

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

**In re REFCO, INC. SECURITIES
LITIGATION**

**: MASTER FILE NO.
: 05 Civ. 8626 (GEL)
:
: ANSWER TO AMENDED
: COMPLAINT AND
: AFFIRMATIVE DEFENSES
: OF DEFENDANT TONE
: GRANT
:
: *Filed Electronically*
:
: JURY TRIAL DEMANDED**

Defendant Tone Grant, by his attorneys, without waiving any constitutional statutory or common law rights or privileges, responds to the First Amended Consolidated Class Action Complaint (the “Amended Complaint”) as follows:

1. With respect to the allegations contained in Paragraph 1 of the Amended Complaint, defendant Grant refers to the documents referenced therein for a complete and accurate statement of their contents; states that to the extent the allegations are directed to any defendant other than him or set forth legal conclusions, no response is required; denies that Plaintiffs are entitled to any relief from him; and otherwise responds, upon advice of counsel, by asserting his privilege against self-incrimination guaranteed to him under the Constitutions of the United States, the State of Illinois and the State of New York.

2. With respect to the allegations contained in Paragraphs 2-721 of the Amended Complaint, same answer as set forth in Paragraph 1 above.

AFFIRMATIVE DEFENSES

As affirmative defenses to the Amended Complaint and Plaintiffs' causes of action, Mr. Grant, without conceding that he bears the burden of proof on any of the following issues, and without waiving any of his constitutional, statutory or common law rights or privileges, states as follows:

First Affirmative Defense

The Complaint and each of its Claims for Relief fail to state a claim upon which relief can be granted.

Second Affirmative Defense

Plaintiffs' claims are barred by the doctrines of waiver, estoppel, laches, unclean hands and other equitable defenses.

Third Affirmative Defense

Plaintiffs' claims are barred by the comparative or contributory fault of Plaintiffs and/or others.

Fourth Affirmative Defense

To the extent Plaintiffs sustained any damage, loss or injury, any damage award against Mr. Grant should be reduced, diminished and/or eliminated to reflect only Mr. Grant's percentage of responsibility.

Fifth Affirmative Defense

Mr. Grant is entitled to receive contribution and/or indemnity from others for any liability he may incur.

Sixth Affirmative Defense

Mr. Grant is entitled to offset damages, if any, to the full extent permitted by law, including with respect to any applicable benefits received by Plaintiffs in the Refco bankruptcy proceedings.

Seventh Affirmative Defense

Plaintiffs lack standing to maintain some or all of their claims against Mr. Grant.

Eighth Affirmative Defense

The claims of Plaintiffs are, in whole or in part, barred by their assumption of the risk.

Ninth Affirmative Defense

Plaintiffs failed to mitigate their alleged damages.

Tenth Affirmative Defense

Plaintiffs' claims are barred by the statute of limitations.

Eleventh Affirmative Defense

Others not named in the complaint may be indispensable parties to the action.

Twelfth Affirmative Defense

Mr. Grant cannot be held liable as a control person under Section 20(a) of the Exchange Act.

Reservation of Rights

Mr. Grant reserves the right, to the full extent permitted by law, to amend or supplement his answer and defenses, including to assert upon such other and further defenses as may become apparent or available, and to assert any counterclaims, cross-claims or third-party claims.

WHEREFORE, defendant Tone Grant respectfully requests that judgment be entered:

A. Dismissing the Amended Complaint and each Claim for Relief with prejudice, as to Mr. Grant;

B. Awarding Mr. Grant his costs, including reasonable attorneys' fees, and disbursements in connection with this action; and

C. Granting such other and further relief as the Court deems just and proper.

JURY DEMAND

Defendant Tone Grant demands a trial by jury on all issues.

Dated: June 14, 2007

Respectfully submitted,

HANNAFAN & HANNAFAN, LTD.

s/Blake T. Hannafan
Michael T. Hannafan (admitted *pro hac vice*)
Blake T. Hannafan (admitted *pro hac vice*)
One East Wacker Drive
Suite 1208
Chicago, Illinois
(312) 527-0055

-and-

ZUCKERMAN SPAEDER LLP

Norman L. Eisen (admitted *pro hac vice*)
Laure E. Neish (LN-0040)
1540 Broadway, Suite 1604
New York, New York 10036-4039
(212) 704-9600

Attorneys for Defendant Tone Grant

CERTIFICATE OF SERVICE

I hereby certify that on this 14th day of June, 2007, I caused the foregoing Answer to Amended Complaint and Affirmative Defenses of Defendant Tone Grant to be filed electronically in the United States District Court, Southern District of New York. Copies of this document will be sent electronically to all parties registered as filing users of the Court's Electronic Filing System and by U.S. mail to the following:

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

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

Catherine W. Joyce
Winston & Strawn, L.L.P.
35 West Wacker Drive
Chicago, IL 60601

s/Blake T. Hannafan
Blake T. Hannafan

Attorney for Defendant Tone Grant

Hannafan & Hannafan, Ltd.
Michael T. Hannafan
Blake T. Hannafan
One East Wacker Drive
Suite 1208
Chicago, Illinois 60601
(312) 527-0055