

**IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

**JUAN RAMON TORRES and EUGENE
ROBISON,**

Plaintiffs,

v.

SGE MANAGEMENT, LLC; et al.

Defendants.

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CIVIL ACTION NO. 4:09CV2056

**DEFENDANTS' FIRST AMENDED ANSWER AND AFFIRMATIVE DEFENSES
TO PLAINTIFFS' SECOND AMENDED COMPLAINT**

COME NOW Defendants SGE Management, LLC, Stream Gas & Electric, Ltd., Stream SPE GP, LLC, Stream SPE, Ltd., Ignite Holdings, Ltd., Chris Domhoff, Rob Snyder, Pierre Koshakji, Douglas Witt, Steve Flores, Michael Tacker, Donny Anderson, Trey Dyer, Steve Fisher, Randy Hedge, Brian Lucia, Logan Stout, Presley Swagerty, PointHigh Management Company, LLC, PointHigh Partners, L.P., SGE Serviceco, LLC, now known as SGE Texas Serviceco, LLC, SGE Energy Management, Ltd., SGE Ignite GP Holdco, LLC, Stream Georgia Gas SPE, LLC, SGE North America Serviceco, LLC formerly known as SGE Georgia Holdco, LLC, SGE IP Holdco, LLC, SGE Texas Holdco, LLC, Terry Yancey, La Dohn Dean, Mark Dean, Diane Fisher, Darryl Smith, Greg McCord, Fisher Energy, LLC, Dyer Energy, Inc., Jeanie E. Swagerty, Heather McCord, Hayley Stout, incorrectly named as Haley Stout, LHS, Inc., Kingdom Brokerage, Inc., Mark Florez, Property Line Management, LLC, Property Line, LP, Rose Energy Group, Inc., Robert L. Ledbetter, The Randy Hedge Companies, Inc., Timothy Rose, Susan Fisher, Swagerty Enterprises, LP, Swagerty Energy, Ltd., Swagerty, Inc., Swagerty Power, Ltd., Swagerty Management, LLC, Swagerty Enterprises, Inc., Sally Kay Dyer and Paul

Thies (collectively, the “Defendants”), and file their *First Amended Answer and Affirmative Defenses to Plaintiffs’ Second Amended Complaint*, and respectfully show the Court as follows:

Except as expressly admitted herein, Defendants specifically deny each and every allegation of Plaintiffs Juan Ramon Torres and Eugene Robison (collectively, the “Plaintiffs”) in their *Second Amended Original Class Action Complaint* (the “Complaint”), including but not limited to all headings used in the Complaint, and do so more specifically as follows:

FIRST AMENDED ANSWER TO SECOND AMENDED ORIGINAL CLASS ACTION COMPLAINT

1. The allegations in Paragraph 1 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 1.

2. The allegations in Paragraph 2 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 2. With regard to the allegations in footnote 1 in Paragraph 2, Defendants admit that Rob Snyder responded to the lawsuit filed by The Clearman Law Firm against Stream Energy by stating: “The fact that the Texas Attorney General’s office has previously confirmed the legitimacy of Stream Energy’s network marketing effort speaks volumes to the veracity of Mr. Clearman’s assertions.” With regard to the allegations in footnote 1 in Paragraph 2, Defendants admit that the “Things Every Ignite Associate Should Know” section of Robison’s Policies and Procedures states: “No attorney general or other regulatory authority ever reviews, endorses or approves the products and compensation plans of Ignite or any other company.” Defendants deny the remaining allegations of footnote 1 in Paragraph 2.

3. Defendants are without sufficient information to admit or deny the allegations set forth in Paragraph 3.

4. Defendants are without sufficient information to admit or deny the allegations set forth in Paragraph 4.

5. Defendants deny the allegations of Paragraph 5.

6. Defendant SGE Management, LLC admits the allegations set forth in Paragraph 6. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

7. Defendant SGE Management, LLC admits that it is the general partner of Stream Gas & Electric, Ltd. Defendants SGE Management, LLC, SGE Energy Management, Ltd., and Ignite Holdings, Ltd. deny the remainder of the allegations set forth in Paragraph 7. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

8. Defendant Stream Gas & Electric, Ltd. admits the allegations set forth in Paragraph 8. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

9. Defendants Stream Gas & Electric, Ltd., Stream SPE, Ltd., and Stream Georgia Gas SPE, LLC deny the allegations of Paragraph 9. The allegations of this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

10. Defendant SGE Energy Management, Ltd. admits that it is a Texas limited partnership and that Ray A. Balestri is its registered agent. Defendant SGE Energy Management, Ltd. denies the remaining allegations in Paragraph 10. The allegations in this Paragraph are not

directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

11. Defendant SGE IP Holdco, LLC admits it is a limited liability company and further admits the remaining allegations set forth in Paragraph 11. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

12. Defendant SGE Georgia Holdco, LLC is now known as SGE North America Serviceco, LLC.

13. Defendant Stream SPE, Ltd. admits the allegations set forth in Paragraph 13. Defendant Stream SPE GP, LLC admits the allegations set forth in the third sentence of Paragraph 13. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

14. Defendant Stream Georgia Gas SPE, LLC denies that Robert Snyder is its only manager and admits the remaining allegations set forth in the Paragraph 14. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

15. Defendant SGE Serviceco, LLC is now known as SGE Texas Serviceco, LLC.

16. Defendant SGE Texas Serviceco, LLC admits the allegations set forth in Paragraph 16, with the exception that Robert L. Snyder is not a manager. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

17. Defendant SGE Ignite GP Holdco, LLC admits the allegations set forth in Paragraph 17, with the exception that Robert L. Snyder is not a manager. The allegations in this

Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

18. Defendant SGE Texas Holdco, LLC admits the allegations set forth in Paragraph 18, with the exception that Robert L. Snyder is not a manager. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

19. Defendant SGE North America, LLC admits the allegations set forth in Paragraph 19, with the exception that Robert L. Snyder is not a manager. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

20. Defendant Stream SPE GP, LLC denies that Robert Snyder is its only manager and admits the remaining allegations set forth in Paragraph 20. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

21. Defendants Stream SPE GP, LLC and Stream SPE, Ltd. admit the allegations set forth in Paragraph 21. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

22. Defendants deny that SGE Consultants, LLC has any association with any of the Defendants.

23. Defendants admit that revenues are generated through the purchase of gas and/or electricity and that Defendants do not create the gas and/or electricity sold. Defendants admit that Stream Gas & Electric, Ltd. is a retail provider of energy in some states. Defendants deny the remaining allegations in Paragraph 23.

24. Defendant Ignite Holdings, Ltd. admits that it is a Texas limited partnership with its principal place of business in Dallas, Dallas County, Texas, that it sometimes uses the tagline “Powered by Stream Energy,” and that it has previously filed pleadings in this case. Defendant Ignite Holdings, Ltd. denies the remaining allegations in Paragraph 24. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

25. Defendant Ignite Holdings, Ltd. admits that it performs a marketing function including the promotion of the Ignite business opportunity, from which certain revenues are generated. Ignite Holdings, Ltd. admits that it does business as “Ignite,” sometimes uses the tag line “Powered by Stream Energy,” and is sometimes referred to as the marketing arm of Stream Gas & Electric, Ltd. Defendants Ignite Holdings, Ltd. and SGE Management, LLC deny that Ignite Holdings, Ltd.’s general partner is SGE Management, LLC. Defendants Ignite Holdings, Ltd., SGE Management, LLC, and Robert L. Snyder deny the remaining allegations in Paragraph 25. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

26. Defendants lack knowledge or information sufficient to form a belief as to the veracity of the allegation of Paragraph 26 and therefore deny the same.

27. Defendants deny the allegations of Paragraph 27.

28. Defendant Robert L. Snyder admits he has previously filed pleadings in this case and denies the remainder of the allegations of Paragraph 28. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

29. Defendant Robert L. Snyder admits that he earns a small salary as employee of Stream Gas & Electric, Ltd. Defendant Robert L. Snyder denies the remaining allegations in Paragraph 29. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

30. Defendants PointHigh Partners, L.P. and Robert L. Snyder admit the Texas Secretary of State lists Robert L. Snyder as the “governing person” of PointHigh Partners, L.P. Defendants PointHigh Partners, L.P. and Robert L. Snyder admit that PointHigh Partners, L.P. is a Delaware limited partnership. Defendants PointHigh Partners, L.P. and Robert L. Snyder admit the allegations set forth in the second and third sentences of Paragraph 30, excluding the parenthetical. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

31. Defendant PointHigh Management Company, LLC admits that it is a Delaware limited liability company and denies the remaining allegations of the first sentence of Paragraph 31. Defendants PointHigh Management Company, LLC and Robert L. Snyder admit that PointHigh Management Company, LLC may be served through its registered agent, Robert L. Snyder, 9330 Hollow Way Road, Dallas, Texas 75220 and deny the remaining allegations of Paragraph 31. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

32. Defendants PointHigh Partners, L.P., PointHigh Management Company, LLC, and Robert L. Snyder deny the allegations set forth in the first sentence of Paragraph 32. Defendant PointHigh Management Company, LLC lacks knowledge or information sufficient to form a belief regarding the origins of the quotation in the second sentence of Paragraph 32, but admits that it engages in the management of at least one other entity, as it is the General Partner

of PointHigh Partners, L.P. Defendant PointHigh Management Company, LLC lacks knowledge or information sufficient to form a belief regarding Plaintiffs' beliefs. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

33. Defendant Robert L. Snyder admits that his image appears on an Ignite "Turning Energy Into Income" video at <http://feg.igniteinc.biz>. Defendant Robert L. Snyder denies the remaining allegations in Paragraph 33. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

34. Defendant Robert L. Snyder admits that he sent an email on October 29, 2009, to Scott Clearman. Defendant Robert L. Snyder denies that he "specifically requested" that Plaintiffs sue Darryl Smith and further denies the remaining allegations set forth in Paragraph 34. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

35. Defendants Robert L. Snyder, Stream Gas & Electric, Ltd., and Ignite Holdings, Ltd. deny that any Defendant requested that Plaintiffs sue Darryl Smith. Defendant Darryl Smith admits he owns units in Stream Gas & Electric, Ltd. and that he the Senior Director of Field Development and Customer Loyalty. Defendants Robert L. Snyder, Stream Gas & Electric, Ltd., Ignite Holdings, Ltd. and Darryl Smith deny the remaining allegations set forth in Paragraph 35. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

36. Defendant Darryl Smith admits the allegations set forth in Paragraph 36. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

37. Defendant Chris Domhoff admits he has previously filed pleadings in this matter and denies the remainder of the allegations in Paragraph 37. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

38. Defendant Chris Domhoff admits he owns units in Stream Gas & Electric, Ltd. and is sometimes referred to as one of its co-founders. Mr. Domhoff admits he played a significant role in Ignite's marketing efforts for a period of time and provided input toward creating Ignite's Compensation Plan. Mr. Domhoff denies the remainder of the allegations of Paragraph 38. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

39. Defendant Chris Domhoff admits that he served as Vice President of Global MLM Marketing for Excel Telecommunications and denies the remaining allegations in the first sentence of Paragraph 39. Defendant Chris Domhoff admits that he handled marketing, training, recruiting and/or communications for Excel at various times over a period of years with Excel and denies the remaining allegations in the second sentence of Paragraph 39. Defendant Chris Domhoff denies as vague and therefore unanswerable the allegation that he "used his Excel channels to recruit participants in Ignite." The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

40. Defendant Chris Domhoff admits that Momentis performs a marketing function for Just Energy. Mr. Domhoff denies the remainder of Paragraph 40. The allegations in the first two sentences of Paragraph 40 are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants. All Defendants deny the allegation in the third sentence of Paragraph 40 that Ignite is a pyramid scheme.

41. Defendant Pierre Koshakji admits he has previously filed pleadings in this matter and denies the remainder of the allegations set forth in Paragraph 41. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

42. Defendant Pierre Koshakji admits he earns a salary as an employee of Stream Gas & Electric, Ltd. Mr. Koshakji denies the remainder of Paragraph 42. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

43. Defendant Douglas Witt admits he has previously filed pleadings in this matter and denies the remainder of the allegations set forth in Paragraph 43. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

44. Defendant Douglas Witt admits that he has oversight of Ignite operational and field activities, that he provided input toward creating Ignite's Compensation Plan, and that he earns a salary as an employee of SGE Texas Serviceco, LLC. Mr. Witt denies the remaining allegations of Paragraph 44. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

45. Defendant Douglas Witt admits that he was an independent marketing director with Excel Communications, Inc., consistently ranked in the top ten percent of independent marketing directors, and helped develop Excel's national field leadership team. Defendant Douglas Witt denies the remaining allegations of the first and second sentences of Paragraph 45. Defendant Douglas Witt admits he created field training manuals and videos, planned quarterly training conferences, and trained field representatives at corporate events, leadership conferences,

and weekly training meetings. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

46. Defendant Douglas Witt admits he owns units in Stream Gas & Electric, Ltd. and denies the remainder of the allegations in Paragraph 46. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

47. Defendant Steve Flores admits he has previously filed pleadings in this matter and denies the remaining allegations set forth in Paragraph 47. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

48. Defendant Steve Flores admits that his title is Director of Associate Support & Facilities Planning, that his role includes supporting Ignite business activity and organizational goals, and that he earns a salary as an employee of SGE Texas Serviceco, LLC. Mr. Flores denies the remainder of the second sentence of Paragraph 48 as vague and therefore unanswerable and generally denies the remainder of Paragraph 48. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

49. Defendant Steve Flores admits that he owns units in Stream Gas & Electric, Ltd. and denies the remainder of the allegations of this Paragraph. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

50. Defendant Michael Tacker admits he has previously filed pleadings in this matter and denies the remainder of the allegations set forth in Paragraph 50. The allegations in this

Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

51. Defendant Michael Tacker admits his title is Director of Field Development. Defendant Michael Tacker admits his responsibilities include providing input into the field development of new markets and providing certain assistance to the Ignite field. Mr. Tacker admits he earns a salary as an employee of SGE Texas Serviceco, LLC. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

52. Defendant Michael Tacker admits he owns units in Stream Gas & Electric, Ltd. and denies the remainder of the allegations of Paragraph 52. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

53. Defendant Paul Thies admits the allegations set forth in Paragraph 53. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

54. Defendant Paul Thies admits that his role includes handling communications from the corporate office of Stream Gas & Electric, Ltd. and that he earns a salary as an employee of SGE Texas Serviceco, LLC. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

55. Defendant Paul Thies admits he owns units in Stream Gas & Electric, Ltd., and denies the remainder of the allegations of Paragraph 55. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

56. Defendant Ignite Holdings, Ltd. denies the allegations of Paragraph 56. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

57. Defendant Donny Anderson admits he has previously filed pleadings in this matter and denies the remainder of the allegations set forth in Paragraph 57. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

58. Defendant Donny Anderson admits he and former Defendant Susan Anderson are married. Susan Anderson was dismissed from this lawsuit by Order dated May 21, 2013. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

59. Defendant Donny Anderson admits the first sentence of Paragraph 59 that he and his wife, Susan Anderson, hold the titles of “Presidential Directors.” Defendant Donny Anderson denies the allegation that he and his wife, Susan Anderson, were “among the first individuals to sell” as vague and therefore unanswerable as phrased. Donny Anderson denies the remainder of the allegations of Paragraph 59. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

60. Defendant Donny Anderson admits that he and his wife, Susan Anderson, have provided their phone number (214-417-1344) and their email address (andersonignite@gmail.com) on <http://media.igniteinc.com> but denies the remaining allegations in Paragraph 60. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

61. Defendant Donny Anderson admits that he appears on an Ignite “Turning Energy Into Income” video at <http://feg.igniteinc.biz> but denies the remaining allegations in Paragraph 61. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

62. Defendant Donny Anderson admits that he and his wife, Susan Anderson, host a website at <http://hstrial-ignite.intuitwebsites.com/contact.html> but denies the remaining allegations in Paragraph 62. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

63. Defendant Mark Dean lacks knowledge or information sufficient to form a belief as to whether Plaintiffs know the location of his residential address in the first sentence of Paragraph 63. Defendant Mark Dean denies the remaining allegations of Paragraph 63. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

64. Defendants Mark and La Dohn Dean admit they are married. Defendant La Dohn Dean lacks knowledge or information sufficient to form a belief as to whether Plaintiffs know the location of her residential address in the first sentence of Paragraph 64. Defendant La Dohn Dean denies the remainder of the allegations of Paragraph 64. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

65. Defendants Mark and La Dohn Dean admit the first sentence of Paragraph 65 that they hold the titles of “Presidential Directors,” deny the allegation that they were “among the first to sell” as vague and therefore unanswerable as phrased, and deny the remainder of the allegations

of Paragraph 65. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

66. Defendant A. E. “Trey” Dyer III (“Trey Dyer”) admits he has previously filed pleadings in this matter and denies the remainder of Paragraph 66. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

67. Defendants Trey Dyer and Sally Kay Dyer admit they are married as alleged in Paragraph 67. Defendant Sally Kay Dyer admits her residence, 713 PR 2482, Baird, Texas 79504, may be a proper place for service. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

68. Defendant Dyer Energy, Inc. admits that it may be served through its registered agent, Trey Dyer, at 713 PR 2482, Baird, Texas 79504 as alleged in Paragraph 68. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

69. Defendants Trey Dyer and Sally Dyer admit they hold the titles of Presidential Directors. Trey Dyer, Sally Dyer, and Dyer Energy, Inc., deny the remainder of the allegations of Paragraph 69. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

70. Defendants Dyer Energy, Inc., Trey Dyer, and Sally Kay Dyer admit they have provided their phone number (325-829-8739) and Defendant Trey Dyer admits he has provided his email address (trey.dyer@gmail.com) on <http://media.igniteinc.com> but deny the remaining allegations in Paragraph 70. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

71. Defendant Trey Dyer denies the allegations of Paragraph 71.

72. Defendant Steve L. Fisher admits he has previously filed pleadings in this matter and denies the remainder of the allegations in Paragraph 72. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

73. Defendants Steve and Diane Fisher admit they are married. Defendant Diane Fisher admits she may be served at her residence, 4711 Cranbrook Drive East, Colleyville, Tarrant County, Texas 76034. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

74. Defendants Steve and Diane Fisher deny the allegations set forth in Paragraph 74 that they own and manage Kingdom Brokerage, Inc., but admit they are members of Kingdom Brokerage, LLC, which may be served through its registered agent, Steven L. Fisher, 4711 Cranbrook Drive East, Colleyville, Tarrant County, Texas 76034. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

75. Defendants Steve and Diane Fisher admit they are managers of Fisher Energy, LLC, which may be served through its registered agent, Steven L. Fisher, 4711 Cranbrook Drive East, Colleyville, Tarrant County, Texas 76034. Defendants Steve and Diane Fisher deny the remaining allegations of Paragraph 75. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

76. Defendants Steve and Diane Fisher, Kingdom Brokerage, LLC, and Fisher Energy, LLC admit that they have provided their phone number (817-845-0994) and their email address (fisherignite@gmail.com) on www.fisherenergygroup.blogspot.com and

www.feg.igniteinc.biz but deny the remaining allegations in Paragraph 76. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

77. Defendants Steve and Diane Fisher admit they hold the titles of “Presidential Directors,” deny as vague and therefore unanswerable the allegation that they were “among the first to sell,” and deny the remaining allegations of Paragraph 77. Defendant Kingdom Brokerage, LLC denies Paragraph 77. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

78. Defendant Steve Fisher denies as vague and therefore unanswerable the first sentence of Paragraph 78 and denies the remainder of Paragraph 78. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

79. Defendants Steve and Diane Fisher, Kingdom Brokerage, LLC, and Fisher Energy, LLC deny the allegations in Paragraph 79. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

80. Defendant Susan Fisher denies the allegations in the first sentence of Paragraph 80. Defendant Susan Fisher lacks knowledge or information sufficient to form a belief as to whether Plaintiffs know the location of her residential address in the second sentence of Paragraph 80. Defendant Susan Fisher denies the remaining allegations in Paragraph 80. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

81. Defendant Susan Fisher admits that she holds the title of a “Presidential Director.” Defendant Susan Fisher denies as vague and therefore unanswerable the allegation that she is “instrumental in selling” and denies the remainder of the allegations of Paragraph 81. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

82. Defendant Susan Fisher admits that she has provided her phone number (817-253-8809) on <http://media.igniteinc.com> but denies the remaining allegations in Paragraph 82. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

83. Defendant Mark Florez lacks knowledge or information sufficient to form a belief as to whether Plaintiffs know the location of his residential address in the first sentence of Paragraph 83. Defendant Mark Florez denies the remainder of the allegations of Paragraph 83. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

84. Defendant Mark Florez admits he holds the title of “Presidential Director,” denies as vague and therefore unanswerable the allegation that he is “instrumental in selling” and denies the remaining allegations of Paragraph 84. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

85. Defendant Randy Hedge Companies, Inc. admits it is an Arkansas corporation and that it was created on August 1, 2006, but denies the remaining allegations of Paragraph 85. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

86. Defendant Randy Hedge Companies, Inc. admits it has previously filed pleadings in this matter and denies the remainder of Paragraph 86. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

87. Defendant Randy Hedge admits that he holds the title of “Presidential Director,” denies as vague and therefore unanswerable the allegation that he was “one of the first individuals to sell,” and denies the remainder of Paragraph 87. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

88. Defendant Randy Hedge denies as vague and therefore unanswerable the allegation that he is a “professional salesperson” but admits that he has prior multilevel marketing experience with Excel Communications. Defendant Randy Hedge admits that he earns a commission from his and his downline’s enrollment of new energy customers. Defendant Randy Hedge denies the remaining allegations of Paragraph 88. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

89. Defendant Randy Hedge admits that he hosts the website www.cowboy.igniteinc.biz and denies the remaining allegations in Paragraph 89. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

90. There is no requirement to answer the allegations set forth in Paragraph 90, as Plaintiffs have dismissed Murelle, LLC.

91. Defendant Robert L. Ledbetter admits the allegations set forth in Paragraph 91 that he may be served at his residence, 900 Mallard Way, Flower Mound, Denton County, Texas 75028. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

92. Defendant Robert Ledbetter admits that he and former Defendant Sue Ledbetter are married. Sue Ledbetter was dismissed from this lawsuit by Order dated May 21, 2013. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

93. Defendant Robert Ledbetter admits that he and his wife, Sue Ledbetter, hold the titles of “Presidential Directors,” denies as vague and therefore unanswerable the allegation that they “were among the first individuals to sell,” and denies the remainder of Paragraph 93. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

94. Defendant Brian Lucia admits he has previously filed pleadings in this matter and denies the remaining allegations of Paragraph 94. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

95. Defendant Brian Lucia admits that he is married to former Defendant Beth Lucia. Beth Lucia was dismissed from this lawsuit by Order dated May 21, 2013. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

96. Defendant Brian Lucia admits that he and his wife, Beth Lucia, hold the titles of “Presidential Directors,” denies as vague and therefore unanswerable the allegation that they

“were among the first individuals to sell,” and denies the remainder of Paragraph 96. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

97. Brian Lucia admits he is an employee of Defendant SGE Texas Serviceco, LLC, and denies the remainder of Paragraph 97. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

98. Defendant Brian Lucia admits that he and his wife, Beth Lucia, have provided their phone number (214-458-5100) on <http://media.igniteinc.com> but deny the remaining allegations in Paragraph 98. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

99. Defendant Brian Lucia denies as vague and therefore unanswerable the allegation that he and his wife, Beth Lucia, are employed by Stream, Ignite, or both. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

100. Defendant Greg McCord lacks knowledge or information sufficient to form a belief as to whether Plaintiffs know the location of his residential address and denies the remainder of Paragraph 100. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

101. Defendants Greg and Heather McCord admit they are married. Defendant Heather McCord lacks knowledge or information sufficient to form a belief as to whether Plaintiffs know the location of her residential address and denies the remainder of Paragraph 101. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

102. Defendants Greg and Heather McCord admit they hold the titles of “Presidential Directors,” deny as vague and therefore unanswerable the allegation that they were “among the first individuals to sell,” and deny the remainder of Paragraph 102. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

103. Defendants Greg and Heather McCord admit that they have provided their phone number (972-670-3130) and their email address (gmmcord352@sbcglobal.net) on <http://media.igniteinc.com> but deny the remaining allegations in Paragraph 103. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

104. Defendant Greg McCord admits that he appears on an Ignite “Turning Energy Into Income” video at <http://feg.igniteinc.biz> and admits that he has provided his phone number (972-670-3130) and his email address (gmccord310@gmail.com and gmmcord352@sbcglobal.net) on <http://gregmccord.igniteinc.biz> but denies the remaining allegations in Paragraph 104. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

105. Defendant Rose Energy Group, Inc. admits the allegations in the first two sentences of Paragraph 105. Defendants Rose Energy Group, Inc. and Timothy W. Rose admit Timothy W. Rose is associated with Rose Energy Group, Inc., but deny the remaining allegations of the third sentence of Paragraph 105. The allegations in this Paragraph are not directed to the remaining Defendants (who do not include Shannon Rose), and, therefore, no answer is required by the remaining Defendants.

106. Defendant Timothy W. Rose admits the allegations set forth in Paragraph 106 that he may be served at his place of business, 13604 CR 2216, Tyler, Smith County, Texas 75707. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

107. The allegations in this Paragraph 107 are not directed to the Defendants (who do not include Shannon Rose), and, therefore, no answer is required by the Defendants.

108. Defendant Timothy W. Rose admits he holds the title of “Presidential Director,” denies as vague and therefore unanswerable the allegation that he was “among the first to sell,” and denies the remaining allegations in Paragraph 108. Defendant Rose Energy Group, Inc. denies the allegations of Paragraph 108 referring to Rose Energy Group, Inc. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

109. Defendants Rose Energy Group, Inc. and Timothy W. Rose admit they use <http://media.igniteinc.com> but deny the remaining allegations in Paragraph 109.

110. Defendant LHS, Inc. admits the allegations in the first sentence of Paragraph 110 and admits that Defendant LHS, Inc. may be served through its registered agent Logan Stout, but denies that its registered agent may be served at 1803 Park Meadow Lane, Richardson, Dallas County, Texas 75081. Defendants LHS, Inc., Logan Stout, and Haley Stout admit they are officers of LHS, Inc. and participate in its management, but deny the remainder of the last sentence of Paragraph 110. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

111. Defendant Logan Stout admits he has previously filed pleadings in this matter and denies the remainder of Paragraph 111. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

112. Defendants Logan and Haley Stout admit they are married. Defendant Haley Stout lacks knowledge or information sufficient to form a belief as to whether Plaintiffs know the location of her residential address and denies the remainder of Paragraph 112. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

113. Defendants Logan and Haley Stout admit they hold the titles of “Presidential Directors,” deny as vague and therefore unanswerable the allegation that they were “among the first to sell,” and deny the remainder of Paragraph 113. Defendant LHS, Inc. denies the allegations of Paragraph 113 referring to LHS, Inc. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

114. Defendant Property Line Management, LLC admits the allegations in the first two sentences of Paragraph 114. Defendants Property Line Management, LLC and Presley Swagerty admit that Presley Swagerty is one of the managers and directors of Property Line Management, LLC but deny the remaining allegations in Paragraph 114. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

115. Defendants Property Line, LP and Property Line Management, LLC admit the allegations set forth in Paragraph 115. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

116. Defendant Swagerty Management, LLC admits the allegations in the first two sentences of Paragraph 116. Defendants Swagerty Management, LLC and Presley Swagerty admit the allegations in the third sentence of Paragraph 116. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

117. Defendant Swagerty Energy, Ltd. admits the allegations in the first two sentences in Paragraph 117. Defendants Swagerty Energy, Ltd. and Swagerty, Inc. admit the allegations in the third sentence in Paragraph 117. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

118. Defendant Swagerty Enterprises, LP admit the allegations in the first two sentences in Paragraph 118. Defendants Swagerty Enterprises, LP and Swagerty Management, LLC admit the allegations in the third sentence in Paragraph 118. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

119. Defendant Swagerty Enterprises, Inc. admits the allegations set forth in Paragraph 119. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

120. Defendant Swagerty, Inc. admits the allegations in the first two sentences in Paragraph 120. Defendants Swagerty, Inc., Presley Swagerty, and Jeanie Swagerty admit the allegations in the third sentences in Paragraph 120. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

121. Defendant Swagerty Power, Ltd. admits the allegations in the first two sentences in Paragraph 121. Defendants Swagerty Power, Ltd. and Swagerty, Inc. admit the allegations in the third sentence in Paragraph 121. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

122. There is no requirement to answer the allegations set forth in Paragraph 122, as Plaintiffs have dismissed Sachse Inc.

123. Defendant Presley Swagerty admits he has previously filed pleadings in this matter and that his nickname is “the Coach,” but denies the remainder of the allegations set forth in Paragraph 123. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

124. Defendants Presley and Jeanie Swagerty admit they are married. Defendant Jeanie Swagerty admits she is a vice president and director of Defendant Swagerty Inc. Defendant Jeanie Swagerty admits the allegations set forth in the second sentence of Paragraph 124 that she may be served at 3410 Merritt Road, Sachse, Texas 75048. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

125. Defendants Presley and Jeanie Swagerty admit they hold the titles of “Presidential Directors” and deny the remaining allegations of Paragraph 125. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

126. Defendants Presley and Jeanie Swagerty, Property Line Management, LLC, Property Line LP, Swagerty Management, LLC, Swagerty Energy, Ltd., Swagerty Enterprises, LP, Swagerty Enterprises, Inc., Swagerty, Inc., and Swagerty Power, Ltd. deny as vague and

therefore unanswerable the allegation that they were “among the first to sell” and deny the remainder of Paragraph 126, The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

127. Defendant Presley Swagerty denies as vague and unanswerable the allegations that he is a “professional salesperson” and that he was a “top leader” with Excel Communications, admits that he has prior experience in multilevel marketing with Excel Communications and that his nickname is the “Coach”, and denies the remaining allegations of Paragraph 127. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

128. Defendant Presley Swagerty admits he began working with Ignite after leaving Excel Communications and denies the remaining allegations of Paragraph 128. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

129. Defendants Presley and Jeanie Swagerty admit they appear on an Ignite “Turning Energy Into Income” video at <http://feg.igniteinc.biz> but deny the remaining allegations in Paragraph 129. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

130. Defendants Presley and Jeanie Swagerty admit they host the websites www.swagery.igniteinc.biz and <http://presleyswagerty.ingo/listen.html> and deny the remaining allegations in Paragraph 130. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

131. Defendant Terry Yancey lacks knowledge or information sufficient to form a belief as to whether Plaintiffs know the location of his residential address and denies the

remaining allegations of Paragraph 131. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

132. Defendant Terry Yancey admits that he is married to former Defendant Shelba Yancey. Shelba Yancey was dismissed from this lawsuit by Order dated May 21, 2013. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

133. Defendant Terry Yancey admits that he and his wife, Shelba Yancey, hold the titles of “Presidential Directors,” denies as vague and unanswerable the allegation that they were “among the first individuals to sell” and denies the remainder of Paragraph 133. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

134. Defendant Terry Yancey admits that he and his wife, Shelba Yancey, have information on the website <http://media.igniteinc.com> and deny the remaining allegations in Paragraph 134. The allegations in this Paragraph are not directed to the remaining Defendants, and, therefore, no answer is required by the remaining Defendants.

135. The allegations in Paragraph 135 are legal conclusions that Defendants is not required to admit or deny. Defendants deny that they committed fraudulent acts.

136. The allegations in Paragraph 136 are legal conclusions that Defendants is not required to admit or deny.

137. Defendants deny the allegations set forth in Paragraph 137.

138. Defendants Doug Witt, Randy Hedge, and Presley Swagerty, against whom this paragraph appears to be directed, admit that under the Excel compensation program, individuals paid an enrollment fee to become an Excel representative and therefore present the Excel business

opportunity to others. Witt, Hedge, and Swagerty deny the remainder of Paragraph 138. The remaining Defendants deny the allegations of Paragraph 138.

139. Defendants Doug Witt, Randy Hedge, and Presley Swagerty, against whom this paragraph appears to be directed, admit that Excel representatives received commissions when they and those in their downline signed up telephone customers and that Excel had five levels of representatives, starting with Managing Director, then Regional Director, Executive Director, Senior Director, and Executive Senior Director. Defendants Witt, Hedge, and Swagerty do not know who is alleged to have made the statements in quotations in Paragraph 139 and therefore deny them as vague and unanswerable as phrased. Defendants Witt, Hedge, and Swagerty deny the remainder of Paragraph 139. The remaining Defendants deny the allegations of Paragraph 139.

140. Defendants Presley Swagerty and Randy Hedge admit they were Excel directors for a period of years and made a variety of speeches in that capacity, sometimes discussing their past or their relative success. Defendants Presley Swagerty and Randy Hedge admit that Excel appears to have published the indented text within Paragraph 140. Swagerty and Hedge deny the remaining allegations of Paragraph 140. The remaining Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 140.

141. Defendant Presley Swagerty denies the allegations in Paragraph 141 that Excel used him to draw persons to purchase the right to be an Excel representative. Swagerty denies the remainder of Paragraph 141 as vague and therefore unanswerable. The remaining Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 141.

142. Defendant Randy Hedge denies the allegations in Paragraph 142 that Excel used him to persuade individuals to pay the required fee and become an Excel representative. Hedge denies the remainder of Paragraph 142 as vague and therefore unanswerable. The remaining Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 142.

143. Defendant Randy Hedge denies the allegations in the first sentence of Paragraph 143 that he was not as successful as he claimed. Defendant Randy Hedge admits the allegations in the second sentence of Paragraph 143 that he filed for bankruptcy in 2005. The remaining Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 143.

144. Defendants admit that there was a *Forbes* article from March 24, 1997, but lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 144.

145. Defendants admit the allegations in Paragraph 145 that Stream Gas & Electric began offering energy services in Texas and expanded to Georgia, but deny the remaining allegations set forth in Paragraph 145.

146. Defendant Robert L. Snyder admits that he decided to start an energy company after Texas deregulated its energy industry, that Chris Domhoff and Doug Witt became employees of Stream Gas & Electric, Ltd. and SGE Texas Serviceco, LLC, respectively, and that they participated in formulating the Ignite Compensation Plan. Defendants Robert L. Snyder, Domhoff, and Witt deny the remainder of Paragraph 146. The remaining Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 146.

147. Defendants admit that, upon obtaining certain qualifications, an Independent Associate may be compensated for energy customer accounts enrolled by that Independent Associate or those in the Independent Associate's downline. Defendants admit that Independent Associates promote the Ignite opportunity and the sale of gas and electricity through warm marketing, which includes relationship referrals and word of mouth marketing. Defendants deny the remaining allegations set forth in Paragraph 147.

148. Defendants admit that enrollment as an Ignite Independent Associate costs \$329 in some states, that enrollment begins at the Director level, and that Independent Associates may sign up energy customers as well as recruit new Independent Associates. Defendants deny the remaining allegations set forth in Paragraph 148.

149. Defendants admit that enrollment as an Ignite Independent Associate costs \$329 in some states, that enrollment may occur through a sponsor's homesite, and that Independent Associates may sign up for their own Ignite homesites. Defendant Presley Swagerty denies that he stated that though the company says the Ignite Homesite is optional, "it ain't. To do this business, you need that webpage." Defendants deny the remaining allegations set forth in Paragraph 149.

150. Defendants admit that a new Independent Associate may obtain a bonus of \$100 if he or she enrolls four personal energy accounts in the first 30 days and may obtain another bonus of \$100 if he or she enrolls ten personal energy accounts in the first 60 days. Defendants admit that an Independent Associate may substitute his or her Ignite Homesite for two energy accounts. Defendants deny the remaining allegations set forth in Paragraph 150.

151. Defendants admit that a new Independent Associate may obtain a bonus of \$100 if he or she enrolls four personal energy accounts in the first 30 days and may obtain another

bonus of \$100 if he or she enrolls ten personal energy accounts in the first 60 days. Defendants deny the remaining allegations set forth in Paragraph 151.

152. Defendants admit that a Director acquires the title of Qualified Director upon personally enrolling four energy accounts. Defendants admit that a Qualified Director may obtain a bonus of \$100 if his or her personally sponsored Independent Associate enrolls four personal energy accounts within the new Independent Associate's first 30 days. Defendants deny the remaining allegations set forth in Paragraph 152.

153. Defendants admit that a Qualified Director acquires the title of Managing Director upon personally enrolling ten energy accounts, personally sponsoring three Directors, each of whom must have the requisite number of energy accounts, and having a total of ten Directors in levels one through five, each of whom must have the requisite number of energy accounts. Defendants deny the allegations in Paragraph 153 that Ignite pays each Managing Director \$175 for each Director that he or she personally sponsors and \$75 for each Director below his or her first downline level, and Defendants deny the allegations in Paragraph 153 that the Managing Director gets paid per Director provided that the Director enrolls only one customer in 30 days. Defendants deny the remaining allegations set forth in Paragraph 153.

154. Defendants admit that a Managing Director acquires the title of Senior Director upon personally enrolling 15 energy accounts, personally sponsoring three additional Directors, each of whom must have the requisite number of energy accounts, and having two Managing Directors, each of whom must have the requisite number of energy accounts, in levels 1 through 5 of his or her Managing Director organization. Defendants deny the remaining allegations set forth in Paragraph 154.

155. Defendants admit that a Senior Director acquires the title of Executive Director upon personally enrolling twenty energy accounts and having five Senior Directors, each of whom must have the requisite number of energy accounts, in his or her Senior Director organization in levels one through five. Defendants admit that Executive Directors receive \$325 when a new Director in his or her downline enrolls at least two customers in that Director's first 30 days. Defendants deny the remaining allegations set forth in Paragraph 155.

156. Defendants deny that a Senior Director can become a Presidential Director. Defendants deny the remaining allegations set forth in Paragraph 156.

157. Defendants admit that Managing Directors, Senior Directors, and Executive Directors can earn monthly energy income on the active energy accounts of customers enrolled by Independent Associates in the Managing Director's, Senior Director's, or Executive Director's leadership organization. Defendants deny the remaining allegations set forth in Paragraph 157.

158. Defendants deny the allegations set forth in Paragraph 158.

159. The allegations in Paragraph 159 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 159.

160. The allegations in Paragraph 160 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 160.

161. The allegations in Paragraph 161 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 161.

162. The allegations in Paragraph 162 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 162.

163. The allegations in Paragraph 163 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 163.

164. The allegations in Paragraph 164 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 164.

165. Defendants admit that there are meetings in which speakers encourage Independent Associates and offer ideas for growing their business. Defendants deny the remaining allegations set forth in Paragraph 165.

166. Defendants admit that music may accompany a speaker's presentation. Defendants deny the remaining allegations set forth in Paragraph 166.

167. Defendant Presley Swagerty admits that "the Coach" is his nickname. Defendant Presley Swagerty admits that he sometimes gives presentations at Ignite meetings. Defendants deny the remaining allegations set forth in Paragraph 167.

168. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 168.

169. Defendant Presley Swagerty admits he has a son named Jordan who played baseball at Arizona State and that Swagerty helped finance his children's college education. The allegations in the last two sentences of Paragraph 169 are legal conclusions that Defendants are

not required to admit or deny. Nevertheless, all Defendants deny the allegations set forth in Paragraph 169.

170. Defendant Presley Swagerty denies the allegations in Paragraph 170. Defendants deny the allegations set forth in Paragraph 170.

171. Defendants admit that Ignite occasionally publishes an Income Disclosure Statement, the contents of which speak for themselves. Defendants deny the remaining allegations set forth in Paragraph 171. Certain allegations in Paragraph 171 are legal conclusions that Defendants are not required to admit or deny.

172. Defendants admit that the Income Disclosure Statements contain facts and figures as represented in the Income Disclosure Statements. Defendants deny the remaining allegations of Paragraph 172.

173. Defendants admit that the Income Disclosure Statements contain facts and figures as represented in the Income Disclosure Statements. Defendants deny the remaining allegations of Paragraph 173.

174. Defendants admit that the Income Disclosure Statements contain facts and figures as represented in the Income Disclosure Statements. Defendants deny the remaining allegations of Paragraph 174.

175. Defendants admit that the Income Disclosure Statements contain facts and figures as represented in the Income Disclosure Statements. Defendants deny the remaining allegations of Paragraph 175.

176. Defendants admit that the Income Disclosure Statements contain facts and figures as represented in the Income Disclosure Statements. Defendants deny the remaining allegations of Paragraph 176.

177. Defendants admit that the Income Disclosure Statements contain facts and figures as represented in the Income Disclosure Statements. Defendants deny the remaining allegations of Paragraph 177.

178. Defendants lack knowledge or information sufficient to form a belief about the referenced *Dallas Morning News* report. Defendants admit that many Independent Associates are also energy customers. Defendants deny the remaining allegations of Paragraph 178.

179. Defendants lack knowledge or information sufficient to form a belief about the referenced *D Magazine* report. Defendants deny the remaining allegations of Paragraph 179.

180. Defendants deny all of the allegations set forth in Paragraph 180, most of which are too vague to be answerable.

181. Defendants deny all of the allegations set forth in Paragraph 181, most of which are too vague to be answerable.

182. Defendants deny all of the allegations set forth in Paragraph 182, most of which are too vague to be answerable.

183. Defendants deny all of the allegations set forth in Paragraph 183, most of which are too vague to be answerable.

184. Defendants deny all of the allegations set forth in Paragraph 184, most of which are too vague to be answerable.

185. Defendants deny all of the allegations set forth in Paragraph 185, most of which are too vague to be answerable.

186. Defendant Chris Domhoff lacks sufficient knowledge or information on which to admit or deny the allegations of Paragraph 186 and therefore denies the same. Defendants deny the allegations in Paragraph 186, many of which are legal conclusions that Defendants are not

required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 186.

187. Defendants they operate a pyramid scheme. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 187.

188. Defendants deny they operate a pyramid scheme. The allegations set forth in Paragraph 188 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 188.

189. Defendants deny they operate a pyramid scheme. The allegations set forth in Paragraph 189 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 189.

190. Defendants admit that Ignite hosts the website IgniteInc.com, which contains video presentations. Defendants deny the remaining allegations set forth in Paragraph 190.

191. Defendants admit that a video entitled, “The Opportunity,” is posted on the website IgniteInc.com. Defendants admit that the presenter of such video stated that Ignite was a “ground floor opportunity and a company with a proven record of performance.” Defendants deny the remaining allegations set forth in Paragraph 191.

192. Defendants admit that the video entitled, “The Opportunity,” described an Ignite Homesite as a marketing presence on the internet. Defendants deny the remaining allegations set forth in Paragraph 192.

193. Defendants admit that a video entitled, “The Compensation Plan,” is posted on the website IgniteInc.com. Defendants deny the remaining allegations set forth in Paragraph 193.

194. Defendants admit that the video entitled, “The Compensation Plan,” described the immediate income, leadership income, and residual income that an Independent Associate could receive. Defendants deny the remaining allegations set forth in Paragraph 194.

195. Defendants admit that the video entitled, “The Compensation Plan,” described leadership bonuses that may be paid upon the acquisition and maintenance of certain energy account goals. Defendants deny that the picture shown in Paragraph 195 comes from the video entitled, “The Compensation Plan.” Defendants deny the remaining allegations set forth in Paragraph 195.

196. Defendants admit that the video entitled, “The Compensation Plan,” described residual income related to the acquisition and maintenance of energy accounts. Defendants deny the remaining allegations set forth in Paragraph 196.

197. Defendants admit that IgniteInc.com posts Success Profiles, including of Brian and Beth Lucia. Defendants deny the remaining allegations set forth in Paragraph 197.

198. Defendants lack knowledge or information sufficient to form a belief about the existence of the referenced Success Profile for Presley Swagerty on IgniteInc.com and therefore deny all of the allegations set forth in Paragraph 198.

199. Defendants admit that Brian and Beth Lucia’s Success Profile on IgniteInc.com stated: “When my best friend approached me with the Ignite opportunity it was a week before we found out we were pregnant. In less than one year’s time we replaced her income after 16 years of teaching.” Defendants deny the remaining allegations set forth in Paragraph 199.

200. Defendants admit that Brian and Beth Lucia’s Success Profile on IgniteInc.com stated the following regarding the possibility of immediate income as a new Independent

Associate: “the way the compensation plan is set up, people get that money in their hands quickly.”

201. Defendant Trey Dyer admits that he set up PlugIntoIgnite.com as a simple file sharing page for him and a few of his friends, leaders, and team members. Defendants deny the remaining allegations set forth in Paragraph 201.

202. Defendants deny the allegations set forth in Paragraph 202.

203. Defendants admit the allegations set forth in Paragraph 203.

204. Defendant Trey Dyer admits he maintains the website PlugIntoIgnite.com. Defendants deny the remaining allegations set forth in Paragraph 204.

205. Defendants deny the words “and Stream” as vague and therefore unanswerable but admit the remaining allegations set forth in Paragraph 205.

206. Defendants deny that there is an “Associate Training” tab or a “New Associate Training” tab on PlugIntoIgnite.com though Defendants admit that there is a “New Associates” tab. Defendants admit that the “New Associates” page has the following headings: (1) Purchase Ignite Homesite and Enroll 2 Customers (Qualifies you for your 1st check!); (2) Sponsor 3 to 5 Associates; (3) Help Your 3 to 5 Associates do the Same; and Expectations. Defendants deny the remaining allegations in Paragraph 206.

207. Defendants admit that the section entitled, “(1) Purchase Ignite Homesite and Enroll 2 Customers (Qualifies you for your 1st check!)” contains one presentation by Brian Lucia. Defendants admit this presentation is one flowing audio that is the best evidence of itself and cannot be admitted or denied in the segmented, toneless fashion attempted by Plaintiffs. Defendants deny the remaining allegations in Paragraph 207.

208. Defendants admit that the section entitled, “(2) Sponsor 3 to 5 Associates” contains three presentations including Logan Stout’s presentation, entitled “Recruiting with Logan Stout.” Defendants admit that this presentation is one flowing audio that is the best evidence of itself and cannot be admitted or denied in the segmented, toneless fashion attempted by Plaintiffs. Defendants deny the remaining allegations in Paragraph 208.

209. Defendants admit that this presentation is one flowing audio that is the best evidence of itself and cannot be admitted or denied in the segmented, toneless fashion attempted by Plaintiffs. Defendants deny the remaining allegations in Paragraph 209.

210. Defendants admit that Presley Swagerty’s presentation is entitled “Sponsoring with Presley Swagerty” variously describes his income. Defendants admit that this presentation is one flowing audio that is the best evidence of itself and cannot be admitted or denied in the segmented, toneless fashion attempted by Plaintiffs. Defendants deny the remaining allegations in Paragraph 210.

211. Defendants admit that Randy Hedge’s presentation is entitled “Recruiting with Randy Hedge” and that it addresses recruiting new Independent Associates. Defendants admit that this presentation is one flowing audio that is the best evidence of itself and cannot be admitted or denied in the segmented, toneless fashion attempted by Plaintiffs. Defendants deny the remaining allegations in Paragraph 211.

212. Defendants admit that the section entitled, “(3) Help Your 3 to 5 Associates do the Same,” contains three presentations. Defendants deny that there are any presentations by Quincy Jones, and thus lack knowledge or information sufficient to form a belief about the allegations, and therefore deny all of the allegations set forth in Paragraph 212.

213. Defendants deny that there are any presentations by Quincy Jones, and thus lack knowledge or information sufficient to form a belief about the allegations, and therefore deny all of the allegations set forth in Paragraph 213.

214. Defendants admit that there are presentations by Fisher, Hedge, and Stout in the section entitled, “(3) Help Your 3 to 5 Associates do the Same.” Defendants deny the remaining allegations of Paragraph 214.

215. Defendants admit Fisher describes team-building and further that this presentation is one flowing audio that is the best evidence of itself and cannot be admitted or denied in the segmented, toneless fashion attempted by Plaintiffs. Defendants deny the remaining allegations set forth in Paragraph 215.

216. Defendants admit this presentation is one flowing audio that is the best evidence of itself and cannot be admitted or denied in the segmented, toneless fashion attempted by Plaintiffs. Defendants deny the remaining allegations set forth in Paragraph 216.

217. Defendants admit this presentation is one flowing audio that is the best evidence of itself and cannot be admitted or denied in the segmented, toneless fashion attempted by Plaintiffs. Defendants deny the remaining allegations set forth in Paragraph 217.

218. Defendants admit this presentation is one flowing audio that is the best evidence of itself and cannot be admitted or denied in the segmented, toneless fashion attempted by Plaintiffs. Defendants deny the remaining allegations set forth in Paragraph 218.

219. Defendants admit this presentation is one flowing audio that is the best evidence of itself and cannot be admitted or denied in the segmented, toneless fashion attempted by Plaintiffs. Defendants deny the remaining allegations set forth in Paragraph 219.

220. Defendants deny all of the allegations set forth in Paragraph 220.

221. Defendants admit that, on the Conference Calls tab, recordings of telephone calls held periodically from January 11, 2009, to November 27, 2011, are posted on PlugIntoIgnite.com. Defendants lack knowledge or information sufficient to form a belief about the allegations in Paragraph 221 regarding conference calls from January 21, 2007, to December 21, 2008, and therefore deny all of the allegations regarding conference calls from January 21, 2007, to December 21, 2008. Defendants admit these calls are one flowing audio that is the best evidence of itself and cannot be admitted or denied in the segmented, toneless fashion attempted by Plaintiffs. Defendants deny the remaining allegations set forth in Paragraph 221.

222. Defendants admit there have been dozens of so-called “Coach and Cowboy” conference calls. Defendants lack knowledge or information sufficient to form a belief about who was on each of the calls. Furthermore, the allegations in the second sentence in Paragraph 222 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all remaining allegations in the second sentence in Paragraph 222.

223. Defendants admit they that dozens of conference calls have been made available on PlugIntoIgnite.com. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 223. Furthermore, the allegations in the second sentence in Paragraph 223 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations in the second sentence in Paragraph 223.

224. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 224.

225. Defendants admit that certain Presidential Directors have participated in the conference calls. Defendants deny the remainder of these allegations as vague and therefore unanswerable.

226. Defendants admit that Doug Witt and Darryl Smith have participated in some of the conference calls. Defendants deny the remaining allegations set forth in Paragraph 226.

227. Defendants admit that conference calls continue to occur. Defendants deny the remainder of Paragraph 227.

228. Defendants admit that Ignite sponsors Ignite Academies which offer a variety of training tools. Defendants deny all remaining allegations set forth in Paragraph 228.

229. Defendants admit the allegations set forth in Paragraph 229 and subparts (a) through (c).

230. Defendants admit the allegations set forth in Paragraph 230 and subparts (a) through (d).

231. Defendants admit the allegations set forth in Paragraph 231 and subparts (a) through (e).

232. Defendants admit the allegations set forth in Paragraph 232 and subparts (a) through (e).

233. Defendants deny that the Debbie Smith presentation dated September 22, 2007, of “Recruiting with Debbie Smith” is one of the “Ignite Academy Clips” on PlugIntoIgnite.com. Defendants admit the allegations set forth in Paragraph 233 and subparts (a) and (c) through (i).

234. Defendants admit the allegations set forth in Paragraph 234 and subparts (a) through (e).

235. Defendants admit that the following can be found under the “Presentation Tools” tab on PlugIntoIgnite.com: Ignite Opportunity Flash Presentation for Texas, Ignite Opportunity Flash Presentation, Quick Start Training Presentation, Ignite Compensation Worksheet, Power Plan Workbook, 8x10 Flip Chart, and Texas Energy Screen Saver Presentation. Defendants deny the remaining allegations set forth in Paragraph 235 and subparts (a) through (f).

236. The allegations set forth in Paragraph 236 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 236.

237. Defendants admit some of these materials are available on PlugIntoIgnite.com. The allegations set forth in Paragraph 237 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 237.

238. Defendants admit that certain of the Presidential and Executive Directors have participated in the referenced presentations. Defendants deny the remainder of Paragraph 238.

239. Defendants admit that Ignite or certain Independent Associates independently of Ignite have held dozens of meetings each year in Georgia and that the Independent Associate Defendants have variously participated in them. Defendants lack sufficient knowledge or information to admit or deny and therefore deny the remaining allegations of Paragraph 239.

240. Defendants admit that Ignite or certain Independent Associates independently of Ignite have held dozens of meetings each year in Texas and that the Independent Associate Defendants have variously participated in them. Defendants lack sufficient knowledge or information to admit or deny and therefore deny the remaining allegations of Paragraph 240.

241. Defendants deny the allegations set forth in Paragraph 241.

242. Defendants deny all the allegations set forth in Paragraph 242.

243. Defendants deny all the allegations set forth in Paragraph 243.

244. Defendants admit there have been numerous Team Extreme conference calls and denies the remainder of the allegations of Paragraph 244. Furthermore, the allegations in the third sentence in Paragraph 244 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations in the third sentence in Paragraph 244.

245. Defendants deny all of the allegations set forth in Paragraph 245.

246. Defendants admit there were numerous conference calls as alleged but lack knowledge or information sufficient to form a belief about the remaining allegations and therefore deny the remaining allegations set forth in Paragraph 246.

247. Defendants admit there were numerous conference calls as alleged but deny the remainder of the allegations of Paragraph 247. Furthermore, the allegations in the second sentence in Paragraph 247 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations in the second sentence in Paragraph 247.

248. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 248.

249. Defendants admit that TeamAssist.Biz has posted the notice regarding a training webinar but deny the remaining allegations set forth in Paragraph 249.

250. Defendants deny they operate a pyramid scheme. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 250.

251. Defendants deny all of the allegations set forth in Paragraph 251.

252. Defendants deny they operate a pyramid scheme. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 252.

253. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 253.

254. Defendants deny they operate a pyramid scheme. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 254.

255. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 255.

256. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 256.

257. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 257.

258. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 258 and its subparts (a) through (d).

259. Defendants deny all of the allegations set forth in Paragraph 259. Furthermore, the allegations in subparts (a) through (c) in Paragraph 259 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations in subparts (a) through (c) in Paragraph 259.

260. Defendants admit that the Ignite welcome kit has included each of the listed items at some point in time, but deny the remaining allegations set forth in Paragraph 260.

261. Defendants deny they operate a pyramid scheme. Defendants deny that the Power Plan Training Workbook provides instructions for new Directors in the business though admit that the Workbook provides guidance and a framework for an Ignite business. Defendants deny that the first thing the Workbook instructs a new Director to do is to become a “Qualified Director” and “get paid on your personal associates.” Defendants admit that the Workbook states: “[u]ntil you are qualified to get paid there is no reason for you to do anything else in your business. Make this your #1 priority. And by-the-way, completing Phase I will also trigger your first check.” Defendants deny that the Workbook then explains “how to start sponsoring associates and build your team.” Defendants deny the remaining allegations set forth in Paragraph 261.

262. Defendants deny that the Workbook requires a director to commit that they will follow the Power Plan system. Defendants admit that the Workbook encourages a director to follow the system so that the director does not reinvent the wheel. Defendants deny the remaining allegations set forth in Paragraph 262.

263. Defendants admit that the Workbook states: “the fastest way to slow down your growth is to change or add something to the system; so don’t do it.” Defendants deny the remaining allegations set forth in Paragraph 263.

264. Defendants admit that the Workbook states: “don’t talk to anyone about your new business yet!” Defendants deny that “the Workbook makes clear that the newly minted Director is not to explain the program to anyone, instead he is to get potential recruits to attend meetings, called an ‘Ignite Opportunity.’” Defendants deny the remaining allegations set forth in Paragraph 264.

265. Defendants deny all of the allegations in the first sentence in Paragraph 265. Defendants admit that the Workbook states what is block-quoted in Paragraph 265 but denies that

the “Workbook instructs the Director to bring qualified recruits to see the Ignite Opportunity presentation, not to sell the Ignite Services Program.”

266. Defendants admit the allegations set forth in Paragraph 266.

267. Defendants admit that the Workbook states: “[d]on’t forget to ask him or her to be your customer if he or she doesn’t want to be an associate. Go for an associate first, but he or she can always get started as a customer.” Defendants deny the remaining allegations set forth in Paragraph 267.

268. Defendants admit that the Workbook states: “[b]ut the genius of the Ignite concept is that you only have to enroll a few customers yourself, yet you can get paid on hundreds and even thousands of customers as a result of a team of people enrolling just a few customers each, just like you.” Defendants deny the remaining allegations set forth in Paragraph 268.

269. Defendants deny that Ignite “purchased” an “*EMPOWER*” magazine edition in 2009. Defendants deny the allegations in the second and third sentences in Paragraph 269.

270. Defendants deny the allegations in the first two sentences in Paragraph 270. Defendants admit that the *EMPOWER* edition included a “Free Dual Disc Inside.”

271. Defendants admit the DVD is the best evidence of its contents, which cannot be admitted or denied in the segmented, toneless fashion attempted by Plaintiffs. Defendants deny the remaining allegations of Paragraph 271.

272. Defendants admit the DVD is the best evidence of its contents, which cannot be admitted or denied in the segmented, toneless fashion attempted by Plaintiffs. Defendants deny the remaining allegations of Paragraph 272.

273. Defendants admit the DVD is the best evidence of its contents, which cannot be admitted or denied in the segmented, toneless fashion attempted by Plaintiffs. Defendants deny the remaining allegations of Paragraph 273.

274. Defendants admit the DVD is the best evidence of its contents, which cannot be admitted or denied in the segmented, toneless fashion attempted by Plaintiffs. Defendants deny the remaining allegations of Paragraph 274.

275. Defendants admit the DVD is the best evidence of its contents, which cannot be admitted or denied in the segmented, toneless fashion attempted by Plaintiffs. Defendants deny the remaining allegations of Paragraph 275.

276. Defendants admit the DVD is the best evidence of its contents, which cannot be admitted or denied in the segmented, toneless fashion attempted by Plaintiffs. Defendants deny the remaining allegations of Paragraph 276.

277. Defendants admit the DVD is the best evidence of its contents, which cannot be admitted or denied in the segmented, toneless fashion attempted by Plaintiffs. Defendants deny the remaining allegations of Paragraph 277.

278. Defendants admit the DVD is the best evidence of its contents, which cannot be admitted or denied in the segmented, toneless fashion attempted by Plaintiffs. Defendants deny the remaining allegations of Paragraph 278.

279. Defendants admit the DVD is the best evidence of its contents, which cannot be admitted or denied in the segmented, toneless fashion attempted by Plaintiffs. Defendants deny the remaining allegations of Paragraph 279.

280. Defendants admit the DVD is the best evidence of its contents, which cannot be admitted or denied in the segmented, toneless fashion attempted by Plaintiffs. Defendants deny the remaining allegations of Paragraph 280.

281. Defendants admit the DVD is the best evidence of its contents, which cannot be admitted or denied in the segmented, toneless fashion attempted by Plaintiffs. Defendants deny the remaining allegations of Paragraph 281.

282. Defendants admit the DVD is the best evidence of its contents, which cannot be admitted or denied in the segmented, toneless fashion attempted by Plaintiffs. Defendants deny the remaining allegations of Paragraph 282.

283. Defendants admit the DVD is the best evidence of its contents, which cannot be admitted or denied in the segmented, toneless fashion attempted by Plaintiffs. Defendants deny the remaining allegations of Paragraph 283.

284. Defendants admit the DVD is the best evidence of its contents, which cannot be admitted or denied in the segmented, toneless fashion attempted by Plaintiffs. Defendants deny the remaining allegations of Paragraph 284.

285. Defendants admit the DVD is the best evidence of its contents, which cannot be admitted or denied in the segmented, toneless fashion attempted by Plaintiffs. Defendants deny the remaining allegations of Paragraph 285.

286. Defendants admit the DVD is the best evidence of its contents, which cannot be admitted or denied in the segmented, toneless fashion attempted by Plaintiffs. Defendants deny the remaining allegations of Paragraph 286. Furthermore, the allegations in the second, third, and fourth sentences in Paragraph 286 are legal conclusions that Defendants are not required to admit

or deny. Nevertheless, Defendants deny all of the allegations in the second, third, and fourth sentences in Paragraph 286.

287. Defendants admit the DVD is the best evidence of its contents, which cannot be admitted or denied in the segmented, toneless fashion attempted by Plaintiffs. Defendants deny the remaining allegations of Paragraph 287.

288. Defendants admit the DVD is the best evidence of its contents, which cannot be admitted or denied in the segmented, toneless fashion attempted by Plaintiffs. Defendants deny the remaining allegations of Paragraph 288.

289. Defendants admit the DVD is the best evidence of its contents, which cannot be admitted or denied in the segmented, toneless fashion attempted by Plaintiffs. Defendants deny the remaining allegations of Paragraph 289. Furthermore, the allegations set forth in Paragraph 289 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 289.

290. Defendants deny they operate a pyramid scheme. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 290. Furthermore, the allegations in the second sentence in Paragraph 290 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations in the second sentence in Paragraph 290.

291. Defendants admit PlugIntoIgnite.com and TeamExtremeTraining.com are or were websites. Defendants deny the remainder of the allegations as set forth in Paragraph 291.

292. Defendants deny they operate a pyramid scheme. Defendants lack knowledge or information sufficient to form a belief about the remaining allegations of Paragraph 292 and therefore deny the allegations as set forth therein.

293. Defendants deny they operate a pyramid scheme. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 293. Furthermore, the allegations set forth in Paragraph 293 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 293.

294. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 294.

295. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 295.

296. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 296.

297. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 297.

298. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 298. Furthermore, the allegations in the last sentence in Paragraph 298 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations in the last sentence in Paragraph 298.

299. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 299.

300. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 300.

301. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 301.

302. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 302.

303. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 303.

304. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 304.

305. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 305.

306. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 306.

307. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 307.

308. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 308.

309. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 309.

310. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 310.

311. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 311.

312. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 312.

313. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 313.

314. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 314.

315. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 315.

316. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 316.

317. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 317. Furthermore, the allegations in the second to last sentence in Paragraph 317 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations in the second to last sentence in Paragraph 317.

318. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 318. Furthermore, the allegations in the second to last sentence in Paragraph 318 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations in the second to last sentence in Paragraph 318.

319. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 319.

320. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 320.

321. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 321.

322. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 322.

323. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 323.

324. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 324.

325. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 325.

326. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 326.

327. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 327.

328. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 328.

329. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 329.

330. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 330.

331. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 331.

332. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 332.

333. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 333.

334. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 334.

335. Defendant Ignite Holdings, Ltd. admits Juan Ramon Torres enrolled as an Independent Associate on July 29, 2007, that Matthew Pekar enrolled as an Independent Associate on July 22, 2007, and that both men signed up for an Ignite Homesite. Defendant Ignite Holdings, Ltd. denies the remaining allegations of Paragraph 335. The remaining Defendants lack knowledge or information sufficient to form a belief about the allegations in Paragraph 335 and therefore deny the same.

336. Defendant Ignite Holdings, Ltd. admits Torres received \$394.00 in commissions as an Ignite Independent Associate, that he gave up, and that his website subscription ended. Defendant Ignite Holdings, Ltd. denies the remaining allegations of Paragraph 335. The remaining Defendants lack knowledge or information sufficient to form a belief about the allegations in Paragraph 336 and therefore deny the same.

337. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 337.

338. Defendants lack knowledge or information sufficient to form a belief about the allegations and therefore deny all of the allegations set forth in Paragraph 338.

339. Defendant Ignite Holdings, Ltd. admits Eugene Robison enrolled as an Independent Associate on February 18, 2009, and that he never acquired a single energy customer nor did he sponsor another Independent Associate. Defendant Ignite Holdings, Ltd. denies the remaining allegations of Paragraph 339. The remaining Defendants lack knowledge or information sufficient to form a belief about the allegations in Paragraph 339 and therefore deny the same.

340. Defendant Ignite Holdings, Ltd. admits it sent Robison a welcome kit and that Ignite attempts to provide all new Independent Associates with a welcome kit. Defendant Ignite Holdings, Ltd. denies the remaining allegations of Paragraph 340. The remaining Defendants lack knowledge or information sufficient to form a belief about the allegations in Paragraph 340 and therefore deny the same.

341. The allegations set forth in Paragraph 341 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 341.

342. The allegations set forth in Paragraph 342 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 342.

343. Defendants deny they operate a pyramid scheme. The allegations set forth in Paragraph 343 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 343.

344. The allegations set forth in Paragraph 344 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 344.

345. The allegations set forth in Paragraph 345 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 345.

346. Defendants deny they operate a pyramid scheme. The allegations set forth in Paragraph 346 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 346.

347. The allegations set forth in Paragraph 347 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 347.

348. Defendants deny they operate a pyramid scheme. The allegations set forth in Paragraph 348 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 348.

349. The allegations set forth in Paragraph 349 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 349.

350. The allegations set forth in Paragraph 350 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 350.

The allegations set forth in the un-numbered paragraph identified as Section 9, page 110 of the Complaint are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Section 9.

351. The allegations set forth in Paragraph 351 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 351.

352. The allegations set forth in Paragraph 352 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 352.

353. The allegations set forth in Paragraph 353 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 353.

354. The allegations set forth in Paragraph 354 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 354.

355. Defendants deny they operate a pyramid scheme. The allegations set forth in Paragraph 355 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 355.

356. The allegations set forth in Paragraph 356 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 356.

357. Defendants deny they operate a pyramid scheme. The allegations set forth in Paragraph 357 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 357.

358. Defendants deny they operate a pyramid scheme. The allegations set forth in Paragraph 358 are legal conclusions that Defendants are not required to admit or deny.

Nevertheless, Defendants deny all of the allegations set forth in Paragraph 358, including its subparts (a) through (i).

359. Defendants deny they operate a pyramid scheme. The allegations set forth in Paragraph 359 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 359, including its subparts (a) through (j).

360. The allegations set forth in Paragraph 360 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 360.

361. The allegations set forth in Paragraph 361 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 361.

362. The allegations set forth in Paragraph 362 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 362.

363. Defendants deny they operate a pyramid scheme. The allegations set forth in Paragraph 363 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 363.

364. The allegations set forth in Paragraph 364 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 364.

365. Defendants deny they operate a pyramid scheme. The allegations set forth in Paragraph 365 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 365.

366. Defendants Stream Gas & Electric, Ltd. and Ignite Holdings, Ltd., admit they are affiliated. Defendants deny they operate a pyramid scheme. The allegations set forth in Paragraph 366 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, all Defendants deny all of the remaining allegations set forth in Paragraph 366.

367. Ignite Holdings, Ltd. admits it participates in the operation or management of itself. Defendants deny they operate a pyramid scheme. The allegations set forth in Paragraph 367 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, all Defendants deny all of the remaining allegations set forth in Paragraph 367.

368. Defendants admit the Presidential Directors are associated with Ignite and sometimes participate in the supervision of Ignite operations. Defendants deny they operate a pyramid scheme. The allegations set forth in Paragraph 368 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the remaining allegations set forth in Paragraph 368.

369. Defendants deny they operate a pyramid scheme and further deny any purported factual allegations of Paragraph 369. The allegations set forth in Paragraph 369 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 369.

370. Defendants deny they operate a pyramid scheme and further deny any purported factual allegations of Paragraph 370. The allegations set forth in Paragraph 370 are legal

conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 370.

371. The allegations set forth in Paragraph 371 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 371.

372. Defendants deny they operate a pyramid scheme. The allegations set forth in Paragraph 372 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 372.

373. Defendants deny they operate a pyramid scheme. The allegations set forth in Paragraph 373 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 373.

374. Defendants deny they operate a pyramid scheme. The allegations set forth in Paragraph 374 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 374.

375. Defendants deny they operate a pyramid scheme. The allegations set forth in Paragraph 375 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 375.

376. Defendants deny they operate a pyramid scheme. The allegations set forth in Paragraph 376 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 376.

377. Defendants deny they operate a pyramid scheme. The allegations set forth in Paragraph 377 are legal conclusions that Defendants are not required to admit or deny. Nevertheless, Defendants deny all of the allegations set forth in Paragraph 377.

With regard to Plaintiffs' "Prayer for Relief," Defendants are not required to admit or deny the allegations in Plaintiffs' prayer (including subparts (a) through (g)) but plead that there are no facts in law or equity that would warrant granting the relief requested.

AFFIRMATIVE DEFENSES

Without assuming any burden of proof that Defendants would not otherwise bear under applicable law, and without limitation as to any and all other affirmative defenses that Defendants may have and that they may assert this in action, Defendants hereby assert the following affirmative defenses to Plaintiffs' *Second Amended Original Complaint*:

1. **Failure to State a Claim.** The Complaint fails to state a claim upon which relief can be granted.
2. **Statute of Limitations.** Plaintiffs' claims are barred by the applicable statute of limitations.
3. **Assumption of Risk.** Plaintiffs are sophisticated businessmen who assumed the risk that their independent business might not achieve their desired objectives and might result in the alleged losses, liabilities, costs, expenses, or other damages or amounts of the type for which Plaintiffs seek recovery.
4. **Failure to Mitigate.** Plaintiffs contributed to and failed to mitigate any alleged losses, liabilities, costs, expenses, or other damages or amounts of the type for which Plaintiffs seek recovery.
5. **Comparative Fault.** Any alleged losses, liabilities, costs, expenses or other damages or amounts of the type for which Plaintiffs seek recovery were caused by

the conduct of Plaintiffs themselves and/or other third parties, and were not caused by any conduct of Defendants.

6. **Waiver, Ratification, Estoppel.** Plaintiffs' claims and alleged losses, liabilities, costs, expenses, or other damages or amounts are barred, in whole or in part, by the doctrines of in pari delicto, waiver, estoppel, and/or ratification. Further, Plaintiffs' pursuit of this case as a putative class action is barred by contractual waiver and estoppel.
7. **Laches.** Plaintiffs' claims are barred, in whole or in part, by the doctrine of laches.
8. **Unclean Hands.** Plaintiffs' claims are barred, in whole or in part, by the doctrine of unclean hands or in pari delicto. Plaintiffs' own conduct, including but not limited to their voluntary participation as independent business owners, prevents them from recovering any alleged losses, liabilities, costs, expenses, or other damages or amounts of the type for which Plaintiffs seek recovery.
9. **Consent.** Plaintiffs' claims are barred, in whole or in part, by the doctrine of consent.
10. **Authorization.** Plaintiffs' claims are barred, in whole or in part, by the doctrine of authorization.
11. **Justification.** Plaintiffs' claims are barred, in whole or in part, on the ground that the acts and/or omissions alleged in the Complaint were justified.
12. **Lack of Standing.** Plaintiffs' claims are barred, in whole or in part, on the ground that Plaintiffs lack standing to pursue claims under the Racketeer Influenced and Corrupt Organizations Act and were not injured by the conduct alleged.

13. **Arbitration.** Plaintiffs' pursuit of this case as a putative class action is barred, in whole or in part, on the ground that the putative class members signed a valid and enforceable arbitration agreement, preventing pursuit of their claims in this forum.

Respectfully submitted,

**GRUBER HURST JOHANSEN HAIL SHANK
LLP**

By: /s/ John Franklin Guild

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ATTORNEYS FOR DEFENDANTS

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing has been served upon all counsel via the Court's ECF and by email on this 13th day of December, 2013.

/s/ John Franklin Guild
John Franklin Guild