

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

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In re REFCO, INC. SECURITIES : MASTER FILE NO.
LITIGATION : 05 Civ. 8626 (GEL)
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ANSWER OF DEFENDANT WILLIAM M. SEXTON

Defendant William M. Sexton (“Sexton”), by and through his attorneys, Friedman & Wittenstein, A Professional Corporation, states as follows for his answer to the First Amended Consolidated Class Action Complaint (the “complaint”) in the above-captioned action:

I. NATURE OF THE ACTION¹

1. Denies each and every allegation contained in paragraph 1 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 1 of the complaint, except admits that Refco Inc. issued a press release stating that certain of the Company’s financial statements “should no longer be relied upon” and that Refco filed for bankruptcy.²

¹ Solely for organizational purposes, the headings used in Sexton’s Answer mirror the headings used by plaintiffs in the complaint. No admission as to the veracity of any such heading is hereby intended or made.

² For purposes of this answer only, any key term not defined herein should be given the definition provided by plaintiffs in the complaint. No admission as to the veracity of any such definition is hereby intended or made.

2. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 2 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 2 of the complaint, except admits, upon information and belief, that Refco was one of the world's largest providers of brokerage and clearing services in the international derivatives, currency and futures markets. Sexton further admits that, as is common in the industry, "margin" trading was a part of Refco's futures business.

3. Denies each and every allegation contained in paragraph 3 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 3 of the complaint.

4. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 4 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 4 of the complaint.

5. Denies each and every allegation contained in paragraph 5 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 5 of the complaint, except admits that, as part of the leveraged buyout, Thomas H. Lee Partners, L.P. purchased a percentage equity stake in the Company. Sexton further admits that, as a Refco officer, he was granted certain stock options, subject to certain conditions.

6. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 6 of the complaint, except admits that Refco conducted an initial public offering ("IPO") in August 2005 and that an additional amount was paid to Refco's

shareholders of record before the IPO.

7. Denies each and every allegation contained in paragraph 7 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 7 of the complaint.

8. Denies each and every allegation contained in paragraph 8 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 8 of the complaint, except admits that on or about October 10, 2005, Refco announced in a press release that it had discovered through an internal review a receivable owed to the Company in the amount of approximately \$430 million. Sexton further admits that the press release stated the Company's determination that its financial statements 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 each of Refco Inc., Refco Group Ltd., LLC and Refco Finance, Inc. should no longer be relied upon. Sexton further admits, upon information and belief, that Phillip Bennett was arrested and charged with securities fraud, that NYSE suspended trading in Refco shares and that Refco filed for bankruptcy in the Southern District of New York. Sexton further admits that an October 13, 2005 press release stated that "[i]n light of recent events, the liquidity within the Company's non regulated subsidiary Refco Capital Markets, Ltd. . . . is no longer sufficient to continue operations."

9. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 9 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 9 of the complaint.

10. Denies any involvement or culpability relating to the allegations of wrongdoing

contained in paragraph 10 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 10 of the complaint, except admits that the complaint purports to assert “two different sets of claims.”

II. JURISDICTION AND VENUE

11. Denies each and every allegation contained in paragraph 11 of the complaint, except admits that plaintiffs purport to bring their claims under Sections 11, 12(a)(2) and 15 of the Securities Act, Sections 10(b), 20(a) and 20A of the Exchange Act, and the rules and regulations promulgated thereunder, including SEC Rule 10b-5.

12. Denies each and every allegation contained in paragraph 12 of the complaint, except admits that plaintiffs aver that the Court has jurisdiction over the subject matter of this action pursuant to Section 27 of the Exchange Act, Section 22 of the Securities Act and 28 U.S.C. § 1331.

13. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 13 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 13 of the complaint, except admits that plaintiffs aver that venue is proper in this district pursuant to Section 27 of the Exchange Act and Section 22 of the Securities Act.

14. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 14 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 14 of the complaint.

15. Denies each and every allegation contained in paragraph 15 as to him; denies

knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 15 of the complaint.

III. PARTIES AND RELEVANT NON-PARTIES

A. Plaintiffs

16. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 16 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 16 of the complaint, except admits that on or about February 3, 2006, the Honorable Gerard E. Lynch appointed RH Capital Associates LLC as co-lead plaintiff for this consolidated litigation.

17. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 17 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 17 of the complaint, except admits that on or about February 3, 2006, the Honorable Gerard E. Lynch appointed Pacific Investment Management Company LLC as co-lead plaintiff for this consolidated litigation.

18. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 18 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 18 of the complaint.

19. No response is required for paragraph 19 of the complaint.

B. The Company

20. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 20 of the complaint, except admits that Refco Inc. filed for bankruptcy on or about October 17, 2005. Sexton further admits, upon information and belief, that prior to its bankruptcy filing, Refco Inc. was a publicly traded holding company that was formed in connection with the August 2005 IPO, and was the issuer of stock sold pursuant to the August 2005 IPO. Sexton further admits, upon information and belief, that Refco Inc. was a Delaware corporation with its principal offices located at One World Financial Center, 200 Liberty Street, Tower A, New York, New York.

21. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 21 of the complaint, except admits, upon information and belief, that Refco Group Ltd., LLC (“Refco Group”) filed for bankruptcy on or about October 17, 2005. Sexton further admits, upon information and belief, that prior to the formation of Refco Inc., the Company’s business was conducted through Refco Group as the parent company and that Refco Group was a Delaware limited liability company with its principal offices at One World Financial Center, 200 Liberty Street, Tower A, New York, New York. Sexton further admits, upon information and belief, that Refco Group was the co-issuer of the Company’s bonds issued on or about April 13, 2005 pursuant to the Form S-4 Registration Statement filed with the SEC on October 12, 2004 (the “Registered Bonds”), together with subsequent amendments (the “Bond Registration Statement”) and was a signatory to the Bond Registration Statement.

22. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 22 of the complaint, except admits, upon information and

belief, that New Refco Group Ltd., LLC (“New Refco”) filed for bankruptcy on or about October 17, 2005. Sexton further admits, upon information and belief, that upon completion of the August 2005 IPO, Refco became the public company parent of New Refco.

23. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 23 of the complaint, except admits, upon information and belief, that Refco Finance Holdings LLC (“Refco Finance Holdings”) filed for bankruptcy on or about October 17, 2005.

24. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 24 of the complaint, except admits, upon information and belief, that Refco Finance Inc. (“Refco Finance”) filed for bankruptcy on or about October 17, 2005. Sexton further admits, upon information and belief, that Refco Finance was a co-issuer of the Company’s Registered Bonds and a signatory to the Company’s Bond Registration Statement.

25. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 25 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 25 of the complaint, except admits, upon information and belief, that Refco Capital Markets Ltd. (“Refco Capital”) filed for bankruptcy on or about October 17, 2005. Sexton further admits, upon information and belief, that Refco Capital was a Refco subsidiary that traded over-the-counter contracts.

C. The Defendants

1. The Bennett Shell-Entity Defendants

26. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 26 of the complaint.

27. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 27 of the complaint.

28. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 28 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 28 of the complaint.

2. The Refco-Affiliated Defendants

29. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 29 of the complaint, except admits, upon information and belief, that Refco Managed Futures LLC (“Refco Futures”) was a Delaware limited liability company and a subsidiary of Refco Group with its principal offices located at the Company’s headquarters in New York. Any action against Refco Futures is stayed under section 362(a) of the Bankruptcy Code, as set forth in the Suggestion of Bankruptcy and Notice of Operation of Automatic Stay, filed in this Court on June 5, 2006 by counsel for Refco Futures.

30. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 30 of the complaint. Any action against Westminister-Refco Management LLC is stayed under section 362(a) of the Bankruptcy Code, as set forth in the

Suggestion of Bankruptcy and Notice of Operation of Automatic Stay, filed in this Court on June 5, 2006 by counsel for Westminster-Refco Management LLC.

31. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 31 of the complaint. Any action against Lind-Waldock Securities LLC is stayed under section 362(a) of the Bankruptcy Code, as set forth in the Suggestion of Bankruptcy and Notice of Operation of Automatic Stay, filed in this Court on June 5, 2006 by counsel for Lind-Waldock Securities LLC.

3. The Officer Defendants

32. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 32 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 32 of the complaint, except admits, upon information and belief, that defendant Phillip Bennett (“Bennett”) is the former President, Chief Executive Officer (“CEO”) and Chairman of Refco Group and that in October 2005, Bennett was asked by the Board of Directors to take a leave of absence.

33. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 33 of the complaint, except admits, upon information and belief, that defendant Gerald M. Sherer (“Sherer”) joined Refco Group as Executive Vice President and Chief Financial Officer (“CFO”) in January 2005.

34. Denies each and every allegation contained in paragraph 34 of the complaint, except admits that he served as Executive Vice President and Chief Operating Officer (“COO”) of Refco Group beginning in August 2004. Sexton further admits that he joined Refco Group in

April 1999 and served as Executive Vice President and COO of Refco, LLC, a Refco Group subsidiary, from July 2001 until August 2004. Sexton further admits that he served as CEO of Refco following Bennett's resignation in October 2005, until November 2005. Sexton further admits that he was employed by Chase Manhattan Bank from 1991 to 1997 in various capacities.

35. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 35 of the complaint, except admits, upon information and belief, that Santo Maggio ("Maggio") was Executive Vice President of Refco Group, President and CEO of Refco Securities, LLC, and President of the Refco Capital subsidiary. Sexton further admits, upon information and belief, that Maggio was asked by Refco's Board of Directors to take a leave of absence in October 2005.

36. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 36 of the complaint, except admits, upon information and belief, that Joseph Murphy ("Murphy") was an Executive Vice President of Refco Group and President of certain Refco subsidiaries.

37. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 37 of the complaint, except admits, upon information and belief, that Phillip Silverman ("Silverman") served as Secretary of the Company.

38. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 38 of the complaint, except admits, upon information and belief, that Dennis Klejna ("Klejna") served as Executive Vice President and General Counsel of the Company. Sexton further admits, upon information and belief, that Klejna had been employed by the Commodity Futures Trading Commission.

39. No response is required for paragraph 39 of the complaint.

4. Defendant Trosten

40. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 40 of the complaint, except admits, upon information and belief, that Robert Trosten (“Trosten”) served as Executive Vice President and CFO of Refco Group.

5. Defendant Grant

41. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 41 of the complaint.

6. The Audit Committee Defendants

42. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 42 of the complaint.

43. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 43 of the complaint.

44. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 44 of the complaint.

45. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 45 of the complaint.

7. The Defendants Affiliated with Thomas H. Lee Partners

46. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 46 of the complaint, except admits, upon information and

belief, that, as part of the leveraged buyout, Thomas H. Lee Partners, L.P. and/or entities affiliated therewith purchased a percentage equity stake in the Company.

47. No response is required for paragraph 47 of the complaint.

48. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 48 of the complaint.

49. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 49 of the complaint.

50. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 50 of the complaint.

51. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 51 of the complaint.

52. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 52 of the complaint.

53. No response is required for paragraph 53 of the complaint.

8. Grant Thornton

54. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 54 of the complaint, except admits, upon information and belief, that Grant Thornton LLP (“Grant Thornton”) provided auditing and/or accounting services to the Company.

9. The Underwriter Defendants

55. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 55 of the complaint, except admits, upon information and

belief, that Credit Suisse First Boston LLC was involved in the Company's bond offering and/or IPO of common stock.

56. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 56 of the complaint.

57. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 57 of the complaint.

58. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 58 of the complaint.

59. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 59 of the complaint.

60. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 60 of the complaint.

61. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 61 of the complaint.

62. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 62 of the complaint.

63. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 63 of the complaint.

64. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 64 of the complaint.

65. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 65 of the complaint.

66. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 66 of the complaint.

67. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 67 of the complaint.

68. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 68 of the complaint.

69. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 69 of the complaint.

70. No response is required for paragraph 70 of the complaint.

71. No response is required for paragraph 71 of the complaint.

10. Defendant BAWAG

72. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 72 of the complaint, except admits, upon information and belief, that Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse AG (“BAWAG”) is an Austrian banking and financial services corporation.

73. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 73 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 73 of the complaint.

74. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 74 of the complaint.

75. Denies knowledge or information sufficient to form a belief as to the truth of the

allegations contained in paragraph 75 of the complaint.

76. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 76 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 76 of the complaint.

77. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 76 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 77 of the complaint.

IV. CLASS ALLEGATIONS

78. Denies each and every allegation contained in paragraph 78 of the complaint, except admits that plaintiffs purport to bring this action as a class action as specified therein.

79. Denies each and every allegation contained in paragraph 79 of the complaint, except admits, upon information and belief, that the Company issued \$600 million of debt securities and conducted an IPO.

80. Denies each and every allegation contained in paragraph 80 of the complaint.

81. Denies each and every allegation contained in paragraph 81 of the complaint.

82. Denies each and every allegation contained in paragraph 82 of the complaint.

83. Denies each and every allegation contained in paragraph 83 of the complaint.

84. Denies each and every allegation contained in paragraph 84 of the complaint.

85. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained 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. Denies each and every allegation contained in paragraph 86 of the complaint, except admits, upon information and belief, that Refco was one of the largest providers of brokerage and clearing services in the international derivatives, currency and futures markets. Sexton further admits, upon information and belief, that Refco executed trades on behalf of customers and then recorded and “cleared” those trades, and that Refco offered these services to a wide variety of customers on a broad spectrum of derivatives, cash and securities.

87. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 87 of the complaint, except admits, upon information and belief, that Refco’s revenues included (i) transaction fees earned from executing and clearing customer orders and (ii) interest income earned on cash balances in its customers’ trading accounts and from providing financing through repurchase transactions.

88. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 88 of the complaint.

89. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 89 of the complaint.

90. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 90 of the complaint.

91. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 91 of the complaint.

92. Denies each and every allegation contained in paragraph 92 as to him; denies

knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 92 of the complaint.

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

93. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 93 of the complaint.

94. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 94 of the complaint, except admits, upon information and belief, that Thomas H. Lee Partners, L.P. and/or entities affiliated therewith, as part of the leveraged buyout, purchased an equity stake in the Company.

95. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 95 of the complaint, except admits, upon information and belief, that the Company issued \$600 million of 9% Senior Subordinated Notes due in 2012 (the "144A Bonds").

96. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 96 of the complaint.

97. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 97 of the complaint.

98. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 98 of the complaint.

99. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 99 of the complaint, and refers to the Bond Registration Statement and the August 2005 IPO Registration Statement for the contents thereof.

C. The Bond Offering

100. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 100 of the complaint.

101. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 101 of the complaint.

102. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 102 of the complaint.

103. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 103 of the complaint.

104. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 104 of the complaint.

1. The Offering Memorandum

105. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 105 of the complaint.

106. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 106 of the complaint.

107. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 107 of the complaint.

108. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 108 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 108 of the complaint.

**(a) The Financial Statements in the Offering Memorandum
Contained Untrue Statements of Material Fact**

109. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 109 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 109 of the complaint, and refers to the Offering Memorandum for the contents thereof.

110. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 110 of the complaint, and refers to the Offering Memorandum for the contents thereof.

111. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 111 of the complaint, and refers to the Offering Memorandum for the contents thereof.

112. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 112 of the complaint, and refers to the Offering Memorandum for the contents thereof.

113. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 113 of the complaint, and refers to the Offering Memorandum for the contents thereof.

114. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 114 of the complaint, and refers to the Offering Memorandum for the contents thereof.

115. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 115 of the complaint, and refers to the Offering Memorandum for the contents thereof.

116. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 116 of the complaint, and refers to the Offering Memorandum for the contents thereof.

117. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 117 of the complaint, and refers to the Offering Memorandum for the contents thereof.

118. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 118 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 118 of the complaint.

119. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 119 of the complaint, and refers to the Offering Memorandum and the complaint filed in Thomas H. Lee Equity Fund V., L.P., et al. v. Phillip R. Bennett, et al., No. 05 Civ. 9608 (S.D.N.Y.) for the contents thereof, except admits that on October 10, 2005, Refco Inc. announced in a press release that, inter alia, certain of its financial statements should no longer be relied upon.

120. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 120 of the complaint; otherwise denies knowledge or information

sufficient to form a belief as to the truth of the allegations contained in paragraph 120 of the complaint, and refers to the Offering Memorandum for the contents thereof.

121. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 121 of the complaint and refers to the indictment filed against Bennett on November 10, 2005 by the United States District Attorney for the Southern District of New York (the “Indictment”) for the contents thereof.

122. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 122 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 122 of the complaint, and refers to the Offering Memorandum for the contents thereof.

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

123. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 123 of the complaint, and refers to the Offering Memorandum for the contents thereof.

124. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 124 of the complaint, and refers to the Offering Memorandum for the contents thereof.

125. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 125 of the complaint, and refers to the Offering Memorandum for the contents thereof.

126. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 126 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 126 of the complaint.

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

127. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 127 of the complaint, and refers to the Offering Memorandum for the contents thereof.

128. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 128 of the complaint, and refers to the Offering Memorandum for the contents thereof.

129. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 129 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 129 of the complaint.

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

130. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 130 of the complaint, and refers to the Offering Memorandum for the contents thereof.

131. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 131 of the complaint, and refers to the Offering Memorandum

for the contents thereof, except admits, upon information and belief, that the Company had an interest in maintaining a high credit rating.

132. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 132 of the complaint.

133. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 133 of the complaint.

134. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 134 of the complaint, and refers to the Offering Memorandum for the contents thereof.

135. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 135 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 135 of the complaint.

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

136. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 136 of the complaint, and refers to the Offering Memorandum for the contents thereof.

137. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 137 of the complaint, and refers to the Offering Memorandum for the contents thereof.

138. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 138 of the complaint, and refers to the Offering Memorandum for the contents thereof.

139. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 139 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 139 of the complaint.

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

140. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 140 of the complaint, and refers to the Offering Memorandum for the contents thereof, except admits that the Company operated in a heavily regulated environment.

141. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 141 of the complaint, and refers to the Offering Memorandum for the contents thereof.

142. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 142 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 142 of the complaint.

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

143. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 143 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 143 of the complaint.

2. The Bond Road Show

144. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 144 of the complaint, except admits, upon information and belief, that there was a “bond road show” in or about July 2004.

145. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 145 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 145 of the complaint.

146. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 146 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 146 of the complaint.

147. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 147 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 147 of the complaint.

148. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 148 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 148 of the complaint.

3. The Bond Registration Statement

149. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 149 of the complaint, except admits the Company filed a Form S-4 Registration Statement with the SEC on or about October 12, 2004, which was subsequently amended (the “Bond Registration Statement”).

150. Admits, upon information and belief, the allegations contained in paragraph 150 of the complaint.

151. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 151 of the complaint, except admits, upon information and belief, that the co-issuers of the Registered Bonds were Refco Group and its wholly-owned subsidiary, Refco Finance.

152. Denies each and every allegation contained in paragraph 152 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 152 of the complaint, except admits that Bennett purported to sign the Bond Registration Statement on Sexton’s behalf by power of attorney.

153. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 153 of the complaint; otherwise denies knowledge or information

sufficient to form a belief as to the truth of the allegations contained in paragraph 153 of the complaint, and refers to the Bond Registration Statement for the contents thereof.

154. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 154 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 154 of the complaint, except admits that the Bond Registration Statement contained the Company's audited financial statements for fiscal years 2003 and 2004, and refers to the Bond Registration Statement for the contents thereof.

155. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 155 of the complaint, and refers to the Bond Registration Statement for the contents thereof.

156. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 156 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 156 of the complaint, and refers to the Bond Registration Statement for the contents thereof.

157. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 157 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 157 of the complaint, and refers to the Bond Registration Statement for the contents thereof.

158. Denies each and every allegation contained in paragraph 158 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations

contained in paragraph 158 of the complaint, and refers to the Bond Registration Statement for the contents thereof.

159. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 159 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 159 of the complaint, and refers to the Bond Registration Statement for the contents thereof.

160. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 160 of the complaint, and refers to the Bond Registration Statement for the contents thereof.

161. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 161 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 161 of the complaint, and refers to the Bond Registration Statement for the contents thereof.

162. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 162 of the complaint, except admits that the Bond Registration Statement also contained some unaudited financial information, and refers to the Bond Registration Statement for the contents thereof.

163. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 163 of the complaint, except admits that the Bond Registration Statement also contained Unaudited Pro Forma Consolidated Statements of Income, and refers to the Bond Registration Statement for the contents thereof.

164. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 164 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 164 of the complaint, and refers to the Bond Registration Statement for the contents thereof.

165. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 165 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 165 of the complaint, and refers to the Bond Registration Statement for the contents thereof.

D. The August 2005 Initial Public Offering

166. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 166 of the complaint.

167. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 167 of the complaint, and refers to Refco's prospectus filed in connection with the August 2005 IPO ("IPO Prospectus") for the contents thereof.

1. The IPO Registration Statement

168. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 168 of the complaint, and refers to the Form S-1 registration statement dated April 8, 2005, a Form S-1/A registration statement dated May 27, 2005, a Form S-1/A registration statement dated July 1, 2005, a Form S-1/A registration statement dated July 20, 2005, a Form S-1/A registration statement dated July 25, 2005, a Form S-1/A registration statement dated August 8, 2005, a Form S-1/A registration statement dated August 10, 2005 and the IPO Prospectus (collectively, the "IPO Registration Statement") for the contents thereof,

except admits that in the August 2005 IPO, Refco offered stock to the investing public as part of the initial IPO.

169. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 169 of the complaint, and refers to the IPO Registration Statement for the contents thereof.

170. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 170 of the complaint, and refers to the IPO Registration Statement for the contents thereof.

171. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 171 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 171 of the complaint, and refers to the IPO Registration Statement for the contents thereof.

(a) The Financial Statements in the IPO Registration Statement Contained Untrue Statements of Material Facts

172. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 172 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 172 of the complaint, and refers to the IPO Registration Statement for the contents thereof.

173. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 173 of the complaint, and refers to the IPO Registration Statement for the contents thereof.

174. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 174 of the complaint, and refers to the IPO Registration Statement for the contents thereof.

175. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 175 of the complaint, and refers to the IPO Registration Statement for the contents thereof.

176. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 176 of the complaint, and refers to the IPO Registration Statement for the contents thereof.

177. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 177 of the complaint, and refers to the IPO Registration Statement for the contents thereof.

178. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 178 of the complaint, and refers to the IPO Registration Statement for the contents thereof.

179. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 179 of the complaint, and refers to the IPO Registration Statement for the contents thereof.

180. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 180 of the complaint, and refers to the IPO Registration Statement for the contents thereof.

181. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 181 of the complaint, and refers to the IPO Registration Statement for the contents thereof.

182. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 182 of the complaint, and refers to the IPO Registration Statement for the contents thereof.

183. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 183 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 183 of the complaint, and refers to the IPO Registration Statement for the contents thereof, except admits that on October 10, 2005, Refco Inc. announced in a press release that, inter alia, certain of its financial statements should no longer be relied upon.

184. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 184 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 184 of the complaint, and refers to the IPO Registration Statement for the contents thereof.

185. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 185 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 185 of the complaint, and refers to the IPO Registration Statement for the contents thereof.

186. Denies any involvement or culpability relating to the allegations of wrongdoing in paragraph 186 of the complaint; otherwise denies knowledge or information sufficient to form a

belief as to the truth of the allegations contained in paragraph 186 of the complaint and refers to the IPO Registration Statement for the contents thereof.

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

187. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 187 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 187 of the complaint, and refers to the IPO Registration Statement for the contents thereof.

188. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 188 of the complaint and refers to the IPO Registration Statement for the contents thereof.

189. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 189 of the complaint and refers to the IPO Prospectus for the contents thereof.

190. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 190 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 190 of the complaint, and refers to the IPO Registration Statement for the contents thereof.

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

191. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 191 of the complaint and refers to the IPO Registration

Statement for the contents thereof.

192. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 192 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 192 of the complaint, and refers to the IPO Registration Statement for the contents thereof.

193. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 193 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 193 of the complaint, and refers to the IPO Registration Statement for the contents thereof.

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

194. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 194 of the complaint and refers to the IPO Registration Statement for the contents thereof.

195. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 195 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 195 of the complaint, and refers to the IPO Registration Statement for the contents thereof.

196. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 196 of the complaint and refers to the IPO Registration Statement for the contents thereof.

197. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 197 of the complaint; otherwise denies knowledge or information

sufficient to form a belief as to the truth of the allegations contained in paragraph 197 of the complaint, and refers to the IPO Registration Statement for the contents thereof.

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

198. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 198 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 198 of the complaint, and refers to the IPO Registration Statement for the contents thereof.

E. The Truth Begins to Emerge and the Company Collapses

199. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 199 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 199 of the complaint, except admits that paragraph 199 of the complaint accurately quotes a portion of the October 10, 2005 press release issued by Refco Inc.

200. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 200 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 200 of the complaint, except admits that paragraph 200 of the complaint accurately quotes a portion of the October 10, 2005 press release issued by Refco Inc.

201. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 201 of the complaint, except admits that paragraph 201 of the complaint accurately quotes a portion of the October, 10, 2005 press release issued by Refco Inc.

202. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 202 of the complaint, except admits that the price of Refco Inc.'s stock dropped following the October 10, 2005 press release issued by Refco Inc.

203. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 203 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 203 of the complaint, except admits that paragraph 203 of the complaint accurately quotes selected portions of the October 10, 2005 press release issued by Refco Inc.

204. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 204 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 204 of the complaint, except admits that paragraph 204 of the complaint accurately quotes a portion of the October 10, 2005 press release issued by Refco Inc.

205. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 205 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 205 of the complaint, except admits that paragraph 205 of the complaint accurately quotes portions of the October 11, 2005 press release issued by Refco Inc.

206. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 206 of the complaint.

207. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 207 of the complaint; otherwise denies knowledge or information

sufficient to form a belief as to the truth of the allegations contained in paragraph 207 of the complaint, except admits, upon information and belief, that paragraph 207 of the complaint accurately quotes a portion of the October 13, 2005 press release issued by Refco Inc.

208. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 208 of the complaint, except admits, upon information and belief, that the New York Stock Exchange halted trading of Refco shares on October 13, 2005, and that trading resumed after several days.

209. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 209 of the complaint, except admits that on October 17, 2005, Refco publicly announced that it was filing for bankruptcy court protection.

210. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 210 of the complaint.

211. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 211 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 211 of the complaint.

VI. THE COMPANY'S VIOLATIONS OF GAAP

212. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 212 of the complaint.

213. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 213 of the complaint.

214. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 214 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 214 of the complaint.

215. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 215 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 215 of the complaint.

216. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 216 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 216 of the complaint.

217. Denies each and every allegation contained in paragraph 217 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 217 of the complaint.

218. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 218 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 218 of the complaint.

219. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 219 of the complaint; otherwise denies knowledge or information

sufficient to form a belief as to the truth of the allegations contained in paragraph 219 of the complaint.

220. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 220 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 220 of the complaint.

221. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 221 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 221 of the complaint.

222. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 222 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 222 of the complaint.

223. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 223 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 223 of the complaint.

224. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 224 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 224 of the complaint.

225. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 225 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 225 of the complaint.

VII. GRANT THORNTON'S VIOLATIONS OF AUDITING STANDARDS

206 [sic]. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 206 [sic] of the complaint, except admits, upon information and belief, that public companies rely on independent registered audit firms for various services and refers to the Sarbanes-Oxley Act for the requirements thereof.

226. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 226 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 226 of the complaint.

A. Violations of General Standards

227. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 227 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 227 of the complaint.

228. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 228 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 228 of the complaint.

B. Violations of Standards of Fieldwork

229. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 229 of the complaint.

230. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 230 of the complaint.

231. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 231 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 231 of the complaint.

232. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 232 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 232 of the complaint.

233. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 233 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 233 of the complaint.

234. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 234 of the complaint.

235. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 235 of the complaint.

236. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 236 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 236 of the complaint.

237. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 237 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 237 of the complaint.

238. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 238 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 238 of the complaint.

239. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 239 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 239 of the complaint.

240. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 240 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 240 of the complaint.

241. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 241 of the complaint; otherwise denies knowledge or information

sufficient to form a belief as to the truth of the allegations contained in paragraph 241 of the complaint.

242. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 242 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 242 of the complaint.

C. Violations of Reporting Standards

243. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 243 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 243 of the complaint.

244. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 244 of the complaint.

245. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 245 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 245 of the complaint.

246. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 246 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 246 of the complaint.

247. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 247 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 247 of the complaint.

D. Violations of CFTC Rules and Regulations

248. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 248 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 248 of the complaint.

VIII. DEFENDANTS' NEGLIGENCE

A. The Offering Memorandum and the Bond Registration Statement

249. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 249 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 249 of the complaint.

250. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 250 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 250 of the complaint.

251. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 251 of the complaint; otherwise denies knowledge or information

sufficient to form a belief as to the truth of the allegations contained in paragraph 251 of the complaint.

252. Denies each and every allegation contained in paragraph 252 as to him, and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 252 of the complaint.

253. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 253 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 253 of the complaint.

B. The IPO Registration Statement

254. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 254 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 254 of the complaint.

255. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 255 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 255 of the complaint.

256. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 256 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 256 of the complaint, and refers to the IPO Registration Statement for the contents thereof.

257. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 257 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 257 of the complaint.

258. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 258 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 258 of the complaint.

IX. ALLEGATIONS PERTAINING TO CONTROL PERSON LIABILITY

259. Repeats and realleges his answers to plaintiffs' allegations as set forth above. Denies each and every allegation contained in paragraph 259 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 259 of the complaint.

A. The Officer Defendants

260. Denies each and every allegation contained in paragraph 260 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 260 of the complaint, except admits that he was Executive Vice President and COO of Refco from August 2004 through at least October 10, 2005, whereupon he assumed the position of CEO. Further admits, upon information and belief, that: Bennett was Refco's President and CEO and one of the Company's largest shareholders; Maggio was Executive Vice President of Refco, President and CEO of Refco Securities, LLC and President of Refco Capital; Murphy was Executive Vice President of Refco and President and CEO of Refco Global Futures,

LLC; Klejna was Executive Vice President and General Counsel of Refco; Sherer was the Executive Vice President and CFO of Refco beginning in January 2005; and Silverman was the Secretary of the Company. Refers to the Offering Memorandum, the Bond Registration Statement, the IPO Registration Statement and his executive employment and non-competition agreement for the contents thereof.

B. Refco Holdings and the Bennett Trust

261. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 261 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 261 of the complaint, and refers to the Offering Memorandum, IPO Registration Statement and Indictment for the contents thereof.

C. Robert C. Trosten

262. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 262 of the complaint, and refers to the Offering Memorandum and the Bond Registration Statement for the contents thereof, except admits that Trosten served as CFO of Refco.

D. The THL Partner Defendants

263. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 263 of the complaint and refers to the Offering Memorandum, the August 5, 2004 Securityholders Agreement and the August 5, 2004 Management Agreement for the contents thereof, except admits that individuals associated with the THL Partner Defendants served on Refco Inc.'s Board of Directors.

E. The THL Individual Defendants

264. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 264 of the complaint, and refers to the August 5, 2004 Management Agreement for the contents thereof.

265. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 265 of the complaint, and refers to the August 5, 2004 Management Agreement for the contents thereof.

266. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 266 of the complaint, and refers to the August 5, 2004 Management Agreement for the contents thereof.

267. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 267 of the complaint, and refers to the August 5, 2004 Management Agreement for the contents thereof.

F. The Audit Committee Defendants

268. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 268 of the complaint and refers to the IPO Registration Statement for the contents thereof, except admits, upon information and belief, that each of the Audit Committee Defendants was a member of the Audit Committee of Refco Inc.'s Board of Directors.

G. BAWAG

269. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 269 of the complaint; otherwise denies knowledge or information

sufficient to form a belief as to the truth of the allegations contained in paragraph 269 of the complaint.

X. CLAIMS FOR RELIEF UNDER THE SECURITIES ACT

COUNT ONE

**For Violations of Section 12(a)(2) of the Securities Act,
on Behalf of Those Who Purchased or Otherwise
Acquired 144A Bonds in the Bond Offering,
Against Bennett, Trosten, Jaeckel, the THL Partner Defendants
and the Bond Underwriter Defendants**

270-283. Sexton is not required to answer the allegations of paragraphs 270 through 283 of the complaint, which are part of plaintiffs' first claim for relief, because plaintiffs have not asserted such claim against Sexton. Sexton is also not required to answer the allegations of paragraphs 270 through 283 of the complaint, which are part of plaintiffs' first claim for relief, because the Court, in its April 30, 2007 decision, dismissed that claim from the complaint on the ground that it did not state a valid claim for relief.

COUNT TWO

**Control Person Liability Pursuant to Section 15 of the Securities Act,
On Behalf of Purchasers of 144A Bonds in the Bond Offering,
Against the THL Partner Defendants, Lee, Bennett,
Refco Holdings, Grant, Murphy, Trosten, Sexton, Silverman, Maggio and BAWAG
(Based on Violations of Section 12(a)(2) of the Securities Act
by Refco Group, Refco Finance Holdings, and Refco Finance)**

284-298. Sexton is not required to answer the allegations of paragraphs 284 through 298 of the complaint, which are part of plaintiffs' second claim for relief, because the Court, in its April 30, 2007 decision, dismissed that claim from the complaint on the ground that it did not state a valid claim for relief.

COUNT THREE

**For Violations of Section 11 of the Securities Act,
On Behalf of the Purchasers of the Registered Bonds,
Against the Section 11 Bond Defendants**

299. Repeats and realleges his answers to plaintiffs' allegations as set forth above. Denies each and every allegation contained in paragraph 299 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 299 of the complaint.

300. Denies each and every allegation contained in paragraph 300 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 300 of the complaint.

301. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 301 of the complaint.

302. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 302 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 302 of the complaint.

303. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 303 of the complaint, except admits, upon information and belief, that Refco Group and Refco Finance were the co-issuers of bonds pursuant to the Bond Registration Statement.

304. Denies each and every allegation contained in paragraph 304 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 304 of the complaint.

305. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 305 of the complaint.

306. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 306 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 306 of the complaint, except admits, upon information and belief, that Grant Thornton was the auditor for Refco Group and its subsidiaries, and was named in the Bond Registration Statement as a party who certified the audited financial statements contained therein.

307. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 307 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 307 of the complaint.

308. Denies each and every allegation contained in paragraph 308 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 308 of the complaint.

309. Denies each and every allegation contained in paragraph 309 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 309 of the complaint.

310. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 310 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 310 of the complaint.

311. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 311 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 311 of the complaint, except admits, upon information and belief, that the claim is brought within three years after the Exchange Offer.

312. Denies each and every allegation contained in paragraph 312 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 312 of the complaint.

COUNT FOUR

**Control Person Liability Pursuant to Section 15 of the Securities Act,
On Behalf of the Section 11 Bond Plaintiffs,
Against the THL Defendants, Bennett, Refco Holdings,
the Bennett Trust, Murphy, Sherer, Sexton,
Maggio, Klejna, O'Kelley, Gantcher, Breitman and BAWAG
(Based on Violation of Section 11 of the Securities Act by Refco Group)**

313. Repeats and realleges his answers to plaintiffs' allegations as set forth above. Denies each and every allegation contained in paragraph 313 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 313 of the complaint.

314. Denies each and every allegation contained in paragraph 314 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 314 of the complaint.

315. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 315 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 315 of the complaint.

316. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 316 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 316 of the complaint.

317. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 317 of the complaint.

318. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 318 of the complaint.

319. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 319 of the complaint.

320. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 320 of the complaint.

321. Denies each and every allegation contained in paragraph 321 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 321 of the complaint.

322. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 322 of the complaint.

323. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 323 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 323 of the complaint.

324. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 324 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 324 of the complaint.

325. Denies each and every allegation contained in paragraph 325 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 325 of the complaint.

326. Denies each and every allegation contained in paragraph 326 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 326 of the complaint.

327. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 327 of the complaint, except admits, upon information and belief, that the claim is brought within three years after the Exchange Offer.

328. Denies each and every allegation contained in paragraph 328 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 328 of the complaint.

COUNT FIVE

**For Violations of Section 11 of the Securities Act,
On Behalf of Purchasers of Refco Common Stock,
Against the Section 11 Stock Defendants**

329-341. Sexton is not required to answer the allegations of paragraphs 329 through 341 of the complaint, which are part of plaintiffs' fifth claim for relief, because plaintiffs have not asserted such claim against Sexton. Sexton denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraphs 329 through 341 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraphs 329 through 341 of the complaint.

COUNT SIX

**Control Person Liability Pursuant to Section 15 of the Securities Act,
On Behalf of Purchasers of Refco Common Stock
Against the Section 15 Stock Defendants
(Based on Violations of Section 11 of the Securities Act by Refco)**

342. Repeats and realleges his answers to plaintiffs' allegations as set forth above. Denies each and every allegation contained in paragraph 342 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 342 of the complaint.

343. Denies each and every allegation contained in paragraph 343 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 343 of the complaint.

344. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 344 of the complaint; otherwise denies knowledge or information

sufficient to form a belief as to the truth of the allegations contained in paragraph 344 of the complaint.

345. Denies each and every allegation contained in paragraph 345 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 345 of the complaint.

346. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 346 of the complaint.

347. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 347 of the complaint.

348. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 348 of the complaint.

349. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 349 of the complaint.

350. Denies each and every allegation contained in paragraph 350 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 350 of the complaint.

351. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 351 of the complaint.

352. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 352 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 352 of the complaint.

353. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 353 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 353 of the complaint.

354. Denies each and every allegation contained in paragraph 354 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 354 of the complaint.

355. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 355 of the complaint.

356. Denies each and every allegation contained in paragraph 356 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 356 of the complaint.

357. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 357 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 357 of the complaint.

358. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 358 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 358 of the complaint.

359. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 359 of the complaint, except admits, upon information and belief, that the claim is brought within three years after the IPO.

360. Denies each and every allegation contained in paragraph 360 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 360 of the complaint.

COUNT SEVEN

**For Violations of Section 12(a)(2) of the Securities Act,
On Behalf of Those Who Purchased or Otherwise Acquired
Refco Common Stock in the August 2005 IPO,
Against the Stock Underwriter Defendants**

361-368. Sexton is not required to answer the allegations of paragraphs 361 through 368 of the complaint, which are part of plaintiffs' seventh claim for relief, because plaintiffs have not asserted such claim against Sexton. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraphs 361 through 368 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraphs 361 through 368 of the complaint.

COUNT EIGHT

**Control Person Liability Pursuant to Section 15 of the Securities Act,
On Behalf of Purchasers of Refco Common Stock
Against the Section 15 Stock Defendants
(Based on Violations of Section 12(a)(2) of the Securities Act
by Refco)**

369. Repeats and realleges his answers to plaintiffs' allegations as set forth above. Denies each and every allegation contained in paragraph 369 as to him; denies knowledge or

information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 369 of the complaint.

370. Denies each and every allegation contained in paragraph 370 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 370 of the complaint.

371. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 371 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 371 of the complaint.

372. Denies each and every allegation contained in paragraph 372 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 372 of the complaint.

373. Denies each and every allegation contained in paragraph 373 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 373 of the complaint.

374. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 374 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 374 of the complaint.

375. Denies each and every allegation contained in paragraph 375 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 375 of the complaint.

376. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 376 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 376 of the complaint.

377. Denies each and every allegation contained in paragraph 377 of the complaint.

378. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 378 of the complaint, except admits, upon information and belief, that the claim is brought within three years after the IPO.

379. Denies each and every allegation contained in paragraph 379 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 379 of the complaint.

XI. DEFENDANTS' FRAUDULENT SCHEME

380. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 380 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 380 of the complaint.

381. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 381 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 381 of the complaint.

A. Origins of the Scheme

382. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 382 of the complaint.

383. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 383 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 383 of the complaint.

384. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 384 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 384 of the complaint.

385. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 385 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 385 of the complaint.

386. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 386 of the complaint.

387. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 387 of the complaint.

388. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 388 of the complaint, and refers to the Indictment for the contents thereof.

389. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 389 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 389 of the complaint.

390. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 390 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 390 of the complaint.

391. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 391 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 391 of the complaint.

392. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 392 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 392 of the complaint.

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

393. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 393 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 393 of the complaint.

394. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 394 of the complaint, and refers to the complaint in Thomas H. Dittmer v. Edwin L. Cox, Jr., No. 5185 (N.D. Ill.) for the contents thereof.

395. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 395 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 395 of the complaint, and refers to the Indictment for the contents thereof.

396. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 396 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 396 of the complaint, and refers to the Indictment for the contents thereof.

397. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 397 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 397 of the complaint.

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

398. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 398 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 398 of the complaint.

399. Denies each and every allegation contained in paragraph 399 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations

contained in paragraph 399 of the complaint, and refers to the Indictment for the contents thereof.

1. The Fraudulent Transactions With Customer X

400. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 400 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 400 of the complaint.

401. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 401 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 401 of the complaint.

402. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 402 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 402 of the complaint.

403. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 403 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 403 of the complaint.

404. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 404 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 404 of the

complaint.

405. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 405 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 405 of the complaint.

406. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 406 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 406 of the complaint.

i. The February 2002 Transaction

407. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 407 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 407 of the complaint.

408. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 408 of the complaint.

409. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 409 of the complaint.

410. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 410 of the complaint.

411. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 411 of the complaint.

412. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 412 of the complaint.

413. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 413 of the complaint.

414. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 414 of the complaint.

415. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 415 of the complaint.

416. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 416 of the complaint.

417. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 417 of the complaint.

418. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 418 of the complaint.

ii. The February 2003 Transaction

419. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 419 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 419 of the complaint.

420. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 420 of the complaint.

421. Denies knowledge or information sufficient to form a belief as to the truth of the

allegations contained in paragraph 421 of the complaint.

422. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 422 of the complaint.

423. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 423 of the complaint.

424. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 424 of the complaint.

425. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 425 of the complaint.

426. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 426 of the complaint.

iii. The February 2004 Transaction

427. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 427 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 427 of the complaint.

428. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 428 of the complaint.

429. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 429 of the complaint.

430. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 430 of the complaint.

431. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 431 of the complaint.

432. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 432 of the complaint.

433. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 433 of the complaint.

434. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 434 of the complaint.

iv. The May 2004 Transaction

435. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 435 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 435 of the complaint.

436. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 436 of the complaint.

437. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 437 of the complaint.

438. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 438 of the complaint.

439. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 439 of the complaint.

v. The August 2004 Transaction

440. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 440 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 440 of the complaint.

441. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 441 of the complaint.

442. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 442 of the complaint.

443. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 443 of the complaint.

444. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 444 of the complaint.

445. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 445 of the complaint.

vi. The November 2004 Transaction

446. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 446 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 446 of the complaint.

447. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 447 of the complaint.

448. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 448 of the complaint.

449. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 449 of the complaint.

450. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 450 of the complaint.

vii. The December 2004 Transaction

451. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 451 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 451 of the complaint.

452. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 452 of the complaint.

453. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 453 of the complaint.

454. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 454 of the complaint.

455. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 455 of the complaint.

viii. The February 2005 Transaction

456. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 456 of the complaint; otherwise denies knowledge or information

sufficient to form a belief as to the truth of the allegations contained in paragraph 456 of the complaint.

457. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 457 of the complaint.

458. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 458 of the complaint.

459. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 459 of the complaint.

460. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 460 of the complaint.

ix. The May 2005 Transaction

461. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 461 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 461 of the complaint.

462. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 462 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 462 of the complaint.

x. The August 2005 Transaction

463. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 463 of the complaint; otherwise denies knowledge or information

sufficient to form a belief as to the truth of the allegations contained in paragraph 463 of the complaint.

464. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 464 of the complaint.

465. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 465 of the complaint.

466. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 466 of the complaint.

467. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 467 of the complaint.

2. The Fraudulent Transactions with BAWAG

468. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 468 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 468 of the complaint, and refers to the Amended Answer, Affirmative Defenses, and Counterclaims (the “Counterclaim”), filed on April 25, 2006 by the Official Committee of Unsecured Creditors in Refco’s bankruptcy proceeding for the contents thereof.

469. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 469 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 469 of the complaint.

470. Denies any involvement or culpability relating to the allegations of wrongdoing

contained in paragraph 470 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 470 of the complaint.

471. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 471 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 471 of the complaint.

i. The February 2000 Transaction

472. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 472 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 472 of the complaint.

473. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 473 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 473 of the complaint.

474. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 474 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 474 of the complaint.

475. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 475 of the complaint; otherwise denies knowledge or information

sufficient to form a belief as to the truth of the allegations contained in paragraph 475 of the complaint.

476. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 476 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 476 of the complaint.

ii. The February 2001 Transaction

477. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 477 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 477 of the complaint.

478. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 478 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 478 of the complaint.

479. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 479 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 479 of the complaint.

480. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 480 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 480 of the

complaint.

481. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 481 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 481 of the complaint.

iii. The February 2002 Transaction

482. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 482 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 482 of the complaint.

483. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 483 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 483 of the complaint.

484. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 484 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 484 of the complaint.

485. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 485 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 485 of the complaint.

486. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 486 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 486 of the complaint.

487. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 487 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 487 of the complaint.

iv. The February 2003 Transaction

488. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 488 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 488 of the complaint.

489. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 489 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 489 of the complaint.

490. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 490 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 490 of the complaint.

491. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 491 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 491 of the complaint.

492. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 492 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 492 of the complaint.

v. The February 2004 Transaction

493. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 493 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 493 of the complaint.

494. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 494 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 494 of the complaint.

495. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 495 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 495 of the complaint.

496. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 496 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 496 of the complaint.

497. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 497 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 497 of the complaint.

498. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 498 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 498 of the complaint.

vi. The February 2005 Transaction

499. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 499 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 499 of the complaint.

500. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 500 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 500 of the complaint.

501. Denies any involvement or culpability relating to the allegations of wrongdoing

contained in paragraph 501 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 501 of the complaint.

502. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 502 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 502 of the complaint.

3. The Fraudulent Transactions With Other Customers

503. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 503 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 503 of the complaint.

a. Ingram Micro, Inc.

504. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 504 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 504 of the complaint.

505. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 505 of the complaint.

506. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 506 of the complaint.

507. Denies knowledge or information sufficient to form a belief as to the truth of the

allegations contained in paragraph 507 of the complaint.

b. Delta Flyer

508. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 508 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 508 of the complaint.

509. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 509 of the complaint.

510. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 510 of the complaint.

511. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 511 of the complaint.

512. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 512 of the complaint.

513. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 513 of the complaint.

514. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 514 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 514 of the complaint.

D. Summary and Form of Transactions

515. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 515 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 515 of the complaint.

516. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 516 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 516 of the complaint.

517. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 517 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 517 of the complaint.

518. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 518 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 518 of the complaint.

E. Impact on Financial Statements

519. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 519 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 519 of the complaint.

520. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 520 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 520 of the complaint.

521. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 521 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 521 of the complaint.

522. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 522 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 522 of the complaint.

523. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 523 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 523 of the complaint.

524. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 524 of the complaint.

XII. FALSE AND MISLEADING STATEMENTS

525. Denies each and every allegation contained in paragraph 525 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 525 of the complaint.

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

526. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 526 of the complaint, and refers to the Form 8-K filed by the Company on May 27, 2005 (the “May 2005 8-K”) and to the press release dated May 27, 2005 (the “May 2005 Press Release”), for the contents thereof.

527. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 527 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 527 of the complaint, and refers to the May 2005 Press Release for the contents thereof.

528. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 528 of the complaint, and refers to the May 2005 Press Release for the contents thereof.

529. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 529 of the complaint, and refers to the May 2005 Press Release for the contents thereof.

530. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 530 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 530 of the complaint.

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

531. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 531 of the complaint, and refers to the Annual Report for

fiscal year 2005 on Form 10-K, filed on July 1, 2005 (as amended through a Form 10-K/A filing on July 20, 2005) (collectively, the “2005 10-K”) for the contents thereof.

532. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 532 of the complaint, and refers to the 2005 10-K for the contents thereof.

533. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 533 of the complaint, and refers to the 2005 10-K for the contents thereof.

534. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 534 of the complaint, and refers to the 2005 10-K for the contents thereof.

535. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 535 of the complaint, and refers to the 2005 10-K for the contents thereof.

536. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 536 of the complaint, and refers to the 2005 10-K for the contents thereof.

537. Denies each and every allegation contained in paragraph 537 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 537 of the complaint, and refers to the 2005 10-K for the contents thereof.

538. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 538 of the complaint, and refers to the 2005 10-K for the contents thereof.

539. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 539 of the complaint, and refers to the 2005 10-K for the contents thereof.

540. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 540 of the complaint, and refers to the 2005 10-K for the contents thereof.

541. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 541 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 541 of the complaint.

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

542. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 542 of the complaint, and refers to the Form 8-K filed by the Company on July 15, 2005 for the quarter ended May 31, 2005 (the “July 2005 8-K”) and the press release dated July 15, 2005 containing the Company’s consolidated financial statements for the quarter ended May 31, 2005 (the “First Quarter 2006 Press Release”) for the contents thereof.

543. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 543 of the complaint; otherwise denies knowledge or information

sufficient to form a belief as to the truth of the allegations contained in paragraph 543 of the complaint, and refers to the First Quarter 2006 Press Release for the contents thereof.

544. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 544 of the complaint, and refers to the First Quarter 2006 Press Release for the contents thereof.

545. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 545 of the complaint, and refers to the July 15, 2005 quarterly report filed by the Company with the SEC on Form 10-Q (“First Quarter 2006 10-Q”) for the contents thereof.

546. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 546 of the complaint, and refers to the First Quarter 2006 10-Q for the contents thereof.

547. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 547 of the complaint, and refers to the First Quarter 2006 10-Q for the contents thereof.

548. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 548 of the complaint, and refers to the First Quarter 2006 10-Q for the contents thereof.

549. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 549 of the complaint, and refers to the First Quarter 2006 10-Q for the contents thereof.

550. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 550 of the complaint, and refers to the First Quarter 2006 10-Q for the contents thereof.

551. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 551 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 551 of the complaint.

4. ADDITIONAL ALLEGATIONS OF SCIENTER

552. Denies each and every allegation contained in paragraph 552 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 552 of the complaint.

a. Circumstantial Evidence of Scienter

553. Denies each and every allegation contained in paragraph 553 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 553 of the complaint.

554. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 554 of the complaint.

555. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 555 of the complaint.

556. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 556 of the complaint.

557. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 557 of the complaint.

558. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 558 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 558 of the complaint.

559. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 559 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 559 of the complaint.

560. Denies each and every allegation contained in paragraph 560 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 560 of the complaint.

561. Denies each and every allegation contained in paragraph 561 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 561 of the complaint.

562. Denies each and every allegation contained in paragraph 562 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 562 of the complaint.

563. Denies each and every allegation contained in paragraph 563 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 563 of the complaint.

564. Denies each and every allegation contained in paragraph 564 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 564 of the complaint.

565. Denies each and every allegation contained in paragraph 565 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 565 of the complaint and refers to the IPO Registration Statement for the contents thereof.

566. Denies each and every allegation contained in paragraph 566 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 566 of the complaint, and refers to the IPO Registration Statement for the contents thereof, except admits to receiving certain payments arising from the “profit sharing agreement” of Refco Group, Ltd.

567. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 567 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 567 of the complaint.

568. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 568 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 568 of the complaint, and refers to the Indictment for the contents thereof.

569. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 569 of the complaint; otherwise denies knowledge or information

sufficient to form a belief as to the truth of the allegations contained in paragraph 569 of the complaint.

570. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 570 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 570 of the complaint.

571. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 571 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 571 of the complaint.

572. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 572 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 572 of the complaint, and refers to the complaint in Thomas H. Lee Equity Fund V., L.P., et al. v. Phillip R. Bennett, et al., No. 05 Civ. 9608 (S.D.N.Y.) for the contents thereof.

573. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 573 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 573 of the complaint, and refers to the complaint in Thomas H. Lee Equity Fund V., L.P., et al. v. Phillip R. Bennett, et al., No. 05 Civ. 9608 (S.D.N.Y.) for the contents thereof.

574. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 574 of the complaint.

575. Denies each and every allegation contained in paragraph 575 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 575 of the complaint.

576. Denies each and every allegation contained in paragraph 576 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 576 of the complaint.

577. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 577 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 577 of the complaint, except admits, upon information and belief, that Refco had received a “Wells Notice” from the SEC and that an investigation was ongoing.

578. Denies each and every allegation contained in paragraph 578 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 578 of the complaint.

579. Denies each and every allegation contained in paragraph 579 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 579 of the complaint, and refers to the October 13, 2005 article in Bloomberg Newswires for the contents thereof.

580. Denies each and every allegation contained in paragraph 580 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 580 of the complaint.

581. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 581 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 581 of the complaint.

b. Motive and Opportunity

582. Denies each and every allegation contained in paragraph 582 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 582 of the complaint.

583. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 583 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 583 of the complaint, except admits, upon information and belief, that the THL Partner Defendants purchased a stake in Refco.

584. Denies each and every allegation contained in paragraph 584 as to him, except admits to receiving payments arising from the “profit sharing agreement” of Refco Group, Ltd. Denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 584 of the complaint.

585. Denies each and every allegation contained in paragraph 585 as to him, except admits that he owned some shares of Refco at or about the time of the IPO; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 585 of the complaint.

586. Denies each and every allegation contained in paragraph 586 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 586 of the complaint.

587. Denies each and every allegation contained in paragraph 587 as to him, except admits to receiving a payment following completion of the IPO; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 587 of the complaint.

588. Denies each and every allegation contained in paragraph 588 as to him; denies knowledge or information sufficient to form a belief as to the remaining allegations contained in paragraph 588 of the complaint.

589. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 589 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 589 of the complaint.

590. Denies each and every allegation contained in paragraph 590 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 590 of the complaint.

591. Denies each and every allegation contained in paragraph 591 as to him, except admits that at some time prior to the IPO he was awarded restricted units of New Refco Group Ltd., LLC; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 591 of the complaint.

592. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 592 of the complaint.

593. Denies each and every allegation contained in paragraph 593 as to him, except admits that payment under the Senior Management Bonus Pool Plan was subject to certain criteria, including performance; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 593 of the complaint.

594. Denies each and every allegation contained in paragraph 594 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 594 of the complaint.

595. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 595 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 595 of the complaint.

596. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 596 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 596 of the complaint.

597. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 597 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 597 of the complaint.

c. Additional Allegations of Scierer As to the Audit Committee

598. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 598 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 598 of the complaint.

599. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 599 of the complaint.

600. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 600 of the complaint, and refers to the IPO Registration Statement for the contents thereof.

601. Denies any involvement relating to the allegations contained in paragraph 601 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 601 of the complaint.

602. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 602 of the complaint, and refers to the IPO Registration Statement for the contents thereof.

603. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 603 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 603 of the complaint, and refers to the IPO Registration Statement for the contents thereof.

604. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 604 of the complaint; otherwise denies knowledge or information

sufficient to form a belief as to the truth of the allegations contained in paragraph 604 of the complaint.

605. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 605 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 605 of the complaint.

606. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 606 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 606 of the complaint, and refers to the IPO Registration Statement for the contents thereof.

607. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 607 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 607 of the complaint.

608. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 608 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 608 of the complaint.

d. Additional Allegations of Scienter Against BAWAG

609. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 609 of the complaint; otherwise denies knowledge or information

sufficient to form a belief as to the truth of the allegations contained in paragraph 609 of the complaint.

610. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 610 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 610 of the complaint.

611. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 611 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 611 of the complaint.

612. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 612 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 612 of the complaint.

613. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 613 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 613 of the complaint.

614. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 614 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 614 of the complaint.

615. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 615 of the complaint, except admits that Refco filed for bankruptcy on or about October 17, 2005.

616. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 616 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 616 of the complaint.

617. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 617 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 617 of the complaint.

5. LOSS CAUSATION

618. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 618 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 618 of the complaint.

619. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 619 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 619 of the complaint.

620. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 620 of the complaint; otherwise denies knowledge or information

sufficient to form a belief as to the truth of the allegations contained in paragraph 620 of the complaint, except denies the allegation contained in paragraph 620 of the complaint that a \$420 million related-party loan to Refco Holdings was disclosed on October 10, 2005.

621. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 621 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 621 of the complaint.

622. Denies each and every allegation contained in paragraph 622 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 622 of the complaint.

6. INAPPLICABILITY OF THE STATUTORY SAFE HARBOR

623. Denies each and every allegation contained in paragraph 623 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 623 of the complaint.

624. Denies each and every allegation contained in paragraph 624 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 624 of the complaint.

7. PRESUMPTION OF RELIANCE

a. Reliance Should be Presumed With Respect to Defendants' Omissions

625. Denies each and every allegation contained in paragraph 625 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 625 of the complaint.

b. Reliance Should be Presumed Because Fraud Created the Market for the Company's Securities

626. Denies each and every allegation contained in paragraph 626 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 626 of the complaint.

627. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 627 of the complaint, and refers to the Offering Memorandum for the contents thereof.

628. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 628 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 628 of the complaint.

629. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 629 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 629 of the complaint.

630. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 630 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 630 of the complaint.

631. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 631 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 631 of the

complaint, except denies that the reliance of plaintiffs and the Class members on Defendants' fraudulent scheme, including their alleged misstatements and omissions, should be presumed.

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

632. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 632 of the complaint.

633. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 633 of the complaint.

634. Denies each and every allegation contained in paragraph 634 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 634 of the complaint.

635. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 635 of the complaint, except admits that following the IPO, Refco's stock was traded on the New York Stock Exchange.

636. Denies each and every allegation contained in paragraph 636 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 636 of the complaint.

8. CLAIMS FOR RELIEF UNDER THE EXCHANGE ACT

COUNT NINE

**For Violations of Section 10(b) of the Exchange Act and
Rule 10b-5(b) Promulgated Thereunder,
On Behalf of Plaintiffs and All Members of the Class,
Against the Officer Defendants, the Audit Committee Defendants,
Trosten, and Grant Thornton**

637. Repeats and realleges his answers to plaintiffs' allegations as set forth above.

638. Denies each and every allegation contained in paragraph 638 of the complaint, except admits that plaintiffs purport to bring this Claim pursuant to Section 10(b) of the Exchange Act and Rule 10b-5(b) promulgated thereunder on behalf of themselves and all other members of the Class.

639. Denies each and every allegation contained in paragraph 639 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 639 of the complaint.

640. Denies each and every allegation contained in paragraph 640 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 640 of the complaint.

641. Denies each and every allegation contained in paragraph 641 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 641 of the complaint.

642. Denies each and every allegation contained in paragraph 642 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 642 of the complaint.

643. Denies each and every allegation contained in paragraph 643 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 643 of the complaint.

644. Denies each and every allegation contained in paragraph 644 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 644 of the complaint.

645. Denies each and every allegation contained in paragraph 645 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 645 of the complaint.

COUNT TEN

**For Violations of Section 10(b) of the Exchange Act,
and Rule 10b-5(a) and (c) Promulgated Thereunder, On Behalf of
Lead Plaintiffs and All Members of the Class, Against Refco Holdings**

646-653. Sexton is not required to answer the allegations of paragraphs 646 through 653 of the complaint, which are part of plaintiffs' tenth claim for relief, because plaintiffs have not asserted such claim against Sexton. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraphs 646 through 653 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraphs 646 through 653 of the complaint.

COUNT ELEVEN

**Control Person Liability Pursuant to Section 20(a) of the Exchange Act,
On Behalf of Purchasers of 144A Bonds in the Bond Offering,
Against Bennett, Grant, Refco Holdings, the THL Partner Defendants, Lee, Murphy,
Trosten, Sexton, Silverman, Maggio and BAWAG
(Based on Violations of Section 10(b) and Rule 10b-5 by Refco Group,
Refco Finance Holdings, and Refco Finance)**

654. Repeats and realleges his answers to plaintiffs' allegations as set forth above.

655. Denies each and every allegation contained in paragraph 655 of the complaint, except admits that plaintiffs PIMCO and the PIMCO High Yield Fund purport to bring this Claim pursuant to Section 20(a) of the Exchange Act on behalf of members of the Class who purchased 144A Bonds in the Bond Offering.

656. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 656 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 656 of the complaint.

657. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 657 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 657 of the complaint.

658. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 658 of the complaint.

659. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 659 of the complaint.

660. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 660 of the complaint.

661. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 661 of the complaint.

662. Denies each and every allegation contained in paragraph 662 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 662 of the complaint.

663. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 663 of the complaint; otherwise denies knowledge or information

sufficient to form a belief as to the truth of the allegations contained in paragraph 663 of the complaint.

664. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 664 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 664 of the complaint.

665. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 665 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 665 of the complaint.

666. Denies each and every allegation contained in paragraph 666 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 666 of the complaint.

667. Denies each and every allegation contained in paragraph 667 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 667 of the complaint.

668. Denies each and every allegation contained in paragraph 668 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 668 of the complaint.

669. Denies each and every allegation contained in paragraph 669 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 669 of the complaint.

COUNT TWELVE

**Control Person Liability Pursuant to Section 20(a) of the Exchange Act,
On Behalf of Purchasers of Bonds After the Bond Offering and
Before the Date of August 2005 IPO, Against the
THL Defendants and Defendants Bennett, Refco Holdings, the Bennett Trust,
Murphy, Trosten, Sherer, Sexton, Silverman, Maggio, Klejna, O'Kelley,
Gantcher, Breitman and BAWAG
(Based on Violations of Section 10(b) and Rule 10b-5 by Refco Group)**

670. Repeats and realleges his answers to plaintiffs' allegations as set forth above.

671. Denies each and every allegation contained in paragraph 671 of the complaint, except admits that plaintiffs PIMCO and the PIMCO High Yield Fund purport to bring this Claim pursuant to Section 20(a) of the Exchange Act on behalf of Class members who purchased Bonds after the Bond Offering but prior to the IPO.

672. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 672 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 672 of the complaint.

673. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 673 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 673 of the complaint.

674. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 674 of the complaint.

675. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 675 of the complaint.

676. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 676 of the complaint.

677. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 677 of the complaint.

678. Denies each and every allegation contained in paragraph 678 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 678 of the complaint.

679. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 679 of the complaint.

680. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 680 of the complaint.

681. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 681 of the complaint.

682. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 682 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 682 of the complaint.

683. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 683 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 683 of the complaint.

684. Denies each and every allegation contained in paragraph 684 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 684 of the complaint.

685. Denies each and every allegation contained in paragraph 685 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 685 of the complaint.

686. Denies each and every allegation contained in paragraph 686 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 686 of the complaint.

687. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 687 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 687 of the complaint.

688. Denies each and every allegation contained in paragraph 688 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 688 of the complaint.

689. Denies each and every allegation contained in paragraph 689 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 689 of the complaint.

COUNT THIRTEEN

**Control Person Liability Pursuant to Section 20(a) of the Exchange Act,
On Behalf of Purchasers of Bonds and/or Refco Common Stock
On and After the Date of the August 2005 IPO, Against the
THL Defendants and Defendants Bennett, Refco Holdings, the
Bennett Trust, Murphy, Sherer, Sexton, Silverman, Maggio, Klejna,
O'Kelley, Gantcher, Breitman and BAWAG
(Based on Violations of Section 10(b) and Rule 10b-5 by Refco)**

690. Repeats and realleges his answers to plaintiffs' allegations as set forth above.

691. Denies each and every allegation contained in paragraph 691 of the complaint, except admits that plaintiffs purport to bring this Claim pursuant to Section 20(a) of the Exchange Act on behalf of all members of the Class who purchased Bonds and/or Refco stock during the Class period.

692. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 692 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 692 of the complaint.

693. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 693 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 693 of the complaint.

694. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 694 of the complaint.

695. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 695 of the complaint, except admits, upon information and

belief, that Bennett held ownership interest in Refco and served as Refco Chairman of the Board, President and CEO.

696. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 696 of the complaint.

697. Denies each and every allegation contained in paragraph 697 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 697 of the complaint.

698. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 698 of the complaint.

699. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 699 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 699 of the complaint.

700. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 700 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 700 of the complaint.

701. Denies each and every allegation contained in paragraph 701 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 701 of the complaint.

702. Denies each and every allegation contained in paragraph 702 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations

contained in paragraph 702 of the complaint.

703. Denies each and every allegation contained in paragraph 703 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 703 of the complaint.

704. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraph 704 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 704 of the complaint.

705. Denies each and every allegation contained in paragraph 705 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 705 of the complaint.

706. Denies each and every allegation contained in paragraph 706 as to him; denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 706 of the complaint.

COUNT FOURTEEN

**Pursuant to Section 20A of the Exchange Act,
On Behalf of Purchasers of Refco Stock,
Against Bennett, Thomas H. Lee Equity Fund V., L.P.,
Thomas H. Lee Parallel Fund V, L.P.,
Thomas H. Lee Equity (Cayman) Fund V, L.P.,
Thomas H. Lee Investors Limited Partnership**

707-712. Sexton is not required to answer the allegations of paragraphs 707 through 712 of the complaint, which are part of plaintiffs' fourteenth claim for relief, because plaintiffs have not asserted such claim against Sexton. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraphs 707 through 712 of the complaint; otherwise

denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraphs 707 through 712 of the complaint.

COUNT FIFTEEN

Pursuant to Section 10(b) of the Exchange Act and Rules 10b-5(a) and (c) Promulgated thereunder on behalf of all Class Members Against BAWAG

713-720. Sexton is not required to answer the allegations of paragraphs 713 through 720 of the complaint, which are part of plaintiffs' fifteenth claim for relief, because plaintiffs have not asserted such claim against Sexton. Denies any involvement or culpability relating to the allegations of wrongdoing contained in paragraphs 713 through 720 of the complaint; otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraphs 713 through 720 of the complaint.

JURY DEMAND

721. No response is required for paragraph 721 of the complaint. Sexton also demands a trial by jury on all issues so triable.

FIRST DEFENSE³

722. Plaintiffs fail to state a claim against Sexton upon which relief can be granted.

SECOND DEFENSE

723. Upon information and belief, plaintiffs lack standing to maintain their claims against Sexton.

³ Sexton does not allege or admit that he bears the burden of proof with respect to any of the defenses asserted herein.

THIRD DEFENSE

724. Upon information and belief, plaintiffs' claims against Sexton are barred, in whole or in part, by plaintiffs' failure to take appropriate steps to mitigate their alleged damages.

FOURTH DEFENSE

725. Upon information and belief, plaintiffs' claims against Sexton are barred, in whole or in part, under such equitable defenses as the evidence demonstrates, including, but not limited to, the doctrines of unclean hands, estoppel, waiver and laches.

FIFTH DEFENSE

726. Upon information and belief, plaintiffs' claims against Sexton are barred because plaintiffs cannot properly maintain a class action.

SIXTH DEFENSE

727. Upon information and belief, plaintiffs' claims against Sexton are barred because plaintiffs' damages cannot be attributed to the alleged misrepresentations and omissions.

SEVENTH DEFENSE

728. Plaintiffs' Section 11 claim against Sexton is barred because, as regards any part of the Bond Registration Statement not purporting to be made on the authority of any expert, and not purporting to be a copy of or extract from a report or valuation of an expert, Sexton had, after reasonable investigation, reasonable ground to believe and did believe, at the time such part of the registration statement became effective, that the statements therein were true and that there was no omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and, as regards any part of the Bond Registration Statement purporting to be made on the authority of any expert, or purporting to be a copy of or extract

from a report or valuation of an expert, Sexton had no reasonable ground to believe and did not believe, at the time such part of the registration statement became effective, that the statements therein were untrue or that there was an omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or that such part of the registration statement did not fairly represent the statement of the expert or was not a fair copy of or extract from the report or valuation of the expert.

EIGHTH DEFENSE

729. Plaintiffs' Section 11 claim against Sexton is barred because a signature pursuant to power of attorney by a wrongdoer knowingly committing an illegal act is beyond the scope of the power granted, and is invalid ab initio.

NINTH DEFENSE

730. Plaintiffs' Section 15 claims against Sexton are barred because Sexton had no knowledge of or reasonable grounds to believe in the existence of the facts by reason of which the liability of the alleged controlled person(s) is alleged to exist.

TENTH DEFENSE

731. Plaintiffs' Section 20 claims against Sexton are barred because Sexton acted in good faith and did not directly or indirectly induce the act or acts constituting the alleged violations or causes of action.

ELEVENTH DEFENSE

732. Plaintiffs' claims against Sexton under Section 15 and Section 20 are barred because Sexton lacked the power to direct or cause the direction of the management or policies of the alleged primary violator(s).

TWELFTH DEFENSE

733. Plaintiffs' claims against Sexton under Section 15 and Section 20 are barred because Sexton lacked actual control over the transactions in question.

THIRTEENTH DEFENSE

734. Plaintiffs' claims against Sexton are barred, in whole or in part, under the bespeaks caution doctrine and/or the safe harbor for forward looking statements provided by the Private Securities Litigation Reform Act.

FOURTEENTH DEFENSE

735. Plaintiffs' Section 11 claim against Sexton is barred because a legally superfluous signature, not otherwise required under law, and obtained by a wrongdoer for knowingly unlawful purposes, does not give rise to liability.

FIFTEENTH DEFENSE

736. Plaintiffs' claims against Sexton are barred, in whole or in part, because the conduct of parties other than Sexton proximately caused the alleged harm, if any, set forth in the complaint.

SIXTEENTH DEFENSE

737. Plaintiffs' claims against Sexton are barred, in whole or in part, by the applicable statute of limitations.

SEVENTEENTH DEFENSE

738. Plaintiffs' claims against Sexton are barred, in whole or in part, because the depreciation in the market price of Refco securities resulted from factors other than the alleged misstatements and/or omissions alleged in the complaint.

EIGHTEENTH DEFENSE

739. Plaintiffs' claims against Sexton are barred, in whole or in part, because plaintiffs' losses, if any, were caused by plaintiffs' assumption of the risks of investment, including, but not limited to, the material facts and/or risks that were publicly disclosed, or otherwise in the public domain.

NINETEENTH DEFENSE

740. Sexton is entitled to offset damages, if any, by benefits received by plaintiffs through the Refco bankruptcy proceedings.

TWENTIETH DEFENSE

741. Sexton hereby adopts and incorporates by reference any and all other affirmative defenses to be asserted by any other defendant in this action, to the extent that he may share in such affirmative defense.

RESERVATIONS

742. Sexton expressly reserves the right to amend or supplement his answer, defenses and all other pleadings, as permitted by law; he further reserves the right to assert any and all additional defenses under any applicable law, in the event that discovery indicates such defenses would be appropriate, and to assert any cross-claims, counterclaims and/or third-party claims.

PRAYER FOR RELIEF

WHEREFORE, defendant Sexton demands judgment in his favor and against plaintiffs:

- a. Dismissing the complaint with prejudice;
- b. Awarding him costs and disbursements in this action, including reasonable attorneys' fees; and

c. Awarding such other and further relief as the Court deems just and proper.

**FRIEDMAN & WITTENSTEIN
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