

IN THE SUPREME COURT OF THE STATE OF NEVADA

STATE OF NEVADA, EX REL.
COMMISSIONER OF INSURANCE,
BARBARA D. RICHARDSON, IN HER
OFFICIAL CAPACITY AS RECEIVED
FOR SPIRIT COMMERCIAL AUTO
RISK RETENTION GROUP, INC

Petitioner,

v.

THE EIGHTH JUDICIAL DISTRICT
COURT OF THE STATE OF
NEVADA, IN AND FOR THE
COUNTY OF CLARK, AND THE
HONORABLE, MARK R. DENTON,
DISTRICT JUDGE, DEPT. 13

Respondents,

And Concerning,

THOMAS MULLIGAN, an individual; CTC
TRANSPORTATION INSURANCE
SERVICES OF MISSOURI, LLC, a Missouri
Limited Liability Company; CTC
TRANSPORTATION INSURANCE
SERVICES LLC, a California Limited Liability
Company; CTC TRANSPORTATION
INSURANCE SERVICES OF HAWAII LLC,
Hawaii Limited Liability Company;
CRITERION CLAIMS SOLUTIONS OF
OMAHA, INC., a Nebraska Corporation;
PAVEL KAPELNIKOV, an individual;
CHELSEA FINANCIAL GROUP, INC., a
California Corporation; CHELSEA
FINANCIAL GROUP, INC., a Missouri
Corporation; CHELSEA FINANCIAL
GROUP, INC., a New Jersey Corporation d/b/a

Electronically Filed
Apr 01 2021 03:12 p.m.
Elizabeth A. Brown
Clerk of Supreme Court

Supreme Court Case No.:

Dist. Ct. Case No.: **A-20-809963-B**

PETITIONER'S APPENDIX

Volume II (APP0206-451)

CHELSEA PREMIUM FINANCE CORPORATION; FOURGOREAN CAPITAL, LLC, a New Jersey Limited Liability Company; KAPA MANAGEMENT CONSULTING, INC. a New Jersey Corporation; KAPA VENTURES, INC., a New Jersey Corporation; GLOBAL FORWARDING ENTERPRISES LIMITED LIABILITY COMPANY, a New Jersey Limited Liability Company; NEW TECH CAPITAL, LLC, a Delaware Limited Liability Company; LEXICON INSURANCE MANAGEMENT LLC, a North Carolina Limited Liability Company; ICAP MANAGEMENT SOLUTIONS, LLC, a Vermont Limited Liability Company; SIX ELEVEN LLC, a Missouri Limited Liability Company; 10-4 PREFERRED RISK MANAGERS INC., a Missouri Corporation; IRONJAB LLC, a New Jersey Limited Liability Company; YANINA G. KAPELNIKOV, an individual; IGOR KAPELNIKOV, an individual; QUOTE MY RIG LLC, a New Jersey Limited Liability Company; MATTHEW SIMON, an individual; DANIEL GEORGE, an individual; JOHN MALONEY, an individual; JAMES MARX, an individual; CARLOS TORRES, an individual; VIRGINIA TORRES, an individual; SCOTT McCRAE, an individual; BRENDA GUFFEY, an individual; and 195 GLUTEN FREE LLC, a New Jersey Limited Liability Company,

Real Parties in Interest,

Mark E. Ferrario, Esq., NBN 1625
Kara B. Hendricks, Esq., NBN 7743
Tami D. Cowden, Esq., NBN 8994

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Attorneys for Petitioner

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VOL.	PAGES	DATE FILED	DESCRIPTION
I	APP0001-79	2/6/20	Complaint
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I	APP0121-139	4/1/20	Brenda Guffey's Answer to Complaint
I	APP0140-206	4/2/20	Defendant Daniel George's Answer to Complaint
II	APP0207-268	4/2/20	Defendant ICAP Management Solutions, LLC's Answer to Complaint
II	APP0269-282	4/2/20	Defendant James Marx's Answer to Complaint
II	APP0283-344	4/2/20	Defendant Lexicon Insurance Management, LLC's Answer to Complaint
II	APP345-380	4/15/20	Defendants Igor and Yanina Kapelnikov's Answer to Complaint
II	APP0381-394	4/17/20	Answer to Complaint on behalf of Carlos Torres and Virginia Torres
II	APP0395-408	5/13/20	Defendant John Maloney's Answer to Complaint
II	APP0409-425	5/14/20	Defendant Thomas Mulligan's Answer to Complaint
II	APP0426-451	5/14/20	Answer to Complaint filed by Defendants Six Eleven, et al.,
III	APP0452-475	5/14/20	Defendant Criterion's Motion to Compel Arbitration
III	APP0476-536	5/14/20	CTC Defendants' Motion to Compel Arbitration
III	APP0537-669	6/4/20	Appendix of Exhibits in Support of Plaintiff's Opposition to CTC Defendants' Motion to Compel Arbitration
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IV	APP0719-751	6/4/20	Plaintiff's Opposition to CTC Defendants' Motion to Compel Arbitration
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IV	APP0774-846	6/11/20	CTC Defendants' Reply in Support of Motion to Compel Arbitration

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V	APP0996	7/6/20	Minute Order re CTC Defendants' Motion to Compel Arbitration
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V	APP1062-1077	8/5/20	Plaintiff's Motion for Reconsideration and/or Clarification of the Court's July 22, 2020 Order Regarding Criterion's Motion to Compel Arbitration
VI	APP1078-1105	8/13/20	CTC Defendants' Opposition to Plaintiff's Motion for Reconsideration and/or Clarification of the Court's July 17, 2020 Order Regarding CTC Defendants' Motion to Compel Arbitration
VI	APP1106-1120	8/19/20	Criterion's Opposition to Plaintiff's Motion for Reconsideration and/or Clarification of the Court's July 22, 2020 Order Regarding Criterion's Motion to Compel Arbitration
VI	APP1121-1138	8/24/20	Reply in Support of Motion for Reconsideration and/or Clarification of the Court's July 17, 2020 Order Regarding CTC Defendants' Motion to Compel Arbitration
VI	APP1139-1159	8/25/20	Matthew Simon, Jr.'s Answer to Complaint
VI	APP1160-1180	8/25/20	Scott McCrae's Answer to Complaint
VI	APP1181-1193	8/28/20	Motion to Stay Pending Arbitration

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VI	APP1232-1238	9/3/20	Matthew Simon Jr. and Scott McCrae's Joinder to Motion to Stay Pending Arbitration
VI	APP1239-1247	9/3/20	Defendants Pavel Kapelnikov's, et al.'s Joinder to Motion to Stay Pending Arbitration
VI	APP1248-1257	9/3/20	Lexicon Insurance Management, Daniel George and ICAP Management Solution's Joinder to Motion to Stay Pending Arbitration
VI	APP1258	9/4/20	Minute Order re Motion for Reconsideration and/or Clarification of the Court's July 17, 2020 Order Regarding CTC Defendants' Motion to Compel Arbitration
VI	APP1259-1289	9/11/20	Plaintiff's Opposition to Stay Pending Arbitration and Joinders Thereto
VI	APP1290	9/14/20	Minute Order re Plaintiff's Motion for Reconsideration and/or Clarification of the Court's July 22, 2020 Order Regarding Criterion's Motion to Compel Arbitration
VI	APP1291-1302	9/16/20	Defendants James Marx, John Maloney, et al's Reply in Support of Motion to Stay Pending Arbitration
VI	APP1303-1316	9/16/20	Notice of Entry of Order Denying Plaintiff's Motion for Reconsideration and/or Clarification of the Court's July 17, 2020 Order Regarding the CTC Defendants' Motion to Compel Arbitration

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CERTIFICATE OF SERVICE

Pursuant to NRAP 25,1 certify that I am an employee of GREENBERG TRAURIG, LLP, that in accordance therewith, that on April 1, 2021, I caused a copy of *Petitioner's Appendix* to be served via U.S. Mail, first class postage prepaid, and via the 8th Judicial District Court's e-service system, upon the below identified Real Parties:

<p>William R. Urga, Esq. David J. Malley, Esq. Michael R. Ernst, Esq. Jolley Urga Woodbury & Holthus 330 S. Rampart Blvd., Suite 380 Las Vegas, Nevada 89145 wru@juwlaw.com; djm@juwlaw.com; mre@juwlaw.com</p> <p><i>Attorneys for Real Parties in Interest Thomas Mulligan</i></p>	<p>Matthew T. Dushoff, Esq. Jordan D. Wolff, Esq. Satzman Mugan Dushoff 1835 Village Center Circle Las Vegas, Nevada 89134 Mdushoff@nvbusinesslaw.com jwolff@nvbusinesslaw.com</p> <p><i>Attorneys for Real Parties in Interest CTC Transportation Insurance Services of Missouri, LLC, CTC Transportation Insurance Services, LLC and CTC Transportation Services of Hawaii, LLC</i></p>
<p>John R. Bailey, Esq. Joshua M. Dickey, Esq. Rebecca L. Crooker, Esq. Bailey Kennedy 8984 Spanish Ridge Avenue Las Vegas, Nevada 89148 JBailey@BaileyKennedy.com JDickey@BaileyKennedy.com RCrooker@BaileyKennedy.com</p> <p><i>Attorneys for Real Parties in Interest Criterion Claim Solutions of Omaha, Inc.</i></p>	

<p>Thomas E. McGrath, Esq. Russell D. Christian, Esq. Tyson & Mendes LLP 3960 Howard Hughes Parkway, #600 Las Vegas, Nevada 89169 tmcgrath@tysonmendes.com rchristian@tysonmendes.com</p> <p><i>Attorneys for Real Parties in Interest Attorneys for Defendants Pavel Kapelnikov; Chelsea Financial Group, Inc. a California corporation; Chelsea Financial Group, Inc. a New Jersey corporation; Global Forwarding Enterprises, LLC; Kapa Management Consulting, Inc.; Kapa Ventures, Inc.; and Igor and Yanina Kapelnikov</i></p>	<p>L. Christopher Rose, Esq. Kirill V. Mikhaylov, Esq. William A. Gonzales, Esq. HOWARD & HOWARD ATTORNEYS PLLC 3800 Howard Hughes Parkway, #1000 lcr@h2law.com; kvm@h2law.com wag@h2law.com</p> <p><i>Attorneys for Defendants Six Eleven LLC; Quote My Rig, LLC; New Tech Capital LLC; 195 Gluten Free LLC; 10- 4 Preferred Risk Managers, Inc.; Ironjab, LLC; Fourgorean Capital LLC; Chelsea Financial Group, Inc. a Missouri corporation</i></p>
<p>Robert S. Larsen, Esq. Wing Yan Wong, Esq. Gordon Rees Scully Mansukhani, LLP 300 South Fourth Street, Suite 1550 Las Vegas, Nevada 89101 rlarsen@grsm.com wwong@grsm.com</p> <p><i>Attorneys for Real Parties in Interest Lexicon Insurance Management LLC, Daniel George and ICAP Management Solutions, LLC</i></p>	<p>Tamara Beatty Peterson, Esq. Nikki L. Baker, Esq. David E. Astur, Esq. Peterson Baker, PLLC 701 S. 7th Street Las Vegas, Nevada 89101 tpeterson@petersonbaker.com nbaker@petersonbaker.com dastur@petersonbaker.com</p> <p><i>Attorneys for Real Parties in Interest Matthew Simon Jr. and Scott McCrae</i></p>

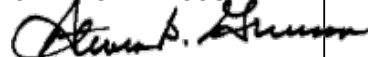
<p>Sheri M. Thome, Esq. Rachel L. Wise, Esq. Wilson, Elser, Moskowitz, Edelman & Dicker LLP 6689 Las Vegas Blvd., Suite 200 Las Vegas, Nevada 89119 Sheri.Thome@wilsonelser.com Rachel.Wise@wilsonelser.com</p> <p><i>Attorneys for Real Parties in Interest Attorneys for Defendant James Marx, John Maloney, Virginia Torres, and Carlos Torres</i></p>	<p>Kurt R. Bonds, Esq. Trevor R. Waite, Esq. Alverson Taylor & Sanders 6605 Grand Montecito Pkwy, Ste 200 Las Vegas, Nevada 89149 efile@alversontaylor.com</p> <p><i>Attorneys for Real Parties in Interest Brenda Guffey</i></p>
--	--

With a courtesy copy to

Judge Mark R. Denton
Eighth Judicial District Court
Clark County, Nevada
Regional Justice Center
200 Lewis Avenue
Las Vegas, NV 89155

via email on April 1, 2021 to Dept13lc@clarkcountycourts.us

/s/ Andrea Lee Rosehill
An Employee of Greenberg Traurig LLP



1
2 **ANS**
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15 *Attorneys for Lexicon Insurance Management LLC,*
16 *Daniel George and ICAP Management Solutions, LLC*

17 EIGHTH JUDICIAL DISTRICT COURT

18 CLARK COUNTY, NEVADA

19 BARBARA D. RICHARDSON IN HER
20 CAPACITY AS THE STATUTORY RECEIVER
21 FOR SPIRIT COMMERCIAL AUTO RISK
22 RETENTION GROUP, INC.,

23 Plaintiff,

24 vs.

25 THOMAS MULLIGAN, an individual; CTC
26 TRANSPORTATION INSURANCE SERVICES OF
27 MISSOURI, LLC, a Missouri Limited Liability
28 Company; CTC TRANSPORTATION
INSURANCE SERVICES LLC, a California
Limited Liability Company; CTC
TRANSPORTATION INSURANCE SERVICES OF
HAWAII LLC, a Hawaii Limited Liability
Company; CRITERION CLAIMS SOLUTIONS OF
OMAHA, INC., a Nebraska Corporation; PAVEL
KAPELNIKOV, an individual; CHELSEA
FINANCIAL GROUP, INC., a California
Corporation; CHELSEA FINANCIAL GROUP,
INC., a Missouri Corporation; CHELSEA
FINANCIAL GROUP, INC., a New Jersey
Corporation d/b/a CHELSEA PREMIUM FINANCE
CORPORATION; CHELSEA FINANCIAL
GROUP, INC., a Delaware Corporation; CHELSEA
HOLDING COMPANY, LLC, a Nevada Limited
Liability Company; CHELSEA HOLDINGS, LLC,
a Nevada Limited Liability Company;
FOURGOLEAN CAPITAL, LLC, a New Jersey
Limited Liability Company; KAPA

Case No.: A-20-809963-B
Dept. No.: 11

**DEFENDANT ICAP
MANAGEMENT SOLUTIONS,
LLC'S ANSWER TO COMPLAINT**

1 MANAGEMENT CONSULTING, INC. a New
2 Jersey Corporation; KAPA VENTURES, INC., a
3 New Jersey Corporation; GLOBAL FORWARDING
4 ENTERPRISES LIMITED LIABILITY
5 COMPANY, a New Jersey Limited Liability
6 Company; GLOBAL CAPITAL GROUP, LLC, a
7 New Jersey Limited Liability Company; GLOBAL
8 CONSULTING; NEW TECH CAPITAL, LLC, a
9 Delaware Limited Liability Company; LEXICON
10 INSURANCE MANAGEMENT LLC, a North
11 Carolina Limited Liability Company; ICAP
12 MANAGEMENT SOLUTIONS, LLC, a Vermont
13 Limited Liability Company; SIX ELEVEN LLC, a
14 Missouri Limited Liability Company; 10-4
15 PREFERRED RISK MANAGERS INC., a Missouri
16 Corporation; IRONJAB LLC, a New Jersey Limited
17 Liability Company; YANINA G. KAPELNIKOV, an
18 individual; IGOR KAPELNIKOV, an individual;
19 QUOTE MY RIG LLC, a New Jersey Limited
20 Liability Company; MATTHEW SIMON, an
21 individual; DANIEL GEORGE, an individual; JOHN
22 MALONEY, an individual; JAMES MARX, an
23 individual; CARLOS TORRES, an individual;
24 VIRGINIA TORRES, an individual; SCOTT
25 McCRAE, an individual; BRENDA GUFFEY, an
26 individual; 195 GLUTEN FREE LLC, a New Jersey
27 Limited Liability Company, DOE INDIVIDUALS I-
28 X; and ROE CORPORATE ENTITIES I-X,

Defendants.

Defendant ICAP Management Solutions, LLC (“Defendant” or “ICAP”), by and through
its undersigned counsel, hereby files its Answer to the Complaint, as follows:

INTRODUCTION

1. Answering Paragraph 1 of the Complaint, Defendant denies the allegations contained therein to the extent they are asserted against it. Defendant states that it is without sufficient knowledge or information to form a belief as to the truth or falsity of the remaining allegations contained therein, and accordingly, those allegations are hereby denied.
2. Answering Paragraph 2 of the Complaint, Defendant denies the allegations contained therein to the extent they are asserted against it. Defendant states that it is without sufficient knowledge or information to form a belief as to the truth or falsity of the

1 remaining allegations contained therein, and accordingly, those allegations are hereby
2 denied.

3 3. Answering Paragraph 3 of the Complaint, Defendant is without sufficient knowledge or
4 information to form a belief as to the truth or falsity of the allegations contained therein,
5 and accordingly, those allegations are hereby denied.

6 4. Answering Paragraph 4 of the Complaint, Defendant denies the allegations contained
7 therein to the extent they are asserted against it. Defendant states that it is without
8 sufficient knowledge or information to form a belief as to the truth or falsity of the
9 remaining allegations contained therein, and accordingly, those allegations are hereby
10 denied.

11 **PARTIES AND JURISDICTION**

12 ***The Plaintiff***

13 5. Answering Paragraph 5 of the Complaint, Defendant is without sufficient knowledge or
14 information to form a belief as to the truth or falsity of the allegations contained therein,
15 and accordingly, those allegations are hereby denied.

16 6. Answering Paragraph 6 of the Complaint, Defendant is without sufficient knowledge or
17 information to form a belief as to the truth or falsity of the allegations contained therein,
18 and accordingly, those allegations are hereby denied.

19 7. Answering Paragraph 7 of the Complaint, Defendant is without sufficient knowledge or
20 information to form a belief as to the truth or falsity of the allegations contained therein,
21 and accordingly, those allegations are hereby denied.

22 8. Answering Paragraph 8 of the Complaint, Defendant is without sufficient knowledge or
23 information to form a belief as to the truth or falsity of the allegations contained therein,
24 and accordingly, those allegations are hereby denied.

25 9. Answering Paragraph 9 of the Complaint, Defendant is without sufficient knowledge or
26 information to form a belief as to the truth or falsity of the allegations contained therein,
27 and accordingly, those allegations are hereby denied.

The Defendants

10. Answering Paragraph 10 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.
11. Answering Paragraph 11 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.
12. Answering Paragraph 12 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.
13. Answering Paragraph 13 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.
14. Answering Paragraph 14 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.
15. Answering Paragraph 15 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.
16. Answering Paragraph 16 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.
17. Answering Paragraph 17 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.
18. Answering Paragraph 18 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

- 1 19. Answering Paragraph 19 of the Complaint, Defendant is without sufficient knowledge or
2 information to form a belief as to the truth or falsity of the allegations contained therein,
3 and accordingly, those allegations are hereby denied.
- 4 20. Answering Paragraph 20 of the Complaint, Defendant is without sufficient knowledge or
5 information to form a belief as to the truth or falsity of the allegations contained therein,
6 and accordingly, those allegations are hereby denied.
- 7 21. Answering Paragraph 21 of the Complaint, Defendant is without sufficient knowledge or
8 information to form a belief as to the truth or falsity of the allegations contained therein,
9 and accordingly, those allegations are hereby denied.
- 10 22. Answering Paragraph 22 of the Complaint, Defendant is without sufficient knowledge or
11 information to form a belief as to the truth or falsity of the allegations contained therein,
12 and accordingly, those allegations are hereby denied.
- 13 23. Answering Paragraph 23 of the Complaint, Defendant is without sufficient knowledge or
14 information to form a belief as to the truth or falsity of the allegations contained therein,
15 and accordingly, those allegations are hereby denied.
- 16 24. Answering Paragraph 24 of the Complaint, Defendant is without sufficient knowledge or
17 information to form a belief as to the truth or falsity of the allegations contained therein,
18 and accordingly, those allegations are hereby denied.
- 19 25. Answering Paragraph 25 of the Complaint, Defendant is without sufficient knowledge or
20 information to form a belief as to the truth or falsity of the allegations contained therein,
21 and accordingly, those allegations are hereby denied.
- 22 26. Answering Paragraph 26 of the Complaint, Defendant is without sufficient knowledge or
23 information to form a belief as to the truth or falsity of the allegations contained therein,
24 and accordingly, those allegations are hereby denied.
- 25 27. Answering Paragraph 27 of the Complaint, Defendant is without sufficient knowledge or
26 information to form a belief as to the truth or falsity of the allegations contained therein,
27 and accordingly, those allegations are hereby denied.
- 28 28. Answering Paragraph 28 of the Complaint, Defendant is without sufficient knowledge or

1 information to form a belief as to the truth or falsity of the allegations contained therein,
2 and accordingly, those allegations are hereby denied.

3 29. Answering Paragraph 29 of the Complaint, Defendant is without sufficient knowledge or
4 information to form a belief as to the truth or falsity of the allegations contained therein,
5 and accordingly, those allegations are hereby denied.

6 30. Answering Paragraph 30 of the Complaint, Defendant is without sufficient knowledge or
7 information to form a belief as to the truth or falsity of the allegations contained therein,
8 and accordingly, those allegations are hereby denied.

9 31. Answering Paragraph 31 of the Complaint, Defendant is without sufficient knowledge or
10 information to form a belief as to the truth or falsity of the allegations contained therein,
11 and accordingly, those allegations are hereby denied.

12 32. Answering Paragraph 32 of the Complaint, Defendant states that ICAP is a Vermont
13 limited liability company. Defendant denies the remaining allegations contained therein.

14 33. Answering Paragraph 33 of the Complaint, Defendant is without sufficient knowledge or
15 information to form a belief as to the truth or falsity of the allegations contained therein,
16 and accordingly, those allegations are hereby denied.

17 34. Answering Paragraph 34 of the Complaint, Defendant is without sufficient knowledge or
18 information to form a belief as to the truth or falsity of the allegations contained therein,
19 and accordingly, those allegations are hereby denied.

20 35. Answering Paragraph 35 of the Complaint, Defendant is without sufficient knowledge or
21 information to form a belief as to the truth or falsity of the allegations contained therein,
22 and accordingly, those allegations are hereby denied.

23 36. Answering Paragraph 36 of the Complaint, Defendant is without sufficient knowledge or
24 information to form a belief as to the truth or falsity of the allegations contained therein,
25 and accordingly, those allegations are hereby denied.

26 37. Answering Paragraph 37 of the Complaint, Defendant states that Daniel George is an
27 owner of ICAP. Defendant denies the remaining allegations to the extent they claim that
28 Daniel George through ICAP acted improperly or wrongfully or caused losses for Spirit.

1 Defendant is without sufficient knowledge or information to form a belief as to the truth
2 or falsity of the remaining allegations contained therein, and accordingly, those
3 allegations are hereby denied.

4 38. Answering Paragraph 38 of the Complaint, Defendant is without sufficient knowledge or
5 information to form a belief as to the truth or falsity of the allegations contained therein,
6 and accordingly, those allegations are hereby denied.

7 39. Answering Paragraph 39 of the Complaint, Defendant is without sufficient knowledge or
8 information to form a belief as to the truth or falsity of the allegations contained therein,
9 and accordingly, those allegations are hereby denied.

10 40. Answering Paragraph 40 of the Complaint, Defendant is without sufficient knowledge or
11 information to form a belief as to the truth or falsity of the allegations contained therein,
12 and accordingly, those allegations are hereby denied.

13 41. Answering Paragraph 41 of the Complaint, Defendant is without sufficient knowledge or
14 information to form a belief as to the truth or falsity of the allegations contained therein,
15 and accordingly, those allegations are hereby denied.

16 42. Answering Paragraph 42 of the Complaint, Defendant is without sufficient knowledge or
17 information to form a belief as to the truth or falsity of the allegations contained therein,
18 and accordingly, those allegations are hereby denied.

19 43. Answering Paragraph 43 of the Complaint, Defendant is without sufficient knowledge or
20 information to form a belief as to the truth or falsity of the allegations contained therein,
21 and accordingly, those allegations are hereby denied.

22 44. Answering Paragraph 44 of the Complaint, Defendant is without sufficient knowledge or
23 information to form a belief as to the truth or falsity of the allegations contained therein,
24 and accordingly, those allegations are hereby denied.

25 45. Answering Paragraph 45 of the Complaint, Defendant is without sufficient knowledge or
26 information to form a belief as to the truth or falsity of the allegations contained therein,
27 and accordingly, those allegations are hereby denied.

28 46. Answering Paragraph 46 of the Complaint, Defendant is without sufficient knowledge or

1 information to form a belief as to the truth or falsity of the allegations contained therein,
2 and accordingly, those allegations are hereby denied.

3 47. Answering Paragraph 47 of the Complaint, Defendant is without sufficient knowledge or
4 information to form a belief as to the truth or falsity of the allegations contained therein,
5 and accordingly, those allegations are hereby denied.

6 48. Answering Paragraph 48 of the Complaint, Defendant is without sufficient knowledge or
7 information to form a belief as to the truth or falsity of the allegations contained therein,
8 and accordingly, those allegations are hereby denied.

9 ***Jurisdiction***

10 49. Answering Paragraph 49 of the Complaint, Defendant denies that this Court has personal
11 jurisdiction as to it. Defendant is without sufficient knowledge or information to form a
12 belief as to the truth or falsity of the remaining allegations contained therein, and
13 accordingly, those allegations are hereby denied.

14 50. Answering Paragraph 50 of the Complaint, Defendant denies that this Court has personal
15 jurisdiction as to it. Defendant is without sufficient knowledge or information to form a
16 belief as to the truth or falsity of the remaining allegations contained therein, and
17 accordingly, those allegations are hereby denied.

18 51. Answering Paragraph 51 of the Complaint, Defendant is without sufficient knowledge or
19 information to form a belief as to the truth or falsity of the allegations contained therein,
20 and accordingly, those allegations are hereby denied.

21 **FACTUAL ALLEGATIONS**

22 ***Background Information Regarding Spirit***

23 52. Answering Paragraph 52 of the Complaint, Defendant is without sufficient knowledge or
24 information to form a belief as to the truth or falsity of the allegations contained therein,
25 and accordingly, those allegations are hereby denied.

26 53. Answering Paragraph 53 of the Complaint, Defendant is without sufficient knowledge or
27 information to form a belief as to the truth or falsity of the allegations contained therein,
28 and accordingly, those allegations are hereby denied.

- 1 54. Answering Paragraph 54 of the Complaint, Defendant is without sufficient knowledge or
2 information to form a belief as to the truth or falsity of the allegations contained therein,
3 and accordingly, those allegations are hereby denied.
- 4 55. Answering Paragraph 55 of the Complaint, Defendant is without sufficient knowledge or
5 information to form a belief as to the truth or falsity of the allegations contained therein,
6 and accordingly, those allegations are hereby denied.
- 7 56. Answering Paragraph 56 of the Complaint, Defendant is without sufficient knowledge or
8 information to form a belief as to the truth or falsity of the allegations contained therein,
9 and accordingly, those allegations are hereby denied.
- 10 57. Answering Paragraph 57 of the Complaint, Defendant is without sufficient knowledge or
11 information to form a belief as to the truth or falsity of the allegations contained therein,
12 and accordingly, those allegations are hereby denied.
- 13 58. Answering Paragraph 58 of the Complaint, Defendant is without sufficient knowledge or
14 information to form a belief as to the truth or falsity of the allegations contained therein,
15 and accordingly, those allegations are hereby denied.
- 16 59. Answering Paragraph 59 of the Complaint, Defendant is without sufficient knowledge or
17 information to form a belief as to the truth or falsity of the allegations contained therein,
18 and accordingly, those allegations are hereby denied.
- 19 60. Answering Paragraph 60 of the Complaint, Defendant is without sufficient knowledge or
20 information to form a belief as to the truth or falsity of the allegations contained therein,
21 and accordingly, those allegations are hereby denied.
- 22 61. Answering Paragraph 61 of the Complaint, Defendant is without sufficient knowledge or
23 information to form a belief as to the truth or falsity of the allegations contained therein,
24 and accordingly, those allegations are hereby denied.
- 25 62. Answering Paragraph 62 of the Complaint, Defendant denies the allegations contained
26 therein to the extent they are asserted against it. Defendant states that it is without
27 sufficient knowledge or information to form a belief as to the truth or falsity of the
28 remaining allegations contained therein, and accordingly, those allegations are hereby

denied.

63. Answering Paragraph 63 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

Events Leading Up to the Discovery of Defendant's Misconduct

64. Answering Paragraph 64 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

65. Answering Paragraph 65 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

66. Answering Paragraph 66 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

67. Answering Paragraph 67 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

68. Answering Paragraph 68 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

69. Answering Paragraph 69 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

70. Answering Paragraph 70 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

71. Answering Paragraph 71 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein,

and accordingly, those allegations are hereby denied.

72. Answering Paragraph 72 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

73. Answering Paragraph 73 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

74. Answering Paragraph 74 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

75. Answering Paragraph 75 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

76. Answering Paragraph 76 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

Spirit Discloses a 27.6 Million-Dollar Receivable from CTC

77. Answering Paragraph 77 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

78. Answering Paragraph 78 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

79. Answering Paragraph 79 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

80. Answering Paragraph 80 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein,

and accordingly, those allegations are hereby denied.

81. Answering Paragraph 81 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

82. Answering Paragraph 82 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

83. Answering Paragraph 83 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

84. Answering Paragraph 84 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

85. Answering Paragraph 85 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

CTC'S Duties Owed to Spirit under the CTC Agreement

86. Answering Paragraph 86 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

87. Answering Paragraph 87 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

88. Answering Paragraph 88 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

89. Answering Paragraph 89 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein,

and accordingly, those allegations are hereby denied.

90. Answering Paragraph 90 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

Spirit's Certification of Authority is Suspended, and Spirit is Placed in Receivership

91. Answering Paragraph 91 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

92. Answering Paragraph 92 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

93. Answering Paragraph 93 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

94. Answering Paragraph 94 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

95. Answering Paragraph 95 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

96. Answering Paragraph 96 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

97. Answering Paragraph 97 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

98. Answering Paragraph 98 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein,

1 and accordingly, those allegations are hereby denied.

2 99. Answering Paragraph 99 of the Complaint, Defendant denies the allegations contained
3 therein to the extent they are asserted against it. Defendant states that it is without
4 sufficient knowledge or information to form a belief as to the truth or falsity of the
5 remaining allegations contained therein, and accordingly, those allegations are hereby
6 denied.

7 ***CTC Fails to Collect and Pay to Spirit Premiums for policies Issued***

8 100. Answering Paragraph 100 of the Complaint, Defendant is without sufficient knowledge
9 or information to form a belief as to the truth or falsity of the allegations contained
10 therein, and accordingly, those allegations are hereby denied.

11 101. Answering Paragraph 101 of the Complaint, Defendant is without sufficient knowledge
12 or information to form a belief as to the truth or falsity of the allegations contained
13 therein, and accordingly, those allegations are hereby denied.

14 102. Answering Paragraph 102 of the Complaint, Defendant is without sufficient knowledge
15 or information to form a belief as to the truth or falsity of the allegations contained
16 therein, and accordingly, those allegations are hereby denied.

17 103. Answering Paragraph 103 of the Complaint, Defendant is without sufficient knowledge
18 or information to form a belief as to the truth or falsity of the allegations contained
19 therein, and accordingly, those allegations are hereby denied.

20 104. Answering Paragraph 104 of the Complaint, Defendant is without sufficient knowledge
21 or information to form a belief as to the truth or falsity of the allegations contained
22 therein, and accordingly, those allegations are hereby denied.

23 105. Answering Paragraph 105 of the Complaint, Defendant is without sufficient knowledge
24 or information to form a belief as to the truth or falsity of the allegations contained
25 therein, and accordingly, those allegations are hereby denied.

26 106. Answering Paragraph 106 of the Complaint, Defendant is without sufficient knowledge
27 or information to form a belief as to the truth or falsity of the allegations contained
28 therein, and accordingly, those allegations are hereby denied.

1 107. Answering Paragraph 107 of the Complaint, Defendant is without sufficient knowledge
2 or information to form a belief as to the truth or falsity of the allegations contained
3 therein, and accordingly, those allegations are hereby denied.

4 108. Answering Paragraph 108 of the Complaint, Defendant is without sufficient knowledge
5 or information to form a belief as to the truth or falsity of the allegations contained
6 therein, and accordingly, those allegations are hereby denied.

7 109. Answering Paragraph 109 of the Complaint, Defendant is without sufficient knowledge
8 or information to form a belief as to the truth or falsity of the allegations contained
9 therein, and accordingly, those allegations are hereby denied.

10 110. Answering Paragraph 110 of the Complaint, Defendant is without sufficient knowledge
11 or information to form a belief as to the truth or falsity of the allegations contained
12 therein, and accordingly, those allegations are hereby denied.

13 111. No allegations are asserted in this paragraph.

14 ***CTC Retroactively Reclassifies Uncollected Premiums***

15 112. Answering Paragraph 112 of the Complaint, Defendant is without sufficient knowledge
16 or information to form a belief as to the truth or falsity of the allegations contained
17 therein, and accordingly, those allegations are hereby denied.

18 113. Answering Paragraph 113 of the Complaint, Defendant is without sufficient knowledge
19 or information to form a belief as to the truth or falsity of the allegations contained
20 therein, and accordingly, those allegations are hereby denied.

21 114. Answering Paragraph 114 of the Complaint, Defendant is without sufficient knowledge
22 or information to form a belief as to the truth or falsity of the allegations contained
23 therein, and accordingly, those allegations are hereby denied.

24 115. Answering Paragraph 115 of the Complaint, Defendant is without sufficient knowledge
25 or information to form a belief as to the truth or falsity of the allegations contained
26 therein, and accordingly, those allegations are hereby denied.

27 116. Answering Paragraph 116 of the Complaint, Defendant is without sufficient knowledge
28 or information to form a belief as to the truth or falsity of the allegations contained

therein, and accordingly, those allegations are hereby denied.

117. Answering Paragraph 117 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

118. Answering Paragraph 118 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

119. Answering Paragraph 119 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

120. Answering Paragraph 120 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

121. Answering Paragraph 121 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

122. Answering Paragraph 122 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

123. Answering Paragraph 123 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

124. Answering Paragraph 124 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

125. Answering Paragraph 125 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

- 1 126. Answering Paragraph 126 of the Complaint, Defendant is without sufficient knowledge
2 or information to form a belief as to the truth or falsity of the allegations contained
3 therein, and accordingly, those allegations are hereby denied.
- 4 127. Answering Paragraph 127 of the Complaint, Defendant is without sufficient knowledge
5 or information to form a belief as to the truth or falsity of the allegations contained
6 therein, and accordingly, those allegations are hereby denied.
- 7 128. Answering Paragraph 128 of the Complaint, Defendant is without sufficient knowledge
8 or information to form a belief as to the truth or falsity of the allegations contained
9 therein, and accordingly, those allegations are hereby denied.
- 10 ***Mulligan Dominated and Controlled the Affairs of CTC and Spirit and other Related Entities***
- 11 129. Answering Paragraph 129 of the Complaint, Defendant is without sufficient knowledge
12 or information to form a belief as to the truth or falsity of the allegations contained
13 therein, and accordingly, those allegations are hereby denied.
- 14 130. Answering Paragraph 130 of the Complaint, Defendant is without sufficient knowledge
15 or information to form a belief as to the truth or falsity of the allegations contained
16 therein, and accordingly, those allegations are hereby denied.
- 17 131. Answering Paragraph 131 of the Complaint, Defendant is without sufficient knowledge
18 or information to form a belief as to the truth or falsity of the allegations contained
19 therein, and accordingly, those allegations are hereby denied.
- 20 132. Answering Paragraph 132 of the Complaint, Defendant is without sufficient knowledge
21 or information to form a belief as to the truth or falsity of the allegations contained
22 therein, and accordingly, those allegations are hereby denied.
- 23 133. Answering Paragraph 133 of the Complaint, Defendant is without sufficient knowledge
24 or information to form a belief as to the truth or falsity of the allegations contained
25 therein, and accordingly, those allegations are hereby denied.
- 26 134. Answering Paragraph 134 of the Complaint, Defendant is without sufficient knowledge
27 or information to form a belief as to the truth or falsity of the allegations contained
28 therein, and accordingly, those allegations are hereby denied.

- 1 135. Answering Paragraph 135 of the Complaint, Defendant is without sufficient knowledge
2 or information to form a belief as to the truth or falsity of the allegations contained
3 therein, and accordingly, those allegations are hereby denied.
- 4 136. Answering Paragraph 136 of the Complaint, Defendant is without sufficient knowledge
5 or information to form a belief as to the truth or falsity of the allegations contained
6 therein, and accordingly, those allegations are hereby denied.
- 7 137. Answering Paragraph 137 of the Complaint, Defendant is without sufficient knowledge
8 or information to form a belief as to the truth or falsity of the allegations contained
9 therein, and accordingly, those allegations are hereby denied.
- 10 138. Answering Paragraph 138 of the Complaint, Defendant is without sufficient knowledge
11 or information to form a belief as to the truth or falsity of the allegations contained
12 therein, and accordingly, those allegations are hereby denied.
- 13 139. Answering Paragraph 139 of the Complaint, Defendant is without sufficient knowledge
14 or information to form a belief as to the truth or falsity of the allegations contained
15 therein, and accordingly, those allegations are hereby denied.
- 16 140. Answering Paragraph 140 of the Complaint, Defendant is without sufficient knowledge
17 or information to form a belief as to the truth or falsity of the allegations contained
18 therein, and accordingly, those allegations are hereby denied.
- 19 ***Criterion and 10-4 Preferred Managers Harm to Spirit***
- 20 141. Answering Paragraph 141 of the Complaint, Defendant is without sufficient knowledge
21 or information to form a belief as to the truth or falsity of the allegations contained
22 therein, and accordingly, those allegations are hereby denied.
- 23 142. Answering Paragraph 142 of the Complaint, Defendant is without sufficient knowledge
24 or information to form a belief as to the truth or falsity of the allegations contained
25 therein, and accordingly, those allegations are hereby denied.
- 26 143. Answering Paragraph 143 of the Complaint, Defendant is without sufficient knowledge
27 or information to form a belief as to the truth or falsity of the allegations contained
28 therein, and accordingly, those allegations are hereby denied.

- 1 144. Answering Paragraph 144 of the Complaint, Defendant is without sufficient knowledge
2 or information to form a belief as to the truth or falsity of the allegations contained
3 therein, and accordingly, those allegations are hereby denied.
- 4 145. Answering Paragraph 145 of the Complaint, Defendant is without sufficient knowledge
5 or information to form a belief as to the truth or falsity of the allegations contained
6 therein, and accordingly, those allegations are hereby denied.
- 7 146. Answering Paragraph 146 of the Complaint, Defendant is without sufficient knowledge
8 or information to form a belief as to the truth or falsity of the allegations contained
9 therein, and accordingly, those allegations are hereby denied.
- 10 147. Answering Paragraph 147 of the Complaint, Defendant is without sufficient knowledge
11 or information to form a belief as to the truth or falsity of the allegations contained
12 therein, and accordingly, those allegations are hereby denied.
- 13 148. Answering Paragraph 148 of the Complaint, Defendant is without sufficient knowledge
14 or information to form a belief as to the truth or falsity of the allegations contained
15 therein, and accordingly, those allegations are hereby denied.
- 16 149. Answering Paragraph 149 of the Complaint, Defendant is without sufficient knowledge
17 or information to form a belief as to the truth or falsity of the allegations contained
18 therein, and accordingly, those allegations are hereby denied.
- 19 150. Answering Paragraph 150 of the Complaint, Defendant is without sufficient knowledge
20 or information to form a belief as to the truth or falsity of the allegations contained
21 therein, and accordingly, those allegations are hereby denied.
- 22 151. Answering Paragraph 151 of the Complaint, Defendant is without sufficient knowledge
23 or information to form a belief as to the truth or falsity of the allegations contained
24 therein, and accordingly, those allegations are hereby denied.
- 25 152. Answering Paragraph 152 of the Complaint, Defendant is without sufficient knowledge
26 or information to form a belief as to the truth or falsity of the allegations contained
27 therein, and accordingly, those allegations are hereby denied.
- 28 153. Answering Paragraph 153 of the Complaint, Defendant is without sufficient knowledge

1 or information to form a belief as to the truth or falsity of the allegations contained
2 therein, and accordingly, those allegations are hereby denied.

3 154. Answering Paragraph 154 of the Complaint, Defendant is without sufficient knowledge
4 or information to form a belief as to the truth or falsity of the allegations contained
5 therein, and accordingly, those allegations are hereby denied.

6 155. Answering Paragraph 155 of the Complaint, Defendant is without sufficient knowledge
7 or information to form a belief as to the truth or falsity of the allegations contained
8 therein, and accordingly, those allegations are hereby denied.

9 156. Answering Paragraph 156 of the Complaint, Defendant is without sufficient knowledge
10 or information to form a belief as to the truth or falsity of the allegations contained
11 therein, and accordingly, those allegations are hereby denied.

12 157. Answering Paragraph 157 of the Complaint, Defendant is without sufficient knowledge
13 or information to form a belief as to the truth or falsity of the allegations contained
14 therein, and accordingly, those allegations are hereby denied.

15 158. Answering Paragraph 158 of the Complaint, Defendant is without sufficient knowledge
16 or information to form a belief as to the truth or falsity of the allegations contained
17 therein, and accordingly, those allegations are hereby denied.

18 159. Answering Paragraph 159 of the Complaint, Defendant is without sufficient knowledge
19 or information to form a belief as to the truth or falsity of the allegations contained
20 therein, and accordingly, those allegations are hereby denied.

21 ***Chelsea Finical Harm to Spirit***

22 160. Answering Paragraph 160 of the Complaint, Defendant is without sufficient knowledge
23 or information to form a belief as to the truth or falsity of the allegations contained
24 therein, and accordingly, those allegations are hereby denied.

25 161. Answering Paragraph 161 of the Complaint, Defendant is without sufficient knowledge
26 or information to form a belief as to the truth or falsity of the allegations contained
27 therein, and accordingly, those allegations are hereby denied.

28 162. Answering Paragraph 162 of the Complaint, Defendant is without sufficient knowledge

1 or information to form a belief as to the truth or falsity of the allegations contained
2 therein, and accordingly, those allegations are hereby denied.

3 163. Answering Paragraph 163 of the Complaint, Defendant is without sufficient knowledge
4 or information to form a belief as to the truth or falsity of the allegations contained
5 therein, and accordingly, those allegations are hereby denied.

6 164. Answering Paragraph 164 of the Complaint, Defendant is without sufficient knowledge
7 or information to form a belief as to the truth or falsity of the allegations contained
8 therein, and accordingly, those allegations are hereby denied.

9 165. Answering Paragraph 165 of the Complaint, Defendant is without sufficient knowledge
10 or information to form a belief as to the truth or falsity of the allegations contained
11 therein, and accordingly, those allegations are hereby denied.

12 166. Answering Paragraph 166 of the Complaint, Defendant is without sufficient knowledge
13 or information to form a belief as to the truth or falsity of the allegations contained
14 therein, and accordingly, those allegations are hereby denied.

15 167. Answering Paragraph 167 of the Complaint, Defendant is without sufficient knowledge
16 or information to form a belief as to the truth or falsity of the allegations contained
17 therein, and accordingly, those allegations are hereby denied.

18 168. Answering Paragraph 168 of the Complaint, Defendant is without sufficient knowledge
19 or information to form a belief as to the truth or falsity of the allegations contained
20 therein, and accordingly, those allegations are hereby denied.

21 169. Answering Paragraph 169 of the Complaint, Defendant is without sufficient knowledge
22 or information to form a belief as to the truth or falsity of the allegations contained
23 therein, and accordingly, those allegations are hereby denied.

24 170. Answering Paragraph 170 of the Complaint, Defendant is without sufficient knowledge
25 or information to form a belief as to the truth or falsity of the allegations contained
26 therein, and accordingly, those allegations are hereby denied.

27 171. Answering Paragraph 171 of the Complaint, Defendant is without sufficient knowledge
28 or information to form a belief as to the truth or falsity of the allegations contained

therein, and accordingly, those allegations are hereby denied.

172. Answering Paragraph 172 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

173. Answering Paragraph 173 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

174. Answering Paragraph 174 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

Lexicon Insurance Management LLC Harm to Spirit

175. Answering Paragraph 175 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

176. Answering Paragraph 176 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

177. Answering Paragraph 177 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

178. Answering Paragraph 178 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

179. Answering Paragraph 179 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

180. Answering Paragraph 180 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained

therein, and accordingly, those allegations are hereby denied.

181. Answering Paragraph 181 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

182. Answering Paragraph 182 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

183. Answering Paragraph 183 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

184. Answering Paragraph 184 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

185. Answering Paragraph 185 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

186. Answering Paragraph 186 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

Spirit's "Investments" in New Tech Capital LLC for Mulligan's Personal Benefit

187. Answering Paragraph 187 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

188. Answering Paragraph 188 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

189. Answering Paragraph 189 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained

therein, and accordingly, those allegations are hereby denied.

190. Answering Paragraph 190 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

191. Answering Paragraph 191 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

Other Significant Findings of Spirit's Former Auditor

192. Answering Paragraph 192 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

193. Answering Paragraph 193 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

194. Answering Paragraph 194 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

195. Answering Paragraph 195 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

196. Answering Paragraph 196 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

The Officers and Directors of Spirit Failed to govern the Company Appropriately

197. Answering Paragraph 197 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

198. Answering Paragraph 198 of the Complaint, Defendant is without sufficient knowledge

1 or information to form a belief as to the truth or falsity of the allegations contained
2 therein, and accordingly, those allegations are hereby denied.

3 199. Answering Paragraph 199 of the Complaint, Defendant is without sufficient knowledge
4 or information to form a belief as to the truth or falsity of the allegations contained
5 therein, and accordingly, those allegations are hereby denied.

6 200. Answering Paragraph 200 of the Complaint, Defendant is without sufficient knowledge
7 or information to form a belief as to the truth or falsity of the allegations contained
8 therein, and accordingly, those allegations are hereby denied.

9 201. Answering Paragraph 201 of the Complaint, Defendant is without sufficient knowledge
10 or information to form a belief as to the truth or falsity of the allegations contained
11 therein, and accordingly, those allegations are hereby denied.

12 202. Answering Paragraph 202 of the Complaint, Defendant is without sufficient knowledge
13 or information to form a belief as to the truth or falsity of the allegations contained
14 therein, and accordingly, those allegations are hereby denied.

15 203. Answering Paragraph 203 of the Complaint, Defendant is without sufficient knowledge
16 or information to form a belief as to the truth or falsity of the allegations contained
17 therein, and accordingly, those allegations are hereby denied.

18 204. Answering Paragraph 204 of the Complaint, Defendant is without sufficient knowledge
19 or information to form a belief as to the truth or falsity of the allegations contained
20 therein, and accordingly, those allegations are hereby denied.

21 205. Answering Paragraph 205 of the Complaint, Defendant is without sufficient knowledge
22 or information to form a belief as to the truth or falsity of the allegations contained
23 therein, and accordingly, those allegations are hereby denied.

24 206. Answering Paragraph 206 of the Complaint, Defendant is without sufficient knowledge
25 or information to form a belief as to the truth or falsity of the allegations contained
26 therein, and accordingly, those allegations are hereby denied.

27 207. Answering Paragraph 207 of the Complaint, Defendant is without sufficient knowledge
28 or information to form a belief as to the truth or falsity of the allegations contained

- 1 therein, and accordingly, those allegations are hereby denied.
- 2 208. Answering Paragraph 208 of the Complaint, Defendant is without sufficient knowledge
3 or information to form a belief as to the truth or falsity of the allegations contained
4 therein, and accordingly, those allegations are hereby denied.aw
- 5 209. Answering Paragraph 209 of the Complaint, Defendant is without sufficient knowledge
6 or information to form a belief as to the truth or falsity of the allegations contained
7 therein, and accordingly, those allegations are hereby denied.
- 8 210. Answering Paragraph 210 of the Complaint, Defendant is without sufficient knowledge
9 or information to form a belief as to the truth or falsity of the allegations contained
10 therein, and accordingly, those allegations are hereby denied.
- 11 211. Answering Paragraph 211 of the Complaint, Defendant is without sufficient knowledge
12 or information to form a belief as to the truth or falsity of the allegations contained
13 therein, and accordingly, those allegations are hereby denied.
- 14 212. Answering Paragraph 212 of the Complaint, Defendant is without sufficient knowledge
15 or information to form a belief as to the truth or falsity of the allegations contained
16 therein, and accordingly, those allegations are hereby denied.
- 17 213. Answering Paragraph 213 of the Complaint, Defendant is without sufficient knowledge
18 or information to form a belief as to the truth or falsity of the allegations contained
19 therein, and accordingly, those allegations are hereby denied.
- 20 214. Answering Paragraph 214 of the Complaint, Defendant is without sufficient knowledge
21 or information to form a belief as to the truth or falsity of the allegations contained
22 therein, and accordingly, those allegations are hereby denied.
- 23 215. Answering Paragraph 215 of the Complaint, Defendant is without sufficient knowledge
24 or information to form a belief as to the truth or falsity of the allegations contained
25 therein, and accordingly, those allegations are hereby denied.
- 26 216. Answering Paragraph 216 of the Complaint, Defendant is without sufficient knowledge
27 or information to form a belief as to the truth or falsity of the allegations contained
28 therein, and accordingly, those allegations are hereby denied.

1 217. Answering Paragraph 217 of the Complaint, Defendant is without sufficient knowledge
2 or information to form a belief as to the truth or falsity of the allegations contained
3 therein, and accordingly, those allegations are hereby denied.

4 218. Answering Paragraph 218 of the Complaint, Defendant is without sufficient knowledge
5 or information to form a belief as to the truth or falsity of the allegations contained
6 therein, and accordingly, those allegations are hereby denied.

7 219. Answering Paragraph 219 of the Complaint, Defendant is without sufficient knowledge
8 or information to form a belief as to the truth or falsity of the allegations contained
9 therein, and accordingly, those allegations are hereby denied.

10 220. Answering Paragraph 220 of the Complaint, Defendant is without sufficient knowledge
11 or information to form a belief as to the truth or falsity of the allegations contained
12 therein, and accordingly, those allegations are hereby denied.

13 221. Answering Paragraph 221 of the Complaint, Defendant is without sufficient knowledge
14 or information to form a belief as to the truth or falsity of the allegations contained
15 therein, and accordingly, those allegations are hereby denied.

16 222. Answering Paragraph 222 of the Complaint, Defendant is without sufficient knowledge
17 or information to form a belief as to the truth or falsity of the allegations contained
18 therein, and accordingly, those allegations are hereby denied.

19 223. Answering Paragraph 223 of the Complaint, Defendant is without sufficient knowledge
20 or information to form a belief as to the truth or falsity of the allegations contained
21 therein, and accordingly, those allegations are hereby denied.

22 ***The Other Individual Defendants' Roles in the Scheme to Divert Funds to the Mulligan***
23 ***Enterprise***

24 224. Answering Paragraph 224 of the Complaint, Defendant is without sufficient knowledge
25 or information to form a belief as to the truth or falsity of the allegations contained
26 therein, and accordingly, those allegations are hereby denied.

27 225. Answering Paragraph 225 of the Complaint, Defendant is without sufficient knowledge
28 or information to form a belief as to the truth or falsity of the allegations contained

- 1 therein, and accordingly, those allegations are hereby denied.
- 2 226. Answering Paragraph 226 of the Complaint, Defendant is without sufficient knowledge
3 or information to form a belief as to the truth or falsity of the allegations contained
4 therein, and accordingly, those allegations are hereby denied.
- 5 227. Answering Paragraph 227 of the Complaint, Defendant is without sufficient knowledge
6 or information to form a belief as to the truth or falsity of the allegations contained
7 therein, and accordingly, those allegations are hereby denied.
- 8 228. Answering Paragraph 228 of the Complaint, Defendant is without sufficient knowledge
9 or information to form a belief as to the truth or falsity of the allegations contained
10 therein, and accordingly, those allegations are hereby denied.
- 11 229. Answering Paragraph 229 of the Complaint, Defendant is without sufficient knowledge
12 or information to form a belief as to the truth or falsity of the allegations contained
13 therein, and accordingly, those allegations are hereby denied.
- 14 230. Answering Paragraph 230 of the Complaint, Defendant is without sufficient knowledge
15 or information to form a belief as to the truth or falsity of the allegations contained
16 therein, and accordingly, those allegations are hereby denied.
- 17 231. Answering Paragraph 231 of the Complaint, Defendant is without sufficient knowledge
18 or information to form a belief as to the truth or falsity of the allegations contained
19 therein, and accordingly, those allegations are hereby denied.
- 20 232. Answering Paragraph 232 of the Complaint, Defendant is without sufficient knowledge
21 or information to form a belief as to the truth or falsity of the allegations contained
22 therein, and accordingly, those allegations are hereby denied.
- 23 233. Answering Paragraph 233 of the Complaint, Defendant is without sufficient knowledge
24 or information to form a belief as to the truth or falsity of the allegations contained
25 therein, and accordingly, those allegations are hereby denied.
- 26 234. Answering Paragraph 234 of the Complaint, Defendant is without sufficient knowledge
27 or information to form a belief as to the truth or falsity of the allegations contained
28 therein, and accordingly, those allegations are hereby denied.

1 235. Answering Paragraph 235 of the Complaint, Defendant is without sufficient knowledge
2 or information to form a belief as to the truth or falsity of the allegations contained
3 therein, and accordingly, those allegations are hereby denied.

4 236. Answering Paragraph 236 of the Complaint, Defendant is without sufficient knowledge
5 or information to form a belief as to the truth or falsity of the allegations contained
6 therein, and accordingly, those allegations are hereby denied.

7 237. Answering Paragraph 237 of the Complaint, Defendant is without sufficient knowledge
8 or information to form a belief as to the truth or falsity of the allegations contained
9 therein, and accordingly, those allegations are hereby denied.

10 238. Answering Paragraph 238 of the Complaint, Defendant is without sufficient knowledge
11 or information to form a belief as to the truth or falsity of the allegations contained
12 therein, and accordingly, those allegations are hereby denied.

13 239. Answering Paragraph 239 of the Complaint, Defendant is without sufficient knowledge
14 or information to form a belief as to the truth or falsity of the allegations contained
15 therein, and accordingly, those allegations are hereby denied.

16 240. Answering Paragraph 240 of the Complaint, Defendant is without sufficient knowledge
17 or information to form a belief as to the truth or falsity of the allegations contained
18 therein, and accordingly, those allegations are hereby denied.

19 ***Deficiencies in CTC's Books and Records***

20 241. Answering Paragraph 241 of the Complaint, Defendant is without sufficient knowledge
21 or information to form a belief as to the truth or falsity of the allegations contained
22 therein, and accordingly, those allegations are hereby denied.

23 242. Answering Paragraph 242 of the Complaint, Defendant is without sufficient knowledge
24 or information to form a belief as to the truth or falsity of the allegations contained
25 therein, and accordingly, those allegations are hereby denied.

26 243. Answering Paragraph 243 of the Complaint, Defendant is without sufficient knowledge
27 or information to form a belief as to the truth or falsity of the allegations contained
28 therein, and accordingly, those allegations are hereby denied.

- 1 244. Answering Paragraph 244 of the Complaint, Defendant is without sufficient knowledge
2 or information to form a belief as to the truth or falsity of the allegations contained
3 therein, and accordingly, those allegations are hereby denied.
- 4 245. Answering Paragraph 245 of the Complaint, Defendant is without sufficient knowledge
5 or information to form a belief as to the truth or falsity of the allegations contained
6 therein, and accordingly, those allegations are hereby denied.
- 7 246. Answering Paragraph 246 of the Complaint, Defendant is without sufficient knowledge
8 or information to form a belief as to the truth or falsity of the allegations contained
9 therein, and accordingly, those allegations are hereby denied.
- 10 247. Answering Paragraph 247 of the Complaint, Defendant is without sufficient knowledge
11 or information to form a belief as to the truth or falsity of the allegations contained
12 therein, and accordingly, those allegations are hereby denied.
- 13 248. Answering Paragraph 248 of the Complaint, Defendant is without sufficient knowledge
14 or information to form a belief as to the truth or falsity of the allegations contained
15 therein, and accordingly, those allegations are hereby denied.
- 16 249. Answering Paragraph 249 of the Complaint, Defendant is without sufficient knowledge
17 or information to form a belief as to the truth or falsity of the allegations contained
18 therein, and accordingly, those allegations are hereby denied.
- 19 250. Answering Paragraph 250 of the Complaint, Defendant is without sufficient knowledge
20 or information to form a belief as to the truth or falsity of the allegations contained
21 therein, and accordingly, those allegations are hereby denied.
- 22 251. Answering Paragraph 251 of the Complaint, Defendant is without sufficient knowledge
23 or information to form a belief as to the truth or falsity of the allegations contained
24 therein, and accordingly, those allegations are hereby denied.
- 25 252. Answering Paragraph 252 of the Complaint, Defendant is without sufficient knowledge
26 or information to form a belief as to the truth or falsity of the allegations contained
27 therein, and accordingly, those allegations are hereby denied.
- 28 253. Answering Paragraph 253 of the Complaint, Defendant is without sufficient knowledge

1 or information to form a belief as to the truth or falsity of the allegations contained
2 therein, and accordingly, those allegations are hereby denied.

3 254. Answering Paragraph 254 of the Complaint, Defendant is without sufficient knowledge
4 or information to form a belief as to the truth or falsity of the allegations contained
5 therein, and accordingly, those allegations are hereby denied.

6 ***Improper Fund Transfers and Improper Transactions***

7 255. Answering Paragraph 255 of the Complaint, Defendant is without sufficient knowledge
8 or information to form a belief as to the truth or falsity of the allegations contained
9 therein, and accordingly, those allegations are hereby denied.

10 256. Answering Paragraph 256 of the Complaint, Defendant denies the allegations contained
11 therein to the extent they assert that Defendant improperly or wrongfully received and/or
12 retained any payment. Defendant states that it is without sufficient knowledge or
13 information to form a belief as to the truth or falsity of the remaining allegations
14 contained therein, and accordingly, those allegations are hereby denied.

15 257. Answering Paragraph 257 of the Complaint, Defendant denies the allegations contained
16 therein to the extent they assert that Defendant improperly or wrongfully received and/or
17 retained any payment. Defendant denies any allegations that Defendant is obligated to
18 return any funds to Spirit. Defendant states that it is without sufficient knowledge or
19 information to form a belief as to the truth or falsity of the remaining allegations
20 contained therein, and accordingly, those allegations are hereby denied.

21 258. Answering Paragraph 258 of the Complaint, Defendant denies the allegations contained
22 therein to the extent they are asserted against it. Defendant states that it is without
23 sufficient knowledge or information to form a belief as to the truth or falsity of the
24 remaining allegations contained therein, and accordingly, those allegations are hereby
25 denied.

26 259. Answering Paragraph 259 of the Complaint, Defendant is without sufficient knowledge
27 or information to form a belief as to the truth or falsity of the allegations contained
28 therein, and accordingly, those allegations are hereby denied.

1 260. Answering Paragraph 260 of the Complaint, Defendant is without sufficient knowledge
2 or information to form a belief as to the truth or falsity of the allegations contained
3 therein, and accordingly, those allegations are hereby denied.

4 261. Answering Paragraph 261 of the Complaint, Defendant denies the allegations contained
5 therein to the extent they are asserted against it. Defendant states that it is without
6 sufficient knowledge or information to form a belief as to the truth or falsity of the
7 remaining allegations contained therein, and accordingly, those allegations are hereby
8 denied.

9 262. Answering Paragraph 262 of the Complaint, Defendant denies the allegations contained
10 therein to the extent they are asserted against it. Defendant states that it is without
11 sufficient knowledge or information to form a belief as to the truth or falsity of the
12 remaining allegations contained therein, and accordingly, those allegations are hereby
13 denied.

14 **FIRST CAUSE OF ACTION**

15 **(Breach of Contract, as Against CTC)**

16 263. Answering Paragraph 263 of the Complaint, Defendant repeats and realleges its answers
17 and responses in the preceding paragraphs as if more fully set forth herein, and thereby
18 incorporate them by reference.

19 264. Answering Paragraph 264 of the Complaint, Defendant is without sufficient knowledge
20 or information to form a belief as to the truth or falsity of the allegations contained
21 therein, and accordingly, those allegations are hereby denied.

22 265. Answering Paragraph 265 of the Complaint, Defendant is without sufficient knowledge
23 or information to form a belief as to the truth or falsity of the allegations contained
24 therein, and accordingly, those allegations are hereby denied.

25 266. Answering Paragraph 266 of the Complaint, Defendant is without sufficient knowledge
26 or information to form a belief as to the truth or falsity of the allegations contained
27 therein, and accordingly, those allegations are hereby denied.

28 267. Answering Paragraph 267 of the Complaint, Defendant is without sufficient knowledge

1 or information to form a belief as to the truth or falsity of the allegations contained
2 therein, and accordingly, those allegations are hereby denied.

3 268. Answering Paragraph 268 of the Complaint, Defendant is without sufficient knowledge
4 or information to form a belief as to the truth or falsity of the allegations contained
5 therein, and accordingly, those allegations are hereby denied.

6 **SECOND CAUSE OF ACTION**

7 **(Breach of Contract as Against Lexicon)**

8 269. Answering Paragraph 269 of the Complaint, Defendant repeats and realleges its answers
9 and responses in the preceding paragraphs as if more fully set forth herein, and thereby
10 incorporate them by reference.

11 270. Answering Paragraph 270 of the Complaint, Defendant is without sufficient knowledge
12 or information to form a belief as to the truth or falsity of the allegations contained
13 therein, and accordingly, those allegations are hereby denied.

14 271. Answering Paragraph 271 of the Complaint, Defendant is without sufficient knowledge
15 or information to form a belief as to the truth or falsity of the allegations contained
16 therein, and accordingly, those allegations are hereby denied.

17 272. Answering Paragraph 272 of the Complaint, Defendant is without sufficient knowledge
18 or information to form a belief as to the truth or falsity of the allegations contained
19 therein, and accordingly, those allegations are hereby denied.

20 273. Answering Paragraph 273 of the Complaint, Defendant is without sufficient knowledge
21 or information to form a belief as to the truth or falsity of the allegations contained
22 therein, and accordingly, those allegations are hereby denied.

23 **THIRD CAUSE OF ACTION**

24 **(Breach of Contract as Against Criterion)**

25 274. Answering Paragraph 274 of the Complaint, Defendant repeats and realleges its answers
26 and responses in the preceding paragraphs as if more fully set forth herein, and thereby
27 incorporate them by reference.

28 275. Answering Paragraph 275 of the Complaint, Defendant is without sufficient knowledge

1 or information to form a belief as to the truth or falsity of the allegations contained
2 therein, and accordingly, those allegations are hereby denied.

3 276. Answering Paragraph 276 of the Complaint, Defendant is without sufficient knowledge
4 or information to form a belief as to the truth or falsity of the allegations contained
5 therein, and accordingly, those allegations are hereby denied.

6 277. Answering Paragraph 277 of the Complaint, Defendant is without sufficient knowledge
7 or information to form a belief as to the truth or falsity of the allegations contained
8 therein, and accordingly, those allegations are hereby denied.

9 278. Answering Paragraph 278 of the Complaint, Defendant is without sufficient knowledge
10 or information to form a belief as to the truth or falsity of the allegations contained
11 therein, and accordingly, those allegations are hereby denied.

12 279. Answering Paragraph 279 of the Complaint, Defendant is without sufficient knowledge
13 or information to form a belief as to the truth or falsity of the allegations contained
14 therein, and accordingly, those allegations are hereby denied.

15 **FOURTH CAUSE OF ACTION**

16 **(Breach of Contract as Against the Spirit Director Defendants)**

17 280. Answering Paragraph 280 of the Complaint, Defendant repeats and realleges its answers
18 and responses in the preceding paragraphs as if more fully set forth herein, and thereby
19 incorporate them by reference.

20 281. Answering Paragraph 281 of the Complaint, Defendant is without sufficient knowledge
21 or information to form a belief as to the truth or falsity of the allegations contained
22 therein, and accordingly, those allegations are hereby denied.

23 282. Answering Paragraph 282 of the Complaint, Defendant is without sufficient knowledge
24 or information to form a belief as to the truth or falsity of the allegations contained
25 therein, and accordingly, those allegations are hereby denied.

26 283. Answering Paragraph 283 of the Complaint, Defendant is without sufficient knowledge
27 or information to form a belief as to the truth or falsity of the allegations contained
28 therein, and accordingly, those allegations are hereby denied.

1 284. Answering Paragraph 284 of the Complaint, Defendant is without sufficient knowledge
2 or information to form a belief as to the truth or falsity of the allegations contained
3 therein, and accordingly, those allegations are hereby denied.

4 285. Answering Paragraph 285 of the Complaint, Defendant is without sufficient knowledge
5 or information to form a belief as to the truth or falsity of the allegations contained
6 therein, and accordingly, those allegations are hereby denied.

7 **FIFTH CAUSE OF ACTION**

8 **(Breach of Fiduciary Duty as Against CTC and Lexicon)**

9 286. Answering Paragraph 286 of the Complaint, Defendant repeats and realleges its answers
10 and responses in the preceding paragraphs as if more fully set forth herein, and thereby
11 incorporate them by reference.

12 287. Answering Paragraph 287 of the Complaint, Defendant is without sufficient knowledge
13 or information to form a belief as to the truth or falsity of the allegations contained
14 therein, and accordingly, those allegations are hereby denied.

15 288. Answering Paragraph 288 of the Complaint, Defendant is without sufficient knowledge
16 or information to form a belief as to the truth or falsity of the allegations contained
17 therein, and accordingly, those allegations are hereby denied.

18 289. Answering Paragraph 289 of the Complaint, Defendant is without sufficient knowledge
19 or information to form a belief as to the truth or falsity of the allegations contained
20 therein, and accordingly, those allegations are hereby denied.

21 290. Answering Paragraph 290 of the Complaint, Defendant denies the allegations contained
22 therein to the extent they are asserted against it. Defendant states that it is without
23 sufficient knowledge or information to form a belief as to the truth or falsity of the
24 remaining allegations contained therein, and accordingly, those allegations are hereby
25 denied.

26 291. Answering Paragraph 291 of the Complaint, Defendant denies the allegations contained
27 therein to the extent they are asserted against it. Defendant states that it is without
28 sufficient knowledge or information to form a belief as to the truth or falsity of the

1 remaining allegations contained therein, and accordingly, those allegations are hereby
2 denied.

3 292. Answering Paragraph 292 of the Complaint, Defendant denies the allegations contained
4 therein to the extent they are asserted against it. Defendant states that it is without
5 sufficient knowledge or information to form a belief as to the truth or falsity of the
6 remaining allegations contained therein, and accordingly, those allegations are hereby
7 denied.

8 **SIXTH CAUSE OF ACTION**

9 **(Breach of Fiduciary Duty as Against the Spirit Director Defendants)**

10 293. Answering Paragraph 293 of the Complaint, Defendant repeats and realleges its answers
11 and responses in the preceding paragraphs as if more fully set forth herein, and thereby
12 incorporate them by reference.

13 294. Answering Paragraph 294 of the Complaint, Defendant is without sufficient knowledge
14 or information to form a belief as to the truth or falsity of the allegations contained
15 therein, and accordingly, those allegations are hereby denied.

16 295. Answering Paragraph 295 of the Complaint, Defendant is without sufficient knowledge
17 or information to form a belief as to the truth or falsity of the allegations contained
18 therein, and accordingly, those allegations are hereby denied.

19 296. Answering Paragraph 296 of the Complaint, Defendant denies the allegations contained
20 therein to the extent they are asserted against it. Defendant states that it is without
21 sufficient knowledge or information to form a belief as to the truth or falsity of the
22 remaining allegations contained therein, and accordingly, those allegations are hereby
23 denied.

24 297. Answering Paragraph 297 of the Complaint, Defendant is without sufficient knowledge
25 or information to form a belief as to the truth or falsity of the allegations contained
26 therein, and accordingly, those allegations are hereby denied.

27 298. Answering Paragraph 298 of the Complaint, Defendant is without sufficient knowledge
28 or information to form a belief as to the truth or falsity of the allegations contained

therein, and accordingly, those allegations are hereby denied.

299. Answering Paragraph 299 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

SEVENTH CAUSE OF ACTION

(Breach of the Implied Covenant of Good Faith and Fair Dealing – Tortious as Against CTC and Lexicon)

300. Answering Paragraph 300 of the Complaint, Defendant repeats and realleges its answers and responses in the preceding paragraphs as if more fully set forth herein, and thereby incorporate them by reference.

301. Answering Paragraph 301 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

302. Answering Paragraph 302 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

303. Answering Paragraph 303 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

304. Answering Paragraph 304 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

305. Answering Paragraph 305 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

306. Answering Paragraph 306 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

1 307. Answering Paragraph 307 of the Complaint, Defendant is without sufficient knowledge
2 or information to form a belief as to the truth or falsity of the allegations contained
3 therein, and accordingly, those allegations are hereby denied.

4 308. Answering Paragraph 308 of the Complaint, Defendant is without sufficient knowledge
5 or information to form a belief as to the truth or falsity of the allegations contained
6 therein, and accordingly, those allegations are hereby denied.

7 309. Answering Paragraph 309 of the Complaint, Defendant is without sufficient knowledge
8 or information to form a belief as to the truth or falsity of the allegations contained
9 therein, and accordingly, those allegations are hereby denied.

10 310. Answering Paragraph 310 of the Complaint, Defendant is without sufficient knowledge
11 or information to form a belief as to the truth or falsity of the allegations contained
12 therein, and accordingly, those allegations are hereby denied.

13 **EIGHTH CAUSE OF ACTION**

14 **(Breach of the Implied Covenant of Good Faith and Fair Dealing – Contract as Against**
15 **CTC and Lexicon)**

16 311. Answering Paragraph 311 of the Complaint, Defendant repeats and realleges its answers
17 and responses in the preceding paragraphs as if more fully set forth herein, and thereby
18 incorporate them by reference.

19 312. Answering Paragraph 312 of the Complaint, Defendant is without sufficient knowledge
20 or information to form a belief as to the truth or falsity of the allegations contained
21 therein, and accordingly, those allegations are hereby denied.

22 313. Answering Paragraph 313 of the Complaint, Defendant is without sufficient knowledge
23 or information to form a belief as to the truth or falsity of the allegations contained
24 therein, and accordingly, those allegations are hereby denied.

25 314. Answering Paragraph 314 of the Complaint, Defendant is without sufficient knowledge
26 or information to form a belief as to the truth or falsity of the allegations contained
27 therein, and accordingly, those allegations are hereby denied.

28 315. Answering Paragraph 315 of the Complaint, Defendant is without sufficient knowledge

1 or information to form a belief as to the truth or falsity of the allegations contained
2 therein, and accordingly, those allegations are hereby denied.

3 316. Answering Paragraph 316 of the Complaint, Defendant is without sufficient knowledge
4 or information to form a belief as to the truth or falsity of the allegations contained
5 therein, and accordingly, those allegations are hereby denied.

6 317. Answering Paragraph 317 of the Complaint, Defendant is without sufficient knowledge
7 or information to form a belief as to the truth or falsity of the allegations contained
8 therein, and accordingly, those allegations are hereby denied.

9 318. Answering Paragraph 318 of the Complaint, Defendant is without sufficient knowledge
10 or information to form a belief as to the truth or falsity of the allegations contained
11 therein, and accordingly, those allegations are hereby denied.

12 319. Answering Paragraph 319 of the Complaint, Defendant is without sufficient knowledge
13 or information to form a belief as to the truth or falsity of the allegations contained
14 therein, and accordingly, those allegations are hereby denied.

15 **NINTH CAUSE IF ACTION**

16 **(Breach of the Implied Covenant of Good Faith and Fair Dealing – Contract as Against**
17 **Criterion)**

18 320. Answering Paragraph 320 of the Complaint, Defendant repeats and realleges its answers
19 and responses in the preceding paragraphs as if more fully set forth herein, and thereby
20 incorporate them by reference.

21 321. Answering Paragraph 321 of the Complaint, Defendant is without sufficient knowledge
22 or information to form a belief as to the truth or falsity of the allegations contained
23 therein, and accordingly, those allegations are hereby denied.

24 322. Answering Paragraph 322 of the Complaint, Defendant is without sufficient knowledge
25 or information to form a belief as to the truth or falsity of the allegations contained
26 therein, and accordingly, those allegations are hereby denied.

27 323. Answering Paragraph 323 of the Complaint, Defendant is without sufficient knowledge
28 or information to form a belief as to the truth or falsity of the allegations contained

therein, and accordingly, those allegations are hereby denied.

324. Answering Paragraph 324 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

325. Answering Paragraph 325 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

326. Answering Paragraph 326 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

TENTH CAUSE OF ACTION

(Nevada RICO Claims as Against Mulligan, George, Simon, Guffey, McCrae, Kapelinkovs, CTC, Lexicon, and Criterion)

327. Answering Paragraph 327 of the Complaint, Defendant denies the allegations contained therein to the extent they are asserted against it. Defendant states that it is without sufficient knowledge or information to form a belief as to the truth or falsity of the remaining allegations contained therein, and accordingly, those allegations are hereby denied.

328. Answering Paragraph 328 of the Complaint, Defendant denies the allegations contained therein to the extent they are asserted against it. Defendant states that it is without sufficient knowledge or information to form a belief as to the truth or falsity of the remaining allegations contained therein, and accordingly, those allegations are hereby denied.

329. Answering Paragraph 329 of the Complaint, Defendant denies the allegations contained therein to the extent they are asserted against it. Defendant states that it is without sufficient knowledge or information to form a belief as to the truth or falsity of the remaining allegations contained therein, and accordingly, those allegations are hereby denied.

1 330. Answering Paragraph 330 of the Complaint, Defendant denies the allegations contained
2 therein to the extent they are asserted against it. Defendant states that it is without
3 sufficient knowledge or information to form a belief as to the truth or falsity of the
4 remaining allegations contained therein, and accordingly, those allegations are hereby
5 denied.

6 331. Answering Paragraph 331 of the Complaint, Defendant denies the allegations contained
7 therein to the extent they are asserted against it. Defendant states that it is without
8 sufficient knowledge or information to form a belief as to the truth or falsity of the
9 remaining allegations contained therein, and accordingly, those allegations are hereby
10 denied.

11 332. Answering Paragraph 332 of the Complaint, Defendant denies the allegations contained
12 therein to the extent they are asserted against it. Defendant states that it is without
13 sufficient knowledge or information to form a belief as to the truth or falsity of the
14 remaining allegations contained therein, and accordingly, those allegations are hereby
15 denied.

16 333. Answering Paragraph 333 of the Complaint, Defendant denies the allegations contained
17 therein to the extent they are asserted against it. Defendant states that it is without
18 sufficient knowledge or information to form a belief as to the truth or falsity of the
19 remaining allegations contained therein, and accordingly, those allegations are hereby
20 denied.

21 334. Answering Paragraph 334 of the Complaint, Defendant denies the allegations contained
22 therein to the extent they are asserted against it. Defendant states that it is without
23 sufficient knowledge or information to form a belief as to the truth or falsity of the
24 remaining allegations contained therein, and accordingly, those allegations are hereby
25 denied.

26 335. Answering Paragraph 335 of the Complaint, Defendant denies the allegations contained
27 therein to the extent they are asserted against it. Defendant states that it is without
28 sufficient knowledge or information to form a belief as to the truth or falsity of the

1 remaining allegations contained therein, and accordingly, those allegations are hereby
2 denied.

3 336. Answering Paragraph 336 of the Complaint, Defendant denies the allegations contained
4 therein to the extent they are asserted against it. Defendant states that it is without
5 sufficient knowledge or information to form a belief as to the truth or falsity of the
6 remaining allegations contained therein, and accordingly, those allegations are hereby
7 denied.

8 337. Answering Paragraph 337 of the Complaint, Defendant denies the allegations contained
9 therein to the extent they are asserted against it. Defendant states that it is without
10 sufficient knowledge or information to form a belief as to the truth or falsity of the
11 remaining allegations contained therein, and accordingly, those allegations are hereby
12 denied.

13 338. Answering Paragraph 338 of the Complaint, Defendant denies the allegations contained
14 therein to the extent they are asserted against it. Defendant states that it is without
15 sufficient knowledge or information to form a belief as to the truth or falsity of the
16 remaining allegations contained therein, and accordingly, those allegations are hereby
17 denied.

18 339. Answering Paragraph 339 of the Complaint, Defendant denies the allegations contained
19 therein to the extent they are asserted against it. Defendant states that it is without
20 sufficient knowledge or information to form a belief as to the truth or falsity of the
21 remaining allegations contained therein, and accordingly, those allegations are hereby
22 denied.

23 340. Answering Paragraph 340 of the Complaint, Defendant is without sufficient knowledge
24 or information to form a belief as to the truth or falsity of the allegations contained
25 therein, and accordingly, those allegations are hereby denied.

26 341. Answering Paragraph 341 of the Complaint, Defendant denies the allegations contained
27 therein to the extent they are asserted against it. Defendant states that it is without
28 sufficient knowledge or information to form a belief as to the truth or falsity of the

1 remaining allegations contained therein, and accordingly, those allegations are hereby
2 denied.

3 342. Answering Paragraph 342 of the Complaint, Defendant is without sufficient knowledge
4 or information to form a belief as to the truth or falsity of the allegations contained
5 therein, and accordingly, those allegations are hereby denied.

6 **ELEVENTH CAUSE OF ACTION**

7 **(Unjust Enrichment as Against All Defendants)**

8 343. Answering Paragraph 343 of the Complaint, Defendant repeats and realleges its answers
9 and responses in the preceding paragraphs as if more fully set forth herein, and thereby
10 incorporate them by reference.

11 344. Answering Paragraph 344 of the Complaint, Defendant denies the allegations contained
12 therein to the extent they are asserted against it. Defendant states that it is without
13 sufficient knowledge or information to form a belief as to the truth or falsity of the
14 remaining allegations contained therein, and accordingly, those allegations are hereby
15 denied.

16 345. Answering Paragraph 345 of the Complaint, Defendant is without sufficient knowledge
17 or information to form a belief as to the truth or falsity of the allegations contained
18 therein, and accordingly, those allegations are hereby denied.

19 346. Answering Paragraph 346 of the Complaint, Defendant denies the allegations contained
20 therein to the extent they are asserted against it. Defendant states that it is without
21 sufficient knowledge or information to form a belief as to the truth or falsity of the
22 remaining allegations contained therein, and accordingly, those allegations are hereby
23 denied.

24 347. Answering Paragraph 347 of the Complaint, Defendant is without sufficient knowledge
25 or information to form a belief as to the truth or falsity of the allegations contained
26 therein, and accordingly, those allegations are hereby denied.

27 348. Answering Paragraph 348 of the Complaint, Defendant is without sufficient knowledge
28 or information to form a belief as to the truth or falsity of the allegations contained

1 therein, and accordingly, those allegations are hereby denied.

2 349. Answering Paragraph 349 of the Complaint, Defendant is without sufficient knowledge
3 or information to form a belief as to the truth or falsity of the allegations contained
4 therein, and accordingly, those allegations are hereby denied.

5 350. Answering Paragraph 350 of the Complaint, Defendant denies the allegations contained
6 therein to the extent they are asserted against it. Defendant states that it is without
7 sufficient knowledge or information to form a belief as to the truth or falsity of the
8 remaining allegations contained therein, and accordingly, those allegations are hereby
9 denied.

10 351. Answering Paragraph 351 of the Complaint, Defendant denies the allegations contained
11 therein to the extent they are asserted against it. Defendant states that it is without
12 sufficient knowledge or information to form a belief as to the truth or falsity of the
13 remaining allegations contained therein, and accordingly, those allegations are hereby
14 denied.

15 **TWELFTH CAUSE OF ACTION**

16 **(Fraud as Against All Defendants)**

17 352. Answering Paragraph 352 of the Complaint, Defendant repeats and realleges its answers
18 and responses in the preceding paragraphs as if more fully set forth herein, and thereby
19 incorporate them by reference.

20 353. Answering Paragraph 353 of the Complaint, Defendant denies the allegations contained
21 therein.

22 354. Answering Paragraph 354 of the Complaint, Defendant denies the allegations contained
23 therein to the extent they are asserted against it. Defendant states that it is without
24 sufficient knowledge or information to form a belief as to the truth or falsity of the
25 remaining allegations contained therein, and accordingly, those allegations are hereby
26 denied.

27 355. Answering Paragraph 355 of the Complaint, Defendant denies the allegations contained
28 therein to the extent they are asserted against it. Defendant states that it is without

1 sufficient knowledge or information to form a belief as to the truth or falsity of the
2 remaining allegations contained therein, and accordingly, those allegations are hereby
3 denied.

4 356. Answering Paragraph 356 of the Complaint, Defendant is without sufficient knowledge
5 or information to form a belief as to the truth or falsity of the allegations contained
6 therein, and accordingly, those allegations are hereby denied.

7 357. Answering Paragraph 357 of the Complaint, Defendant denies the allegations contained
8 therein to the extent they are asserted against it. Defendant states that it is without
9 sufficient knowledge or information to form a belief as to the truth or falsity of the
10 remaining allegations contained therein, and accordingly, those allegations are hereby
11 denied.

12 358. Answering Paragraph 358 of the Complaint, Defendant is without sufficient knowledge
13 or information to form a belief as to the truth or falsity of the allegations contained
14 therein, and accordingly, those allegations are hereby denied.

15 359. Answering Paragraph 359 of the Complaint, Defendant denies the allegations contained
16 therein to the extent they are asserted against it. Defendant states that it is without
17 sufficient knowledge or information to form a belief as to the truth or falsity of the
18 remaining allegations contained therein, and accordingly, those allegations are hereby
19 denied.

20 360. Answering Paragraph 360 of the Complaint, Defendant denies the allegations contained
21 therein to the extent they are asserted against it. Defendant states that it is without
22 sufficient knowledge or information to form a belief as to the truth or falsity of the
23 remaining allegations contained therein, and accordingly, those allegations are hereby
24 denied.

25 361. Answering Paragraph 361 of the Complaint, Defendant denies the allegations contained
26 therein to the extent they are asserted against it. Defendant states that it is without
27 sufficient knowledge or information to form a belief as to the truth or falsity of the
28 remaining allegations contained therein, and accordingly, those allegations are hereby

1 denied.

2 362. Answering Paragraph 362 of the Complaint, Defendant denies the allegations contained
3 therein to the extent they are asserted against it. Defendant states that it is without
4 sufficient knowledge or information to form a belief as to the truth or falsity of the
5 remaining allegations contained therein, and accordingly, those allegations are hereby
6 denied.

7 363. Answering Paragraph 363 of the Complaint, Defendant is without sufficient knowledge
8 or information to form a belief as to the truth or falsity of the allegations contained
9 therein, and accordingly, those allegations are hereby denied.

10 364. Answering Paragraph 364 of the Complaint, Defendant is without sufficient knowledge
11 or information to form a belief as to the truth or falsity of the allegations contained
12 therein, and accordingly, those allegations are hereby denied.

13 365. Answering Paragraph 365 of the Complaint, Defendant denies the allegations contained
14 therein to the extent they are asserted against it. Defendant states that it is without
15 sufficient knowledge or information to form a belief as to the truth or falsity of the
16 remaining allegations contained therein, and accordingly, those allegations are hereby
17 denied.

18 366. Answering Paragraph 366 of the Complaint, Defendant denies the allegations contained
19 therein to the extent they are asserted against it. Defendant states that it is without
20 sufficient knowledge or information to form a belief as to the truth or falsity of the
21 remaining allegations contained therein, and accordingly, those allegations are hereby
22 denied.

23 367. Answering Paragraph 367 of the Complaint, Defendant is without sufficient knowledge
24 or information to form a belief as to the truth or falsity of the allegations contained
25 therein, and accordingly, those allegations are hereby denied.

26 368. Answering Paragraph 368 of the Complaint, Defendant denies the allegations contained
27 therein to the extent they are asserted against it. Defendant states that it is without
28 sufficient knowledge or information to form a belief as to the truth or falsity of the

1 remaining allegations contained therein, and accordingly, those allegations are hereby
2 denied.

3 369. Answering Paragraph 369 of the Complaint, Defendant denies the allegations contained
4 therein to the extent they are asserted against it. Defendant states that it is without
5 sufficient knowledge or information to form a belief as to the truth or falsity of the
6 remaining allegations contained therein, and accordingly, those allegations are hereby
7 denied.

8 370. Answering Paragraph 370 of the Complaint, Defendant denies the allegations contained
9 therein to the extent they are asserted against it. Defendant states that it is without
10 sufficient knowledge or information to form a belief as to the truth or falsity of the
11 remaining allegations contained therein, and accordingly, those allegations are hereby
12 denied.

13 **THIRTEENTH CAUSE OF ACTION**

14 **(Civil Conspiracy as Against All Defendants)**

15 371. Answering Paragraph 371 of the Complaint, Defendant repeats and realleges its answers
16 and responses in the preceding paragraphs as if more fully set forth herein, and thereby
17 incorporate them by reference.

18 372. Answering Paragraph 372 of the Complaint, Defendant denies the allegations contained
19 therein to the extent they are asserted against it. Defendant states that it is without
20 sufficient knowledge or information to form a belief as to the truth or falsity of the
21 remaining allegations contained therein, and accordingly, those allegations are hereby
22 denied.

23 373. Answering Paragraph 373 of the Complaint, Defendant denies the allegations contained
24 therein to the extent they are asserted against it. Defendant states that it is without
25 sufficient knowledge or information to form a belief as to the truth or falsity of the
26 remaining allegations contained therein, and accordingly, those allegations are hereby
27 denied.

28 374. Answering Paragraph 374 of the Complaint, Defendant denies the allegations contained

1 therein to the extent they are asserted against it. Defendant states that it is without
2 sufficient knowledge or information to form a belief as to the truth or falsity of the
3 remaining allegations contained therein, and accordingly, those allegations are hereby
4 denied.

5 375. Answering Paragraph 375 of the Complaint, Defendant denies the allegations contained
6 therein to the extent they are asserted against it. Defendant states that it is without
7 sufficient knowledge or information to form a belief as to the truth or falsity of the
8 remaining allegations contained therein, and accordingly, those allegations are hereby
9 denied.

10 376. Answering Paragraph 376 of the Complaint, Defendant denies the allegations contained
11 therein to the extent they are asserted against it. Defendant states that it is without
12 sufficient knowledge or information to form a belief as to the truth or falsity of the
13 remaining allegations contained therein, and accordingly, those allegations are hereby
14 denied.

15 377. Answering Paragraph 377 of the Complaint, Defendant denies the allegations contained
16 therein to the extent they are asserted against it. Defendant states that it is without
17 sufficient knowledge or information to form a belief as to the truth or falsity of the
18 remaining allegations contained therein, and accordingly, those allegations are hereby
19 denied.

20 378. Answering Paragraph 378 of the Complaint, Defendant denies the allegations contained
21 therein to the extent they are asserted against it. Defendant states that it is without
22 sufficient knowledge or information to form a belief as to the truth or falsity of the
23 remaining allegations contained therein, and accordingly, those allegations are hereby
24 denied.

25 379. Answering Paragraph 379 of the Complaint, Defendant denies the allegations contained
26 therein to the extent they are asserted against it. Defendant states that it is without
27 sufficient knowledge or information to form a belief as to the truth or falsity of the
28 remaining allegations contained therein, and accordingly, those allegations are hereby

1 denied.

2 **FOURTEENTH CAUSE OF ACTION**

3 **(Alter Ego as Against Mulligan, George, Guffey, Simon and Pavel Kapelnikov)**

4 380. Answering Paragraph 380 of the Complaint, Defendant repeats and realleges its answers
5 and responses in the preceding paragraphs as if more fully set forth herein, and thereby
6 incorporate them by reference.

7 381. Answering Paragraph 381 of the Complaint, Defendant states that George is an owner of
8 ICAP. Defendant is without sufficient knowledge or information to form a belief as to
9 the truth or falsity of any remaining allegations contained therein, and accordingly, those
10 allegations are hereby denied.

11 382. Answering Paragraph 382 of the Complaint, Defendant denies the allegations contained
12 therein to the extent they are asserted against it. Defendant states that it is without
13 sufficient knowledge or information to form a belief as to the truth or falsity of the
14 remaining allegations contained therein, and accordingly, those allegations are hereby
15 denied.

16 383. Answering Paragraph 383 of the Complaint, Defendant denies the allegations contained
17 therein to the extent they are asserted against it. Defendant states that it is without
18 sufficient knowledge or information to form a belief as to the truth or falsity of the
19 remaining allegations contained therein, and accordingly, those allegations are hereby
20 denied.

21 384. Answering Paragraph 384 of the Complaint, Defendant denies the allegations contained
22 therein to the extent they are asserted against it. Defendant states that it is without
23 sufficient knowledge or information to form a belief as to the truth or falsity of the
24 remaining allegations contained therein, and accordingly, those allegations are hereby
25 denied.

26 **FIFTEENTH CAUSE OF ACTION**

27 **(NRS 112 - Avoidance of Transfers as Against CTC and its Transferees)**

28 385. Answering Paragraph 385 of the Complaint, Defendant repeats and realleges its answers

1 and responses in the preceding paragraphs as if more fully set forth herein, and thereby
2 incorporate them by reference.

3 386. Answering Paragraph 386 of the Complaint, Defendant is without sufficient knowledge
4 or information to form a belief as to the truth or falsity of the allegations contained
5 therein, and accordingly, those allegations are hereby denied.

6 387. Answering Paragraph 387 of the Complaint, Defendant is without sufficient knowledge
7 or information to form a belief as to the truth or falsity of the allegations contained
8 therein, and accordingly, those allegations are hereby denied.

9 388. Answering Paragraph 388 of the Complaint, Defendant denies the allegations contained
10 therein to the extent they are asserted against it. Defendant states that it is without
11 sufficient knowledge or information to form a belief as to the truth or falsity of the
12 remaining allegations contained therein, and accordingly, those allegations are hereby
13 denied.

14 389. Answering Paragraph 389 of the Complaint, Defendant is without sufficient knowledge
15 or information to form a belief as to the truth or falsity of the allegations contained
16 therein, and accordingly, those allegations are hereby denied.

17 390. Answering Paragraph 390 of the Complaint, Defendant is without sufficient knowledge
18 or information to form a belief as to the truth or falsity of the allegations contained
19 therein, and accordingly, those allegations are hereby denied.

20 391. Answering Paragraph 391 of the Complaint, Defendant denies the allegations contained
21 therein to the extent they are asserted against it. Defendant states that it is without
22 sufficient knowledge or information to form a belief as to the truth or falsity of the
23 remaining allegations contained therein, and accordingly, those allegations are hereby
24 denied.

25 392. Answering Paragraph 392 of the Complaint, Defendant denies the allegations contained
26 therein to the extent they are asserted against it. Defendant states that it is without
27 sufficient knowledge or information to form a belief as to the truth or falsity of the
28 remaining allegations contained therein, and accordingly, those allegations are hereby

1 denied.

2 393. Answering Paragraph 393 of the Complaint, Defendant denies the allegations contained
3 therein to the extent they are asserted against it. Defendant states that it is without
4 sufficient knowledge or information to form a belief as to the truth or falsity of the
5 remaining allegations contained therein, and accordingly, those allegations are hereby
6 denied.

7 394. Answering Paragraph 394 of the Complaint, Defendant denies the allegations contained
8 therein to the extent they are asserted against it. Defendant states that it is without
9 sufficient knowledge or information to form a belief as to the truth or falsity of the
10 remaining allegations contained therein, and accordingly, those allegations are hereby
11 denied.

12 395. Answering Paragraph 395 of the Complaint, Defendant denies the allegations contained
13 therein to the extent they are asserted against it. Defendant states that it is without
14 sufficient knowledge or information to form a belief as to the truth or falsity of the
15 remaining allegations contained therein, and accordingly, those allegations are hereby
16 denied.

17 396. Answering Paragraph 396 of the Complaint, Defendant denies the allegations contained
18 therein to the extent they are asserted against it. Defendant states that it is without
19 sufficient knowledge or information to form a belief as to the truth or falsity of the
20 remaining allegations contained therein, and accordingly, those allegations are hereby
21 denied.

22 **SIXTEENTH CAUSE OF ACTION**

23 **(NRS 696B – Voidable Transfers as Against CTC and its Transferees)**

24 397. Answering Paragraph 397 of the Complaint, Defendant repeats and realleges its answers
25 and responses in the preceding paragraphs as if more fully set forth herein, and thereby
26 incorporate them by reference.

27 398. Answering Paragraph 398 of the Complaint, Defendant denies the allegations contained
28 therein to the extent they are asserted against it. Defendant states that it is without

1 sufficient knowledge or information to form a belief as to the truth or falsity of the
2 remaining allegations contained therein, and accordingly, those allegations are hereby
3 denied.

4 399. Answering Paragraph 399 of the Complaint, Defendant denies the allegations contained
5 therein to the extent they are asserted against it. Defendant states that it is without
6 sufficient knowledge or information to form a belief as to the truth or falsity of the
7 remaining allegations contained therein, and accordingly, those allegations are hereby
8 denied.

9 400. Answering Paragraph 400 of the Complaint, Defendant denies the allegations contained
10 therein to the extent they are asserted against it. Defendant states that it is without
11 sufficient knowledge or information to form a belief as to the truth or falsity of the
12 remaining allegations contained therein, and accordingly, those allegations are hereby
13 denied.

14 401. Answering Paragraph 401 of the Complaint, Defendant denies the allegations contained
15 therein to the extent they are asserted against it. Defendant states that it is without
16 sufficient knowledge or information to form a belief as to the truth or falsity of the
17 remaining allegations contained therein, and accordingly, those allegations are hereby
18 denied.

19 402. Answering Paragraph 402 of the Complaint, Defendant is without sufficient knowledge
20 or information to form a belief as to the truth or falsity of the allegations contained
21 therein, and accordingly, those allegations are hereby denied.

22 403. Answering Paragraph 403 of the Complaint, Defendant is without sufficient knowledge
23 or information to form a belief as to the truth or falsity of the allegations contained
24 therein, and accordingly, those allegations are hereby denied.

25 404. Answering Paragraph 404 of the Complaint, Defendant states that it is without sufficient
26 knowledge or information to form a belief as to the truth or falsity of the remaining
27 allegations contained therein, and accordingly, those allegations are hereby denied.

28 405. Answering Paragraph 405 of the Complaint, Defendant denies the allegations contained

1 therein to the extent they are asserted against it. Defendant states that it is without
2 sufficient knowledge or information to form a belief as to the truth or falsity of the
3 remaining allegations contained therein, and accordingly, those allegations are hereby
4 denied.

5 406. Answering Paragraph 406 of the Complaint, Defendant denies the allegations contained
6 therein to the extent they are asserted against it. Defendant states that it is without
7 sufficient knowledge or information to form a belief as to the truth or falsity of the
8 remaining allegations contained therein, and accordingly, those allegations are hereby
9 denied.

10 407. Answering Paragraph 407 of the Complaint, Defendant denies the allegations contained
11 therein to the extent they are asserted against it. Defendant states that it is without
12 sufficient knowledge or information to form a belief as to the truth or falsity of the
13 remaining allegations contained therein, and accordingly, those allegations are hereby
14 denied.

15 408. Answering Paragraph 408 of the Complaint, Defendant denies the allegations contained
16 therein to the extent they are asserted against it. Defendant states that it is without
17 sufficient knowledge or information to form a belief as to the truth or falsity of the
18 remaining allegations contained therein, and accordingly, those allegations are hereby
19 denied.

20 409. Answering Paragraph 409 of the Complaint, Defendant denies the allegations contained
21 therein to the extent they are asserted against it. Defendant states that it is without
22 sufficient knowledge or information to form a belief as to the truth or falsity of the
23 remaining allegations contained therein, and accordingly, those allegations are hereby
24 denied.

25 **SEVENTEENTH CAUSE OF ACTION**

26 **(NRS 696B – Recovery of Distributions and Payments as Against CTC and its Transferees)**

27 410. Answering Paragraph 410 of the Complaint, Defendant repeats and realleges its answers
28 and responses in the preceding paragraphs as if more fully set forth herein, and thereby

1 incorporate them by reference.

2 411. Answering Paragraph 411 of the Complaint, Defendant is without sufficient knowledge
3 or information to form a belief as to the truth or falsity of the allegations contained
4 therein, and accordingly, those allegations are hereby denied.

5 412. Answering Paragraph 412 of the Complaint, Defendant denies the allegations contained
6 therein to the extent they are asserted against it. Defendant states that it is without
7 sufficient knowledge or information to form a belief as to the truth or falsity of the
8 remaining allegations contained therein, and accordingly, those allegations are hereby
9 denied.

10 413. Answering Paragraph 413 of the Complaint, Defendant is without sufficient knowledge
11 or information to form a belief as to the truth or falsity of the allegations contained
12 therein, and accordingly, those allegations are hereby denied.

13 414. Answering Paragraph 414 of the Complaint, Defendant is without sufficient knowledge
14 or information to form a belief as to the truth or falsity of the allegations contained
15 therein, and accordingly, those allegations are hereby denied.

16 415. Answering Paragraph 415 of the Complaint, Defendant is without sufficient knowledge
17 or information to form a belief as to the truth or falsity of the allegations contained
18 therein, and accordingly, those allegations are hereby denied.

19 416. Answering Paragraph 416 of the Complaint, Defendant denies the allegations contained
20 therein to the extent they are asserted against it. Defendant states that it is without
21 sufficient knowledge or information to form a belief as to the truth or falsity of the
22 remaining allegations contained therein, and accordingly, those allegations are hereby
23 denied.

24 417. Answering Paragraph 417 of the Complaint, Defendant denies the allegations contained
25 therein to the extent they are asserted against it. Defendant states that it is without
26 sufficient knowledge or information to form a belief as to the truth or falsity of the
27 remaining allegations contained therein, and accordingly, those allegations are hereby
28 denied.

1 418. Answering Paragraph 418 of the Complaint, Defendant denies the allegations contained
2 therein to the extent they are asserted against it. Defendant states that it is without
3 sufficient knowledge or information to form a belief as to the truth or falsity of the
4 remaining allegations contained therein, and accordingly, those allegations are hereby
5 denied.

6 419. Answering Paragraph 419 of the Complaint, Defendant denies the allegations contained
7 therein to the extent they are asserted against it. Defendant states that it is without
8 sufficient knowledge or information to form a belief as to the truth or falsity of the
9 remaining allegations contained therein, and accordingly, those allegations are hereby
10 denied.

11 420. Answering Paragraph 420 of the Complaint, Defendant denies the allegations contained
12 therein to the extent they are asserted against it. Defendant states that it is without
13 sufficient knowledge or information to form a belief as to the truth or falsity of the
14 remaining allegations contained therein, and accordingly, those allegations are hereby
15 denied.

16 421. Answering Paragraph 421 of the Complaint, Defendant denies the allegations contained
17 therein to the extent they are asserted against it. Defendant states that it is without
18 sufficient knowledge or information to form a belief as to the truth or falsity of the
19 remaining allegations contained therein, and accordingly, those allegations are hereby
20 denied.

21 **EIGHTEENTH CAUSE OF ACTION**

22 **(NRS 692C.402 - Recovery of Distributions and Payments as Against CTC and its**
23 **Transferees)**

24 422. Answering Paragraph 422 of the Complaint, Defendant repeats and realleges its answers
25 and responses in the preceding paragraphs as if more fully set forth herein, and thereby
26 incorporate them by reference.

27 423. Answering Paragraph 423 of the Complaint, Defendant is without sufficient knowledge
28 or information to form a belief as to the truth or falsity of the allegations contained

1 therein, and accordingly, those allegations are hereby denied.

2 424. Answering Paragraph 424 of the Complaint, Defendant denies the allegations contained
3 therein to the extent they are asserted against it. Defendant states that it is without
4 sufficient knowledge or information to form a belief as to the truth or falsity of the
5 remaining allegations contained therein, and accordingly, those allegations are hereby
6 denied.

7 425. Answering Paragraph 425 of the Complaint, Defendant is without sufficient knowledge
8 or information to form a belief as to the truth or falsity of the allegations contained
9 therein, and accordingly, those allegations are hereby denied.

10 426. Answering Paragraph 426 of the Complaint, Defendant is without sufficient knowledge
11 or information to form a belief as to the truth or falsity of the allegations contained
12 therein, and accordingly, those allegations are hereby denied.

13 427. Answering Paragraph 427 of the Complaint, Defendant is without sufficient knowledge
14 or information to form a belief as to the truth or falsity of the allegations contained
15 therein, and accordingly, those allegations are hereby denied.

16 428. Answering Paragraph 428 of the Complaint, Defendant denies the allegations contained
17 therein to the extent they are asserted against it. Defendant states that it is without
18 sufficient knowledge or information to form a belief as to the truth or falsity of the
19 remaining allegations contained therein, and accordingly, those allegations are hereby
20 denied.

21 429. Answering Paragraph 429 of the Complaint, Defendant denies the allegations contained
22 therein to the extent they are asserted against it. Defendant states that it is without
23 sufficient knowledge or information to form a belief as to the truth or falsity of the
24 remaining allegations contained therein, and accordingly, those allegations are hereby
25 denied.

26 430. Answering Paragraph 430 of the Complaint, Defendant denies the allegations contained
27 therein to the extent they are asserted against it. Defendant states that it is without
28 sufficient knowledge or information to form a belief as to the truth or falsity of the

1 remaining allegations contained therein, and accordingly, those allegations are hereby
2 denied.

3 431. Answering Paragraph 431 of the Complaint, Defendant denies the allegations contained
4 therein to the extent they are asserted against it. Defendant states that it is without
5 sufficient knowledge or information to form a belief as to the truth or falsity of the
6 remaining allegations contained therein, and accordingly, those allegations are hereby
7 denied.

8 432. Answering Paragraph 432 of the Complaint, Defendant denies the allegations contained
9 therein to the extent they are asserted against it. Defendant states that it is without
10 sufficient knowledge or information to form a belief as to the truth or falsity of the
11 remaining allegations contained therein, and accordingly, those allegations are hereby
12 denied.

13 433. Answering Paragraph 433 of the Complaint, Defendant denies the allegations contained
14 therein to the extent they are asserted against it. Defendant states that it is without
15 sufficient knowledge or information to form a belief as to the truth or falsity of the
16 remaining allegations contained therein, and accordingly, those allegations are hereby
17 denied.

18 434. Answering Paragraph 434 of the Complaint, Defendant denies the allegations contained
19 therein to the extent they are asserted against it. Defendant states that it is without
20 sufficient knowledge or information to form a belief as to the truth or falsity of the
21 remaining allegations contained therein, and accordingly, those allegations are hereby
22 denied.

23 **NINETEENTH CAUSE OF ACTION**

24 **(NRS 78.300 – Recovery of Unlawful Distribution as Against the Spirit Director**

25 **Defendants)**

26 435. Answering Paragraph 435 of the Complaint, Defendant repeats and realleges its answers
27 and responses in the preceding paragraphs as if more fully set forth herein, and thereby
28 incorporate them by reference.

1 436. Answering Paragraph 436 of the Complaint, Defendant is without sufficient knowledge
2 or information to form a belief as to the truth or falsity of the allegations contained
3 therein, and accordingly, those allegations are hereby denied.

4 437. Answering Paragraph 437 of the Complaint, Defendant is without sufficient knowledge
5 or information to form a belief as to the truth or falsity of the allegations contained
6 therein, and accordingly, those allegations are hereby denied.

7 438. Answering Paragraph 438 of the Complaint, Defendant is without sufficient knowledge
8 or information to form a belief as to the truth or falsity of the allegations contained
9 therein, and accordingly, those allegations are hereby denied.

10 439. Answering Paragraph 439 of the Complaint, Defendant is without sufficient knowledge
11 or information to form a belief as to the truth or falsity of the allegations contained
12 therein, and accordingly, those allegations are hereby denied.

13 440. Answering Paragraph 440 of the Complaint, Defendant is without sufficient knowledge
14 or information to form a belief as to the truth or falsity of the allegations contained
15 therein, and accordingly, those allegations are hereby denied.

16 441. Answering Paragraph 441 of the Complaint, Defendant denies the allegations contained
17 therein to the extent they are asserted against it. Defendant states that it is without
18 sufficient knowledge or information to form a belief as to the truth or falsity of the
19 remaining allegations contained therein, and accordingly, those allegations are hereby
20 denied.

21
22 **AFFIRMATIVE DEFENSES**

23 Defendant asserts the following as its affirmative defenses:

- 24 1. Plaintiff lacks standing to pursue the asserted claims.
25 2. Plaintiff failed to state a claim upon which relief can be granted.
26 3. Plaintiff's claims for relief are not ripe.
27 4. Defendant's acts and/or omissions were justified and privileged.
28 5. Plaintiff is barred from recovery because Plaintiff and/or its agents, employees,

- 1 predecessors in interest, expressly or impliedly consented and/or acquiesced to Defendant's
2 alleged acts or omissions.
- 3 6. Plaintiff's claims fail as any alleged transfer was supported by fair consideration.
4 7. Plaintiff was not rendered insolvent by way of the alleged transfer.
5 8. Plaintiff's claims fail as there was no intent to defraud.
6 9. The negligence of the Plaintiff exceeds that of Defendant, if any, and that the
7 Plaintiff is thereby barred from any recovery.
8 10. If Plaintiff suffered or sustained any of the losses or damages alleged in
9 Complaint, which is denied, such loss or damage was occasioned by a risk which Plaintiff
10 knowingly and voluntarily assumed.
11 11. Plaintiff's alleged damages were caused by a superseding and/or intervening
12 factor, which superseding and/or intervening factor was the direct and proximate cause of
13 Plaintiff's alleged damages, as such Defendant is not and cannot be held responsible for any of
14 Plaintiff's claimed damages.
15 12. Plaintiff is not the real party in interest.
16 13. Plaintiff's Complaint is barred by Plaintiff's failure to mediate and/or arbitrate.
17 14. Plaintiff's claims for relief are barred by the statute of limitations.
18 15. Plaintiff's claims for relief are barred by the doctrines of waiver, estoppel, and
19 *laches*.
20 16. Plaintiff's recovery, if any, is subject to an offset.
21 17. Plaintiff's claims are reduced, modified and/or barred by the doctrine of unclean
22 hands.
23 18. Plaintiff failed to mitigate its damages.
24 19. Plaintiff has not suffered any damages.
25 20. Plaintiff's claims are barred by its own failure to exercise ordinary and reasonable
26 care and diligence and such acts and omissions were the proximate cause of some or all of
27 Plaintiff's damages, if any.
28 21. Defendant denies each and every allegation of the operative complaint not

specifically admitted or otherwise pled herein.

22. Plaintiff's claims are barred by intra-corporate conspiracy doctrine.

23. Plaintiff's claims are barred by failure to join a necessary and indispensable party.

24. Defendant alleges that at all times it acted in good faith.

25. Defendant is not jointly or severally liable for any of the damages alleged in the Complaint.

26. Any award of punitive damages would be unconstitutional under applicable constitutional protection.

27. Plaintiff is not entitled to receive punitive damages based on any calculation premised upon the wealth of Defendant, as such calculation is unconstitutional.

28. The court lacks personal and/or subject matter jurisdiction over Defendant.

29. All possible affirmative defenses may not have been alleged herein insofar as sufficient facts were not available after reasonable inquiry upon the filing of this Answer and, therefore, Defendant reserves all rights to amend this Answer to allege additional affirmative defenses if subsequent investigation so warrants.

PRAYER

Defendant prays for the following:

1. That Plaintiff takes nothing by way of its Complaint;
2. That Defendant be dismissed in the entirety with prejudice;
3. That judgment be entered in favor of Defendant;
4. For attorneys' fees and costs of defending this action; and

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5. For such other and further relief as this Court deems just and proper.

DATED this 2nd day of April, 2020.

GORDON REES SCULLY
MANSUKHANI, LLP

/s/ Wing Yan Wong
Robert S. Larsen, Esq.
Nevada Bar No. 7785
Wing Yan Wong, Esq.
Nevada Bar No. 13622
300 South Fourth Street, Suite 1550
Las Vegas, Nevada 89101

*Attorneys for Lexicon Insurance
Management LLC, Daniel George and ICAP
Management Solutions, LLC*

Gordon Rees Scully Mansukhani, LLP
300 S. 4th Street, Suite 1550
Las Vegas, NV 89101

CERTIFICATE OF SERVICE

Pursuant to Rule 5(b) of the Nevada Rules of Civil Procedure, I hereby certify under penalty of perjury that on the 2nd day of April, 2020, the foregoing **DEFENDANT ICAP MANAGEMENT SOLUTIONS, LLC'S ANSWER TO COMPLAINT** was served upon those persons designated by the parties in the E-Service Master List in the Eighth Judicial District court eFiling System in accordance with the mandatory electronic service requirements of Administrative Order 14-1 and the Nevada Electronic Filing and Conversion Rules, or mailed via U.S. Post Office, first class postage prepaid, upon the following:

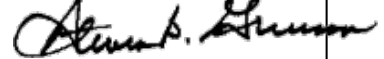
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Corp.; Chelsea Financial Group, Inc., a
California Corp.; Global Forwarding
Enterprises, LLC; Kapa Management
Consulting, Inc.; and Kapa Ventures, Inc.*

/s/ Gayle Angulo
An Employee of GORDON REES
SCULLY MANSUKHANI, LLP



1 **ANS**
2 Sheri M. Thome, Esq.
3 Nevada Bar No. 008657
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11 *Attorneys for Defendant*
12 *James Marx*

8 **DISTRICT COURT**
9 **CLARK COUNTY, NEVADA**

10 BARBARA D. RICHARDSON IN HER
11 CAPACITY AS THE STATUTORY
12 RECEIVER FOR SPIRIT COMMERCIAL
13 AUTO RISK RETENTION GROUP, INC.

14 Plaintiff,

15 vs.

16 THOMAS MULLIGAN, an individual; CTC
17 TRANSPORTATION INSURANCE
18 SERVICES OF MISSOURI, LLC, a Missouri
19 Limited Liability Company; CTC
20 TRANSPORTATION INSURANCE
21 SERVICES LLC, a California Limited Liability
22 Company; CTC TRANSPORTATION
23 INSURANCE SERVICES OF HAWAII LLC,
24 a Hawaii Limited Liability Company;
25 CRITERION CLAIMS SOLUTIONS OF
26 OMAHA, INC., a Nebraska Corporation;
27 PAVEL KAPELNIKOV, an individual;
28 CHELSEA FINANCIAL GROUP, INC., a
California Corporation; CHELSEA
FINANCIAL GROUP, INC., a Missouri
Corporation; CHELSEA FINANCIAL
GROUP, INC., a New Jersey Corporation d/b/a
CHELSEA PREMIUM FINANCE
CORPORATION; CHELSEA FINANCIAL
GROUP, INC., a Delaware Corporation;
CHELSEA HOLDING COMPANY, LLC, a
Nevada Limited Liability Company;
CHELSEA HOLDINGS, LLC, a Nevada
Limited Liability Company; FOURGOREAN
CAPITAL, LLC, a New Jersey Limited
Liability Company; KAPA MANAGEMENT
CONSULTING, INC. a New Jersey
Corporation; KAPA VENTURES, INC., a New
Jersey Corporation; GLOBAL FORWARDING

Case No. A-20-809963-B
Dept. No.: 11

**DEFENDANT JAMES MARX'S ANSWER
TO PLAINTIFF'S COMPLAINT**

ENTERPRISES LIMITED LIABILITY COMPANY, a New Jersey Limited Liability Company; GLOBAL CAPITAL GROUP, LLC, a New Jersey Limited Liability Company; GLOBAL CONSULTING; NEW TECH CAPITAL, LLC, a Delaware Limited Liability Company; LEXICON INSURANCE MANAGEMENT LLC, a North Carolina Limited Liability Company; ICAP MANAGEMENT SOLUTIONS, LLC, a Vermont Limited Liability Company; SIX ELEVEN LLC, a Missouri Limited Liability Company; 10-4 PREFERRED RISK MANAGERS INC., a Missouri Corporation; IRONJAB LLC, a New Jersey Limited Liability Company; YANINA G. KAPELNIKOV, an individual; IGOR KAPELNIKOV, an individual; QUOTE MY RIG LLC, a New Jersey Limited Liability Company; MATTHEW SIMON, an individual; DANIEL GEORGE, an individual; JOHN MALONEY, an individual; JAMES MARX, an individual; CARLOS TORRES, an individual; VIRGINIA TORRES, an individual; SCOTT McCRAE, an individual; BRENDA GUFFEY, an individual; 195 GLUTEN FREE LLC, a New Jersey Limited Liability Company, DOE INDIVIDUALS I-X; and ROE CORPORATE ENTITIES I-X,

Defendants.

DEFENDANT JAMES MARX'S ANSWER TO PLAINTIFF'S COMPLAINT

Defendant James Marx, by and through his attorneys of record, Sheri M. Thome, Esq., of Wilson, Elser, Moskowitz, Edelman & Dicker LLP, hereby answers Plaintiff's complaint as follows:

INTRODUCTION

1. Answering paragraphs 1 through 4, inclusive, of the Complaint on file herein, this answering defendant denies the allegations as they pertain to Marx. As to the remaining allegations, Defendant lacks sufficient information to admit or deny those allegations, thus denies them on that basis.

PARTIES AND JURISDICTION

2. Answering paragraph 5 of the Complaint on file herein, this answering defendant lacks sufficient information to admit or deny the allegations therein, thus denies them on that basis.

1 3. Answering paragraph 6 of the Complaint on file herein, this answering defendant
2 lacks sufficient information to admit or deny the allegations therein, thus denies them on that basis.

3 4. Answering paragraph 7 of the Complaint on file herein, this answering defendant
4 lacks sufficient information to admit or deny the allegations therein, thus denies them on that basis.

5 5. Answering paragraph 8 of the Complaint on file herein, this answering defendant
6 lacks sufficient information to admit or deny the allegations therein, thus denies them on that basis.

7 6. Answering paragraph 9 of the Complaint on file herein, this answering defendant
8 lacks sufficient information to admit or deny the allegations therein, thus denies them on that basis.

9 **THE DEFENDANTS**

10 7. Answering paragraphs 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25,
11 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37 and 38, inclusive, of the Complaint on file herein, this
12 answering defendant lacks sufficient information to admit or deny the allegations therein, thus
13 denies them on that basis.

14 8. Answering paragraph 39 of the Complaint on file herein, this answering defendant
15 admits that James Marx was a director of Spirit. Defendant lacks information sufficient to admit or
16 deny the remaining allegations and denies same on that basis.

17 9. Answering paragraphs 40, 41, 42, 43, 44, 45, 46, 47, 48, 49 and 50, this answering
18 defendant lacks sufficient information to admit or deny the allegations therein, thus denies them on
19 that basis.

20 10. Answering paragraph 51 of the Complaint on file herein, this answering defendant
21 lacks sufficient information to admit or deny the allegations therein, thus denies them on that basis.

22 **FACTUAL ALLEGATIONS**

23 11. Answering paragraph 52 of the Complaint on file herein, this answering defendant
24 lacks sufficient information to admit or deny the allegations therein, thus denies them on that basis.

25 12. Answering paragraphs 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68,
26 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89 and 90, this answering
27 defendant lacks sufficient information to admit or deny the allegations therein, thus denies them on
28 that basis.

1 13. Answering paragraph 91, this answering defendant admits that Spirit's Certificate of
2 Authority was suspended on October 19, 2018, but lacks information sufficient to admit or deny the
3 remaining allegations, this denies them on that basis.

4 14. Answering paragraph 92, this answering defendant admits that the Receivership
5 Order was entered on February 27, 2019, appointing Barbara Richardson as the Receiver.

6 15. Answering paragraphs 93 and 94, this answering defendant lacks sufficient
7 information to admit or deny the allegations therein, thus denies them on that basis.

8 16. Answering paragraph 95, this answering defendant lacks sufficient information to
9 admit or deny the allegations therein, thus denies them on that basis.

10 17. Answering paragraphs 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108,
11 109, 110, 111 (missing allegation), 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124,
12 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139 and 140, this answering
13 defendant lacks sufficient information to admit or deny the allegations therein, thus denies them on
14 that basis.

15 18. Answering paragraphs 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152,
16 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172,
17 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192,
18 193, 194, 195 and 196, this answering defendant lacks sufficient information to admit or deny the
19 allegations therein, thus denies them on that basis.

20 19. Answering paragraph 197, this answering defendant admits that Marx was a director
21 of Spirit. Defendant lacks sufficient information to admit or deny the remaining allegations therein,
22 thus denies them on that basis.

23 20. Answering paragraphs 198, 199, 200, 201, 202 and 203, this answering defendant
24 lacks sufficient information to admit or deny the allegations therein, thus denies them on that basis.

25 21. Answering paragraph 204, this answering defendant denies that Marx made
26 misrepresentations or failed to disclose critical information to state insurance regulators as stated
27 therein. Defendant lacks sufficient information to admit or deny the remaining allegations therein,
28 thus denies them on that basis.

1 22. Answering paragraph 205, this answering defendant denies the allegations that pertain
2 to Marx. Defendant lacks sufficient information to admit or deny the remaining allegations therein,
3 thus denies them on that basis.

4 23. Answering paragraphs 206, 207, 208, 209, 210, 211, 212 and 213, this answering
5 defendant lacks sufficient information to admit or deny the allegations therein, thus denies them on
6 that basis.

7 24. Answering paragraphs 214, 215, 216, 217 and 218, this answering defendant admits
8 that Marx filled out a Board of Directors Annual Performance Self Evaluation, but denies any
9 allegations of misconduct. Defendant lacks sufficient information to admit or deny the remaining
10 allegations therein, thus denies them on that basis.

11 25. Answering paragraphs 219 and 220, this answering defendant admits that Marx filled
12 out a Self-Evaluation Form, but denies any misconduct relating thereto. Defendant lacks sufficient
13 information to admit or deny the remaining allegations therein, thus denies them on that basis.

14 26. Answering paragraph 221, this answering defendant denies any allegations of
15 misconduct as it pertains to Marx. Defendant lacks sufficient information to admit or deny the
16 allegations therein, thus denies them on that basis.

17 27. Answering paragraphs 222 and 223, this answering defendant denies the allegations
18 as they pertain to Marx. Defendant lacks sufficient information to admit or deny the remaining
19 allegations therein, thus denies them on that basis.

20 28. Answering paragraphs 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235,
21 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254 and
22 255, this answering defendant lacks sufficient information to admit or deny the allegations therein,
23 thus denies them on that basis.

24 29. Answering paragraph 256 and all subparts (a-y), this answering defendant lacks
25 sufficient information to admit or deny the allegations therein, thus denies them on that basis.

26 30. Answering paragraphs 257, 258, 259, 260, 261 and 262, this answering defendant
27 lacks sufficient information to admit or deny the allegations therein, thus denies them on that basis.
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FIRST CAUSE OF ACTION

(Breach of Contract, as against CTC)

31. Answering paragraph 263, this answering defendant repeats and realleges his responses to paragraphs 1 through 262, inclusive.

32. Answering paragraphs 264, 265, 266, 267 and 268, this answering defendant lacks sufficient information to admit or deny the allegations therein, thus denies them on that basis.

SECOND CAUSE OF ACTION

(Breach of Contract as against Lexicon)

33. Answering paragraph 269, this answering defendant repeats and realleges his responses to paragraphs 1 through 268, inclusive.

34. Answering paragraphs 270, 271, 272 and 273, this answering defendant lacks sufficient information to admit or deny the allegations therein, thus denies them on that basis.

THIRD CAUSE OF ACTION

(Breach of Contract as against Criterion)

35. Answering paragraph 274, this answering defendant repeats and realleges his responses to paragraphs 1 through 273, inclusive.

36. Answering paragraphs 275, 276, 277, 278 and 279, this answering defendant lacks sufficient information to admit or deny the allegations therein, thus denies them on that basis

FOURTH CAUSE OF ACTION

(Breach of Contract as against the Spirit Director Defendants)

37. Answering paragraph 280, this answering defendant repeats and realleges his responses to paragraphs 1 through 279, inclusive.

38. Answering paragraphs 281, 282, 283, 284 and 285, this answering defendant lacks sufficient information to admit or deny the allegations therein, thus denies them on that basis.

FIFTH CAUSE OF ACTION

(Breach of Fiduciary Duty as against CTC and Lexicon)

39. Answering paragraph 286, this answering defendant repeats and realleges his responses to paragraphs 1 through 285, inclusive.

40. Answering paragraphs 287, 288, 289, 290, 291 and 292, this answering defendant lacks sufficient information to admit or deny the allegations therein, thus denies them on that basis.

SIXTH CAUSE OF ACTION

(Breach of Fiduciary Duty as against the Spirit Director Defendants)

41. Answering paragraph 293, this answering defendant repeats and realleges its responses to paragraphs 1 through 292, inclusive.

42. Answering paragraph 294, this answering defendant lacks sufficient information to admit or deny the allegations therein, thus denies them on that basis.

43. Answering paragraphs 295, 296, 297, 298 and 299, this answering defendant denies the allegations as they pertain to Marx. Defendant lacks sufficient information to admit or deny the allegations therein, thus denies them on that basis.

SEVENTH CAUSE OF ACTION

**(Breach of the Implied Covenant of Good Faith and Fair Dealing—Tortious as against
CTC and Lexicon)**

44. Answering paragraph 300, this answering defendant repeats and realleges his responses to paragraphs 1 through 299, inclusive.

45. Answering paragraphs 301, 302, 303, 304, 305, 306, 307, 308, 309 and 310, this answering defendant lacks sufficient information to admit or deny the allegations therein, thus denies them on that basis.

EIGHTH CAUSE OF ACTION

(Breach of the Implied Covenant of Good Faith and Fair Dealing—Contract as against CTC and Lexicon)

46. Answering paragraph 311, this answering defendant repeats and realleges his responses to paragraphs 1 through 310, inclusive.

47. Answering paragraphs 312, 313, 314, 315, 316, 317, 318 and 319, this answering defendant lacks sufficient information to admit or deny the allegations therein, thus denies them on that basis.

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NINTH CAUSE OF ACTION

**(Breach of the Implied Covenant of Good Faith and Fair Dealing—Contract as against
Criterion)**

48. Answering paragraph 320, this answering defendant repeats and realleges his responses to paragraphs 1 through 319, inclusive.

49. Answering paragraphs 321, 322, 323, 324, 325 and 326, this answering defendant lacks sufficient information to admit or deny the allegations therein thus denies them on that basis.

TENTH CAUSE OF ACTION

**(Nevada RICO Claims against Mulligan, George, Simon, Guffey, McCrae, Kapelinkovs,
CTC, Lexicon, and Criterion)**

50. Answering paragraphs 327, 328, 329, 330, 331, 332, 333, 334, 335 (including subparts a through j), 336, 337, 338, 339, 340, 341 and 342, this answering defendant lacks sufficient information to admit or deny the allegations therein thus denies them on that basis.

ELEVENTH CAUSE OF ACTION

(Unjust Enrichment as against all Defendants)

51. Answering paragraph 343, this answering defendant repeats and realleges his responses to paragraphs 1 through 342, inclusive.

52. Answering paragraph 344, this answering defendant denies the allegation as it pertains to Marx, but lacks information sufficient to admit or deny the remaining allegations thus denies them on that basis.

53. Answering paragraphs 345, 346, 347, 348, 349, 350 and 351, this answering defendant lacks sufficient information to admit or deny the allegations therein thus denies them on that basis.

TWELFTH CAUSE OF ACTION

(Fraud as against all Defendants)

54. Answering paragraph 352, this answering defendant repeats and realleges his responses to paragraphs 1 through 351, inclusive.

55. Answering paragraphs 353, 354, 355, 356, 357, 358, 359, 360, 361, 362 (including subparts), 363, 364, 365, 366, 367, 368, 369 and 370, this answering defendant denies the allegations

1 as they pertain to Marx. Defendant lacks sufficient information to admit or deny the remaining
2 allegations therein thus denies them on that basis.

3 **THIRTEENTH CAUSE OF ACTION**

4 **(Civil Conspiracy as against all Defendants)**

5 56. Answering paragraph 371, this answering defendant repeats and realleges his
6 responses to paragraphs 1 through 370, inclusive.

7 57. Answering paragraphs 372, 373, 374 (including subparts), 375, 376, 377, 378 and
8 379, this answering defendant denies the allegations as they pertain to Marx. Defendant lacks
9 sufficient information to admit or deny the remaining allegations therein thus denies them on that
10 basis.

11 **FOURTEENTH CAUSE OF ACTION**

12 **(Alter Ego as against Mulligan, George, Guffey, Simon and Pavel Kapelnikov)**

13 58. Answering paragraph 380, this answering defendant repeats and realleges his
14 responses to paragraphs 1 through 379, inclusive.

15 59. Answering paragraphs 381, 382, 383 and 384, this answering defendant lacks
16 sufficient information to admit or deny the allegations therein thus denies them on that basis.

17 **FIFTEENTH CAUSE OF ACTION**

18 **(NRS 112 Avoidance of Transfers against CTC and its Transferees)**

19 60. Answering paragraph 385, this answering defendant repeats and realleges his
20 responses to paragraphs 1 through 384, inclusive.

21 61. Answering paragraphs 386, 387, 388, 389, 390, 391, 392, 393, 394, 395 and 396, this
22 answering defendant lacks sufficient information to admit or deny the allegations therein thus denies
23 them on that basis.

24 **SIXTEENTH CAUSE OF ACTION**

25 **(NRS 696B—Voidable Transfers as against CTC and its Transferees)**

26 62. Answering paragraph 397, this answering defendant repeats and realleges his
27 responses to paragraphs 1 through 396, inclusive.

28 63. Answering paragraphs 398, 399, 400, 401, 402 and 403, this answering defendant

1 lacks sufficient information to admit or deny the allegations therein thus denies them on that basis.

2 64. Answering paragraphs 404, 405, 406, 407, 408 and 409, this answering defendant
3 denies the allegations as they pertain to Marx. Defendant lacks sufficient information to admit or
4 deny the remaining allegations therein thus denies them on that basis.

5 **SEVENTEENTH CAUSE OF ACTION**

6 **(NRS 696B—Recovery of Distributions and Payments as against CTC and its Transferees)**

7 65. Answering paragraph 410, this answering defendant repeats and realleges his
8 responses to paragraphs 1 through 409, inclusive.

9 66. Answering paragraphs 411, 412, 413, 414 and 415, this answering defendant lacks
10 sufficient information to admit or deny the allegations therein thus denies them on that basis.

11 67. Answering paragraphs 416, 417, 418, 419, 420 and 421, this answering defendant
12 denies the allegations as they pertain to Marx. Defendant lacks sufficient information to admit or
13 deny the remaining allegations therein thus denies them on that basis.

14 **EIGHTEENTH CAUSE OF ACTION**

15 **(NRS 692C.402—Recovery of Distributions and Payments as against CTC and its**
16 **Transferees)**

17 68. Answering paragraph 422, this answering defendant repeats and realleges his
18 responses to paragraphs 1 through 421, inclusive.

19 69. Answering paragraphs 423, 424, 425 and 426, this answering defendant lacks
20 sufficient information to admit or deny the allegations therein thus denies them on that basis.

21 70. Answering paragraphs 427, 428, 429, 430, 431, 432, 433 and 434, this answering
22 defendant denies the allegations as they pertain to Marx. Defendant lacks sufficient information to
23 admit or deny the remaining allegations therein thus denies them on that basis.

24 **NINETEENTH CAUSE OF ACTION**

25 **(NRS 78.300—Recovery of Unlawful Distribution as against Spirit Director Defendants)**

26 71. Answering paragraph 435, this answering defendant repeats and realleges his
27 responses to paragraphs 1 through 434, inclusive.

28 72. Answering paragraphs 436, 437, 438, 439, 440 and 441, this answering defendant

1 lacks sufficient information to admit or deny the allegations therein thus denies them on that basis.

2 **AFFIRMATIVE DEFENSES**

3 **FIRST AFFIRMATIVE DEFENSE**

4 Plaintiff's Complaint, and all causes of action contained therein, fails to state a claim against
5 Defendant Marx.

6 **SECOND AFFIRMATIVE DEFENSE**

7 Defendant is protected by the business judgment rule, which limits or precludes Plaintiff's
8 claims.

9 **THIRD AFFIRMATIVE DEFENSE**

10 To the extent Plaintiff sustained damages in this matter, which Defendant specifically
11 denies, then said damages were caused by the conduct of other entities or parties over whom
12 Defendant had no control or right of control. Defendant's liability should be reduced or eliminated
13 accordingly.

14 **FOURTH AFFIRMATIVE DEFENSE**

15 Plaintiff's Complaint, and each cause of action alleged therein, is barred by the doctrine of
16 estoppel, waiver and/or laches.

17 **FIFTH AFFIRMATIVE DEFENSE**

18 Plaintiff's Complaint, and each cause of action alleged therein, is barred by the doctrine of
19 unclean hands.

20 **SIXTH AFFIRMATIVE DEFENSE**

21 Plaintiff's claims are barred due to comparative fault principles, and that negligence bars or
22 limits recovery.

23 **SEVENTH AFFIRMATIVE DEFENSE**

24 Plaintiff's Complaint, and each cause of action alleged therein, is barred because
25 Defendant's conduct was justified and/or privileged.

26 **EIGHTH AFFIRMATIVE DEFENSE**

27 Plaintiff's Complaint, and each cause of action alleged therein, is barred because the relief
28 sought by Plaintiff would, if granted, unjustly enrich Plaintiff.

1 **NINTH AFFIRMATIVE DEFENSE**

2 Plaintiff's claims are precluded and/or reduced by the applicable statute of limitations.

3 **TENTH AFFIRMATIVE DEFENSE**

4 Plaintiff's claims are precluded and/or reduced due to ratification and/or consent.

5 **ELEVENTH AFFIRMATIVE DEFENSE**

6 Defendant is entitled to indemnity for any actions in the course of his directorship.

7 **TWELFTH AFFIRMATIVE DEFENSE**

8 Defendant is entitled to an offset for amounts owed to him.

9 **THIRTEENTH AFFIRMATIVE DEFENSE**

10 Plaintiff breached its agreement with Defendant, thus is not entitled to recover in this action.

11 **FOURTEENTH AFFIRMATIVE DEFENSE**

12 On information and belief, Defendant is protected by exculpatory provisions in the Articles
13 of Incorporation.

14 **FIFTEENTH AFFIRMATIVE DEFENSE**

15 Defendant acted in good faith at all times during the events asserted in the Complaint.

16 **SIXTEENTH AFFIRMATIVE DEFENSE**

17 Plaintiff failed to mitigate its damages.

18 **SEVENTEENTH AFFIRMATIVE DEFENSE**

19 Plaintiff's claims are barred because other acts/actors were the superceding/intervening
20 cause of the damages alleged.

21 **EIGHTEENTH AFFIRMATIVE DEFENSE**

22 Plaintiff's claims are deficient in that Plaintiff cannot establish that Defendant Marx falls
23 within NRS 78.138(7) sufficient to impose liability upon Defendant Marx. *Chur v. Eighth Judicial*
24 *Dist. Ct.*, 136 Nev. Adv. Op. 7 (February 27, 2020).

25 **NINETEENTH AFFIRMATIVE DEFENSE**

26 Defendant expressly and specifically reserves the right to amend this Answer to add, delete,
27 or modify affirmative defenses based on legal theories, fact and circumstances which may or will
28 be developed through discovery or further legal analysis of Plaintiff's claims and Defendant's

1 position in this litigation. Defendant hereby incorporates by reference those affirmative defenses
2 enumerated in Rule 8 and 12 of the Nevada Rules of Civil Procedure as if fully set forth herein. In
3 the event further investigation or discovery reveals the applicability of any such defenses, Defendant
4 reserves the right to assert any such defense(s). Such defense(s) are herein incorporated by reference
5 for the specific purpose of not waiving any such defense. Defenses include: fraud, release, laches,
6 license, payment, accord and satisfaction, arbitration and award, assumption of risk, contributory
7 negligence, discharge in bankruptcy, duress, estoppel, failure of consideration, illegality, injury by
8 fellow servant, res judicata, statute of limitations, and statute of frauds.

9 **PRAYER**

10 WHEREFORE, Defendant prays for judgment as follows:

- 11 1. That Plaintiff take nothing by way of the Complaint on file herein;
12 2. That Defendant be awarded reasonable attorneys' fees and costs in this matter; and

13 For such and further relief as this Court may deem just and proper

14 DATED this 2nd day of April, 2020.

15 WILSON, ELSER, MOSKOWITZ, EDELMAN
16 & DICKER LLP

17 By: /s/ Sheri Thome
18 Sheri M. Thome, Esq.
19 Nevada Bar No. 008657
300 South 4th Street, 11th Floor
Las Vegas, NV 89101-6014
Attorneys for Defendant James Marx

1 **CERTIFICATE OF SERVICE**

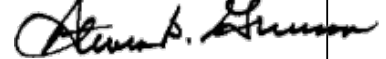
2 Pursuant to NRCP 5, I certify that I am an employee of WILSON, ELSER, MOSKOWITZ,
3 EDELMAN & DICKER LLP and that on this 2nd day of April, 2020, I served a true and correct
4 copy of the foregoing **DEFENDANT JAMES MARX'S ANSWER TO PLAINTIFF'S**
5 **COMPLAINT** as follows:

- 6 ☐ by placing same to be deposited for mailing in the United States Mail, in a sealed
7 envelope upon which first class postage was prepaid in Las Vegas, Nevada;
- 8 ☒ via electronic means by operation of the Court's electronic filing system, upon each
party in this case who is registered as an electronic case filing user with the Clerk;
- 9 ☐ via hand-delivery to the addressees listed below;
- 10 ☐ via facsimile;
- 11 ☐ by transmitting via email the document listed above to the email address set forth
12 below on this date before 5:00 p.m.

13 Mark E. Ferrario
Kara B. Hendricks
14 Kyle A. Ewing
GREENBERG TRAURIG, LLP
15 10845 Griffith Peak Drive, Suite 600
Las Vegas, NV 89135
Telephone: (702) 792-3773
16 Facsimile: (702) 792-9002
Email: ferrariom@gtlaw.com
17 hendricksk@gtlaw.com
ewingk@gtlaw.com
18 Attorneys for the Plaintiff

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Email: tmcgrath@tysonmendes.com
Email: clund@tysonmendes.com
Attorneys for Defendants Pavel Kapelnikov;
Chelsea Financial Group, Inc., a New Jersey
corporation; Chelsea Financial Group, Inc. a
California corporation; Global Forwarding
Enterprises, LLC; Kapa Management
Consulting, Inc.; Kapa Ventures, Inc.

21 BY: /s/ Lani Maile
22 An Employee of
23 WILSON, ELSER, MOSKOWITZ, EDELMAN & DICKER LLP
24
25
26
27
28



1 **ANS**
2 ROBERT S. LARSEN, ESQ.
3 Nevada Bar No. 7785
4 WING YAN WONG, ESQ.
5 Nevada Bar No. 13622
6 GORDON REES SCULLY MANSUKHANI, LLP
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12 E-Mail: rlarsen@grsm.com
13 wwong@grsm.com

14 *Attorneys for Lexicon Insurance Management LLC,*
15 *Daniel George and ICAP Management Solutions, LLC*

16 EIGHTH JUDICIAL DISTRICT COURT

17 CLARK COUNTY, NEVADA

18 BARBARA D. RICHARDSON IN HER
19 CAPACITY AS THE STATUTORY RECEIVER
20 FOR SPIRIT COMMERCIAL AUTO RISK
21 RETENTION GROUP, INC.,

22 Plaintiff,

23 vs.

24 THOMAS MULLIGAN, an individual; CTC
25 TRANSPORTATION INSURANCE SERVICES OF
26 MISSOURI, LLC, a Missouri Limited Liability
27 Company; CTC TRANSPORTATION
28 INSURANCE SERVICES LLC, a California
Limited Liability Company; CTC
TRANSPORTATION INSURANCE SERVICES OF
HAWAII LLC, a Hawaii Limited Liability
Company; CRITERION CLAIMS SOLUTIONS OF
OMAHA, INC., a Nebraska Corporation; PAVEL
KAPELNIKOV, an individual; CHELSEA
FINANCIAL GROUP, INC., a California
Corporation; CHELSEA FINANCIAL GROUP,
INC., a Missouri Corporation; CHELSEA
FINANCIAL GROUP, INC., a New Jersey
Corporation d/b/a CHELSEA PREMIUM FINANCE
CORPORATION; CHELSEA FINANCIAL
GROUP, INC., a Delaware Corporation; CHELSEA
HOLDING COMPANY, LLC, a Nevada Limited
Liability Company; CHELSEA HOLDINGS, LLC,
a Nevada Limited Liability Company;
FOURGOLEAN CAPITAL, LLC, a New Jersey
Limited Liability Company; KAPA
MANAGEMENT CONSULTING, INC. a New
Jersey Corporation; KAPA VENTURES, INC., a

Case No.: A-20-809963-B
Dept. No.: 11

**DEFENDANT LEXICON
INSURANCE MANAGEMENT
LLC'S ANSWER TO COMPLAINT**

1 New Jersey Corporation; GLOBAL FORWARDING
ENTERPRISES LIMITED LIABILITY
2 COMPANY, a New Jersey Limited Liability
Company; GLOBAL CAPITAL GROUP, LLC, a
3 New Jersey Limited Liability Company; GLOBAL
CONSULTING; NEW TECH CAPITAL, LLC, a
4 Delaware Limited Liability Company; LEXICON
INSURANCE MANAGEMENT LLC, a North
5 Carolina Limited Liability Company; ICAP
MANAGEMENT SOLUTIONS, LLC, a Vermont
6 Limited Liability Company; SIX ELEVEN LLC, a
Missouri Limited Liability Company; 10-4
7 PREFERRED RISK MANAGERS INC., a Missouri
Corporation; IRONJAB LLC, a New Jersey Limited
8 Liability Company; YANINA G. KAPELNIKOV, an
individual; IGOR KAPELNIKOV, an individual;
9 QUOTE MY RIG LLC, a New Jersey Limited
Liability Company; MATTHEW SIMON, an
10 individual; DANIEL GEORGE, an individual; JOHN
MALONEY, an individual; JAMES MARX, an
11 individual; CARLOS TORRES, an individual;
VIRGINIA TORRES, an individual; SCOTT
12 McCRAE, an individual; BRENDA GUFFEY, an
individual; 195 GLUTEN FREE LLC, a New Jersey
13 Limited Liability Company, DOE INDIVIDUALS I-
X; and ROE CORPORATE ENTITIES I-X,

14 Defendants.

15
16 Defendant Lexicon Insurance Management LLC (“Defendant” or “Lexicon”), by and
17 through its undersigned counsel, hereby files its Answer to the Complaint, as follows:

18 **INTRODUCTION**

- 19 1. Answering Paragraph 1 of the Complaint, Defendant denies the allegations contained
20 therein to the extent they are asserted against it. Defendant states that it is without
21 sufficient knowledge or information to form a belief as to the truth or falsity of the
22 remaining allegations contained therein, and accordingly, those allegations are hereby
23 denied.
- 24 2. Answering Paragraph 2 of the Complaint, Defendant denies the allegations contained
25 therein to the extent they are asserted against it. Defendant states that it is without
26 sufficient knowledge or information to form a belief as to the truth or falsity of the
27 remaining allegations contained therein, and accordingly, those allegations are hereby
28 denied.

1 3. Answering Paragraph 3 of the Complaint, Defendant is without sufficient knowledge or
2 information to form a belief as to the truth or falsity of the allegations contained therein,
3 and accordingly, those allegations are hereby denied.

4 4. Answering Paragraph 4 of the Complaint, Defendant denies the allegations contained
5 therein to the extent they are asserted against it. Defendant states that it is without
6 sufficient knowledge or information to form a belief as to the truth or falsity of the
7 remaining allegations contained therein, and accordingly, those allegations are hereby
8 denied.

9 **PARTIES AND JURISDICTION**

10 ***The Plaintiff***

11 5. Answering Paragraph 5 of the Complaint, Defendant is without sufficient knowledge or
12 information to form a belief as to the truth or falsity of the allegations contained therein,
13 and accordingly, those allegations are hereby denied.

14 6. Answering Paragraph 6 of the Complaint, Defendant states that Spirit was a Nevada
15 corporation organized under the laws of Nevada and the Liability Risk Retention Act of
16 1986. Defendant is without sufficient knowledge or information to form a belief as to the
17 truth or falsity of the remaining allegations contained therein, and accordingly, those
18 allegations are hereby denied.

19 7. Answering Paragraph 7 of the Complaint, Defendant states that Spirit received its
20 Certificate of Authority on February 24, 2012. Defendant is without sufficient
21 knowledge or information to form a belief as to the truth or falsity of the remaining
22 allegations contained therein, and accordingly, those allegations are hereby denied.

23 8. Answering Paragraph 8 of the Complaint, Defendant states that Spirit's business involved
24 with commercial auto liability insurance. Defendant is without sufficient knowledge or
25 information to form a belief as to the truth or falsity of the remaining allegations
26 contained therein, and accordingly, those allegations are hereby denied.

27 9. Answering Paragraph 9 of the Complaint, Defendant is without sufficient knowledge or
28 information to form a belief as to the truth or falsity of the allegations contained therein,

and accordingly, those allegations are hereby denied.

The Defendants

10. Answering Paragraph 10 of the Complaint, Defendant states that Mulligan was not an officer, manager, control party, or director of Lexicon. Answering further, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the remaining allegations contained therein, and accordingly, those allegations are hereby denied.
11. Answering Paragraph 11 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.
12. Answering Paragraph 12 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.
13. Answering Paragraph 13 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.
14. Answering Paragraph 14 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.
15. Answering Paragraph 15 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.
16. Answering Paragraph 16 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.
17. Answering Paragraph 17 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

- 1 18. Answering Paragraph 18 of the Complaint, Defendant is without sufficient knowledge or
2 information to form a belief as to the truth or falsity of the allegations contained therein,
3 and accordingly, those allegations are hereby denied.
- 4 19. Answering Paragraph 19 of the Complaint, Defendant is without sufficient knowledge or
5 information to form a belief as to the truth or falsity of the allegations contained therein,
6 and accordingly, those allegations are hereby denied.
- 7 20. Answering Paragraph 20 of the Complaint, Defendant is without sufficient knowledge or
8 information to form a belief as to the truth or falsity of the allegations contained therein,
9 and accordingly, those allegations are hereby denied.
- 10 21. Answering Paragraph 21 of the Complaint, Defendant is without sufficient knowledge or
11 information to form a belief as to the truth or falsity of the allegations contained therein,
12 and accordingly, those allegations are hereby denied.
- 13 22. Answering Paragraph 22 of the Complaint, Defendant is without sufficient knowledge or
14 information to form a belief as to the truth or falsity of the allegations contained therein,
15 and accordingly, those allegations are hereby denied.
- 16 23. Answering Paragraph 23 of the Complaint, Defendant is without sufficient knowledge or
17 information to form a belief as to the truth or falsity of the allegations contained therein,
18 and accordingly, those allegations are hereby denied.
- 19 24. Answering Paragraph 24 of the Complaint, Defendant is without sufficient knowledge or
20 information to form a belief as to the truth or falsity of the allegations contained therein,
21 and accordingly, those allegations are hereby denied.
- 22 25. Answering Paragraph 25 of the Complaint, Defendant is without sufficient knowledge or
23 information to form a belief as to the truth or falsity of the allegations contained therein,
24 and accordingly, those allegations are hereby denied.
- 25 26. Answering Paragraph 26 of the Complaint, Defendant is without sufficient knowledge or
26 information to form a belief as to the truth or falsity of the allegations contained therein,
27 and accordingly, those allegations are hereby denied.
- 28 27. Answering Paragraph 27 of the Complaint, Defendant is without sufficient knowledge or

1 information to form a belief as to the truth or falsity of the allegations contained therein,
2 and accordingly, those allegations are hereby denied.

3 28. Answering Paragraph 28 of the Complaint, Defendant denies that it had received any
4 payments from Global Capital Group LLC. Defendant is without sufficient knowledge or
5 information to form a belief as to the truth or falsity of the remaining allegations
6 contained therein, and accordingly, those allegations are hereby denied.

7 29. Answering Paragraph 29 of the Complaint, Defendant is without sufficient knowledge or
8 information to form a belief as to the truth or falsity of the allegations contained therein,
9 and accordingly, those allegations are hereby denied.

10 30. Answering Paragraph 30 of the Complaint, Defendant states that it is a North Carolina
11 limited liability company which provides management services for insurance company,
12 and Daniel George (“George”) and Thomas Mulligan (“Mulligan”) are members.
13 Defendant denies that it was controlled by Mulligan. Defendant states that Lexicon
14 served as Spirit’s Risk Retention Group interim Manager after Risk Services LLC
15 resigned as the manager September 26, 2018.

16 31. Answering Paragraph 31 of the Complaint, Defendant is without sufficient knowledge or
17 information to form a belief as to the truth or falsity of the allegations contained therein,
18 and accordingly, those allegations are hereby denied.

19 32. Answering Paragraph 32 of the Complaint, Defendant is without sufficient knowledge or
20 information to form a belief as to the truth or falsity of the allegations contained therein,
21 and accordingly, those allegations are hereby denied.

22 33. Answering Paragraph 33 of the Complaint, Defendant is without sufficient knowledge or
23 information to form a belief as to the truth or falsity of the allegations contained therein,
24 and accordingly, those allegations are hereby denied.

25 34. Answering Paragraph 34 of the Complaint, Defendant is without sufficient knowledge or
26 information to form a belief as to the truth or falsity of the allegations contained therein,
27 and accordingly, those allegations are hereby denied.

28 35. Answering Paragraph 35 of the Complaint, Defendant is without sufficient knowledge or

1 information to form a belief as to the truth or falsity of the allegations contained therein,
2 and accordingly, those allegations are hereby denied.

3 36. Answering Paragraph 36 of the Complaint, Defendant is without sufficient knowledge or
4 information to form a belief as to the truth or falsity of the allegations contained therein,
5 and accordingly, those allegations are hereby denied.

6 37. Answering Paragraph 37 of the Complaint, Defendant states that George has held various
7 officer positions in Spirit at various times, and President of Lexicon and that Lexicon at
8 one point served as Spirit's Risk Retention Group interim Manager. Defendant denies
9 the remaining allegations to the extent they assert that George through Lexicon acted
10 improperly or wrongfully or caused losses for Spirit. Defendant is without sufficient
11 knowledge or information to form a belief as to the truth or falsity of the remaining
12 allegations contained therein, and accordingly, those allegations are hereby denied.

13 38. Answering Paragraph 38 of the Complaint, Defendant is without sufficient knowledge or
14 information to form a belief as to the truth or falsity of the allegations contained therein,
15 and accordingly, those allegations are hereby denied.

16 39. Answering Paragraph 39 of the Complaint, Defendant is without sufficient knowledge or
17 information to form a belief as to the truth or falsity of the allegations contained therein,
18 and accordingly, those allegations are hereby denied.

19 40. Answering Paragraph 40 of the Complaint, Defendant is without sufficient knowledge or
20 information to form a belief as to the truth or falsity of the allegations contained therein,
21 and accordingly, those allegations are hereby denied.

22 41. Answering Paragraph 41 of the Complaint, Defendant is without sufficient knowledge or
23 information to form a belief as to the truth or falsity of the allegations contained therein,
24 and accordingly, those allegations are hereby denied.

25 42. Answering Paragraph 42 of the Complaint, Defendant is without sufficient knowledge or
26 information to form a belief as to the truth or falsity of the allegations contained therein,
27 and accordingly, those allegations are hereby denied.

28 43. Answering Paragraph 43 of the Complaint, Defendant is without sufficient knowledge or

1 information to form a belief as to the truth or falsity of the allegations contained therein,
2 and accordingly, those allegations are hereby denied.

3 44. Answering Paragraph 44 of the Complaint, Defendant is without sufficient knowledge or
4 information to form a belief as to the truth or falsity of the allegations contained therein,
5 and accordingly, those allegations are hereby denied.

6 45. Answering Paragraph 45 of the Complaint, Defendant is without sufficient knowledge or
7 information to form a belief as to the truth or falsity of the allegations contained therein,
8 and accordingly, those allegations are hereby denied.

9 46. Answering Paragraph 46 of the Complaint, Defendant is without sufficient knowledge or
10 information to form a belief as to the truth or falsity of the allegations contained therein,
11 and accordingly, those allegations are hereby denied.

12 47. Answering Paragraph 47 of the Complaint, Defendant is without sufficient knowledge or
13 information to form a belief as to the truth or falsity of the allegations contained therein,
14 and accordingly, those allegations are hereby denied.

15 48. Answering Paragraph 48 of the Complaint, Defendant is without sufficient knowledge or
16 information to form a belief as to the truth or falsity of the allegations contained therein,
17 and accordingly, those allegations are hereby denied.

18 ***Jurisdiction***

19 49. Answering Paragraph 49 of the Complaint, Defendant denies that this Court has personal
20 jurisdiction as to it. Defendant is without sufficient knowledge or information to form a
21 belief as to the truth or falsity of the remaining allegations contained therein, and
22 accordingly, those allegations are hereby denied.

23 50. Answering Paragraph 50 of the Complaint, Defendant denies that this Court has personal
24 jurisdiction as to it. Defendant is without sufficient knowledge or information to form a
25 belief as to the truth or falsity of the remaining allegations contained therein, and
26 accordingly, those allegations are hereby denied.

27 51. Answering Paragraph 51 of the Complaint, Defendant is without sufficient knowledge or
28 information to form a belief as to the truth or falsity of the allegations contained therein,

1 and accordingly, those allegations are hereby denied.

2 **FACTUAL ALLEGATIONS**

3 ***Background Information Regarding Spirit***

4 52. Answering Paragraph 52 of the Complaint, Defendant states that Spirit was granted a
5 Certificate of Authority by the Nevada Division of Insurance and Spirit's business
6 involved commercial auto liability insurance. Defendant is without sufficient knowledge
7 or information to form a belief as to the truth or falsity of the remaining allegations
8 contained therein, and accordingly, those allegations are hereby denied.

9 53. Answering Paragraph 53 of the Complaint, Defendant is without sufficient knowledge or
10 information to form a belief as to the truth or falsity of the allegations contained therein,
11 and accordingly, those allegations are hereby denied.

12 54. Answering Paragraph 54 of the Complaint, Defendant is without sufficient knowledge or
13 information to form a belief as to the truth or falsity of the allegations contained therein,
14 and accordingly, those allegations are hereby denied.

15 55. Answering Paragraph 55 of the Complaint, Defendant is without sufficient knowledge or
16 information to form a belief as to the truth or falsity of the allegations contained therein,
17 and accordingly, those allegations are hereby denied.

18 56. Answering Paragraph 56 of the Complaint, Defendant is without sufficient knowledge or
19 information to form a belief as to the truth or falsity of the allegations contained therein,
20 and accordingly, those allegations are hereby denied.

21 57. Answering Paragraph 57 of the Complaint, Defendant is without sufficient knowledge or
22 information to form a belief as to the truth or falsity of the allegations contained therein,
23 and accordingly, those allegations are hereby denied.

24 58. Answering Paragraph 58 of the Complaint, Defendant is without sufficient knowledge or
25 information to form a belief as to the truth or falsity of the allegations contained therein,
26 and accordingly, those allegations are hereby denied.

27 59. Answering Paragraph 59 of the Complaint, Defendant is without sufficient knowledge or
28 information to form a belief as to the truth or falsity of the allegations contained therein,

and accordingly, those allegations are hereby denied.

60. Answering Paragraph 60 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

61. Answering Paragraph 61 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

62. Answering Paragraph 62 of the Complaint, Defendant denies the allegations contained therein to the extent they are asserted against it. Defendant states that it is without sufficient knowledge or information to form a belief as to the truth or falsity of the remaining allegations contained therein, and accordingly, those allegations are hereby denied.

63. Answering Paragraph 63 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

Events Leading Up to the Discovery of Defendant's Misconduct

64. Answering Paragraph 64 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

65. Answering Paragraph 65 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

66. Answering Paragraph 66 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

67. Answering Paragraph 67 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

- 1 68. Answering Paragraph 68 of the Complaint, Defendant is without sufficient knowledge or
2 information to form a belief as to the truth or falsity of the allegations contained therein,
3 and accordingly, those allegations are hereby denied.
- 4 69. Answering Paragraph 69 of the Complaint, Defendant is without sufficient knowledge or
5 information to form a belief as to the truth or falsity of the allegations contained therein,
6 and accordingly, those allegations are hereby denied.
- 7 70. Answering Paragraph 70 of the Complaint, Defendant is without sufficient knowledge or
8 information to form a belief as to the truth or falsity of the allegations contained therein,
9 and accordingly, those allegations are hereby denied.
- 10 71. Answering Paragraph 71 of the Complaint, Defendant is without sufficient knowledge or
11 information to form a belief as to the truth or falsity of the allegations contained therein,
12 and accordingly, those allegations are hereby denied.
- 13 72. Answering Paragraph 72 of the Complaint, Defendant is without sufficient knowledge or
14 information to form a belief as to the truth or falsity of the allegations contained therein,
15 and accordingly, those allegations are hereby denied.
- 16 73. Answering Paragraph 73 of the Complaint, Defendant states that Sprit proposed a loss
17 portfolio transfer which was approved by the Division. Defendant is without sufficient
18 knowledge or information to form a belief as to the truth or falsity of the remaining
19 allegations contained therein, and accordingly, those allegations are hereby denied.
- 20 74. Answering Paragraph 74 of the Complaint, Defendant is without sufficient knowledge or
21 information to form a belief as to the truth or falsity of the allegations contained therein,
22 and accordingly, those allegations are hereby denied.
- 23 75. Answering Paragraph 75 of the Complaint, Defendant is without sufficient knowledge or
24 information to form a belief as to the truth or falsity of the allegations contained therein,
25 and accordingly, those allegations are hereby denied.
- 26 76. Answering Paragraph 76 of the Complaint, Defendant is without sufficient knowledge or
27 information to form a belief as to the truth or falsity of the allegations contained therein,
28 and accordingly, those allegations are hereby denied.

Spirit Discloses a 27.6 Million-Dollar Receivable from CTC

77. Answering Paragraph 77 of the Complaint, Defendant states that Sprit filed its June 30, 2018 quarterly financial statements on October 1, 2018. Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

78. Answering Paragraph 78 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

79. Answering Paragraph 79 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

80. Answering Paragraph 80 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

81. Answering Paragraph 81 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

82. Answering Paragraph 82 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

83. Answering Paragraph 83 of the Complaint, Defendant states that there was a \$27.6 million-dollar receivable on the September 30, 2018 statement. Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

84. Answering Paragraph 84 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

85. Answering Paragraph 85 of the Complaint, Defendant denies the allegations contained

1 therein to the extent they assert that Lexicon committed any improper or wrongful
2 conduct, including withholding of any information from the Division. Defendant is
3 without sufficient knowledge or information to form a belief as to the truth or falsity of
4 the remaining allegations contained therein, and accordingly, those allegations are hereby
5 denied.

6 ***CTC'S Duties Owed to Spirit under the CTC Agreement***

7 86. Answering Paragraph 86 of the Complaint, Defendant is without sufficient knowledge or
8 information to form a belief as to the truth or falsity of the allegations contained therein,
9 and accordingly, those allegations are hereby denied.

10 87. Answering Paragraph 87 of the Complaint, Defendant is without sufficient knowledge or
11 information to form a belief as to the truth or falsity of the allegations contained therein,
12 and accordingly, those allegations are hereby denied.

13 88. Answering Paragraph 88 of the Complaint, Defendant is without sufficient knowledge or
14 information to form a belief as to the truth or falsity of the allegations contained therein,
15 and accordingly, those allegations are hereby denied.

16 89. Answering Paragraph 89 of the Complaint, Defendant is without sufficient knowledge or
17 information to form a belief as to the truth or falsity of the allegations contained therein,
18 and accordingly, those allegations are hereby denied.

19 90. Answering Paragraph 90 of the Complaint, Defendant is without sufficient knowledge or
20 information to form a belief as to the truth or falsity of the allegations contained therein,
21 and accordingly, those allegations are hereby denied.

22 ***Spirit's Certification of Authority is Suspended, and Spirit is Placed in Receivership***

23 91. Answering Paragraph 91 of the Complaint, Defendant denies the allegations contained
24 therein to the extent they are asserted against it. Defendant states that it is without
25 sufficient knowledge or information to form a belief as to the truth or falsity of the
26 remaining allegations contained therein, and accordingly, those allegations are hereby
27 denied.

28 92. Answering Paragraph 92 of the Complaint, Defendant is without sufficient knowledge or

1 information to form a belief as to the truth or falsity of the allegations contained therein,
2 and accordingly, those allegations are hereby denied.

3 93. Answering Paragraph 93 of the Complaint, Defendant is without sufficient knowledge or
4 information to form a belief as to the truth or falsity of the allegations contained therein,
5 and accordingly, those allegations are hereby denied.

6 94. Answering Paragraph 94 of the Complaint, Defendant states that Mulligan had resigned
7 as an officer or manager at Lexicon. Defendant states that Mulligan was never an officer
8 or manager of Lexicon. Defendant is without sufficient knowledge or information to
9 form a belief as to the truth or falsity of the remaining allegations contained therein, and
10 accordingly, those allegations are hereby denied.

11 95. Answering Paragraph 95 of the Complaint, Defendant is without sufficient knowledge or
12 information to form a belief as to the truth or falsity of the allegations contained therein,
13 and accordingly, those allegations are hereby denied.

14 96. Answering Paragraph 96 of the Complaint, Defendant is without sufficient knowledge or
15 information to form a belief as to the truth or falsity of the allegations contained therein,
16 and accordingly, those allegations are hereby denied.

17 97. Answering Paragraph 97 of the Complaint, Defendant is without sufficient knowledge or
18 information to form a belief as to the truth or falsity of the allegations contained therein,
19 and accordingly, those allegations are hereby denied.

20 98. Answering Paragraph 98 of the Complaint, Defendant is without sufficient knowledge or
21 information to form a belief as to the truth or falsity of the allegations contained therein,
22 and accordingly, those allegations are hereby denied.

23 99. Answering Paragraph 99 of the Complaint, Defendant denies the allegations contained
24 therein to the extent they are asserted against it. Defendant states that it is without
25 sufficient knowledge or information to form a belief as to the truth or falsity of the
26 remaining allegations contained therein, and accordingly, those allegations are hereby
27 denied.
28

CTC Fails to Collect and Pay to Spirit Premiums for policies Issued

100. Answering Paragraph 100 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

101. Answering Paragraph 101 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

102. Answering Paragraph 102 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

103. Answering Paragraph 103 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

104. Answering Paragraph 104 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

105. Answering Paragraph 105 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

106. Answering Paragraph 106 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

107. Answering Paragraph 107 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

108. Answering Paragraph 108 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

1 109. Answering Paragraph 109 of the Complaint, Defendant is without sufficient knowledge
2 or information to form a belief as to the truth or falsity of the allegations contained
3 therein, and accordingly, those allegations are hereby denied.

4 110. Answering Paragraph 110 of the Complaint, Defendant is without sufficient knowledge
5 or information to form a belief as to the truth or falsity of the allegations contained
6 therein, and accordingly, those allegations are hereby denied.

7 111. No allegations are asserted in this paragraph.

8 ***CTC Retroactively Reclassifies Uncollected Premiums***

9 112. Answering Paragraph 112 of the Complaint, Defendant is without sufficient knowledge
10 or information to form a belief as to the truth or falsity of the allegations contained
11 therein, and accordingly, those allegations are hereby denied.

12 113. Answering Paragraph 113 of the Complaint, Defendant is without sufficient knowledge
13 or information to form a belief as to the truth or falsity of the allegations contained
14 therein, and accordingly, those allegations are hereby denied.

15 114. Answering Paragraph 114 of the Complaint, Defendant is without sufficient knowledge
16 or information to form a belief as to the truth or falsity of the allegations contained
17 therein, and accordingly, those allegations are hereby denied.

18 115. Answering Paragraph 115 of the Complaint, Defendant is without sufficient knowledge
19 or information to form a belief as to the truth or falsity of the allegations contained
20 therein, and accordingly, those allegations are hereby denied.

21 116. Answering Paragraph 116 of the Complaint, Defendant is without sufficient knowledge
22 or information to form a belief as to the truth or falsity of the allegations contained
23 therein, and accordingly, those allegations are hereby denied.

24 117. Answering Paragraph 117 of the Complaint, Defendant is without sufficient knowledge
25 or information to form a belief as to the truth or falsity of the allegations contained
26 therein, and accordingly, those allegations are hereby denied.

27 118. Answering Paragraph 118 of the Complaint, Defendant is without sufficient knowledge
28 or information to form a belief as to the truth or falsity of the allegations contained

1 therein, and accordingly, those allegations are hereby denied.

2 119. Answering Paragraph 119 of the Complaint, Defendant is without sufficient knowledge
3 or information to form a belief as to the truth or falsity of the allegations contained
4 therein, and accordingly, those allegations are hereby denied.

5 120. Answering Paragraph 120 of the Complaint, Defendant is without sufficient knowledge
6 or information to form a belief as to the truth or falsity of the allegations contained
7 therein, and accordingly, those allegations are hereby denied.

8 121. Answering Paragraph 121 of the Complaint, Defendant is without sufficient knowledge
9 or information to form a belief as to the truth or falsity of the allegations contained
10 therein, and accordingly, those allegations are hereby denied.

11 122. Answering Paragraph 122 of the Complaint, Defendant is without sufficient knowledge
12 or information to form a belief as to the truth or falsity of the allegations contained
13 therein, and accordingly, those allegations are hereby denied.

14 123. Answering Paragraph 123 of the Complaint, Defendant is without sufficient knowledge
15 or information to form a belief as to the truth or falsity of the allegations contained
16 therein, and accordingly, those allegations are hereby denied.

17 124. Answering Paragraph 124 of the Complaint, Defendant is without sufficient knowledge
18 or information to form a belief as to the truth or falsity of the allegations contained
19 therein, and accordingly, those allegations are hereby denied.

20 125. Answering Paragraph 125 of the Complaint, Defendant is without sufficient knowledge
21 or information to form a belief as to the truth or falsity of the allegations contained
22 therein, and accordingly, those allegations are hereby denied.

23 126. Answering Paragraph 126 of the Complaint, Defendant is without sufficient knowledge
24 or information to form a belief as to the truth or falsity of the allegations contained
25 therein, and accordingly, those allegations are hereby denied.

26 127. Answering Paragraph 127 of the Complaint, Defendant is without sufficient knowledge
27 or information to form a belief as to the truth or falsity of the allegations contained
28 therein, and accordingly, those allegations are hereby denied.

- 1 128. Answering Paragraph 128 of the Complaint, Defendant is without sufficient knowledge
2 or information to form a belief as to the truth or falsity of the allegations contained
3 therein, and accordingly, those allegations are hereby denied.
- 4 ***Mulligan Dominated and Controlled the Affairs of CTC and Spirit and other Related Entities***
- 5 129. Answering Paragraph 129 of the Complaint, Defendant states that Mulligan was a
6 member of Lexicon and denies any remaining allegations contained therein to the extent
7 they are asserted it. Defendant is without sufficient knowledge or information to form a
8 belief as to the truth or falsity of the remaining allegations contained therein, and
9 accordingly, those allegations are hereby denied.
- 10 130. Answering Paragraph 130 of the Complaint, Defendant denies the allegations contained
11 therein to the extent they are asserted it. Defendant is without sufficient knowledge or
12 information to form a belief as to the truth or falsity of the remaining allegations
13 contained therein, and accordingly, those allegations are hereby denied.
- 14 131. Answering Paragraph 131 of the Complaint, Defendant denies the allegations contained
15 therein to the extent they are asserted against it. Defendant is without sufficient
16 knowledge or information to form a belief as to the truth or falsity of the allegations
17 contained therein, and accordingly, those allegations are hereby denied.
- 18 132. Answering Paragraph 132 of the Complaint, Defendant denies the allegations contained
19 therein to the extent they are asserted it. Defendant is without sufficient knowledge or
20 information to form a belief as to the truth or falsity of the remaining allegations
21 contained therein, and accordingly, those allegations are hereby denied.
- 22 133. Answering Paragraph 133 of the Complaint, Defendant is without sufficient knowledge
23 or information to form a belief as to the truth or falsity of the allegations contained
24 therein, and accordingly, those allegations are hereby denied.
- 25 134. Answering Paragraph 134 of the Complaint, Defendant is without sufficient knowledge
26 or information to form a belief as to the truth or falsity of the allegations contained
27 therein, and accordingly, those allegations are hereby denied.
- 28 135. Answering Paragraph 135 of the Complaint, Defendant is without sufficient knowledge

1 or information to form a belief as to the truth or falsity of the allegations contained
2 therein, and accordingly, those allegations are hereby denied.

3 136. Answering Paragraph 136 of the Complaint, Defendant is without sufficient knowledge
4 or information to form a belief as to the truth or falsity of the allegations contained
5 therein, and accordingly, those allegations are hereby denied.

6 137. Answering Paragraph 137 of the Complaint, Defendant is without sufficient knowledge
7 or information to form a belief as to the truth or falsity of the allegations contained
8 therein, and accordingly, those allegations are hereby denied.

9 138. Answering Paragraph 138 of the Complaint, Defendant is without sufficient knowledge
10 or information to form a belief as to the truth or falsity of the allegations contained
11 therein, and accordingly, those allegations are hereby denied.

12 139. Answering Paragraph 139 of the Complaint, Defendant is without sufficient knowledge
13 or information to form a belief as to the truth or falsity of the allegations contained
14 therein, and accordingly, those allegations are hereby denied.

15 140. Answering Paragraph 140 of the Complaint, Defendant is without sufficient knowledge
16 or information to form a belief as to the truth or falsity of the allegations contained
17 therein, and accordingly, those allegations are hereby denied.

18 ***Criterion and 10-4 Preferred Managers Harm to Spirit***

19 141. Answering Paragraph 141 of the Complaint, Defendant is without sufficient knowledge
20 or information to form a belief as to the truth or falsity of the allegations contained
21 therein, and accordingly, those allegations are hereby denied.

22 142. Answering Paragraph 142 of the Complaint, Defendant is without sufficient knowledge
23 or information to form a belief as to the truth or falsity of the allegations contained
24 therein, and accordingly, those allegations are hereby denied.

25 143. Answering Paragraph 143 of the Complaint, Defendant is without sufficient knowledge
26 or information to form a belief as to the truth or falsity of the allegations contained
27 therein, and accordingly, those allegations are hereby denied.

28 144. Answering Paragraph 144 of the Complaint, Defendant is without sufficient knowledge

- 1 or information to form a belief as to the truth or falsity of the allegations contained
2 therein, and accordingly, those allegations are hereby denied.
- 3 145. Answering Paragraph 145 of the Complaint, Defendant is without sufficient knowledge
4 or information to form a belief as to the truth or falsity of the allegations contained
5 therein, and accordingly, those allegations are hereby denied.
- 6 146. Answering Paragraph 146 of the Complaint, Defendant is without sufficient knowledge
7 or information to form a belief as to the truth or falsity of the allegations contained
8 therein, and accordingly, those allegations are hereby denied.
- 9 147. Answering Paragraph 147 of the Complaint, Defendant is without sufficient knowledge
10 or information to form a belief as to the truth or falsity of the allegations contained
11 therein, and accordingly, those allegations are hereby denied.
- 12 148. Answering Paragraph 148 of the Complaint, Defendant is without sufficient knowledge
13 or information to form a belief as to the truth or falsity of the allegations contained
14 therein, and accordingly, those allegations are hereby denied.
- 15 149. Answering Paragraph 149 of the Complaint, Defendant denies the allegations contained
16 therein to the extent they are asserted it. Defendant is without sufficient knowledge or
17 information to form a belief as to the truth or falsity of the remaining allegations
18 contained therein, and accordingly, those allegations are hereby denied.
- 19 150. Answering Paragraph 150 of the Complaint, Defendant is without sufficient knowledge
20 or information to form a belief as to the truth or falsity of the allegations contained
21 therein, and accordingly, those allegations are hereby denied.
- 22 151. Answering Paragraph 151 of the Complaint, Defendant is without sufficient knowledge
23 or information to form a belief as to the truth or falsity of the allegations contained
24 therein, and accordingly, those allegations are hereby denied.
- 25 152. Answering Paragraph 152 of the Complaint, Defendant is without sufficient knowledge
26 or information to form a belief as to the truth or falsity of the allegations contained
27 therein, and accordingly, those allegations are hereby denied.
- 28 153. Answering Paragraph 153 of the Complaint, Defendant is without sufficient knowledge

1 or information to form a belief as to the truth or falsity of the allegations contained
2 therein, and accordingly, those allegations are hereby denied.

3 154. Answering Paragraph 154 of the Complaint, Defendant is without sufficient knowledge
4 or information to form a belief as to the truth or falsity of the allegations contained
5 therein, and accordingly, those allegations are hereby denied.

6 155. Answering Paragraph 155 of the Complaint, Defendant is without sufficient knowledge
7 or information to form a belief as to the truth or falsity of the allegations contained
8 therein, and accordingly, those allegations are hereby denied.

9 156. Answering Paragraph 156 of the Complaint, Defendant is without sufficient knowledge
10 or information to form a belief as to the truth or falsity of the allegations contained
11 therein, and accordingly, those allegations are hereby denied.

12 157. Answering Paragraph 157 of the Complaint, Defendant is without sufficient knowledge
13 or information to form a belief as to the truth or falsity of the allegations contained
14 therein, and accordingly, those allegations are hereby denied.

15 158. Answering Paragraph 158 of the Complaint, Defendant is without sufficient knowledge
16 or information to form a belief as to the truth or falsity of the allegations contained
17 therein, and accordingly, those allegations are hereby denied.

18 159. Answering Paragraph 159 of the Complaint, Defendant is without sufficient knowledge
19 or information to form a belief as to the truth or falsity of the allegations contained
20 therein, and accordingly, those allegations are hereby denied.

21 ***Chelsea Finical Harm to Spirit***

22 160. Answering Paragraph 160 of the Complaint, Defendant is without sufficient knowledge
23 or information to form a belief as to the truth or falsity of the allegations contained
24 therein, and accordingly, those allegations are hereby denied.

25 161. Answering Paragraph 161 of the Complaint, Defendant is without sufficient knowledge
26 or information to form a belief as to the truth or falsity of the allegations contained
27 therein, and accordingly, those allegations are hereby denied.

28 162. Answering Paragraph 162 of the Complaint, Defendant is without sufficient knowledge

1 or information to form a belief as to the truth or falsity of the allegations contained
2 therein, and accordingly, those allegations are hereby denied.

3 163. Answering Paragraph 163 of the Complaint, Defendant is without sufficient knowledge
4 or information to form a belief as to the truth or falsity of the allegations contained
5 therein, and accordingly, those allegations are hereby denied.

6 164. Answering Paragraph 164 of the Complaint, Defendant is without sufficient knowledge
7 or information to form a belief as to the truth or falsity of the allegations contained
8 therein, and accordingly, those allegations are hereby denied.

9 165. Answering Paragraph 165 of the Complaint, Defendant is without sufficient knowledge
10 or information to form a belief as to the truth or falsity of the allegations contained
11 therein, and accordingly, those allegations are hereby denied.

12 166. Answering Paragraph 166 of the Complaint, Defendant is without sufficient knowledge
13 or information to form a belief as to the truth or falsity of the allegations contained
14 therein, and accordingly, those allegations are hereby denied.

15 167. Answering Paragraph 167 of the Complaint, Defendant is without sufficient knowledge
16 or information to form a belief as to the truth or falsity of the allegations contained
17 therein, and accordingly, those allegations are hereby denied.

18 168. Answering Paragraph 168 of the Complaint, Defendant is without sufficient knowledge
19 or information to form a belief as to the truth or falsity of the allegations contained
20 therein, and accordingly, those allegations are hereby denied.

21 169. Answering Paragraph 169 of the Complaint, Defendant is without sufficient knowledge
22 or information to form a belief as to the truth or falsity of the allegations contained
23 therein, and accordingly, those allegations are hereby denied.

24 170. Answering Paragraph 170 of the Complaint, Defendant is without sufficient knowledge
25 or information to form a belief as to the truth or falsity of the allegations contained
26 therein, and accordingly, those allegations are hereby denied.

27 171. Answering Paragraph 171 of the Complaint, Defendant is without sufficient knowledge
28 or information to form a belief as to the truth or falsity of the allegations contained

therein, and accordingly, those allegations are hereby denied.

172. Answering Paragraph 172 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

173. Answering Paragraph 173 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

174. Answering Paragraph 174 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

Lexicon Insurance Management LLC Harm to Spirit

175. Answering Paragraph 175 of the Complaint, Defendant states that it provided certain management services to Spirit and denies that the allegations accurately represents the scope of Defendant's work for Spirit.

176. Answering Paragraph 176 of the Complaint, Defendant states that it provided certain management services to Spirit. Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the remaining allegations contained therein as a copy of the referenced document is not attached, and accordingly, those allegations are hereby denied.

177. Answering Paragraph 177 of the Complaint, Defendant states that it provided the requisite and accurate information to the Division as the Division may require, and denies any allegations contained therein which are inconsistent with the information submitted to the Division.

178. Answering Paragraph 178 of the Complaint, Defendant denies that it and George were part of any alleged effort to conceal information from the Division. Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the remaining allegations contained therein, and accordingly, those allegations are hereby denied.

1 179. Answering Paragraph 179 of the Complaint, Defendant denies the allegations contained
2 therein.

3 180. Answering Paragraph 180 of the Complaint, Defendant denies the allegations contained
4 therein.

5 181. Answering Paragraph 181 of the Complaint, Defendant denies the allegations contained
6 therein.

7 182. Answering Paragraph 182 of the Complaint, Defendant denies the allegations contained
8 therein to the extent they are asserted it and George. Defendant is without sufficient
9 knowledge or information to form a belief as to the truth or falsity of the remaining
10 allegations contained therein, and accordingly, those allegations are hereby denied.

11 183. Answering Paragraph 183 of the Complaint, Defendant denies the allegations contained
12 therein.

13 184. Answering Paragraph 184 of the Complaint, Defendant denies the allegations contained
14 therein.

15 185. Answering Paragraph 185 of the Complaint, Defendant denies the allegations contained
16 therein.

17 186. Answering Paragraph 186 of the Complaint, Defendant is without sufficient knowledge
18 or information to form a belief as to the truth or falsity of the allegations contained
19 therein, and accordingly, those allegations are hereby denied.

20 ***Spirit's "Investments" in New Tech Capital LLC for Mulligan's Personal Benefit***

21 187. Answering Paragraph 187 of the Complaint, Defendant is without sufficient knowledge
22 or information to form a belief as to the truth or falsity of the allegations contained
23 therein, and accordingly, those allegations are hereby denied.

24 188. Answering Paragraph 188 of the Complaint, Defendant is without sufficient knowledge
25 or information to form a belief as to the truth or falsity of the allegations contained
26 therein, and accordingly, those allegations are hereby denied.

27 189. Answering Paragraph 189 of the Complaint, Defendant is without sufficient knowledge
28 or information to form a belief as to the truth or falsity of the allegations contained

therein, and accordingly, those allegations are hereby denied.

190. Answering Paragraph 190 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

191. Answering Paragraph 191 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

Other Significant Findings of Spirit's Former Auditor

192. Answering Paragraph 192 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

193. Answering Paragraph 193 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

194. Answering Paragraph 194 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

195. Answering Paragraph 195 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

196. Answering Paragraph 196 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

The Officers and Directors of Spirit Failed to govern the Company Appropriately

197. Answering Paragraph 197 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

198. Answering Paragraph 198 of the Complaint, Defendant is without sufficient knowledge

- 1 or information to form a belief as to the truth or falsity of the allegations contained
2 therein, and accordingly, those allegations are hereby denied.
- 3 199. Answering Paragraph 199 of the Complaint, Defendant is without sufficient knowledge
4 or information to form a belief as to the truth or falsity of the allegations contained
5 therein, and accordingly, those allegations are hereby denied.
- 6 200. Answering Paragraph 200 of the Complaint, Defendant is without sufficient knowledge
7 or information to form a belief as to the truth or falsity of the allegations contained
8 therein, and accordingly, those allegations are hereby denied.
- 9 201. Answering Paragraph 201 of the Complaint, Defendant denies the allegations contained
10 therein to the extent they are asserted it. Defendant is without sufficient knowledge or
11 information to form a belief as to the truth or falsity of the remaining allegations
12 contained therein, and accordingly, those allegations are hereby denied.
- 13 202. Answering Paragraph 202 of the Complaint, Defendant is without sufficient knowledge
14 or information to form a belief as to the truth or falsity of the allegations contained
15 therein, and accordingly, those allegations are hereby denied.
- 16 203. Answering Paragraph 203 of the Complaint, Defendant is without sufficient knowledge
17 or information to form a belief as to the truth or falsity of the allegations contained
18 therein, and accordingly, those allegations are hereby denied.
- 19 204. Answering Paragraph 204 of the Complaint, Defendant is without sufficient knowledge
20 or information to form a belief as to the truth or falsity of the allegations contained
21 therein, and accordingly, those allegations are hereby denied.
- 22 205. Answering Paragraph 205 of the Complaint, Defendant is without sufficient knowledge
23 or information to form a belief as to the truth or falsity of the allegations contained
24 therein, and accordingly, those allegations are hereby denied.
- 25 206. Answering Paragraph 206 of the Complaint, Defendant is without sufficient knowledge
26 or information to form a belief as to the truth or falsity of the allegations contained
27 therein, and accordingly, those allegations are hereby denied.
- 28 207. Answering Paragraph 207 of the Complaint, Defendant is without sufficient knowledge

1 or information to form a belief as to the truth or falsity of the allegations contained
2 therein, and accordingly, those allegations are hereby denied.

3 208. Answering Paragraph 208 of the Complaint, Defendant is without sufficient knowledge
4 or information to form a belief as to the truth or falsity of the allegations contained
5 therein, and accordingly, those allegations are hereby denied.aw

6 209. Answering Paragraph 209 of the Complaint, Defendant is without sufficient knowledge
7 or information to form a belief as to the truth or falsity of the allegations contained
8 therein, and accordingly, those allegations are hereby denied.

9 210. Answering Paragraph 210 of the Complaint, Defendant is without sufficient knowledge
10 or information to form a belief as to the truth or falsity of the allegations contained
11 therein, and accordingly, those allegations are hereby denied.

12 211. Answering Paragraph 211 of the Complaint, Defendant is without sufficient knowledge
13 or information to form a belief as to the truth or falsity of the allegations contained
14 therein, and accordingly, those allegations are hereby denied.

15 212. Answering Paragraph 212 of the Complaint, Defendant is without sufficient knowledge
16 or information to form a belief as to the truth or falsity of the allegations contained
17 therein, and accordingly, those allegations are hereby denied.

18 213. Answering Paragraph 213 of the Complaint, Defendant is without sufficient knowledge
19 or information to form a belief as to the truth or falsity of the allegations contained
20 therein, and accordingly, those allegations are hereby denied.

21 214. Answering Paragraph 214 of the Complaint, Defendant denies the allegations contained
22 therein to the extent they are asserted it. Defendant is without sufficient knowledge or
23 information to form a belief as to the truth or falsity of the remaining allegations
24 contained therein, and accordingly, those allegations are hereby denied.

25 215. Answering Paragraph 215 of the Complaint, Defendant denies the allegations contained
26 therein to the extent they are asserted it. Defendant is without sufficient knowledge or
27 information to form a belief as to the truth or falsity of the remaining allegations
28 contained therein, and accordingly, those allegations are hereby denied.

1 216. Answering Paragraph 216 of the Complaint, Defendant is without sufficient knowledge
2 or information to form a belief as to the truth or falsity of the allegations contained
3 therein, and accordingly, those allegations are hereby denied.

4 217. Answering Paragraph 217 of the Complaint, Defendant is without sufficient knowledge
5 or information to form a belief as to the truth or falsity of the allegations contained
6 therein, and accordingly, those allegations are hereby denied.

7 218. Answering Paragraph 218 of the Complaint, Defendant is without sufficient knowledge
8 or information to form a belief as to the truth or falsity of the allegations contained
9 therein, and accordingly, those allegations are hereby denied.

10 219. Answering Paragraph 219 of the Complaint, Defendant is without sufficient knowledge
11 or information to form a belief as to the truth or falsity of the allegations contained
12 therein, and accordingly, those allegations are hereby denied.

13 220. Answering Paragraph 220 of the Complaint, Defendant is without sufficient knowledge
14 or information to form a belief as to the truth or falsity of the allegations contained
15 therein, and accordingly, those allegations are hereby denied.

16 221. Answering Paragraph 221 of the Complaint, Defendant is without sufficient knowledge
17 or information to form a belief as to the truth or falsity of the allegations contained
18 therein, and accordingly, those allegations are hereby denied.

19 222. Answering Paragraph 222 of the Complaint, Defendant is without sufficient knowledge
20 or information to form a belief as to the truth or falsity of the allegations contained
21 therein, and accordingly, those allegations are hereby denied.

22 223. Answering Paragraph 223 of the Complaint, Defendant denies the allegations contained
23 therein to the extent they are asserted it. Defendant is without sufficient knowledge or
24 information to form a belief as to the truth or falsity of the remaining allegations
25 contained therein, and accordingly, those allegations are hereby denied.

26 ***The Other Individual Defendants' Roles in the Scheme to Divert Funds to the Mulligan***
27 ***Enterprise***

28 224. Answering Paragraph 224 of the Complaint, Defendant is without sufficient knowledge

1 or information to form a belief as to the truth or falsity of the allegations contained
2 therein, and accordingly, those allegations are hereby denied.

3 225. Answering Paragraph 225 of the Complaint, Defendant is without sufficient knowledge
4 or information to form a belief as to the truth or falsity of the allegations contained
5 therein, and accordingly, those allegations are hereby denied.

6 226. Answering Paragraph 226 of the Complaint, Defendant denies the allegations contained
7 therein to the extent they are asserted it. Defendant is without sufficient knowledge or
8 information to form a belief as to the truth or falsity of the remaining allegations
9 contained therein, and accordingly, those allegations are hereby denied.

10 227. Answering Paragraph 227 of the Complaint, Defendant denies the allegations contained
11 therein to the extent they are asserted it. Defendant is without sufficient knowledge or
12 information to form a belief as to the truth or falsity of the remaining allegations
13 contained therein, and accordingly, those allegations are hereby denied.

14 228. Answering Paragraph 228 of the Complaint, Defendant is without sufficient knowledge
15 or information to form a belief as to the truth or falsity of the allegations contained
16 therein, and accordingly, those allegations are hereby denied.

17 229. Answering Paragraph 229 of the Complaint, Defendant is without sufficient knowledge
18 or information to form a belief as to the truth or falsity of the allegations contained
19 therein, and accordingly, those allegations are hereby denied.

20 230. Answering Paragraph 230 of the Complaint, Defendant is without sufficient knowledge
21 or information to form a belief as to the truth or falsity of the allegations contained
22 therein, and accordingly, those allegations are hereby denied.

23 231. Answering Paragraph 231 of the Complaint, Defendant is without sufficient knowledge
24 or information to form a belief as to the truth or falsity of the allegations contained
25 therein, and accordingly, those allegations are hereby denied.

26 232. Answering Paragraph 232 of the Complaint, Defendant is without sufficient knowledge
27 or information to form a belief as to the truth or falsity of the allegations contained
28 therein, and accordingly, those allegations are hereby denied.

1 233. Answering Paragraph 233 of the Complaint, Defendant is without sufficient knowledge
2 or information to form a belief as to the truth or falsity of the allegations contained
3 therein, and accordingly, those allegations are hereby denied.

4 234. Answering Paragraph 234 of the Complaint, Defendant denies the allegations contained
5 therein.

6 235. Answering Paragraph 235 of the Complaint, Defendant denies the allegations contained
7 therein.

8 236. Answering Paragraph 236 of the Complaint, Defendant is without sufficient knowledge
9 or information to form a belief as to the truth or falsity of the allegations contained
10 therein, and accordingly, those allegations are hereby denied.

11 237. Answering Paragraph 237 of the Complaint, Defendant is without sufficient knowledge
12 or information to form a belief as to the truth or falsity of the allegations contained
13 therein, and accordingly, those allegations are hereby denied.

14 238. Answering Paragraph 238 of the Complaint, Defendant is without sufficient knowledge
15 or information to form a belief as to the truth or falsity of the allegations contained
16 therein, and accordingly, those allegations are hereby denied.

17 239. Answering Paragraph 239 of the Complaint, Defendant is without sufficient knowledge
18 or information to form a belief as to the truth or falsity of the allegations contained
19 therein, and accordingly, those allegations are hereby denied.

20 240. Answering Paragraph 240 of the Complaint, Defendant is without sufficient knowledge
21 or information to form a belief as to the truth or falsity of the allegations contained
22 therein, and accordingly, those allegations are hereby denied.

23 ***Deficiencies in CTC's Books and Records***

24 241. Answering Paragraph 241 of the Complaint, Defendant is without sufficient knowledge
25 or information to form a belief as to the truth or falsity of the allegations contained
26 therein, and accordingly, those allegations are hereby denied.

27 242. Answering Paragraph 242 of the Complaint, Defendant is without sufficient knowledge
28 or information to form a belief as to the truth or falsity of the allegations contained

1 therein, and accordingly, those allegations are hereby denied.

2 243. Answering Paragraph 243 of the Complaint, Defendant is without sufficient knowledge
3 or information to form a belief as to the truth or falsity of the allegations contained
4 therein, and accordingly, those allegations are hereby denied.

5 244. Answering Paragraph 244 of the Complaint, Defendant is without sufficient knowledge
6 or information to form a belief as to the truth or falsity of the allegations contained
7 therein, and accordingly, those allegations are hereby denied.

8 245. Answering Paragraph 245 of the Complaint, Defendant is without sufficient knowledge
9 or information to form a belief as to the truth or falsity of the allegations contained
10 therein, and accordingly, those allegations are hereby denied.

11 246. Answering Paragraph 246 of the Complaint, Defendant is without sufficient knowledge
12 or information to form a belief as to the truth or falsity of the allegations contained
13 therein, and accordingly, those allegations are hereby denied.

14 247. Answering Paragraph 247 of the Complaint, Defendant is without sufficient knowledge
15 or information to form a belief as to the truth or falsity of the allegations contained
16 therein, and accordingly, those allegations are hereby denied.

17 248. Answering Paragraph 248 of the Complaint, Defendant is without sufficient knowledge
18 or information to form a belief as to the truth or falsity of the allegations contained
19 therein, and accordingly, those allegations are hereby denied.

20 249. Answering Paragraph 249 of the Complaint, Defendant is without sufficient knowledge
21 or information to form a belief as to the truth or falsity of the allegations contained
22 therein, and accordingly, those allegations are hereby denied.

23 250. Answering Paragraph 250 of the Complaint, Defendant is without sufficient knowledge
24 or information to form a belief as to the truth or falsity of the allegations contained
25 therein, and accordingly, those allegations are hereby denied.

26 251. Answering Paragraph 251 of the Complaint, Defendant is without sufficient knowledge
27 or information to form a belief as to the truth or falsity of the allegations contained
28 therein, and accordingly, those allegations are hereby denied.

1 252. Answering Paragraph 252 of the Complaint, Defendant is without sufficient knowledge
2 or information to form a belief as to the truth or falsity of the allegations contained
3 therein, and accordingly, those allegations are hereby denied.

4 253. Answering Paragraph 253 of the Complaint, Defendant is without sufficient knowledge
5 or information to form a belief as to the truth or falsity of the allegations contained
6 therein, and accordingly, those allegations are hereby denied.

7 254. Answering Paragraph 254 of the Complaint, Defendant is without sufficient knowledge
8 or information to form a belief as to the truth or falsity of the allegations contained
9 therein, and accordingly, those allegations are hereby denied.

10 ***Improper Fund Transfers and Improper Transactions***

11 255. Answering Paragraph 255 of the Complaint, Defendant is without sufficient knowledge
12 or information to form a belief as to the truth or falsity of the allegations contained
13 therein, and accordingly, those allegations are hereby denied.

14 256. Answering Paragraph 256 of the Complaint, Defendant is without sufficient knowledge
15 or information to form a belief as to the truth or falsity of the allegations contained
16 therein, and accordingly, those allegations are hereby denied.

17 257. Answering Paragraph 257 of the Complaint, Defendant is without sufficient knowledge
18 or information to form a belief as to the truth or falsity of the allegations contained
19 therein, and accordingly, those allegations are hereby denied.

20 258. Answering Paragraph 258 of the Complaint, Defendant is without sufficient knowledge
21 or information to form a belief as to the truth or falsity of the allegations contained
22 therein, and accordingly, those allegations are hereby denied.

23 259. Answering Paragraph 259 of the Complaint, Defendant is without sufficient knowledge
24 or information to form a belief as to the truth or falsity of the allegations contained
25 therein, and accordingly, those allegations are hereby denied.

26 260. Answering Paragraph 260 of the Complaint, Defendant is without sufficient knowledge
27 or information to form a belief as to the truth or falsity of the allegations contained
28 therein, and accordingly, those allegations are hereby denied.

1 261. Answering Paragraph 261 of the Complaint, Defendant is without sufficient knowledge
2 or information to form a belief as to the truth or falsity of the allegations contained
3 therein, and accordingly, those allegations are hereby denied.

4 262. Answering Paragraph 262 of the Complaint, Defendant denies the allegations contained
5 therein to the extent they are asserted it. Defendant is without sufficient knowledge or
6 information to form a belief as to the truth or falsity of the remaining allegations
7 contained therein, and accordingly, those allegations are hereby denied.

8 **FIRST CAUSE OF ACTION**

9 **(Breach of Contract, as Against CTC)**

10 263. Answering Paragraph 263 of the Complaint, Defendant repeats and realleges its answers
11 and responses in the preceding paragraphs as if more fully set forth herein, and thereby
12 incorporate them by reference.

13 264. Answering Paragraph 264 of the Complaint, Defendant is without sufficient knowledge
14 or information to form a belief as to the truth or falsity of the allegations contained
15 therein, and accordingly, those allegations are hereby denied.

16 265. Answering Paragraph 265 of the Complaint, Defendant is without sufficient knowledge
17 or information to form a belief as to the truth or falsity of the allegations contained
18 therein, and accordingly, those allegations are hereby denied.

19 266. Answering Paragraph 266 of the Complaint, Defendant is without sufficient knowledge
20 or information to form a belief as to the truth or falsity of the allegations contained
21 therein, and accordingly, those allegations are hereby denied.

22 267. Answering Paragraph 267 of the Complaint, Defendant is without sufficient knowledge
23 or information to form a belief as to the truth or falsity of the allegations contained
24 therein, and accordingly, those allegations are hereby denied.

25 268. .Answering Paragraph 268 of the Complaint, Defendant is without sufficient knowledge
26 or information to form a belief as to the truth or falsity of the allegations contained
27 therein, and accordingly, those allegations are hereby denied.

28

SECOND CAUSE OF ACTION

(Breach of Contract as Against Lexicon)

269. Answering Paragraph 269 of the Complaint, Defendant repeats and realleges its answers and responses in the preceding paragraphs as if more fully set forth herein, and thereby incorporate them by reference.
270. Answering Paragraph 270 of the Complaint, Defendant states that it provided certain management services to Spirit and denies the remaining allegations to the extent they are inconsistent with the scope of Defendant's retention.
271. Answering Paragraph 271 of the Complaint, Defendant denies the allegations contained therein.
272. Answering Paragraph 272 of the Complaint, Defendant denies the allegations contained therein.
273. Answering Paragraph 273 of the Complaint, Defendant denies the allegations contained therein.

THIRD CAUSE OF ACTION

(Breach of Contract as Against Criterion)

274. Answering Paragraph 274 of the Complaint, Defendant repeats and realleges its answers and responses in the preceding paragraphs as if more fully set forth herein, and thereby incorporate them by reference.
275. Answering Paragraph 275 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.
276. Answering Paragraph 276 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.
277. Answering Paragraph 277 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

1 278. Answering Paragraph 278 of the Complaint, Defendant is without sufficient knowledge
2 or information to form a belief as to the truth or falsity of the allegations contained
3 therein, and accordingly, those allegations are hereby denied.

4 279. Answering Paragraph 279 of the Complaint, Defendant is without sufficient knowledge
5 or information to form a belief as to the truth or falsity of the allegations contained
6 therein, and accordingly, those allegations are hereby denied.

7 **FOURTH CAUSE OF ACTION**

8 **(Breach of Contract as Against the Spirit Director Defendants)**

9 280. Answering Paragraph 280 of the Complaint, Defendant repeats and realleges its answers
10 and responses in the preceding paragraphs as if more fully set forth herein, and thereby
11 incorporate them by reference.

12 281. Answering Paragraph 281 of the Complaint, Defendant is without sufficient knowledge
13 or information to form a belief as to the truth or falsity of the allegations contained
14 therein, and accordingly, those allegations are hereby denied.

15 282. Answering Paragraph 282 of the Complaint, Defendant is without sufficient knowledge
16 or information to form a belief as to the truth or falsity of the allegations contained
17 therein, and accordingly, those allegations are hereby denied.

18 283. Answering Paragraph 283 of the Complaint, Defendant is without sufficient knowledge
19 or information to form a belief as to the truth or falsity of the allegations contained
20 therein, and accordingly, those allegations are hereby denied.

21 284. Answering Paragraph 284 of the Complaint, Defendant is without sufficient knowledge
22 or information to form a belief as to the truth or falsity of the allegations contained
23 therein, and accordingly, those allegations are hereby denied.

24 285. Answering Paragraph 285 of the Complaint, Defendant is without sufficient knowledge
25 or information to form a belief as to the truth or falsity of the allegations contained
26 therein, and accordingly, those allegations are hereby denied.

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FIFTH CAUSE OF ACTION

(Breach of Fiduciary Duty as Against CTC and Lexicon)

286. Answering Paragraph 286 of the Complaint, Defendant repeats and realleges its answers and responses in the preceding paragraphs as if more fully set forth herein, and thereby incorporate them by reference.
287. Answering Paragraph 287 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.
288. Answering Paragraph 288 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.
289. Answering Paragraph 289 of the Complaint, Defendant denies the allegations contained therein.
290. Answering Paragraph 290 of the Complaint, Defendant denies the allegations contained therein to the extent they are asserted against it. Defendant states that it is without sufficient knowledge or information to form a belief as to the truth or falsity of the remaining allegations contained therein, and accordingly, those allegations are hereby denied.
291. Answering Paragraph 291 of the Complaint, Defendant denies the allegations contained therein to the extent they are asserted against it. Defendant states that it is without sufficient knowledge or information to form a belief as to the truth or falsity of the remaining allegations contained therein, and accordingly, those allegations are hereby denied.
292. Answering Paragraph 292 of the Complaint, Defendant denies the allegations contained therein to the extent they are asserted against it. Defendant states that it is without sufficient knowledge or information to form a belief as to the truth or falsity of the remaining allegations contained therein, and accordingly, those allegations are hereby denied.

SIXTH CAUSE OF ACTION

(Breach of Fiduciary Duty as Against the Spirit Director Defendants)

293. Answering Paragraph 293 of the Complaint, Defendant repeats and realleges its answers and responses in the preceding paragraphs as if more fully set forth herein, and thereby incorporate them by reference.

294. Answering Paragraph 294 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

295. Answering Paragraph 295 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

296. Answering Paragraph 296 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

297. Answering Paragraph 297 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

298. Answering Paragraph 298 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

299. Answering Paragraph 299 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

SEVENTH CAUSE OF ACTION

(Breach of the Implied Covenant of Good Faith and Fair Dealing – Tortious as Against CTC and Lexicon)

300. Answering Paragraph 300 of the Complaint, Defendant repeats and realleges its answers and responses in the preceding paragraphs as if more fully set forth herein, and thereby

1 incorporate them by reference.

2 301. Answering Paragraph 301 of the Complaint, Defendant is without sufficient knowledge
3 or information to form a belief as to the truth or falsity of the allegations contained
4 therein, and accordingly, those allegations are hereby denied.

5 302. Answering Paragraph 302 of the Complaint, Defendant is without sufficient knowledge
6 or information to form a belief as to the truth or falsity of the allegations contained
7 therein, and accordingly, those allegations are hereby denied.

8 303. Answering Paragraph 303 of the Complaint, Defendant is without sufficient knowledge
9 or information to form a belief as to the truth or falsity of the allegations contained
10 therein, and accordingly, those allegations are hereby denied.

11 304. Answering Paragraph 304 of the Complaint, Defendant is without sufficient knowledge
12 or information to form a belief as to the truth or falsity of the allegations contained
13 therein, and accordingly, those allegations are hereby denied.

14 305. Answering Paragraph 305 of the Complaint, Defendant denies the allegations contained
15 therein to the extent they are asserted against it. Defendant states that it is without
16 sufficient knowledge or information to form a belief as to the truth or falsity of the
17 remaining allegations contained therein, and accordingly, those allegations are hereby
18 denied.

19 306. Answering Paragraph 306 of the Complaint, Defendant denies the allegations contained
20 therein to the extent they are asserted against it. Defendant states that it is without
21 sufficient knowledge or information to form a belief as to the truth or falsity of the
22 remaining allegations contained therein, and accordingly, those allegations are hereby
23 denied.

24 307. Answering Paragraph 307 of the Complaint, Defendant is without sufficient knowledge
25 or information to form a belief as to the truth or falsity of the allegations contained
26 therein, and accordingly, those allegations are hereby denied.

27 308. Answering Paragraph 308 of the Complaint, Defendant denies the allegations contained
28 therein.

1 309. Answering Paragraph 309 of the Complaint, Defendant denies the allegations contained
2 therein to the extent they are asserted against it. Defendant states that it is without
3 sufficient knowledge or information to form a belief as to the truth or falsity of the
4 remaining allegations contained therein, and accordingly, those allegations are hereby
5 denied.

6 310. Answering Paragraph 310 of the Complaint, Defendant denies the allegations contained
7 therein to the extent they are asserted against it. Defendant states that it is without
8 sufficient knowledge or information to form a belief as to the truth or falsity of the
9 remaining allegations contained therein, and accordingly, those allegations are hereby
10 denied.

11 **EIGHTH CAUSE OF ACTION**

12 **(Breach of the Implied Covenant of Good Faith and Fair Dealing – Contract as Against**
13 **CTC and Lexicon)**

14 311. Answering Paragraph 311 of the Complaint, Defendant repeats and realleges its answers
15 and responses in the preceding paragraphs as if more fully set forth herein, and thereby
16 incorporate them by reference.

17 312. Answering Paragraph 312 of the Complaint, Defendant is without sufficient knowledge
18 or information to form a belief as to the truth or falsity of the allegations contained
19 therein, and accordingly, those allegations are hereby denied.

20 313. Answering Paragraph 313 of the Complaint, Defendant is without sufficient knowledge
21 or information to form a belief as to the truth or falsity of the remaining allegations
22 contained therein, and accordingly, those allegations are hereby denied.

23 314. Answering Paragraph 314 of the Complaint, Defendant is without sufficient knowledge
24 or information to form a belief as to the truth or falsity of the allegations contained
25 therein, and accordingly, those allegations are hereby denied.

26 315. Answering Paragraph 315 of the Complaint, Defendant denies the allegations contained
27 therein to the extent they are asserted against it. Defendant states that it is without
28 sufficient knowledge or information to form a belief as to the truth or falsity of the

1 remaining allegations contained therein, and accordingly, those allegations are hereby
2 denied.

3 316. Answering Paragraph 316 of the Complaint, Defendant denies the allegations contained
4 therein to the extent they are asserted against it. Defendant states that it is without
5 sufficient knowledge or information to form a belief as to the truth or falsity of the
6 remaining allegations contained therein, and accordingly, those allegations are hereby
7 denied.

8 317. Answering Paragraph 317 of the Complaint, Defendant is without sufficient knowledge
9 or information to form a belief as to the truth or falsity of the allegations contained
10 therein, and accordingly, those allegations are hereby denied.

11 318. Answering Paragraph 318 of the Complaint, Defendant denies the allegations contained
12 therein.

13 319. Answering Paragraph 319 of the Complaint, Defendant denies the allegations contained
14 therein to the extent they are asserted against it. Defendant states that it is without
15 sufficient knowledge or information to form a belief as to the truth or falsity of the
16 remaining allegations contained therein, and accordingly, those allegations are hereby
17 denied.

18 **NINTH CAUSE IF ACTION**

19 **(Breach of the Implied Covenant of Good Faith and Fair Dealing – Contract as Against**
20 **Criterion)**

21 320. Answering Paragraph 320 of the Complaint, Defendant repeats and realleges its answers
22 and responses in the preceding paragraphs as if more fully set forth herein, and thereby
23 incorporate them by reference.

24 321. Answering Paragraph 321 of the Complaint, Defendant is without sufficient knowledge
25 or information to form a belief as to the truth or falsity of the allegations contained
26 therein, and accordingly, those allegations are hereby denied.

27 322. Answering Paragraph 322 of the Complaint, Defendant is without sufficient knowledge
28 or information to form a belief as to the truth or falsity of the allegations contained

therein, and accordingly, those allegations are hereby denied.

323. Answering Paragraph 323 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

324. Answering Paragraph 324 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

325. Answering Paragraph 325 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

326. Answering Paragraph 326 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.

TENTH CAUSE OF ACTION

(Nevada RICO Claims as Against Mulligan, George, Simon, Guffey, McCrae, Kapelinkovs, CTC, Lexicon, and Criterion)

327. Answering Paragraph 327 of the Complaint, Defendant denies the allegations contained therein to the extent they are asserted against it. Defendant states that it is without sufficient knowledge or information to form a belief as to the truth or falsity of the remaining allegations contained therein, and accordingly, those allegations are hereby denied.

328. Answering Paragraph 328 of the Complaint, Defendant denies the allegations contained therein to the extent they are asserted against it. Defendant states that it is without sufficient knowledge or information to form a belief as to the truth or falsity of the remaining allegations contained therein, and accordingly, those allegations are hereby denied.

329. Answering Paragraph 329 of the Complaint, Defendant denies the allegations contained therein to the extent they are asserted against it. Defendant states that it is without

1 sufficient knowledge or information to form a belief as to the truth or falsity of the
2 remaining allegations contained therein, and accordingly, those allegations are hereby
3 denied.

4 330. Answering Paragraph 330 of the Complaint, Defendant denies the allegations contained
5 therein to the extent they are asserted against it. Defendant states that it is without
6 sufficient knowledge or information to form a belief as to the truth or falsity of the
7 remaining allegations contained therein, and accordingly, those allegations are hereby
8 denied.

9 331. Answering Paragraph 331 of the Complaint, Defendant denies the allegations contained
10 therein to the extent they are asserted against it. Defendant states that it is without
11 sufficient knowledge or information to form a belief as to the truth or falsity of the
12 remaining allegations contained therein, and accordingly, those allegations are hereby
13 denied.

14 332. Answering Paragraph 332 of the Complaint, Defendant denies the allegations contained
15 therein to the extent they are asserted against it. Defendant states that it is without
16 sufficient knowledge or information to form a belief as to the truth or falsity of the
17 remaining allegations contained therein, and accordingly, those allegations are hereby
18 denied.

19 333. Answering Paragraph 333 of the Complaint, Defendant denies the allegations contained
20 therein to the extent they are asserted against it. Defendant states that it is without
21 sufficient knowledge or information to form a belief as to the truth or falsity of the
22 remaining allegations contained therein, and accordingly, those allegations are hereby
23 denied.

24 334. Answering Paragraph 334 of the Complaint, Defendant denies the allegations contained
25 therein to the extent they are asserted against it. Defendant states that it is without
26 sufficient knowledge or information to form a belief as to the truth or falsity of the
27 remaining allegations contained therein, and accordingly, those allegations are hereby
28 denied.

1 335. Answering Paragraph 335 of the Complaint, Defendant denies the allegations contained
2 therein to the extent they are asserted against it. Defendant states that it is without
3 sufficient knowledge or information to form a belief as to the truth or falsity of the
4 remaining allegations contained therein, and accordingly, those allegations are hereby
5 denied.

6 336. Answering Paragraph 336 of the Complaint, Defendant denies the allegations contained
7 therein to the extent they are asserted against it. Defendant states that it is without
8 sufficient knowledge or information to form a belief as to the truth or falsity of the
9 remaining allegations contained therein, and accordingly, those allegations are hereby
10 denied.

11 337. Answering Paragraph 337 of the Complaint, Defendant denies the allegations contained
12 therein to the extent they are asserted against it. Defendant states that it is without
13 sufficient knowledge or information to form a belief as to the truth or falsity of the
14 remaining allegations contained therein, and accordingly, those allegations are hereby
15 denied.

16 338. Answering Paragraph 338 of the Complaint, Defendant denies the allegations contained
17 therein to the extent they are asserted against it. Defendant states that it is without
18 sufficient knowledge or information to form a belief as to the truth or falsity of the
19 remaining allegations contained therein, and accordingly, those allegations are hereby
20 denied.

21 339. Answering Paragraph 339 of the Complaint, Defendant denies the allegations contained
22 therein to the extent they are asserted against it. Defendant states that it is without
23 sufficient knowledge or information to form a belief as to the truth or falsity of the
24 remaining allegations contained therein, and accordingly, those allegations are hereby
25 denied.

26 340. Answering Paragraph 340 of the Complaint, Defendant is without sufficient knowledge
27 or information to form a belief as to the truth or falsity of the allegations contained
28 therein, and accordingly, those allegations are hereby denied.

1 341. Answering Paragraph 341 of the Complaint, Defendant denies the allegations contained
2 therein to the extent they are asserted against it. Defendant states that it is without
3 sufficient knowledge or information to form a belief as to the truth or falsity of the
4 remaining allegations contained therein, and accordingly, those allegations are hereby
5 denied.

6 342. Answering Paragraph 342 of the Complaint, Defendant denies the allegations contained
7 therein to the extent they are asserted against it. Defendant states that it is without
8 sufficient knowledge or information to form a belief as to the truth or falsity of the
9 remaining allegations contained therein, and accordingly, those allegations are hereby
10 denied.

11 **ELEVENTH CAUSE OF ACTION**

12 **(Unjust Enrichment as Against All Defendants)**

13 343. Answering Paragraph 343 of the Complaint, Defendant repeats and realleges its answers
14 and responses in the preceding paragraphs as if more fully set forth herein, and thereby
15 incorporate them by reference.

16 344. Answering Paragraph 344 of the Complaint, Defendant denies the allegations contained
17 therein to the extent they are asserted against it. Defendant states that it is without
18 sufficient knowledge or information to form a belief as to the truth or falsity of the
19 remaining allegations contained therein, and accordingly, those allegations are hereby
20 denied.

21 345. Answering Paragraph 345 of the Complaint, Defendant denies the allegations contained
22 therein.

23 346. Answering Paragraph 346 of the Complaint, Defendant is without sufficient knowledge
24 or information to form a belief as to the truth or falsity of the allegations contained
25 therein, and accordingly, those allegations are hereby denied.

26 347. Answering Paragraph 347 of the Complaint, Defendant is without sufficient knowledge
27 or information to form a belief as to the truth or falsity of the allegations contained
28 therein, and accordingly, those allegations are hereby denied.

1 348. Answering Paragraph 348 of the Complaint, Defendant is without sufficient knowledge
2 or information to form a belief as to the truth or falsity of the allegations contained
3 therein, and accordingly, those allegations are hereby denied.

4 349. Answering Paragraph 349 of the Complaint, Defendant is without sufficient knowledge
5 or information to form a belief as to the truth or falsity of the allegations contained
6 therein, and accordingly, those allegations are hereby denied.

7 350. Answering Paragraph 350 of the Complaint, Defendant denies the allegations contained
8 therein to the extent they are asserted against it. Defendant states that it is without
9 sufficient knowledge or information to form a belief as to the truth or falsity of the
10 remaining allegations contained therein, and accordingly, those allegations are hereby
11 denied.

12 351. Answering Paragraph 351 of the Complaint, Defendant denies the allegations contained
13 therein to the extent they are asserted against it. Defendant states that it is without
14 sufficient knowledge or information to form a belief as to the truth or falsity of the
15 remaining allegations contained therein, and accordingly, those allegations are hereby
16 denied.

17 **TWELFTH CAUSE OF ACTION**

18 **(Fraud as Against All Defendants)**

19 352. Answering Paragraph 352 of the Complaint, Defendant repeats and realleges its answers
20 and responses in the preceding paragraphs as if more fully set forth herein, and thereby
21 incorporate them by reference.

22 353. Answering Paragraph 353 of the Complaint, Defendant denies the allegations contained
23 therein.

24 354. Answering Paragraph 354 of the Complaint, Defendant denies the allegations contained
25 therein to the extent they are asserted against it. Defendant states that it is without
26 sufficient knowledge or information to form a belief as to the truth or falsity of the
27 remaining allegations contained therein, and accordingly, those allegations are hereby
28 denied.

1 355. Answering Paragraph 355 of the Complaint, Defendant denies the allegations contained
2 therein to the extent they are asserted against it. Defendant states that it is without
3 sufficient knowledge or information to form a belief as to the truth or falsity of the
4 remaining allegations contained therein, and accordingly, those allegations are hereby
5 denied.

6 356. Answering Paragraph 356 of the Complaint, Defendant is without sufficient knowledge
7 or information to form a belief as to the truth or falsity of the allegations contained
8 therein, and accordingly, those allegations are hereby denied.

9 357. Answering Paragraph 357 of the Complaint, Defendant denies the allegations contained
10 therein to the extent they are asserted against it. Defendant states that it is without
11 sufficient knowledge or information to form a belief as to the truth or falsity of the
12 remaining allegations contained therein, and accordingly, those allegations are hereby
13 denied.

14 358. Answering Paragraph 358 of the Complaint, Defendant is without sufficient knowledge
15 or information to form a belief as to the truth or falsity of the allegations contained
16 therein, and accordingly, those allegations are hereby denied.

17 359. Answering Paragraph 359 of the Complaint, Defendant denies the allegations contained
18 therein to the extent they are asserted against it. Defendant states that it is without
19 sufficient knowledge or information to form a belief as to the truth or falsity of the
20 remaining allegations contained therein, and accordingly, those allegations are hereby
21 denied.

22 360. Answering Paragraph 360 of the Complaint, Defendant denies the allegations contained
23 therein to the extent they are asserted against it. Defendant states that it is without
24 sufficient knowledge or information to form a belief as to the truth or falsity of the
25 remaining allegations contained therein, and accordingly, those allegations are hereby
26 denied.

27 361. Answering Paragraph 361 of the Complaint, Defendant denies the allegations contained
28 therein to the extent they are asserted against it. Defendant states that it is without

1 sufficient knowledge or information to form a belief as to the truth or falsity of the
2 remaining allegations contained therein, and accordingly, those allegations are hereby
3 denied.

4 362. Answering Paragraph 362 of the Complaint, Defendant denies the allegations contained
5 therein to the extent they are asserted against it. Defendant states that it is without
6 sufficient knowledge or information to form a belief as to the truth or falsity of the
7 remaining allegations contained therein, and accordingly, those allegations are hereby
8 denied.

9 363. Answering Paragraph 363 of the Complaint, Defendant is without sufficient knowledge
10 or information to form a belief as to the truth or falsity of the allegations contained
11 therein, and accordingly, those allegations are hereby denied.

12 364. Answering Paragraph 364 of the Complaint, Defendant is without sufficient knowledge
13 or information to form a belief as to the truth or falsity of the allegations contained
14 therein, and accordingly, those allegations are hereby denied.

15 365. Answering Paragraph 365 of the Complaint, Defendant denies the allegations contained
16 therein to the extent they are asserted against it. Defendant states that it is without
17 sufficient knowledge or information to form a belief as to the truth or falsity of the
18 remaining allegations contained therein, and accordingly, those allegations are hereby
19 denied.

20 366. Answering Paragraph 366 of the Complaint, Defendant denies the allegations contained
21 therein to the extent they are asserted against it. Defendant states that it is without
22 sufficient knowledge or information to form a belief as to the truth or falsity of the
23 remaining allegations contained therein, and accordingly, those allegations are hereby
24 denied.

25 367. Answering Paragraph 367 of the Complaint, Defendant is without sufficient knowledge
26 or information to form a belief as to the truth or falsity of the allegations contained
27 therein, and accordingly, those allegations are hereby denied.

28 368. Answering Paragraph 368 of the Complaint, Defendant denies the allegations contained

1 therein to the extent they are asserted against it. Defendant states that it is without
2 sufficient knowledge or information to form a belief as to the truth or falsity of the
3 remaining allegations contained therein, and accordingly, those allegations are hereby
4 denied.

5 369. Answering Paragraph 369 of the Complaint, Defendant denies the allegations contained
6 therein to the extent they are asserted against it. Defendant states that it is without
7 sufficient knowledge or information to form a belief as to the truth or falsity of the
8 remaining allegations contained therein, and accordingly, those allegations are hereby
9 denied.

10 370. Answering Paragraph 370 of the Complaint, Defendant denies the allegations contained
11 therein to the extent they are asserted against it. Defendant states that it is without
12 sufficient knowledge or information to form a belief as to the truth or falsity of the
13 remaining allegations contained therein, and accordingly, those allegations are hereby
14 denied.

15 **THIRTEENTH CAUSE OF ACTION**

16 **(Civil Conspiracy as Against All Defendants)**

17 371. Answering Paragraph 371 of the Complaint, Defendant repeats and realleges its answers
18 and responses in the preceding paragraphs as if more fully set forth herein, and thereby
19 incorporate them by reference.

20 372. Answering Paragraph 372 of the Complaint, Defendant denies the allegations contained
21 therein to the extent they are asserted against it. Defendant states that it is without
22 sufficient knowledge or information to form a belief as to the truth or falsity of the
23 remaining allegations contained therein, and accordingly, those allegations are hereby
24 denied.

25 373. Answering Paragraph 373 of the Complaint, Defendant denies the allegations contained
26 therein to the extent they are asserted against it. Defendant states that it is without
27 sufficient knowledge or information to form a belief as to the truth or falsity of the
28 remaining allegations contained therein, and accordingly, those allegations are hereby

1 denied.

2 374. Answering Paragraph 374 of the Complaint, Defendant denies the allegations contained
3 therein to the extent they are asserted against it. Defendant states that it is without
4 sufficient knowledge or information to form a belief as to the truth or falsity of the
5 remaining allegations contained therein, and accordingly, those allegations are hereby
6 denied.

7 375. Answering Paragraph 375 of the Complaint, Defendant denies the allegations contained
8 therein to the extent they are asserted against it. Defendant states that it is without
9 sufficient knowledge or information to form a belief as to the truth or falsity of the
10 remaining allegations contained therein, and accordingly, those allegations are hereby
11 denied.

12 376. Answering Paragraph 376 of the Complaint, Defendant denies the allegations contained
13 therein to the extent they are asserted against it. Defendant states that it is without
14 sufficient knowledge or information to form a belief as to the truth or falsity of the
15 remaining allegations contained therein, and accordingly, those allegations are hereby
16 denied.

17 377. Answering Paragraph 377 of the Complaint, Defendant denies the allegations contained
18 therein to the extent they are asserted against it. Defendant states that it is without
19 sufficient knowledge or information to form a belief as to the truth or falsity of the
20 remaining allegations contained therein, and accordingly, those allegations are hereby
21 denied.

22 378. Answering Paragraph 378 of the Complaint, Defendant denies the allegations contained
23 therein to the extent they are asserted against it. Defendant states that it is without
24 sufficient knowledge or information to form a belief as to the truth or falsity of the
25 remaining allegations contained therein, and accordingly, those allegations are hereby
26 denied.

27 379. Answering Paragraph 379 of the Complaint, Defendant denies the allegations contained
28 therein to the extent they are asserted against it. Defendant states that it is without

1 sufficient knowledge or information to form a belief as to the truth or falsity of the
2 remaining allegations contained therein, and accordingly, those allegations are hereby
3 denied.

4 **FOURTEENTH CAUSE OF ACTION**

5 **(Alter Ego as Against Mulligan, George, Guffey, Simon and Pavel Kapelnikov)**

6 380. Answering Paragraph 380 of the Complaint, Defendant repeats and realleges its answers
7 and responses in the preceding paragraphs as if more fully set forth herein, and thereby
8 incorporate them by reference.

9 381. Answering Paragraph 381 of the Complaint, Defendant states that George is an owner of
10 Lexicon and denies the remaining allegations to the extent they are asserted against
11 Defendant. Defendant is without sufficient knowledge or information to form a belief as
12 to the truth or falsity of any remaining allegations contained therein, and accordingly,
13 those allegations are hereby denied.

14 382. Answering Paragraph 382 of the Complaint, Defendant denies the allegations contained
15 therein to the extent they are asserted against it. Defendant states that it is without
16 sufficient knowledge or information to form a belief as to the truth or falsity of the
17 remaining allegations contained therein, and accordingly, those allegations are hereby
18 denied.

19 383. Answering Paragraph 383 of the Complaint, Defendant denies the allegations contained
20 therein to the extent they are asserted against it. Defendant states that it is without
21 sufficient knowledge or information to form a belief as to the truth or falsity of the
22 remaining allegations contained therein, and accordingly, those allegations are hereby
23 denied.

24 384. Answering Paragraph 384 of the Complaint, Defendant is without sufficient knowledge
25 or information to form a belief as to the truth or falsity of the allegations contained
26 therein, and accordingly, those allegations are hereby denied.

27 ///

28 ///

FIFTEENTH CAUSE OF ACTION

(NRS 112 - Avoidance of Transfers as Against CTC and its Transferees)

385. Answering Paragraph 385 of the Complaint, Defendant repeats and realleges its answers and responses in the preceding paragraphs as if more fully set forth herein, and thereby incorporate them by reference.
386. Answering Paragraph 386 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.
387. Answering Paragraph 387 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.
388. Answering Paragraph 388 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.
389. Answering Paragraph 389 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.
390. Answering Paragraph 390 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.
391. Answering Paragraph 391 of the Complaint, Defendant is without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein, and accordingly, those allegations are hereby denied.
392. Answering Paragraph 392 of the Complaint, Defendant denies the allegations contained therein to the extent they are asserted against it. Defendant states that it is without sufficient knowledge or information to form a belief as to the truth or falsity of the remaining allegations contained therein, and accordingly, those allegations are hereby denied.

1 393. Answering Paragraph 393 of the Complaint, Defendant denies the allegations contained
2 therein to the extent they are asserted against it. Defendant states that it is without
3 sufficient knowledge or information to form a belief as to the truth or falsity of the
4 remaining allegations contained therein, and accordingly, those allegations are hereby
5 denied.

6 394. Answering Paragraph 394 of the Complaint, Defendant denies the allegations contained
7 therein to the extent they are asserted against it. Defendant states that it is without
8 sufficient knowledge or information to form a belief as to the truth or falsity of the
9 remaining allegations contained therein, and accordingly, those allegations are hereby
10 denied.

11 395. Answering Paragraph 395 of the Complaint, Defendant denies the allegations contained
12 therein to the extent they are asserted against it. Defendant states that it is without
13 sufficient knowledge or information to form a belief as to the truth or falsity of the
14 remaining allegations contained therein, and accordingly, those allegations are hereby
15 denied.

16 396. Answering Paragraph 396 of the Complaint, Defendant denies the allegations contained
17 therein to the extent they are asserted against it. Defendant states that it is without
18 sufficient knowledge or information to form a belief as to the truth or falsity of the
19 remaining allegations contained therein, and accordingly, those allegations are hereby
20 denied.

21 **SIXTEENTH CAUSE OF ACTION**

22 **(NRS 696B – Voidable Transfers as Against CTC and its Transferees)**

23 397. Answering Paragraph 397 of the Complaint, Defendant repeats and realleges its answers
24 and responses in the preceding paragraphs as if more fully set forth herein, and thereby
25 incorporate them by reference.

26 398. Answering Paragraph 398 of the Complaint, Defendant is without sufficient knowledge
27 or information to form a belief as to the truth or falsity of the allegations contained
28 therein, and accordingly, those allegations are hereby denied.

1 399. Answering Paragraph 399 of the Complaint, Defendant is without sufficient knowledge
2 or information to form a belief as to the truth or falsity of the allegations contained
3 therein, and accordingly, those allegations are hereby denied.

4 400. Answering Paragraph 400 of the Complaint, Defendant is without sufficient knowledge
5 or information to form a belief as to the truth or falsity of the allegations contained
6 therein, and accordingly, those allegations are hereby denied.

7 401. Answering Paragraph 401 of the Complaint, Defendant is without sufficient knowledge
8 or information to form a belief as to the truth or falsity of the allegations contained
9 therein, and accordingly, those allegations are hereby denied.

10 402. Answering Paragraph 402 of the Complaint, Defendant is without sufficient knowledge
11 or information to form a belief as to the truth or falsity of the allegations contained
12 therein, and accordingly, those allegations are hereby denied.

13 403. Answering Paragraph 403 of the Complaint, Defendant is without sufficient knowledge
14 or information to form a belief as to the truth or falsity of the allegations contained
15 therein, and accordingly, those allegations are hereby denied.

16 404. Answering Paragraph 404 of the Complaint, Defendant is without sufficient knowledge
17 or information to form a belief as to the truth or falsity of the allegations contained
18 therein, and accordingly, those allegations are hereby denied.

19 405. Answering Paragraph 405 of the Complaint, Defendant denies the allegations contained
20 therein to the extent they are asserted against it. Defendant states that it is without
21 sufficient knowledge or information to form a belief as to the truth or falsity of the
22 remaining allegations contained therein, and accordingly, those allegations are hereby
23 denied.

24 406. Answering Paragraph 406 of the Complaint, Defendant denies the allegations contained
25 therein to the extent they are asserted against it. Defendant states that it is without
26 sufficient knowledge or information to form a belief as to the truth or falsity of the
27 remaining allegations contained therein, and accordingly, those allegations are hereby
28 denied.

1 407. Answering Paragraph 407 of the Complaint, Defendant denies the allegations contained
2 therein to the extent they are asserted against it. Defendant states that it is without
3 sufficient knowledge or information to form a belief as to the truth or falsity of the
4 remaining allegations contained therein, and accordingly, those allegations are hereby
5 denied.

6 408. Answering Paragraph 408 of the Complaint, Defendant denies the allegations contained
7 therein to the extent they are asserted against it. Defendant states that it is without
8 sufficient knowledge or information to form a belief as to the truth or falsity of the
9 remaining allegations contained therein, and accordingly, those allegations are hereby
10 denied.

11 409. Answering Paragraph 409 of the Complaint, Defendant denies the allegations contained
12 therein to the extent they are asserted against it. Defendant states that it is without
13 sufficient knowledge or information to form a belief as to the truth or falsity of the
14 remaining allegations contained therein, and accordingly, those allegations are hereby
15 denied.

16 **SEVENTEENTH CAUSE OF ACTION**

17 **(NRS 696B – Recovery of Distributions and Payments as Against CTC and its Transferees)**

18 410. Answering Paragraph 410 of the Complaint, Defendant repeats and realleges its answers
19 and responses in the preceding paragraphs as if more fully set forth herein, and thereby
20 incorporate them by reference.

21 411. Answering Paragraph 411 of the Complaint, Defendant is without sufficient knowledge
22 or information to form a belief as to the truth or falsity of the allegations contained
23 therein, and accordingly, those allegations are hereby denied.

24 412. Answering Paragraph 412 of the Complaint, Defendant is without sufficient knowledge
25 or information to form a belief as to the truth or falsity of the allegations contained
26 therein, and accordingly, those allegations are hereby denied.

27 413. Answering Paragraph 413 of the Complaint, Defendant is without sufficient knowledge
28 or information to form a belief as to the truth or falsity of the allegations contained

1 therein, and accordingly, those allegations are hereby denied.

2 414. Answering Paragraph 414 of the Complaint, Defendant is without sufficient knowledge
3 or information to form a belief as to the truth or falsity of the allegations contained
4 therein, and accordingly, those allegations are hereby denied.

5 415. Answering Paragraph 415 of the Complaint, Defendant is without sufficient knowledge
6 or information to form a belief as to the truth or falsity of the allegations contained
7 therein, and accordingly, those allegations are hereby denied.

8 416. Answering Paragraph 416 of the Complaint, Defendant denies the allegations contained
9 therein to the extent they are asserted against it. Defendant states that it is without
10 sufficient knowledge or information to form a belief as to the truth or falsity of the
11 remaining allegations contained therein, and accordingly, those allegations are hereby
12 denied.

13 417. Answering Paragraph 417 of the Complaint, Defendant denies the allegations contained
14 therein to the extent they are asserted against it. Defendant states that it is without
15 sufficient knowledge or information to form a belief as to the truth or falsity of the
16 remaining allegations contained therein, and accordingly, those allegations are hereby
17 denied.

18 418. Answering Paragraph 418 of the Complaint, Defendant denies the allegations contained
19 therein to the extent they are asserted against it. Defendant states that it is without
20 sufficient knowledge or information to form a belief as to the truth or falsity of the
21 remaining allegations contained therein, and accordingly, those allegations are hereby
22 denied.

23 419. Answering Paragraph 419 of the Complaint, Defendant denies the allegations contained
24 therein to the extent they are asserted against it. Defendant states that it is without
25 sufficient knowledge or information to form a belief as to the truth or falsity of the
26 remaining allegations contained therein, and accordingly, those allegations are hereby
27 denied.

28 420. Answering Paragraph 420 of the Complaint, Defendant denies the allegations contained

1 therein to the extent they are asserted against it. Defendant states that it is without
2 sufficient knowledge or information to form a belief as to the truth or falsity of the
3 remaining allegations contained therein, and accordingly, those allegations are hereby
4 denied.

5 421. Answering Paragraph 421 of the Complaint, Defendant denies the allegations contained
6 therein to the extent they are asserted against it. Defendant states that it is without
7 sufficient knowledge or information to form a belief as to the truth or falsity of the
8 remaining allegations contained therein, and accordingly, those allegations are hereby
9 denied.

10 **EIGHTEENTH CAUSE OF ACTION**

11 **(NRS 692C.402 - Recovery of Distributions and Payments as Against CTC and its**
12 **Transferees)**

13 422. Answering Paragraph 422 of the Complaint, Defendant repeats and realleges its answers
14 and responses in the preceding paragraphs as if more fully set forth herein, and thereby
15 incorporate them by reference.

16 423. Answering Paragraph 423 of the Complaint, Defendant is without sufficient knowledge
17 or information to form a belief as to the truth or falsity of the allegations contained
18 therein, and accordingly, those allegations are hereby denied.

19 424. Answering Paragraph 424 of the Complaint, Defendant is without sufficient knowledge
20 or information to form a belief as to the truth or falsity of the allegations contained
21 therein, and accordingly, those allegations are hereby denied.

22 425. Answering Paragraph 425 of the Complaint, Defendant is without sufficient knowledge
23 or information to form a belief as to the truth or falsity of the allegations contained
24 therein, and accordingly, those allegations are hereby denied.

25 426. Answering Paragraph 426 of the Complaint, Defendant is without sufficient knowledge
26 or information to form a belief as to the truth or falsity of the allegations contained
27 therein, and accordingly, those allegations are hereby denied.

28 427. Answering Paragraph 427 of the Complaint, Defendant is without sufficient knowledge

1 or information to form a belief as to the truth or falsity of the allegations contained
2 therein, and accordingly, those allegations are hereby denied.

3 428. Answering Paragraph 428 of the Complaint, Defendant denies the allegations contained
4 therein to the extent they are asserted against it. Defendant states that it is without
5 sufficient knowledge or information to form a belief as to the truth or falsity of the
6 remaining allegations contained therein, and accordingly, those allegations are hereby
7 denied.

8 429. Answering Paragraph 429 of the Complaint, Defendant denies the allegations contained
9 therein to the extent they are asserted against it. Defendant states that it is without
10 sufficient knowledge or information to form a belief as to the truth or falsity of the
11 remaining allegations contained therein, and accordingly, those allegations are hereby
12 denied.

13 430. Answering Paragraph 430 of the Complaint, Defendant denies the allegations contained
14 therein to the extent they are asserted against it. Defendant states that it is without
15 sufficient knowledge or information to form a belief as to the truth or falsity of the
16 remaining allegations contained therein, and accordingly, those allegations are hereby
17 denied.

18 431. Answering Paragraph 431 of the Complaint, Defendant denies the allegations contained
19 therein to the extent they are asserted against it. Defendant states that it is without
20 sufficient knowledge or information to form a belief as to the truth or falsity of the
21 remaining allegations contained therein, and accordingly, those allegations are hereby
22 denied.

23 432. Answering Paragraph 432 of the Complaint, Defendant denies the allegations contained
24 therein to the extent they are asserted against it. Defendant states that it is without
25 sufficient knowledge or information to form a belief as to the truth or falsity of the
26 remaining allegations contained therein, and accordingly, those allegations are hereby
27 denied.

28 433. Answering Paragraph 433 of the Complaint, Defendant denies the allegations contained

1 therein to the extent they are asserted against it. Defendant states that it is without
2 sufficient knowledge or information to form a belief as to the truth or falsity of the
3 remaining allegations contained therein, and accordingly, those allegations are hereby
4 denied.

5 434. Answering Paragraph 434 of the Complaint, Defendant denies the allegations contained
6 therein to the extent they are asserted against it. Defendant states that it is without
7 sufficient knowledge or information to form a belief as to the truth or falsity of the
8 remaining allegations contained therein, and accordingly, those allegations are hereby
9 denied.

10 **NINETEENTH CAUSE OF ACTION**

11 **(NRS 78.300 – Recovery of Unlawful Distribution as Against the Spirit Director**
12 **Defendants)**

13 435. Answering Paragraph 435 of the Complaint, Defendant repeats and realleges its answers
14 and responses in the preceding paragraphs as if more fully set forth herein, and thereby
15 incorporate them by reference.

16 436. Answering Paragraph 436 of the Complaint, Defendant is without sufficient knowledge
17 or information to form a belief as to the truth or falsity of the allegations contained
18 therein, and accordingly, those allegations are hereby denied.

19 437. Answering Paragraph 437 of the Complaint, Defendant is without sufficient knowledge
20 or information to form a belief as to the truth or falsity of the allegations contained
21 therein, and accordingly, those allegations are hereby denied.

22 438. Answering Paragraph 438 of the Complaint, Defendant is without sufficient knowledge
23 or information to form a belief as to the truth or falsity of the allegations contained
24 therein, and accordingly, those allegations are hereby denied.

25 439. Answering Paragraph 439 of the Complaint, Defendant is without sufficient knowledge
26 or information to form a belief as to the truth or falsity of the allegations contained
27 therein, and accordingly, those allegations are hereby denied.

28 440. Answering Paragraph 440 of the Complaint, Defendant is without sufficient knowledge

1 or information to form a belief as to the truth or falsity of the allegations contained
2 therein, and accordingly, those allegations are hereby denied.

3 441. Answering Paragraph 441 of the Complaint, Defendant is without sufficient knowledge
4 or information to form a belief as to the truth or falsity of the allegations contained
5 therein, and accordingly, those allegations are hereby denied.

6 **AFFIRMATIVE DEFENSES**

7 Defendant asserts the following as its affirmative defenses:

- 8 1. Plaintiff lacks standing to pursue the asserted claims.
- 9 2. Plaintiff failed to state a claim upon which relief can be granted.
- 10 3. Plaintiff's claims for relief are not ripe.
- 11 4. Defendant's acts and/or omissions were justified and privileged.
- 12 5. Plaintiff is barred from recovery because Plaintiff and/or its agents, employees,
13 predecessors in interest, expressly or impliedly consented and/or acquiesced to Defendant's
14 alleged acts or omissions.
- 15 6. The negligence of the Plaintiff exceeds that of Defendant, if any, and that the
16 Plaintiff is thereby barred from any recovery.
- 17 7. If Plaintiff suffered or sustained any of the losses or damages alleged in
18 Complaint, which is denied, such loss or damage was occasioned by a risk which Plaintiff
19 knowingly and voluntarily assumed.
- 20 8. Plaintiff's alleged damages were caused by a superseding and/or intervening
21 factor, which superseding and/or intervening factor was the direct and proximate cause of
22 Plaintiff's alleged damages, as such Defendant is not and cannot be held responsible for any of
23 Plaintiff's claimed damages.
- 24 9. Plaintiff is not the real party in interest.
- 25 10. Plaintiff's Complaint is barred by Plaintiff's failure to mediate and/or arbitrate.
- 26 11. Plaintiff's claims for relief are barred by the statute of limitations.
- 27 12. Plaintiff's claims for relief are barred by the doctrines of waiver, estoppel, and
28 *laches*.

1 13. Defendant's actions and omissions, if any, were excused by the doctrine of
2 impossibility and/or impracticability.

3 14. Defendant's actions and omissions, if any, were excused by the doctrine of
4 frustration of purpose.

5 15. Defendant's actions and omissions, if any, were excused by the failure of a
6 condition precedent to Defendant's performance.

7 16. Plaintiff's recovery, if any, is subject to an offset.

8 17. Defendant engaged in no acts or omissions relevant to the subject matter of the
9 operative complaint as would create any liability whatsoever on its part to Plaintiff.

10 18. The alleged damages, if any, which Plaintiff have suffered are caused in whole or
11 in part by the acts or omissions of Plaintiff or their agents and representatives.

12 19. Plaintiff's claims are reduced, modified and/or barred by the doctrine of unclean
13 hands.

14 20. Plaintiff failed to mitigate its damages.

15 21. Plaintiff's claims for relief are barred by the failure of the occurrence of a
16 condition precedent.

17 22. Plaintiff's claims are barred by a failure of consideration.

18 23. Plaintiff's claims are barred by the doctrines of accord and satisfaction.

19 24. Plaintiff has not suffered any damages.

20 25. Plaintiff's claims are barred by its own failure to exercise ordinary and reasonable
21 care and diligence and such acts and omissions were the proximate cause of some or all of
22 Plaintiff's damages, if any.

23 26. Defendant denies each and every allegation of the operative complaint not
24 specifically admitted or otherwise pled herein.

25 27. Plaintiff's claims are barred by intra-corporate conspiracy doctrine.

26 28. Plaintiff's claims are barred by failure to join a necessary and indispensable party.

27 29. Defendant alleges that at all times it acted in good faith.

28 30. Defendant is not jointly or severally liable for any of the damages alleged in the

1 Complaint.

2 31. Any award of punitive damages would be unconstitutional under applicable
3 constitutional protection.

4 32. Plaintiff is not entitled to receive punitive damages based on any calculation
5 premised upon the wealth of Defendant, as such calculation is unconstitutional.

6 33. The court lacks personal and/or subject matter jurisdiction over Defendant.

7 34. All possible affirmative defenses may not have been alleged herein insofar as
8 sufficient facts were not available after reasonable inquiry upon the filing of this Answer and,
9 therefore, Defendant reserves all rights to amend this Answer to allege additional affirmative
10 defenses if subsequent investigation so warrants.

11 **PRAYER**

12 Defendant prays for the following:

- 13 1. That Plaintiff takes nothing by way of its Complaint;
14 2. That Defendant be dismissed in its entirety with prejudice;
15 3. That judgment be entered in favor of Defendant;
16 4. For attorneys' fees and costs of defending this action; and
17 5. For such other and further relief as this Court deems just and proper.

18 DATED this 2nd day of April, 2020.

19 GORDON REES SCULLY
20 MANSUKHANI, LLP

21 /s/ Wing Yan Wong
22 Robert S. Larsen, Esq.
23 Nevada Bar No. 7785
24 Wing Yan Wong, Esq.
25 Nevada Bar No. 13622
26 300 South Fourth Street, Suite 1550
27 Las Vegas, Nevada 89101

28 *Attorneys for Lexicon Insurance
Management LLC,
Daniel George and ICAP Management
Solutions, LLC*

Gordon Rees Scully Mansukhani, LLP
300 S. 4th Street, Suite 1550
Las Vegas, NV 89101

CERTIFICATE OF SERVICE

Pursuant to Rule 5(b) of the Nevada Rules of Civil Procedure, I hereby certify under penalty of perjury that on the 2nd day of April, 2020, the foregoing **DEFENDANT LEXICON INSURANCE MANAGEMENT LLC'S ANSWER TO COMPLAINT** was served upon those persons designated by the parties in the E-Service Master List in the Eighth Judicial District court eFiling System in accordance with the mandatory electronic service requirements of Administrative Order 14-1 and the Nevada Electronic Filing and Conversion Rules, or mailed via U.S. Post Office, first class postage prepaid, upon the following:

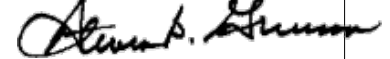
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Corp.; Chelsea Financial Group, Inc., a
California Corp.; Global Forwarding
Enterprises, LLC; Kapa Management
Consulting, Inc.; and Kapa Ventures, Inc.*

/s/ Gayle Angulo
An Employee of GORDON REES
SCULLY MANSUKHANI, LLP



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14 *Yanina Kapelnikov.*

15 **DISTRICT COURT**

16 **CLARK COUNTY, NEVADA**

17 **BARBARA D. RICHARDSON IN HER**
18 **CAPACITY AS THE STATUTORY**
19 **RECEIVER FOR SPIRIT COMMERCIAL**
20 **AUTO RISK RETENTION GROUP, INC.,**

21 **Plaintiff,**

22 **vs.**

23 **THOMAS MULLIGAN, an individual; CTC**
24 **TRANSPORTATION INSURANCE SERVICES**
25 **OF MISSOURI, LLC, a Missouri Limited**
26 **Liability Company; CTC TRANSPORTATION**
27 **INSURANCE SERVICES LLC, a California**
28 **Limited Liability Company; CTC**
TRANSPORTATION INSURANCE SERVICES
OF HAWAII LLC, a Hawaii Limited Liability
Company; CRITERION CLAIMS SOLUTIONS
OF OMAHA, INC., a Nebraska Corporation;
PAVEL KAPELNIKOV, an individual;
CHELSEA FINANCIAL GROUP, INC., a
California Corporation; CHELSEA FINANCIAL
GROUP, INC., a Missouri Corporation;
CHELSEA FINANCIAL GROUP, INC., a New
Jersey Corporation d/b/a CHELSEA PREMIUM
FINANCE CORPORATION; CHELSEA
FINANCIAL GROUP, INC., a Delaware
Corporation; CHELSEA HOLDING
COMPANY, LLC, a Nevada Limited
Liability Company; CHELSEA HOLDINGS,
LLC, a Nevada Limited Liability Company;
FOURGOLEAN CAPITAL, LLC, a New Jersey

Case No. A-20-809963-C
Dept. No. VIII

DEFENDANTS IGOR and YANINA
KAPELNIKOV'S ANSWER TO
PLAINTIFF'S COMPLAINT

Limited Liability Company; KAPA
MANAGEMENT CONSULTING, INC. a New
Jersey Corporation; KAPA VENTURES, INC., a
New Jersey Corporation; GLOBAL
FORWARDING ENTERPRISES LIMITED
LIABILITY COMPANY, a New Jersey Limited
Liability Company; GLOBAL CAPITAL
GROUP, LLC, a New Jersey Limited Liability
Company; GLOBAL CONSULTING; NEW
TECH CAPITAL, LLC, a Delaware Limited
Liability Company; LEXICON INSURANCE
MANAGEMENT LLC, a North Carolina
Limited Liability Company; ICAP
MANAGEMENT SOLUTIONS, LLC, a
Vermont Limited Liability Company; SIX
ELEVEN LLC, a Missouri Limited Liability
Company; 10-4 PREFERRED RISK
MANAGERS INC., a Missouri Corporation;
IRONJAB LLC, a New Jersey Limited Liability
Company; YANINA G. KAPELNIKOV, an
individual; IGOR KAPELNIKOV, an individual;
QUOTE MY RIG LLC, a New Jersey Limited
Liability Company; MATTHEW SIMON, an
individual; DANIEL GEORGE, an individual;
JOHN MALONEY, an individual; JAMES
MARX, an individual; CARLOS TORRES, an
individual;
VIRGINIA TORRES, an individual; SCOTT
McCRAE, an individual; BRENDA GUFFEY,
an individual; 195 GLUTEN FREE LLC, a New
Jersey Limited Liability Company, DOE
INDIVIDUALS I-X; and ROE CORPORATE
ENTITIES I-X,

Defendants.

Defendants IGOR and YANINA KAPELNIKOV (“these answering Defendants”), by
and through counsel, the law firm of Tyson & Mendes LLP, hereby Answer the Complaint of
Plaintiff BARBARA D. RICHARDSON IN HER CAPACITY AS THE STATUTORY
RECEIVER FOR SPIRIT COMMERCIAL AUTO RISK RETENTION GROUP, INC.,
 (“Plaintiff”) as follows:

INTRODUCTION

1. Answering Paragraph One of the allegations entitled “Introduction” in Plaintiff’s

1 Complaint, these answering Defendants deny they participated in or orchestrated a fraudulent
2 enterprise and further deny they operated interrelated companies in the insurance industry for
3 their own benefits and to the detriment of customers and insureds, including Spirit.

4 2. Answering Paragraph Two of the allegations entitled "Introduction" in Plaintiff's
5 Complaint, these answering Defendants deny they "siphoned millions of dollars from Spirit".
6 Answering the remaining allegations in said paragraph, these answering Defendants assert they
7 are without sufficient information to form a belief as to the truth or falsity of any factual
8 allegations contained in said remaining allegations and therefore, on that basis they deny the
9 same.

10 3. Answering Paragraph Three of the allegations entitled "Introduction" in
11 Plaintiff's Complaint, these answering Defendants assert that said paragraphs contain and/or
12 constitute legal conclusions, to which no response is required. To the extent said paragraphs are
13 determined to contain factual allegations, these answering Defendants assert they are without
14 sufficient information to form a belief as to the truth or falsity of any factual allegations
15 contained therein and therefore, on that basis they deny the same.

16 4. Answering Paragraph Four of the allegations entitled "Introduction" in Plaintiff's
17 Complaint, these answering Defendants assert they are without sufficient information to form a
18 belief as to the truth or falsity of any factual allegations contained in said paragraph and
19 therefore, on that basis they deny the same.

20 **PARTIES AND JURISDICTION**

21 *The Plaintiff*

22 5. Answering Paragraphs Five through Nine of the allegations entitled "Parties and
23 Jurisdiction" in Plaintiff's Complaint, these answering Defendants assert they are without
24 sufficient information to form a belief as to the truth or falsity of any factual allegations
25 contained in said paragraphs and therefore, on that basis it deny the same.

26 *The Defendants*

27 6. Answering Paragraphs Ten through Twenty-Six of the allegations entitled
28 "Parties and Jurisdiction" in Plaintiff's Complaint, these answering Defendants assert they are

1 without sufficient information to form a belief as to the truth or falsity of any factual allegations
2 contained in said paragraphs and therefore, on that basis they deny the same.

3 7. Answering Paragraph Twenty-Seven of the allegations entitled "Parties and
4 Jurisdiction" in Plaintiff's Complaint, these answering Defendants admit that Igor Kapelnikov
5 possesses an ownership interest in Global Forwarding Enterprises LLC and that Pavel
6 Kapelnikov is his brother. These answering Defendants deny that Thomas Mulligan owned or
7 owns or operated or operates Global Forwarding Enterprises LLC and further deny that Global
8 Forwarding Enterprises, LLC was utilized to expropriate money from CTC. Answering any
9 remaining allegations in said paragraph, these answering Defendants assert they are without
10 sufficient information to form a belief as to the truth or falsity of any factual allegations
11 contained therein and therefore, on that basis they deny the same.

12 8. Answering Paragraphs Twenty-Eight through Thirty of the allegations entitled
13 "Parties and Jurisdiction" in Plaintiff's Complaint, these answering Defendants assert that said
14 paragraphs contain and/or constitute legal conclusion, to which no response is required. To the
15 extent said paragraphs are determined to contain factual allegations, these answering Defendants
16 assert they are without sufficient information to form a belief as to the truth or falsity of any
17 factual allegations contained therein and therefore, on that basis they deny the same.

18 9. Answering Paragraph Thirty-One of the allegations entitled "Parties and
19 Jurisdiction" in Plaintiff's Complaint, these answering Defendants deny that Global Consulting
20 is a d/b/a for Global Forwarding Enterprises. Answering the remaining allegations in said
21 paragraph, these answering Defendants assert that said remaining allegations contain and/or
22 constitute legal conclusions, to which no response is required. To the extent said remaining
23 allegations are determined to contain factual allegations, these answering Defendants assert they
24 are without sufficient information to form a belief as to the truth or falsity of any factual
25 allegations contained therein and therefore, on that basis they deny the same.

26 10. Answering Paragraph Thirty-Two of the allegations entitled "Parties and
27 Jurisdiction" in Plaintiff's Complaint, these answering Defendants assert they are without
28 sufficient information to form a belief as to the truth or falsity of any factual allegations

1 contained in said paragraph and therefore, on that basis they deny the same.

2 11. Answering Paragraph Thirty-Three of the allegations entitled “Parties and
3 Jurisdiction” in Plaintiff’s Complaint, these answering Defendants deny that Yanina G.
4 Kapelnikov unlawfully and/or fraudulently received Spirit funds from CTC. Answering the
5 remaining allegations in said paragraph, to the extent said remaining allegations are determined
6 to contain factual allegations, these answering Defendants assert they are without sufficient
7 information to form a belief as to the truth or falsity of any factual allegations contained therein
8 and therefore, on that basis they deny the same.

9 12. Answering Paragraphs Thirty-Four through Forty of the allegations entitled
10 “Parties and Jurisdiction” in Plaintiff’s Complaint, these answering Defendants assert they are
11 without sufficient information to form a belief as to the truth or falsity of any factual allegations
12 contained in said paragraphs and therefore, on that basis they deny the same.

13 13. Answering Paragraph Forty-One of the allegations entitled “Parties and
14 Jurisdiction” in Plaintiff’s Complaint, these answering Defendants admit that Igor Kapelnikov is
15 the CEO of Global Forwarding Enterprises. These answering Defendants deny that Igor
16 Kapelnikov was paid Spirit funds by CTC and/or that he is the CEO of Global Forwarding Inc.
17 Answering the remaining allegations in said paragraph, these answering Defendants assert they
18 are without sufficient information to form a belief as to the truth or falsity of any factual
19 allegations contained in said remaining allegations and therefore, on that basis they deny the
20 same.

21 14. Answering Paragraphs Forty-Two through Forty-Six of the allegations entitled
22 “Parties and Jurisdiction” in Plaintiff’s Complaint, these answering Defendants assert they are
23 without sufficient information to form a belief as to the truth or falsity of any factual allegations
24 contained in said paragraphs and therefore, on that basis they deny the same.

25 15. Answering Paragraph Forty-Seven and Forty-Eight of the allegations entitled
26 “Parties and Jurisdiction” in Plaintiff’s Complaint, these answering Defendants assert that said
27 paragraphs contain and/or constitute legal conclusions, to which no response is required. To the
28 extent said paragraph is determined to contain factual allegations, these answering Defendants

assert they are without sufficient information to form a belief as to the truth or falsity of any factual allegations contained therein and therefore, on that basis they deny the same.

Jurisdiction

16. Answering Paragraphs Forty-Nine through Fifty-One of the allegations entitled “Parties and Jurisdiction” in Plaintiff’s Complaint, these answering Defendants assert that said paragraphs contain and/or constitute legal conclusions, to which no response is required. To the extent said paragraphs are determined to contain factual allegations, these answering Defendants assert they are without sufficient information to form a belief as to the truth or falsity of any factual allegations contained therein and therefore, on that basis they deny the same.

FACTUAL ALLEGATIONS

Background Information Regarding Spirit

17. Answering Paragraphs Fifty-Two through Fifty-Seven of the allegations entitled “Factual Allegations” in Plaintiff’s Complaint, these answering Defendants assert they are without sufficient information to form a belief as to the truth or falsity of any factual allegations contained in said paragraphs and therefore, on that basis they deny the same.

18. Answering Paragraph Fifty-Eight of the allegations entitled “Factual Allegations” in Plaintiff’s Complaint, these answering Defendants assert that said paragraph contains and/or constitutes legal conclusions, to which no response is required. To the extent said paragraphs are determined to contain factual allegations, these answering Defendants assert they are without sufficient information to form a belief as to the truth or falsity of any factual allegations contained therein and therefore, on that basis they deny the same.

19. Answering Paragraph Fifty-Nine of the allegations entitled “Factual Allegations” in Plaintiff’s Complaint, these answering Defendants assert they are without sufficient information to form a belief as to the truth or falsity of any factual allegations contained in said paragraphs and therefore, on that basis they deny the same.

20. Answering Paragraphs Sixty through Sixty-Two of the allegations entitled “Factual Allegations” in Plaintiff’s Complaint, these answering Defendants assert that said paragraphs contain and/or constitute legal conclusions, to which no response is required. To the

extent said paragraphs are determined to contain factual allegations, these answering Defendants assert they are without sufficient information to form a belief as to the truth or falsity of any factual allegations contained therein and therefore, on that basis they deny the same.

21. Answering Paragraph Sixty-Three of the allegations entitled “Factual Allegations” in Plaintiff’s Complaint, these answering Defendants assert they are without sufficient information to form a belief as to the truth or falsity of any factual allegations contained in said paragraph and therefore, on that basis they deny the same

Events Leading Up to the Discovery of Defendants’ Misconduct

22. Answering Paragraphs Sixty-Four through Seventy-Four of the allegations entitled “Factual Allegations” in Plaintiff’s Complaint, these answering Defendants assert they are without sufficient information to form a belief as to the truth or falsity of any factual allegations contained in said paragraphs and therefore, on that basis they deny the same.

23. Answering Paragraph Seventy-Five of the allegations entitled “Factual Allegations” in Plaintiff’s Complaint, these answering Defendants deny they undertook any action and/or participated in any scheme to conceal from anyone, accurate and/or complete information regarding Spirit or CTC. Answering the remaining allegations in said paragraph, these answering Defendants assert that said paragraph contains and/or constitutes legal conclusions, to which no response is required. To the extent said paragraph is determined to contain factual allegations, these answering Defendants assert they are without sufficient information to form a belief as to the truth or falsity of any factual allegations contained therein and therefore, on that basis they deny the same.

24. Answering Paragraph Seventy-Six of the allegations entitled “Factual Allegations” in Plaintiff’s Complaint, these answering Defendants assert they are without sufficient information to form a belief as to the truth or falsity of any factual allegations contained in said paragraph and therefore, on that basis they deny the same.

Spirit Discloses a 27.6 Million-Dollar Receivable from CTC

25. Answering Paragraphs Seventy-Seven through Eighty-Five of the allegations entitled “Factual Allegations” in Plaintiff’s Complaint, these answering Defendants assert they

are without sufficient information to form a belief as to the truth or falsity of any factual allegations contained in said paragraphs and therefore, on that basis they deny the same.

CTC'S Duties Owed to Spirit under the CTC Agreement

26. Answering Paragraph Eighty-Six through Ninety of the allegations entitled "Factual Allegations" in Plaintiff's Complaint, these answering Defendants assert that said paragraphs contain and/or constitute legal conclusions, to which no response is required. To the extent said paragraphs are determined to contain factual allegations, these answering Defendants assert they are without sufficient information to form a belief as to the truth or falsity of any factual allegations contained therein and therefore, on that basis they deny the same.

Spirit's Certificate of Authority is Suspended, and Spirit is Placed in Receivership

27. Answering Paragraph Ninety-One through Ninety-Three of the allegations entitled "Factual Allegations" in Plaintiff's Complaint, these answering Defendants assert they are without sufficient information to form a belief as to the truth or falsity of any factual allegations contained in said paragraphs and therefore, on that basis they deny the same.

28. Answering Paragraphs Ninety-Four through Ninety-Ninety of the allegations entitled "Factual Allegations" in Plaintiff's Complaint, these answering Defendants assert they are without sufficient information to form a belief as to the truth or falsity of any factual allegations contained therein and therefore, on that basis they deny the same.

CTC Fails to Collect and Pay to Spirit Premiums for Policies Issued

29. Answering Paragraphs One Hundred through One Hundred and Eleven of the allegations entitled "Factual Allegations" in Plaintiff's Complaint, these answering Defendants assert that said paragraphs contain and/or constitute legal conclusions, to which no response is required. To the extent said paragraphs are determined to contain factual allegations, these answering Defendants assert they are without sufficient information to form a belief as to the truth or falsity of any factual allegations contained therein and therefore, on that basis they deny the same.

CTC Retroactively Reclassifies Uncollected Premiums

30. Answering Paragraph One Hundred and Twelve through One Hundred and

Twenty-Eight of the allegations entitled “Factual Allegations” in Plaintiff’s Complaint, these answering Defendants assert that said paragraphs contain and/or constitute legal conclusions, to which no response is required. To the extent said paragraphs are determined to contain factual allegations, these answering Defendants assert they are without sufficient information to form a belief as to the truth or falsity of any factual allegations contained therein and therefore, on that basis they deny the same.

Mulligan Dominated and Controlled the Affairs of CTC and Spirit and other Related Entities

31. Answering Paragraph One Hundred and Twenty-Nine through One Hundred and Thirty-One of the allegations entitled “Factual Allegations” in Plaintiff’s Complaint, these answering Defendants assert they are without sufficient information to form a belief as to the truth or falsity of any factual allegations contained therein and therefore, on that basis they deny the same.

32. Answering Paragraph One Hundred and Thirty-Two of the allegations entitled “Factual Allegations” in Plaintiff’s Complaint, these answering Defendants deny that Igor Kapelnikov possessed or used undue influence to “override controls” or utilize technology to “override critical financial restraints”. Answering the remaining allegations in said paragraph, these answering Defendants assert they are without sufficient information to form a belief as to the truth or falsity of any factual allegations contained in said paragraph and therefore, on that basis they deny the same.

33. Answering Paragraphs One Hundred and Thirty-Three through One Hundred and Forty of the allegations entitled “Factual Allegations” in Plaintiff’s Complaint, these answering Defendants assert they are without sufficient information to form a belief as to the truth or falsity of any factual allegations contained in said paragraphs and therefore, on that basis they deny the same.

Criterion and 10-4 Preferred Managers Harm to Spirit

34. Answering Paragraph One Hundred and Forty-One through One Hundred and Fifty-Nine of the allegations entitled “Factual Allegations” in Plaintiff’s Complaint, these answering Defendants assert they are without sufficient information to form a belief as to the

1 truth or falsity of any factual allegations contained in said paragraphs and therefore, on that basis
2 they deny the same.

3 *Chelsea Financial Harm to Spirit*

4 35. Answering Paragraphs One Hundred Sixty through One Hundred and Seventy
5 Four of the allegations entitled “Factual Allegations” in Plaintiff’s Complaint, these answering
6 Defendants assert that said paragraphs contain or constitute legal conclusions, to which no
7 response is required. To the extent said paragraphs are interpreted to contain any factual
8 allegations, these answering Defendants assert they are without sufficient information to form a
9 belief as to the truth or falsity of any factual allegations contained therein and therefore, on that
10 basis they deny the same.

11 *Lexicon Insurance Management LLC Harm to Spirit*

12 36. Answering Paragraph One Hundred and Seventy-Five through One Hundred and
13 Eighty-Six of the allegations entitled “Factual Allegations” in Plaintiff’s Complaint, these
14 answering Defendants assert they are without sufficient information to form a belief as to the
15 truth or falsity of any factual allegations contained in said paragraphs and therefore, on that basis
16 they deny the same.

17 *Spirit’s “Investment” in New Tech Capital LLC for Mulligan’s Personal Benefit*

18 37. Answering Paragraph One Hundred and Eighty-Seven through One Hundred and
19 Ninety One of the allegations entitled “Factual Allegations” in Plaintiff’s Complaint, these
20 answering Defendants assert that said paragraphs contain or constitute legal conclusions, to
21 which no response is required. To the extent said paragraphs are interpreted to contain any
22 factual allegations, these answering Defendants assert they are without sufficient information to
23 form a belief as to the truth or falsity of any factual allegations contained therein and therefore,
24 on that basis they deny the same.

25 *Other Significant Findings of Spirit’s Former Auditor*

26 38. Answering Paragraph One Hundred and Ninety-Two through One Hundred and
27 Ninety-Six of the allegations entitled “Factual Allegations” in Plaintiff’s Complaint, these
28 answering Defendants assert they are without sufficient information to form a belief as to the

1 truth or falsity of any factual allegations contained in said paragraphs and therefore, on that basis
2 they deny the same.

3 *The Officers and Directors of Spirit Failed to Govern the Company Appropriately*

4 39. Answering Paragraph One Hundred and Ninety-Seven through Two Hundred of
5 the allegations entitled “Factual Allegations” in Plaintiff’s Complaint, these answering
6 Defendants assert they are without sufficient information to form a belief as to the truth or falsity
7 of any factual allegations contained in said paragraphs and therefore, on that basis they deny the
8 same.

9 40. Answering Paragraph Two Hundred and One through Two Hundred and Twenty-
10 Three of the allegations entitled “Factual Allegations” in Plaintiff’s Complaint, these answering
11 Defendants assert that said paragraphs contain or constitute legal conclusions, to which no
12 response is required. To the extent said paragraphs are interpreted to contain any factual
13 allegations, these answering Defendants assert they are without sufficient information to form a
14 belief as to the truth or falsity of any factual allegations contained therein and therefore, on that
15 basis they deny the same.

16 *The Other Individual Defendants’ Roles in the Scheme to Divert Funds to the Mulligan*
17 *Enterprise*

18 41. Answering Paragraph Two Hundred and Twenty-Four through Two Hundred and
19 Twenty-Five of the allegations entitled “Factual Allegations” in Plaintiff’s Complaint, these
20 answering Defendants deny they participated in the Mulligan enterprise or the alleged diversion
21 of Spirit funds or improperly diverted, siphoned or withheld funds from Spirit. These answering
22 Defendants also deny they knew CTC was insolvent or unable to pay its debts. Answering any
23 remaining factual allegations in said paragraphs, these answering Defendants assert that said
24 remaining allegations contain or constitute legal conclusions, to which no response is required.
25 To the extent said remaining allegations are interpreted to contain any factual allegations, these
26 answering Defendants assert they are without sufficient information to form a belief as to the
27 truth or falsity of any factual allegations contained therein and therefore, on that basis they deny
28 the same.

42. Answering Paragraph Two Hundred and Twenty-Six through Two Hundred and Thirty-Five of the allegations entitled “Factual Allegations” in Plaintiff’s Complaint, these answering Defendants assert that paragraphs contain or constitute legal conclusions, to which no response is required. To the extent said paragraphs are interpreted to contain any factual allegations, these answering Defendants assert they are without sufficient information to form a belief as to the truth or falsity of any factual allegations contained therein and therefore, on that basis they deny the same.

43. Answering Paragraph Two Hundred and Thirty-Six through Two Hundred and Thirty-Nine of the allegations entitled “Factual Allegations” in Plaintiff’s Complaint, these answering Defendants assert that said paragraphs contain or constitute legal conclusions, to which no response is required. To the extent said paragraphs are interpreted to contain any factual allegations, these answering Defendants assert they are without sufficient information to form a belief as to the truth or falsity of any factual allegations contained therein and therefore, on that basis they deny the same.

44. Answering Paragraph Two Hundred and Forty of the allegations entitled “Factual Allegations” in Plaintiff’s Complaint, these answering Defendants deny that any of the Kapelnikov defendants participated or engaged in any improper transfers or withholdings of Spirit funds from CTC. Answering any remaining factual allegations in said paragraphs, these answering Defendants assert that said remaining allegations contain or constitute legal conclusions, to which no response is required. To the extent said remaining allegations are interpreted to contain any factual allegations, these answering Defendants assert they are without sufficient information to form a belief as to the truth or falsity of any factual allegations contained therein and therefore, on that basis they deny the same.

Deficiencies in CTS’s Books and Records

45. Answering Paragraph Two Hundred and Forty One through Two Hundred Fifty-Four of the allegations entitled “Factual Allegations” in Plaintiff’s Complaint, these answering Defendants assert they are without sufficient information to form a belief as to the truth or falsity of any factual allegations contained in said paragraphs and therefore, on that basis they deny the

same.

Improper Fund Transfers and Improper Transactions

46. Answering Paragraph Two Hundred and Fifty-Five to Two Hundred and Sixty-Two of the allegations entitled “Factual Allegations” in Plaintiff’s Complaint, these answering Defendant assert that said paragraphs contain and/or constitute legal conclusions, to which no response is required. To the extent said paragraphs are determined to contain factual allegations, these answering Defendants assert they are without sufficient information to form a belief as to the truth or falsity of any factual allegations contained therein and therefore, on that basis they deny the same.

FIRST CAUSE OF ACTION
(Breach of Contract, as Against CTC)

47. Answering Paragraph Two Hundred and Sixty-Three of the First Cause of Action in Plaintiff’s Complaint, these answering Defendants repeats, re-alleges and incorporates herein, by reference, its responses to Paragraphs One through Two Hundred and Sixty-Two of the allegations entitled “Introduction”, “Parties and Jurisdiction” and “Factual Allegations” as though fully set forth herein.

48. Answering Paragraphs Two Hundred and Sixty-Four through Two Hundred and Sixty-Eight in the First Cause of Action in Plaintiff’s Complaint, these answering Defendants assert the allegations in said paragraphs are not directed at them and therefore, no response is required. To the extent said allegations are interpreted to be directed at these answering Defendants, these answering Defendants deny they absconded and dissipated assets belonging to Spirit. Answering the remaining allegations in said paragraphs, these answering Defendants assert they are without sufficient information to form a belief as to the truth or falsity of any factual allegations contained in said paragraphs and therefore, on that basis they deny the same.

SECOND CAUSE OF ACTION
(Breach of Contract as Against Lexicon)

49. Answering Paragraph Two Hundred and Sixty-Nine of the Second Cause of Action in Plaintiff’s Complaint, these answering Defendants repeat, re-allege and incorporate

herein by reference, its responses to Paragraphs One through Two Hundred and Sixty-Two of the allegations entitled “Introduction”, “Parties and Jurisdiction” and “Factual Allegations” and Paragraphs Two Hundred and Sixty-Three through Two Hundred and Sixty-Eight of the First Cause of Action, as though fully set forth herein.

50. Answering Paragraphs Two Hundred and Seventy through Two Hundred and Seventy-Three of the Second Cause of Action in Plaintiff’s Complaint, these answering Defendants assert the allegations in said paragraphs are not directed at them and therefore, no response is required. To the extent said allegations are interpreted to be directed at these answering Defendants, these answering Defendants deny that they absconded and dissipated assets belonging to Spirit. Answering the remaining allegations in said paragraphs, these answering Defendants assert they are without sufficient information to form a belief as to the truth or falsity of any factual allegations contained in said paragraphs and therefore, on that basis they deny the same

THIRD CAUSE OF ACTION
(Breach of Contract as Against Criterion)

51. Answering Paragraph Two Hundred and Seventy-Four of the Third Cause of Action in Plaintiff’s Complaint, these answering Defendants repeat, re-allege and incorporates herein by reference, their responses to Paragraphs One through Two Hundred and Sixty-Two of the allegations entitled “Introduction”, “Parties and Jurisdiction” and “Factual Allegations”, Paragraphs Two Hundred and Sixty-Three through Two Hundred and Sixty-Eight of the First Cause of Action and Paragraphs Two Hundred and Sixty-Nine through Two Hundred and Seventy-Three of the Second Cause of Action, as though fully set forth herein.

52. Answering Paragraphs Two Hundred and Seventy-Five through Two Hundred and Seventy-Nine of the Third Cause of Action in Plaintiff’s Complaint, these answering Defendants assert the allegations in said paragraphs are not directed at them and therefore, no response is required. To the extent said allegations are interpreted to be directed at these answering Defendants, these answering Defendants assert they are without sufficient information to form a belief as to the truth or falsity of any factual allegations contained in said paragraphs

1 and therefore, on that basis they deny the same

2 **FOURTH CAUSE OF ACTION**

3 **(Breach of Contract as Against Spirit Director Defendants)**

4 53. Answering Paragraph Two Hundred and Eighty of the Fourth Cause of Action in
5 Plaintiff's Complaint, these answering Defendants repeat, re-allege and incorporate herein, by
6 reference, their responses to Paragraphs One through Two Hundred and Sixty-Two of the
7 allegations entitled "Introduction", "Parties and Jurisdiction" and "Factual Allegations",
8 Paragraphs Two Hundred and Sixty-Three through Two Hundred and Sixty-Eight of the First
9 Cause of Action, Paragraphs Two Hundred and Sixty-Nine through Two Hundred and Seventy-
10 Three of the Second Cause of Action and Paragraphs Two Hundred and Seventy-Four through
11 Two Hundred and Seventy-Nine of the Third Cause of Action, as though fully set forth herein.

12 54. Answering Paragraphs Two Hundred and Eighty-One through Two Hundred and
13 Eighty-Five of the Fourth Cause of Action in Plaintiff's Complaint, these answering Defendants
14 assert the allegations in said paragraphs are not directed at them and therefore, no response is
15 required. To the extent said allegations are interpreted to be directed at these answering
16 Defendants, these answering Defendants assert they are without sufficient information to form a
17 belief as to the truth or falsity of any factual allegations contained in said paragraphs and
18 therefore, on that basis they deny the same

19 **FIFTH CAUSE OF ACTION**

20 **(Breach of Fiduciary Duty as Against CTC and Lexicon)**

21 55. Answering Paragraph Two Hundred Eighty-Six of the Fifth Cause of Action in
22 Plaintiff's Complaint, these answering Defendants repeat, re-allege and incorporate herein, by
23 reference, their responses to Paragraphs One through Two Hundred and Sixty-Two of the
24 allegations entitled "Introduction", "Parties and Jurisdiction" and "Factual Allegations",
25 Paragraphs Two Hundred and Sixty-Three through Two Hundred and Sixty-Eight of the First
26 Cause of Action, Paragraphs Two Hundred and Sixty-Nine through Two Hundred and Seventy-
27 Three of the Second Cause of Action, Paragraphs Two Hundred and Seventy-Four through Two
28 Hundred and Seventy-Nine of the Third Cause of Action and Paragraphs Two Hundred and

Eighty through Two Hundred and Eighty-Five of the Fourth Cause of Action, as though fully set forth herein.

56. Answering Paragraphs Two Hundred and Eighty-Seven through Two Hundred and Ninety-Two of the Fifth Cause of Action in Plaintiff's Complaint, these answering Defendants assert the allegations in said paragraphs are not directed at them and therefore, no response is required. To the extent said allegations are interpreted to be directed at these answering Defendants, these answering Defendants deny they undertook any action to "loot Spirit of its money or deceive Spirit policyholders. Answering the remaining allegations in said paragraphs, these answering Defendants assert that said remaining allegations contain and/or constitute legal conclusions, to which no response is required. To the extent said remaining allegations are determined to contain factual allegations, these answering Defendants assert they are without sufficient information to form a belief as to the truth or falsity of any factual allegations contained therein and therefore, on that basis they deny the same.

SIXTH CAUSE OF ACTION

(Breach of Fiduciary Duty as Against the Spirit Director Defendants)

57. Answering Paragraph Two Hundred and Ninety-Three of the Sixth Cause of Action in Plaintiff's Complaint, these answering Defendants repeat, re-allege and incorporate herein, by reference, their responses to Paragraphs One through Two Hundred and Sixty-Two of the allegations entitled "Introduction", "Parties and Jurisdiction" and "Factual Allegations", Paragraphs Two Hundred and Sixty-Three through Two Hundred and Sixty-Eight of the First Cause of Action, Paragraphs Two Hundred and Sixty-Nine through Two Hundred and Seventy-Three of the Second Cause of Action, Paragraphs Two Hundred and Seventy-Four through Two Hundred and Seventy-Nine of the Third Cause of Action, Paragraphs Two Hundred and Eighty through Two Hundred and Eighty-Five of the Fourth Cause of Action, Paragraphs Two Hundred and Eighty-Six through Two Hundred and Ninety-Two of the Fifth Cause of Action and Paragraphs Two Hundred and Ninety-Three through Two Hundred and Ninety-Nine of the Sixth Cause of Action.

58. Answering Paragraphs Two Hundred and Ninety-Four through Two Hundred and

Ninety-Nine of the Sixth Cause of Action in Plaintiff's Complaint, these answering Defendants assert the allegations in said paragraphs are not directed at them and therefore, no response is required. To the extent said allegations are interpreted to be directed at these answering Defendants, these answering Defendants assert that said paragraphs contain and/or constitute legal conclusions, to which no response is required. To the extent said paragraphs are determined to contain factual allegations, these answering Defendants assert they are without sufficient information to form a belief as to the truth or falsity of any factual allegations contained therein and therefore, on that basis they deny the same.

SEVENTH CAUSE OF ACTION

(Breach of the Implied Covenant of Good Faith and Fair Dealing – Tortious as Against CTC and Lexicon)

59. Answering Paragraph Three Hundred of the Seventh Cause of Action in Plaintiff's Complaint, these answering Defendants repeat, re-allege and incorporate herein, by reference, their responses to Paragraphs One through Two Hundred and Sixty-Two of the allegations entitled "Introduction", "Parties and Jurisdiction" and "Factual Allegations", Paragraphs Two Hundred and Sixty-Three through Two Hundred and Sixty-Eight of the First Cause of Action, Paragraphs Two Hundred and Sixty-Nine through Two Hundred and Seventy-Three of the Second Cause of Action, Paragraphs Two Hundred and Seventy-Four through Two Hundred and Seventy-Nine of the Third Cause of Action, Paragraphs Two Hundred and Eighty through Two Hundred and Eighty-Five of the Fourth Cause of Action, Paragraphs Two Hundred and Eighty-Six through Two Hundred and Ninety-Two of the Fifth Cause of Action and Paragraphs Two Hundred and Ninety-Three through Two Hundred and Ninety-Nine of the Sixth Cause of Action, as though fully set forth herein.

60. Answering Paragraphs Three Hundred and One through Three Hundred and Ten of the Seventh Cause of Action in Plaintiff's Complaint, these answering Defendants assert the allegations in said paragraphs are not directed at them and therefore, no response is required. To the extent said allegations are interpreted to be directed at these answering Defendants, these answering Defendants assert that said paragraphs contain and/or constitute legal conclusions, to

which no response is required. To the extent said paragraphs are determined to contain factual allegations, these answering Defendants assert they are without sufficient information to form a belief as to the truth or falsity of any factual allegations contained therein and therefore, on that basis they deny the same.

EIGHTH CAUSE OF ACTION

(Breach of the Implied Covenant of Good Faith and Fair Dealing – Contract as Against CTC and Lexicon)

61. Answering Paragraph Three Hundred and Eleven of the Eighth Cause of Action in Plaintiff's Complaint, these answering Defendants repeat, re-allege and incorporate herein, by reference, their responses to Paragraphs One through Two-Hundred and Sixty-Two of the allegations entitled "Introduction", "Parties and Jurisdiction" and "Factual Allegations", Paragraphs Two Hundred and Sixty-Three through Two Hundred and Sixty-Eight of the First Cause of Action, Paragraphs Two Hundred and Sixty-Nine through Two Hundred and Seventy-Three of the Second Cause of Action, Paragraphs Two Hundred and Seventy-Four through Two Hundred and Seventy-Nine of the Third Cause of Action, Paragraphs Two Hundred and Eighty through Two Hundred and Eighty-Five of the Fourth Cause of Action, Paragraphs Two Hundred and Eighty-Six through Two Hundred and Ninety-Two of the Fifth Cause of Action, Paragraphs Two Hundred and Ninety-Three through Two Hundred and Ninety-Nine of the Sixth Cause of Action and Paragraphs Three Hundred through Three Hundred and Ten of the Seventh Cause of Action, as though fully set forth herein.

62. Answering Paragraphs Three Hundred and Twelve through Three Hundred and Nineteen of the Eighth Cause of Action in Plaintiff's Complaint, these answering Defendants assert the allegations in said paragraphs are not directed at them and therefore, no response is required. To the extent said allegations are interpreted to be directed at these answering Defendants, these answering Defendants assert said paragraphs contain and/or constitute legal conclusions, to which no response is required. To the extent said paragraphs are determined to contain factual allegations, these answering Defendants assert they are without sufficient information to form a belief as to the truth or falsity of any factual allegations contained therein

and therefore, on that basis they deny the same.

NINTH CAUSE OF ACTION
(Breach of the Implied Covenant of Good Faith and Fair Dealing – Contract as Against Criterion)

63. Answering Paragraph Three Hundred and Twenty of the Ninth Cause of Action in Plaintiff's Complaint, these answering Defendants repeat, re-allege and incorporate herein, by reference, their responses to Paragraphs One through Two-Hundred and Sixty-Two of the allegations entitled "Introduction", "Parties and Jurisdiction" and "Factual Allegations", Paragraphs Two Hundred and Sixty-Three through Two Hundred and Sixty-Eight of the First Cause of Action, Paragraphs Two Hundred and Sixty-Nine through Two Hundred and Seventy-Three of the Second Cause of Action, Paragraphs Two Hundred and Seventy-Four through Two Hundred and Seventy-Nine of the Third Cause of Action, Paragraphs Two Hundred and Eighty through Two Hundred and Eighty-Five of the Fourth Cause of Action, Paragraphs Two Hundred and Eighty-Six through Two Hundred and Ninety-Two of the Fifth Cause of Action, Paragraphs Two Hundred and Ninety-Three through Two Hundred and Ninety-Nine of the Sixth Cause of Action, Paragraphs Three Hundred through Three Hundred and Ten of the Seventh Cause of Action and Paragraphs Three Hundred and Eleven through Three Hundred and Nineteen of the Eighth Cause of Action, as though fully set forth herein.

64. Answering Paragraphs Three Hundred and Twenty-One through Three Hundred and Twenty-Six of the Ninth Cause of Action in Plaintiff's Complaint, these answering Defendants assert the allegations in said paragraphs are not directed at them and therefore, no response is required. To the extent said allegations are interpreted to be directed at these answering Defendants, these answering Defendants assert said paragraphs contain and/or constitute legal conclusions, to which no response is required. To the extent said paragraphs are determined to contain factual allegations, these answering Defendants assert they are without sufficient information to form a belief as to the truth or falsity of any factual allegations contained therein and therefore, on that basis they deny the same.

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TENTH CAUSE OF ACTION

(Nevada RICO Claims as Against Mulligan, George, Simon, Guffey, McCrae, Kapelnikovs, CTC, Lexicon, and Criterion)

65. Answering Paragraph Three Hundred and Twenty-Seven of the Tenth Cause of Action in Plaintiff's Complaint, these answering Defendants repeat, re-allege and incorporate herein, by reference, their responses to Paragraphs One through Two-Hundred and Sixty-Two of the allegations entitled "Introduction", "Parties and Jurisdiction" and "Factual Allegations", Paragraphs Two Hundred and Sixty-Three through Two Hundred and Sixty-Eight of the First Cause of Action, Paragraphs Two Hundred and Sixty-Nine through Two Hundred and Seventy-Three of the Second Cause of Action, Paragraphs Two Hundred and Seventy-Four through Two Hundred and Seventy-Nine of the Third Cause of Action, Paragraphs Two Hundred and Eighty through Two Hundred and Eighty-Five of the Fourth Cause of Action, Paragraphs Two Hundred and Eighty-Six through Two Hundred and Ninety-Two of the Fifth Cause of Action, Paragraphs Two Hundred and Ninety-Three through Two Hundred and Ninety-Nine of the Sixth Cause of Action, Paragraphs Three Hundred through Three Hundred and Ten of the Seventh Cause of Action, Paragraphs Three Hundred and Eleven through Three Hundred and Nineteen of the Eighth Cause of Action and Paragraphs Three Hundred and Twenty through Three Hundred and Twenty-Six of the Ninth Cause of Action, as though fully set forth herein.

66. Answering Paragraphs Three Hundred and Twenty-Eight through Three Hundred and Forty-Two of the Tenth Cause of Action in Plaintiff's Complaint, these answering Defendants deny that they participated in unlawful activity and also deny they expropriated, embezzled or transferred Spirit's funds and/or entered into any agreement to do the same. These answering Defendants also deny they misled Spirit policyholders in any way regarding the financing for Spirit premiums and/or regarding payments of funds. These answering Defendants also deny that they made any representations to the Nevada Division of Insurance. Answering the remaining allegations in said paragraphs, these answering Defendants assert that said remaining allegations contain and/or constitute legal conclusions, to which no response is required. To the extent said paragraphs are determined to contain factual allegations, these

answering Defendants assert they are without sufficient information to form a belief as to the truth or falsity of any factual allegations contained therein and therefore, on that basis they deny the same.

ELEVENTH CAUSE OF ACTION
(Unjust Enrichment as Against All Defendants)

67. Answering Paragraph Three Hundred and Forty-Three of the Eleventh Cause of Action in Plaintiff's Complaint, these answering Defendants repeat, re-allege and incorporate herein, by reference, their responses to Paragraphs One through Two-Hundred and Sixty-Two of the allegations entitled "Introduction", "Parties and Jurisdiction" and "Factual Allegations", Paragraphs Two Hundred and Sixty-Three through Two Hundred and Sixty-Eight of the First Cause of Action, Paragraphs Two Hundred and Sixty-Nine through Two Hundred and Seventy-Three of the Second Cause of Action, Paragraphs Two Hundred and Seventy-Four through Two Hundred and Seventy-Nine of the Third Cause of Action, Paragraphs Two Hundred and Eighty through Two Hundred and Eighty-Five of the Fourth Cause of Action, Paragraphs Two Hundred and Eighty-Six through Two Hundred and Ninety-Two of the Fifth Cause of Action, Paragraphs Two Hundred and Ninety-Three through Two Hundred and Ninety-Nine of the Sixth Cause of Action, Paragraphs Three Hundred through Three Hundred and Ten of the Seventh Cause of Action, Paragraphs Three Hundred and Eleven through Three Hundred and Nineteen of the Eighth Cause of Action, Paragraphs Three Hundred and Twenty through Three Hundred and Twenty-Six of the Ninth Cause of Action and Paragraphs Three Hundred and Twenty-Seven through Three Hundred and Forty-Two of the Tenth Cause of Action, as though fully set forth herein.

68. Answering Paragraphs Three Hundred and Forty-Four and Three Hundred and Fifty-One of the Eleventh Cause of Action in Plaintiff's Complaint, these answering Defendants assert that said paragraphs contain and/or constitute legal conclusions, to which no response is required. To the extent said paragraphs are determined to contain factual allegations, these answering Defendants assert they are without sufficient information to form a belief as to the truth or falsity of any factual allegations contained therein and therefore, on that basis they deny

the same.

TWELFTH CAUSE OF ACTION
(Fraud as Against All Defendants)

69. Answering Paragraph Three Hundred and Fifty-Two of the Twelfth Cause of Action in Plaintiff's Complaint, these answering Defendants repeat, re-allege and incorporate herein, by reference, their responses to Paragraphs One through Two-Hundred and Sixty-Two of the allegations entitled "Introduction", "Parties and Jurisdiction" and "Factual Allegations", Paragraphs Two Hundred and Sixty-Three through Two Hundred and Sixty-Eight of the First Cause of Action, Paragraphs Two Hundred and Sixty-Nine through Two Hundred and Seventy-Three of the Second Cause of Action, Paragraphs Two Hundred and Seventy-Four through Two Hundred and Seventy-Nine of the Third Cause of Action, Paragraphs Two Hundred and Eighty through Two Hundred and Eighty-Five of the Fourth Cause of Action, Paragraphs Two Hundred and Eighty-Six through Two Hundred and Ninety-Two of the Fifth Cause of Action, Paragraphs Two Hundred and Ninety-Three through Two Hundred and Ninety-Nine of the Sixth Cause of Action, Paragraphs Three Hundred through Three Hundred and Ten of the Seventh Cause of Action, Paragraphs Three Hundred and Eleven through Three Hundred and Nineteen of the Eighth Cause of Action, Paragraphs Three Hundred and Twenty through Three Hundred and Twenty-Six of the Ninth Cause of Action, Paragraphs Three Hundred and Twenty-Seven through Three Hundred and Forty-Two of the Tenth Cause of Action and Paragraphs Three Hundred and Forty-Three through Three Hundred and Fifty-One of the Eleventh Cause of Action, as though fully set forth herein.

70. Answering Paragraphs Three Hundred and Fifty-Three through Three Hundred and Seventy of the Twelfth Cause of Action in Plaintiff's Complaint, these answering Defendants deny that they participated in any unlawful and/or embezzled Spirit's funds. These answering Defendants also deny they misled Spirit policyholders in any way regarding the financing for Spirit premiums and/ or regarding payments of funds. These answering Defendants also deny they formed an agreement to misrepresent the financial condition of Spirit or misrepresent anything to Spirit policyholders, including misrepresentation regarding financing

the policy premiums. Answering the remaining allegations in said paragraphs, these answering Defendants assert that said remaining allegations contain and/or constitute legal conclusions, to which no response is required. To the extent said paragraphs are determined to contain factual allegations, these answering Defendants assert they are without sufficient information to form a belief as to the truth or falsity of any factual allegations contained therein and therefore, on that basis they deny the same.

THIRTEENTH CAUSE OF ACTION
(Civil Conspiracy as Against All Defendants)

71. Answering Paragraph Three Hundred and Seventy-One of the Thirteenth Cause of Action in Plaintiff's Complaint, these answering Defendants repeat, re-allege and incorporate herein, by reference, their responses to Paragraphs One through Two-Hundred and Sixty-Two of the allegations entitled "Introduction", "Parties and Jurisdiction" and "Factual Allegations", Paragraphs Two Hundred and Sixty-Three through Two Hundred and Sixty-Eight of the First Cause of Action, Paragraphs Two Hundred and Sixty-Nine through Two Hundred and Seventy-Three of the Second Cause of Action, Paragraphs Two Hundred and Seventy-Four through Two Hundred and Seventy-Nine of the Third Cause of Action, Paragraphs Two Hundred and Eighty through Two Hundred and Eighty-Five of the Fourth Cause of Action, Paragraphs Two Hundred and Eighty-Six through Two Hundred and Ninety-Two of the Fifth Cause of Action, Paragraphs Two Hundred and Ninety-Three through Two Hundred and Ninety-Nine of the Sixth Cause of Action, Paragraphs Three Hundred through Three Hundred and Ten of the Seventh Cause of Action, Paragraphs Three Hundred and Eleven through Three Hundred and Nineteen of the Eighth Cause of Action, Paragraphs Three Hundred and Twenty through Three Hundred and Twenty-Six of the Ninth Cause of Action, Paragraphs Three Hundred and Twenty-Seven through Three Hundred and Forty-Two of the Tenth Cause of Action, Paragraphs Three Hundred and Forty-Three through Three Hundred and Fifty-One of the Eleventh Cause of Action and Paragraphs Three Hundred and Fifty-Two through Three Hundred and Seventy of the Twelfth Cause of Action, as though fully set forth herein.

72. Answering Paragraphs Three Hundred and Seventy-Two through Three Hundred

1 and Seventy-Nine of the Thirteenth Cause of Action in Plaintiff's Complaint, these answering
2 Defendants deny that they participated in unlawful activity and/or embezzled Spirit's funds.
3 These answering Defendants also deny they misled Spirit policyholders in any way regarding the
4 financing for Spirit premiums and/or regarding payments of funds. These answering Defendants
5 also deny they misled any Spirit policyholders or the Division of Insurance in any manner.
6 These answering Defendants also deny they did not remit payments to Spirit. These answering
7 Defendants also deny they formed an agreement to misrepresent the financial condition of Spirit
8 or misrepresent anything to Spirit policyholders, including misrepresentation regarding financing
9 the policy premiums. Answering the remaining allegations in said paragraphs, these answering
10 Defendants assert said remaining allegations contain and/or constitute legal conclusions, to
11 which no response is required. To the extent said remaining allegations are determined to
12 contain factual allegations, these answering Defendants assert they are without sufficient
13 information to form a belief as to the truth or falsity of any factual allegations contained therein
14 and therefore, on that basis they deny the same.

FOURTEENTH CAUSE OF ACTION

(Alter Ego as Against Mulligan, George, Guffey, Simon and Pavel Kapelnikov)

17 73. Answering Paragraph Three Hundred and Eighty of the Fourteenth Cause of
18 Action in Plaintiff's Complaint, these answering Defendants repeat, re-allege and incorporate
19 herein, by reference, their responses to Paragraphs One through Paragraphs Two-Hundred and
20 Sixty-Two of the allegations entitled "Introduction", "Parties and Jurisdiction" and "Factual
21 Allegations", Paragraphs Two Hundred and Sixty-Three through Two Hundred and Sixty-Eight
22 of the First Cause of Action, Paragraphs Two Hundred and Sixty-Nine through Two Hundred
23 and Seventy-Three of the Second Cause of Action, Paragraphs Two Hundred and Seventy-Four
24 through Two Hundred and Seventy-Nine of the Third Cause of Action, Paragraphs Two Hundred
25 and Eighty through Two Hundred and Eighty-Five of the Fourth Cause of Action, Paragraphs
26 Two Hundred and Eighty-Six through Two Hundred and Ninety-Two of the Fifth Cause of
27 Action, Paragraphs Two Hundred and Ninety-Three through Two Hundred and Ninety-Nine of
28 the Sixth Cause of Action, Paragraphs Three Hundred through Three Hundred and Ten of the

Seventh Cause of Action, Paragraphs Three Hundred and Eleven through Three Hundred and Nineteen of the Eighth Cause of Action, Paragraphs Three Hundred and Twenty through Three Hundred and Twenty-Six of the Ninth Cause of Action, Paragraphs Three Hundred and Twenty-Seven through Three Hundred and Forty-Two of the Tenth Cause of Action, Paragraphs Three Hundred and Forty-Three through Three Hundred and Fifty-One of the Eleventh Cause of Action, Paragraphs Three Hundred and Fifty-Two through Three Hundred and Seventy Dollars of the Twelfth Cause of Action and Paragraphs Three Hundred and Seventy-One through Three Seventy-Nine of the Thirteenth Cause of Action, as though fully set forth herein.

74. Answering Paragraphs Three Hundred and Eighty-One through Three Hundred and Eighty-Four of the Fourteenth Cause of Action in Plaintiff's Complaint, these answering assert the allegations in said paragraphs are not directed at them and therefore, no response is required. To the extent said allegations are interpreted to be directed at these answering Defendants, these answering Defendants assert that said paragraphs contain and/or constitute legal conclusions, to which no response is required. To the extent said paragraphs are determined to contain factual allegations, these answering Defendants assert they are without sufficient information to form a belief as to the truth or falsity of any factual allegations contained therein and therefore, on that basis they deny the same.

FIFTEENTH CAUSE OF ACTION

(NRS 112 – Avoidance of Transfers as Against CTC and its Transferees)

75. Answering Paragraph Three Hundred and Eighty-Five of the Fifteenth Cause of Action in Plaintiff's Complaint, these answering Defendants repeat, re-allege and incorporate herein, by reference, their responses to Paragraphs One through Two-Hundred and Sixty-Two of the allegations entitled "Introduction", "Parties and Jurisdiction" and "Factual Allegations", Paragraphs Two Hundred and Sixty-Three through Two Hundred and Sixty-Eight of the First Cause of Action, Paragraphs Two Hundred and Sixty-Nine through Two Hundred and Seventy-Three of the Second Cause of Action, Paragraphs Two Hundred and Seventy-Four through Two Hundred and Seventy-Nine of the Third Cause of Action, Paragraphs Two Hundred and Eighty through Two Hundred and Eighty-Five of the Fourth Cause of Action, Paragraphs Two Hundred

and Eighty-Six through Two Hundred and Ninety-Two of the Fifth Cause of Action, Paragraphs Two Hundred and Ninety-Three through Two Hundred and Ninety-Nine of the Sixth Cause of Action, Paragraphs Three Hundred through Three Hundred and Ten of the Seventh Cause of Action, Paragraphs Three Hundred and Eleven through Three Hundred and Nineteen of the Eighth Cause of Action, Paragraphs Three Hundred and Twenty through Three Hundred and Twenty-Six of the Ninth Cause of Action, Paragraphs Three Hundred and Twenty-Seven through Three Hundred and Forty-Two of the Tenth Cause of Action, Paragraphs Three Hundred and Forty-Three through Three Hundred and Fifty-One of the Eleventh Cause of Action, Paragraphs Three Hundred and Fifty-Two through Three Hundred and Seventy Dollars of the Twelfth Cause of Action, Paragraphs Three Hundred and Seventy-One through Three Seventy-Nine of the Thirteenth Cause of Action and Paragraphs Three Hundred and Eighty through Three Hundred Eighty-Four of the Fourteenth Cause of Action, as though fully set forth herein.

76. Answering Paragraphs Three Hundred and Eighty-Six through Three Hundred and Ninety-Six of the Fifteenth Cause of Action in Plaintiff's Complaint, these answering Defendants assert that said paragraphs contain and/or constitute legal conclusions, to which no response is required. To the extent said paragraphs are determined to contain factual allegations, these answering Defendants assert they are without sufficient information to form a belief as to the truth or falsity of any factual allegations contained therein and therefore, on that basis they deny the same.

SIXTEENTH CAUSE OF ACTION

(NRS 696B – Voidable Transfers as Against CTC and its Transferees)

77. Answering Paragraph Three Hundred and Ninety-Seven of the Sixteenth Cause of Action in Plaintiff's Complaint, these answering Defendants repeat, re-allege and incorporate herein, by reference, their responses to Paragraphs One through Two-Hundred and Sixty-Two of the allegations entitled "Introduction", "Parties and Jurisdiction" and "Factual Allegations", Paragraphs Two Hundred and Sixty-Three through Two Hundred and Sixty-Eight of the First Cause of Action, Paragraphs Two Hundred and Sixty-Nine through Two Hundred and Seventy-Three of the Second Cause of Action, Paragraphs Two Hundred and Seventy-Four through Two

1 Hundred and Seventy-Nine of the Third Cause of Action, Paragraphs Two Hundred and Eighty
2 through Two Hundred and Eighty-Five of the Fourth Cause of Action, Paragraphs Two Hundred
3 and Eighty-Six through Two Hundred and Ninety-Two of the Fifth Cause of Action, Paragraphs
4 Two Hundred and Ninety-Three through Two Hundred and Ninety-Nine of the Sixth Cause of
5 Action, Paragraphs Three Hundred through Three Hundred and Ten of the Seventh Cause of
6 Action, Paragraphs Three Hundred and Eleven through Three Hundred and Nineteen of the
7 Eighth Cause of Action, Paragraphs Three Hundred and Twenty through Three Hundred and
8 Twenty-Six of the Ninth Cause of Action, Paragraphs Three Hundred and Twenty-Seven through
9 Three Hundred and Forty-Two of the Tenth Cause of Action, Paragraphs Three Hundred and
10 Forty-Three through Three Hundred and Fifty-One of the Eleventh Cause of Action, Paragraphs
11 Three Hundred and Fifty-Two through Three Hundred and Seventy Dollars of the Twelfth Cause
12 of Action, Paragraphs Three Hundred and Seventy-One through Three Seventy-Nine of the
13 Thirteenth Cause of Action, Paragraphs Three Hundred and Eighty through Three Hundred
14 Eighty-Four of the Fourteenth Cause of Action and Paragraphs Three Hundred Eighty-Five
15 through Three Hundred Ninety-Six of the Fifteenth Cause of Action, as though fully set forth
16 herein.

17 78. Answering Paragraphs Three Hundred and Ninety-Eight through Four Hundred
18 and Nine of the Sixteenth Cause of Action in Plaintiff's Complaint, these answering Defendants
19 deny that they conducted broad misconduct or violated the law. Answering the remaining
20 allegations in said paragraphs, these answering Defendants assert that said remaining allegations
21 contain and/or constitute legal conclusions, to which no response is required. To the extent said
22 remaining allegations are determined to contain factual allegations, these answering Defendants
23 assert they are without sufficient information to form a belief as to the truth or falsity of any
24 factual allegations contained therein and therefore, on that basis they deny the same

25 **SEVENTEENTH CAUSE OF ACTION**

26 **(NRS 696B – Recovery of Distributions and Payments as Against CTC and its Transferees)**

27 79. Answering Paragraph Four Hundred and Ten of the Seventeenth Cause of Action
28 in Plaintiff's Complaint, these answering Defendants repeat, re-allege and incorporate herein, by

1 reference, their responses to Paragraphs One through Two-Hundred and Sixty-Two of the
2 allegations entitled “Introduction”, “Parties and Jurisdiction” and “Factual Allegations”,
3 Paragraphs Two Hundred and Sixty-Three through Two Hundred and Sixty-Eight of the First
4 Cause of Action, Paragraphs Two Hundred and Sixty-Nine through Two Hundred and Seventy-
5 Three of the Second Cause of Action, Paragraphs Two Hundred and Seventy-Four through Two
6 Hundred and Seventy-Nine of the Third Cause of Action, Paragraphs Two Hundred and Eighty
7 through Two Hundred and Eighty-Five of the Fourth Cause of Action, Paragraphs Two Hundred
8 and Eighty-Six through Two Hundred and Ninety-Two of the Fifth Cause of Action, Paragraphs
9 Two Hundred and Ninety-Three through Two Hundred and Ninety-Nine of the Sixth Cause of
10 Action, Paragraphs Three Hundred through Three Hundred and Ten of the Seventh Cause of
11 Action, Paragraphs Three Hundred and Eleven through Three Hundred and Nineteen of the
12 Eighth Cause of Action, Paragraphs Three Hundred and Twenty through Three Hundred and
13 Twenty-Six of the Ninth Cause of Action, Paragraphs Three Hundred and Twenty-Seven through
14 Three Hundred and Forty-Two of the Tenth Cause of Action, Paragraphs Three Hundred and
15 Forty-Three through Three Hundred and Fifty-One of the Eleventh Cause of Action, Paragraphs
16 Three Hundred and Fifty-Two through Three Hundred and Seventy Dollars of the Twelfth Cause
17 of Action, Paragraphs Three Hundred and Seventy-One through Three Seventy-Nine of the
18 Thirteenth Cause of Action, Paragraphs Three Hundred and Eighty through Three Hundred
19 Eighty-Four of the Fourteenth Cause of Action, Paragraphs Three Hundred Eighty-Five through
20 Three Hundred Ninety-Six of the Fifteenth Cause of Action and Paragraphs Three Hundred
21 Nine-Seven through Four Hundred and Nine of the Sixteenth Cause of Action, as though fully
22 set forth herein.

23 80. Answering Paragraphs Four Hundred and Eleven through Four Hundred and
24 Twenty-One of the Seventeenth Cause of Action in Plaintiff’s Complaint, these answering
25 Defendants deny that they conducted broad misconduct or violated the law. Answering the
26 remaining allegations in said paragraphs, these answering Defendants assert that said remaining
27 allegations contain and/or constitute legal conclusions, to which no response is required. To the
28 extent said remaining allegations are determined to contain factual allegations, these answering

Defendants assert they are without sufficient information to form a belief as to the truth or falsity of any factual allegations contained therein and therefore, on that basis they deny the same.

EIGHTEENTH CAUSE OF ACTION

(NRS 692C.402 – Recovery of Distributions and Payments as Against CTC and its Transferees)

81. Answering Paragraph Four Hundred and Twenty-Two of the Eighteenth Cause of Action in Plaintiff's Complaint, these answering Defendants repeat, re-allege and incorporate herein, by reference, their responses to Paragraphs One through Two-Hundred and Sixty-Two of the allegations entitled "Introduction", "Parties and Jurisdiction" and "Factual Allegations", Paragraphs Two Hundred and Sixty-Three through Two Hundred and Sixty-Eight of the First Cause of Action, Paragraphs Two Hundred and Sixty-Nine through Two Hundred and Seventy-Three of the Second Cause of Action, Paragraphs Two Hundred and Seventy-Four through Two Hundred and Seventy-Nine of the Third Cause of Action, Paragraphs Two Hundred and Eighty through Two Hundred and Eighty-Five of the Fourth Cause of Action, Paragraphs Two Hundred and Eighty-Six through Two Hundred and Ninety-Two of the Fifth Cause of Action, Paragraphs Two Hundred and Ninety-Three through Two Hundred and Ninety-Nine of the Sixth Cause of Action, Paragraphs Three Hundred through Three Hundred and Ten of the Seventh Cause of Action, Paragraphs Three Hundred and Eleven through Three Hundred and Nineteen of the Eighth Cause of Action, Paragraphs Three Hundred and Twenty through Three Hundred and Twenty-Six of the Ninth Cause of Action, Paragraphs Three Hundred and Twenty-Seven through Three Hundred and Forty-Two of the Tenth Cause of Action, Paragraphs Three Hundred and Forty-Three through Three Hundred and Fifty-One of the Eleventh Cause of Action, Paragraphs Three Hundred and Fifty-Two through Three Hundred and Seventy Dollars of the Twelfth Cause of Action, Paragraphs Three Hundred and Seventy-One through Three Seventy-Nine of the Thirteenth Cause of Action, Paragraphs Three Hundred and Eighty through Three Hundred Eighty-Four of the Fourteenth Cause of Action, Paragraphs Three Hundred Eighty-Five through Three Hundred Ninety-Six of the Fifteenth Cause of Action, Paragraphs Three Hundred Nine-Seven through Four Hundred and Nine of the Sixteenth Cause of Action and Paragraphs Four

Hundred and Ten Dollars through Four Hundred and Twenty-One of the Seventeenth Cause of Action, as though fully set forth herein.

82. Answering Paragraphs Four Hundred and Twenty-Three through Four Hundred and Thirty-Four of the Eighteenth Cause of Action in Plaintiff's Complaint, these answering Defendants deny that they conducted broad misconduct or violated the law. Answering the remaining allegations in said paragraphs, these answering Defendants assert that said remaining allegations contain and/or constitute legal conclusions, to which no response is required. To the extent said remaining allegations are determined to contain factual allegations, these answering Defendants assert they are without sufficient information to form a belief as to the truth or falsity of any factual allegations contained therein and therefore, on that basis they deny the same.

NINETEENTH CAUSE OF ACTION

(NRS 78.300 – Recovery of Unlawful Distribution as Against the Spirit Director Defendants)

83. Answering Paragraph Four Hundred and Thirty-Five of the Nineteenth Cause of Action in Plaintiff's Complaint, these answering Defendants repeat, re-allege and incorporate herein, by reference, their responses to Paragraphs One through Two-Hundred and Sixty-Two of the allegations entitled "Introduction", "Parties and Jurisdiction" and "Factual Allegations", Paragraphs Two Hundred and Sixty-Three through Two Hundred and Sixty-Eight of the First Cause of Action, Paragraphs Two Hundred and Sixty-Nine through Two Hundred and Seventy-Three of the Second Cause of Action, Paragraphs Two Hundred and Seventy-Four through Two Hundred and Seventy-Nine of the Third Cause of Action, Paragraphs Two Hundred and Eighty through Two Hundred and Eighty-Five of the Fourth Cause of Action, Paragraphs Two Hundred and Eighty-Six through Two Hundred and Ninety-Two of the Fifth Cause of Action, Paragraphs Two Hundred and Ninety-Three through Two Hundred and Ninety-Nine of the Sixth Cause of Action, Paragraphs Three Hundred through Three Hundred and Ten of the Seventh Cause of Action, Paragraphs Three Hundred and Eleven through Three Hundred and Nineteen of the Eighth Cause of Action, Paragraphs Three Hundred and Twenty through Three Hundred and Twenty-Six of the Ninth Cause of Action, Paragraphs Three Hundred and Twenty-Seven through

Three Hundred and Forty-Two of the Tenth Cause of Action, Paragraphs Three Hundred and Forty-Three through Three Hundred and Fifty-One of the Eleventh Cause of Action, Paragraphs Three Hundred and Fifty-Two through Three Hundred and Seventy Dollars of the Twelfth Cause of Action, Paragraphs Three Hundred and Seventy-One through Three Seventy-Nine of the Thirteenth Cause of Action, Paragraphs Three Hundred and Eighty through Three Hundred Eighty-Four of the Fourteenth Cause of Action, Paragraphs Three Hundred Eighty-Five through Three Hundred Ninety-Six of the Fifteenth Cause of Action, Paragraphs Three Hundred Nine-Seven through Four Hundred and Nine of the Sixteenth Cause of Action, Paragraphs Four Hundred and Ten Dollars through Four Hundred and Twenty-One of the Seventeenth Cause of Action and Paragraphs Four Hundred and Twenty-Two through Four Hundred and Thirty-Four of the Eighteenth Cause of Action, as though fully set forth herein.

84. Answering Paragraphs Four Hundred and Thirty-Six through Four Hundred and Forty-One of the Nineteenth Cause of Action in Plaintiff's Complaint, these answering Defendants assert the allegations in said paragraphs are not directed at them and therefore, no response is required. To the extent said allegations are interpreted to be directed at these answering Defendants, these answering Defendants assert said paragraphs contain and/or constitute legal conclusions, to which no response is required. To the extent said paragraphs are determined to contain factual allegations, these answering Defendants assert they are without sufficient information to form a belief as to the truth or falsity of any factual allegations contained therein and therefore, on that basis they deny the same.

AFFIRMATIVE DEFENSES

Affirmative Defense One: *Statutes of Repose.* Plaintiff's claims are barred by the applicable statutes of repose.

Affirmative Defense Two: *Consent.* Plaintiff agreed to and participated in those actions claimed to have caused damage. Since such consent and participation were given and done knowingly and voluntarily, the Plaintiff's claims are invalid.

Affirmative Defense Three: *Comparative Fault of the Plaintiff.* Plaintiff's damages, if any, were proximately caused and contributed to, in whole or in part, by Plaintiff's own conduct,

thereby completely or partially barring the Plaintiff from recovering herein; and any judgment in favor of the Plaintiff against these answering Defendants should be reduced in proportion to Plaintiff's own comparative negligence.

Affirmative Defense Four: *Comparative Fault of the Plaintiff as Complete Bar to Recovery.*

The damages alleged in the Complaint, if any to Plaintiff, were proximately caused or contributed to by Plaintiff's own negligence and Plaintiff's negligence exceeds the negligence, if any, of these answering Defendants. Therefore, Plaintiff is barred from any recovery at all.

Affirmative Defense Five: *Apportionment of Fault among Named Defendants.* Plaintiff's

alleged damages, if any, were proximately caused and contributed to, in whole or in part, by the acts or omissions of the other named defendants or third-party defendants; wherefore any fault assigned in this case must be divided between the defendants and/or third party defendants and based on their comparative negligence percentage and Nevada's several liability, so that each named defendant/third-party defendant pays only his, her, or its own share.

Affirmative Defense Six: *Fictitious Defendants.* These answering Defendants are not legally

responsible for the acts and/or omissions of those who are named as fictitious defendants.

Affirmative Defense Seven: *Comparative Fault of Unnamed Third Parties.* Plaintiff's

damages, if any, were proximately caused and contributed to, in whole or in part, by the acts or omissions of others not named in this lawsuit; wherefore any recovery obtained by Plaintiff from these answering Defendants should be reduced by an amount equal to the percentage of the fault of those unnamed persons.

Affirmative Defense Eight: *Failure to Mitigate Damages:* Plaintiff failed to take reasonable

steps to minimize or prevent the damages alleged in the Complaint.

Affirmative Defense Nine: *Attorney's Fees and Costs:* These answering Defendants have

employed the services of an attorney to defend this action and a reasonable sum should be allowed for its attorney's fees and for costs incurred in defending this action.

Affirmative Defense Ten: *Plaintiff has Received Payment:* Plaintiff is not owed any money, as

these answering Defendants have made full payment to the actual creditor or assignee for the debt at issue, which payment was accepted.

Affirmative Defense Eleven: *NRCP 9 – Failure to Plead Fraud with Particularity:* The claims, and each of them, are barred by the failure of the Plaintiff to plead those claims with particularity.

Affirmative Defense Twelve: *No Conspiracy Agreement:* These answering Defendants did not enter into a conspiracy to harm Plaintiff.

Affirmative Defense Thirteen: *No Intention RE: Unlawful Objective:* These answering Defendants did not intend to accomplish an unlawful objective for the purpose of harming Plaintiff.

Affirmative Defense Fourteen: *No False Representations:* These answering Defendants made no false representations of material fact, which he knew to be false.

Affirmative Defense Fifteen: *No Intent to Defraud:* These answering Defendants had no intent to defraud Plaintiff.

Affirmative Defense Sixteen: *No Intent for Plaintiff to Rely:* These answering Defendants did not intend for Plaintiff to rely on any alleged misrepresentations.

Affirmative Defense Seventeen: *No Malice:* These answering Defendants' conduct was not oppressive, fraudulent, nor committed with malice.

Affirmative Defense Eighteen: *No Misleading Actions:* These answering Defendants' acts were not misleading in any material way.

Affirmative Defense Nineteen: *No Deceptive Action:* These answering Defendants committed no deceptive acts, including deceptive acts directed at customers.

Affirmative Defense Twenty: *No Deceiving Statements:* These answering Defendants' statements have not actually deceived and are not likely to deceive any part of an intended audience.

Affirmative Defense Twenty-One: *No Reliance:* Plaintiff did not justifiably nor reasonably rely on any alleged representation of these answering Defendants.

Affirmative Defense Twenty-Two: *NRS 42.005:* Any punitive or exemplary damages are limited, in whole or in part, by, inter alia, Nevada Revised Statute 42.005.

Affirmative Defense Twenty-Three: *No Knowing False Statements:* These answering

1 Defendants did not knowingly make a false statement.

2 **Affirmative Defense Twenty-Four:** *No Intent to Induce:* These answering Defendants did not
3 intend to induce Plaintiff's reliance upon a false statement.

4 **Affirmative Defense Twenty-Five:** *No False Information RE: Business Transaction:* These
5 answering Defendants did not in the course of these answering Defendants' businesses,
6 professions or employment, or in any other action in which these answering Defendants have a
7 pecuniary interest, supply false information to Plaintiff for the guidance of their business
8 transactions.

9 **Affirmative Defense Twenty-Six:** *Statute of Limitations:* Plaintiff's Complaint and/or each of
10 the causes of action asserted in the Complaint are barred by the applicable statute of limitations.

11 **Affirmative Defense Twenty-Seven:** *NCRCP 11:* Pursuant to Nevada Rules of Civil
12 Procedure, Rule 11, as amended, all possible affirmative defenses may not have been alleged
13 herein insofar as sufficient facts were not available after reasonable inquiry upon the filing of
14 these answering Defendants' Answer and therefore, these answering Defendants have the right to
15 amend this Answer to allege additional affirmative defenses as subsequent investigation
16 warrants.

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3960 Howard Hughes Parkway, Suite 600
Las Vegas, Nevada 89169

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WHEREFORE, these answering Defendants IGOR and YANINA KAPELNIKOV pray as follows:

1. That Plaintiff takes nothing by way of her Complaint;
2. For attorney's fees and costs as allowed by law;
3. For such other and further relief as may be deemed just and proper by the Court.

DATED this 14th day of April 2020.

TYSON & MENDES LLP

/s/ Thomas E. McGrath

THOMAS E. MCGRATH

Nevada Bar No. 7086

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*Attorneys for Defendants Igor and Yanina
Kapelnikov*



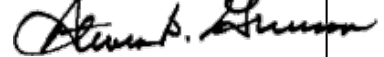
3960 Howard Hughes Parkway, Suite 600
Las Vegas, Nevada 89169

CERTIFICATE OF SERVICE

The undersigned, an employee of Tyson & Mendes LLP, hereby certifies that on the 14th day of April 2020, a copy of **DEFENDANTS IGOR and YANINA KAPELNIKOV'S ANSWER TO PLAINTIFF'S COMPLAINT**, was served by electronic service in accordance with Administrative Order 14.2, to all interested parties, through the Court's **ODYSSEY eFileNV** system addressed to:

Mark E. Ferrario, Esq.
Email: ferrariom@gtlaw.com
Kara B. Hendricks, Esq.
Email: hendricksk@gtlaw.com
Kyle A. Ewing, Esq.
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GREENBERG TRAURIG, LLP
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Attorneys for Plaintiff

/s/ Scarlett Fisher
An employee of Tyson & Mendes LLP



1 **ANS**
2 Sheri M. Thome, Esq.
3 Nevada Bar No. 008657
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10 Email: Sheri.Thome@wilsonelser.com
11 *Attorneys for Defendants*
12 *Carlos Torres and Virginia Torres*

8 **DISTRICT COURT**

9 **CLARK COUNTY, NEVADA**

10 BARBARA D. RICHARDSON IN HER
11 CAPACITY AS THE STATUTORY
12 RECEIVER FOR SPIRIT COMMERCIAL
13 AUTO RISK RETENTION GROUP, INC.

14 Plaintiff,

15 vs.

16 THOMAS MULLIGAN, an individual; CTC
17 TRANSPORTATION INSURANCE
18 SERVICES OF MISSOURI, LLC, a Missouri
19 Limited Liability Company; CTC
20 TRANSPORTATION INSURANCE
21 SERVICES LLC, a California Limited Liability
22 Company; CTC TRANSPORTATION
23 INSURANCE SERVICES OF HAWAII LLC,
24 a Hawaii Limited Liability Company;
25 CRITERION CLAIMS SOLUTIONS OF
26 OMAHA, INC., a Nebraska Corporation;
27 PAVEL KAPELNIKOV, an individual;
28 CHELSEA FINANCIAL GROUP, INC., a
California Corporation; CHELSEA
FINANCIAL GROUP, INC., a Missouri
Corporation; CHELSEA FINANCIAL
GROUP, INC., a New Jersey Corporation d/b/a
CHELSEA PREMIUM FINANCE
CORPORATION; CHELSEA FINANCIAL
GROUP, INC., a Delaware Corporation;
CHELSEA HOLDING COMPANY, LLC, a
Nevada Limited Liability Company;
CHELSEA HOLDINGS, LLC, a Nevada
Limited Liability Company; FOURGOREAN
CAPITAL, LLC, a New Jersey Limited
Liability Company; KAPA MANAGEMENT
CONSULTING, INC. a New Jersey
Corporation; KAPA VENTURES, INC., a New
Jersey Corporation; GLOBAL FORWARDING

Case No. A-20-809963-B
Dept. No.: 13

**ANSWER TO PLAINTIFF'S COMPLAINT
ON BEHALF OF CARLOS TORRES AND
VIRGINIA TORRES**

1 ENTERPRISES LIMITED LIABILITY
2 COMPANY, a New Jersey Limited Liability
3 Company; GLOBAL CAPITAL GROUP, LLC,
4 a New Jersey Limited Liability Company;
5 GLOBAL CONSULTING; NEW TECH
6 CAPITAL, LLC, a Delaware Limited Liability
7 Company; LEXICON INSURANCE
8 MANAGEMENT LLC, a North Carolina
9 Limited Liability Company; ICAP
10 MANAGEMENT SOLUTIONS, LLC, a
11 Vermont Limited Liability Company; SIX
12 ELEVEN LLC, a Missouri Limited Liability
13 Company; 10-4 PREFERRED RISK
14 MANAGERS INC., a Missouri Corporation;
15 IRONJAB LLC, a New Jersey Limited Liability
16 Company; YANINA G. KAPELNIKOV, an
individual; IGOR KAPELNIKOV, an
individual; QUOTE MY RIG LLC, a New
Jersey Limited Liability Company;
MATTHEW SIMON, an individual; DANIEL
GEORGE, an individual; JOHN MALONEY,
an individual; JAMES MARX, an individual;
CARLOS TORRES, an individual; VIRGINIA
TORRES, an individual; SCOTT McCRAE, an
individual; BRENDA GUFFEY, an individual;
195 GLUTEN FREE LLC, a New Jersey
Limited Liability Company, DOE
INDIVIDUALS I-X; and ROE CORPORATE
ENTITIES I-X,

Defendants.

17 **ANSWER TO PLAINTIFF'S COMPLAINT ON BEHALF OF**
18 **CARLOS TORRES AND VIRGINIA TORRES**

19 Defendants Carlos Torres and Virginia Torres, by and through their attorneys of record,
20 Sheri M. Thome, Esq., of Wilson, Elser, Moskowitz, Edelman & Dicker LLP, hereby answer
21 Plaintiff's complaint as follows:

22 **INTRODUCTION**

23 1. Answering paragraphs 1 through 4, inclusive, of the Complaint on file herein, these
24 answering Defendants deny the allegations as they pertain to Carlos and Virginia Torres. As to the
25 remaining allegations, Defendants lack sufficient information to admit or deny those allegations,
26 thus deny them on that basis.

27 **PARTIES AND JURISDICTION**

28 2. Answering paragraph 5 of the Complaint on file herein, these answering Defendants

1 lack sufficient information to admit or deny the allegations therein, thus deny them on that basis.

2 3. Answering paragraph 6 of the Complaint on file herein, these answering Defendants
3 lack sufficient information to admit or deny the allegations therein, thus deny them on that basis.

4 4. Answering paragraph 7 of the Complaint on file herein, these answering Defendants
5 lack sufficient information to admit or deny the allegations therein, thus deny them on that basis.

6 5. Answering paragraph 8 of the Complaint on file herein, these answering Defendants
7 lack sufficient information to admit or deny the allegations therein, thus deny them on that basis.

8 6. Answering paragraph 9 of the Complaint on file herein, these answering Defendants
9 lack sufficient information to admit or deny the allegations therein, thus deny them on that basis.

10 **THE DEFENDANTS**

11 7. Answering paragraphs 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25,
12 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37 and 38, inclusive, of the Complaint on file herein, these
13 answering Defendants lack sufficient information to admit or deny the allegations therein, thus deny
14 them on that basis.

15 8. Answering paragraph 39 of the Complaint on file herein, these answering Defendants
16 admit that Carlos Torres and Virginia Torres were directors of Spirit. Defendants lack information
17 sufficient to admit or deny the remaining allegations and deny same on that basis.

18 9. Answering paragraphs 40, 41, 42, 43, 44, 45, 46, 47, 48, 49 and 50, these answering
19 Defendants lack sufficient information to admit or deny the allegations therein, thus deny them on
20 that basis.

21 10. Answering paragraph 51 of the Complaint on file herein, these answering Defendants
22 lack sufficient information to admit or deny the allegations therein, thus deny them on that basis.

23 **FACTUAL ALLEGATIONS**

24 11. Answering paragraph 52 of the Complaint on file herein, these answering Defendants
25 lack sufficient information to admit or deny the allegations therein, thus deny them on that basis.

26 12. Answering paragraphs 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68,
27 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89 and 90, these answering
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1 Defendants lack sufficient information to admit or deny the allegations therein, thus deny them on
2 that basis.

3 13. Answering paragraph 91, these answering Defendants admit that Spirit's Certificate
4 of Authority was suspended on October 19, 2018, but lack information sufficient to admit or deny
5 the remaining allegations, thus deny them on that basis.

6 14. Answering paragraph 92, these answering Defendants admit that the Receivership
7 Order was entered on February 27, 2019, appointing Barbara Richardson as the Receiver.

8 15. Answering paragraphs 93 and 94, these answering Defendants lack sufficient
9 information to admit or deny the allegations therein, thus deny them on that basis.

10 16. Answering paragraph 95, these answering Defendants lack sufficient information to
11 admit or deny the allegations therein, thus deny them on that basis.

12 17. Answering paragraphs 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108,
13 109, 110, 111 (missing allegation), 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124,
14 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139 and 140, these answering
15 Defendants lack sufficient information to admit or deny the allegations therein, thus deny them on
16 that basis.

17 18. Answering paragraphs 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152,
18 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172,
19 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192,
20 193, 194, 195 and 196, these answering Defendants lack sufficient information to admit or deny the
21 allegations therein, thus deny them on that basis.

22 19. Answering paragraph 197, these answering Defendants admit that Carlos Torres and
23 Virginia Torres were directors of Spirit. Defendants lack sufficient information to admit or deny
24 the remaining allegations therein, thus deny them on that basis.

25 20. Answering paragraphs 198, 199, 200, 201, 202 and 203, these answering Defendants
26 lack sufficient information to admit or deny the allegations therein, thus deny them on that basis.

27 21. Answering paragraph 204, these answering Defendants deny that Carlos Torres and
28 Virginia Torres made misrepresentations or failed to disclose critical information to state insurance

1 regulators as stated therein. Defendants lack sufficient information to admit or deny the remaining
2 allegations therein, thus deny them on that basis.

3 22. Answering paragraph 205, these answering Defendants deny the allegations that
4 pertain to Carlos Torres and Virginia Torres. Defendants lack sufficient information to admit or
5 deny the remaining allegations therein, thus deny them on that basis.

6 23. Answering paragraphs 206, 207, 208, 209, 210, 211, 212 and 213, these answering
7 Defendants lack sufficient information to admit or deny the allegations therein, thus deny them on
8 that basis.

9 24. Answering paragraphs 214, 215, 216, 217 and 218, these answering Defendants lack
10 sufficient information to admit or deny the allegations therein, thus deny them on that basis.

11 25. Answering paragraphs 219 and 220, these answering Defendants lack sufficient
12 information to admit or deny the allegations therein, thus deny them on that basis.

13 26. Answering paragraph 221, these answering Defendants deny any allegations of
14 misconduct as it pertains to Marx. Defendants lack sufficient information to admit or deny the
15 allegations therein, thus deny them on that basis.

16 27. Answering paragraphs 222 and 223, these answering Defendants deny the allegations
17 as they pertain to Carlos Torres and Virginia Torres. Defendants lack sufficient information to
18 admit or deny the remaining allegations therein, thus deny them on that basis.

19 28. Answering paragraphs 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235,
20 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254 and
21 255, these answering Defendants lack sufficient information to admit or deny the allegations therein,
22 thus deny them on that basis.

23 29. Answering paragraph 256 and all subparts (a-y), these answering Defendants lack
24 sufficient information to admit or deny the allegations therein, thus deny them on that basis.

25 30. Answering paragraphs 257, 258, 259, 260, 261 and 262, these answering Defendants
26 lack sufficient information to admit or deny the allegations therein, thus deny them on that basis.
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FIRST CAUSE OF ACTION

(Breach of Contract, as against CTC)

31. Answering paragraph 263, these answering Defendants repeat and reallege their responses to paragraphs 1 through 262, inclusive.

32. Answering paragraphs 264, 265, 266, 267 and 268, these answering Defendants lack sufficient information to admit or deny the allegations therein, thus deny them on that basis.

SECOND CAUSE OF ACTION

(Breach of Contract as against Lexicon)

33. Answering paragraph 269, these answering Defendants repeat and reallege their responses to paragraphs 1 through 268, inclusive.

34. Answering paragraphs 270, 271, 272 and 273, these answering Defendants lack sufficient information to admit or deny the allegations therein, thus deny them on that basis.

THIRD CAUSE OF ACTION

(Breach of Contract as against Criterion)

35. Answering paragraph 274, these answering Defendants repeat and reallege their responses to paragraphs 1 through 273, inclusive.

36. Answering paragraphs 275, 276, 277, 278 and 279, these answering Defendants lack sufficient information to admit or deny the allegations therein, thus deny them on that basis

FOURTH CAUSE OF ACTION

(Breach of Contract as against the Spirit Director Defendants)

37. Answering paragraph 280, these answering Defendants repeat and reallege their responses to paragraphs 1 through 279, inclusive.

38. Answering paragraphs 281, 282, 283, 284 and 285, these answering Defendants lack sufficient information to admit or deny the allegations therein, thus deny them on that basis.

FIFTH CAUSE OF ACTION

(Breach of Fiduciary Duty as against CTC and Lexicon)

39. Answering paragraph 286, these answering Defendants repeat and reallege their responses to paragraphs 1 through 285, inclusive.

40. Answering paragraphs 287, 288, 289, 290, 291 and 292, these answering Defendants lack sufficient information to admit or deny the allegations therein, thus deny them on that basis.

SIXTH CAUSE OF ACTION

(Breach of Fiduciary Duty as against the Spirit Director Defendants)

41. Answering paragraph 293, these answering Defendants repeat and reallege their responses to paragraphs 1 through 292, inclusive.

42. Answering paragraph 294, these answering Defendants lack sufficient information to admit or deny the allegations therein, thus deny them on that basis.

43. Answering paragraphs 295, 296, 297, 298 and 299, these answering Defendants deny the allegations as they pertain to Carlos Torres and Virginia Torres. Defendants lack sufficient information to admit or deny the remaining allegations therein, thus deny them on that basis.

SEVENTH CAUSE OF ACTION

(Breach of the Implied Covenant of Good Faith and Fair Dealing—Tortious as against CTC and Lexicon)

44. Answering paragraph 300, these answering Defendants repeat and reallege their responses to paragraphs 1 through 299, inclusive.

45. Answering paragraphs 301, 302, 303, 304, 305, 306, 307, 308, 309 and 310, these answering Defendants lack sufficient information to admit or deny the allegations therein, thus deny them on that basis.

EIGHTH CAUSE OF ACTION

(Breach of the Implied Covenant of Good Faith and Fair Dealing—Contract as against CTC and Lexicon)

46. Answering paragraph 311, these answering Defendants repeat and reallege their responses to paragraphs 1 through 310, inclusive.

47. Answering paragraphs 312, 313, 314, 315, 316, 317, 318 and 319, these answering Defendants lack sufficient information to admit or deny the allegations therein, thus deny them on that basis.

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NINTH CAUSE OF ACTION

**(Breach of the Implied Covenant of Good Faith and Fair Dealing—Contract as against
Criterion)**

48. Answering paragraph 320, these answering Defendants repeat and reallege their responses to paragraphs 1 through 319, inclusive.

49. Answering paragraphs 321, 322, 323, 324, 325 and 326, these answering Defendants lack sufficient information to admit or deny the allegations therein thus deny them on that basis.

TENTH CAUSE OF ACTION

**(Nevada RICO Claims against Mulligan, George, Simon, Guffey, McCrae, Kapelinkovs,
CTC, Lexicon, and Criterion)**

50. Answering paragraphs 327, 328, 329, 330, 331, 332, 333, 334, 335 (including subparts a through j), 336, 337, 338, 339, 340, 341 and 342, these answering Defendants lack sufficient information to admit or deny the allegations therein thus deny them on that basis.

ELEVENTH CAUSE OF ACTION

(Unjust Enrichment as against all Defendants)

51. Answering paragraph 343, these answering Defendants repeat and reallege their responses to paragraphs 1 through 342, inclusive.

52. Answering paragraph 344, these answering Defendants deny the allegations as they pertain to Carlos Torres and Virginia Torres, but lack information sufficient to admit or deny the remaining allegations, thus deny them on that basis.

53. Answering paragraphs 345, 346, 347, 348, 349, 350 and 351, these answering Defendants lack sufficient information to admit or deny the allegations therein thus deny them on that basis.

TWELFTH CAUSE OF ACTION

(Fraud as against all Defendants)

54. Answering paragraph 352, these answering Defendants repeat and reallege their responses to paragraphs 1 through 351, inclusive.

1 55. Answering paragraphs 353, 354, 355, 356, 357, 358, 359, 360, 361, 362 (including
2 subparts), 363, 364, 365, 366, 367, 368, 369 and 370, these answering Defendants deny the
3 allegations as they pertain to Carlos Torres and Virginia Torres. Defendants lack sufficient
4 information to admit or deny the remaining allegations therein thus deny them on that basis.

5 **THIRTEENTH CAUSE OF ACTION**

6 **(Civil Conspiracy as against all Defendants)**

7 56. Answering paragraph 371, these answering Defendants repeat and reallege their
8 responses to paragraphs 1 through 370, inclusive.

9 57. Answering paragraphs 372, 373, 374 (including subparts), 375, 376, 377, 378 and
10 379, these answering Defendants deny the allegations as they pertain to Carlos Torres and Virginia
11 Torres. Defendants lack sufficient information to admit or deny the remaining allegations therein
12 thus deny them on that basis.

13 **FOURTEENTH CAUSE OF ACTION**

14 **(Alter Ego as against Mulligan, George, Guffey, Simon and Pavel Kapelnikov)**

15 58. Answering paragraph 380, these answering Defendants repeat and reallege their
16 responses to paragraphs 1 through 379, inclusive.

17 59. Answering paragraphs 381, 382, 383 and 384, these answering Defendants lack
18 sufficient information to admit or deny the allegations therein thus deny them on that basis.

19 **FIFTEENTH CAUSE OF ACTION**

20 **(NRS 112 Avoidance of Transfers against CTC and its Transferees)**

21 60. Answering paragraph 385, these answering Defendants repeat and reallege their
22 responses to paragraphs 1 through 384, inclusive.

23 61. Answering paragraphs 386, 387, 388, 389, 390, 391, 392, 393, 394, 395 and 396, these
24 answering Defendants lack sufficient information to admit or deny the allegations therein thus deny
25 them on that basis.

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1 **SIXTEENTH CAUSE OF ACTION**

2 **(NRS 696B—Voidable Transfers as against CTC and its Transferees)**

3 62. Answering paragraph 397, these answering Defendants repeat and reallege their
4 responses to paragraphs 1 through 396, inclusive.

5 63. Answering paragraphs 398, 399, 400, 401, 402 and 403, these answering Defendants
6 lack sufficient information to admit or deny the allegations therein thus deny them on that basis.

7 64. Answering paragraphs 404, 405, 406, 407, 408 and 409, these answering Defendants
8 deny the allegations as they pertain to Carlos Torres and Virginia Torres. Defendants lack sufficient
9 information to admit or deny the remaining allegations therein thus deny them on that basis.

10 **SEVENTEENTH CAUSE OF ACTION**

11 **(NRS 696B—Recovery of Distributions and Payments as against CTC and its Transferees)**

12 65. Answering paragraph 410, these answering Defendants repeat and reallege their
13 responses to paragraphs 1 through 409, inclusive.

14 66. Answering paragraphs 411, 412, 413, 414 and 415, these answering Defendants lack
15 sufficient information to admit or deny the allegations therein thus deny them on that basis.

16 67. Answering paragraphs 416, 417, 418, 419, 420 and 421, these answering Defendants
17 deny the allegations as they pertain to Carlos Torres and Virginia Torres. Defendants lack sufficient
18 information to admit or deny the remaining allegations therein thus deny them on that basis.

19 **EIGHTEENTH CAUSE OF ACTION**

20 **(NRS 692C.402—Recovery of Distributions and Payments as against CTC and its**
21 **Transferees)**

22 68. Answering paragraph 422, these answering Defendants repeat and reallege their
23 responses to paragraphs 1 through 421, inclusive.

24 69. Answering paragraphs 423, 424, 425 and 426, these answering Defendants lack
25 sufficient information to admit or deny the allegations therein thus deny them on that basis.

26 70. Answering paragraphs 427, 428, 429, 430, 431, 432, 433 and 434, these answering
27 Defendants deny the allegations as they pertain to Carlos Torres and Virginia Torres. Defendants
28 lack sufficient information to admit or deny the remaining allegations therein thus deny them on

1 that basis.

2 **NINETEENTH CAUSE OF ACTION**

3 **(NRS 78.300—Recovery of Unlawful Distribution as against Spirit Director Defendants)**

4 71. Answering paragraph 435, these answering Defendants repeat and reallege their
5 responses to paragraphs 1 through 434, inclusive.

6 72. Answering paragraphs 436, 437, 438, 439, 440 and 441, these answering Defendants
7 lack sufficient information to admit or deny the allegations therein thus deny them on that basis.

8 **AFFIRMATIVE DEFENSES**

9 **FIRST AFFIRMATIVE DEFENSE**

10 Plaintiff's Complaint, and all causes of action contained therein, fails to state a claim against
11 Defendants Carlos Torres and Virginia Torres.

12 **SECOND AFFIRMATIVE DEFENSE**

13 Defendants are protected by the business judgment rule, which limits or precludes Plaintiff's
14 claims.

15 **THIRD AFFIRMATIVE DEFENSE**

16 To the extent Plaintiff sustained damages in these matter, which Defendants specifically
17 deny, then said damages were caused by the conduct of other entities or parties over whom
18 Defendants had no control or right of control. Defendants' liability should be reduced or eliminated
19 accordingly.

20 **FOURTH AFFIRMATIVE DEFENSE**

21 Plaintiff's Complaint, and each cause of action alleged therein, is barred by the doctrine of
22 estoppel, waiver and/or laches.

23 **FIFTH AFFIRMATIVE DEFENSE**

24 Plaintiff's Complaint, and each cause of action alleged therein, is barred by the doctrine of
25 unclean hands.

26 **SIXTH AFFIRMATIVE DEFENSE**

27 Plaintiff's claims are barred due to comparative fault principles, and that negligence bars or
28 limits recovery.

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SEVENTH AFFIRMATIVE DEFENSE

Plaintiff’s Complaint, and each cause of action alleged therein, is barred because Defendants’ conduct was justified and/or privileged.

EIGHTH AFFIRMATIVE DEFENSE

Plaintiff’s Complaint, and each cause of action alleged therein, is barred because the relief sought by Plaintiff would, if granted, unjustly enrich Plaintiff.

NINTH AFFIRMATIVE DEFENSE

Plaintiff’s claims are precluded and/or reduced by the applicable statute of limitations.

TENTH AFFIRMATIVE DEFENSE

Plaintiff’s claims are precluded and/or reduced due to ratification and/or consent.

ELEVENTH AFFIRMATIVE DEFENSE

Defendants are entitled to indemnity for any actions in the course of their directorship.

TWELFTH AFFIRMATIVE DEFENSE

Defendants are entitled to an offset for amounts owed.

THIRTEENTH AFFIRMATIVE DEFENSE

Spirit breached its agreement with Defendants, thus the receiver is not entitled to recover in this action.

FOURTEENTH AFFIRMATIVE DEFENSE

On information and belief, Defendants are protected by exculpatory provisions in the Articles of Incorporation.

FIFTEENTH AFFIRMATIVE DEFENSE

Defendants acted in good faith at all times during the events asserted in the Complaint.

SIXTEENTH AFFIRMATIVE DEFENSE

Plaintiff failed to mitigate its damages.

SEVENTEENTH AFFIRMATIVE DEFENSE

Plaintiff’s claims are barred because other acts/actors were the superceding/intervening cause of the damages alleged.

1 **EIGHTEENTH AFFIRMATIVE DEFENSE**

2 Plaintiff's claims are deficient in that Plaintiff cannot establish that Defendants fall within
3 NRS 78.138(7) sufficient to impose liability upon Defendants. *Chur v. Eighth Judicial Dist. Ct.*,
4 136 Nev. Adv. Op. 7 (February 27, 2020).

5 **NINETEENTH AFFIRMATIVE DEFENSE**

6 Defendants expressly and specifically reserve the right to amend this Answer to add, delete,
7 or modify affirmative defenses based on legal theories, fact and circumstances which may or will
8 be developed through discovery or further legal analysis of Plaintiff's claims and Defendants'
9 position in these litigation. Defendants hereby incorporate by reference those affirmative defenses
10 enumerated in Rule 8 and 12 of the Nevada Rules of Civil Procedure as if fully set forth herein. In
11 the event further investigation or discovery reveals the applicability of any such defenses,
12 Defendants reserve the right to assert any such defense(s). Such defense(s) are herein incorporated
13 by reference for the specific purpose of not waiving any such defense. Defenses include: fraud,
14 release, laches, license, payment, accord and satisfaction, arbitration and award, assumption of risk,
15 contributory negligence, discharge in bankruptcy, duress, estoppel, failure of consideration,
16 illegality, injury by fellow servant, res judicata, statute of limitations, and statute of frauds.

17 **PRAYER**

18 WHEREFORE, Defendants pray for judgment as follows:

- 19 1. That Plaintiff take nothing by way of the Complaint on file herein;
20 2. That Defendants be awarded reasonable attorneys' fees and costs in these matter; and

21 For such and further relief as these Court may deem just and proper

22 DATED this 17th day of April, 2020.

23 WILSON, ELSER, MOSKOWITZ, EDELMAN
24 & DICKER LLP

25 By: /s/ Sheri Thome
26 Sheri M. Thome, Esq.
27 Nevada Bar No. 008657
28 300 South 4th Street, 11th Floor
Las Vegas, NV 89101-6014
Attorneys for Defendants Carlos Torres
and Virginia Torres

CERTIFICATE OF SERVICE

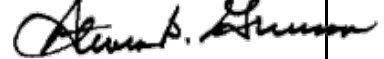
Pursuant to NRCP 5, I certify that I am an employee of WILSON, ELSER, MOSKOWITZ, EDELMAN & DICKER LLP and that on these 17th day of April, 2020, I served a true and correct copy of the foregoing **ANSWER TO PLAINTIFF'S COMPLAINT ON BEHALF OF CARLOS TORRES AND VIRGINIA TORRES** as follows:

- ☐ by placing same to be deposited for mailing in the United States Mail, in a sealed envelope upon which first class postage was prepaid in Las Vegas, Nevada;
- ☒ via electronic means by operation of the Court's electronic filing system, upon each party in these case who is registered as an electronic case filing user with the Clerk;
- ☐ via hand-delivery to the addressees listed below;
- ☐ via facsimile;
- ☐ by transmitting via email the document listed above to the email address set forth below on these date before 5:00 p.m.

Mark E. Ferrario
Kara B. Hendricks
Kyle A. Ewing
GREENBERG TRAURIG, LLP
10845 Griffith Peak Drive, Suite 600
Las Vegas, NV 89135
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*Attorneys for Defendants Pavel Kapelnikov;
Chelsea Financial Group, Inc., a New Jersey
corporation; Chelsea Financial Group, Inc. a
California corporation; Global Forwarding
Enterprises, LLC; Kapa Management
Consulting, Inc.; Kapa Ventures, Inc., Igor and
Yanina Kapelnikov*

BY: /s/ Lani Maile
An Employee of
WILSON, ELSER, MOSKOWITZ, EDELMAN & DICKER LLP



1 **ANS**
2 Sheri M. Thome, Esq.
3 Nevada Bar No. 008657
4 **WILSON, ELSE, MOSKOWITZ,**
5 **EDELMAN & DICKER LLP**
6 6689 Las Vegas Blvd. South, Suite 200
7 Las Vegas, NV 89119
8 Telephone: 702.727.1400
9 Facsimile: 702.727.1401
10 Email: Sheri.Thome@wilsonelser.com
11 *Attorneys for Defendant*
12 *John Maloney*

8 **DISTRICT COURT**
9 **CLARK COUNTY, NEVADA**

10 BARBARA D. RICHARDSON IN HER
11 CAPACITY AS THE STATUTORY
12 RECEIVER FOR SPIRIT COMMERCIAL
13 AUTO RISK RETENTION GROUP, INC.

14 Plaintiff,

15 vs.

16 THOMAS MULLIGAN, an individual; CTC
17 TRANSPORTATION INSURANCE
18 SERVICES OF MISSOURI, LLC, a Missouri
19 Limited Liability Company; CTC
20 TRANSPORTATION INSURANCE
21 SERVICES LLC, a California Limited Liability
22 Company; CTC TRANSPORTATION
23 INSURANCE SERVICES OF HAWAII LLC,
24 a Hawaii Limited Liability Company;
25 CRITERION CLAIMS SOLUTIONS OF
26 OMAHA, INC., a Nebraska Corporation;
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28 CHELSEA FINANCIAL GROUP, INC., a
California Corporation; CHELSEA
FINANCIAL GROUP, INC., a Missouri
Corporation; CHELSEA FINANCIAL
GROUP, INC., a New Jersey Corporation d/b/a
CHELSEA PREMIUM FINANCE
CORPORATION; CHELSEA FINANCIAL
GROUP, INC., a Delaware Corporation;
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CONSULTING, INC. a New Jersey
Corporation; KAPA VENTURES, INC., a New
Jersey Corporation; GLOBAL FORWARDING

Case No. A-20-809963-B
Dept. No.: 13

**DEFENDANT JOHN MALONEY'S
ANSWER TO PLAINTIFF'S COMPLAINT**

1 ENTERPRISES LIMITED LIABILITY
2 COMPANY, a New Jersey Limited Liability
3 Company; GLOBAL CAPITAL GROUP, LLC,
4 a New Jersey Limited Liability Company;
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14 MANAGERS INC., a Missouri Corporation;
15 IRONJAB LLC, a New Jersey Limited Liability
16 Company; YANINA G. KAPELNIKOV, an
individual; IGOR KAPELNIKOV, an
individual; QUOTE MY RIG LLC, a New
Jersey Limited Liability Company;
MATTHEW SIMON, an individual; DANIEL
GEORGE, an individual; JOHN MALONEY,
an individual; JAMES MARX, an individual;
CARLOS TORRES, an individual; VIRGINIA
TORRES, an individual; SCOTT McCRAE, an
individual; BRENDA GUFFEY, an individual;
195 GLUTEN FREE LLC, a New Jersey
Limited Liability Company, DOE
INDIVIDUALS I-X; and ROE CORPORATE
ENTITIES I-X,

Defendants.

DEFENDANT JOHN MALONEY'S ANSWER TO PLAINTIFF'S COMPLAINT

Defendant John Maloney, by and through his attorneys of record, Sheri M. Thome, Esq., of Wilson, Elser, Moskowitz, Edelman & Dicker LLP, hereby answers Plaintiff's complaint as follows:

INTRODUCTION

1. Answering paragraphs 1 through 4, inclusive, of the Complaint on file herein, this answering defendant denies the allegations as they pertain to Maloney. As to the remaining allegations, Defendant lacks sufficient information to admit or deny those allegations, thus denies them on that basis.

PARTIES AND JURISDICTION

2. Answering paragraph 5 of the Complaint on file herein, this answering defendant lacks sufficient information to admit or deny the allegations therein, thus denies them on that basis.

1 3. Answering paragraph 6 of the Complaint on file herein, this answering defendant
2 lacks sufficient information to admit or deny the allegations therein, thus denies them on that basis.

3 4. Answering paragraph 7 of the Complaint on file herein, this answering defendant
4 lacks sufficient information to admit or deny the allegations therein, thus denies them on that basis.

5 5. Answering paragraph 8 of the Complaint on file herein, this answering defendant
6 lacks sufficient information to admit or deny the allegations therein, thus denies them on that basis.

7 6. Answering paragraph 9 of the Complaint on file herein, this answering defendant
8 lacks sufficient information to admit or deny the allegations therein, thus denies them on that basis.

9 **THE DEFENDANTS**

10 7. Answering paragraphs 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25,
11 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36 and 37, inclusive, of the Complaint on file herein, this
12 answering defendant lacks sufficient information to admit or deny the allegations therein, thus
13 denies them on that basis.

14 8. Answering paragraph 38 of the Complaint on file herein, this answering defendant
15 admits that Maloney was an outside accountant for CTC and filed its tax returns in 2015 through
16 2018. He also admits that he was a director of Spirit for a short period of time. As to the remaining
17 allegations, this answering defendant lacks information sufficient to admit or deny the allegations
18 and denies same on that basis.

19 9. Answering paragraph 39 of the Complaint on file herein, this answering defendant
20 lacks information sufficient to admit or deny the allegations and denies same on that basis.

21 10. Answering paragraphs 40, 41, 42, 43, 44, 45, 46, 47, 48, 49 and 50, this answering
22 defendant lacks sufficient information to admit or deny the allegations therein, thus denies them on
23 that basis.

24 11. Answering paragraph 51 of the Complaint on file herein, this answering defendant
25 lacks sufficient information to admit or deny the allegations therein, thus denies them on that basis.

26 **FACTUAL ALLEGATIONS**

27 12. Answering paragraph 52 of the Complaint on file herein, this answering defendant
28 lacks sufficient information to admit or deny the allegations therein, thus denies them on that basis.

1 13. Answering paragraphs 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68,
2 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89 and 90, this answering
3 defendant lacks sufficient information to admit or deny the allegations therein, thus denies them on
4 that basis.

5 14. Answering paragraph 91, this answering defendant admits that Spirit's Certificate of
6 Authority was suspended on October 19, 2018, but lacks information sufficient to admit or deny the
7 remaining allegations, this denies them on that basis.

8 15. Answering paragraph 92, this answering defendant admits that the Receivership
9 Order was entered on February 27, 2019, appointing Barbara Richardson as the Receiver.

10 16. Answering paragraphs 93 and 94, this answering defendant lacks sufficient
11 information to admit or deny the allegations therein, thus denies them on that basis.

12 17. Answering paragraph 95, this answering defendant lacks sufficient information to
13 admit or deny the allegations therein, thus denies them on that basis.

14 18. Answering paragraphs 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108,
15 109, 110, 111 (missing allegation), 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124,
16 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139 and 140, this answering
17 defendant lacks sufficient information to admit or deny the allegations therein, thus denies them on
18 that basis.

19 19. Answering paragraphs 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152,
20 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172,
21 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192,
22 193, 194, 195 and 196, this answering defendant lacks sufficient information to admit or deny the
23 allegations therein, thus denies them on that basis.

24 20. Answering paragraph 197, this answering defendant lacks sufficient information to
25 admit or deny the remaining allegations therein, thus denies them on that basis.

26 21. Answering paragraphs 198, 199, 200, 201, 202 and 203, this answering defendant
27 lacks sufficient information to admit or deny the allegations therein, thus denies them on that basis.
28

22. Answering paragraph 204, this answering defendant lacks sufficient information to admit or deny the remaining allegations therein, thus denies them on that basis.

23. Answering paragraph 205, this answering defendant lacks sufficient information to admit or deny the remaining allegations therein, thus denies them on that basis.

24. Answering paragraphs 206, 207, 208, 209, 210, 211, 212 and 213, this answering defendant lacks sufficient information to admit or deny the allegations therein, thus denies them on that basis.

25. Answering paragraphs 214, 215, 216, 217 and 218, this answering defendant lacks sufficient information to admit or deny the remaining allegations therein, thus denies them on that basis.

26. Answering paragraphs 219 and 220, this answering defendant lacks sufficient information to admit or deny the remaining allegations therein, thus denies them on that basis.

27. Answering paragraph 221, this answering defendant lacks sufficient information to admit or deny the allegations therein, thus denies them on that basis.

28. Answering paragraphs 222 and 223, this answering defendant lacks sufficient information to admit or deny the remaining allegations therein, thus denies them on that basis.

29. Answering paragraphs 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254 and 255, this answering defendant lacks sufficient information to admit or deny the allegations therein, thus denies them on that basis.

30. Answering paragraph 256 and all subparts (a-y), this answering defendant lacks sufficient information to admit or deny the allegations therein, thus denies them on that basis.

31. Answering paragraphs 257, 258, 259, 260, 261 and 262, this answering defendant lacks sufficient information to admit or deny the allegations therein, thus denies them on that basis.

FIRST CAUSE OF ACTION

(Breach of Contract, as against CTC)

32. Answering paragraph 263, this answering defendant repeats and realleges his responses to paragraphs 1 through 262, inclusive.

33. Answering paragraphs 264, 265, 266, 267 and 268, this answering defendant lacks sufficient information to admit or deny the allegations therein, thus denies them on that basis.

SECOND CAUSE OF ACTION

(Breach of Contract as against Lexicon)

34. Answering paragraph 269, this answering defendant repeats and realleges his responses to paragraphs 1 through 268, inclusive.

35. Answering paragraphs 270, 271, 272 and 273, this answering defendant lacks sufficient information to admit or deny the allegations therein, thus denies them on that basis.

THIRD CAUSE OF ACTION

(Breach of Contract as against Criterion)

36. Answering paragraph 274, this answering defendant repeats and realleges his responses to paragraphs 1 through 273, inclusive.

37. Answering paragraphs 275, 276, 277, 278 and 279, this answering defendant lacks sufficient information to admit or deny the allegations therein, thus denies them on that basis

FOURTH CAUSE OF ACTION

(Breach of Contract as against the Spirit Director Defendants)

38. Answering paragraph 280, this answering defendant repeats and realleges his responses to paragraphs 1 through 279, inclusive.

39. Answering paragraphs 281, 282, 283, 284 and 285, this answering defendant lacks sufficient information to admit or deny the allegations therein, thus denies them on that basis.

FIFTH CAUSE OF ACTION

(Breach of Fiduciary Duty as against CTC and Lexicon)

40. Answering paragraph 286, this answering defendant repeats and realleges his responses to paragraphs 1 through 285, inclusive.

41. Answering paragraphs 287, 288, 289, 290, 291 and 292, this answering defendant lacks sufficient information to admit or deny the allegations therein, thus denies them on that basis.

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SIXTH CAUSE OF ACTION

(Breach of Fiduciary Duty as against the Spirit Director Defendants)

42. Answering paragraph 293, this answering defendant repeats and realleges its responses to paragraphs 1 through 292, inclusive.

43. Answering paragraph 294, this answering defendant lacks sufficient information to admit or deny the allegations therein, thus denies them on that basis.

44. Answering paragraphs 295, 296, 297, 298 and 299, this answering defendant denies the allegations as they pertain to Maloney. As to the remaining allegations, this answering defendant lacks sufficient information to admit or deny the allegations therein, thus denies them on that basis.

SEVENTH CAUSE OF ACTION

(Breach of the Implied Covenant of Good Faith and Fair Dealing—Tortious as against CTC and Lexicon)

45. Answering paragraph 300, this answering defendant repeats and realleges his responses to paragraphs 1 through 299, inclusive.

46. Answering paragraphs 301, 302, 303, 304, 305, 306, 307, 308, 309 and 310, this answering defendant lacks sufficient information to admit or deny the allegations therein, thus denies them on that basis.

EIGHTH CAUSE OF ACTION

(Breach of the Implied Covenant of Good Faith and Fair Dealing—Contract as against CTC and Lexicon)

47. Answering paragraph 311, this answering defendant repeats and realleges his responses to paragraphs 1 through 310, inclusive.

48. Answering paragraphs 312, 313, 314, 315, 316, 317, 318 and 319, this answering defendant lacks sufficient information to admit or deny the allegations therein, thus denies them on that basis.

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NINTH CAUSE OF ACTION
(Breach of the Implied Covenant of Good Faith and Fair Dealing—Contract as against
Criterion)

49. Answering paragraph 320, this answering defendant repeats and realleges his responses to paragraphs 1 through 319, inclusive.

50. Answering paragraphs 321, 322, 323, 324, 325 and 326, this answering defendant lacks sufficient information to admit or deny the allegations therein thus denies them on that basis.

TENTH CAUSE OF ACTION
(Nevada RICO Claims against Mulligan, George, Simon, Guffey, McCrae, Kapelinkovs,
CTC, Lexicon, and Criterion)

51. Answering paragraphs 327, 328, 329, 330, 331, 332, 333, 334, 335 (including subparts a through j), 336, 337, 338, 339, 340, 341 and 342, this answering defendant lacks sufficient information to admit or deny the allegations therein thus denies them on that basis.

ELEVENTH CAUSE OF ACTION
(Unjust Enrichment as against all Defendants)

52. Answering paragraph 343, this answering defendant repeats and realleges his responses to paragraphs 1 through 342, inclusive.

53. Answering paragraph 344, this answering defendant lacks information sufficient to admit or deny the remaining allegations thus denies them on that basis.

54. Answering paragraphs 345, 346, 347, 348, 349, 350 and 351, this answering defendant lacks sufficient information to admit or deny the allegations therein thus denies them on that basis.

TWELFTH CAUSE OF ACTION
(Fraud as against all Defendants)

55. Answering paragraph 352, this answering defendant repeats and realleges his responses to paragraphs 1 through 351, inclusive.

56. Answering paragraphs 353, 354, 355, 356, 357, 358, 359, 360, 361, 362 (including subparts), 363, 364, 365, 366, 367, 368, 369 and 370, this answering defendant denies the allegations

1 therein as they pertain to Maloney. As to the remaining allegations, this answering defendant lacks
2 sufficient information to admit or deny the allegations therein thus denies them on that basis.

3 **THIRTEENTH CAUSE OF ACTION**

4 **(Civil Conspiracy as against all Defendants)**

5 57. Answering paragraph 371, this answering defendant repeats and realleges his
6 responses to paragraphs 1 through 370, inclusive.

7 58. Answering paragraphs 372, 373, 374 (including subparts), 375, 376, 377, 378 and
8 379, this answering defendant denies the allegations therein.

9 **FOURTEENTH CAUSE OF ACTION**

10 **(Alter Ego as against Mulligan, George, Guffey, Simon and Pavel Kapelnikov)**

11 59. Answering paragraph 380, this answering defendant repeats and realleges his
12 responses to paragraphs 1 through 379, inclusive.

13 60. Answering paragraphs 381, 382, 383 and 384, this answering defendant lacks
14 sufficient information to admit or deny the allegations therein thus denies them on that basis.

15 **FIFTEENTH CAUSE OF ACTION**

16 **(NRS 112 Avoidance of Transfers against CTC and its Transferees)**

17 61. Answering paragraph 385, this answering defendant repeats and realleges his
18 responses to paragraphs 1 through 384, inclusive.

19 62. Answering paragraphs 386, 387, 388, 389, 390, 391, 392, 393, 394, 395 and 396, this
20 answering defendant lacks sufficient information to admit or deny the allegations therein thus denies
21 them on that basis.

22 **SIXTEENTH CAUSE OF ACTION**

23 **(NRS 696B—Voidable Transfers as against CTC and its Transferees)**

24 63. Answering paragraph 397, this answering defendant repeats and realleges his
25 responses to paragraphs 1 through 396, inclusive.

26 64. Answering paragraphs 398, 399, 400, 401, 402 and 403, this answering defendant
27 lacks sufficient information to admit or deny the allegations therein thus denies them on that basis.
28

1 65. Answering paragraphs 404, 405, 406, 407, 408 and 409, this answering defendant
2 denies the allegations contained therein.

3 **SEVENTEENTH CAUSE OF ACTION**

4 **(NRS 696B—Recovery of Distributions and Payments as against CTC and its Transferees)**

5 66. Answering paragraph 410, this answering defendant repeats and realleges his
6 responses to paragraphs 1 through 409, inclusive.

7 67. Answering paragraphs 411, 412, 413, 414 and 415, this answering defendant lacks
8 sufficient information to admit or deny the allegations therein thus denies them on that basis.

9 68. Answering paragraphs 416, 417, 418, 419, 420 and 421, this answering defendant
10 denies the allegations therein.

11 **EIGHTEENTH CAUSE OF ACTION**

12 **(NRS 692C.402—Recovery of Distributions and Payments as against CTC and its**
13 **Transferees)**

14 69. Answering paragraph 422, this answering defendant repeats and realleges his
15 responses to paragraphs 1 through 421, inclusive.

16 70. Answering paragraphs 423, 424, 425, 426 and 427, this answering defendant lacks
17 sufficient information to admit or deny the allegations therein thus denies them on that basis.

18 71. Answering paragraphs 428, 429, 430, 431, 432, 433 and 434, this answering defendant
19 denies the allegations therein.

20 **NINETEENTH CAUSE OF ACTION**

21 **(NRS 78.300—Recovery of Unlawful Distribution as against Spirit Director Defendants)**

22 72. Answering paragraph 435, this answering defendant repeats and realleges his
23 responses to paragraphs 1 through 434, inclusive.

24 73. Answering paragraphs 436, 437, 438, 439, 440 and 441, this answering defendant
25 lacks sufficient information to admit or deny the allegations therein thus denies them on that basis.

26 **AFFIRMATIVE DEFENSES**

27 **FIRST AFFIRMATIVE DEFENSE**

28 Plaintiff's Complaint, and all causes of action contained therein, fails to state a claim against

1 Defendant Maloney.

2 **SECOND AFFIRMATIVE DEFENSE**

3 Defendant is protected by the business judgment rule, which limits or precludes Plaintiff's
4 claims.

5 **THIRD AFFIRMATIVE DEFENSE**

6 To the extent Plaintiff sustained damages in this matter, which Defendant specifically
7 denies, then said damages were caused by the conduct of other entities or parties over whom
8 Defendant had no control or right of control. Defendant's liability should be reduced or eliminated
9 accordingly.

10 **FOURTH AFFIRMATIVE DEFENSE**

11 Plaintiff's Complaint, and each cause of action alleged therein, is barred by the doctrine of
12 estoppel, waiver and/or laches.

13 **FIFTH AFFIRMATIVE DEFENSE**

14 Plaintiff's Complaint, and each cause of action alleged therein, is barred by the doctrine of
15 unclean hands.

16 **SIXTH AFFIRMATIVE DEFENSE**

17 Plaintiff's claims are barred due to comparative fault principles, and that negligence bars or
18 limits recovery.

19 **SEVENTH AFFIRMATIVE DEFENSE**

20 Plaintiff's Complaint, and each cause of action alleged therein, is barred because
21 Defendant's conduct was justified and/or privileged.

22 **EIGHTH AFFIRMATIVE DEFENSE**

23 Plaintiff's Complaint, and each cause of action alleged therein, is barred because the relief
24 sought by Plaintiff would, if granted, unjustly enrich Plaintiff.

25 **NINTH AFFIRMATIVE DEFENSE**

26 Plaintiff's claims are precluded and/or reduced by the applicable statute of limitations.

27 **TENTH AFFIRMATIVE DEFENSE**

28 Plaintiff's claims are precluded and/or reduced due to ratification and/or consent.

1 **ELEVENTH AFFIRMATIVE DEFENSE**

2 Defendant is entitled to indemnity for any actions in the course of his directorship.

3 **TWELFTH AFFIRMATIVE DEFENSE**

4 Defendant is entitled to an offset for amounts owed to him.

5 **THIRTEENTH AFFIRMATIVE DEFENSE**

6 Plaintiff breached its agreement with Defendant, thus is not entitled to recover in this action.

7 **FOURTEENTH AFFIRMATIVE DEFENSE**

8 On information and belief, Defendant is protected by exculpatory provisions in the Articles
9 of Incorporation.

10 **FIFTEENTH AFFIRMATIVE DEFENSE**

11 Defendant acted in good faith at all times during the events asserted in the Complaint.

12 **SIXTEENTH AFFIRMATIVE DEFENSE**

13 Plaintiff failed to mitigate its damages.

14 **SEVENTEENTH AFFIRMATIVE DEFENSE**

15 Plaintiff's claims are barred because other acts/actors were the superceding/intervening
16 cause of the damages alleged.

17 **EIGHTEENTH AFFIRMATIVE DEFENSE**

18 Plaintiff's claims are deficient in that Plaintiff cannot establish that Defendant Maloney falls
19 within NRS 78.138(7) sufficient to impose liability upon Defendant Maloney. *Chur v. Eighth*
20 *Judicial Dist. Ct.*, 136 Nev. Adv. Op. 7 (February 27, 2020).

21 **NINETEENTH AFFIRMATIVE DEFENSE**

22 Defendant expressly and specifically reserves the right to amend this Answer to add, delete,
23 or modify affirmative defenses based on legal theories, fact and circumstances which may or will
24 be developed through discovery or further legal analysis of Plaintiff's claims and Defendant's
25 position in this litigation. Defendant hereby incorporates by reference those affirmative defenses
26 enumerated in Rule 8 and 12 of the Nevada Rules of Civil Procedure as if fully set forth herein. In
27 the event further investigation or discovery reveals the applicability of any such defenses, Defendant
28 reserves the right to assert any such defense(s). Such defense(s) are herein incorporated by reference

1 for the specific purpose of not waiving any such defense. Defenses include: fraud, release, laches,
2 license, payment, accord and satisfaction, arbitration and award, assumption of risk, contributory
3 negligence, discharge in bankruptcy, duress, estoppel, failure of consideration, illegality, injury by
4 fellow servant, res judicata, statute of limitations, and statute of frauds.

5 **PRAYER**

6 WHEREFORE, Defendant prays for judgment as follows:

- 7 1. That Plaintiff take nothing by way of the Complaint on file herein;
8 2. That Defendant be awarded reasonable attorneys' fees and costs in this matter; and

9 For such and further relief as this Court may deem just and proper.

10 DATED this 13th day of May, 2020.

11 WILSON, ELSER, MOSKOWITZ, EDELMAN
12 & DICKER LLP

13 By: /s/ Sheri Thome
14 Sheri M. Thome, Esq.
15 Nevada Bar No. 008657
16 6689 Las Vegas Blvd. South, Suite 200
17 Las Vegas, NV 89119
18 *Attorneys for Defendant*
19 *John Maloney*
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28

1 **CERTIFICATE OF SERVICE**


2 Pursuant to NRCP 5, I certify that I am an employee of WILSON, ELSER, MOSKOWITZ,
3 EDELMAN & DICKER LLP and that on this 13th day of May, 2020, I served a true and correct
4 copy of the foregoing **DEFENDANT JOHN MALONEY'S ANSWER TO PLAINTIFF'S**
5 **COMPLAINT** as follows:

- 6 ☐ by placing same to be deposited for mailing in the United States Mail, in a sealed
7 envelope upon which first class postage was prepaid in Las Vegas, Nevada;
- 8 ☒ via electronic means by operation of the Court's electronic filing system, upon each
party in this case who is registered as an electronic case filing user with the Clerk;
- 9 ☐ via hand-delivery to the addressees listed below;
- 10 ☐ via facsimile;
- 11 ☐ by transmitting via email the document listed above to the email address set forth
12 below on this date before 5:00 p.m.

13 Mark E. Ferrario
Kara B. Hendricks
14 Kyle A. Ewing
GREENBERG TRAURIG, LLP
15 10845 Griffith Peak Drive, Suite 600
Las Vegas, NV 89135
16 Telephone: (702) 792-3773
Facsimile: (702) 792-9002
17 Email: ferrariom@gtlaw.com
hendricksk@gtlaw.com
18 ewingk@gtlaw.com
Attorneys for the Plaintiff

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Email: tmcgrath@tysonmendes.com
Email: clund@tysonmendes.com
*Attorneys for Defendants Pavel Kapelnikov;
Chelsea Financial Group, Inc., a New Jersey
corporation; Chelsea Financial Group, Inc. a
California corporation; Global Forwarding
Enterprises, LLC; Kapa Management
Consulting, Inc.; Kapa Ventures, Inc.*

21 BY: /s/ Lani Maile
22 An Employee of
23 WILSON, ELSER, MOSKOWITZ, EDELMAN & DICKER LLP
24
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26
27
28



1 **ANS**
2 WILLIAM R. URGA, ESQ.
3 Nevada Bar #1195
4 DAVID J. MALLEY, ESQ.
5 Nevada Bar #8171
6 MICHAEL R. ERNST, ESQ.
7 Nevada Bar #11957
8 JOLLEY URGA WOODBURY & HOLTHUS
9 330 S. Rampart Blvd., Suite 380
10 Las Vegas, NV 89145
11 Telephone: (702) 699-7500
12 Facsimile: (702) 699-7555
13 Email: wru@juwlaw.com; djm@juwlaw.com; mre@juwlaw.com
14 *Attorneys for Defendant Thomas Mulligan*

15 **DISTRICT COURT**

16 **CLARK COUNTY, NEVADA**

17 BARBARA D. RICHARDSON IN HER
18 CAPACITY AS STATUTORY RECEIVER
19 FOR SPIRIT COMMERCIAL AUTO RISK
20 RETENTION GROUP, INC.,

21 Plaintiff,

22 vs.

23 THOMAS MULLIGAN, an individual; CTC
24 TRANSPORTATION INSURANCE
25 SERVICES OF MISSOURI, LLC, a Missouri
26 Limited Liability Company; CTC
27 TRANSPORTATION INSURANCE
28 SERVICES LLC, a California Limited
Liability Company; CTC
TRANSPORTATION INSURANCE
SERVICES OF HAWAII LLC, a Hawaii
Limited Liability Company; CRITERION
CLAIMS COLUTIONS OF OMAHA, INC., a
Nebraska Corporation; PAVEL
KAPELNIKOV, an individual; CHELSEA
FINANCIAL GROUP, INC., a California
Corporation; CHELSEA FINANCIAL
GROUP, INC., a Missouri Corporation;
Chelsea financial group, Inc., a New Jersey
Corporation d/b/a CHELSEA PREMIUM
FINANCE CORPORATION; CHELSEA
FINANCIAL GROUP, INC., a Delaware
Corporation; CHELSEA HOLDING

CASE NO.: A-20-809963-B

DEPT. NO.: 13

**DEFENDANT THOMAS MULLIGAN'S
ANSWER TO COMPLAINT**

JOLLEY URGA | attorneys
WOODBURY & HOLTHUS | at law
330 S. RAMPART BOULEVARD, SUITE 380, LAS VEGAS, NV 89145
TELEPHONE: (702) 699-7500 FAX: (702) 699-7555

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COMPANY, LLC, a Nevada Limited Liability Company; CHELSEA HOLDINGS, LLC, a Nevada Limited Liability Company; FOURGOREAN CAPITAL, LLC, a New Jersey Limited Liability Company; KAPA MANAGEMENT CONSULTING, INC. a New Jersey Corporation; KAPA VENTURES, INC., a New Jersey Corporation; GLOBAL FORWARDING ENTERPRISES LIMITED LIABILITY COMPANY, a New Jersey Limited Liability Company; GLOBAL CAPITAL GROUP, LLC, a New Jersey Limited Liability Company; GLOBAL CONSULTING; NEW TECH CAPITAL, LLC, a Delaware Limited Liability Company; LEXICON INSURANCE MANAGEMENT LLC, a North Carolina Limited Liability Company; ICAP MANAGEMENT SOLUTIONS, LLC, a Vermont Limited Liability Company; SIX ELEVEN LLC, a Missouri Limited Liability Company; 10-4 PREFERRED RISK MANAGERS INC., a Missouri Corporation; IRONJAB LLC, a New Jersey Limited Liability Company; YANINA G. KAPELNIKOV, an individual; IGOR KAPELNIKOV, an individual; QUOTE MY RIG LLC, a New Jersey Limited Liability Company; MATTHEW SIMON, an individual; CARLOS TORRES, an individual; VIRGINIA TORRES, an individual; SCOTT McCRAE, an individual; BRENDA GUFFEY, an individual; 195 GLUTEN FREE LLC, a New Jersey Limited Liability Company, DOE INDIVIDUALS I-X; and ROE CORPORATE ENTITIES I-X,

Defendants.

Defendant Thomas Mulligan (“Defendant”), by and through his attorneys, Jolley Urga Woodbury & Holthus, as and for his answer to Plaintiff’s Complaint, states as follows:

1 1. With respect to Paragraphs 1, 2, 3, 21, 28, 35, 48, 130, 131, 133, 134, 135, 140,
2 150, 153, 162, 191, 212, 260, 268, 273, 279, 285, 292, 299, 310, 319, 326, 327, 328, 329, 330,
3 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 344, 349, 350, 351, 353, 355, 359,
4 360, 361, 362, 363, 364, 365, 368, 369, 370, 372, 373, 374, 375, 376, 377, 378, 379, 381, 382,
5 383, 384, 389, 390, 391, 392, 393, 394, 395, 396, 404, 405, 406, 407, 408, 409, 416, 417, 418,
6 419, 420, 421, 425, 428, 429, 430, 431, 432, 433, 434, 440 and 441 of Plaintiff's Complaint,
7 Defendant denies the allegations contained therein.

8 2. With respect to Paragraphs 4, 5, 9, 11, 13, 14, 15, 16, 19, 20, 24, 26, 31, 32, 33,
9 34, 36, 37, 38, 39, 40, 41, 42, 43, 45, 49, 50, 53, 54, 55, 56, 57, 58, 59, 63, 64, 65, 66, 67, 68, 69,
10 70, 71, 72, 73, 74, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 90, 91, 93, 95, 96, 97, 98, 99,
11 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 112, 115, 116, 117, 118, 119, 120, 121,
12 122, 124, 125, 126, 127, 138, 141, 142, 143, 144, 146, 148, 152, 157, 158, 159, 161, 163, 164,
13 165, 166, 167, 168, 169, 170, 171, 172, 174, 175, 176, 177, 178, 179, 180, 181, 184, 185, 186,
14 187, 192, 193, 194, 195, 196, 219, 220, 221, 224, 225, 230, 233, 238, 239, 241, 242, 243, 244,
15 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 261, 262, 264, 265,
16 266, 267, 270, 271, 272, 275, 276, 277, 278, 282, 287, 291, 301, 302, 303, 305, 306, 307, 308,
17 309, 312, 313, 315, 316, 317, 318, 321, 323, 324, 325, 345, 346, 347, 348, 386, 398, 399, 402,
18 403, 411, 414, 423, 426, 436 and 437 of Plaintiff's Complaint, Defendant is without knowledge
19 or information sufficient to form a belief as to the truthfulness of the allegations contained
20 therein and therefore denies the same.

21 3. With respect to Paragraphs 6, 7, 8, 27, 46, 52, 60, 61, 62, 75, 113, 114, 132, 136,
22 137, 139, 147, 149, 151, 154, 155, 156, 160, 173, 182, 183, 188, 189, 190, 197, 198, 199, 200,
23 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 213, 214, 215, 216, 217, 218, 222, 223,
24 226, 227, 236, 283, 284, 290, 294, 295, 296, 297, 298, 354, 356, 357, 358, 367, 387, 388, 400,
25 401, 412, 413, 415, 424, 427, 438 and 439 of Plaintiff's Complaint, Defendant denies the
26 allegations as they pertain to him. Defendant is without knowledge or information sufficient to
27 form a belief as to the truthfulness of the remaining allegations contained therein and therefore
28 denies the same.

1 4. With respect to Paragraphs 47, 89, 123, 128, 304, 314 and 322 of Plaintiff's
2 Complaint, the allegations contained therein constitute legal conclusions to which no response is
3 required. To the extent a response is required, Defendant denies the allegations contained
4 therein.

5 5. With respect to Paragraphs 17 and 21 of Plaintiff's Complaint, said Paragraphs do
6 not contain allegations to which a response is required. To the extent a response is required,
7 Defendant denies the allegations contained therein.

8 6. With respect to Paragraph 10 of Plaintiff's Complaint, Defendant states that he
9 has been at times a manager, officer, director, shareholder, or member of Criterion, CTC
10 California, CTC Missouri, Lexicon Insurance Management LLC, Whitehall, Swan & Adams
11 Freight Forwarding, Six Eleven LLC, Fourgorean Capital LLC, and of certain of the Chelsea
12 Financial defendants. Defendant denies the remaining allegations contained therein.

13 7. With respect to Paragraph 12 of Plaintiff's Complaint, Defendant states that he
14 has at times served as CEO of CTC Missouri. Defendant is without knowledge or information
15 sufficient to form a belief as to the truthfulness of the remaining allegations contained therein
16 and therefore denies the same.

17 8. With respect to Paragraph 18 of Plaintiff's Complaint, Defendant states that he
18 has an ownership interest in certain of the Chelsea Financial defendants and denies the existence
19 of an active scheme as alleged therein. Defendant is without knowledge or information
20 sufficient to form a belief as to the truthfulness of the remaining allegations contained therein
21 and therefore denies the same.

22 9. With respect to Paragraph 22 of Plaintiff's Complaint, Defendant stats he
23 participated in the organization of Six Eleven LLC but denies the remaining allegations
24 contained therein.

25 10. With respect to Paragraph 23 of Plaintiff's Complaint, Defendant states that he
26 participated in the organization of 10-4 Preferred Risk Managers, Inc. Defendant is without
27 knowledge or information sufficient to form a belief as to the truthfulness of the remaining
28 allegations contained therein and therefore denies the same.

1 11. With respect to Paragraph 25 of Plaintiff's Complaint, Defendant states that he
2 participated in the organization of Fourgorean Capital, LLC but denies the remaining
3 allegations contained therein.

4 12. With respect to Paragraph 29 of Plaintiff's Complaint, Defendant states that he
5 participated in the formation of New Tech Capital, LLC. Defendant denies the remaining
6 allegations as they pertain to him. Defendant is without knowledge or information sufficient to
7 form a belief as to the truthfulness of any further remaining allegations contained therein and
8 therefore denies the same.

9 13. With respect to Paragraph 30 of Plaintiff's Complaint, Defendant states that he is
10 a member of Lexicon Insurance Management LLC. Defendant is without knowledge or
11 information sufficient to form a belief as to the truthfulness of the remaining allegations
12 contained therein and therefore denies the same.

13 14. With respect to Paragraph 44 of Plaintiff's Complaint, Defendant states that he is
14 a member of 195 Gluten Free LLC. Defendant denies the remaining allegations contained
15 therein.

16 15. With respect to Paragraph 51 of Plaintiff's Complaint, Defendant admits that an
17 Order was entered on February 27, 2019 by the Eighth Judicial District Court and states that said
18 Order speaks for itself. Defendant is without sufficient knowledge or information to form a
19 belief as to the truth of the remaining allegations contained therein and therefore denies the
20 same.

21 16. With respect Paragraph 92 of Plaintiff's Complaint, Defendant admits that an
22 Order was entered, which Order speaks for itself. Defendant is without sufficient knowledge or
23 information to form a belief as to the truth of the remaining allegations contained therein and
24 therefore denies the same.

25 17. With respect to Paragraph 94 of Plaintiff's Complaint, Defendant avers that he
26 signed a Notice of Resignation on or about March 18, 2019 and further avers that said document
27 speaks for itself. Defendant is without sufficient knowledge or information to form a belief as to
28 the truth of the remaining allegations contained therein and therefore denies the same.

1 18. With respect to Paragraph 111 of Plaintiff's Complaint, said Paragraph does not
2 contain any allegations and, therefore, no response can be given.

3 19. With respect to Paragraph 129 of Plaintiff's Complaint, Defendant avers that he
4 has a membership interest in CTC and Lexicon and denies the remaining allegations contained
5 therein.

6 20. With respect to Paragraph 145 of Plaintiff's Complaint, Defendant avers that he
7 owns stock in Criterion and denies the remaining allegations contained therein.

8 21. With respect to Paragraph 228 of Plaintiff's Complaint, Defendant denies that any
9 wrongdoing was done at his direction or under his control as alleged therein. Defendant is
10 without sufficient knowledge or information to form a belief as to the truth of the remaining
11 allegations contained therein and therefore denies the same.

12 22. With respect to Paragraph 229 of Plaintiff's Complaint, Defendant denies that any
13 wrongdoing was done at his direction or under his control and further denies any involvement in
14 any alleged scheme to divert funds to the alleged Mulligan Enterprise. Defendant is without
15 sufficient knowledge or information to form a belief as to the truth of the remaining allegations
16 contained therein and therefore denies the same.

17 23. With respect to Paragraph 231 of Plaintiff's Complaint, Defendant denies that any
18 wrongdoing was done at his direction or under his control as alleged therein. Defendant is
19 without sufficient knowledge or information to form a belief as to the truth of the remaining
20 allegations contained therein and therefore denies the same.

21 24. With respect to Paragraph 232 of Plaintiff's Complaint, Defendant denies that any
22 wrongdoing was done at his direction or under his control and further denies any involvement in
23 any alleged scheme to divert funds to the alleged Mulligan Enterprise. Defendant is without
24 sufficient knowledge or information to form a belief as to the truth of the remaining allegations
25 contained therein and therefore denies the same.

26 25. With respect to Paragraph 234 of Plaintiff's Complaint, Defendant denies that any
27 wrongdoing was done at his direction or under his control. Defendant is without sufficient
28

1 knowledge or information to form a belief as to the truth of the remaining allegations contained
2 therein and therefore denies the same.

3 26. With respect to Paragraph 235 of Plaintiff's Complaint, Defendant denies that any
4 wrongdoing was done at his direction or under his control and further denies any involvement in
5 any alleged scheme to divert funds to the alleged Mulligan Enterprise. Defendant is without
6 sufficient knowledge or information to form a belief as to the truth of the remaining allegations
7 contained therein and therefore denies the same.

8 27. With respect to Paragraph 237 of Plaintiff's Complaint, Defendant denies that any
9 wrongdoing was done at his direction or under his control and further denies any involvement in
10 any alleged scheme to divert funds to the alleged Mulligan Enterprise. Defendant is without
11 sufficient knowledge or information to form a belief as to the truth of the remaining allegations
12 contained therein and therefore denies the same.

13 28. With respect to Paragraph 240 of Plaintiff's Complaint, Defendant denies that any
14 wrongdoing was done at his direction or under his control. Defendant is without sufficient
15 knowledge or information to form a belief as to the truth of the remaining allegations contained
16 therein and therefore denies the same.

17 29. With respect to Paragraph 281 of Plaintiff's Complaint, the allegations contained
18 therein pertaining to Defendant constitute legal conclusions to which no response is required.
19 To the extent a response is required, Defendant denies the allegations contained therein as they
20 pertain to him. Defendant is without sufficient knowledge or information to form a belief as to
21 the truth of the remaining allegations contained therein and therefore denies the same.

22 30. With respect to Paragraphs 288 and 289 of Plaintiff's Complaint, Defendant
23 denies that he participated in any wrongdoing with CTC or otherwise. Defendant is without
24 sufficient knowledge or information to form a belief as to the truth of the remaining allegations
25 contained therein and therefore denies the same.

26 31. With respect to Paragraph 366 of Plaintiff's Complaint, Defendant states the
27 averment contains a hypothetical based on conjecture to which no response is required, but to
28

1 the extent a response is required, Defendant is without sufficient knowledge or information to
2 form a belief as to the truth of the allegations contained therein and therefore denies the same.

3 32. With respect to Paragraphs 263, 269, 274, 280, 286, 293, 300, 311, 320, 343, 352,
4 371, 380, 385, 397, 410, 422 and 435 of Plaintiff's Complaint, Defendant restates and
5 incorporates by reference all prior responses in this Answer as if fully set forth herein.

6 33. Any allegation not specifically admitted herein is hereby denied.

7 34. Defendant has been required to retain the services of an attorney to defend this
8 action and is entitled to recover from Plaintiff reasonable attorneys' fees and costs of suit
9 herein.

10 **AFFIRMATIVE DEFENSES**

11 **FIRST AFFIRMATIVE DEFENSE**

12 Plaintiff's Complaint and each and every cause of action stated therein fails to state a
13 claim against Defendant upon which relief can be granted.

14 **SECOND AFFIRMATIVE DEFENSE**

15 Plaintiff has suffered no legal recognizable harm or damage as a result of the alleged acts
16 or omissions of Defendant.

17 **THIRD AFFIRMATIVE DEFENSE**

18 Plaintiff's claims are barred for lack of consideration and/or failure of consideration.

19 **FOURTH AFFIRMATIVE DEFENSE**

20 At all relevant times, Defendant acted in good faith and in a lawful manner towards
21 Plaintiff and acted without intent to inflict harm or damage.

22 **FIFTH AFFIRMATIVE DEFENSE**

23 At all relevant times, Defendant acted with due care and diligence with respect to the
24 subject matter of Plaintiff's Complaint and therefore Defendant breached no duty, if any, owed
25 to Plaintiff.

26 ///

27 ///

28 ///

SIXTH AFFIRMATIVE DEFENSE

Any alleged loss, injury, damage or detriment allegedly suffered by Plaintiff was directly and proximately caused and contributed to by the conduct, acts, omissions, activities, carelessness, recklessness, negligence and/or intentional misconduct of Plaintiff.

SEVENTH AFFIRMATIVE DEFENSE

Plaintiff is estopped from recovering any relief in this action.

EIGHTH AFFIRMATIVE DEFENSE

Plaintiff has waived any rights to seek relief in this action.

NINTH AFFIRMATIVE DEFENSE

Defendant alleges that he has performed any and all obligations required by any applicable agreements.

TENTH AFFIRMATIVE DEFENSE

The Complaint, and each and every claim for relief contained therein, is barred by the applicable statute(s) of limitations.

ELEVENTH AFFIRMATIVE DEFENSE

The relief sought by Plaintiff is barred by the doctrine of unclean hands.

TWELFTH AFFIRMATIVE DEFENSE

At all times relevant herein, the damages allegedly suffered by Plaintiff, if any, were not the result of any misconduct, malfeasance or other activity on the part of Defendant.

THIRTEENTH AFFIRMATIVE DEFENSE

Plaintiff has failed to satisfy one or more express and/or implied conditions precedent to any obligations allegedly owed to Plaintiff.

FOURTEENTH AFFIRMATIVE DEFENSE

Plaintiff's claims are barred because Defendant's actions and/or contractual and/or legal obligations, if any, were discharged by performance.

///

FIFTEENTH AFFIRMATIVE DEFENSE

Any and all of Defendant's alleged actions and/or contractual and/or legal obligations, if any, which Plaintiff has complained of were approved and/or ratified by Plaintiff's own actions and/or inactions.

SIXTEENTH AFFIRMATIVE DEFENSE

The alleged claims against Defendant for cost of suit and/or attorneys' fees are improper in this action.

SEVENTEENTH AFFIRMATIVE DEFENSE

Plaintiff agreed to and participated in those actions claimed to have allegedly caused damage to Plaintiff. Since such consent and participation were given and done knowingly and voluntarily, Plaintiff's claims are invalid.

EIGHTEENTH AFFIRMATIVE DEFENSE

Defendant is not legally responsible for the acts and/or omissions of those who are named as fictitious defendants.

NINETEENTH AFFIRMATIVE DEFENSE

Plaintiff failed to include necessary and indispensable parties, mandating dismissal of the Complaint.

TWENTIETH AFFIRMATIVE DEFENSE

Plaintiff failed to take reasonable steps to minimize or prevent the damages alleged in the Complaint.

TWENTY-FIRST AFFIRMATIVE DEFENSE

The claims, and each of them, for breach of contract are barred by the failure to satisfy conditions subsequent.

///

TWENTY-SECOND AFFIRMATIVE DEFENSE

Plaintiff's claims, in whole or in part, are barred by the failure of the Plaintiff to plead those claims with particularity.

TWENTY-THIRD AFFIRMATIVE DEFENSE

This answering Defendant did not enter into a conspiracy to harm Plaintiff.

TWENTY-FOURTH AFFIRMATIVE DEFENSE

This answering Defendant did not intend to accomplish an unlawful objective for the purpose of harming Plaintiff.

TWENTY-FIFTY AFFIRMATIVE DEFENSE

This answering Defendant made no false representations of material fact, which he knew to be false.

TWENTY-SIXTH AFFIRMATIVE DEFENSE

This answering Defendant had no intent to defraud Plaintiff.

TWENTY-SEVENTH AFFIRMATIVE DEFENSE

This answering Defendant did not intend for Plaintiff to rely on any alleged misrepresentations.

TWENTY-EIGHTH AFFIRMATIVE DEFENSE

This answering Defendant's conduct was not oppressive, fraudulent, nor committed with malice.

TWENTY-NINTH AFFIRMATIVE DEFENSE

The liability, if any, of this answering Defendant is several and not joint and based upon his own acts and not the acts of others.

THIRTIETH AFFIRMATIVE DEFENSE

Plaintiff's claims, and each of them, are premature.

THIRTY-FIRST AFFIRMATIVE DEFENSE

By virtue of Plaintiff's actions, conduct and omissions, this answering Defendant has been released.

THIRTY-SECOND AFFIRMATIVE DEFENSE

Plaintiff's claims, and each of them, are barred, in whole or in part, by the doctrines of mistake, excuse and/or nonperformance.

THIRTY-THIRD AFFIRMATIVE DEFENSE

Any and all alleged damages were proximately caused or contributed to by the acts of other persons and/or other entities and that said acts were an intervening and/or superseding cause of the injuries and damages, if any, thus barring any recovering against this answering Defendant.

THIRTY-FOURTH AFFIRMATIVE DEFENSE

Plaintiff has suffered no damages and, therefore, is not entitled to relief.

THIRTY-FIFTH AFFIRMATIVE DEFENSE

This answering Defendant's acts were not misleading in any material way.

THIRTY-SIXTH AFFIRMATIVE DEFENSE

This answering Defendant committed no deceptive acts.

THIRTY-SEVENTH AFFIRMATIVE DEFENSE

Plaintiff was not injured as a result of any deceptive acts of this answering Defendant.

THIRTY-EIGHTH AFFIRMATIVE DEFENSE

Plaintiff's claims are barred by the doctrines of frustration of purpose, impossibility, impracticability and/or unconscionability.

///

///

THIRTY-NINTH AFFIRMATIVE DEFENSE

Defendant never retained any benefit that in equity and good conscience belongs to Plaintiff.

FORTIETH AFFIRMATIVE DEFENSE

To the extent that Defendant never received any benefits from Plaintiff, Defendant was never unjustly enriched.

FORTY-FIRST AFFIRMATIVE DEFENSE

Plaintiff's claims are merely conjecture and speculation.

FORTY-SECOND AFFIRMATIVE DEFENSE

Plaintiff's conduct was not conducted in the best interest of the corporation.

FORTY-THIRD AFFIRMATIVE DEFENSE

Defendant at all times herein acted reasonably, in good faith and in conformity with the law in discharging his obligations and duties, if any.

FORTY-FOURTH AFFIRMATIVE DEFENSE

This answering Defendant's statements have not actually deceived and are not likely to deceive any part of an intended audience.

FORTY-FIFTH AFFIRMATIVE DEFENSE

Plaintiff did not justifiably nor reasonably rely on any alleged representation of this answering Defendant.

FORTY-SIXTH AFFIRMATIVE DEFENSE

Any punitive or exemplary damages are limited, in whole or in part, by, inter alia, Nevada Revised Statute 42.005.

FORTY-SEVENTH AFFIRMATIVE DEFENSE

This answering Defendant did not knowingly make a false statement.

FORTY-EIGHTH AFFIRMATIVE DEFENSE

This answering Defendant did not in the course of his business, profession or employment, or in any other action in which this answering Defendant has a pecuniary interest, supply false information to Plaintiff for the guidance of his business transactions.

FORTY-NINTH AFFIRMATIVE DEFENSE

Defendant is protected by the business judgment rule, which limits or precludes Plaintiff's claims.

FIFTIETH AFFIRMATIVE DEFENSE

Plaintiff's Complaint, and each cause of action alleged therein, is barred because Defendant's conduct was justified and/or privileged.

FIFTY-FIRST AFFIRMATIVE DEFENSE

Plaintiff's Complaint, and each cause of action alleged therein, is barred because the relief sought by Plaintiff would, if granted, unjustly enrich Plaintiff.

FIFTY-SECOND AFFIRMATIVE DEFENSE

Defendant is entitled to indemnity from Plaintiff.

FIFTY-THIRD AFFIRMATIVE DEFENSE

Defendant is entitled to an offset for amounts owed to him.

FIFTY-FOURTH AFFIRMATIVE DEFENSE

Plaintiff's claims are deficient in that Plaintiff cannot establish that Defendant falls within NRS 78.138(7) sufficient to impose liability upon Defendant. *See Chur v. Eighth Judicial Dist. Ct.*, 136 Nev. Adv. Op. 7 (February 27, 2020).

FIFTY-FIFTH AFFIRMATIVE DEFENSE

Plaintiff's claims for relief are not ripe for adjudication.

///

FIFTY-SIXTH AFFIRMATIVE DEFENSE

Plaintiff's claims fail as any alleged transfer was supported by fair consideration.

FIFTY-SEVENTH AFFIRMATIVE DEFENSE

Plaintiff was not rendered insolvent by way of the alleged transfer.

FIFTY-EIGHTH AFFIRMATIVE DEFENSE

Plaintiff is not the real party in interest.

FIFTY-NINTH AFFIRMATIVE DEFENSE

Plaintiff's Complaint is barred by Plaintiff's failure to mediate and/or arbitrate.

SIXTIETH AFFIRMATIVE DEFENSE

Plaintiff's claims are barred by intra-corporate conspiracy doctrine.

SIXTY-FIRST AFFIRMATIVE DEFENSE

Spirit breached its agreement with Defendant, thus the receiver is not entitled to recover in this action.

SIXTY-SECOND AFFIRMATIVE DEFENSE

Defendant has been required to retain the services of an attorney to defend this action, and reasonable attorneys' fees and costs of suit herein incurred should be awarded thereof.

SIXTY-THIRD AFFIRMATIVE DEFENSE

Pursuant to NRCP 11, as amended, all possible affirmative defenses may not have been alleged herein insofar as sufficient facts are not available after reasonable inquiry from the filing of Plaintiff's Complaint. In the event further investigation or discovery in this case reveals the applicability of any additional affirmative defenses, including but not limited to those affirmative defenses enumerated to NRCP 8, Defendant reserves the right to specifically assert any such defenses. The defenses contained in NRCP 8(c) are incorporated herein by reference for the specific purpose of not waiving any such defenses.

WHEREFORE, Defendant prays as follows:

1. That Plaintiff take nothing by way of the Complaint on file herein;
2. That Defendant be awarded his reasonable attorneys' fees and costs as allowed by law;
3. For any other relief this Court deems just and proper for having to defend against this Complaint.

DATED this 14th day of May, 2020.

JOLLEY URGAL WOODBURY & HOLTHUS

By: /s/ William R. Urgal
William R. Urgal, Esq., #1195
David J. Malley, Esq., #8171
Michael R. Ernst, Esq., #11957
JOLLEY URGAL WOODBURY & HOLTHUS
330 S. Rampart Blvd., Suite 380
Las Vegas, NV 89145
Attorneys for Defendant Thomas Mulligan

CERTIFICATE OF SERVICE

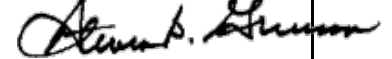
I hereby certify that I am employed in the County of Clark, State of Nevada, am over the age of 18 years and not a party to this action. My business address is Jolley Urga Woodbury & Holthus, 330 S. Rampart Boulevard, Suite 380, Las Vegas, Nevada 89145.

On this day I served the **DEFENDANT THOMAS MULLIGAN'S ANSWER TO COMPLAINT** in this action or proceeding electronically with the Clerk of the Court via the Odyssey E-File and Serve system, which will cause this document to be served upon the following counsel of record:

Mark E. Ferrario, Esq. Kara B. Hendricks, Esq. Kyle A. Ewing, Esq. GREENBERG TRAUIG, LLP 10845 Griffith Peak Drive, Suite 600 Las Vegas, NV 89135 <i>Attorneys for Plaintiff</i>	Robert S. Larson, Esq. Wing Yan Wong, Esq. GORDON REES SCULLY MANSUKHANI, LLP 300 South Fourth Street, Suite 1550 Las Vegas, NV 89101 <i>Attorneys for Lexicon Insurance Management, LLC Dan George and ICAP Management Solutions</i>
Sheri M. Thome, Esq. WILSON ELSEER MOSKOWITZ EDELMAN & DICKER, LLP 300 So. 4 th St., 11 th Floor Las Vegas, NV 89101 <i>Attorneys for Defendant James Marx</i>	Kurt R. Bonds, Esq. ALVERSON TAYLOR & SANDERS 6605 Grand Montecito Parkway, Suite 200 Las Vegas, NV 89149 <i>Attorneys for Defendant Brenda Guffey</i>
Thomas E. McGrath, Esq. Christophe A. Lund, Esq. TYSON & MENDES LLP 3960 Howard Hughes Parkway, Suite 600 Las Vegas, NV 89169 <i>Attorneys for Defendants Pavel Kapelnikov, Chelsea Financial Group, Inc. a New Jersey Corp.; Chelsea Financial Group, Inc., a California Corp.; Global Forwarding Enterprises, LLC; Kapa Management Consulting, Inc.; and Kapa Ventures, Inc.</i>	

I certify under penalty of perjury that the foregoing is true and correct, and that I executed this Certificate of Service on May 14, 2020 at Las Vegas, Nevada.

/s/ Linda Schone
An employee of JOLLEY URGALAW WOODBURY &
HOLTHUS



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Attorneys for Defendants

Six Eleven LLC; Quote My Rig, LLC; New Tech Capital LLC;

195 Gluten Free LLC; 10-4 Preferred Risk Managers, Inc.;

Ironjab, LLC; Fourgorean Capital LLC; and Chelsea Holding Company, LLC

DISTRICT COURT

CLARK COUNTY, NEVADA

BARBARA D. RICHARDSON IN HER CAPACITY
AS THE STATUTORY RECEIVER FOR SPIRIT
COMMERCIAL AUTO RETENTION GROUP,
INC.,

Plaintiff,

vs.

THOMAS MULLIGAN, an individual; CTC
TRANSPORTATION INSURANCE SERVICES OF
MISSOURI, LLC, a Missouri Limited Liability
Company; CTC TRANSPORTATION INSURANCE
SERVICES, LLC, a California Limited Liability
Company; CTC TRANSPORTATION
INSURANCES SERVICES OF HAWAII, LLC, a
Hawaii Limited Liability Company; CRITERION
CLAIMS SOLUTIONS OF OMAHA, INC., a
Nebraska Corporation; PAVEL KAPELNIKOV, an
individual; CHELSEA FINANCIAL GROUP, INC., a
California Corporation; CHELSEA FINANCIAL
GROUP, INC., a Missouri Corporation; CHELSEA
FINANCIAL GROUP, INC., a New Jersey
Corporation d/b/a CHELSEA PREMIUM FINANCE
CORPORATION; CHELSEA FINANCIAL GROUP,
INC., a Delaware Corporation; CHELSEA HOLDING

CASE NO.: A-20-809963-C

DEPT NO.: 8

ANSWER TO COMPLAINT

COMPANY, LLC, a Nevada Limited Liability Company; CHELSEA HOLDINGS, LLC, a Nevada Limited Liability Company, FOURGOREAN CAPITAL, LLC, a New Jersey Limited Liability Company; KAPA MANAGEMENT CONSULTING, INC., a New Jersey Corporation, KAPA VENTURES, INC., a New Jersey Corporation; GLOBAL FORWARDING ENTERPRISES LIMITED LIABILITY COMPANY, a New Jersey Limited Liability Company; GLOBAL CAPITAL GROUP, LLC, a New Jersey Limited Liability Company; GLOBAL CONSULTING; NEW TECH CAPITAL, LLC, a Delaware Limited Liability Company; LEXICON INSURANCE MANAGEMENT LLC, a North Carolina Limited Liability Company; ICAP MANAGEMENT SOLUTIONS, LLC, a Vermont Limited Liability Company; SIX ELEVEN LLC, a Missouri Limited Liability Company; 10-4 PREFERRED RISK MANAGERS INC., a Missouri Corporation; IRONJAB LLC, a New Jersey Limited Liability Company; YANINA G. KAPELNIKOV, an individual; IGOR KAPELNIKOV, an individual; QUOTE MY RIG LLC, a New Jersey Limited Liability Company; MATTHEW SIMON, an individual; DANIEL GEORGE, an individual; JOHN MALONEY, an individual; JAMES MARX, an individual; CARLOS TORRES, an individual; VIRGINIA TORRES, an individual; SCOTT McCRAE, an individual; BRENDA GUFFEY, an individual; 195 GLUTEN FREE LLC, a New Jersey Limited Liability Company, DOE INDIVIDUALS I-X; and ROE CORPORATE ENTITIES I-X,

Defendants.

FOURGOLEAN CAPITAL, LLC, a New Jersey Limited Liability Company; KAPA MANAGEMENT CONSULTING, INC., a New Jersey Corporation; KAPA VENTURES INC., a New Jersey Corporation; GLOBAL FORWARDING ENTERPRISES LIMITED LIABILITY COMPANY, a New Jersey Limited Liability Company, GLOBAL CAPITAL GROUP, LLC, a New Jersey Limited Liability Company; GLOBAL CONSULTING; NEW TECH CAPITAL, LLC, a Delaware Limited Liability Company; LEXICON INSURANCE MANAGEMENT LLC, a North Carolina Limited Liability Company; ICAP MANAGEMENT SOLUTIONS, LLC, a Vermont Limited Liability Company; SIX ELEVEN LLC, a Missouri Limited Liability Company; 10-4 PREFERRED RISK MANAGERS INC., a Missouri Corporation; IRONJAB LLC, a New Jersey Limited Liability Company; YANINA G. KAPELNIKOV, an individual; IGOR KAPELNIKOV, an individual; QUOTE MY RIG LLC, a New Jersey Limited Liability Company; MATTHEW SIMON, an individual; DANIEL GEORGE, an individual; JOHN MALONEY, an individual; JAMES MARX, an individual; CARLOS TORRES, an individual; VIRGINIA TORRES, an individual; SCOTT McCRAE, an individual; BRENDA GUFFEY, an individual; 195 GLUTEN FREE LLC, a New Jersey Limited Liability Company, DOE INDIVIDUALS I-X; and ROE CORPORATE ENTITIES 1-X,

Defendants.

Defendants Six Eleven, LLC, Quote My Rig, LLC, New Tech Capital, LLC, 195 Gluten Free, LLC, 10-4 Preferred Risk Managers, LLC (erroneously named as 10-4 Preferred Risk Managers, Inc.), Ironjab, LLC, Fourgorean Capital, LLC, and Chelsea Holding Company, LLC (collectively, “Defendants”), by and through its attorneys, L. Christopher Rose, Esq., Kirill V. Mikhaylov, Esq., and William A. Gonzales, Esq., of the law firm Howard & Howard Attorneys, PLLC, hereby answer and respond to Plaintiff’s Complaint as follows:

INTRODUCTION

1
2 1. Answering paragraphs 1 through 4, Defendants are without sufficient knowledge or
3 information to form a belief as to the truth of the allegations set forth therein, and therefore deny the
4 same.

PARTIES AND JURISDICTION

The Plaintiff

5
6 2. Answering paragraph 5, Defendants admit that Plaintiff Barbara D. Richardson is the
7 court-appointed Permanent Receiver of Spirit. Defendants are without sufficient knowledge or
8 information to form a belief as to the truth of the remaining allegations set forth in paragraph 5, and
9 therefore deny the same.

10 3. Answering paragraphs 6 through 9, Defendants are without sufficient knowledge or
11 information to form a belief as to the truth of the allegations set forth therein, and therefore deny the
12 same.

The Defendants

13
14 4. Answering paragraph 10, Defendant Six Eleven, LLC admits that Thomas Mulligan
15 owned Six Eleven, LLC and Defendant Fourgorean Capital, LLC admits that Thomas Mulligan owned
16 Fourgorean Capital, LLC. Defendants Six Eleven, LLC and Fourgorean Capital, LLC deny the
17 remaining allegations set forth in paragraph 10. Defendants Quote My Rig, LLC, New Tech Capital,
18 LLC, 195 Gluten Free, LLC, 10-4 Preferred Risk Managers, LLC, Ironjab, LLC, and Chelsea Holding
19 Company, LLC are without sufficient knowledge or information to form a belief as to the truth of the
20 allegations set forth in paragraph 10, and therefore deny the same.

21 5. Answering paragraphs 11 through 18, Defendants are without sufficient knowledge or
22 information to form a belief as to the truth of the allegations set forth therein, and therefore deny the
23 same.

24 6. Answering paragraph 19, Defendant Chelsea Holding Company, LLC admits that it is
25 a Nevada company controlled by Mulligan that acts as a holding company for certain assets and
26 investments. Defendant Chelsea Holding Company, LLC denies the remaining allegations set forth in
27 paragraph 19. Defendants Six Eleven, LLC, Quote My Rig, LLC, New Tech Capital, LLC, 195 Gluten
28

Free, LLC, 10-4 Preferred Risk Managers, LLC, Ironjab, LLC, and Fourgorean Capital, LLC are without sufficient knowledge or information to form a belief as to the truth of the remaining allegations set forth in paragraph 19, and therefore deny the same.

7. Answering paragraph 20, Defendants are without sufficient knowledge or information to form a belief as to the truth of the allegations set for therein, and therefore deny the same.

8. Answering paragraph 21, Defendant Chelsea Holding Company, LLC denies the allegations set forth therein. Defendants Six Eleven, LLC, Quote My Rig, LLC, New Tech Capital, LLC, 195 Gluten Free, LLC, 10-4 Preferred Risk Managers, LLC, Ironjab, LLC and Fourgorean Capital, LLC are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth in paragraph 21, and therefore deny the same.

9. Answering paragraph 22, Defendant Six Eleven, LLC admits that it is an LLC that was organized by Mulligan. Defendant Six Eleven, LLC denies the remaining allegations set forth in paragraph 22. Defendants Quote My Rig, LLC, New Tech Capital, LLC, 195 Gluten Free, LLC, 10-4 Preferred Risk Managers, LLC, Ironjab, LLC, Fourgorean Capital, LLC, and Chelsea Holding Company, LLC are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth in paragraph 22, and therefore deny the same.

10. Answering paragraph 23, Defendant 10-4 Preferred Risk Managers, LLC admits that it is a Missouri company that was organized by Mulligan. Defendant 10-4 Preferred Risk Managers, LLC denies the remaining allegations set forth in paragraph 23. Defendants Six Eleven, LLC, Quote My Rig, LLC, New Tech Capital, LLC, 195 Gluten Free, LLC, Ironjab, LLC, Fourgorean Capital, LLC, and Chelsea Holding Company, LLC are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth in paragraph 23, and therefore deny the same.

11. Answering paragraph 24, Defendant Ironjab, LLC admits that it was an LLC. Defendant Ironjab, LLC denies the remaining allegations set forth in paragraph 24. Defendants Six Eleven, LLC, Quote My Rig LLC, New Tech Capital LLC, 195 Gluten Free LLC, 10-4 Preferred Risk Managers LLC, Fourgorean Capital LLC, and Chelsea Holding Company, LLC are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth in paragraph 24, and therefore deny the same.

12. Answering paragraph 25, Defendant Fourgorean Capital, LLC admits that it is an LLC that was organized by Mulligan. Defendant Fourgorean Capital, LLC denies the remaining allegations set forth in paragraph 25. Defendants Six Eleven, LLC, Quote My Rig, LLC, New Tech Capital, LLC, 195 Gluten Free, LLC, 10-4 Preferred Risk Managers, LLC, Ironjab, LLC, and Chelsea Holding Company, LLC are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth in paragraph 25, and therefore deny the same.

13. Answering paragraphs 26 through 28, Defendants are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth therein, and therefore deny the same.

14. Answering paragraph 29, Defendant New Tech Capital, LLC admits that it is a Delaware limited liability company that was formed as an investment vehicle for Spirit to invest in Iterative Capital L.P. Defendant New Tech Capital, LLC denies the remaining allegations set forth in paragraph 29. Defendants Six Eleven, LLC, Quote My Rig, LLC, 195 Gluten Free, LLC, 10-4 Preferred Risk Managers, LLC, Ironjab, LLC, Fourgorean Capital, LLC and Chelsea Holding Company, LLC are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth in paragraph 29, and therefore deny the same.

15. Answering paragraphs 30 through 34, Defendants are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth therein, and therefore deny the same.

16. Answering paragraph 35, Defendant Quote My Rig, LLC, admits that it is a New Jersey limited liability company that was owned and controlled by Mulligan. Defendant Quote My Rig, LLC denies the remaining allegations set forth in paragraph 35. Defendants Six Eleven, LLC, New Tech Capital, LLC, 195 Gluten Free, LLC, 10-4 Preferred Risk Managers, LLC, Ironjab, LLC, Fourgorean Capital, LLC, and Chelsea Holding Company, LLC are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth in paragraph 35, and therefore deny the same.

17. Answering paragraphs 36 through 43, Defendants are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth therein, and therefore deny the same.

18. Answering paragraph 44, Defendant 195 Gluten Free, LLC admits that it is a New Jersey limited liability company that is owned by Mulligan. Defendant 195 Gluten Free, LLC denies the remaining allegations set forth in paragraph 44. Defendants Six Eleven, LLC, Quote My Rig, LLC, New Tech Capital, LLC, 10-4 Preferred Risk Managers, LLC, Ironjab, LLC, Fourgorean Capital, LLC, and Chelsea Holding Company, LLC are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth in paragraph 44, and therefore deny the same.

19. Answering paragraphs 45 and 46, Defendants are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth therein, and therefore deny the same.

20. Answering paragraphs 47 and 48, Defendants contend that said paragraphs contain conclusions of law to which no response is required. To the extent a response is required, Defendants are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth in paragraphs 47 and 48, and therefore deny the same.

Jurisdiction

21. Answering paragraphs 49 through 51, Defendants contend that said paragraphs contain conclusions of law to which no response is required. To the extent a response is required, Defendants are without sufficient knowledge of information to form a belief as to the truth of the allegations set forth in paragraphs 49 through 51, and therefore deny the same.

FACTUAL ALLEGATIONS

Background Information Regarding Spirit

22. Answering paragraphs 52 through 57, Defendants are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth therein, and therefore deny the same.

23. Answering paragraph 58, Defendant Chelsea Holding Company, LLC denies that it made any false or misleading “statements” to Spirit insureds regarding funding and financing insurance premiums and that it misled Spirit policyholders regarding their collected premium payments. Defendant Chelsea Holding Company, LLC is without sufficient knowledge or information to form a belief as to the truth of the remaining allegations set forth in paragraph 58, and therefore denies the

1 same. Defendants Six Eleven, LLC, Quote My Rig, LLC, New Tech Capital, LLC, 195 Gluten Free,
2 LLC, 10-4 Preferred Risk Managers, LLC, Ironjab, LLC and Fourgorean Capital, LLC are without
3 sufficient knowledge or information to form a belief as to the truth of the allegations set forth in
4 paragraph 58, and therefore deny the same.

5 24. Answering paragraph 59, Defendants are without sufficient knowledge or information
6 to form a belief as to the truth of the allegations set forth therein, and therefore deny the same.

7 25. Answering paragraphs 60 through 62, Defendant Chelsea Holding Company, LLC
8 denies that it failed to remit any collected premium funds to CTC or Spirit and/or that it worked in
9 concert with anyone to “cover up” or “conceal” any collection of Spirit premium funds. Defendant
10 Chelsea Holding Company, LLC is without sufficient knowledge or information to form a belief as to
11 the remaining allegations set forth in paragraphs 60 through 62, and therefore denies the same.
12 Defendants Six Eleven, LLC, Quote My Rig, LLC, New Tech Capital, LLC, 195 Gluten Free, LLC,
13 10-4 Preferred Risk Managers, LLC, Ironjab, LLC and Fourgorean Capital, LLC are without sufficient
14 knowledge or information to form a belief as to the truth of the allegations set forth in paragraphs 60
15 through 62, and therefore deny the same.

16 26. Answering paragraph 63, Defendants are without sufficient knowledge or information
17 to form a belief as to the truth of the allegations set forth therein, and therefore deny the same.

18 ***Events Leading Up to the Discovery of Defendants’ Misconduct***

19 27. Answering paragraphs 64 through 76, Defendants are without sufficient knowledge or
20 information to form a belief as to the truth of the allegations set forth therein, and therefore deny the
21 same.

22 ***Spirit Discloses a 27.6 Million-Dollar Receivable from CTC***

23 28. Answering paragraphs 77 through 85, Defendants are without sufficient knowledge or
24 information to form a belief as to the truth of the allegations set forth therein, and therefore deny the
25 same.

26 ***CTC’s Duties Owed to Spirit under the CTC Agreement***

27
28

29. Answering paragraphs 86 through 90, Defendants are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth therein, and therefore deny the same.

Spirit's Certificate of Authority is Suspended, and Spirit is Placed in Receivership

30. Answering paragraphs 91 through 94, Defendants are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth therein, and therefore deny the same.

31. Answering paragraph 95, Defendants admit the allegations set forth therein.

32. Answering paragraphs 96 through 99, Defendants are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth therein, and therefore deny the same.

CTC Fails to Collect and Pay to Spirit Premiums for Policies Issued

33. Answering paragraphs 100 through 110, Defendants are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth therein, and therefore deny the same.

34. Paragraph 111 is blank and does not require a response. To the extent a response is required, Defendants are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth therein, and therefore deny the same.

CTC Retroactively Reclassifies Uncollected Premiums

35. Answering paragraphs 112 through 128, Defendants are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth therein, and therefore deny the same.

Mulligan Dominated and Controlled the Affairs of CTC and Spirit and other Related Entities

36. Answering paragraphs 129 through 140, Defendants are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth therein, and therefore deny the same.

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1 ***Criterion and 10-4 Preferred Managers Harm to Spirit***

2 37. Answering paragraphs 141 through 157, Defendants are without sufficient knowledge
3 or information to form a belief as to the truth of the allegations set forth therein, and therefore deny
4 the same.

5 38. Answering paragraph 158, Defendant 10-4 Preferred Risk Managers, LLC, denies the
6 allegations set forth therein. Defendants Six Eleven, LLC, Quote My Rig, LLC, New Tech Capital,
7 LLC, Ironjab, LLC, 195 Gluten Free, LLC, Fourgorean Capital, LLC, and Chelsea Holding Company,
8 LLC are without sufficient knowledge or information to form a belief as to the truth of the allegations
9 set forth in paragraph 158, and therefore deny the same.

10 39. Answering paragraph 159, Defendants contend that said paragraph contains
11 conclusions of law to which no response is required. To the extent a response is required, Defendants
12 are without sufficient knowledge of information to form a belief as to the truth of the allegations set
13 forth in paragraphs 159, and therefore deny the same.

14 ***Chelsea Financial Harm to Spirit***

15 40. Answering paragraph 160, Defendant Chelsea Holding Company, LLC denies that it
16 made any false or misleading representations to Spirit policyholders, that it misled Spirit policyholders
17 regarding collected premium payments to Spirit, and that it failed to pay Spirit and/or CTC collected
18 premium payments from Spirit policyholders. Defendant Chelsea Holding Company, LLC is without
19 sufficient knowledge or information to form a belief as to the truth of the remaining allegations of
20 paragraph 160, and therefore denies the same. Defendants Six Eleven, LLC, Quote My Rig, LLC,
21 New Tech Capital, LLC, 195 Gluten Free, LLC, 10-4 Preferred Risk Managers, LLC, Ironjab, LLC,
22 and Fourgorean Capital, LLC are without sufficient knowledge or information to form a belief as to
23 the truth of the allegations set forth in paragraph 160, and therefore deny the same.

24 41. Answering paragraphs 161 through 166, Defendants are without sufficient knowledge
25 or information to form a belief as to the truth of the allegations set forth therein, and therefore deny
26 the same.

27 42. Answering paragraph 167, Defendant Chelsea Holding Company, LLC denies that it
28 executed any transaction to “hide” anything. Defendant Chelsea Holding Company, LLC is without

1 sufficient knowledge or information to form a belief as to the truth of the remaining allegations of
2 paragraph 167, and therefore denies the same. Defendants Six Eleven, LLC, Quote My Rig, LLC,
3 New Tech Capital, LLC, 195 Gluten Free, LLC, 10-4 Preferred Risk Managers, LLC, Ironjab, LLC,
4 and Fourgorean Capital, LLC are without sufficient knowledge or information to form a belief as to
5 the truth of the allegations set forth in paragraph 167, and therefore deny the same.

6 43. Answering paragraphs 168 and 169, Defendants are without sufficient knowledge or
7 information to form a belief as to the truth of the allegations set forth therein, and therefore deny the
8 same.

9 44. Answering paragraph 170, Defendant Chelsea Holding Company, LLC denies that it
10 hid anything from the Division. Defendant Chelsea Holding Company, LLC is without sufficient
11 knowledge or information to form a belief as to the truth of the remaining allegations of paragraph
12 170, and therefore denies the same. Defendants Six Eleven, LLC, Quote My Rig, LLC, New Tech
13 Capital, LLC, 195 Gluten Free, LLC, 10-4 Preferred Risk Managers, LLC, Ironjab, LLC, and
14 Fourgorean Capital, LLC are without sufficient knowledge or information to form a belief as to the
15 truth of the allegations set forth in paragraph 170, and therefore deny the same.

16 45. Answering paragraphs 171, Defendant Chelsea Holding Company, LLC denies that it
17 failed to keep and maintain complete and accurate records relating to the premiums collected on
18 Spirit's behalf. Defendant Chelsea Holding Company, LLC is without sufficient knowledge or
19 information to form a belief as to the truth of the remaining allegations of paragraph 171, and therefore
20 denies the same. Defendants Six Eleven, LLC, Quote My Rig, LLC, New Tech Capital, LLC, 195
21 Gluten Free, LLC, 10-4 Preferred Risk Managers, LLC, Ironjab, LLC, and Fourgorean Capital, LLC
22 are without sufficient knowledge or information to form a belief as to the truth of the allegations set
23 forth in paragraph 171, and therefore deny the same.

24 46. Answering paragraph 172, Defendants are without sufficient knowledge or information
25 to form a belief as to the truth of the allegations set forth therein, and therefore deny the same.

26 47. Answering paragraph 173, Defendant Chelsea Holding Company, LLC denies that it
27 participated in the alleged "scheme". Defendant Chelsea Holding Company, LLC is without sufficient
28 knowledge or information to form a belief as to the truth of the remaining allegations of paragraph

1 173, and therefore denies the same. Defendants Six Eleven, LLC, Quote My Rig, LLC, New Tech
 2 Capital, LLC, 195 Gluten Free, LLC, 10-4 Preferred Risk Managers, LLC, Ironjab, LLC, and
 3 Fourgorean Capital, LLC are without sufficient knowledge or information to form a belief as to the
 4 truth of the allegations set forth in paragraph 173, and therefore deny the same.

5 48. Answering paragraph 174, Defendants contend that said paragraph contains
 6 conclusions of law to which no response is required. To the extent a response is required, Defendants
 7 are without sufficient knowledge of information to form a belief as to the truth of the allegations set
 8 forth in paragraphs 174, and therefore deny the same.

9 ***Lexicon Insurance Management LLC Harm to Spirit***

10 49. Answering paragraphs 175 through 186, Defendants are without sufficient knowledge
 11 or information to form a belief as to the truth of the allegations set forth therein, and therefore deny
 12 the same.

13 ***Spirit's "Investment" in New Tech Capital LLC for Mulligan's Personal Benefit***

14 50. Answering paragraph 187, Defendant New Tech Capital, LLC admits that on or about
 15 January 8, 2018, Spirit transferred \$500,000 to New Tech Capital, LLC. Defendant New Tech Capital,
 16 LLC is without sufficient knowledge or information to form a belief as to the truth of the remaining
 17 allegations set forth in paragraph 187, and therefore denies the same. Defendants Six Eleven, LLC,
 18 Quote My Rig, LLC, Ironjab, LLC, 10-4 Preferred Risk Managers, LLC, 195 Gluten Free, LLC,
 19 Fourgorean Capital, LLC, and Chelsea Holding Company, LLC are without sufficient knowledge or
 20 information to form a belief as to the truth of the allegations set forth in paragraph 187, and therefore
 21 deny the same.

22 51. Answering paragraph 188, Defendant New Tech Capital, LLC admits that Mulligan
 23 and Pavel Kapelnikov formed New Tech Capital, LLC. New Tech Capital, LLC denies the remaining
 24 allegations set forth in paragraph 188. Defendants Six Eleven, LLC, Quote My Rig, LLC, 195 Gluten
 25 Free, LLC, 10-4 Preferred Risk Managers, LLC, Ironjab, LLC, Fourgorean Capital, LLC, and Chelsea
 26 Holding Company, LLC are without sufficient knowledge or information to form a belief as to the
 27 truth of the allegations set forth in paragraph 188, and therefore deny the same.
 28

52. Answering paragraph 189, Defendant New Tech Capital, LLC admits that it invested \$500,000 with a private fund called Iterative Capital LP. Defendant New Tech Capital, LLC is without knowledge or information to form a belief as to the truth of the remaining allegation set forth in paragraph 189, and therefore denies the same. Defendants Six Eleven, LLC, Quote My Rig, LLC, 195 Gluten Free, LLC, 10-4 Preferred Risk Managers, LLC, Ironjab, LLC, Fourgorean Capital, LLC, and Chelsea Holding Company, LLC are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth in paragraph 189, and therefore deny the same.

53. Answering paragraph 190, Defendants are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth therein, and therefore deny the same.

54. Answering paragraph 191, Defendant New Tech Capital, LLC denies that Spirit has lost its funds in New Tech Capital, LLC's investment in Iterative Capital LP. Defendant New Tech Capital, LLC is without sufficient knowledge or information to form a belief as to the truth of the remaining allegations set forth in paragraph 191, and therefore denies the same. Defendants Six Eleven, LLC, Quote My Rig, LLC, 195 Gluten Free, LLC, 10-4 Preferred Risk Managers, LLC, Ironjab, LLC, Fourgorean Capital, LLC, and Chelsea Holding Company, LLC are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth in paragraph 191, and therefore deny the same.

Other Significant Findings of Spirit's Former Auditor

55. Answering paragraph 192 through 196, Defendants are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth therein, and therefore deny the same.

The Officers and Directors of Spirit Failed to Govern the Company Appropriately

56. Answering paragraphs 197 through 223, Defendants are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth therein, and therefore deny the same.

The Other Individual Defendants' Roles in the Scheme to Divert Funds to the Mulligan Enterprise

57. Answering paragraph 224, Defendants are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth therein, and therefore deny the same.

1 58. Answering paragraphs 225 and 226, Defendant Chelsea Holding Company, LLC denies
2 that it participated in any “misconduct” and that it diverted, received, and withheld funds from Spirit.
3 Defendant Chelsea Holding Company, LLC is without sufficient knowledge or information to form a
4 belief as to the truth of the remaining allegations of paragraphs 225 and 226, and therefore denies the
5 same. Defendants Six Eleven, LLC, Quote My Rig, LLC, New Tech Capital, LLC, 195 Gluten Free,
6 LLC, 10-4 Preferred Risk Managers, LLC, Ironjab, LLC, and Fourgorean Capital, LLC are without
7 sufficient knowledge or information to form a belief as to the truth of the allegations set forth in
8 paragraphs 225 and 226, and therefore deny the same.

9 59. Answering paragraph 227, Defendants are without sufficient knowledge or information
10 to form a belief as to the truth of the allegations set for the therein, and therefore deny the same.

11 60. Answering paragraph 228, Defendant Chelsea Holding Company, LLC denies that it
12 participated in any improper transfers or withholding of Spirit funds. Defendant Chelsea Holding
13 Company, LLC is without sufficient knowledge or information to form a belief as to the truth of the
14 remaining allegations of paragraph 228, and therefore denies the same. Defendants Six Eleven, LLC,
15 Quote My Rig, LLC, New Tech Capital, LLC, 195 Gluten Free, LLC, 10-4 Preferred Risk Managers,
16 LLC, Ironjab, LLC, and Fourgorean Capital, LLC are without sufficient knowledge or information to
17 form a belief as to the truth of the allegations set forth in paragraph 228, and therefore deny the same.

18 61. Answering paragraphs 229 through 236, Defendants are without sufficient knowledge
19 or information to form a belief as to the truth of the allegations set for the therein, and therefore deny
20 the same.

21 62. Answering paragraph 237, Defendant Chelsea Holding Company, LLC denies that it
22 participated in any improper transfers or withholding of Spirit funds. Defendant Chelsea Holding
23 Company, LLC is without sufficient knowledge or information to form a belief as to the truth of the
24 remaining allegations of paragraph 237, and therefore denies the same. Defendants Six Eleven, LLC,
25 Quote My Rig, LLC, New Tech Capital, LLC, 195 Gluten Free, LLC, 10-4 Preferred Risk Managers,
26 LLC, Ironjab, LLC, and Fourgorean Capital, LLC are without sufficient knowledge or information to
27 form a belief as to the truth of the allegations set forth in paragraph 237, and therefore deny the same.
28

63. Answering paragraphs 238 through 240, Defendants are without sufficient knowledge or information to form a belief as to the truth of the allegations set for the therein, and therefore deny the same.

Deficiencies in CTC's Books and Records

64. Answering paragraphs 241 through 254, Defendants are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth therein, and therefore deny the same.

Improper Fund Transfers and Improper Transactions

65. Answering paragraphs 255 through 262, Defendants are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth therein, and therefore deny the same.

FIRST CAUSE OF ACTION

(Breach of Contract, as Against CTC)

66. Answering paragraph 263, Defendants repeat and reallege their answers to each and every other paragraph as though fully set forth herein.

67. Answering paragraphs 264 through 268, Defendants are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth therein, and therefore deny the same.

SECOND CAUSE OF ACTION

(Breach of Contract as Against Lexicon)

68. Answering paragraph 269, Defendants repeat and reallege their answers to each and every other paragraph as through fully set forth herein.

69. Answering paragraph 270, Defendants are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth therein, and therefore deny the same.

70. Answering paragraph 271, Defendant Chelsea Holding Company, LLC denies that it absconded and dissipated Spirit's assets. Defendant Chelsea Holding Company, LLC is without sufficient knowledge or information to form a belief as to the truth of the remaining allegations of paragraph 271, and therefore denies the same. Defendants Six Eleven, LLC, Quote My Rig, LLC,

New Tech Capital, LLC, 195 Gluten Free, LLC, 10-4 Preferred Risk Managers, LLC, Ironjab, LLC, and Fourgorean Capital, LLC are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth in paragraph 271, and therefore deny the same.

71. Answering paragraphs 272 and 273, Defendants are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth therein, and therefore deny the same.

THIRD CAUSE OF ACTION

(Breach of Contract as Against Criterion)

72. Answering paragraph 274, Defendants repeat and reallege their answers to each and every other paragraph as through fully set forth herein.

73. Answering paragraphs 275 through 279, Defendants are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth therein, and therefore deny the same.

FOURTH CAUSE OF ACTION

(Breach of Contract as Against Spirit Director Defendants)

74. Answering paragraph 280, Defendants repeat and reallege their answers to each and every other paragraph as through fully set forth herein.

75. Answering paragraphs 281 through 285, Defendants are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth therein, and therefore deny the same.

FIFTH CAUSE OF ACTION

(Breach of Fiduciary Duty as Against CTC and Lexicon)

76. Answering paragraph 286, Defendants repeat and reallege their answers to each and every other paragraph as though fully set forth herein.

77. Answering paragraphs 287 through 292, Defendants are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth therein, and therefore deny the same.

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SIXTH CAUSE OF ACTION

(Breach of Fiduciary Duty as Against the Spirit Director Defendants)

78. Answering paragraph 293, Defendants repeat and reallege their answers to each and every other paragraph as though fully set forth herein.

79. Answering paragraphs 294 through 299, Defendants are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth therein, and therefore deny the same.

SEVENTH CAUSE OF ACTION

**(Breach of the Implied Covenant of Good Faith and Fair Dealing –
Tortious as Against CTC and Lexicon)**

80. Answering paragraph 300, Defendants repeat and reallege their answers to each and every other paragraph as though fully set forth herein.

81. Answering paragraphs 301 through 310, Defendants are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth therein, and therefore deny the same.

EIGHTH CAUSE OF ACTION

**(Breach of the Implied Covenant of Good Faith and Fair Dealing –
Contract as Against CTC and Lexicon)**

82. Answering paragraph 311, Defendants repeat and reallege their answers to each and every other paragraph as though fully set forth herein.

83. Answering paragraphs 312 through 319, Defendants are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth therein, and therefore deny the same.

NINTH CAUSE OF ACTION

(Breach of Implied Covenant of Good Faith and Fair Dealing – Contract as Against Criterion)

84. Answering paragraph 320, Defendants repeat and reallege their answers to each and every other paragraph as though fully set forth herein.

1 85. Answering paragraphs 321 through 326, Defendants are without sufficient knowledge
2 or information to form a belief as to the truth of the allegations set forth therein, and therefore deny
3 the same.

4 **TENTH CAUSE OF ACTION**

5 **(Nevada RICO Claims as Against Mulligan, George, Simon, Guffey, McCrae,**

6 **Kapelnikovs, CTC, Lexicon, and Criterion)**

7 86. Answering paragraph 327, Defendants are without sufficient knowledge or information
8 to form a belief as to the truth of the allegations set forth therein, and therefore deny the same.

9 87. Answering paragraphs 328 through 342, Defendants deny the allegations as they relate
10 to them. To the extent the allegations do not relate to these answering Defendants, they are without
11 sufficient knowledge or information to form a belief as to the truth of the allegations set forth therein,
12 and therefore deny the same.

13 **ELEVENTH CAUSE OF ACTION**

14 **(Unjust Enrichment as Against All Defendants)**

15 88. Answering paragraph 343, Defendants repeat and reallege their answers to each and
16 every other paragraph as though fully set forth herein.

17 89. Answering paragraph 344 through 351, Defendants deny the allegations as they relate
18 to them. To the extent the allegations do not relate to these answering Defendants, they are without
19 sufficient knowledge or information to form a belief as to the truth of the allegations set forth therein,
20 and therefore deny the same.

21 **TWELFTH CAUSE OF ACTION**

22 **(Fraud as Against All Defendants)**

23 90. Answering paragraph 352, Defendants repeat and reallege their answers to each and
24 every paragraph as though fully set forth herein.

25 91. Answering paragraph 353, Defendants contend that said paragraph contains
26 conclusions of law to which no response is required. To the extent a response is required, Defendants
27 are without sufficient knowledge of information to form a belief as to the truth of the allegations set
28 forth in paragraph 353, and therefore deny the same.

1 92. Answering paragraphs 354 through 370, Defendants deny the allegations as they relate
2 to them. To the extent the allegations do not relate to these answering Defendants, they are without
3 sufficient knowledge or information to form a belief as to the truth of the allegations set forth therein,
4 and therefore deny the same.

5 **THIRTEENTH CAUSE OF ACTION**

6 **(Civil Conspiracy as Against All Defendants)**

7 93. Answering paragraph 371, Defendants repeat and reallege their answers to each and
8 every paragraph as though fully set forth herein.

9 94. Answering paragraphs 372 through 379, Defendants deny the allegations as they relate
10 to them. To the extent the allegations do not relate to these answering Defendants, they are without
11 sufficient knowledge or information to form a belief as to the truth of the allegations set forth therein,
12 and therefore deny the same.

13 **FOURTEENTH CAUSE OF ACTION**

14 **(Alter Ego as Against Mulligan, George, Guffey, Simon, and Pavel Kapelnikov)**

15 95. Answering paragraph 380, Defendants repeat and reallege their answers to each and
16 every paragraph as through fully set forth herein.

17 96. Answering paragraphs 381 through 384, Defendants deny the allegations as they relate
18 to them. To the extent the allegations do not relate to these answering Defendants, they are without
19 sufficient knowledge or information to form a belief as to the truth of the allegations set forth therein,
20 and therefore deny the same.

21 **FIFTEENTH CAUSE OF ACTION**

22 **(NRS 112- Avoidance of Transfers as Against CTC and its Transferees)**

23 97. Answering paragraph 385, Defendants repeat and reallege their answers to each and
24 every paragraph as though fully set forth herein.

25 98. Answering paragraphs 386 through 390, Defendants are without sufficient knowledge
26 or information to form a belief as to the truth of the allegations set forth therein, and therefore deny
27 the same.

99. Answering paragraphs 391 through 396, Defendants deny the allegations as they relate to them. To the extent the allegations do not relate to these answering Defendants, they are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth therein, and therefore deny the same.

SIXTEENTH CAUSE OF ACTION

(NRS 696B – Voidable Transfers as Against CTC and its Transferees)

100. Answering paragraph 397, Defendants repeat and reallege their answers to each and every paragraph as though fully set forth herein.

101. Answering paragraphs 398 through 403, Defendants are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth therein, and therefore deny the same.

102. Answering paragraphs 404 through 409, Defendants deny the allegations as they relate to them. To the extent the allegations do not relate to these answering Defendants, they are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth therein, and therefore deny the same.

SEVENTEENTH CAUSE OF ACTION

(NRS 696B – Recovery of Distributions and Payments as Against CTC and its Transferees)

103. Answering paragraph 410, Defendants repeat and reallege their answers to each and every paragraph as though fully set forth herein.

104. Answering paragraphs 411 through 415, Defendants are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth therein, and therefore deny the same.

105. Answering paragraphs 416 through 421, Defendants deny the allegations as they relate to them. To the extent the allegations do not relate to these answering Defendants, they are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth therein, and therefore deny the same.

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EIGHTEENTH CAUSE OF ACTION

(NRS 692C.402 – Recovery of Distributions and Payments as Against CTC and its Transferees)

106. Answering paragraph 422, Defendants repeat and reallege their answers to each and every paragraph as though fully set forth herein.

107. Answering paragraphs 423 through 427, Defendants are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth therein, and therefore deny the same.

108. Answering paragraphs 428 through 434, Defendants deny the allegations as they relate to them. To the extent the allegations do not relate to these answering Defendants, they are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth therein, and therefore deny the same.

NINETEENTH CAUSE OF ACTION

(NRS 78.300 – Recovery of Unlawful Distribution as Against the Spirt Director Defendants)

109. Answering paragraph 435, Defendants repeat and reallege their answers to each and every paragraph as though fully set forth herein.

110. Answering paragraphs 436 through 439, Defendants are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth therein, and therefore deny the same.

111. Answering paragraph 440, Defendant New Tech Capital, LLC admits that Spirit transferred \$500,000 to New Tech Capital, LLC for an investment of the company. Defendant New Tech Capital, LLC is without sufficient knowledge or information to form a belief as to the truth of the remaining allegations set forth in paragraph 440, and therefore denies the same. Defendants Six Eleven, LLC, Quote My Rig, LLC, Ironjab, LLC, 10-4 Preferred Risk Managers, LLC, 195 Gluten Free, LLC, Fourgorean Capital, LLC, and Chelsea Holding Company, LLC are without sufficient knowledge or information to form a belief as to the truth of the allegations set forth in paragraph 440, and therefore deny the same.

112. Answering paragraph 441, Defendants deny the allegations as they relate to them. To the extent the allegations do not relate to these answering Defendants, they are without sufficient

1 knowledge or information to form a belief as to the truth of the allegations set forth therein, and
2 therefore deny the same.

3 113. Defendants deny that Plaintiff is entitled to any of the relief sought in its prayer for
4 relief.

5 114. Any allegations not responded to above are hereby denied.

6 **AFFIRMATIVE DEFENSES**

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

8 2. At all relevant times, Defendants used reasonable care and diligence and acted
9 according to its best judgment and obligations, if any, dealing fairly and in good faith, having no intent
10 to inflict harm or damage.

11 3. Plaintiff's claims are barred based on the doctrine of estoppel.

12 4. Plaintiff's claims are barred by the doctrine of laches.

13 5. Plaintiff's claims are barred based on the doctrine of waiver.

14 6. Plaintiff's claims are barred based on the doctrine of release.

15 7. Plaintiff's claims are barred based on the doctrine of ratification.

16 8. Plaintiff's claims are barred by the statute of frauds.

17 9. Plaintiff has failed to do equity towards Defendants.

18 10. Plaintiff's claims are barred by the applicable statute of limitations.

19 11. Any conduct on the part of Defendants was not the cause of Plaintiff's alleged damages,
20 the existence of which are denied.

21 12. Plaintiff's damages, the existence of which are denied, were caused, in whole or in part,
22 or contributed to be reason of the acts, omissions, negligence, and/or intentional misconduct of third
23 parties over which Defendants have no control.

24 13. Plaintiff failed to mitigate its damages, the existence of which are denied.

25 14. Any alleged damages, the existence of which are denied, were not the result of any
26 conduct by the Defendants.

27 15. Plaintiff's claims are barred due to the failure to satisfy conditions precedent and/or
28 conditions subsequent.

- 1 16. Plaintiff lacks standing to assert claims and receive the relief sought in the Complaint.
- 2 17. The Court lacks subject matter jurisdiction over the claims alleged in the Complaint.
- 3 18. Plaintiff's claims are barred because they have failed to exhaust administrative
- 4 remedies, if any.
- 5 19. The claims, and each of them, are barred by the failure of Plaintiff to plead those claims
- 6 with sufficient particularity.
- 7 20. Plaintiff failed to allege sufficient facts and cannot carry the burden of proof imposed
- 8 on them by law to recover attorney's fees incurred to bring and prosecute this action.
- 9 21. Plaintiff has failed to join necessary and indispensable parties to this litigation under
- 10 NRCF 19 as the Court cannot grant any of its claims without affecting the right and privileges of other
- 11 parties.
- 12 22. Defendants are not jointly or severally liable for any of the damages alleged in the
- 13 Complaint, the existence of which are denied.
- 14 23. Defendants did not enter into a conspiracy to harm Plaintiff.
- 15 24. Defendants did not intend to accomplish an unlawful objective for the purpose of
- 16 harming Plaintiff.
- 17 25. Defendants had no intent to hinder, delay or defraud Plaintiff.
- 18 26. Defendants were subsequent transferees who received the asset in good faith and for
- 19 reasonably equivalent value.
- 20 27. Plaintiff's alleged transfers to Defendants, if any, were made in the ordinary course of
- 21 business or financial affairs.
- 22 28. Defendants received any transfers in good faith and for reasonably equivalent value.
- 23 29. Defendants did not accept any transfers with reasonable cause to believe that such
- 24 transfers were made with intent to give Defendants preference over other creditors.
- 25 30. Defendants were bona fide holders for value prior to entry of an order to show cause
- 26 under NRS Chapter 696B.
- 27 31. The distributions and transfers to Defendants, if any, were lawful and reasonable.
- 28

1 32. The transfers made to Defendants resulted from decisions that were made in good faith,
2 on an informed basis and with a view to the interest of Plaintiff.

3 33. There was no co-mingling of funds, no under capitalization, no authorized diversion of
4 funds, no treatment of corporate assets as other's own assets, and no failure to observe corporate
5 formalities by Defendants.

6 34. Justice does not require the corporate fiction to be disregarded.

7 35. There is not such unity of interest and ownership between each of the Defendants and
8 anyone else such that one is inseparable from the other.

9 36. Defendants have not retained any benefit which in equity or good conscience belongs
10 to Plaintiff.

11 37. Plaintiff has failed to plead the alleged fraud allegation with requisite particularity.

12 38. Defendants made no false representations of material fact that they knew to be false.

13 39. Defendants' acts were not misleading in any material way.

14 40. Defendants committed no deceptive acts.

15 41. Defendants conduct was not oppressive, fraudulent, nor committed with malice.

16 42. Plaintiff was not a creditor of Defendants.

17 43. The result of alleged transfers to Defendants did not leave Plaintiff with an unreasonably
18 small amount of capital.

19 44. Defendants acted in good faith, pursuant to their obligations, if any, and were justified,
20 privileged, or excused in their actions.

21 45. Plaintiff's damages, the existence of which are denied, were caused, in whole or in part,
22 or contributed to by reason of the acts of Plaintiff.

23 46. Pursuant to NRCP 11, all possible affirmative defenses may not have been alleged
24 herein insofar as sufficient facts were not available after reasonable inquiry. Defendants reserve the
25 right to amend this Answer to allege additional affirmative defenses as necessary or appropriate or as
26 further discovery warrants.

Defendants have been required to retain the services of attorneys to defend against this Complaint, and, as a direct, natural, and foreseeable consequence, therefore, have been damaged thereby, and are entitled to reasonable attorneys' fees and costs.

PRAYER FOR RELIEF

WHEREFORE, Defendants pray for judgment as follows:

1. Plaintiff take nothing by way of its Complaint;
2. The Complaint, and all causes of actions alleged against the Defendants therein be dismissed with prejudice;
3. For reasonable attorney's fees and costs, awarded to Defendants; and
4. For any such other and further relief the Court deems just and proper under the circumstances.

DATED this 14th day of May, 2020.

HOWARD & HOWARD ATTORNEYS PLLC

/s/ Kirill V. Mikhaylov

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195 Gluten Free LLC; 10-4 Preferred Risk Managers, Inc.;
Ironjab, LLC; Fourgorean Capital LLC; and Chelsea Holding
Company, LLC*

CERTIFICATE OF SERVICE

I hereby certify that I am employed in the County of Clark, State of Nevada, am over the age of 18 years and not a party to this action. My business address is Howard & Howard Attorneys PLLC, 3800 Howard Hughes Parkway, Suite 1000, Las Vegas, Nevada 89169.

On this day, I served the **ANSWER TO COMPLAINT** in this action or proceeding electronically with the Clerk of the Court via the Odyssey E-File and Serve system, which will cause this document to be served upon the following counsel of record:

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Attorneys for the Plaintiff

I certify under penalty of perjury that the foregoing is true and correct, and that I executed this Certificate of Service on May 14, 2020 at Las Vegas, Nevada.

/s/ Julia M. Diaz
An employee of HOWARD & HOWARD ATTORNEYS PLLC

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