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## Investors Take Aim At Wells Fargo Over \$449M Ponzi Scheme

By **Emilie Ruscoe**

Law360 (April 21, 2022, 7:14 PM EDT) -- Wells Fargo faces a proposed class action by investors alleging the bank aided and abetted a \$449 million Ponzi scheme that ended with a lawyer's bloody standoff with federal authorities, according to a suit filed Wednesday in Nevada federal court.

In their action, plaintiffs PMM3 LLC, Philomena Moloney and Travis Goldrup claimed that banking records should have made it obvious that the Interest on Lawyers' Trust Account that attorney Matthew Wade Beasley maintained at Wells Fargo was being used in service of a multimillion-dollar scheme that enriched Beasley and his associates.

"Wells Fargo is sued as a knowing aidor and abettor that substantially assisted the breach of fiduciary duties arising out of the existence of the IOLTA" account used as a vehicle for the ploy, the investors said in the **complaint**.

All three investors claimed that they handed over funds to Beasley's associates believing their money would be used for short-term loans to individuals who had suffered injuries and were awaiting disbursement of other money. According to the investors, Beasley and his collaborators targeted friends of the scheme's architects, people working in the construction industry and members of the Mormon church.

The plaintiffs also cited the testimony of an accountant for the U.S. Securities and Exchange Commission who stated in **a related action** that nearly \$500 million was deposited into Beasley's IOLTA account between January 2015 and March 2022.

The investors pointed out that when Beasley had opened his account, he'd told Wells Fargo that his gross annual sales were under \$350,000 a year — "so Wells Fargo knew that Beasley could not, legitimately, deposit ... nearly half a billion dollars in client trust funds into the account at Wells Fargo."

Beasley allegedly "repeatedly confessed" details about the scheme to an FBI negotiator as he bled from gunshot wounds after brandishing his own gun at both himself and FBI agents attempting to execute a search warrant at his home, the SEC said in its own enforcement action against the attorney and his alleged co-conspirators.

The SEC claimed Beasley and his associates managed to convince at least 600 investors to give them their savings, promising annual returns as high as 50% on interests in insurance tort settlements.

"Ponzi schemes, along with the demented dreams of their operators, always ultimately collapse," the investor trio said in their suit.

Both Beasley and Wells Fargo are named in **a separate investor action**, which was filed in March.

The case has not yet been assigned to a judge.

On Thursday, an attorney for the plaintiffs said the action speaks for itself, and a representative for Wells Fargo declined to comment.

PMM3, Moloney and Goldrup are represented by Brad M. Johnston of Simons Hall Johnston PC, Maria

F. Elosu, and Robert L. Brace of the Law Offices of Robert L. Brace.

Counsel information for Wells Fargo wasn't immediately available Thursday.

The case is PMM3 LLC et al. v. Wells Fargo Bank NA, case number 2:22-cv-00654, in the U.S. District Court for the District of Nevada.

--Additional reporting by Lauren Berg and Rachel Rippetoe. Editing by Ellen Johnson.

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