

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

-----	x	MASTER FILE NO.
	:	05 Civ. 8626 (GEL)
In re REFCO, INC. SECURITIES	:	
LITIGATION	:	JURY TRIAL DEMANDED
	:	
	:	ELECTRONICALLY FILED
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**ANSWER OF DEFENDANT GERALD M. SHERER TO THE  
SECOND AMENDED CONSOLIDATED CLASS ACTION COMPLAINT**

Defendant Gerald M. Sherer, by his undersigned attorneys, for his Answer to the Second Amended Consolidated Class Action Complaint dated December 3, 2007 (the "Complaint"), states as follows:

1. Denies the allegations contained in Paragraph 1 of the Complaint, except respectfully refers to the document referenced in Paragraph 1 for the complete contents thereof.
2. 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 that Refco entities provided brokerage and clearing services as well as extended credit to customers.
3. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 3 of the Complaint.
4. 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 the allegations contained in Paragraph 5 of the Complaint, except denies knowledge or information sufficient to form a belief as to the truth of the allegations in the second through fifth sentences of Paragraph 5.
6. Denies the allegations contained in Paragraph 6 of the Complaint, except denies

knowledge or information sufficient to form a belief as to the truth of the allegations contained in the second sentence of Paragraph 6 and admits that Refco issued approximately \$600 of million of bonds around the time of the leveraged buy-out.

7. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 7 of the Complaint, except admits that Refco conducted an initial public offering in August 2005 and that a dividend was issued to Refco shareholders of record prior to the IPO in connection with the offering's underwriters' exercise of a "greenshoe option."

8. Denies the allegations contained in Paragraph 8 of the Complaint, except admits that Refco conducted an initial public offering and denies knowledge or information sufficient to form a belief as to the truth of the second sentence of Paragraph 8.

9. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 9 of the Complaint, except respectfully refers to the disclosures referenced in Paragraph 9 for the complete contents thereof.

10. Denies the allegations contained in Paragraph 10 of the Complaint, except admits that Bennett was arrested and charged with securities fraud, admits that Refco entities filed for bankruptcy protection in this District, denies knowledge or information sufficient to form a belief as to truth of the second, third and fourth sentences of Paragraph 10, and respectfully refers to the press releases and other documents referenced in Paragraph 10 of the Complaint for the complete contents thereof.

11. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 11 of the Complaint, except respectfully refers to the report of

the examiner referenced in Paragraph 11 of the Complaint (the “Examiner’s Report”) for the complete contents thereof.

12. States that Paragraph 12 of the Complaint (including footnote 2 of the Complaint) sets forth legal conclusions to which no response is required. To the extent a response is required, denies the allegations contained in Paragraph 12, except respectfully refers to the Court’s Order dated April 30, 2007 for the complete contents thereof.

13. States that Paragraph 13 of the Complaint sets forth legal conclusions to which no response is required.

14. States that Paragraph 14 of the Complaint sets forth legal conclusions to which no response is required.

15. States that Paragraph 15 of the Complaint sets forth legal conclusions to which no response is required.

16. Denies the allegations contained in Paragraph 16 of the Complaint.

17. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 17 of the Complaint, except states that the final sentence of paragraph 17 states a legal conclusion to which no response is required.

18. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 18 of the Complaint, except states that the final sentence of Paragraph 18 sets forth a legal conclusion to which no response is required.

19. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 19 of the Complaint, except states that the final sentence of

Paragraph 19 sets forth a legal conclusion to which no response is required.

20. States that Paragraph 20 of the Complaint does not contain any factual allegations to which a response is required.

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 that Refco Inc. is not listed as a defendant in the Complaint and that it filed for bankruptcy protection under Chapter 11 of the Bankruptcy Code on or about October 17, 2005 and admits the second and third sentences of Paragraph 21.

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 that Refco Group Ltd., LLC is not listed as a defendant in the Complaint and that it filed for bankruptcy protection under Chapter 11 of the Bankruptcy Code on or about October 17, 2005.

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 that New Refco Group Ltd., LLC is not listed as a defendant in the Complaint and that it filed for bankruptcy protection under Chapter 11 of the Bankruptcy Code 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 that Refco Finance Holdings LLC is not listed as a defendant in the Complaint and that it filed for bankruptcy protection under Chapter 11 of the Bankruptcy Code on or about October 17, 2005.

25. 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 that Refco Finance Inc. is not listed as a defendant in the Complaint and that it filed for bankruptcy protection under Chapter 11 of the Bankruptcy Code on or about October 17, 2005.

26. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 26 of the Complaint, except admits that Refco Capital Markets Ltd. is not listed as a defendant in the Complaint and that it filed for bankruptcy protection under Chapter 11 of the Bankruptcy Code on or about October 17, 2005.

27. Denies the allegations contained in Paragraph 27 of the Complaint, except admits that Refco Managed Futures LLC was named as a defendant in Plaintiffs' Amended Complaint and is not named as a defendant in the Complaint.

28. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 28 of the Complaint, except admits that Westminster-Refco Management LLC was named as a defendant in Plaintiffs' Amended Complaint and is not named as a defendant in the Complaint.

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 that Lind-Waldock Securities LLC was named as Defendant in Plaintiffs' Amended Complaint and is not named as a defendant in the Complaint.

30. States that Paragraph 30 of the Complaint sets forth legal conclusions to which no response is required.

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

allegations contained in Paragraph 31 of the Complaint.

32. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 32 of the Complaint

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 that Bennett served as the President, Chief Executive Officer and Chairman of Refco Group and resigned from those positions.

34. Denies the allegations contained in Paragraph 34 of the Complaint, except admits the first four sentences of Paragraph 34 and admits that Sherer signed or granted a power of attorney in connection with the registration statements and SEC filings referenced in Paragraph 34.

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 that Sexton served as Executive Vice President and Chief Operating Officer of Refco Group and that Sexton served as CEO of Refco for a period of time after Bennett resigned from that position.

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 that Maggio was referred to as “Sandy”, and served as Executive Vice President of Refco Group and President and CEO of Refco Securities LLC, the Company’s NASD broker-dealer subsidiary.

37. Denies the allegations contained in Paragraph 37 of the Complaint, except denies knowledge or information sufficient to form a belief as to the truth of the allegations, except

admits that Murphy served as an Executive Vice President of Refco Group.

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 that Silverman was named director of internal audit at Refco Group in 2005.

39. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 39 of the Complaint, except admits that Klejna served as Executive Vice President and General Counsel of Refco Group.

40. States that Paragraph 40 of the Complaint does not contain any factual allegations to which a response is required.

41. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 41 of the Complaint, except admits that Trosten served as CFO of Refco Group prior to October 2004 and respectfully refers to the public disclosure referenced in Paragraph 41 for the complete contents thereof.

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, except admits that O'Kelley served as a director and member of the Company's audit committee.

44. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 44 of the Complaint, except admits that Breitman served as a director and member of the Company's audit committee.

45. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 45 of the Complaint, except admits that Gantcher served as a director and member of the Company's audit committee.

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 states that the first sentence of Paragraph 46 does not allege any facts to which a response is required and admits that O'Kelley, Breitman and Gantcher comprised Refco, Inc.'s audit committee after the IPO and served on the audit committee of New Refco.

47. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 47 of the Complaint.

48. States that Paragraph 48 of the Complaint does not contain any factual allegations to which a response is required.

49. States that the first sentence of Paragraph 49 of the Complaint sets forth a legal conclusion and to the extent a response is required, denies the first sentence of Paragraph 49 and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 49.

50. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 50 of the Complaint, except admits that Lee served as a director of the Company.

51. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 51 of the Complaint, except admits that Harkins served as a



director of the Company.

52. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 52 of the Complaint, except admits that Jaeckel served as a director of the Company.

53. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 53 of the Complaint, except admits that Schoen served as a director of the Company.

54. States that Paragraph 54 of the Complaint does not contain any factual allegations to which a response is required.

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 that Grant Thornton offers accounting, tax and business advisory services, admits the second sentence of Paragraph 55, admits that Grant Thornton served as the Company's outside auditor, and respectfully refers to the audit opinion letters and other documents referenced in Paragraph 55 for the complete contents thereof.

56. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 56 of the Complaint, except admits that Grant Thornton provided audit and accounting services in connection with the Bond Offering and IPO and admits the final sentence of Paragraph 56.

57. Denies 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. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 70 of the Complaint.

71. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 71 of the Complaint.

72. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 72 of the Complaint.

73. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 73 of the Complaint.

74. States that Paragraph 74 of the Complaint does not contain any factual allegations to which a response is required.

75. States that Paragraph 75 of the Complaint does not contain any factual allegations to which a response is required.

76. 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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 77 of the Complaint.

78. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 78 of the Complaint, except respectfully refers to the document referenced in Paragraph 78 of the Complaint for the complete contents thereof.

79. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 79 of the Complaint.

80. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 80 of the Complaint.

81. States that Paragraph 81 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 81.

82. States that the first sentence of Paragraph 82 of the Complaint sets forth conclusions of law to which no response is required and, to the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in the first sentence of Paragraph 82. Admits the allegations contained in the second sentence of Paragraph 82.

83. States that Paragraph 83 of the Complaint sets forth conclusions of law to which no response is required and, to the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 83.

84. States that Paragraph 84 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 84.

85. States that Paragraph 85 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 85.

86. States that Paragraph 86 of the Complaint sets forth legal conclusions to which no response is required.

87. States that Paragraph 87 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 87.

88. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 88 of the Complaint, except states that the second sentence of Paragraph 88 sets forth legal conclusions to which no response is required.

89. Denies the allegations contained in Paragraph 89 of the Complaint, except admits that Refco entities provided brokerage and clearing services in the international derivatives, currency and futures markets, admits that Refco entities provided financial services by executing trades on behalf of customers and then recording and clearing the trades, and admits that Refco entities offered these services to the types of customers and on the exchanges and markets described in the final sentence of Paragraph 89.

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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 92 of the Complaint.

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.

95. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 95 of the Complaint.

96. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 96 of the Complaint, except denies the final three sentences of Paragraph 96.

97. Respectfully refers to the pleading referenced in Paragraph 97 of the Complaint for the complete contents thereof.

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, except respectfully refers to the Examiner's Report for the complete contents thereof.

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, except respectfully refers to the merger agreement referenced in Paragraph 101 for the complete contents thereof.

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.

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, except respectfully refers the Court to the registration statements referenced in Paragraph 106 for the complete contents thereof.

107. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 107 of the Complaint, except respectfully refers the Court to the registration statements referenced in Paragraph 107 for the complete contents thereof.

108. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 108 of the Complaint.

109. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 109 of the Complaint, except respectfully refers to the offering memorandum and underwriting contracts referenced in Paragraph 109 for the complete 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.

111. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 111 of the Complaint.

112. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 112 of the Complaint.

113. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 113 of the Complaint, except respectfully refers to the offering memorandum referenced in Paragraph 113 for the complete contents thereof and states that the final sentence of Paragraph 113 sets forth a legal conclusion to which no response is required.

114. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 114 of the Complaint, except respectfully refers to the offering memorandum referenced in Paragraph 114 for the complete contents thereof. Further states that the final sentence of Paragraph 114 sets forth conclusions of law to which no response is required and, to the extent a response is required, denies the allegations contained in that sentence.

115. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 115 of the Complaint.

116. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 116 of the Complaint, except respectfully refers to the offering memorandum referenced in Paragraph 116 and the Examiner's Report for the complete 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, except respectfully refers to the Examiner's Report for the complete contents thereof.

118. 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, except respectfully refers to the offering memorandum referenced in Paragraph 119 for the complete contents thereof.

120. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 120 of the Complaint, except respectfully refers to the offering memorandum referenced in Paragraph 120 for the complete 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, except respectfully refers to the offering memorandum referenced in Paragraph 121 for the complete contents thereof.

122. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 122 of the Complaint, except respectfully refers to the document referenced in Paragraph 122 for the complete contents thereof.

123. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 123 of the Complaint, except respectfully refers to the offering memorandum referenced in Paragraph 123 for the complete contents thereof.

124. Respectfully refers to the offering memorandum referenced in Paragraph 124 of

the Complaint for the complete contents thereof.

125. Respectfully refers to the offering memorandum referenced in Paragraph 125 of the Complaint for the complete contents thereof.

126. Respectfully refers to the offering memorandum referenced in Paragraph 126 of the Complaint for the complete contents thereof.

127. Respectfully refers to the offering memorandum referenced in Paragraph 127 for the complete 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.

129. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 129 of the Complaint, except respectfully refers to the complaint and announcements referenced in Paragraph 129 for the complete contents thereof.

130. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 130 of the Complaint.

131. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 131 of the Complaint, except respectfully refers to the offering memorandum referenced in Paragraph 131 for the complete contents thereof.

132. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 132 of the Complaint, except respectfully refers to the offering memorandum referenced in Paragraph 132 for the complete contents thereof.

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

allegations contained in Paragraph 133 of the Complaint, except respectfully refers to the offering memorandum referenced in Paragraph 133 for the complete contents thereof.

134. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 134 of the Complaint, except respectfully refers to the offering memorandum referenced in Paragraph 134 for the complete contents thereof.

135. Denies the allegations contained in Paragraph 135 of the Complaint, except denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in the final sentence of Paragraph 135 of the Complaint, except respectfully refers to the offering memorandum referenced in Paragraph 135 for the complete contents thereof.

136. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 136 of the Complaint, except respectfully refers to the offering memorandum referenced in Paragraph 136 of the Complaint for the complete 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, except respectfully refers to the offering memorandum referenced in Paragraph 137 of the Complaint for the complete contents thereof.

138. Denies the allegations contained in Paragraph 138 of the Complaint, except respectfully refers to the offering memorandum referenced in Paragraph 138 for the complete contents thereof.

139. Denies the allegations contained in Paragraph 139 of the Complaint, except

respectfully refers to the offering memorandum referenced in Paragraph 139 for the complete contents thereof.

140. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 140 of the Complaint, except respectfully refers to the offering memorandum referenced in Paragraph 140 for the complete contents thereof.

141. Denies the allegations contained in Paragraph 141 of the Complaint, except respectfully refers to the offering memorandum referenced in Paragraph 141 for the complete contents thereof.

142. Denies the allegations contained in Paragraph 142 of the Complaint, except respectfully refers to the offering memorandum referenced in Paragraph 142 for the complete contents thereof.

143. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 143 of the Complaint.

144. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 144 of the Complaint.

145. Denies the allegations contained in Paragraph 145 of the Complaint, except respectfully refers to the offering memorandum referenced in Paragraph 145 for the complete contents thereof.

146. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 146 of the Complaint, except respectfully refers to the offering memorandum referenced in Paragraph 146 for the complete contents thereof.

147. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 147 of the Complaint, except respectfully refers to the offering memorandum referenced in Paragraph 147 for the complete contents thereof.

148. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 148 of the Complaint, except respectfully refers to the offering memorandum referenced in Paragraph 148 for the complete contents thereof.

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 respectfully refers to the offering memorandum referenced in Paragraph 149 for the complete contents thereof.

150. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 150 of the Complaint, except respectfully refers to the offering memorandum referenced in Paragraph 150 for the complete contents thereof.

151. Denies the allegations contained in Paragraph 151 of the Complaint, except admits that certain Refco entities were regulated and required to satisfy regulatory capital requirements and respectfully refers to the offering memorandum referenced in Paragraph 151 for the complete contents thereof.

152. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 152 of the Complaint, except respectfully refers to the offering memorandum referenced in Paragraph 152 for the complete contents thereof.

153. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 153 of the Complaint, except respectfully refers to the

offering memorandum referenced in Paragraph 153 for the complete contents thereof.

154. Denies knowledge of information sufficient to form a belief as to the truth of the allegations contained in Paragraph 154 of the Complaint, except respectfully refers to the offering memorandum referenced in Paragraph 154 for the complete contents thereof.

155. Denies knowledge of information sufficient to form a belief as to the truth of the allegations contained in Paragraph 155 of the Complaint, except respectfully refers to the offering memorandum referenced in Paragraph 155 for the complete contents thereof.

156. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 156 of the Complaint.

157. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 157 of the Complaint.

158. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 158 of the Complaint.

159. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 159 of the Complaint.

160. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 160 of the Complaint.

161. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 161 of the Complaint.

162. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 162 of the Complaint.

163. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 163 of the Complaint.

164. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 164 of the Complaint.

165. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 165 of the Complaint, except respectfully refers to the registration statements and offering memorandum referenced in Paragraph 165 for the complete contents thereof.

166. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 166 of the Complaint, except admits that registered bonds were issued on or about April 13, 2005.

167. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 167 of the Complaint, except respectfully refers to the bond registration statement defined in Paragraph 167 for the complete contents thereof.

168. Denies the allegations contained in Paragraph 168 of the Complaint, except respectfully refers to the registration statements referenced in Paragraph 168 for the persons listed as signatories to that document.

169. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 169 of the Complaint, except respectfully refers to the registration statements referenced in Paragraph 169 for the complete 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, except respectfully refers to the registration statements referenced in Paragraph 170 for the complete contents thereof.

171. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 171 of the Complaint, except respectfully refers to the documents referenced in Paragraph 171 for the complete contents thereof.

172. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 172 of the Complaint.

173. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 173 of the Complaint.

174. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 174 of the Complaint.

175. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 175 of the Complaint.

176. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 176 of the Complaint.

177. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 177 of the Complaint.

178. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 178 of the Complaint, except admits that Refco filed an amendment to the Bond Registration Statement with the Securities and Exchange Commission on or about February 23, 2005.



179. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 179 of the Complaint.

180. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 180 of the Complaint.

181. Denies the allegations contained in Paragraph 181 of the Complaint, except respectfully refers to the amendment to Bond Registration Statement filed on or about April 6, 2005 for the complete 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, except respectfully refers to the registration statements referenced in Paragraph 182 for the complete contents thereof.

183. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 183 of the Complaint, except respectfully refers to the documents referenced in Paragraph 183 for the complete contents thereof.

184. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 184 of the Complaint, except respectfully refers to the documents referenced in Paragraph 184 for the complete contents thereof.

185. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 185 of the Complaint, except respectfully refers to the registration statements referenced in Paragraph 185 for the complete contents thereof.

186. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 186 of the Complaint, except respectfully refers to the

registration statements referenced in Paragraph 186 for the complete contents thereof.

187. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 187 of the Complaint, except respectfully refers to the documents referenced in Paragraph 187 for the complete contents thereof.

188. Respectfully refers to the documents referenced in Paragraph 188 of the Complaint for the complete contents thereof.

189. Denies the allegations contained in Paragraph 189 of the Complaint, except denies knowledge or information sufficient to form a belief as to the truth of the allegations in the second sentence of Paragraph 189 of the Complaint.

190. Respectfully refers to the registration statements referenced in Paragraph 190 for the complete contents thereof.

191. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 191 of the Complaint, except respectfully refers to the documents referenced in Paragraph 191 for the complete contents thereof.

192. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 192 of the Complaint, except respectfully refers to the registration statements referenced in Paragraph 192 for the complete contents thereof.

193. Incorporates by reference his response to the prior Paragraphs of the Complaint and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 193 of the Complaint, except respectfully refers to the registration statements referenced in Paragraph 193 for the complete contents thereof.

194. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 194 of the Complaint.

195. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 195 of the Complaint.

196. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 196 of the Complaint.

197. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 197 of the Complaint, except admits that Refco conducted an initial public offering and respectfully refers to the SEC filings referenced in Paragraph 197 for the complete contents thereof.

198. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 198 of the Complaint, except admits that Refco conducted an initial public offering in August 2005 and respectfully refers to the SEC filings referenced in Paragraph 198 for the complete contents thereof.

199. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 199 of the Complaint, except respectfully refers to the registration statements referenced in Paragraph 199 for the complete contents thereof, including the identify of the persons listed as the signatories to the documents.

200. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 200 of the Complaint.

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 respectfully refers to the documents referenced in Paragraph 201 for the complete contents thereof.

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 respectfully refers to the documents referenced in Paragraph 202 for the complete contents thereof.

203. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 203 of the Complaint.

204. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 204 of the Complaint, except respectfully refers to the registration statements referenced in Paragraph 204 for the complete contents thereof.

205. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 205 of the Complaint, except respectfully refers to the registration statements referenced in Paragraph 205 for the complete contents thereof.

206. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 206 of the Complaint, except respectfully refers to the registration statements referenced in Paragraph 206 for the complete contents thereof.

207. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 207 of the Complaint, except respectfully refers to the registration statements referenced in Paragraph 207 for the complete contents thereof.

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 respectfully refers to the

registration statements referenced in Paragraph 208 for the complete contents thereof.

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 respectfully refers to the registration statements referenced in Paragraph 209 for the complete contents thereof.

210. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 210 of the Complaint, except respectfully refers to the registration statements referenced in Paragraph 210 for the complete contents thereof.

211. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 211 of the Complaint, except respectfully refers to the registration statements referenced in Paragraph 211 for the complete contents thereof.

212. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 212 of the Complaint, except respectfully refers to the registration statements referenced in Paragraph 212 for the complete contents thereof.

213. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 213 of the Complaint, except respectfully refers to the registration statements referenced in Paragraph 213 for the complete contents thereof.

214. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 214 of the Complaint, except respectfully refers to the registration statements referenced in Paragraph 214 for the complete contents thereof.

215. Denies the allegations contained in Paragraph 215 of the Complaint, except denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in

the second through fourth sentences of Paragraph 215 to the registration statement referenced in Paragraph 215 for the complete contents thereof.

216. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 216 of the Complaint, except respectfully refers to the registration statements referenced in Paragraph 216 for the complete contents thereof.

217. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 217 of the Complaint, except respectfully refers to the indictment referenced in Paragraph 217 for the complete contents thereof.

218. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 218 of the Complaint, except respectfully refers to the registration statement referenced in Paragraph 218 for the complete contents thereof.

219. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 219 of the Complaint, except respectfully refers to the registration statement referenced in Paragraph 219 for the complete contents thereof.

220. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 220 of the Complaint, except respectfully refers to the prospectus referenced in Paragraph 220 for the complete contents thereof.

221. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 221 of the Complaint, except respectfully refers to the documents referenced in Paragraph 221 for the complete contents thereof.

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

allegations contained in Paragraph 222 of the Complaint, except respectfully refers to the registration statements referenced in Paragraph 222 for the complete contents thereof.

223. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 223 of the Complaint, except respectfully refers to the registration statements referenced in Paragraph 223 for the complete contents thereof.

224. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 224 of the Complaint, except respectfully refers to the registration statement referenced in Paragraph 224 for the complete contents thereof.

225. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 225 of the Complaint, except respectfully refers to the registration statements referenced in Paragraph 225 for the complete contents thereof.

226. Denies the allegations contained in Paragraph 226 of the Complaint, except respectfully refers to the registration statements referenced in Paragraph 226 for the complete contents thereof.

227. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 227 of the Complaint, except respectfully refers to the registration statements referenced in Paragraph 227 for the complete contents thereof.

228. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 228 of the Complaint, except respectfully refers to the registration statements referenced in Paragraph 228 for the complete contents thereof.

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

allegations contained in Paragraph 229 of the Complaint, except respectfully refers to the registration statements referenced in Paragraph 229 for the complete contents thereof.

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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 231 of the Complaint, except respectfully refers to the registration statements referenced in Paragraph 231 for the complete contents thereof.

232. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 232 of the Complaint, except respectfully refers to the press release referenced in Paragraph 232 for the complete contents thereof.

233. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 233 of the Complaint, except respectfully refers to the press release referenced in Paragraph 233 for the complete contents thereof.

234. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 234 of the Complaint, except respectfully refers to the press release referenced in Paragraph 234 for the complete contents thereof.

235. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 235 of the Complaint, except respectfully refers to the press release referenced in Paragraph 235 for the complete contents thereof.

236. 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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 237 of the Complaint, except respectfully refers to the press release referenced in Paragraph 237 for the complete contents thereof.

238. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 238 of the Complaint, except respectfully refers to the press release referenced in Paragraph 238 for the complete contents thereof.

239. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 239 of the Complaint, except respectfully refers to the SEC announcement and press release referenced in Paragraph 239 for the complete contents thereof.

240. 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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 241 of the Complaint, except respectfully refers to the statement referenced in Paragraph 241 for the complete contents thereof.

242. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 242 of the Complaint.

243. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 243 of the Complaint, except admits that the NYSE halted trading in Refco shares on or about October 13, 2005.

244. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 244 of the Complaint, except admits that some Refco entities

filed for bankruptcy protection in this District on October 17, 2005.

245. 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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 246 of the Complaint.

247. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 247 of the Complaint.

248. Admits Paragraph 248 of the Complaint.

249. States that Paragraph 249 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, respectfully refers to SEC Regulation S-X for the complete contents thereof.

250. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 250 of the Complaint.

251. States that Paragraph 251 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, 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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 252 of the Complaint, except respectfully refers to SFAS No. 57 for the complete contents thereof.

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

allegations contained in Paragraph 253 of the Complaint.

254. 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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 255 of the Complaint.

256. Denies the allegations contained in Paragraph 256 of the Complaint, except respectfully refers to SFAS No. 5 for the complete contents thereof.

257. Denies the allegations contained in Paragraph 257 of the Complaint, except respectfully refers to FIN No. 45 for the complete contents thereof.

258. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 258 of the Complaint, except respectfully refers to APB Opinion No. 22 for the complete contents thereof.

259. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 259 of the Complaint, except respectfully refers to the SEC filings referenced in Paragraph 259 for the complete contents thereof.

260. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 260 of the Complaint, except respectfully refers to FASCON No. 1 ¶¶ 34, 40, 50, FASCON No. 2 ¶¶ 58, 59, 79, 80 and FASCON No. 6 ¶ 145 for the complete contents thereof.

261. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 261 of the Complaint.

262. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 262 of the Complaint, except respectfully refers to the Sarbanes-Oxley Act of 2002 and AU § 150 for the complete contents thereof.

263. Respectfully refers to the GAAS standards referenced in Paragraph 263 of the Complaint for the complete contents thereof.

264. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 264 of the Complaint, except respectfully refers to the GAAS General Standard referenced in Paragraph 264 and the Examiner's Report for the complete 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, except respectfully refers to the GAAS standards referenced in Paragraph 265 for the complete 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, except respectfully refers to the GAAS standards referenced in Paragraph 266 for the complete 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, except respectfully refers to SFAS No. 57 for the complete contents thereof.

268. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 268 of the Complaint, except respectfully refers to AU § 334 for the complete contents thereof.

269. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 269 of the Complaint, except respectfully refers to AU § 334 for the complete contents thereof.

270. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 270 of the Complaint, except respectfully refers to AU § 334 for the complete contents thereof.

271. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 271 of the Complaint.

272. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 272 of the Complaint.

273. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 273 of the Complaint.

274. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 274 of the Complaint, except respectfully refers to AU § 316 for the complete contents thereof.

275. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 275 of the Complaint.

276. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 276 of the Complaint, except respectfully refers to GAAS Standard of Fieldwork No. 2 and AU § 319 for the complete contents thereof.

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

allegations contained in Paragraph 277 of the Complaint.

278. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 278 of the Complaint, except respectfully refers to the documents referenced in Paragraph 278 for the complete contents thereof.

279. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 279 of the Complaint.

280. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 280 of the Complaint, except respectfully refers to the auditing standards referenced in Paragraph 280 for the complete contents thereof.

281. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 281 of the Complaint, except respectfully refers to AU § 334 for the complete contents thereof.

282. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 282 of the Complaint, except respectfully refers to the Examiner's Report for the complete contents thereof.

283. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 283 of the Complaint, except respectfully refers to the Examiner's Report for the complete contents thereof.

284. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 284 of the Complaint, except respectfully refers to the Examiner's Report for the complete contents thereof.

285. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 285 of the Complaint.

286. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 286 of the Complaint.

287. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 287 of the Complaint, except respectfully refers to AU § 342 for the complete contents thereof.

288. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 288 of the Complaint.

289. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 289 of the Complaint.

290. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 290 of the Complaint, except respectfully refers to the documents referenced in Paragraph 290 for the complete contents thereof.

291. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 291 of the Complaint, except respectfully refers to the GAAS standard referenced in Paragraph 291 for the complete contents thereof.

292. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 292 of the Complaint, except respectfully refers to the GAAS standard referenced in Paragraph 292 for the complete contents thereof.

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

accounting standards referenced in Paragraph 293 of the Complaint, except admits that Grant Thornton issued unqualified audit opinions.

294. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 294 of the Complaint, except respectfully refers to the documents referenced in Paragraph 294 for the complete contents thereof.

295. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 295 of the Complaint.

296. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 296 of the Complaint, except admits the first sentence of Paragraph 296 and respectfully refers to the rules and regulations referenced in Paragraph 296 for the complete contents thereof.

297. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 297 of the Complaint.

298. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 298 of the Complaint.

299. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 299 of the Complaint.

300. Denies knowledge or information sufficient to form a belief as to the truth of the 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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 302 of the Complaint, except respectfully refers to the *In re Worldcom, Inc. Sec. Litig.* opinion referenced in Paragraph 302 for the complete contents thereof.

303. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 303 of the Complaint.

304. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained 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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 306 of the Complaint.

307. 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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 308 of the Complaint, except respectfully refers to the *In re Worldcom, Inc. Sec. Litig.* opinion referenced in Paragraph 308 for the complete contents thereof.

309. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 309 of the Complaint, except respectfully refers to the registration statements referenced in Paragraph 309 for the complete contents thereof.

310. Denies the allegations contained in Paragraph 310 of the Complaint.

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

allegations contained in Paragraph 311 of the Complaint.

312. Incorporates and realleges its responses to Paragraphs 1 to 311 as if fully set forth herein in response to the first sentence of Paragraph 312 of the Complaint. Denies the remaining allegations of Paragraph 312.

313. States that Paragraph 313 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies the allegations contained in Paragraph 313, except admits that Sherer was Executive Vice President and CFO of Refco from January 2005 until the close of the Class Period, and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations in subparagraphs (a, d, e, and f), respectfully refers to the registration statements and offering memorandum referenced in subparagraph (b) for the complete contents thereof and respectfully refers to the contracts and agreements referenced in subparagraph (c) for the complete contents thereof.

314. States that Paragraph 314 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 314, except respectfully refers to the documents referenced in Paragraph 314 for the complete contents thereof.

315. States that Paragraph 315 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 315, except respectfully refers to the documents referenced in Paragraph 315 for the complete contents

thereof.

316. States that Paragraph 316 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 316, except respectfully refers to the documents referenced in Paragraph 316 for the complete contents thereof.

317. States that Paragraph 317 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 317, except respectfully refers to the documents referenced in Paragraph 317 for the complete contents thereof.

318. States that Paragraph 318 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 318, except respectfully refers to the documents referenced in Paragraph 318 for the complete contents thereof.

319. States that Paragraph 319 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 319, except respectfully refers to the documents referenced in Paragraph 319 for the complete contents thereof.

320. States that Paragraph 320 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 320, except respectfully refers to the documents referenced in Paragraph 320 for the complete contents thereof.

321. States that Paragraph 321 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 321, except respectfully refers to the documents referenced in Paragraph 321 for the complete contents thereof and admits that each of the Audit Committee Defendants served on Refco's audit committee and board of directors.

## **CLAIMS FOR RELIEF UNDER THE SECURITIES ACT**

### **COUNT I**

322-335 States that no response is required to Count I of the Complaint, set forth in Paragraphs 322-335 of the Complaint, because it is not directed at Sherer and because Plaintiffs conceded in James J. Sabella's December 7, 2007 Letter to the Court that the "Court's prior decision" dismissing the same cause of action in Plaintiffs' First Consolidated Amended Class Action Complaint "remains applicable" to Count I and that "defendants need not renew their motions to dismiss" Count I.

### **COUNT II**

336-347. States that no response is required to Count II of the Complaint, set forth

in Paragraphs 336-347 of the Complaint, because it is not directed at Sherer and Plaintiffs have conceded that the “Court’s prior decision” dismissing the same cause of action in Plaintiffs’ First Consolidated Amended Class Action Complaint “remains applicable” to Count II and that “defendants need not renew their motions to dismiss” Count II.

### COUNT III

348-361. States that no response is required to Paragraph 348 to 361 of the Complaint because Count III of the Complaint is not directed at Sherer.

### COUNT IV

362. Repeats and realleges his responses to each and every allegation in Paragraphs 1 to 361 of the Complaint as if fully set forth herein, states that the second sentence sets forth conclusions of law to which no response is required and denies the remaining allegations in Paragraph 362 and notes that Plaintiffs’ counsel confirmed in a letter date January 25, 2008 that Plaintiffs have confirmed that Count IV does not assert claims on behalf of persons that exchanged 144A bonds for registered bonds sold in connection with the Bond Offering.

363. States that Paragraph 363 of the Complaint sets forth conclusions of law to which not response is required.

364. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 364 of the Complaint.

365. Denies the allegations contained in Paragraph 365 of the Complaint.

366. States that Paragraph 366 of the Complaint sets forth conclusions of law to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 366.

367. States that Paragraph 367 of the Complaint sets forth conclusions of law to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 367.

368. States that Paragraph 368 of the Complaint sets forth conclusions of law to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 368.

369. States that Paragraph 369 of the Complaint sets forth conclusions of law to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 369.

370. States that Paragraph 370 of the Complaint sets forth conclusions of law to which no response is required. To the extent a response is required, denies the allegations contained in Paragraph 370.

371. States that Paragraph 371 of the Complaint sets forth conclusions of law to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 371.

372. Denies the allegations contained in Paragraph 372 of the Complaint.

373. Denies the allegations contained in Paragraph 373 of the Complaint.

374. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 374 of the Complaint, except admits that Count IV of the Complaint was brought within three years of the Exchange Offer.

375. Denies the allegations contained in Paragraph 375 of the Complaint.

## COUNT V

376. Repeats and realleges his responses to each and every allegation in Paragraphs 1 to 375 as if fully set forth herein, states that the second sentence sets forth conclusions of law to which no response is required and denies the remaining allegations in Paragraph 376.

377. States that Paragraph 377 of the Complaint sets forth conclusions of law to which no response is required. To the extent a response is required, denies the allegations contained in Paragraph 377.

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 that Refco issued common stock.

379. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 379 of the Complaint.

380. States that Paragraph 380 of the Complaint sets forth conclusions of law to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 380.

381. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 381 of the Complaint, except admits that Sherer signed the IPO Registration Statement.

382. Denies the allegations contained in Paragraph 382 of the Complaint.

383. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 383 of the Complaint, except admits that Grant Thornton was the outside auditor for Refco Group and subsidiaries of Refco Group and respectfully refers to

the audit report contained in the IPO Registration Statement for the complete contents thereof.

384. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 384 of the Complaint.

385. States that Paragraph 385 of the Complaint sets forth conclusions of law to which no response is required. To the extent a response is required, denies the allegations contained in Paragraph 385.

386. States that Paragraph 386 of the Complaint sets forth conclusions of law to which no response is required. To the extent a response is required, denies the allegations contained in Paragraph 386.

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. States that Paragraph 388 of the Complaint sets forth conclusions of law to which no response is required. To the extent a response is required, denies the allegations contained in Paragraph 388.

#### COUNT VI

389. Repeats and realleges his responses to each and every allegation in Paragraphs 1 to 388 as if fully set forth herein, states that the second sentence of Paragraph 389 sets forth conclusions of law to which no response is required and denies the remaining allegations in Paragraph 389.

390. States that Paragraph 390 of the Complaint sets forth conclusions of law to which no response is required. To the extent a response is required, denies the allegations contained in Paragraph 390.



391. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 391 of the Complaint.

392. States that Paragraph 392 of the Complaint sets forth conclusions of law to which no response is required. To the extent a response is required, denies the allegations contained in Paragraph 392.

393. States that Paragraph 393 of the Complaint sets forth conclusions of law to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 393.

394. States that Paragraph 394 of the Complaint sets forth conclusions of law to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 394.

395. States that Paragraph 395 of the Complaint sets forth conclusions of law to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 395.

396. States that Paragraph 396 of the Complaint sets forth conclusions of law to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 396.

397. States that Paragraph 397 of the Complaint sets forth conclusions of law to which no response is required. To the extent a response is required, denies the allegations contained in Paragraph 397.

398. States that Paragraph 398 of the Complaint sets forth conclusions of law to which no response is required. To the extent a response is required, denies knowledge or information

sufficient to form a belief as to the truth of the allegations contained in Paragraph 398, except admits that Defendants O’Kelley, Gantcher and Breitman served on Refco Group’s audit committee and board of directors.

399. States that Paragraph 399 of the Complaint sets forth conclusions of law to which no response is required. To the extent a response is required, denies the allegations contained in Paragraph 399.

400. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 400 of the Complaint, except admits that Refco issued shares in an initial public offering in August 2005.

401. States that Paragraph 401 of the Complaint sets forth conclusions of law to which no response is required. To the extent a response is required, denies the allegations contained in Paragraph 401.

402. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 402 of the Complaint.

403. States that Paragraph 403 of the Complaint sets forth conclusions of law to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 403.

404. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 404 of the Complaint, except admits that Count VI of the Complaint was brought within three years of the August 2005 initial public offering.

405. Denies the allegations contained in Paragraph 405 of the Complaint.

## COUNT VII

406-413. States that no response is required to Count VII of the Complaint, set forth in Paragraphs 406-413 of the Complaint, because it is not directed at Sherer.

## COUNT VIII

414. Repeats and realleges his responses to each and every allegation in Paragraphs 1 to 413 as if fully set forth herein, states that the second sentence of Paragraph 414 sets forth conclusions of law to which no response is required and denies the remaining allegations in Paragraph 414.

415. States that Paragraph 415 of the Complaint sets forth conclusions of law to which no response is required.

416. States that Paragraph 416 of the Complaint sets forth conclusions of law to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 416.

417. States that Paragraph 417 of the Complaint sets forth conclusions of law to which no response is required. To the extent a response is required, denies the allegations contained in Paragraph 417.

418. States that Paragraph 418 of the Complaint sets forth conclusions of law to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 418.

419. States that Paragraph 419 of the Complaint sets forth conclusions of law to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 419.

420. States that Paragraph 420 of the Complaint sets forth conclusions of law to which no response is required. To the extent a response is required, denies the allegations contained in Paragraph 420.

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. States that Paragraph 422 of the Complaint sets forth conclusions of law to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 422.

423. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 423, except admits that Count VIII was asserted within three years of the IPO.

424. States that Paragraph 424 of the Complaint sets forth conclusions of law to which no response is required. To the extent a response is required, denies the allegations contained in Paragraph 424.

#### **CLAIMS FOR RELIEF UNDER THE EXCHANGE ACT**

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 the allegations contained in Paragraph 426 of the Complaint.

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

435. 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.

440. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 440 of the Complaint, except respectfully refers to the Examiner's Report for the complete contents thereof.

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, except respectfully refers to the Examiner's Report for the complete contents thereof.

444. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 444 of the Complaint, except states that the second sentence of Paragraph 444 sets forth legal conclusions to which no response is required.

445. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 445 of the Complaint, except respectfully refers to the Examiner's Report for the complete contents thereof.

446. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 446 of the Complaint, except respectfully refers to the Examiner's Report for the complete contents thereof.

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.

451. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 451 of the Complaint, except denies the first sentence of Paragraph 451.

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.

456. 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.

461. 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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 462 of the Complaint.

463. 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.

468. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 468 of the Complaint.

469. 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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 470 of the Complaint.

471. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 471 of the Complaint.

472. 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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 473 of the Complaint.

474. 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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 475 of the Complaint.

476. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 476 of the Complaint.

477. 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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 478 of the Complaint.

479. 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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 480 of the Complaint.

481. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 481 of the Complaint.

482. 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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 483 of the Complaint.

484. 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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 485 of the Complaint.

486. 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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 487 of the Complaint.

488. 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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 489 of the Complaint.

490. 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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 491 of the Complaint.

492. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 492 of the Complaint.

493. 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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 494 of the Complaint.

495. 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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 496 of the Complaint.

497. 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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 498 of the Complaint.

499. 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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 500 of the Complaint.

501. 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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 502 of the Complaint.

503. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 503 of the Complaint.

504. 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.

508. 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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 514 of the Complaint.

515. 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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 516 of the Complaint.

517. 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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 518 of the Complaint.

519. 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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 520 of the Complaint.

521. 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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 522 of the Complaint.

523. 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, except respectfully refers to the

documents referenced in Paragraph 524 for the complete contents thereof.

525. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 525 of the Complaint, except respectfully refers to the documents referenced in Paragraph 525 for the complete contents thereof.

526. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 526 of the Complaint.

527. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 527 of the Complaint.

528. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 528 of the Complaint.

529. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 529 of the Complaint.

530. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 530 of the Complaint.

531. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 531 of the Complaint.

532. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 532 of the Complaint.

533. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 533 of the Complaint.

534. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 534 of the Complaint.

535. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 535 of the Complaint.

536. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 536 of the Complaint.

537. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 537 of the Complaint.

538. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 538 of the Complaint.

539. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 539 of the Complaint.

540. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 540 of the Complaint.

541. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 541 of the Complaint.

542. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 542 of the Complaint.

543. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 543 of the Complaint.

544. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 544 of the Complaint.

545. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 545 of the Complaint.

546. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 546 of the Complaint.

547. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 547 of the Complaint.

548. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 548 of the Complaint.

549. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 549 of the Complaint.

550. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 550 of the Complaint.

551. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 551 of the Complaint.

552. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 552 of the Complaint.

553. Denies knowledge or information sufficient to form a belief as to the truth of the 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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 558 of the Complaint.

559. 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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 560 of the Complaint.

561. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 561 of the Complaint.

562. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 562 of the Complaint.

563. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 563 of the Complaint.

564. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 564 of the Complaint.

565. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 565 of the Complaint.

566. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 566 of the Complaint.

567. 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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 568 of the Complaint, except respectfully refers to the Examiner's report for the complete contents thereof.

569. 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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 570 of the Complaint.

571. 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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 572 of the Complaint.

573. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 573 of the Complaint.

574. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 574 of the Complaint, except respectfully refers to the Examiner's Report for the complete contents thereof.

575. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 575 of the Complaint.

576. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 576 of the Complaint

577. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 577 of the Complaint.

578. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 578 of the Complaint.

579. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 579 of the Complaint.

580. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 580 of the Complaint.

581. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 581 of the Complaint.

582. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 582 of the Complaint.

583. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 583 of the Complaint.

584. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 584 of the Complaint.

585. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 585 of the Complaint.

586. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 586 of the Complaint.

587. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 587 of the Complaint.

588. Denies the allegations contained in Paragraph 588 of the Complaint.

589. States that the first sentence of Paragraph 589 of the Complaint sets forth legal

conclusions to which no response is required. Denies the second sentence of Paragraph 589.

590. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 590 of the Complaint, except respectfully refers to the documents referenced in Paragraph 590 for the complete contents thereof.

591. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 591 of the Complaint, except respectfully refers to the press release referenced in Paragraph 591 for the complete contents thereof.

592. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 592 of the Complaint, except respectfully refers to the press release referenced in Paragraph 592 for the complete contents thereof.

593. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 593 of the Complaint, except respectfully refers to the press release referenced in Paragraph 593 for the complete contents thereof.

594. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 594 of the Complaint, except respectfully refers to the press release referenced in Paragraph 594 for the complete contents thereof.

595. Respectfully refers to the 2005 10-K referenced in Paragraph 595 of the Complaint for the complete contents thereof.

596. Respectfully refers to the 2005 10-K referenced in Paragraph 596 of the Complaint for the complete contents thereof.

597. Respectfully refers to the 2005 10-K referenced in Paragraph 597 of the Complaint for the complete contents thereof.

598. Respectfully refers to the 2005 10-K referenced in Paragraph 598 of the Complaint for the complete contents thereof.

599. Respectfully refers to the 2005 10-K referenced in Paragraph 599 of the Complaint for the complete contents thereof.

600. Respectfully refers to the 2005 10-K referenced in Paragraph 600 of the Complaint for the complete contents thereof.

601. Denies the allegations contained in Paragraph 601 of the Complaint.

602. States that Paragraph 602 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies the allegations contained in Paragraph 602, except respectfully refers to the 2005 10-K referenced in Paragraph 602 for the complete contents thereof.

603. Denies the allegations contained in Paragraph 603 of the Complaint and respectfully refers to the certification referenced in Paragraph 603 for the complete contents thereof.

604. States that Paragraph 604 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies the allegations contained in Paragraph 604, except respectfully refers to the 2005 10-K referenced in Paragraph 604 for the complete contents thereof.

605. States that Paragraph 605 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies the allegations contained in Paragraph 605, except respectfully refers to the 2005 10-K referenced in Paragraph 605 for the complete contents thereof.

606. States that Paragraph 606 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies the allegations contained in Paragraph 606, except respectfully refers to the documents referenced in Paragraph 606 for the complete contents thereof.

607. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 607 of the Complaint, except admits that the Company announced the results of operations for the quarter ended May 31, 2005 and filed a Form 8-K on or about July 15, 2005, and respectfully refers to the documents referenced in Paragraph 607 for the complete contents thereof.

608. Denies the allegations contained in Paragraph 608 of the Complaint, except respectfully refers to the press release referenced in Paragraph 608 for the complete contents thereof.

609. Respectfully refers to the 10-Q and press release referenced in Paragraph 609 for the complete contents thereof.

610. Respectfully refers to the Form 10-Q referenced in Paragraph 610 for the complete contents thereof.

611. Respectfully refers to the Form 10-Q referenced in Paragraph 611 for the complete contents thereof.

612. Respectfully refers to the Form 10-Q referenced in Paragraph 612 for the complete contents thereof.

613. States that Paragraph 613 of the Complaint sets forth a legal conclusion to which no response is required. To the extent a response is required, denies the allegations contained in

Paragraph 613, except respectfully refers to the Form 10-Q referenced in Paragraph 613 for the complete contents thereof.

614. States that Paragraph 614 of the Complaint sets forth a legal conclusion to which no response is required. To the extent a response is required, denies the allegations contained in Paragraph 614, except respectfully refers to the Form 10-Q referenced in Paragraph 614 for the complete contents thereof.

615. States that Paragraph 615 of the Complaint sets forth a legal conclusion to which no response is required. To the extent a response is required, denies the allegations contained in Paragraph 615, except respectfully refers to the Form 10-Q referenced in Paragraph 615 for the complete contents thereof.

616. States that Paragraph 616 of the Complaint sets forth a legal conclusion to which no response is required. To the extent a response is required, denies the allegations contained in Paragraph 616.

617. States that Paragraph 617 of the Complaint sets forth a legal conclusion to which no response is required. To the extent a response is required, denies the allegations contained in Paragraph 617.

618. Incorporates by reference his response to Paragraphs 262-295 of the Complaint, states that the final sentence of paragraph 618 sets forth legal conclusions to which no response is required, and denies knowledge or information sufficient to form a belief as to the remaining allegations contained in Paragraph 618.

619. States that the first sentence of Paragraph 618 of the Complaint sets forth legal conclusions, and denies knowledge or information sufficient to form a belief as to the remaining

allegations contained in Paragraph 619.

620. Denies knowledge or information sufficient to form a belief as to the allegations contained in Paragraph 620.

621. Denies knowledge or information sufficient to form a belief as to the allegations contained in Paragraph 621.

622. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 622 of the Complaint.

623. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 623 of the Complaint.

624. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 624 of the Complaint.

625. Denies knowledge or information sufficient to form a belief as to the remaining allegations contained in Paragraph 625 of the Complaint.

626. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 626 of the Complaint, except respectfully refers to the Examiner's Report for the complete contents thereof.

627. States that Paragraph 627 of the Complaint sets forth a legal conclusion to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as the information contained in the table included in Paragraph 627 and denies the remaining allegations contained in Paragraph 627 of the Complaint.

628. Denies knowledge or information sufficient to form a belief as to the allegations contained in Paragraph 628.



629. Denies the sixth through ninth sentences in Paragraph 629 of the Complaint and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 629.

630. 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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 631 of the Complaint, except denies the final sentence of Paragraph 631.

632. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 632 of the Complaint, except denies the final sentence of Paragraph 632.

633. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 633 of the Complaint, except denies the final sentence of Paragraph 633.

634. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 634 of the Complaint, except denies the final sentence of Paragraph 634.

635. Denies the allegations contained in Paragraph 635 of the Complaint, except respectfully refers to the registration statements referenced in Paragraph 635 for the complete contents thereof.

636. Denies the allegations contained in Paragraph 636 of the Complaint, except

respectfully refers to the registration statements referenced in Paragraph 636 for the complete contents thereof.

637. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 637 of the Complaint.

638. Denies the allegations contained in Paragraph 638 of the Complaint.

639. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 639 of the Complaint.

640. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 640 of the Complaint.

641. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 641 of the Complaint.

642. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 642 of the Complaint.

643. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 643 of the Complaint.

644. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 644 of the Complaint, except denies the final sentence of Paragraph 644.

645. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 645 of the Complaint, except denies the final sentence of Paragraph 645.

646. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 646 of the Complaint.

647. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 647 of the Complaint.

648. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 648 of the Complaint.

649. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 649 of the Complaint, except respectfully refers to the opinion referenced in Paragraph 649 for the complete contents thereof and denies the final sentence of Paragraph 649.

650. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 650 of the Complaint.

651. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 651 of the Complaint.

652. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 652 of the Complaint.

653. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 653 of the Complaint.

654. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 654 of the Complaint.

655. Denies the allegations contained in Paragraph 655 of the Complaint.

656. 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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 657 of the Complaint, except denies the last sentence of Paragraph 657.

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 the allegations contained in Paragraph 659 of the Complaint, except admits that he owned shares of Refco, Inc. on the eve of the IPO and respectfully refers to the Prospectus referenced in Paragraph 659 for the complete contents thereof.

660. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 660 of the Complaint, except respectfully refers to the Prospectus referenced in Paragraph 660 for the complete contents thereof.

661. Denies the allegations contained in Paragraph 661 of the Complaint, except respectfully refers to the agreement referenced in Paragraph 661 for the complete contents thereof and denies knowledge or information sufficient to form a belief as to the second sentence of Paragraph 661.

662. Denies the allegations contained in Paragraph 662 of the Complaint, except admits he received a distribution in connection with the green shoe dividend and denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in the second sentence of Paragraph 662.

663. Denies the allegations contained in Paragraph 663 of the Complaint, except denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in the third sentence of Paragraph 663.

664. 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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 665 of the Complaint.

666. Denies the allegations contained in Paragraph 666 of the Complaint, except admits that his employment agreement called for him to receive 690,000 RSU's and denies knowledge or information sufficient to form a belief as to the allegations in the second sentence of Paragraph 666.

667. States that Paragraph 667 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 667 of the Complaint.

668. States that Paragraph 668 of the Complaint sets forth a conclusion of law to which no response is required. To the extent a response is required, respectfully refers to the Prospectus referenced in Paragraph 668 for the complete contents thereof, admits that payment under the Senior Management Bonus Pool Plan was subject to certain criteria, including performance, and denies the final sentence of Paragraph 668 and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations of Paragraph 668.

669. States that Paragraph 669 of the Complaint sets forth a conclusion of law to which no response is required. To the extent a response is required, denies the allegations contained in Paragraph 669, except denies knowledge or information sufficient to form a belief as to the truth of the final sentence of Paragraph 669.

670. Denies the allegations contained in Paragraph 670 of the Complaint.

671. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 671 of the Complaint.

672. 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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 673 of the Complaint, except denies the second sentence of Paragraph 673 and respectfully refers to the documents referenced in Paragraph 673 for the complete contents thereof.

674. States that the first sentence of Paragraph 674 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required to the first sentence of Paragraph 674, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in that sentence. Denies knowledge or information sufficient to form a belief as to the remaining allegations in Paragraph 674, except respectfully refers to the Sarbanes Oxley Act of 2002 for the complete contents thereof.

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, except respectfully refers to the registration statement referenced in Paragraph 676 for the complete contents thereof.

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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 678 of the Complaint, except respectfully refers to the registration statements referenced in Paragraph 678 and states that the second and third sentences of Paragraph 678 set forth legal conclusions to which no response is required.

679. States that Paragraph 679 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 679, except respectfully refers to the registration statements referenced in Paragraph 679 for the complete contents thereof.

680. Denies the allegations contained in Paragraph 680 of the Complaint, except respectfully refers to AU § 316 for the complete contents thereof.

681. Denies the allegations contained in Paragraph 681 of the Complaint.

682. Denies the allegations contained in Paragraph 682 of the Complaint.

683. Denies the allegations contained in Paragraph 683 of the Complaint, except denies knowledge or information sufficient to form a belief as to the truth of the second through fifth sentences of Paragraph 683.

684. Denies the allegations contained in Paragraph 684 of the Complaint.

685. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 685 of the Complaint.

686. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 686 of the Complaint.

687. 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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 688 of the Complaint.

689. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 689 of the Complaint.

690. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 690 of the Complaint.

691. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 691 of the Complaint.

692. Denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 692 of the Complaint., except respectfully refers to the complaint referenced in Paragraph 692 of the Complaint for the complete contents thereof.

693. 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 Complain, except respectfully refers to the Examiner's Report for the complete contents thereof.

695. Denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 695 of the Complaint, except respectfully refers to the Examiner's Report for the complete contents thereof.

696. Denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 696 of the Complaint.

697. Denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations 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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 699 of the Complaint.

700. 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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 701 of the Complaint.

702. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 702 of the Complaint.

703. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 703 of the Complaint, except respectfully refers to the letter

referenced in Paragraph 703 of the Complaint for the complete contents thereof.

704. 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 knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 705 of the Complaint.

706. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 706 of the Complaint.

707. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 707 of the Complaint.

708. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 708 of the Complaint.

709. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 709 of the Complaint.

710. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 710 of the Complaint.

711. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 711 of the Complaint, except respectfully refers to the documents referenced in Paragraph 711 for the complete contents thereof.

712. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 712 of the Complaint.

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

allegations contained in Paragraph 713 of the Complaint.

714. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 714 of the Complaint

715. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 715 of the Complaint

716. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 716 of the Complaint.

717. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 717 of the Complaint.

718. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 718 of the Complaint.

719. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 719 of the Complaint.

720. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 720 of the Complaint.

721. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 721 of the Complaint, except respectfully refers to the Examiner's Report for the complete contents thereof.

722. Denies the allegations contained in Paragraph 722 of the Complaint.

723. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 723 of the Complaint.

724. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 724 of the Complaint.

725. Denies the allegations contained in Paragraph 725 of the Complaint.

726. Denies the allegations contained in Paragraph 726 of the Complaint.

727. States that Paragraph 727 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 727.

728. States that Paragraph 728 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 728.

729. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 729 of the Complaint, except denies the last sentence of Paragraph 729.

730. States that Paragraph 730 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 730, except respectfully refers to the offering memorandum referenced in Paragraph 730.

731. States that Paragraph 731 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 731, except refers to the offering memorandum referenced in Paragraph 731.

732. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 732 of the Complaint.

732. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 732 of the Complaint.

733. States that Paragraph 733 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 733, except refers to the documents referenced in Paragraph 733 for the complete contents thereof.

734. States that Paragraph 734 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 734, except refers to the documents referenced in Paragraph 734 for the complete contents thereof.

735. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 735 of the Complaint.

736. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 736 of the Complaint.

737. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 737 of the Complaint.

738. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 738 of the Complaint.

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

allegations contained in Paragraph 739 of the Complaint.

740. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 740 of the Complaint, except denies the third sentence of Paragraph 740.

741. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 741 of the Complaint.

742. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 742 of the Complaint.

743. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 743 of the Complaint.

744. Denies the allegations contained in Paragraph 744 of the Complaint.

#### COUNT IX

745. Repeats and realleges his responses to each and every allegation in Paragraphs 1 to 744 as if fully set forth herein.

746. States that Paragraph 746 of the Complaint sets forth legal conclusions to which no response is required.

747. Denies the allegations contained in Paragraph 747 of the Complaint.

748. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 748 of the Complaint.

749. Denies the allegations contained in Paragraph 749 of the Complaint.

750. States that Paragraph 750 of the Complaint sets forth legal conclusions to which

not response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 750 of the Complaint.

751. Denies the allegations contained in Paragraph 751 of the Complaint.

752. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 752 of the Complaint.

753. Denies the allegations contained in Paragraph 753 of the Complaint.

754. Denies the allegations contained in Paragraph 754 of the Complaint.

755. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 755 of the Complaint.

#### COUNT X

756-763. States that no response is required to Count X, set forth in Paragraphs 756-763 of the Complaint, because it is not directed at Sherer.

#### COUNT XI

764-773. States that no response is required to Count XI, set forth in Paragraphs 764-773 of the Complaint, because it is not directed at Sherer.

#### COUNT XII

774-786. States that no response is required to Count XI, set forth in Paragraphs 774-786 of the Complaint, because it is not directed at Sherer.

#### COUNT XIII

787. Repeats and realleges his responses to each and every allegation in Paragraphs 1

to 786 as if fully set forth herein.

788. States that Paragraph 788 of the Complaint sets forth legal conclusions to which no response is required.

789. States that Paragraph 789 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 789.

790. States that Paragraph 790 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 790.

791. States that Paragraph 791 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 791.

792. States that Paragraph 792 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 792.

793. States that Paragraph 793 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 793.

794. States that Paragraph 794 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 794 of the



## Complaint.

795. States that Paragraph 795 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 795.

796. States that Paragraph 796 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 796.

797. States that Paragraph 797 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies the allegations contained in Paragraph 797.

798. States that Paragraph 798 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 798.

799. States that Paragraph 799 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies the truth of the allegations contained in Paragraph 799.

800. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 800 of the Complaint, except denies the first sentence of Paragraph 800.

801. States that Paragraph 801 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies the allegations contained in

Paragraph 801.

802. States that Paragraph 802 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies the allegations contained in Paragraph 802.

803. States that Paragraph 803 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies the allegations contained in Paragraph 803.

#### COUNT XIV

804. Repeats and realleges his responses to each and every allegation in Paragraphs 1 to 803 as if fully set forth herein.

805. States that Paragraph 805 of the Complaint sets forth legal conclusions to which no response is required.

806. States that Paragraph 806 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 806.

807. States that Paragraph 807 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 807.

808. States that Paragraph 808 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 808.

809. States that Paragraph 809 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 809.

810. States that Paragraph 810 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 810.

811. States that Paragraph 811 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies the allegations contained in Paragraph 811.

812. States that Paragraph 812 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 812.

813. States that Paragraph 813 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies the allegations contained in Paragraph 813.

814. States that Paragraph 814 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies the allegations contained in Paragraph 814.

815. States that Paragraph 815 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies the allegations contained in Paragraph 815.

816. States that Paragraph 816 of the Complaint sets forth legal conclusions to which no response is required. To the extent a response is required, denies the allegations contained in Paragraph 816.

817. Denies the allegations contained in Paragraph 817 of the Complaint.

#### COUNT XV

818-827. States that no response is required to Count XV, set forth in Paragraphs 818-827 of the Complaint, because it is not directed at Sherer.

#### COUNT XVI

828-833. States that no response it required to Count XVI, set forth in Paragraphs 828-833 of the Complaint, because it is not directed at Sherer.

#### JURY DEMAND

834. States that Paragraph 834 of the Complaint sets forth legal conclusions to which no response is required. Sherer also demands a trial by jury on all issues so triable.

#### **AFFIRMATIVE DEFENSES**

##### FIRST AFFIRMATIVE DEFENSE

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

##### SECOND AFFIRMATIVE DEFENSE

836. Plaintiffs lack standing to bring this action.

THIRD AFFIRMATIVE DEFENSE

837. Plaintiffs are not adequate or appropriate class representatives.

FOURTH AFFIRMATIVE DEFENSE

838. Plaintiffs' claims are barred because they cannot properly maintain a class action.

FIFTH AFFIRMATIVE DEFENSE

839. Sherer is not a controlling person pursuant to the federal securities laws or any rule or regulation thereunder.

SIXTH AFFIRMATIVE DEFENSE

840. Sherer is not liable as a controlling person because no primary violations of the securities laws have occurred.

SEVENTH AFFIRMATIVE DEFENSE

841. Sherer acted in good faith and did not directly or indirectly induce the act or acts constituting the alleged primary violations or alleged causes of action.

EIGHTH AFFIRMATIVE DEFENSE

842. With respect to any purportedly false statements or omissions for which Plaintiffs seek to hold him liable, Sherer exercised due diligence and conducted a reasonable investigation and had reasonable grounds to believe and did believe that the statements were true and that there was no omission to state a material fact necessary to make the statements not misleading.

NINTH AFFIRMATIVE DEFENSE

843. Plaintiffs' Section 11 claim against Sherer is barred because, as regards any part of any 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, Sherer had, after reasonable investigation, reasonable grounds 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 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, Sherer had no reasonable grounds 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.

#### TENTH AFFIRMATIVE DEFENSE

844. Plaintiffs' claims against Sherer 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.

#### ELEVENTH AFFIRMATIVE DEFENSE

845. All or a portion of plaintiffs' purported damages were caused by and resulted from factors and circumstances other than from alleged misstatements or omissions by Sherer, any other defendant or any alleged primary violator.

TWELFTH AFFIRMATIVE DEFENSE

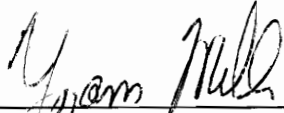
846. To the extent they have been damaged, if at all, plaintiffs' failure to mitigate damages bars or reduces any recovery.

THIRTEENTH AFFIRMATIVE DEFENSE

847. Plaintiffs' claims against Sherer are barred, in whole or in part, 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.

Dated: New York, NY  
March 3, 2008

SHAPIRO FORMAN ALLEN & SAVA LLP

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