in paragraph 136.

137. Grant Thornton denies the allegations set forth in paragraph 137 of the Complaint to the extent that they purport to characterize the Offering Memorandum, except states that paragraph 137 accurately quotes only a portion of the Offering Memorandum, and respectfully refers the Court to the Offering Memorandum for the exact terms and contents thereof. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in paragraph 137.

138. Grant Thornton denies the allegations set forth in paragraph 138 of the Complaint, except states that paragraph 138 accurately quotes only a portion of the Offering Memorandum, and respectfully refers the Court to the Offering Memorandum for the exact terms and context thereof.

139. Grant Thornton denies the allegations set forth in paragraph 139 of the Complaint to the extent that they purport to characterize the Offering Memorandum, and respectfully refers the Court to the Offering Memorandum for the exact terms and contents thereof. Grant Thornton denies the allegations set forth in paragraph 139 to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 139 as to the other Defendants. Grant Thornton states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

(f) The Offering Memorandum Misrepresented That the Company Maintained Excess Regulatory Capital

140. Grant Thornton denies the allegations set forth in paragraph 140 of the Complaint to the extent that they purport to characterize the Offering Memorandum, except states that paragraph 140 accurately quotes only a portion of the Offering Memorandum, and respectfully refers the Court to the Offering Memorandum for the exact terms and context thereof. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in paragraph 140.

141. Grant Thornton denies the allegations set forth in paragraph 141 of the Complaint to the extent that they purport to characterize the Offering Memorandum, except states that paragraph 141 accurately quotes only a portion of the Offering Memorandum, and respectfully refers the Court to the Offering Memorandum for the exact terms and context thereof. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in paragraph 141.

142. Grant Thornton denies the allegations set forth in paragraph 142 of the Complaint to the extent that they purport to characterize the Offering Memorandum, and respectfully refers the Court to the Offering Memorandum for the exact terms and contents thereof. Grant Thornton states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

(g) The Offering Memorandum Failed to Disclose BAWAG's Full Ownership Interest in Refco Group

143. Grant Thornton denies the allegations set forth in paragraph 143 of the Complaint to the extent that they purport to characterize the Offering Memorandum, except states that the notes to Refco's financial statements in the Offering Memorandum stated that Refco was 90% owned by Refco Holdings and 10% owned by BAWAG Overseas, Inc., and respectfully refers the Court to the Offering Memorandum for the exact terms and contents thereof. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the remaining

allegations set forth in paragraph 143, and states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

2. The Bond Road Show

144. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 144 of the Complaint, except states, upon information and belief, that representatives of Refco and its investment advisors may have met with potential investors in the summer of 2004.

145. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 145 of the Complaint, and states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

146. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 146 of the Complaint, and states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements,

as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

147. Grant Thornton denies the allegations set forth in paragraph 147 of the Complaint to the extent that they purport to characterize the documents and presentations referenced in paragraph 147, and respectfully refers the Court to those documents for the exact terms and contents thereof. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in paragraph 147, and states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

148. Grant Thornton denies the allegations set forth in paragraph 148 of the Complaint to the extent that they purport to characterize the Offering Memorandum, and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in paragraph 148 of the Complaint, and states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied

upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

3. The Bond Registration Statement

149. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 149 of the Complaint, except states that, upon information and belief, a Form S-4 registration statement was filed on or about October 12, 2004 and subsequently was amended several times. Grant Thornton states that, upon information and belief, the Bond Registration Statement was filed on or about April 6, 2005.

150. Grant Thornton denies the allegations set forth in paragraph 150 of the Complaint, except states that, upon information and belief, the Bond Registration Statement became effective on or about April 8, 2005.

151. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 151 of the Complaint, and respectfully refers the Court to the Bond Registration Statement for a description of the issuers and registrants.

152. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 152 of the Complaint, and respectfully refers the Court to the Bond Registration Statement for the exact terms and contents thereof.

153. Grant Thornton denies the allegations set forth in paragraph 153 of the Complaint to the extent that they purport to characterize the Bond Registration Statement and Offering Memorandum, and respectfully refers the Court to the Bond Registration Statement and Offering Memorandum for the exact terms and contents thereof. Grant Thornton denies the allegations set forth in paragraph 153 to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in paragraph 153 as to the other Defendants. Grant Thornton states that Refco announced the

discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

154. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 154 of the Complaint, except states that Grant Thornton issued audit reports relating to Refco's consolidated financial statements as of February 28, 2003 and February 29, 2004, which financial statements were included in the Bond Registration Statement, to which the Court is respectfully referred for the exact terms and contents thereof. Grant Thornton denies the remaining allegations to the extent that they purport to characterize the Offering Memorandum and the S-4 registration statement filed on or about October 12, 2004, and respectfully refers the Court to the Offering Memorandum and the S-4 registration statement filed on or about October 12, 2004 for the exact terms and contents thereof. Grant Thornton states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

155. Grant Thornton denies the allegations set forth in paragraph 155 of the Complaint to the extent that they purport to characterize the S-4 registration statement filed on or about October 12, 2004 and its subsequent amendments, the Bond Registration Statement and Offering Memorandum, and respectfully refers the Court to the S-4 registration statement filed on or about October 12, 2004 and its subsequent amendments, the Bond Registration Statement and Offering Memorandum for the exact terms and contents thereof.

156. Grant Thornton denies the allegations set forth in paragraph 156 of the Complaint to the extent that they purport to characterize the S-4 registration statement filed on or about October 12, 2004 and its subsequent amendments, the Bond Registration Statement and Offering Memorandum, and respectfully refers the Court to the S-4 registration statement filed on or about October 12, 2004 and its subsequent amendments, the Bond Registration Statement and Offering Memorandum for the exact terms and contents thereof. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in paragraph 156, and states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

157. Grant Thornton denies the allegations set forth in paragraph 157 of the Complaint to the extent that they purport to characterize the S-4 registration statement filed on or about October 12, 2004 and its subsequent amendments, the Bond Registration Statement and the

Offering Memorandum, except states that paragraph 157 accurately quotes only a portion of the Bond Registration Statement, and respectfully refers the Court to the Bond Registration Statement and Offering Memorandum for the exact terms and contents thereof. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in paragraph 157, and states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

158. Grant Thornton denies the allegations set forth in paragraph 158 of the Complaint to the extent that they purport to characterize the Bond Registration Statement, and respectfully refers the Court to the Bond Registration Statement for the exact terms and contents thereof. Grant Thornton denies the remaining allegations set forth in paragraph 158 to the extent asserted against Grant Thornton, and further denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in paragraph 158 as to the other Defendants, and states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton

respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

159. Grant Thornton denies the allegations set forth in paragraph 159 of the Complaint to the extent that they purport to characterize the Bond Registration Statement and Offering Memorandum, and respectfully refers the Court to the Bond Registration Statement and Offering Memorandum for the exact terms and contents thereof. Grant Thornton denies the remaining allegations set forth in paragraph 159 as to Grant Thornton, except states that Grant Thornton issued an audit report relating to Refco's consolidated financial statements as of February 28, 2003 and February 29, 2004, which financial statements were included in the Bond Registration Statement, and paragraph 159 accurately quotes only a portion of the Bond Registration Statement. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in paragraph 159 as to the other Defendants, and states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

160. Grant Thornton denies the allegations set forth in paragraph 160 of the Complaint, except states that paragraph 160 accurately quotes only a portion of the Bond Registration Statement, and respectfully refers the Court to the Bond Registration Statement for the exact terms and contents thereof.

161. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 161 of the Complaint, and states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

162. Grant Thornton denies the allegations set forth in paragraph 162 of the Complaint, except states that Refco's unaudited financial statements for the periods from March 1, 2004 through August 5, 2004 and from August 6, 2004 through November 30, 2004 were included in the Bond Registration Statement, to which the Court respectfully is referred for the exact terms and contents thereof.

163. Grant Thornton denies the allegations set forth in paragraph 163 of the Complaint, except states that Refco's Unaudited Pro Forma Consolidated Statements of Income for fiscal year 2004, and for the nine months ended November 30, 2004 were included in the Bond Registration Statement, to which the Court respectfully is referred for the exact terms and contents thereof.

164. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations as to the other Defendants set forth in paragraph 164, and states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28,

2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

165. Grant Thornton denies the allegations set forth in paragraph 165 of the Complaint to the extent that they purport to characterize the Bond Registration Statement, and respectfully refers the Court to the Bond Registration Statement for the exact terms and contents thereof. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in paragraph 165.

D. The August 2005 Initial Public Offering

166. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 166 of the Complaint, except states that, upon information and belief, Refco's initial public offering of common stock occurred on or about August 10, 2005.

167. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 167 of the Complaint, except states that paragraph 167 accurately quotes a chart that is included in the IPO Registration Statement, and respectfully refers the Court to the IPO Registration Statement for the exact terms and contents thereof.

2. The IPO Registration Statement

168. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 168 of the Complaint, except states that, upon information and belief, Refco's Form S-1 registration statement was filed on or about April 8, 2005 and subsequently was amended several times. Grant Thornton states that, upon information and belief, the IPO Registration Statement was filed on or about August 10, 2005.

Grant Thornton respectfully refers the Court to the IPO Registration Statement for the exact terms and contents thereof.

169. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 169 of the Complaint, and respectfully refers the Court to the IPO Registration Statement for the exact terms and contents thereof.

170. Grant Thornton denies the allegations set forth in paragraph 170 of the Complaint, except states that Grant Thornton issued audit reports in connection with Refco's consolidated financial statements for the fiscal years ended 2003, 2004 and 2005, which financial statements were included in the IPO Registration Statement, to which the Court is respectfully referred for the exact terms and contents thereof.

171. Grant Thornton denies the allegations set forth in paragraph 171 of the Complaint to the extent that they purport to characterize the contents of the IPO Registration Statement, and respectfully refers the Court to the IPO Registration Statement for the exact terms and contents thereof. Grant Thornton denies the remaining allegations set forth in paragraph 171, except states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

(a) **The Financial Statements in the IPO Registration Statement Set forth Untrue Statements of Material Facts**

172. Grant Thornton denies the allegations set forth in paragraph 172 of the Complaint to the extent that they purport to characterize the IPO Registration Statement, and respectfully refers the Court to the IPO Registration Statement for the exact terms and contents thereof.

Grant Thornton denies the remaining allegations set forth in paragraph 172, except states that the IPO Registration Statement sets forth financial statements regarding Refco, and respectfully refers the Court to the IPO Registration Statement for the exact terms and contents thereof.

Grant Thornton states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

173. Grant Thornton denies the allegations set forth in paragraph 173 of the Complaint, except states that Grant Thornton issued audit reports relating to Refco's consolidated financial statements for the fiscal years ended 2003, 2004 and 2005, which financial statements were included in the IPO Registration Statement, to which the Court is respectfully referred for the exact terms and contents thereof.

174. Grant Thornton denies the allegations set forth in paragraph 174 of the Complaint, except states that Grant Thornton issued audit reports relating to Refco's consolidated financial statements for the fiscal years ended 2003, 2004 and 2005, which financial statements were

included in the IPO Registration Statement, to which the Court is respectfully referred for the exact terms and contents thereof.

175. Grant Thornton denies the allegations set forth in paragraph 175 of the Complaint, except states that Grant Thornton issued audit reports relating to Refco's consolidated financial statements for the fiscal years ended 2003, 2004 and 2005, which financial statements were included in the IPO Registration Statement, to which the Court is respectfully referred for the exact terms and contents thereof.

176. Grant Thornton denies the allegations set forth in paragraph 176 of the Complaint, except states that Grant Thornton issued audit reports relating to Refco's consolidated financial statements for the fiscal years ended 2003, 2004 and 2005, which financial statements were included in the IPO Registration Statement, to which the Court is respectfully referred for the exact terms and contents thereof.

177. Grant Thornton denies the allegations set forth in paragraph 177 of the Complaint, except states that Refco's unaudited financial statements for the three month periods ending May 31, 2005 and May 31, 2004 were included in the IPO Registration Statement, to which the Court respectfully is referred for the exact terms and contents thereof.

178. Grant Thornton denies the allegations set forth in paragraph 178 of the Complaint, except states that Refco's Unaudited Pro Forma Consolidated Statements of Income for the year ended February 28, 2005 and the three months ended May 31, 2005 were included in the IPO Registration Statement, to which the Court respectfully is referred for the exact terms and contents thereof.

179. Grant Thornton denies the allegations set forth in paragraph 179 of the Complaint, except states that Refco's Unaudited Pro Forma Consolidated Balance Sheet as of May 31, 2005

was included in the IPO Registration Statement, to which the Court respectfully is referred for the exact terms and contents thereof.

180. Grant Thornton denies the allegations set forth in paragraph 180 of the Complaint, except states that Refco's unaudited consolidated financial statements were included in the IPO Registration Statement, to which the Court respectfully is referred for the exact terms and contents thereof.

181. Grant Thornton denies the allegations set forth in paragraph 181 of the Complaint to the extent they purport to characterize the IPO Registration Statement, except states that paragraph 181 accurately quotes only portions of the IPO Registration Statement, and respectfully refers the Court to the IPO Registration Statement for the exact terms and contents thereof.

182. Grant Thornton denies the allegations set forth in paragraph 182 of the Complaint to the extent that they purport to characterize the IPO Registration Statement, and respectfully refers the Court to the IPO Registration Statement for the exact terms and contents thereof.

183. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 183 of the Complaint, except states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

184. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 184 of the Complaint.

185. Grant Thornton denies the allegations set forth in paragraph 185 to the extent that they purport to characterize the Indictment, and respectfully refers the Court to the Indictment for the exact terms and contents thereof. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in paragraph 185 of the Complaint.

186. Grant Thornton denies the allegations set forth in paragraph 186 of the Complaint, except states that paragraph 186 accurately quotes only a portion of the IPO Registration Statement, and respectfully refers the Court to the IPO Registration Statement for the exact terms and contents thereof. Grant Thornton states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

(b) **Description of Customer Receivables and Related-Party Transactions in the IPO Registration Statement Set forth Untrue Statements and Omissions of Material Fact**

187. Grant Thornton denies the allegations set forth in paragraph 187 of the Complaint to the extent that they purport to characterize the IPO Registration Statement, except states that paragraph 187 accurately quotes only a portion of the IPO Registration Statement, and respectfully refers the Court to the IPO Registration Statement for the exact terms and contents

thereof. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in paragraph 187.

188. Grant Thornton denies the allegations set forth in paragraph 188 of the Complaint, except states that paragraph 188 of the Complaint accurately quotes only a portion of the IPO Registration Statement, and respectfully refers the Court to the IPO Registration Statement for the exact terms and contents thereof.

189. Grant Thornton denies the allegations set forth in paragraph 189 of the Complaint, except states that paragraph 189 of the Complaint accurately quotes only a portion of the IPO Registration Statement, and respectfully refers the Court to the IPO Registration Statement for the exact terms and contents thereof.

190. Grant Thornton denies the allegations set forth in paragraph 190 of the Complaint to the extent that they purport to characterize the IPO Registration Statement, and respectfully refers the Court to the IPO Registration Statement for the exact terms and contents thereof. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in paragraph 190, and states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

(c) **The IPO Registration Statement Misrepresented That the Company Had Taken Adequate Steps to Protect Itself from the Risk of Customer Defaults**

191. Grant Thornton denies the allegations set forth in paragraph 191 of the Complaint to the extent that they purport to characterize the IPO Registration Statement, except states that paragraph 191 accurately quotes only a portion of the IPO Registration Statement, and respectfully refers the Court to the IPO Registration Statement for the exact terms and context thereof.

192. Grant Thornton denies the allegations set forth in paragraph 192 of the Complaint to the extent that they purport to characterize the IPO Registration Statement, except states that paragraph 192 accurately quotes only a portion of the IPO Registration Statement. Grant Thornton respectfully refers the Court to the IPO Registration Statement for the exact terms and contents thereof.

193. Grant Thornton denies the allegations set forth in paragraph 193 of the Complaint to the extent that they purport to characterize the IPO Registration Statement, and respectfully refers the Court to the IPO Registration Statement for the exact terms and contents thereof. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in paragraph 193, and states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

(d) **The IPO Registration Statement Misrepresented That the Company Maintained Excess Regulatory Capital**

194. Grant Thornton denies the allegations set forth in paragraph 194 of the Complaint, except states that paragraph 194 of the Complaint accurately quotes only a portion of the IPO Registration Statement, and respectfully refers the Court to the IPO Registration Statement for the exact terms and context thereof.

195. Grant Thornton denies the allegations set forth in paragraph 195 of the Complaint to the extent that they purport to characterize the IPO Registration Statement, except states that paragraph 195 accurately quotes only a portion of the IPO Registration Statement. Grant Thornton respectfully refers the Court to the IPO Registration Statement for the exact terms and context thereof. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in paragraph 195.

196. Grant Thornton denies the allegations set forth in paragraph 196 of the Complaint, except states that paragraph 194 of the Complaint accurately quotes only a portion of the IPO Registration Statement, and respectfully refers the Court to the IPO Registration Statement for the exact terms and context thereof.

197. Grant Thornton denies the allegations set forth in paragraph 197 of the Complaint to the extent that they purport to characterize the guarantee referenced therein and the IPO Registration Statement, and respectfully refers the Court to the guarantee referenced in paragraph 197 and the IPO Registration Statement for the exact terms and contents thereof. Grant Thornton denies the allegations set forth in paragraph 197 to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 197 as to the other Defendants. Grant Thornton states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the

October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

(e) **The IPO Registration Statement Failed to Disclose BAWAG's Full Ownership Interests in Refco Group**

198. Grant Thornton denies the allegations set forth in paragraph 198 of the Complaint to the extent that they purport to characterize the IPO Registration Statement, and respectfully refers the Court to the IPO Registration Statement for the exact terms and contents thereof. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in paragraph 198, except states that the notes to Refco's financial statements in the IPO Registration Statement stated that Refco was 90% owned by Refco Holdings and 10% owned by BAWAG Overseas, Inc., and respectfully refers the Court to the IPO Registration Statement for the exact terms and context thereof. Grant Thornton states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

E. The Truth Begins to Emerge and the Company Collapses

199. Grant Thornton denies the allegations set forth in paragraph 199 of the Complaint to the extent that they purport to characterize the alleged guarantees, October 10 Press Release,

and certification referenced therein, except states that paragraph 199 accurately quotes only a portion of the October 10 Press Release. Grant Thornton respectfully refers the Court to those documents themselves for the exact terms and context thereof. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in paragraph 199 of the Complaint.

200. Grant Thornton denies the allegations set forth in paragraph 200 of the Complaint to the extent that they purport to characterize the October 10 Press Release, except states that paragraph 200 accurately quotes only a portion of the October 10 Press Release. Grant Thornton respectfully refers the Court to the October 10, 2005 Press Release for the exact terms and context thereof.

201. Grant Thornton denies the allegations set forth in paragraph 201 of the Complaint to the extent that they purport to characterize the October 10 Press Release, except states that paragraph 201 accurately quotes only a portion of the October 10 Press Release. Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

202. Grant Thornton denies the allegations set forth in paragraph 202 of the Complaint.

203. Grant Thornton denies the allegations set forth in paragraph 203 of the Complaint, except states that paragraph 203 accurately quotes only a portion of the October 10 Press Release, and respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

204. Grant Thornton denies the allegations set forth in paragraph 204 of the Complaint to the extent that they purport to characterize the October 10 Press Release, except states that paragraph 204 accurately quotes only a portion of the October 10 Press Release. Grant Thornton

respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof. Grant Thornton further states, upon information and belief, that BAWAG loaned funds to Bennett or a Bennett controlled entity on or about October 10, 2005, and denies the remaining allegations set forth in paragraph 204. Grant Thornton states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

205. Grant Thornton denies the allegations set forth in paragraph 205 of the Complaint to the extent that they purport to characterize the October 11, 2005 press release ("October 11 Press Release"), except states that paragraph 205 accurately quotes only a portion of the October 11 Press Release, and respectfully refers the Court to the October 11 Press Release for the exact terms and context thereof. Grant Thornton denies the remaining allegations set forth in paragraph 205, and states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

206. Grant Thornton denies the allegations set forth in paragraph 206 of the Complaint.

207. Grant Thornton denies the allegations set forth in paragraph 207 of the Complaint to the extent that they purport to characterize the October 13, 2005 statement by Refco ("October 13 Statement"), October 10 Press Release and October 11 Press Release, except states that paragraph 207 accurately quotes only a portion of the October 13 Statement (with the exception of a typographical error). Grant Thornton respectfully refers the Court to the October 13 Statement, October 10 Press Release and October 11 Press Release for the exact terms and contents thereof. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in paragraph 207.

208. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 208 of the Complaint.

209. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 209 of the Complaint, except states that, upon information and belief, Refco filed for bankruptcy protection on or about October 17, 2005.

210. Grant Thornton denies the allegations contained in paragraph 210 to the extent asserted against Grant Thornton and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 210 of the Complaint as to the other Defendants, and states that Grant Thornton has been served with subpoenas by several domestic regulatory agencies.

211. Grant Thornton denies allegations set forth in paragraph 211 of the Complaint.

VI. THE COMPANY'S VIOLATIONS OF GAAP

212. Grant Thornton denies allegations set forth in paragraph 212 of the Complaint, and states that GAAP refers to generally accepted accounting principles, and respectfully refers the Court to Statement of Auditing Standards ("SAS") No. 69, which sets forth the American

Institute of Certified Public Accountants' ("AICPA") hierarchy of generally accepted accounting principles.

213. Grant Thornton neither admits nor denies the allegations set forth in paragraph 213 of the Complaint, which state a legal conclusion, as to which no response is required, and respectfully refers the Court to 17 C.F.R. § 210.4-01(a)(1) for the exact terms and contents thereof.

214. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 214 of the Complaint, and states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

215. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 215 of the Complaint, except states that paragraph 215 accurately quotes only a portion of SFAS No. 57, and respectfully refers the Court to SFAS No. 57 for the exact terms and context thereof. Grant Thornton further states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC,

and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

216. Grant Thornton denies the allegations set forth in paragraph 216 of the Complaint, except states that SFAS No. 57 concerns Related Party Disclosures, and further states that paragraph 216 accurately quotes only a portion of SFAS No. 57. Grant Thornton respectfully refers the Court to SFAS No. 57 for the exact terms and contents thereof. Grant Thornton neither admits nor denies the allegations in paragraph 216, which state a legal conclusion, as to which no response is required.

217. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 217 of the Complaint, and states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

218. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 218 of the Complaint, and states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC,

and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

219. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 219 of the Complaint, and states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

220. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 220 of the Complaint, except states that SFAS No. 5 concerns Accounting for Contingencies. Grant Thornton respectfully refers the Court to SFAS No. 5 for the exact terms and contents thereof. Grant Thornton further denies the remaining allegations to the extent asserted as to Grant Thornton. Grant Thornton states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

221. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 221 of the Complaint, except states that FIN

No. 45 concerns Guarantor's Accounting and Disclosure Requirements for Guarantees. Grant Thornton respectfully refers the Court to FIN No. 45 for the exact terms and contents thereof. Grant Thornton states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

222. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 222 of the Complaint, and respectfully refers the Court to APB Opinion No. 22 for the exact terms and contents thereof.

223. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 223 of the Complaint, except states that Refco's SEC filings contained sections titled "Summary of Significant Accounting Policies" and "Critical Accounting Policies and Estimates." Grant Thornton respectfully refers the Court to those filings for the exact terms and contents thereof. Grant Thornton further states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

224. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 224 of the Complaint, except states that paragraph 224 accurately quotes only portions of FASCON No. 1 ¶¶ 34, 40, 50, and FASCON No. 2 ¶¶ 58-59, 79, 80, 95, 97, and FASCON No. 6 ¶ 145. Grant Thornton respectfully refers the Court to FASCON Nos. 1, 2 and 6 for the exact terms and context thereof. Grant Thornton states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

225. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 225 of the Complaint, and states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

VII. GRANT THORNTON'S VIOLATIONS OF AUDITING STANDARDS

206. [Sic] Grant Thornton denies the allegations contained in paragraph 206 [sic] of the Complaint, except states that the Public Company Accounting Oversight Board ("PCAOB") was established by the Sarbanes-Oxley Act of 2002, and that the PCAOB has issued Auditing and Related Professional Practice Standards.

226. Grant Thornton denies the allegations set forth in paragraph 226 of the Complaint, except states that there are ten GAAS provisions, which are divided into three standards; (i) general standards; (ii) standards of fieldwork; and (iii) standards of reporting. Grant Thornton respectfully refers the Court to the ten GAAS provisions referred to therein for the exact terms and contents thereof.

A. Violations of General Standards

227. Grant Thornton denies the allegations set forth in paragraph 227 of the Complaint, except states that paragraph 227 accurately quotes only a portion of GAAS General Standard No. 3. Grant Thornton respectfully refers the Court to GAAS General Standard No. 3 for the exact terms and context thereof. Grant Thornton further states that it audited Refco's financial statements and provided audit reports for the years ended February 28, 2003, February 29, 2004, and February 28, 2005.

228. Grant Thornton denies the allegations set forth in paragraph 228 of the Complaint, except states that paragraph 228 accurately quotes only a portion of GAAS General Standard No. 2. Grant Thornton respectfully refers the Court to GAAS General Standard No. 2 for the exact terms and context thereof. Grant Thornton states that Mark Ramler was employed by Arthur Andersen prior to 2002 and that Refco was formerly a client of Arthur Andersen LLP.

B. Violations of Standards of Fieldwork

229. Grant Thornton denies the allegations set forth in paragraph 229 of the Complaint to the extent that they purport to characterize the contents of GAAS Standard of Fieldwork No. 1, and respectfully refers the Court to GAAS Standard of Fieldwork No. 1 for the exact terms and contents thereof.

230. Grant Thornton denies the allegations set forth in paragraph 230 of the Complaint to the extent that they purport to characterize the contents of contents of SFAS No. 57 and AU §

334, and respectfully refers the Court to contents of SFAS No. 57 and AU § 334 for the exact terms and contents thereof. Grant Thornton denies the remaining allegations set forth in paragraph 230.

231. Grant Thornton denies the allegations set forth in paragraph 231 of the Complaint.

232. Grant Thornton denies the allegations set forth in paragraph 232 of the Complaint.

233. Grant Thornton denies the allegations set forth in paragraph 233 of the Complaint.

234. Grant Thornton denies the allegations set forth in paragraph 234 of the Complaint to the extent that they purport to characterize the contents of GAAS Standard of Fieldwork No. 2 and AU § 319, except states that paragraph 234 accurately quotes only a portion of AU § 312.02. Grant Thornton respectfully refers the Court to GAAS Standard of Fieldwork No. 2, AU § 319, and AU § 312.02 for the exact terms and context thereof.

235. Grant Thornton denies the allegations set forth in paragraph 235 of the Complaint to the extent that they purport to characterize the contents of AU § 319.06, except states that paragraph 235 accurately quotes only a portion of AU § 319.06. Grant Thornton respectfully refers the Court to AU § 319.06 for the exact terms and context thereof.

236. Grant Thornton denies the allegations set forth in paragraph 236 of the Complaint.

237. Grant Thornton denies the allegations set forth in paragraph 237 of the Complaint to the extent that they purport to characterize the contents of AU § 316, except states that paragraph 237 accurately quotes only a portion of AU § 316. Grant Thornton respectfully refers the Court to AU § 316 for the exact terms and context thereof. Grant Thornton denies the remaining allegations set forth in paragraph 237.

238. Grant Thornton denies the allegations set forth in paragraph 238 of the Complaint to the extent that they purport to characterize the contents of GAAS Standard of Fieldwork No. 3

and AU § 326, except states that paragraph 238 accurately quotes only a portion of GAAS Standard of Fieldwork No. 3. Grant Thornton respectfully refers the Court to GAAS Standard of Fieldwork No. 3 and AU § 326 for the exact terms and context thereof. Grant Thornton denies the remaining allegations set forth in paragraph 238.

239. Grant Thornton denies the allegations set forth in paragraph 239 of the Complaint.

240. Grant Thornton denies the allegations set forth in paragraph 240 of the Complaint, except states that paragraph 240 accurately quotes only a portion of AU § 342.07. Grant Thornton respectfully refers the Court to AU § 342.07 for the exact terms and context thereof.

241. Grant Thornton denies the allegations set forth in paragraph 241 of the Complaint.

242. Grant Thornton denies the allegations set forth in paragraph 242 of the Complaint.

C. Violation of Reporting Standards

243. Grant Thornton denies the allegations set forth in paragraph 243 of the Complaint, except states that Grant Thornton issued audit reports relating to Refco's consolidated financial statements, to which the Court is respectfully referred for the exact terms and contents thereof. Grant Thornton further states that paragraph 243 accurately quotes only a portion of GAAS Standard of Reporting No. 1, and respectfully refers the Court to GAAS Standard of Reporting No. 1 for the exact terms and context thereof. Grant Thornton states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

244. Grant Thornton denies the allegations set forth in paragraph 244 of the Complaint to the extent that they purport to characterize the contents of GAAS Standard of Reporting No. 4 and AU § 508, and respectfully refers the Court to GAAS Standard of Reporting No. 4 and AU § 508 for the exact terms and contents thereof.

245. Grant Thornton denies the allegations set forth in paragraph 245 of the Complaint.

246. Grant Thornton denies the allegations set forth in paragraph 246 of the Complaint to the extent they purport to characterize GAAS Standard of Reporting No. 3, except states that paragraph 246 accurately quotes only a portion of GAAS Standard of Reporting No. 3. Grant Thornton respectfully refers the Court to GAAS Standard of Reporting No. 3 for the exact terms and context thereof. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in paragraph 246, and states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

247. Grant Thornton denies the allegations set forth in paragraph 247 of the Complaint.

D. Violations of CFTC Rules and Regulations

248. Grant Thornton denies the allegations set forth in paragraph 248 of the Complaint.

VIII. DEFENDANTS' NEGLIGENCE

A. The Offering Memorandum and the Bond Registration Statement

249. The allegations set forth in paragraph 249 of the Complaint are not directed at Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 249 as no response is required.

250. The allegations set forth in paragraph 250 of the Complaint are not directed at Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 250 as no response is required.

251. The allegations set forth in paragraph 251 of the Complaint are not directed at Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 251 as no response is required.

252. The allegations set forth in paragraph 252 of the Complaint are not directed at Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 252 as no response is required.

253. Grant Thornton denies the allegations set forth in paragraph 253 of the Complaint.

B. The IPO Registration Statement

254. The allegations set forth in paragraph 254 of the Complaint are not directed at Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 254 as no response is required.

255. The allegations set forth in paragraph 255 of the Complaint are not directed at Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 255 as no response is required.

256. The allegations set forth in paragraph 256 of the Complaint are not directed at Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 256 as no response is required.

257. The allegations set forth in paragraph 257 of the Complaint are not directed at Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 257 as no response is required.

258. Grant Thornton denies the allegations set forth in paragraph 258 of the Complaint.

IX. ALLEGATIONS PERTAINING TO CONTROL PERSON LIABILITY

259. Grant Thornton repeats and realleges each and every response set forth in paragraphs 1-258 as if fully set forth herein. Grant Thornton neither admits nor denies the allegations set forth in the second sentence of paragraph 259 of the Complaint, which state a legal conclusion, as to which no response is required.

260-269. The allegations set forth in paragraphs 260-269 are not directed at Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraphs 260-269 as no response is required.

X. CLAIMS FOR RELIEF UNDER THE SECURITIES ACT

COUNT ONE

270. Grant Thornton repeats and realleges each and every response set forth in paragraphs 1-269 as if fully set forth herein. Grant Thornton states that the remaining statements set forth in paragraph 270 of the Complaint are not allegations for which an admission or denial is required.

271-283. The allegations set forth in paragraphs 271-283 of the Complaint are not directed at Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraphs 271-283 as no response is required.

COUNT TWO

284. Grant Thornton repeats and realleges each and every response set forth in paragraphs 1-283 as if fully set forth herein. Grant Thornton states that the remaining statements set forth in paragraph 284 of the Complaint are not allegations for which an admission or denial is required.

285-298. The allegations set forth in paragraphs 285-298 of the Complaint are not directed at Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraphs 285-298 as no response is required.

COUNT THREE

299. Grant Thornton repeats and realleges each and every response set forth in paragraphs 1-298 as if fully set forth herein. Grant Thornton states that the remaining statements set forth in paragraph 299 of the Complaint are not allegations for which an admission or denial is required.

300. Grant Thornton denies the allegations set forth in paragraph 300 of the Complaint, except states that Plaintiffs purport to assert Count Three as described therein.

301. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 301 of the Complaint, except states, upon information and belief, that Refco offered to exchange \$600 million of unregistered 9% Senior Subordinated Notes for registered notes pursuant to the Bond Registration Statement. Grant Thornton neither admits nor denies the allegations set forth in the second sentence of paragraph 301, which state a legal conclusion, as to which no response is required.

302. Grant Thornton neither admits nor denies the allegations set forth in paragraph 302 of the Complaint, which state a legal conclusion, as to which no response is required. Grant

Thornton denies knowledge or information sufficient to form a belief as to the remaining allegations set forth in paragraph 302 of the Complaint, and states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

303. The allegations set forth in paragraph 303 of the Complaint are not directed at Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraphs 303 as no response is required.

304. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 304 of the Complaint, and respectfully refers the Court to the Bond Registration Statement for the exact terms and contents thereof.

305. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 305 of the Complaint, and respectfully refers the Court to the Bond Registration Statement for a description of Bennett, Lee, Harkins, Jaeckel, Schoen, O'Kelley, Gantcher, and Breitman's employment history and relationship with Refco.

306. Grant Thornton denies the allegations set forth in paragraph 306 of the Complaint, and states that Grant Thornton issued an audit report in connection with Refco's consolidated financial statements for the fiscal years ended 2003 and 2004, which financial statements were included in the Bond Registration Statement, to which the Court is respectfully referred for the exact terms and contents thereof. Grant Thornton neither admits nor denies the allegations set

forth in paragraph 306 of the Complaint, which state a legal conclusion, as to which no response is required.

307. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 307 of the Complaint, and respectfully refers the Court to the Offering Memorandum and Bond Registration Statement for the exact terms and contents thereof.

308. Grant Thornton denies the allegations set forth in paragraph 308 of the Complaint to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the allegations set forth in paragraph 308 as to the other Defendants. Grant Thornton neither admits nor denies the allegations set forth in paragraph 308 of the Complaint, which state a legal conclusion, as to which no response is required.

309. Grant Thornton denies the allegations set forth in paragraph 309 of the Complaint to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in paragraph 309 as to the other Defendants.

310. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 310 of the Complaint.

311. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 311 of the Complaint.

312. Grant Thornton denies the allegations set forth in paragraph 312 of the Complaint.

COUNT FOUR

313. Grant Thornton repeats and realleges each and every response set forth in paragraphs 1-312 as if fully set forth herein. Grant Thornton states that the remaining statements

set forth in paragraph 313 of the Complaint are not allegations for which an admission or denial is required.

314-328. The allegations set forth in paragraphs 314-328 of the Complaint are not directed at Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraphs 314-328 as no response is required.

COUNT FIVE

329. Grant Thornton repeats and realleges each and every response set forth in paragraphs 1-328 as if fully set forth herein. Grant Thornton states that the remaining statements set forth in paragraph 329 of the Complaint are not allegations for which an admission or denial is required.

330. Grant Thornton denies the allegations set forth in paragraph 330 of the Complaint, except states that Plaintiffs purport to bring Count Five as described therein.

331. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 331 of the Complaint, except states that, upon information and belief, Refco issued stock pursuant to the IPO Registration Statement. Grant Thornton neither admits nor denies the allegations set forth in the second sentence of paragraph 331, which state a legal conclusion, as to which no response is required.

332. Grant Thornton neither admits nor denies the allegations set forth in paragraph 332 of the Complaint, which state a legal conclusion, as to which no response is required. Grant Thornton denies knowledge or information sufficient to form a belief as to the remaining allegations set forth in paragraph 302 of the Complaint, and states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the

periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

333. The allegations set forth in paragraph 333 of the Complaint are not directed at Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 333 as no response is required.

334. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 334 of the Complaint, and respectfully refers the Court to the IPO Registration Statement for the exact terms and contents thereof and signatories thereto.

335. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 335 of the Complaint, and respectfully refers the Court to the IPO Registration Statement for a description of Bennett, Sherer, Breitman, Gantcher, Harkins, Jaeckel, Lee, O'Kelley and Schoen's employment history and relationship with Refco.

336. Grant Thornton denies the allegations set forth in paragraph 336 of the Complaint, and states that Grant Thornton issued audit reports in connection with Refco's consolidated financial statements for the fiscal years ended 2003, 2004 and 2005, which financial statements were included in the IPO Registration Statement, to which the Court is respectfully referred for the exact terms and contents thereof. Grant Thornton neither admits nor denies the allegations set forth in paragraph 336, which state a legal conclusion, as to which no response is required.

337. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 337 of the Complaint, and respectfully refers the Court to the IPO Registration Statement for the exact terms and contents thereof.

338. Grant Thornton denies the allegations set forth in paragraph 338 of the Complaint to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the allegations set forth in paragraph 338 as to the other Defendants. Grant Thornton neither admits nor denies the allegations set forth in paragraph 338 of the Complaint, which state a legal conclusion, as to which no response is required.

339. Grant Thornton denies the allegations set forth in paragraph 339 of the Complaint to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 339 of the Complaint as to the other Defendants.

340. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 340 of the Complaint.

341. Grant Thornton denies the allegations set forth in paragraph 341 of the Complaint.

COUNT SIX

342. Grant Thornton repeats and realleges each and every response set forth in paragraphs 1-341 as if fully set forth herein. Grant Thornton states that the remaining statements set forth in paragraph 342 of the Complaint are not allegations for which an admission or denial is required.

343-360. The allegations set forth in paragraphs 343-360 of the Complaint are not directed at Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraphs 343-360 as no response is required.

COUNT SEVEN

361. Grant Thornton repeats and realleges each and every response set forth in paragraphs 1-360 as if fully set forth herein. Grant Thornton states that the remaining statements set forth in paragraph 361 of the Complaint are not allegations for which an admission or denial is required.

361-368. The allegations set forth in paragraphs 361-368 of the Complaint are not directed at Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraphs 361-368 as no response is required.

COUNT EIGHT

369. Grant Thornton repeats and realleges each and every response set forth in paragraphs 1-368 as if fully set forth herein. Grant Thornton states that the remaining statements set forth in paragraph 369 of the Complaint are not allegations for which an admission or denial is required.

370-379. The allegations set forth in paragraphs 370-379 of the Complaint are not directed at Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraphs 370-379 as no response is required.

XI. DEFENDANTS' FRAUDULENT SCHEME

380. Grant Thornton denies the allegations set forth in paragraph 380 of the Complaint to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 380 as to the other Defendants. Grant Thornton neither admits nor denies allegations set forth in paragraph 380, which state a legal conclusion, as to which no response is required. Grant Thornton states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial

statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

381. Grant Thornton denies the allegations set forth in paragraph 381 of the Complaint to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 381 as to the other Defendants. Grant Thornton states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

A. Origins of the Scheme

382. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 382 of the Complaint.

383. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 383 of the Complaint.

384. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 384 of the Complaint.

385. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 385 of the Complaint.

386. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 386 of the Complaint.

387. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 387 of the Complaint.

388. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 388 of the Complaint, except states that paragraph 388 accurately quotes only a portion of the Indictment. Grant Thornton respectfully refers the Court to the Indictment for the exact contents and context thereof.

389. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 389 of the Complaint.

390. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 390 of the Complaint.

391. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 391 of the Complaint.

392. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 392 of the Complaint, and states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

B. Bennett Becomes CEO and, With the Aid of Maggio and Others, Transfers Uncollectible Receivables Off Refco's Books

393. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 393 of the Complaint.

394. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 394 of the Complaint.

395. Grant Thornton denies the allegations set forth in paragraph 395 of the Complaint to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 395 as to the other Defendants, except states that paragraph 395 accurately quotes only a portion of the Indictment. Grant Thornton respectfully refers the Court to the Indictment for the exact contents and context thereof.

396. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 396 of the Complaint, and respectfully refers the Court to the Indictment for the exact contents thereof.

397. Grant Thornton denies the allegations set forth in paragraph 397 of the Complaint to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 397 as to the other Defendants.

C. Refco Engages In a Series of Fraudulent "Round About" Transactions to Conceal the Receivable At Each Financial Period End

398. Grant Thornton denies the allegations set forth in paragraph 398 of the Complaint to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 398 as to the other Defendants.

399. Grant Thornton denies the allegations set forth in paragraph 399 of the Complaint to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 399 as to the other Defendants. Grant Thornton states that paragraph 399 accurately quotes only a portion of the Indictment, and respectfully refers the Court to the Indictment for the exact contents thereof.

1. The Fraudulent Transactions with Customer X

400. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 400 of the Complaint.

401. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 401 of the Complaint.

402. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 402 of the Complaint.

403. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 403 of the Complaint.

404. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 404 of the Complaint.

405. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 405 of the Complaint, and respectfully refers the Court to the guarantee referenced in paragraph 405 for the exact terms and contents thereof.

406. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 406 of the Complaint.

(i) The February 2002 Transaction

407. Grant Thornton denies the allegations set forth in paragraph 407 of the Complaint to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to

form a belief as to the truth of the allegations set forth in paragraph 407 as to the other Defendants.

408. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 408 of the Complaint, and respectfully refers the Court to the documents referenced in paragraph 408 for the exact terms and contents thereof.

409. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 409 of the Complaint, and respectfully refers the Court to the documents referenced in paragraph 409 for the exact terms and contents thereof.

410. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 410 of the Complaint, and respectfully refers the Court to the document referenced in paragraph 410 for the exact terms and contents thereof.

411. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 411 of the Complaint, and respectfully refers the Court to the document referenced in paragraph 411 for the exact terms and contents thereof.

412. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 412 of the Complaint, and respectfully refers the Court to the documents referenced in paragraph 412 for the exact terms and contents thereof.

413. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 413 of the Complaint, and respectfully refers the Court to the document referenced in paragraph 413 for the exact terms and contents thereof.

414. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 414 of the Complaint, and respectfully refers the Court to the document referenced in paragraph 414 for the exact terms and contents thereof.

415. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 415 of the Complaint, and respectfully refers the Court to the document referenced in paragraph 415 for the exact terms and contents thereof.

416. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 416 of the Complaint, and respectfully refers the Court to the Indictment for the exact contents thereof.

417. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 417 of the Complaint.

418. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 418 of the Complaint.

(ii) The February 2003 Transaction

419. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 419 of the Complaint.

420. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 420 of the Complaint, and respectfully refers the Court to the documents referenced in paragraph 420 for the exact terms and contents thereof.

421. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 421 of the Complaint, and respectfully refers the Court to the documents referenced in paragraph 421 for the exact terms and contents thereof.

422. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 422 of the Complaint, and respectfully refers the Court to the documents referenced in paragraph 422 for the exact terms and contents thereof.

423. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 423 of the Complaint, and respectfully refers the Court to the document referenced in paragraph 423 for the exact terms and contents thereof.

424. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 424 of the Complaint, and respectfully refers the Court to the documents referenced in paragraph 424 for the exact terms and contents thereof.

425. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 425 of the Complaint, and respectfully refers the Court to the document referenced in paragraph 425 for the exact terms and contents thereof.

426. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 426 of the Complaint, and respectfully refers the Court to the Indictment for the exact contents thereof.

(iii) The February 2004 Transaction

427. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 427 of the Complaint.

428. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 428 of the Complaint, and respectfully refers the Court to the documents referenced in paragraph 428 for the exact terms and contents thereof.

429. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 429 of the Complaint, and respectfully refers the Court to the documents referenced in paragraph 429 for the exact terms and contents thereof.

430. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 430 of the Complaint, and respectfully refers the Court to the documents referenced in paragraph 430 for the exact terms and contents thereof.

431. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 431 of the Complaint, and respectfully refers the Court to the document referenced in paragraph 431 for the exact terms and contents thereof.

432. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 432 of the Complaint, and respectfully refers the Court to the documents referenced in paragraph 432 for the exact terms and contents thereof.

433. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 433 of the Complaint, and respectfully refers the Court to the document referenced in paragraph 433 for the exact terms and contents thereof.

434. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 434 of the Complaint, and respectfully refers the Court to the Indictment for the exact contents thereof.

(iv) The May 2004 Transaction

435. Grant Thornton denies the allegations set forth in paragraph 435 of the Complaint to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 435 as to the other Defendants.

436. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 436 of the Complaint, and respectfully refers the Court to the documents referenced in paragraph 436 for the exact terms and contents thereof.

437. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 437 of the Complaint, and respectfully refers the Court to the documents referenced in paragraph 437 for the exact terms and contents thereof.

438. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 438 of the Complaint, and respectfully refers the Court to the document referenced in paragraph 438 for the exact terms and contents thereof.

439. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 439 of the Complaint, and respectfully refers the Court to the Indictment referenced in paragraph 439 for the exact contents thereof.

(v) **The August 2004 Transaction**

440. Grant Thornton denies the allegations set forth in paragraph 440 of the Complaint to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 440 of the Complaint as to the other Defendants.

441. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 441 of the Complaint, and respectfully refers the Court to the documents referenced in paragraph 441 for the exact terms and contents thereof.

442. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 442 of the Complaint, and respectfully refers the Court to the documents referenced in paragraph 442 for the exact terms and contents thereof.

443. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 443 of the Complaint, and respectfully refers the Court to the documents referenced in paragraph 443 for the exact terms and contents thereof.

444. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 444 of the Complaint, and respectfully refers the Court to the document referenced in paragraph 444 for the exact terms and contents thereof.

445. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 445 of the Complaint, and respectfully refers the Court to the Indictment referenced in paragraph 445 for the exact contents thereof.

(vi) **The November 2004 Transaction**

446. Grant Thornton denies the allegations set forth in paragraph 446 of the Complaint to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 446 of the Complaint as to the other Defendants.

447. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 447 of the Complaint, and respectfully refers the Court to the documents referenced in paragraph 447 for the exact terms and contents thereof.

448. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 448 of the Complaint, and respectfully refers the Court to the documents referenced in paragraph 448 for the exact terms and contents thereof.

449. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 449 of the Complaint, and respectfully refers the Court to the document referenced in paragraph 449 for the exact terms and contents thereof.

450. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 450 of the Complaint, and respectfully refers the Court to the Indictment referenced in paragraph 450 for the exact contents thereof.

(vii) **The December 2004 Transaction**

451. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 451 of the Complaint.

452. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 452 of the Complaint, and respectfully refers the Court to the documents referenced in paragraph 452 for the exact terms and contents thereof.

453. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 453 of the Complaint, and respectfully refers the Court to the documents referenced in paragraph 453 for the exact terms and contents thereof.

454. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 454 of the Complaint, and respectfully refers the Court to the document referenced in paragraph 454 for the exact terms and contents thereof.

455. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 455 of the Complaint, and respectfully refers the Court to the Indictment for the exact contents thereof.

(viii) The February 2005 Transaction

456. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 456 of the Complaint.

457. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 457 of the Complaint, and respectfully refers the Court to the documents referenced in paragraph 457 for the exact terms and contents thereof.

458. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 458 of the Complaint, and respectfully refers the Court to the documents referenced in paragraph 458 for the exact terms and contents thereof.

459. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 459 of the Complaint, and respectfully refers the Court to the document referenced in paragraph 459 for the exact terms and contents thereof.

460. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 460 of the Complaint, and respectfully refers the Court to the documents referenced in paragraph 460 for the exact contents thereof.

(ix) The May 2005 Transaction

461. Grant Thornton denies the allegations set forth in paragraph 461 of the Complaint to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 461 as to the other Defendants. Grant Thornton respectfully refers the Court to the documents referenced in paragraph 461 for the exact terms and contents thereof.

462. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 462 of the Complaint, and respectfully refers the Court to the documents referenced in paragraph 462 for the exact terms and contents thereof.

(x) The August 2005 Transaction

463. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 463 of the Complaint and respectfully refers the Court to the documents referenced in paragraph 463 for the exact terms and contents thereof.

464. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 464 of the Complaint, and respectfully refers the Court to the documents referenced in paragraph 464 for the exact terms and contents thereof.

465. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 465 of the Complaint, and respectfully refers the Court to the documents referenced in paragraph 465 for the exact terms and contents thereof.

466. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 466 of the Complaint, and respectfully refers the Court to the document referenced in paragraph 466 for the exact terms and contents thereof.

467. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 467 of the Complaint, and respectfully refers the Court to the documents referenced in paragraph 467 for the exact contents thereof.

2. The Fraudulent Transactions with BAWAG

468. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 468 of the Complaint, and respectfully refers the Court to the Amended Answer, Affirmative Defenses, and Counterclaims filed on or about April 25, 2006 by the Official Committee of Unsecured Creditors in Refco's bankruptcy proceeding ("Creditors' Committee Answer") and the other documents referenced in paragraph 468 for the exact terms and contents thereof.

469. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 469 of the Complaint.

470. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 470 of the Complaint.

471. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 471 of the Complaint.

(i) The February 2000 Transaction

472. Grant Thornton denies the allegations set forth in paragraph 472 of the Complaint to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 472 as to the other Defendants.

473. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 473 of the Complaint, and respectfully refers the Court to the Creditors' Committee Answer and other documents referenced in paragraph 473 for the exact terms and contents thereof.

474. Grant Thornton denies the allegations set forth in paragraph 474 of the Complaint to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 474 as to the other Defendants.

475. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 475 of the Complaint.

476. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 476 of the Complaint, and respectfully refers the Court to the document referenced in paragraph 476 for the exact contents thereof.

(ii) The February 2001 Transaction

477. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 477 of the Complaint, and respectfully refers the Court to the Creditors' Committee Answer and other documents referenced in paragraph 477 for the exact terms and contents thereof.

478. Grant Thornton denies the allegations set forth in paragraph 478 of the Complaint to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 478 as to the other Defendants.

479. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 479 of the Complaint.

480. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 480 of the Complaint, and respectfully refers the Court to the document referenced in paragraph 480 for the exact contents thereof.

481. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 481 of the Complaint.

(iii) The February 2002 Transaction

482. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 482 of the Complaint, and respectfully refers the Court to the Creditors' Committee Answer, the e-mail quoted in paragraph 482 and other documents referenced in paragraph 482 for the exact terms and contents thereof.

483. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 483 of the Complaint.

484. Grant Thornton denies the allegations set forth in paragraph 484 of the Complaint to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 484 of the Complaint as to the other Defendants. Grant Thornton respectfully refers the Court to the document referenced in paragraph 484 for the exact contents thereof.

485. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 485 of the Complaint.

486. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 486 of the Complaint, and respectfully refers the Court to the document referenced in paragraph 486 for the exact contents thereof.

487. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 487 of the Complaint.

(iv) **The February 2003 Transaction**

488. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 488 of the Complaint, and respectfully refers the Court to the Creditors' Committee Answer and other documents referenced in paragraph 488 for the exact terms and contents thereof.

489. Grant Thornton denies the allegations set forth in paragraph 489 of the Complaint to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 489 as to the other Defendants.

490. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 490 of the Complaint, and respectfully refers the Court to the documents referenced in paragraph 490 for the exact terms and contents thereof.

491. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 491 of the Complaint, and respectfully refers the Court to the document referenced in paragraph 491 for the exact contents thereof.

492. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 492 of the Complaint.

(v) **The February 2004 Transaction**

493. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 493 of the Complaint, and respectfully refers the Court to the Creditors' Committee Answer and other documents referenced in paragraph 493 for the exact terms and contents thereof.

494. Grant Thornton denies the allegations set forth in paragraph 494 of the Complaint to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to

form a belief as to the truth of the allegations set forth in paragraph 494 of the Complaint as to the other Defendants. Grant Thornton respectfully refers the Court to the document referenced in paragraph 494 for the exact contents thereof.

495. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 495 of the Complaint.

496. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 496 of the Complaint, and respectfully refers the Court to the document referenced in paragraph 496 for the exact contents thereof.

497. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 497 of the Complaint, and respectfully refers the Court to the document referenced in paragraph 497 for the exact contents thereof.

498. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 498 of the Complaint.

(vi) The February 2005 Transaction

499. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 499 of the Complaint, and respectfully refers the Court to the Creditors' Committee Answer and other documents referenced in paragraph 499 for the exact terms and contents thereof.

500. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 500 of the Complaint, and respectfully refers the Court to the document referenced in paragraph 500 for the exact contents thereof.

501. Grant Thornton denies the allegations set forth in paragraph 501 of the Complaint to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 501 as to the other

Defendants. Grant Thornton respectfully refers the Court to the documents referenced in paragraph 501 for the exact contents thereof.

502. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 502 of the Complaint.

3. The Fraudulent Transactions with Other Customers

503. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 503 of the Complaint.

a. Ingram Micro, Inc.

504. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 504 of the Complaint.

505. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 505 of the Complaint.

506. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 506 of the Complaint, and respectfully refers the Court to the documents referenced in paragraph 506 for the exact terms and contents thereof.

507. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 507 of the Complaint.

b. Delta Flyer

508. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 508 of the Complaint.

509. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 509 of the Complaint, and respectfully refers the Court to the documents referenced in paragraph 509 the exact terms and contents thereof.

510. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 510 of the Complaint, and respectfully refers the Court to the documents referenced in paragraph 510 for the exact contents thereof.

511. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 511 of the Complaint, and respectfully refers the Court to the documents referenced in paragraph 511 for the exact terms and contents thereof.

512. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 512 of the Complaint, and respectfully refers the Court to the documents referenced in paragraph 512 for the exact contents thereof.

513. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 513 of the Complaint.

514. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 514 of the Complaint.

D. Summary and Form of Transactions

515. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 515 of the Complaint.

516. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 516 of the Complaint.

517. Grant Thornton neither admits nor denies the allegations set forth in paragraph 517 of the Complaint, which state a legal conclusion, as to which no response is required. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in paragraph 517.

518. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 518 of the Complaint.

E. Impact on Financial Statements

519. Grant Thornton denies the allegations set forth in paragraph 519 of the Complaint to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 519 as to the other Defendants. Grant Thornton neither admits nor denies the allegations set forth in paragraph 519, which state a legal conclusion, as to which no response is required. Grant Thornton states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

520. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 520 of the Complaint.

521. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 521 of the Complaint.

522. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 522 of the Complaint.

523. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 523 of the Complaint.

524. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 524 of the Complaint.

XII. FALSE AND MISLEADING STATEMENTS

525. Grant Thornton denies the allegations set forth in paragraph 525 of the Complaint to the extent that they purport to characterize the Bond Registration Statement, IPO Registration Statement, Form 8-K, Form 10-Q, and Form 10K SEC filings, and respectfully refers the Court to those documents for the exact terms and contents thereof. Grant Thornton denies the remaining allegations set forth in paragraph 525 to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 525 as to the other Defendants, except states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

1. The May 2005 Press Release and May 2005 8-K

526. Grant Thornton denies the allegations set forth in paragraph 526 of the Complaint, except states that Refco filed a Form 8-K on or about May 27, 2005, and respectfully refers the Court to the Form 8-K referenced in paragraph 526 for the exact terms and contents thereof.

527. Grant Thornton denies the allegations set forth in paragraph 527 to the extent that they purport to characterize the May 2005 Press Release referenced therein, except states that paragraph 527 accurately quotes only a portion of the May 2005 Press Release. Grant Thornton respectfully refers the Court to the May 2005 Press Release referenced in paragraph 527 for the exact contents and context thereof. Grant Thornton states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release.

Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

528. Grant Thornton denies the allegations set forth in paragraph 528 of the Complaint, except states that paragraph 528 accurately quotes only a portion of the May 2005 Press Release. Grant Thornton respectfully refers the Court to the May 2005 Press Release referenced in paragraph 528 for the exact contents and context thereof.

529. Grant Thornton denies the allegations set forth in paragraph 529 of the Complaint to the extent that they purport to characterize the May 2005 Press Release referenced therein, except states that paragraph 529 accurately quotes only a portion of the May 2005 Press Release. Grant Thornton respectfully refers the Court to the May 2005 Press Release referenced in paragraph 529 for the exact contents and context thereof.

530. Grant Thornton denies the allegations set forth in paragraph 530 of the Complaint to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 530 as to the other Defendants. Grant Thornton neither admits nor denies the allegations set forth in paragraph 530, which state a legal conclusion, as to which no response is required. Grant Thornton states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd.,

LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

2. The Year End 2005 Press Release and 2005 10-K

531. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 531 of the Complaint, except states that Refco filed its Annual Report for fiscal year 2005 on Form 10-K on or about July 1, 2005 and a Form 10-K/A on or about July 20, 2005 (collectively "2005 10-K"), and respectfully refers the Court to the 2005 10-K for the exact terms and contents thereof.

532. Grant Thornton denies the allegations set forth in paragraph 532 of the Complaint, except states that Grant Thornton issued audit reports in connection with Refco's consolidated financial statements for the fiscal years ended 2003, 2004 and 2005, which financial statements were included in Refco's 2005 10-K, to which the Court is respectfully referred for the exact terms and contents thereof.

533. Grant Thornton denies the allegations set forth in paragraph 533 of the Complaint to the extent that they purport to characterize the audited financial statements contained in the 2005 10-K, except states that paragraph 533 accurately reflects only a portion of Refco's audited financial statements contained in the 2005 10-K referenced therein, and respectfully refers the Court to Refco's audited financial statements included in the 2005 10-K referenced in paragraph 533 for the exact contents and context thereof.

534. Grant Thornton denies the allegations set forth in paragraph 534 of the Complaint to the extent that they purport to characterize the 2005 10-K, except states that paragraph 534 accurately quotes only a portion of the 2005 10-K referenced therein, and respectfully refers the Court to the notes to Refco's audited financial statements included in the 2005 10-K for the exact contents and context thereof.

535. Grant Thornton denies the allegations set forth in paragraph 535 of the Complaint to the extent that they purport to characterize the 2005 10-K, except states that paragraph 535 accurately quotes only a portion of the 2005 10-K referenced therein, and respectfully refers the Court to the 2005 10-K for the exact contents and context thereof.

536. Grant Thornton denies the allegations set forth in paragraph 536 of the Complaint to the extent that they purport to characterize the 2005 10-K, except states that paragraph 536 accurately quotes only a portion of the 2005 10-K referenced therein, and respectfully refers the Court to the 2005 10-K for the exact contents and context thereof.

537. Grant Thornton denies the allegations set forth in paragraph 537 of the Complaint to the extent that they purport to characterize the 2005 10-K, except states that paragraph 537 accurately quotes only a portion of the 2005 10-K referenced therein, and respectfully refers the Court to the 2005 10-K for the exact contents and context thereof.

538. Grant Thornton denies the allegations set forth in paragraph 538 of the Complaint to the extent that they purport to characterize the 2005 10-K, except states that paragraph 538 accurately quotes only a portion of the 2005 10-K referenced therein, and respectfully refers the Court to the 2005 10-K for the exact contents and context thereof. Grant Thornton neither admits nor denies the allegations set forth in paragraph 538, which state a legal conclusion, as to which no response is required.

539. Grant Thornton denies the allegations set forth in paragraph 539 of the Complaint, except states that paragraph 539 accurately quotes only a portion of the 2005 10-K referenced therein, and respectfully refers the Court to the 2005 10-K for the exact contents and context thereof.

540. Grant Thornton denies the allegations set forth in paragraph 540 of the Complaint, except states that paragraph 540 accurately quotes only a portion of the 2005 10-K referenced therein, and respectfully refers the Court to the 2005 10-K for the exact contents and context thereof.

541. Grant Thornton denies the allegations set forth in paragraph 541 to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 541 as to the other Defendants. Grant Thornton states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

**3. The First Quarter 2006 Press Release,
July 2005 8-K And First Quarter 2006 10-Q**

542. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 542 of the Complaint, except states that Refco filed a Form 8-K on or about July 15, 2005 and respectfully refers the Court to the July 2005 8-K referenced in paragraph 542 for the exact terms and contents thereof.

543. Grant Thornton denies the allegations set forth in paragraph 543 of the Complaint to the extent that they purport to characterize the First Quarter 2006 Press Release, except states that paragraph 543 accurately quotes only a portion of the First Quarter 2006 Press Release

referenced therein, and respectfully refers the Court to the First Quarter 2006 Press Release for the exact contents and context thereof.

544. Grant Thornton denies the allegations set forth in paragraph 544 of the Complaint, except states that paragraph 544 accurately quotes only a portion of the First Quarter 2006 Press Release referenced therein, and respectfully refers the Court to the First Quarter 2006 Press Release for the exact contents and context thereof.

545. Grant Thornton denies the allegations set forth in paragraph 545 of the Complaint to the extent that they purport to characterize the First Quarter 2006 10-Q and the First Quarter 2006 Press Release, except states that Refco's unaudited consolidated financial statements for the quarter ended May 31, 2005 were included in the First Quarter 2006 10-Q filed on or about July 15, 2005, to which the Court respectfully is referred for the exact terms and contents thereof.

546. Grant Thornton denies the allegations set forth in paragraph 546 of the Complaint to the extent that they purport to characterize the First Quarter 2006 10-Q, except states that paragraph 546 accurately quotes only a portion of the First Quarter 2006 10-Q referenced therein, and respectfully refers the Court to the First Quarter 2006 10-Q for the exact contents and context thereof.

547. Grant Thornton denies the allegations set forth in paragraph 547 of the Complaint to the extent that they purport to characterize the First Quarter 2006 10-Q, except states that paragraph 547 accurately quotes only a portion of the First Quarter 2006 10-Q referenced therein, and respectfully refers the Court to the First Quarter 2006 10-Q for the exact contents and context thereof.

548. Grant Thornton denies the allegations set forth in paragraph 548 of the Complaint to the extent that they purport to characterize the First Quarter 2006 10-Q, except states that

paragraph 548 accurately quotes only a portion of the First Quarter 2006 10-Q referenced therein, and respectfully refers the Court to the First Quarter 2006 10-Q for the exact contents and context thereof. Grant Thornton neither admits nor denies the allegations set forth in paragraph 548, which state a legal conclusion, as to which no response is required.

549. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 549 of the Complaint, except states that paragraph 549 accurately quotes only a portion of the First Quarter 2006 10-Q referenced therein, and respectfully refers the Court to the First Quarter 2006 10-Q for the exact contents and context thereof.

550. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 550 of the Complaint, except states that paragraph 550 accurately quotes only a portion of the First Quarter 2006 10-Q referenced therein, and respectfully refers the Court to the First Quarter 2006 10-Q for the exact contents and context thereof.

551. Grant Thornton denies the allegations set forth in paragraph 551 of the Complaint to the extent that they purport to characterize the First Quarter 2006 10-Q, and respectfully refers the Court to the First Quarter 2006 10-Q for the exact terms and contents thereof. Grant Thornton denies the allegations set forth in paragraph 551 of the Complaint to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 551 as to the other Defendants. Grant Thornton states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003,

February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

4. ADDITIONAL ALLEGATIONS OF SCIENTER

552. Grant Thornton denies the allegations set forth in paragraph 552 of the Complaint as to Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 552 as to the other Defendants. Grant Thornton neither admits nor denies the allegations set forth in paragraph 552, which state a legal conclusion, as to which no response is required. Grant Thornton states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

a. Circumstantial Evidence of Scienter

553. Grant Thornton denies the allegations set forth in paragraph 553 of the Complaint as to Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 553 as to the other Defendants. Grant Thornton neither admits nor denies the allegations set forth in paragraph 553, which state a legal conclusion, as to which no response is required.

554. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 554 of the Complaint, except states that Grant

Thornton performed a re-audit of Refco's February 2002 year end consolidated financial statements. Grant Thornton respectfully refers the Court to the confirmation request referred to in paragraph 554 for the exact terms and contents thereof.

555. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 555 of the Complaint, and respectfully refers the Court to the Statement of Account for Customer X referred to in paragraph 555 for the exact contents thereof.

556. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 556 of the Complaint, and respectfully refers the Court to the Statement of Account for Customer X referred to in paragraph 556 for the exact contents thereof.

557. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 557 of the Complaint.

558. Grant Thornton denies the allegations set forth in paragraph 558 of the Complaint.

559. Grant Thornton denies the allegations set forth in paragraph 559 of the Complaint.

560. Grant Thornton denies the allegations set forth in paragraph 560 of the Complaint as to Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 560 as to the other Defendants. Grant Thornton neither admits nor denies the truth of the allegations set forth in paragraph 560, which state a legal conclusion, as to which no response is required.

561. Grant Thornton denies the allegations set forth in paragraph 561 of the Complaint as to Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 561 as to the other Defendants. Grant Thornton

neither admits nor denies the truth of the allegations set forth in paragraph 561, which state a legal conclusion, as to which no response is required.

562. Grant Thornton denies the allegations set forth in paragraph 562 of the Complaint as to Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 562 as to the other Defendants. Grant Thornton neither admits nor denies the truth of the allegations set forth in paragraph 562, which state a legal conclusion, as to which no response is required.

563. Grant Thornton denies the allegations set forth in paragraph 563 of the Complaint as to Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 563 as to the other Defendants. Grant Thornton neither admits nor denies the truth of the allegations set forth in paragraph 563, which state a legal conclusion, as to which no response is required.

564. Grant Thornton denies the allegations set forth in paragraph 564 of the Complaint as to Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 564 as to the other Defendants. Grant Thornton neither admits nor denies the truth of the allegations set forth in paragraph 564, which state a legal conclusion, as to which no response is required.

565. Grant Thornton denies the allegations set forth in paragraph 565 as to Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 565 as to the other Defendants. Grant Thornton denies the allegations set forth in paragraph 565 of the Complaint to the extent they purport to characterize the IPO Registration Statement, and respectfully refers the Court to the IPO Registration Statement for the exact terms and contents thereof. Grant Thornton neither admits nor denies the

truth of the allegations set forth in paragraph 565, which state a legal conclusion, as to which no response is required.

566. Grant Thornton denies the allegations set forth in paragraph 566 of the Complaint as to Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 566 as to the other Defendants, except states that, upon information and belief, Refco Holdings, at certain times, was wholly owned by Bennett. Grant Thornton denies the allegations set forth in paragraph 566 to the extent they purport to characterize the Bond Registration Statement and the IPO Registration Statement and respectfully refers the Court to the Bond Registration Statement and IPO Registration Statement for the exact contents thereof. Grant Thornton neither admits nor denies the truth of the allegations set forth in paragraph 566, which state a legal conclusion, as to which no response is required.

567. Grant Thornton denies the allegations set forth in paragraph 567 of the Complaint, and respectfully refers the Court to the documents referenced in paragraph 567 for the exact terms and contents thereof.

568. Grant Thornton denies the allegations set forth in paragraph 568 of the Complaint as to Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 568 as to the other Defendants.

569. The allegations set forth in paragraph 569 of the Complaint are not directed at Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 569 as no response is required.

570 The allegations set forth in paragraph 570 of the Complaint are not directed at Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 570 as no response is required.

571 The allegations set forth in paragraph 571 of the Complaint are not directed at Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 571 as no response is required.

572. Grant Thornton denies the allegations set forth in paragraph 572 of the Complaint as to Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 572 as to the other Defendants.

573. Grant Thornton denies the allegations set forth in paragraph 573 of the Complaint as to Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 573 as to the other Defendants.

574. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 574 of the Complaint.

575. Grant Thornton denies the allegations set forth in paragraph 575 of the Complaint to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 575 as to the other Defendants. Grant Thornton neither admits nor denies the allegations set forth in paragraph 575, which state a legal conclusion, as to which no response is required.

576. Grant Thornton denies the allegations set forth in paragraph 576 of the Complaint as to Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 576 as to the other Defendants.

577. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 577 of the Complaint.

578. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 578 of the Complaint.

579. Grant Thornton denies the allegations set forth in paragraph 579 of the Complaint to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 579 as to the other Defendants, except states that Refco was fined \$1.25 million by the CFTC in 1994.

580. Grant Thornton denies the allegations set forth in paragraph 580 of the Complaint as to Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 580 as to the other Defendants.

581. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 581 of the Complaint.

b. Motive and Opportunity

582. The allegations set forth in paragraph 582 of the Complaint are not directed at Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 582 as no response is required.

583. The allegations set forth in paragraph 583 of the Complaint are not directed at Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 583 as no response is required.

584. The allegations set forth in paragraph 584 of the Complaint are not directed at Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 584 as no response is required.

585. The allegations set forth in paragraph 585 of the Complaint are not directed at Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 585 as no response is required.

586. The allegations set forth in paragraph 586 of the Complaint are not directed at Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 586 as no response is required.

587. The allegations set forth in paragraph 587 of the Complaint are not directed at Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 587 as no response is required.

588. The allegations set forth in paragraph 588 of the Complaint are not directed at Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 588 as no response is required.

589. The allegations set forth in paragraph 589 of the Complaint are not directed at Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 589 as no response is required.

590. The allegations set forth in paragraph 590 of the Complaint are not directed at Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 590 as no response is required.

591. The allegations set forth in paragraph 591 of the Complaint are not directed at Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 591 as no response is required.

592. The allegations set forth in paragraph 592 of the Complaint are not directed at Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 592 as no response is required.

593. The allegations set forth in paragraph 593 of the Complaint are not directed at Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 593 as no response is required.

594. The allegations set forth in paragraph 594 of the Complaint are not directed at Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 594 as no response is required.

595. The allegations set forth in paragraph 595 of the Complaint are not directed at Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 595 as no response is required.

596. Grant Thornton denies the allegations set forth in paragraph 596 of the Complaint, except states that Arthur Andersen was formerly Refco's auditor, and that Mark Ramler was formerly a partner at Arthur Andersen.

597. Grant Thornton denies the allegations set forth in paragraph 597, except Grant Thornton neither admits nor denies the allegations set forth in paragraph 597 of the Complaint, which state a legal conclusion, as to which no response is required.

c. Additional Allegations of Scienter As to the Audit Committee

598. The allegations set forth in paragraph 598 of the Complaint are not asserted against Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 598 as no response is required.

599. The allegations set forth in paragraph 599 of the Complaint are not asserted against Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 599 as no response is required.

600. The allegations set forth in paragraph 600 of the Complaint are not asserted against Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 600 as no response is required.

601. The allegations set forth in paragraph 601 of the Complaint are not asserted against Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 601 as no response is required.

602. The allegations set forth in paragraph 602 of the Complaint are not asserted against Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 602 as no response is required.

603. The allegations set forth in paragraph 603 of the Complaint are not asserted against Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 603 as no response is required.

604. The allegations set forth in paragraph 604 of the Complaint are not asserted against Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 604 as no response is required.

605. The allegations set forth in paragraph 605 of the Complaint are not asserted against Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 605 as no response is required.

606. The allegations set forth in paragraph 606 of the Complaint are not asserted against Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 606 as no response is required.

607. The allegations set forth in paragraph 607 of the Complaint are not asserted against Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 607 as no response is required.

608. The allegations set forth in paragraph 608 of the Complaint are not asserted against Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 608 as no response is required.

d. Additional Allegations of Scierter Against BAWAG

609. The allegations set forth in paragraph 609 of the Complaint are not asserted against Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 609 as no response is required.

610. The allegations set forth in paragraph 610 of the Complaint are not asserted against Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 610 as no response is required.

611. The allegations set forth in paragraph 611 of the Complaint are not asserted against Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 611 as no response is required.

612. The allegations set forth in paragraph 612 of the Complaint are not asserted against Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 612 as no response is required.

613. The allegations set forth in paragraph 613 of the Complaint are not asserted against Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 613 as no response is required.

614. The allegations set forth in paragraph 614 of the Complaint are not asserted against Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 614 as no response is required.

615. The allegations set forth in paragraph 615 of the Complaint are not asserted against Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 615 as no response is required.

616. The allegations set forth in paragraph 616 of the Complaint are not asserted against Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 616 as no response is required.

617. The allegations set forth in paragraph 617 of the Complaint are not asserted against Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraph 617 as no response is required.

5. LOSS CAUSATION

618. Grant Thornton denies the allegations set forth in paragraph 618 of the Complaint.

619. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 619 of the Complaint.

620. Grant Thornton denies the allegations set forth in paragraph 620 of the Complaint, except states, upon information and belief, that Refco filed for bankruptcy protection on or about October 17, 2005. Grant Thornton states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28,

2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

621. Grant Thornton denies the allegations set forth in paragraph 621 of the Complaint, and states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements, as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

622. Grant Thornton denies the allegations set forth in paragraph 622 of the Complaint.

6. INAPPLICABILITY OF THE STATUTORY SAFE HARBOR

623. Grant Thornton denies the allegations set forth in paragraph 623 of the Complaint, except to the extent they state a legal conclusion, as to which no response is required.

624. Grant Thornton denies the allegations set forth in paragraph 624 of the Complaint, except to the extent they state a legal conclusion, as to which no response is required.

7. **PRESUMPTION OF RELIANCE**

a. **Reliance Should Be Presumed
With Respect to Defendants' Omissions**

625. Grant Thornton denies the allegations set forth in paragraph 625 of the Complaint, except to the extent they state a legal conclusion, as to which no response is required.

b. **Reliance Should Be Presumed
Because Fraud Created The Market for the Company's Securities**

626. Grant Thornton denies the allegations set forth in paragraph 626 of the Complaint to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 626 of the Complaint as to the other Defendants, except that Grant Thornton neither admits nor denies the allegations set forth in paragraph 626 which state a legal conclusion, as to which no response is required.

627. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 627 of the Complaint, except states that paragraph 627 accurately quotes only a portion of the Offering Memorandum. Grant Thornton respectfully refers the Court to the Offering Memorandum for the exact terms and context thereof.

628. Grant Thornton denies the allegations set forth in paragraph 628 of the Complaint to the extent they purport to characterize the Offering Memorandum and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in paragraph 628. Grant Thornton respectfully refers the Court to the Offering Memorandum for the exact terms and contents thereof. Grant Thornton states that Refco announced the discovery of a receivable owed to it by an entity controlled by Bennett in the October 10 Press Release. Refco determined on October 9, 2005, that "its financial statements,

as of, and for the periods ended February 28, 2002, February 28, 2003, February 28, 2004, February 28, 2005 and May 31, 2005, taken as a whole for Refco Inc., Refco Group Ltd., LLC, and Refco Finance, Inc. should no longer be relied upon." Grant Thornton respectfully refers the Court to the October 10 Press Release for the exact terms and context thereof.

629. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 629 of the Complaint.

630. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 630 of the Complaint. Grant Thornton neither admits nor denies the allegations set forth in paragraph 630, which state a legal conclusion, as to which no response is required.

631. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 630 of the Complaint. Grant Thornton neither admits nor denies the allegations set forth in paragraph 631, which state a legal conclusion, as to which no response is required.

**c. Reliance Should Be Presumed
Under the Fraud-on-the-Market Doctrine**

632. Grant Thornton denies the allegations set forth in paragraph 632 of the Complaint, except to the extent they state a legal conclusion, as to which no response is required.

633. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 633 of the Complaint.

634. Grant Thornton denies the allegations set forth in paragraph 634 of the Complaint to the extent asserted against Grant Thornton, and denies knowledge or

information sufficient to form a belief as to the truth of the allegations set forth in paragraph 634 as to the other Defendants.

635. Grant Thornton denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 635 of the Complaint.

636. Grant Thornton denies the allegations set forth in paragraph 636 of the Complaint, except to the extent they state a legal conclusion, as to which no response is required.

8. CLAIMS FOR RELIEF UNDER THE EXCHANGE ACT

COUNT NINE

637. Grant Thornton repeats and realleges each and every response set forth in paragraphs 1-636 as if fully set forth herein.

638. Grant Thornton neither admits nor denies the allegations set forth in paragraph 638 of the Complaint, which state a legal conclusion, as to which no response is required, except states that Plaintiffs purport to bring a claim under Section 10(b) of the Exchange Act and Rule 10b-5.

639. Grant Thornton denies the allegations set forth in paragraph 639 to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 639 as to the other Defendants, except that Grant Thornton neither admits nor denies the allegations set forth in paragraph 639 of the Complaint, which state a legal conclusion, as to which no response is required.

640. Grant Thornton denies the allegations set forth in paragraph 640 of the Complaint to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in paragraph 640 as to the other Defendants.

641. Grant Thornton denies the allegations set forth in paragraph 641 of the Complaint to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 641 as to the other Defendants, except that Grant Thornton neither admits nor denies the allegations set forth in paragraph 641 of the Complaint, which state a legal conclusion, as to which no response is required.

642. Grant Thornton denies the allegations set forth in paragraph 642 of the Complaint to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 642 as to the other Defendants.

643. Grant Thornton denies the allegations set forth in paragraph 643 of the Complaint to the extent asserted against Grant Thornton, and denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 643 as to the other Defendants.

644. Grant Thornton denies the allegations set forth in paragraph 644 of the Complaint.

645. Grant Thornton denies the allegations set forth in paragraph 645 of the Complaint.

COUNT TEN

646. Grant Thornton repeats and realleges each and every response set forth in paragraphs 1-645 as if fully set forth herein.

647-653. The allegations set forth in paragraphs 647-653 of the Complaint are not directed at Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraphs 647-653 as no response is required.

COUNT ELEVEN

654. Grant Thornton repeats and realleges each and every response set forth in paragraphs 1-653 as if fully set forth herein.

655-669. The allegations set forth in paragraphs 655-669 of the Complaint are not directed at Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraphs 655-669 as no response is required.

COUNT TWELVE

670. Grant Thornton repeats and realleges each and every response set forth in paragraphs 1-669 as if fully set forth herein.

671-689. The allegations set forth in paragraphs 671-689 of the Complaint are not directed at Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraphs 671-689 as no response is required.

COUNT THIRTEEN

690. Grant Thornton repeats and realleges each and every response set forth in paragraphs 1-689 as if fully set forth herein.

691-706. The allegations set forth in paragraphs 691-706 of the Complaint are not directed at Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraphs 691-706 as no response is required.

COUNT FOURTEEN

707. Grant Thornton repeats and realleges each and every response set forth in paragraphs 1-706 as if fully set forth herein.

708-712. The allegations set forth in paragraphs 708-712 of the Complaint are not directed at Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraphs 708-712 as no response is required.

COUNT FIFTEEN

713. Grant Thornton repeats and realleges each and every response set forth in paragraphs 1-712 as if fully set forth herein.

714-720. The allegations set forth in paragraphs 714-720 of the Complaint are not directed at Grant Thornton, and therefore Grant Thornton neither admits nor denies the allegations set forth in paragraphs 714-720 as no response is required.

JURY DEMAND

721. The statements set forth in paragraph 721 of the Complaint are not allegations for which an admission or denial is required.

AFFIRMATIVE DEFENSES

FIRST AFFIRMATIVE DEFENSE

The Complaint fails to state a claim upon which relief may be granted.

SECOND AFFIRMATIVE DEFENSE

Grant Thornton planned and conducted its audits in accordance with the applicable professional standards.

THIRD AFFIRMATIVE DEFENSE

Grant Thornton is not liable to Plaintiffs because it had reasonable grounds to believe, and did believe at the time, that Refco's financial statements, which were contained in, among other documents, the Offering Memorandum; Bond Registration Statement (including prior amendments); Form 10-K and Form 10-K/A Annual Reports, filed on or about July 1, 2005 and July 20, 2005, respectively; and IPO Registration Statement (including prior amendments) were true and that there were no misstatements of material fact or omissions of material fact that were necessary to make the statements therein not misleading.

FOURTH AFFIRMATIVE DEFENSE

Grant Thornton acted at all times in good faith and had no knowledge, and was not reckless in not knowing, that any alleged statement or omission was false or misleading.

FIFTH AFFIRMATIVE DEFENSE

Plaintiffs' claims against Grant Thornton are barred in whole, or in part, because the depreciation in the market price of Refco securities resulted from factors other than Grant Thornton's alleged misconduct.

SIXTH AFFIRMATIVE DEFENSE

Any loss allegedly incurred by Plaintiffs is not recoverable because all or a portion of that loss resulted from intervening or superseding causes, including the conduct of persons and/or entities other than Grant Thornton, including, but not limited to, co-defendants in this action.

SEVENTH AFFIRMATIVE DEFENSE

Plaintiffs' claims against Grant Thornton are barred in whole or in part by their own actions, omissions, and/or negligence, or the actions, omissions and/or negligence of others over whom Grant Thornton has no control, including, but not limited to, co-defendants in this action.

EIGHTH AFFIRMATIVE DEFENSE

Grant Thornton is not liable because Plaintiffs' alleged losses were not actually or proximately caused by Grant Thornton.

NINTH AFFIRMATIVE DEFENSE

Plaintiffs' claims are barred in whole or in part because of the lack of loss causation. Plaintiffs have not suffered any injury or harm as a result of the actions of Grant Thornton alleged in the Complaint.

TENTH AFFIRMATIVE DEFENSE

Plaintiffs' claims against Grant Thornton are barred in whole or in part because of the lack of transaction causation. Grant Thornton's alleged misconduct did not cause Plaintiffs to engage in the transaction alleged in the Complaint.

ELEVENTH AFFIRMATIVE DEFENSE

This action is not maintainable as a class action pursuant to Rule 23 of the Federal Rules of Civil Procedure.

TWELFTH AFFIRMATIVE DEFENSE

Plaintiffs and other members of the putative class lack standing to maintain some or all of their claims.

THIRTEENTH AFFIRMATIVE DEFENSE

Plaintiffs' claims against Grant Thornton are barred, in whole or in part, by the fraud of third parties, including, but not limited to, co-defendants in this action.

FOURTEENTH AFFIRMATIVE DEFENSE

Plaintiffs failed to mitigate their alleged damages.

FIFTEENTH AFFIRMATIVE DEFENSE

Any damage, loss, or liability sustained by Plaintiffs must be reduced, diminished, and/or eliminated in proportion to the wrongful or negligent conduct of entities or individuals other than Grant Thornton under the principles of equitable allocation, recoupment, set-off, contribution, proportionate responsibility, and comparative fault.

SIXTEENTH AFFIRMATIVE DEFENSE

Plaintiffs' alleged damages are reduced by the amounts they have recovered from third parties in connection with the claims alleged in the Complaint, including, but not limited to, any amounts recovered in connection with distributions made under the bankruptcy plan in the In re Refco, Inc., et al, 05-60006, (Bankr. S.D.N.Y.) and their settlement with BAWAG in this action.

SEVENTEENTH AFFIRMATIVE DEFENSE

Other parties not named in the Complaint may be indispensable parties to this action.

EIGHTEENTH AFFIRMATIVE DEFENSE

Plaintiffs have failed to plead their claims against Grant Thornton with particularity.

NINETEENTH AFFIRMATIVE DEFENSE

Grant Thornton adopts by reference any applicable defense pled by any other defendant not expressly set forth herein.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

-----X
:
:
In re REFCO, INC. SECURITIES LITIGATION : 05 Civ. 8626 (GEL)
:
:
: **CERTIFICATE OF SERVICE**
:
-----X

I hereby affirm under penalties of perjury the following:


1. I am an attorney with the firm of Winston & Strawn LLP, 200 Park Avenue, New York, New York, counsel of record for Defendant Grant Thornton LLP.

2. On June 14, 2007, Grant Thornton LLP's Answer and Affirmative Defenses To Lead Plaintiffs' First Amended Consolidated Class Action Complaint was served via electronic filing in the Southern District of New York's CM/ECF system to all parties and via U.S. Postal Service to:

Ramzi Abadou
Lerach Coughlin Stoia Geller Rudman & Robbins LLP
655 West Broadway, Suite 1900
San Diego, CA 92101

American Financial International Group - Asia, LLC
Squitieri & Fearon, LLP
32 East 57th Street
12th Floor
New York, NY 10022

Dated: June 14, 2007
New York, New York



Ruth A. Braun