



CASE NO: A-22-850036-C
Department 32

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23 **DISTRICT COURT**

24 **CLARK COUNTY, NEVADA**

25 ELIZABETH LEWIS, an individual;
CALIFORNIA CABINETS DISTRIBUTOR, INC.,
26 a Nevada corporation; PAUL MAALOUF, an
individual; FORTRESS PROTECTION, LLC, a
27 Nevada limited liability company; BRAD
MALOFF, an individual; BETTER HITTING,
28 INC., a Nevada corporation, on behalf of

Case No.:
Dept. No.:

1 themselves and all others similarly situated,

2 Plaintiffs,

3 vs.

4 WELLS FARGO BANK, N.A., BEASLEY LAW
5 GROUP PC, a Nevada professional corporation;
6 and MICHAEL W. BEASLEY, an individual; and
7 Does I through X, inclusive

8 Defendants.

**CLASS ACTION COMPLAINT
AND
JURY DEMAND**

**Arbitration Exemption Requested
Pursuant to NAR 3(A):**

- Class Action Lawsuit
- Damages in Excess of \$50,000.00

CLASS ACTION COMPLAINT

9
10 Plaintiffs, Elizabeth Lewis, California Cabinets Distributor, Inc., Paul Maalouf, Fortress
11 Protection, LLC, Brad Maloff, and Better Hitting, Inc. (together, “Plaintiffs”), bring this Complaint
12 individually and on behalf of all others similarly situated against Wells Fargo Bank N.A. (“Wells
13 Fargo”), Beasley Law Group PC (the “Beasley Firm”), and Michael W. Beasley (“Beasley”), and
14 allege:

INTRODUCTION

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16 1. Plaintiffs, individually and for a class of similarly situated investors, bring this
17 action to recover their investments into a \$300 million Ponzi scheme orchestrated by Jeffrey Judd,
18 his entities J&J Consulting Services Inc. and J&J Consulting LLC, Beasley, and the Beasley Firm
19 (the “J&J Conspirators”). In short, the J&J Conspirators marketed and sold interests in purported
20 personal injury settlements while promising 10% to 20% returns paid every couple of months.
21 Instead of investing the funds as represented, the J&J Conspirators used the money in a classic
22 Ponzi-like fashion, while drawing significant profits.

23 2. The entry point for the scheme was Beasley’s law firm’s trust account with Wells
24 Fargo. Beasley, who later admitted to the scheme during a four-hour, armed standoff with the FBI,
25 ran investor funds through the Beasley Firm’s trust account. Once the funds entered the firm’s
26 trust account, the J&J Conspirators misused, diverted, and misappropriated the funds, as the
27 purported settlements appear to have been entirely fabricated.

1 3. Wells Fargo, a sophisticated financial institution, had heightened duties to know its
2 customers, particularly law firms holding trust accounts for the benefit of others. Wells Fargo
3 undoubtedly noticed and flagged the tens or hundreds of millions of dollars in incoming
4 investments and then diversion of those funds into the accounts of conspirators, brokers, and
5 investors—most of whom had Wells Fargo accounts for this specific purpose. Wells Fargo
6 therefore knew that these investments into and out of a solo practitioner’s trust account amounted
7 to fraud and breaches of the conspirators’ duties to the investors. Despite this knowledge, Wells
8 Fargo did nothing except continue to facilitate the circular transfers and diversion of funds.

9 4. Plaintiffs therefore seek justice and to recoup their investments, along with other
10 relief, against the conspirators and those who participated in the scheme.

11 **PARTIES**

12 **A. Plaintiffs**

13 5. Plaintiff Elizabeth Lewis (“Mrs. Lewis”) is a resident and citizen of the state of
14 Nevada, who resides in Washoe County.

15 6. Plaintiff California Cabinets Distributor, Inc. (“CA Cabinets”) is a Nevada
16 corporation based in Clark County, Nevada. Mrs. Lewis is a director and owner of CA Cabinets.
17 Mrs. Lewis was instructed to utilize an entity to make the investments described herein and utilized
18 CA Cabinets for the sole purpose of making such investments. Mrs. Lewis funded the payments
19 made to CA Cabinets and is a real party in interest to this lawsuit.

20 7. Plaintiff Paul Maalouf (“Mr. Maalouf”) is a resident and citizen of the state of
21 Nevada, who resides in Clark County, Nevada.

22 8. Plaintiff Fortress Protection, LLC (“FP LLC”) is a Nevada limited liability
23 company based in Clark County, Nevada. Mr. Maalouf is FP LLC’s sole manager and member.
24 Mr. Maalouf was instructed and utilized FP LLC for the sole purpose of entering into the
25 investments described herein. Mr. Maalouf funded the payments made to FP LLC and is a real
26 party in interest to this lawsuit.

27 9. Brad Maloff (“Mr. Maloff”) is a resident and citizen of the state of Nevada, who
28 resides in Clark County, Nevada.

1 10. Plaintiff Better Hitting, Inc. (“BH, Inc.”) is a Nevada corporation based in Clark
2 County, Nevada. Mr. Maloff is BH, Inc.’s sole shareholder, President, Secretary, and Director.
3 Mr. Maloff was instructed and utilized BH, Inc. for the sole purpose of entering into the
4 investments described herein. Mr. Maloff funded the payments made to BH, Inc. and is a real
5 party in interest to this lawsuit.

6 **B. Defendants**

7 11. Defendant Wells Fargo is a nationally chartered bank headquartered in Sioux
8 Falls, South Dakota, and conducts its business nationwide, including in Nevada. Wells Fargo
9 provided banking services in Nevada to J&J Purchasing, LLC, J&J Consulting, the Beasley Firm
10 and Beasley in Nevada.

11 12. Defendant Beasley Law Group PC is a Nevada professional corporation owned
12 by Matthew Beasley, Esq. Its principal place of business is Clark County, Nevada.

13 13. Defendant Matthew W. Beasley, Esq. is a resident of Clark County, Nevada and
14 an attorney admitted to practice with the State Bar of Nevada since 2006.

15 14. Pursuant to NRCP 10(a) *Nurenberger Hercules-Werke GMBH v. Virostek*, 107
16 Nev. 873, 822 P.2d 1100 (1991), the identity of Defendants designated as Does I through X are
17 unknown at the present time; however, it is alleged and believed these Defendants are additional
18 and unknown co-conspirators who joined and assisted the J&J Conspirators’ fraud against the
19 Class. As the specific identities of these parties are revealed through the course of discovery, the
20 DOE appellation will be replaced to identify these parties by their true names and capacities.

21 **C. Relevant Non-Parties**

22 15. Jeffrey Judd (“Judd”) is a resident of Henderson, Nevada. He is president of J&J
23 Consulting and managing member of J&J Purchasing. From 2013 to 2018 he was also a vice
24 president of sales for a local pharmacy in Las Vegas. He has a bachelor’s degree in “Kinesiology
25 and Exercise Science” from UNLV.

26 16. J&J Purchasing, LLC (“J&J Purchasing”) is a Florida limited liability company
27 formed by Jeffrey Judd in October 2021. Its principal place of business was Las Vegas, Nevada.

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1 17. J&J Consulting Services, Inc. (“J&J Consulting”) is a Nevada corporation
2 formed by Jeffrey Judd in 2005. Its principal place of business is Las Vegas, Nevada.

3 18. Judd, J&J Purchasing, J&J Consulting, the Beasley Firm and Beasley shall be
4 collectively referred to as the “J&J Conspirators.”

5 JURISDICTION & VENUE

6 19. Venue is proper in the Eighth Judicial District Court in Clark County, Nevada,
7 pursuant to NRS 13.040 because (1) one or more of the Defendants reside in Clark County,
8 Nevada, and are authorized to transact business, and currently transact business, within Clark
9 County, Nevada; and (2) the obligations, acts, omissions, and damages complained of herein were
10 incurred and committed, in whole or in part, within Clark County, Nevada.

11 20. This Court possesses personal jurisdiction over Defendants pursuant to NRS 14.065
12 because (1) Defendants’ activities and contacts in Nevada have been and continue to be so
13 substantial, continuous, and systematic that Defendants are deemed present in the forum; and (2)
14 the obligations, acts, and omissions complained of herein were incurred and committed, in whole
15 or in part, in Nevada, and thus, Defendants have had sufficient minimum contacts with this forum
16 such that the exercise of personal jurisdiction over them will not offend traditional notions of fair
17 play and substantial justice.

18 ADDITIONAL FACTUAL BACKGROUND

19 A. The J&J Investment Scheme

20 21. Starting in 2017, Judd and Beasley began selling and marketing what were
21 claimed to be fractional interests in personal injury settlement agreements (“Purchase
22 Agreements”). Judd and Beasley represented that the Purchase Agreements related to plaintiffs in
23 slip and fall cases or other personal injury cases who had settled legal claims and were seeking
24 short-term funding prior to settlement payments being paid. In return for short-term funding, Judd
25 and Beasley represented that these plaintiffs would pay substantial short-term interest.

26 22. The Purchase Agreements were approximately four to five pages long and
27 uniformly referenced the alleged personal injury incident, the alleged plaintiff or seller, the
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1 settlement award, a non-disclosure agreement, the name of the attorney representing the claimed
2 plaintiff or seller and various investment terms.

3 23. Within the Purchase Agreements, Judd initially utilized his entity J&J Consulting
4 as the “Buyer” of the underlying Purchase Agreement, with Beasley described as “Buyer’s
5 Attorney.” Proceeds from the claimed Purchase Agreements were paid directly to Beasley’s trust
6 account Wells Fargo.

7 24. Judd and Beasley represented that the Purchase Agreements were to be in
8 \$80,000 and \$100,000 increments with stated returns of 10% to 20% paid every 90 days, along
9 with “administration fees” payable to J&J and/or Beasley.

10 25. J&J Consulting and Beasley began marketing and soliciting investors for the
11 Purchase Agreements, describing the contracts as scarce to drive investor demand.

12 26. J&J Consulting targeted investors who shared the same faith, hobbies and gym
13 memberships. J&J and Beasley further drove demand for the contracts by referencing the
14 investments as not being generally available to the public and requiring investors to keep the
15 investments in strict confidence.

16 27. J&J Consulting and Beasley’s solicitation grew to eventually include
17 downstream sellers or brokers who were utilized to lure additional investors in the Purchase
18 Agreements. J&J Consulting offered financial compensation to these downstream sellers and/or
19 brokers to encourage them to obtain new investors by offering lower investment returns for
20 investors beneath the downstream sellers and/or brokers.

21 28. J&J Consulting and Beasley encouraged downstream sellers and/or brokers to
22 utilize Wells Fargo accounts to ensure investment transfers flowed smoothly, and asked investors
23 to set up entities to accept payments from the Purchase Agreements.

24 29. J&J Consulting and Beasley directed investor payments to be made directly to
25 Beasley’s IOLTA Trust Account at Wells Fargo, whether directly from individual investors or the
26 downstream sellers and/or brokers on behalf of individual investors.

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1 30. Investors were contacted weekly to verbally commit to invest in new Purchase
2 Contracts between Thursday and Sunday, where they were told to wire money to Beasley's IOLTA
3 Trust Account the following week.

4 31. After the expiration of the Purchase Agreement's stated 90-day period, investors
5 were asked and often persuaded to reinvest their principal and payment to new Purchase
6 Agreements. Withdrawals of investor principal was discouraged.

7 32. For a period, investors were paid directly by J&J Consulting, or through the
8 downstream sellers and/or brokers, the promised returns every 90 days. Payments on the Purchase
9 Agreements went from Beasley's Wells Fargo IOLTA Trust Account to J&J Consulting's Wells
10 Fargo account, which was subsequently used to pay downstream investors.

11 33. In late 2021, Judd and Beasley created a new entity, J&J Purchasing, to
12 essentially assume J&J Consulting's role. On or about January 1, 2022, Judd and Beasley
13 delivered J&J Purchasing's Private Placement Memorandum ("PPM") to investors and
14 downstream sellers/ brokers.

15 34. The PPM was an attempt by Judd and Beasley to add perceived legitimacy to the
16 scheme, although it did little to change it. The PPM was comprised of over 120 pages giving
17 investors a limited "partial beneficial interest" in Purchase Contracts claimed to be owned by J&J
18 Purchasing, LLC. The described Purchase Contracts were offered to investors with materially
19 identical terms as the prior Purchase Contracts offered by J&J Consulting Services, Inc., inclusive
20 of a stated 12.5% return every 90 days. Within the PPM as "Exhibit C" was a "Sample Purchase
21 Contract" identical to the previously offered Purchase Contracts pushed on investors by J&J
22 Consulting prior to the PPM.

23 35. The PPM, like the prior Purchase Contracts offered by J&J Consulting, explicitly
24 listed J&J Purchasing's "escrow account" as "Well [sic] Fargo Bank NA (Nevada) Routing
25 Number: 121000248, Account Name, Beasley Law Group IOLTA."

26 36. The Purchase Agreements from J&J Consulting and J&J Purchasing resulted in
27 investments in excess of \$300 million, which was utilized to pay investors the stated 90 day returns
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1 in classic Ponzi fashion until approximately March 7, 2022, when all payments to investors
2 stopped.

3 37. On or about March 3, 2022, the FBI attempted to interview Beasley at his home
4 while investigating the Purchase Contracts as a Ponzi scheme. Beasley engaged the FBI in a four-
5 hour standoff that resulted in Beasley pointing a gun to his head before turning his weapon on the
6 FBI's agents, who shot and seriously wounded him.

7 38. Criminal charges filed against Beasley allege that during the standoff, Beasley
8 "repeatedly confessed" to his involvement in the investment scheme associated with the Purchase
9 Agreements and "admitted orchestrating it."

10 39. Since Beasley's arrest on or about March 3, 2022, hundreds of investors have
11 stopped receiving payments due from the Purchase Contracts. Judd confirmed that payments could
12 not be made without Beasley, who controlled all of the investment funds. Judd further confirmed
13 that principal will not be returned to investors.

14 **B. Wells Fargo Knew About and Substantially Assisted the Fraudulent Scheme**

15 40. As discussed above, the J&J Conspirators ran their investment fraud through the
16 Beasley Law Group IOLTA account (the "Trust Account") with Wells Fargo.

17 41. The PPM described the Trust Account as "the Company's Escrow Account" with
18 Wells Fargo and directed all subscription amounts to be paid to the Trust Account.

19 42. Beasley would then use the Trust Account to transfer monthly payouts and/or
20 principal to J&J — which also exclusively used Wells Fargo for banking. Indeed, as
21 acknowledged by Judd to investors, "[w]e use the attorneys [sic] trust bank accounts to wire money
22 back and forth."

23 43. J&J would then pay investors, or the brokers, using its Wells Fargo account. The
24 brokers also used Wells Fargo to make distributions to downstream investors. The brokers were
25 advised that using Wells Fargo to receive and make investor distributions would be the easiest
26 method for the parties.

27 44. As a result, most of the brokers (including the largest ones) drew cashiers checks
28 from their Wells Fargo accounts to be deposited to the Trust Account with Wells Fargo.

1 45. With this organizational structure, J&J and Beasley were able to use the Trust
2 Account — specifically designed to facilitate law firm client transactions — to raise investor funds
3 and orchestrate their fraud.

4 46. All told, J&J and Beasley raised approximately \$300 million dollars in investor
5 funds. Upon information and belief, most of those funds, along with false returns to investors and
6 brokers, ran through the Trust Account.

7 47. The Trust Account, as accommodated by Wells Fargo, therefore served as a de
8 facto corporate account for J&J's fundraising.

9 48. Given the high volume of investment transfers and high dollar amounts involved,
10 Wells Fargo knew that Beasley was not using the Trust Account as a normal law firm trust account.
11 Most of the investment amounts going into the Trust Account were in \$100,000 or \$80,000
12 increments per the subscription/contract amounts. Moreover, the Trust Account was used to make
13 corresponding returns to investors and intermediate brokers, most of whom had Wells Fargo
14 accounts for this specific purpose.

15 49. The Trust Account was also used by Beasley and J&J to take their cut of the
16 fraudulent profits. With new investor money fueling the ongoing Ponzi scheme through the Trust
17 Account, Beasley and J&J diverted funds to themselves as profits either through the Trust Account,
18 J&J accounts, or other related Wells Fargo accounts.

19 50. Wells Fargo's maintenance of the Trust Account is particularly problematic
20 because the account belonged to the law firm operated by Beasley — a solo practitioner. Whereas
21 the typical small law firm may receive and distribute client funds in all sorts of amounts and
22 frequency, the transactions running through the Trust Account demonstrate a clear pattern of
23 fundraising and then making distributions to the original transferees or brokers. Put simply, Wells
24 Fargo knew the Trust Account was not being used for its intended or stated purpose by Beasley's
25 law firm.

26 **C. Account Activity Is Inconsistent with Wells Fargo's Know Your Customer**
27 **Information**

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1 51. Wells Fargo’s participation is further underscored by its duties as a regulated bank.

2 52. Federal law requires banks to “know their customers” and understand their
3 customers’ banking behavior. Under applicable regulations, a bank must maintain procedures that
4 allow it to “form a reasonable belief that it knows the true identity of each customer.” 31 C.F.R.
5 §§ 1020.220(a)(1), (2). Thus, banks are required to collect information about the holder of each
6 account. Where an entity opens an account, the bank must obtain information concerning the
7 individuals who control the account.

8 53. Customer due diligence requires Wells Fargo to identify its customers, report
9 indications of suspicious activity and assign a “customer risk rating.” Customer due diligence
10 requires Wells Fargo to know what business the customer is in, and to understand the types of
11 transactions a customer should, and actually does, make. When monitoring its customers’
12 accounts, Wells Fargo is obligated to comply with the Bank Secrecy Act (“BSA”), including
13 regulations broadening its anti-money laundering provisions. The BSA requires Wells Fargo to
14 develop, administer and maintain a program to ensure compliance. The program must be approved
15 by the bank’s board of directors and noted in the board meeting minutes. It must (1) provide for a
16 system of internal controls to ensure ongoing BSA compliance, (2) provide for independent testing
17 of the bank’s compliance, (3) designate an individual to coordinate and monitor compliance and
18 (4) provide training for appropriate personnel.

19 54. Wells Fargo must also maintain a customer due diligence program to predict the
20 types of transactions, dollar volume and transaction volume each customer is likely to conduct,
21 thereby providing the bank with a means of identifying unusual or suspicious transactions for each
22 customer. The customer due diligence program allows the bank to maintain awareness of the
23 financial activity of its customers and the ability to predict the type and frequency of transactions
24 in which its customers are likely to engage.

25 55. Customer due diligence programs should be tailored to the risk presented by
26 individual customers, such that the higher the risk presented, the more attention is paid. Where a
27 customer is determined to be high risk, banks should gather additional information about the
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1 customer and accounts, including determining: (1) purpose of the account; (2) source of funds; (3)
2 proximity of customer's residence to the bank; and (4) explanations for changes in account activity.

3 56. Wells Fargo and its personnel must be able to identify and take appropriate action
4 once put on notice of any of a series of money laundering indicia set forth in the Federal Financial
5 Institutions Examination Council's BSA/AML Examination Manual. These include: (1) repetitive
6 or unusual fund transfer activity; (2) fund transfers sent or received from the same person to or
7 from different accounts; (3) transactions inconsistent with the account holder's business; (4)
8 transfers of funds among related accounts; (5) depositing of funds into several accounts that are
9 later consolidated into a single master account; (6) large fund transfers sent in round-dollar
10 amounts; (7) payments unconnected to legitimate contracts or revenue sources; (8) fund transfers
11 containing limited content or related party information; and, (9) an unusually large number of
12 persons or entities receiving fund transfers from one company.

13 57. Here, Wells Fargo engaged in a Know Your Customer analysis of Beasley, his law
14 firm, J&J, and the brokers. It also monitored their corresponding accounts, including, critically,
15 the Trust Account, which served as the "master" account for fundraising and distributions. Wells
16 Fargo collected and reviewed information about these individuals' and entities' business
17 operations, the source of their funds, and the purpose of their accounts.

18 58. Wells Fargo knew that the relationships between and among J&J, Beasley, his law
19 firm, and the brokers centered around investment and that these parties were engaged in
20 fundraising — all through the attorney Trust Account. Wells Fargo thus could not presume that
21 Beasley was using the Trust Account in accordance with fiduciary obligations to law firm clients.

22 59. Wells Fargo, as a large and sophisticated bank with internal controls, also knew the
23 hallmarks of a classic Ponzi scheme.

24 60. Wells Fargo, through its due diligence and/or through its designated employees
25 overseeing these accounts, understood J&J's business model: to raise money from investors and
26 use it to purchase settlements that turn a profit to repay investors. Wells Fargo also knew what the
27 Trust Account, as a law firm trust account, should have been used for.

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1 61. But Wells Fargo saw something different. Wells Fargo saw a great deal of investor
2 money entering the Trust Account, coupled with transfers to J&J, Beasley and third-party brokers,
3 and then transfers back out of these accounts to the Trust Account and/or investors. Such
4 transactions demonstrate (i) the Trust Account was being used as an operating account for
5 fundraising and distributions and (ii) the incoming investor funds were being used to fund
6 distributions to investors and profits for J&J and Beasley.

7 62. Additionally, the deposits from investors and withdrawals out of the Trust Account
8 and the J&J and broker accounts were mostly round numbers, drawn on or paid to accounts of
9 many different individuals and entities across the country, which were followed by similar, round-
10 number payments to those individuals or their affiliated entities.

11 63. As a further example of banking activity that conflicted with the business model of
12 J&J, Wells Fargo likely noticed that little to no real income was being generated by J&J's business
13 of buying settlements and much of the money used for distributions was simply investor money.

14 64. Wells Fargo therefore knew or willfully ignored that J&J and Beasley were raising
15 considerable investor funds from many investors through the sale of securities in the J&J entities.
16 Wells Fargo also knew that J&J and Beasley were siphoning money from later investors to make
17 lulling payments to earlier investments. Put simply, Wells Fargo knew J&J and Beasley were
18 running a sham investment and misappropriating and/or misapplying investor funds through the
19 Trust Account and related accounts.

20 65. Despite this knowledge of fraud, Wells Fargo failed to timely act upon the accounts
21 connected with J&J, Beasley, or the brokers. Wells Fargo continued to accept deposits of investor
22 money and carry out the transfers needed to consummate the fraud.

23 66. Wells Fargo's actions and inaction were integral to the scheme to defraud investors.
24 It was through Wells Fargo account transactions that the J&J Conspirators applied new investor
25 funds to pay existing investor returns and made improper withdrawals/distributions of investor
26 funds.

27 67. The J&J Conspirators could not have carried out or continued their scheme without
28 first raising a large amount of funds from investors and then depositing and transferring those

1 funds among bank accounts. The the J&J Conspirators' use of their Wells Fargo accounts to
2 commingle investor money enabled them to use new money to pay older investors, in classic Ponzi
3 fashion, instead of funding payments with actual returns from the purported investments.

4 68. Wells Fargo benefitted from the J&J Conspirators' continued use of their accounts,
5 which generated significant fees and the use of millions of dollars in deposits.

6 69. Wells Fargo participated in this conduct despite its knowledge that the J&J
7 Conspirators owed fiduciary duties to investors.

8 70. As noted above, Wells Fargo knew about the J&J Conspirators' business model and
9 the nature of the money it was taking in. Wells Fargo knew that these entities and individuals had
10 a duty to act for the benefit of Plaintiffs and class members upon matters within the scope of their
11 relationship. The J&J Conspirators had a duty to take Plaintiffs' and class members' money, use
12 that money to purchase settlements through certain contracts, to collect the contract amounts, and
13 deliver the money to Plaintiffs and class members in accordance with their investment agreements
14 and the PPM.

15 71. Wells Fargo therefore knew that investors were relying on and trusting the J&J
16 Conspirators to properly invest and care for their money, and that the investors were
17 unsophisticated and vulnerable.

18 72. As a result of the foregoing, Wells Fargo knowingly assisted the J&J Conspirators
19 in repeatedly moving investor funds from the fiduciary Trust Account to other accounts for
20 purposes that Wells Fargo knew were not what the investors intended. Wells Fargo failed to make
21 any effort to safeguard investor monies or to prevent transfers of investor monies for improper
22 uses. In doing so, Wells Fargo likely ignored various red flags arising from these transfers.

23 **D. The J&J Conspirators Had Fiduciary Duties to Plaintiffs and the Other Investors**

24 73. The J&J Conspirators, and particularly J&J Purchasing and the Beasley Firm, had
25 a duty to act for the benefit of Plaintiffs and class members upon matters within the scope of their
26 relationship. Specifically, these J&J Conspirators had a duty to take Plaintiffs' and class members'
27 money and use it to purchase insurance settlement, and to collect payments on those settlements
28 and deliver the money to Plaintiffs.

1 74. In addition, these J&J Conspirators fostered a special relationship with Class
2 Plaintiffs and class members that engendered fiduciary duties of loyalty, care, honesty and/or good
3 faith.

4 75. These J&J Conspirators knew that investors, including Class Plaintiffs and class
5 members, were relying on and trusting them to properly invest their hard-earned money. The
6 investors, most if not all of whom were unsophisticated investors, were vulnerable. They relied
7 on and trusted these J&J Conspirators, and these J&J Conspirators knew and encouraged that
8 reliance and trust.

9 76. The Beasley Firm created an IOLTA trust account at Wells Fargo into which
10 Plaintiffs' and class members' money was deposited. As trustee over those funds, the Beasley
11 Firm owed a fiduciary duty to Plaintiffs and Class Members.

12 **E. Wells Fargo Knew About the Fiduciary Duties Owed to Investor Victims**

13 77. Wells Fargo knew that Beasley and the Beasley Firm owed fiduciary duties to
14 Plaintiffs and putative class members.

15 78. Specifically, Wells Fargo knew that the Beasley Firm's trust account was an
16 IOLTA account, held in trust for the benefit of the Beasley Firm's clients. As a participant in
17 Nevada's IOLTA program, Wells Fargo knew that monies kept in the account could not be
18 commingled, overdrawn or used by Beasley personally.

19 79. Wells Fargo also knew through its Know Your Customer inquiries that J&J
20 Purchasing, J&J Consulting and Judd owed fiduciary duties to Plaintiffs and putative class
21 members. J&J Purchasing and Judd had a duty to act for the benefit of Plaintiffs and class members
22 upon matters within the scope of their relationship, including the receipt, certification, placement
23 and management of Plaintiffs' and class members' investments. They had a duty to take Plaintiffs'
24 and class members' money and use it to purchase insurance settlement agreements, and to collect
25 the proceeds of those agreements and deliver the returns to Plaintiffs and class members.

26 80. Wells Fargo knew that investors were relying on and trusting the J&J Conspirators
27 to properly receive and invest their money, and knew that the investors were unsophisticated and
28 vulnerable.

1 81. Wells Fargo knew the Trust Account was advertised and marketed to investors as
2 being a secure and legitimate account for the safekeeping of investment funds to further lure
3 investors into believing they had made a legitimate investment.

4 **F. Victims Include Class Plaintiffs**

5 82. Plaintiff Elizabeth Lewis is a small business owner who manages a cabinet
6 company in Henderson, Nevada. Mrs. Lewis and her husband learned of the investment through
7 close friends. Looking to diversify her investments and supplement her mother's retirement, Ms.
8 Lewis and her husband invested their savings of \$780,000 with the J&J Conspirators starting in
9 July 2020. Mrs. Lewis was instructed to invest through an entity and as a result utilized her existing
10 company, CA Cabinets. Mrs. Lewis was lured to the investment with representations the
11 investment was a contract for short term advancements on personal injury settlements in \$80,000
12 and \$100,000 increments, with each contract paying between 15-18% interest every 90 days. Mrs.
13 Lewis's investment funds were transferred to Beasley's Trust Account from her personal account
14 and from the accounts of CA Cabinets. Despite receiving \$297,050 in payments, Mrs. Lewis has
15 lost over \$480,000 from the investment.

16 83. Plaintiff Paul Maalouf is a retired law enforcement officer who learned of the
17 investment through a broker of the J&J Conspirators. Mr. Maalouf invested \$100,000 with the J&J
18 Conspirators starting in October 2021. Mr. Maalouf was told to utilize an entity to make the
19 investment and made said investment through Fortress Protection, LLC. Over this period, Mr.
20 Maalouf was promised returns of 12.5% of his investment from contracts represented as personal
21 injury contracts in \$80,000 and \$100,000 increments. Mr. Maalouf was promised payments every
22 90 days and received \$12,400 in payments. Mr. Maalouf has not been paid as scheduled and has
23 lost nearly \$90,000 of his life savings.

24 84. Plaintiff Brad Maloff is a small business owner of a local tax service, where he
25 provides tax services to individuals and businesses throughout Nevada. Mr. Maloff learned of the
26 investment through a broker and other local investors. The investments were said to be personal
27 injury contracts in increments of \$80,000 and \$100,000. After being promised payments of
28 \$13,000 for every \$100,000 contract purchased, Mr. Maloff was promised returns of \$13,000 every

1 90 days. Relying on the financial representations, Mr. Maloff utilized marital funds that were
2 previously set aside to provide his wife an early retirement from the public sector and purchase a
3 home. Using these funds and being instructed to invest through an entity, Mr. Maloff invested
4 \$300,000 through Better Hitting, Inc. with the J&J Conspirators starting in February 2021. After
5 receiving \$71,500 in promised payments paid through J&J's Wells Fargo account, Mr. Maloff
6 learned his investment was a scheme and has lost over \$200,000. The result has been financial
7 devastation that has resulted in delayed retirement and the inability to purchase a home.

8 CLASS ACTION ALLEGATIONS

9 85. Main Class. Plaintiffs bring this lawsuit as a class action on behalf of themselves
10 and all others similarly situated as members of the proposed class of all persons who invested in
11 J&J Purchasing or J&J Consulting's insurance settlement agreements through the Beasley Law
12 Group IOLTA account and suffered damages.

13 a. Nevada Subclass. Plaintiffs bring this lawsuit as a class action on behalf of
14 themselves and all other similarly situated Nevada residents and/or citizens as members of
15 the proposed class of all persons who invested in J&J Purchasing's insurance settlement
16 agreements through the Beasley Law Group IOLTA account and suffered damages.

17 86. Excluded from the classes are Wells Fargo and its employees, the Relevant Non-
18 Parties and their employees, as well as the Judge to whom the Action is assigned and any member
19 of the Judge's staff and immediate family.

20 87. This action may be maintained as a class action pursuant to Rule 23 of the Nevada
21 Rules of Civil Procedure, because it meets all the requirements of Rule 23(a)-(f) including the
22 numerosity, commonality, typicality and adequacy requirements.

23 88. Numerosity. The members of the Classes are so numerous that joinder of all
24 members is impracticable. Hundreds and perhaps thousands of people invested in J&J
25 Purchasing's or J&J Consulting's insurance settlement agreements through the Beasley Law
26 Group IOLTA account.

27 89. Commonality. There are numerous questions of fact or law that are common to
28 Plaintiffs and all the members of the Class. Common issues of fact and law predominate over any

1 issues unique to individual class members. Issues that are common to all class members include,
2 but are not limited to the following:

3 (a) Whether the J&J Conspirators committed fraud;

4 (b) Whether the J&J Conspirators had a fiduciary duty to Plaintiffs and
5 members of the class;

6 (c) Whether the J&J Conspirators breached their fiduciary duty to Plaintiffs and
7 members of the class;

8 (d) Whether Wells Fargo had actual knowledge of the Scheme;

9 (e) Whether Wells Fargo, despite actual knowledge of the Scheme,
10 substantially assisted it;

11 (f) Whether Class Plaintiffs and class members suffered damages.

12 90. Typicality. Plaintiffs have claims that are typical of the claims of all of the members
13 of the Class. Plaintiffs and each class member invested in J&J Purchasing's and J&J Consulting's
14 insurance settlement agreements and were subject to the wrongful conduct alleged in this
15 complaint. Furthermore, the claims arise under legal theories that apply to Plaintiffs and all other
16 class members.

17 91. Adequacy of Representation. Plaintiffs will fairly and adequately represent the
18 interests of the members of the Classes. Plaintiffs do not have claims that are unique to Plaintiffs
19 and not the other class members, nor are there defenses unique to Plaintiffs that could undermine
20 the efficient resolution of the claims of the Class. Further, Plaintiffs are committed to the vigorous
21 prosecution of this action and have retained competent counsel, experienced in class action
22 litigation, to represent them. There is no hostility between Plaintiffs and the unnamed class
23 members. Plaintiffs anticipate no difficulty in the management of this litigation as a class action.

24 92. Predominance. Common questions of law and fact predominate over questions
25 affecting only individual class members. The only individual issues likely to arise will be the
26 damages recovered by each class member, the calculation of which does not bar certification.

27 93. Superiority. A class action is superior to all other feasible alternatives for the
28 resolution of this matter. Individual litigation of multiple cases would be highly inefficient and

1 would waste the resources of the courts and of the parties. The damages sought by Plaintiffs and
2 class members are relatively small and unlikely to warrant individual lawsuits given the fees and
3 costs, including expert costs, required to prosecute the claims.

4 94. Manageability. This case is well suited for treatment as a class action and easily
5 can be managed as a class action since evidence of both liability and damages can be adduced, and
6 proof of liability and damages can be presented, on a class-wide basis, while the allocation and
7 distribution of damages to class members would be essentially a ministerial function.

8 95. Ascertainability. Class members are readily ascertainable. The class members are
9 identifiable from information and records in the possession, custody or control of the Relevant
10 Non-Parties.

11 96. All conditions precedent to this action have occurred or have been waived.

12 **FIRST CLAIM FOR RELIEF**

13 **Aiding and Abetting Fraud Against Wells Fargo**

14 97. Plaintiffs re-allege and incorporates the above stated paragraphs as if fully set
15 forth herein.

16 98. As set forth above, the J&J Conspirators perpetrated a fraud upon Plaintiffs and
17 class members through materially false and misleading statements and omissions that misled
18 Plaintiffs and class members to believe they were investing in insurance settlement agreements.
19 The J&J Conspirators knew these statements to be false. Among other fraudulent conduct, the
20 J&J Conspirators:

- 21 a. through a uniform PPM, falsely told investors that their investments would be used
22 to purchase insurance settlements;
- 23 b. falsely promised returns on their investments;
- 24 c. concealed from investors that they were operating a Ponzi scheme by, among other
25 unlawful acts, commingling investor funds and paying earlier investors with funds
26 obtained from later investors; and
- 27 d. concealed from investors that the J&J Conspirators misappropriated and misused
28 millions of investor funds for improper purposes.

1 99. At least one of the conspirators, attorney Matthew Beasley, admitted to the fraud.

2 100. Plaintiffs and class members reasonably relied to their detriment upon those
3 misrepresentations when they invested with the J&J Conspirators.

4 101. Wells Fargo substantially assisted the J&J Conspirators, with knowledge that
5 they were defrauding consumers like Class Plaintiffs and class members. In connection with
6 providing substantial and material assistance to the J&J Conspirators, Wells Fargo knew of its role
7 in their scheme, and acted knowingly in assisting.

8 102. Wells Fargo substantially benefited from its participation in the scheme, earning
9 substantial fees from the J&J Conspirators' accounts.

10 103. As a direct and proximate result of Wells Fargo aiding and abetting the fraud,
11 Plaintiffs and class members have suffered damages in an amount to be determined at trial, but in
12 no circumstances less than \$15,000.00.

13 104. Plaintiffs, on behalf of themselves and all similarly situated class members,
14 respectfully demand judgment against Wells Fargo for their damages; pre- and post-judgment
15 interest; punitive damages; and such other and further relief as the Court deems just and proper.

16 **SECOND CLAIM FOR RELIEF**

17 **Aiding and Abetting Breach of Fiduciary Duty Against Wells Fargo**

18 105. Plaintiffs re-allege and incorporates the above stated paragraphs as if fully set
19 forth herein.

20 106. The J&J Conspirators fostered a special relationship with Class Plaintiffs and
21 class members that engendered fiduciary duties of loyalty, care, honesty and/or good faith. They
22 had a duty to act for the benefit of Class Plaintiffs and class members upon matters within the
23 scope of their relationship, which included the duty to take Plaintiffs' and class members' money
24 and use it to purchase insurance settlement, and to collect payments from those settlements and
25 deliver money to Plaintiffs and class members.

26 107. The J&J Conspirators further told Plaintiffs and class members to send their
27 investments to J&J Purchasing's "Escrow Account" held by the Beasley Firm at Wells Fargo,
28 where Beasley and the Beasley Firm would hold it in trust.

1 118. Wells Fargo breached that duty of care by continuing to allow the J&J
2 Conspirators to conduct banking services with the bank and failing to close their accounts.

3 119. Because of and as a result of that breach, Plaintiffs and class members suffered
4 damages in an amount to be determined at trial in excess of \$15,000.00.

5 120. Plaintiffs, on behalf of themselves and all similarly situated class members,
6 respectfully demand judgment against Wells Fargo for their damages, including but not limited to
7 profits made by Wells Fargo relating to the J&J Conspirators, their principals or employees; pre-
8 and post-judgment interest; and such other and further relief as the Court deems just and proper.

9 **FOURTH CLAIM FOR RELIEF**

10 **Unjust Enrichment Against Wells Fargo**

11 121. Plaintiffs re-allege and incorporates the above stated paragraphs as if fully set
12 forth herein.

13 122. Wells Fargo provided banking services to the J&J Conspirators through various
14 bank accounts. Those bank accounts were used to carry out the Ponzi scheme.

15 123. The funds held in the J&J Conspirators accounts belonged to investors. Thus,
16 Plaintiffs and class members conferred benefits upon Wells Fargo in the form of deposits from
17 which Wells Fargo generated income, including but not limited to interest, transfer fees, service
18 fees, transaction fees and online banking fees. Wells Fargo knowingly and voluntarily accepted,
19 and retained, the deposits and those benefits.

20 124. Because Wells Fargo aided and abetted the J&J Conspirators' fraud and breach
21 of fiduciary duty, it would be inequitable for Wells Fargo to retain the benefits it generated from
22 monies of Class Plaintiffs and class members.

23 125. Based on Wells Fargo's conduct set forth in these preceding paragraphs,
24 Plaintiffs have been damaged in an amount to be determined at trial in excess of \$15,000.00.

25 126. Plaintiffs, on behalf of themselves and all similarly situated class members,
26 respectfully demand judgment against Wells Fargo for the return of income and fees retained by
27 Wells Fargo; pre- and post-judgment interest; and/or such other and further relief as the Court
28 deems just and proper.

1 **FIFTH CLAIM FOR RELIEF**

2 **Breach of Fiduciary Duty Against Beasley and the Beasley Firm**

3 127. Plaintiffs re-allege and incorporates the above stated paragraphs as if fully set
4 forth herein.

5 128. Beasley and the Beasley Firm owed fiduciary duties to Plaintiffs and class
6 members. Specifically, as holders of the Trust Account, custodians of investor funds, and/or
7 fundraisers for the J&J Conspirators' scheme, Beasley and the Beasley Firm were bound to act for
8 the benefit of Plaintiffs and the class members. Beasley and the Beasley Firm fostered a special
9 relationship with Class Plaintiffs and class members that engendered fiduciary duties of loyalty,
10 care, honesty and/or good faith. They had a duty to act for the benefit of Class Plaintiffs and class
11 members upon matters within the scope of their relationship, which included the duty to take
12 Plaintiffs' and class members' money and use it to purchase insurance settlement, and to collect
13 payments from those settlements and deliver money to Plaintiffs and class members.

14 129. The J&J Conspirators, including Beasley and the Beasley Firm, further told
15 Plaintiffs and class members to send their investments to J&J Purchasing's "Escrow Account" held
16 by the Beasley Firm at Wells Fargo, where Beasley and the Beasley Firm would hold it in trust.

17 130. Beasley and the Beasley Firm breached their fiduciary duties to Plaintiffs by
18 perpetrating a scheme that misled Plaintiffs and class members to believe they were investing in
19 insurance settlements. Instead, the J&J Conspirators misappropriated, commingled and otherwise
20 misused investor funds, and otherwise acted as alleged above in violation of their fiduciary duties
21 to investors. Instead of protecting Plaintiffs' and class members' funds, Beasley and the Beasley
22 Firm caused, or allowed to be caused, the misappropriation, diversion, and misuse of the funds.

23 131. As a direct and proximate result of Beasley's and the Beasley Firm's breaches of
24 fiduciary duty, Plaintiffs and class members have suffered damages in an amount to be determined
25 at trial in excess of \$15,000.00.

26 132. Plaintiffs, on behalf of themselves and all similarly situated class members,
27 respectfully demand judgment against Beasley and the Beasley Firm for their damages; pre- and
28 post-judgment interest; and/or such other and further relief as the Court deems just and proper.

1 **SIXTH CLAIM FOR RELIEF**

2 **Fraud Against Beasley and the Beasley Firm**

3 133. Plaintiffs re-allege and incorporates the above stated paragraphs as if fully set
4 forth herein.

5 134. As set forth above, the Beasley and the Beasley Firm perpetrated a fraud upon
6 Plaintiffs and class members through materially false and misleading statements and omissions
7 that misled Plaintiffs and class members to believe they were investing in insurance settlement
8 agreements. The Beasley and the Beasley Firm knew these statements to be false. Among other
9 fraudulent conduct, the Beasley and the Beasley Firm made or participated in the making of the
10 following misrepresentation and omissions:

- 11 a. through a uniform PPM, falsely told investors that their investments would be
12 used to purchase insurance settlements;
- 13 b. falsely promised returns on their investments;
- 14 c. concealed from investors that they were operating a Ponzi scheme by, among
15 other unlawful acts, commingling investor funds and paying earlier investors with
16 funds obtained from later investors; and
- 17 d. concealed from investors that the J&J Conspirators misappropriated and misused
18 millions of investor funds for improper purposes.

19 135. In addition, by breaching their fiduciary duties to Plaintiffs and the class
20 members and not disclosing such breaches, Beasley and the Beasley Firm are liable for
21 constructive fraud.

22 136. Beasley has admitted to the fraud.

23 137. Plaintiffs and class members reasonably relied to their detriment upon those
24 misrepresentations when they invested with the J&J Conspirators.

25 138. As a direct and proximate result of the fraud, Plaintiffs and class members have
26 suffered damages in an amount to be determined at trial in excess of \$15,000.00.

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1 139. Plaintiffs, on behalf of themselves and all similarly situated class members,
2 respectfully demand judgment against Beasley and the Beasley Firm for their damages; pre- and
3 post-judgment interest; and/or such other and further relief as the Court deems just and proper.

4 **SEVENTH CLAIM FOR RELIEF**

5 **Unjust Enrichment Against Beasley and the Beasley Firm**

6 140. Plaintiffs re-allege and incorporates the above stated paragraphs as if fully set
7 forth herein.

8 141. Beasley and the Beasley Firm received and maintained Plaintiffs’ and class
9 members’ funds in the Trust Account. The Trust Account was used to carry out the Ponzi scheme.

10 142. The funds held by Beasley and the Beasley Firm and used to further the scheme
11 belonged to the Plaintiffs and the class members. Beasley and the Beasley Firm used such funds
12 to make false distributions and take profit. Thus, Plaintiffs and class members conferred benefits
13 upon Beasley and the Beasley Firm in the form of deposits from which Beasley and the Beasley
14 Firm generated income and profits.

15 143. Beasley and the Beasley Firm knowingly and voluntarily accepted, and retained,
16 the deposits and those benefits.

17 144. Because Beasley and the Beasley Firm were participants in the fraud and
18 breaches of fiduciary duty described above, it would be inequitable for Beasley and the Beasley
19 Firm to retain the benefits it generated from monies of Plaintiffs and class members.

20 145. Based on the conduct set forth in these preceding paragraphs, Plaintiffs have been
21 damaged in an amount to be determined at trial in excess of \$15,000.00.

22 146. Plaintiffs, on behalf of themselves and all similarly situated class members,
23 respectfully demand judgment against Beasley and the Beasley Firm for the return of income, fees
24 and/or profits; pre- and post-judgment interest; and/or such other and further relief as the Court
25 deems just and proper.

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DEMAND FOR JURY TRIAL

Plaintiffs request a jury trial for any and all Counts for which a trial by jury is permitted by law.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for the following relief against Defendants:

1. For general and special damages to be determined by a jury in excess of \$15,000.00;
2. For punitive damages;
3. For an award of reasonable attorney fees and costs of suit; and
4. For any further relief as the Court deems to be just and proper.

1 Dated this 21st day of March 2022.

2
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ClassAction.org

This complaint is part of ClassAction.org's searchable class action lawsuit database and can be found in this post: [After Shootout with FBI, Las Vegas Attorney Hit with Class Action Lawsuit Over \\$300M Ponzi Scheme](#)
