

**IN THE EIGHTEENTH JUDICIAL DISTRICT
DISTRICT COURT, SEDGWICK COUNTY, KANSAS
CIVIL DEPARTMENT**

Office of the Kansas Securities Commissioner,)
ex rel. Daniel J. Klucas, Securities Commissioner,)
)
Plaintiff,)
v.) Case No. 2022-CV-002052-OT
)
Premier Global Corporation, *et al.*) Division 22
)
Defendants.)

**ANSWER OF DEFENDANTS RICHARD DALE DEAN
AND DDI ADVISORY GROUP, LLC**

Defendants Richard Dale Dean and DDI Advisory Group, LLC (collectively “the Dean Defendants”), for their Answer to the Verified Petition of Plaintiff Office of the Kansas Securities Commissioner, *ex rel.* Daniel J. Klucas (“the KSC”), deny every allegation therein except as specifically herein admitted. For further answer, the Dean Defendants state:

1. The Dean Defendants deny the allegations of Paragraph 1.
2. The Dean Defendants admit that Premier Global Corporation “(Premier Global”) through Steven Parish, held itself out to the Dean Defendants and others to be a factoring entity and that business of factoring generally is purchasing receivables at a discount and then collecting the full amount to generate profits. The Dean Defendants lack sufficient information to know what it intended by the phrase “a number of its partially-owned subsidiaries” and /or otherwise lack sufficient information to admit or deny the remaining allegations. Therefore, the Dean Defendants deny all other allegations.
3. The Dean Defendants deny that Premier Factoring, LLC; PF-2, LLC; PF-3, LLC; PF-4, LLC; PF-5, LLC; PF-6, LLC; and/or PF-7, LLC, began raising capital for invoice factoring

activities through the sale of securities in the form of Promissory Notes in approximately 2010. The Dean Defendants are without sufficient information to admit or deny the truth of the remaining allegations in Paragraph 3 and therefore deny them.

4. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 4 and therefore deny them.

5. The Dean Defendants admit that Premier Global, through and by Steve Parish, represented to the Dean Defendants that Premier Global (1) ran a successful factoring business, (2) used investor funds to finance its factoring business, and (3) the proceeds returned to investors by Premier Global represented revenue from its factoring business. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 5 and therefore deny them.

6. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 6 and therefore deny them.

7. The Dean Defendants deny that they participated in a Ponzi scheme. The Dean Defendants admit that the offering documents permitted and disclosed that the funds raised through the sale of Promissory Notes could be used to pay expenses of the issuing entity, including principal and interest due to lenders for the Promissory Notes. The Dean Defendants are without sufficient information to admit or deny the truth of the remaining allegations in Paragraph 7 and therefore deny them.

8. The Dean Defendants deny that they misappropriated investor funds. The Dean Defendants further and specifically deny misappropriating funds through paying of commissions and/or paying expenses unrelated to the factoring business. The Dean Defendants are without

sufficient information to admit or deny the truth of the remaining allegations in Paragraph 8 and therefore deny them.

9. Paragraph 9 contains legal conclusions to which no response is necessary. To the extent a response is deemed necessary, the Dean Defendants deny the allegations in Paragraph 9.

JURISDICTION

10. The Dean Defendants deny that this action is properly brought as to them. Beyond the foregoing, the Dean Defendants are without sufficient information to admit or deny the truth of the remaining allegations in Paragraph 10 and therefore deny the same.

11. The Dean Defendants deny that they have offered or sold securities in the State of Kansas. Nevertheless, the Dean Defendants admit that, due to their business activities, they are subject to personal jurisdiction in this Court and to service of process within this state. Beyond the foregoing, the Dean Defendants are without sufficient information to admit or deny the truth of the remaining allegations in Paragraph 11 that relate to the remaining Defendants and therefore deny them.

12. The Dean Defendants admit that venue is proper in this county.

DEFENDANTS

13. The Dean Defendants admit that, at all times material hereto, Premier Global was controlled by Steven Parish. The Dean Defendants are without sufficient information to admit or deny the truth of the remaining allegations in Paragraph 13 and therefore deny them.

14. The Dean Defendants deny that DDI Advisory, Group, LLC (“DDI”) is required to be registered under the Kansas Uniform Securities Act (“KUSA”). The Dean Defendants admit the remaining allegations in Paragraph 14.

15. Upon information and belief, the Dean Defendants admit that Premier Factoring, LLC, PF-2, LLC, PF-3, LLC, PF-4, LLC, PF-5, LLC, PF-6, LLC, PF-7, LLC, Premier Factoring Group, LLC, are Kansas limited liability companies with their principal places of business in Derby, Kansas. Upon information and belief, the Dean Defendants admit that KCI Business Services LLC is a Missouri limited liability company with its principal place of business in Derby Kansas. The Dean Defendants deny that any investments described in the Petition were required to be registered. The Dean Defendants admit that Steve Parish controlled the Factoring Entities described in Paragraph 15 and that Steve Parish managed and ran the factoring business. The Dean Defendants deny that DDI Advisory or Richard Dean was a member of or manager of KCI Business Services LLC. The Dean Defendants state that the offering documents are the best evidence of their content and speak for themselves. Beyond the foregoing, the Dean Defendants deny the remaining allegations in Paragraph 15.

16. Upon information and belief, the Dean Defendants admit that Steve Parish controlled Premier Global and Factoring Entities as described in the Petition. The Dean Defendants are otherwise without sufficient information to admit or deny the truth of the allegations in Paragraph 16, all of which relate to third parties, and therefore deny them.

17. The Dean Defendants admit that Richard Dean is a resident of Texas and controlled DDI Advisory. The Dean Defendants further admit that Richard Dean has not been registered under the KUSA. The Dean Defendants deny the remaining allegations of Paragraph 17.

NATURE OF THE CASE

18. The Dean Defendants admit the allegations in Paragraph 18.

19. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 19 and therefore deny the same.

20. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 20 and therefore deny the same.

21. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 21 and therefore deny the same.

22. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 22 and therefore deny them same.

23. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 23 and therefore deny the same.

24. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 24 and therefore deny the same.

25. The Dean Defendants state that the offering documents are the best evidence of their content and speak for themselves. The Dean Defendants further state that the term “Premier” is ambiguous because it encompasses numerous entities whose offering documents were not identical. Nevertheless, the Dean Defendants admit that the allegations of Paragraph 25 generally describe the terms of the Promissory Notes offered by the Premier Factoring entities.

26. The Dean Defendants deny that they provided the loan servicing representatives with verbal and written information regarding the Premier Factoring entities to be provided to

prospective investors. The Dean Defendants are without sufficient information to admit or deny the truth of the remaining allegations in Paragraph 26 and therefore deny them.

27. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 27 and therefore deny them.

28. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 28 and therefore deny them.

29. The Dean Defendants admit that loan servicing representatives entered in the contractor agreements with DDI Advisory under which Premier Global would pay the loan serving representatives a loan servicing fee. The Dean Defendants deny the remaining allegations in Paragraph 29.

30. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 30 and therefore deny them.

31. The Dean Defendants admit that Premier Global and/or Steve Parish controlled, ran, and managed the factoring business, including all transfers of funds. Beyond the foregoing, the Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 31 and therefore deny them.

32. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 32 and therefore deny them.

33. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 33 and therefore deny them.

34. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 34 and therefore deny them.

35. The Dean Defendants admit that Premier Global, through Steve Parish, was held out to the Dean Defendants to be a successful and profitable factoring business. Beyond the foregoing, the Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 35 and therefore deny them.

36. The Dean Defendants admit that Premier Global, through Steve Parish, was held out to the Dean Defendants to be a successful and profitable factoring business. The Dean Defendants deny that investors were to be repaid solely through factoring revenue. Beyond the foregoing, the Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 36 and therefore deny them.

37. The Dean Defendants state that the Private Placement Memorandums are the best evidence of their content. Beyond the foregoing, the Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 37 and therefore deny them.

38. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 38 and therefore deny them.

39. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 39 and therefore deny them.

40. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 40 and therefore deny them.

41. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 41 and therefore deny them.

42. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 42 and therefore deny them.

43. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 43 and therefore deny them.

44. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 44 and therefore deny them.

45. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 45 and therefore deny them.

46. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 46 and therefore deny them.

47. The Dean Defendants admit that in January 2020, Richard Dean, without admitting or denying the allegations made by the KSC, entered into an agreed Consent Order solely for the purposes of settling KSC's allegations that Richard Dean had engaged in the sale of unregistered securities and acted as an unregistered agent in violation of the KUSA. Beyond the foregoing, the Dean Defendants deny the allegations in Paragraph 47.

48. The Dean Defendants admit that in January 2020, Richard Dean, without admitting or denying the allegations made by the KSC, entered into an agreed Consent Order solely for the purposes of settling KSC's allegations that Richard Dean had engaged in the sale of unregistered securities and acted as an unregistered agent in violation of the KUSA in connection with the Woodbridge Mortgage Investment Funds ("Woodbridge"). The Dean Defendants admit that the KSC alleged that Woodbridge was a Ponzi scheme, but that the KSC found that Richard Dean was not aware of that Woodbridge was a Ponzi scheme. The Dean Defendants otherwise deny the remaining allegations in Paragraph 48.

49. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 49 and therefore deny them.

50. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 50 and therefore deny them.

51. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 51 and therefore deny them.

52. The Dean Defendants admit that, in October 2022, Premier Global failed to make payments due to some purchasers of Promissory Notes. The Dean Defendants are without sufficient information to admit or deny the truth of the remaining allegations in Paragraph 52 and therefore deny them.

53. The Dean Defendants admit that Steve Parish never told the Dean Defendants or investors that Premier Global or any of the Premier Factoring entities were losing money. The Dean Defendants deny that they told investors that Premier Global's invoice factoring business was successful and profitable after becoming aware that this was not true. The Dean Defendants are without sufficient information to admit or deny the truth of the remaining allegations in Paragraph 53 and therefore deny them.

54. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 54 and therefore deny them.

55. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 55 and therefore deny them.

56. The Dean Defendants admit that Premier Global continued to make payments to purchasers of Promissory Notes until October 2022. The Dean Defendants are without sufficient information to admit or deny the truth of the remaining allegations in Paragraph 56 and therefore deny them.

57. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 57 and therefore deny them.

58. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 58 and therefore deny them.

59. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 59 and therefore deny them.

60. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 60 and therefore deny them.

61. Upon information and belief, the Dean Defendants admit that Premier Global and/or Steve Parish produced documents relating to its factoring activities to the Oklahoma Department of Securities (“ODS”) in response to a subpoena. Beyond the foregoing, the Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 61 and therefore deny them.

62. The Dean Defendants admit that the Oklahoma Department of Securities filed an application to enforce its subpoenas against Premier Global Corporation; Premier Factoring, LLC; Premier Factoring Group, LLC; PF-2, LLC; PF-3, LLC; PF-4, LLC; PF-5, LLC; PF-6, LLC; and PF-7, LLC. The Dean Defendants deny that they had possession, custody, or control of any documents responsive to the subpoenas and deny further that they were aware that Premier Global and/or Steve Parish were not complying with the subpoena by failing to produce responsive documents in their possession, custody, or control. The Dean Defendants are without sufficient information regarding the district court’s orders to admit or deny the truth of the remaining allegations in Paragraph 62 and therefore deny them.

63. The Dean Defendants admit that Premier Global and/or Steve Parish produced certain documents in July 2022 but deny that they saw any of the documents produced at that time or that they were copied on the production, which was handled by Steve Parish and counsel. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 63 and therefore deny them.

64. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 64 and therefore deny them.

65. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 65 and therefore deny them.

66. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 66 and therefore deny them.

67. Upon information and belief, the Dean Defendants admit that Steve Parish stopped responding to phone calls and/or email from the Dean Defendants and others in or around October 2022. The Dean Defendants further admit that they have no knowledge of the whereabouts of Steve Parish once he stopped responding to calls and/or emails. Beyond the foregoing, the Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 67 and therefore deny them.

68. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 68 and therefore deny them.

69. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 69 and therefore deny them.

70. The Dean Defendants admit the allegations in Paragraph 70.

71. The Dean Defendants admit the allegations in Paragraph 71.

72. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 72 and therefore deny them.

73. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 73 and therefore deny them.

74. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 74 and therefore deny them.

75. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 75 and therefore deny them.

76. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 76 and therefore deny them.

77. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 77 and therefore deny them.

78. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 78 and therefore deny them.

79. The Dean Defendants deny that they were engaged in any Ponzi scheme or were aware of any Ponzi scheme. Beyond the foregoing, the Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 79 and therefore deny them.

FIRST CAUSE OF ACTION

K.S.A. 17-15a301: Offer and Sale Of Unregistered Securities

80. The allegations of Paragraph 80 consist of legal conclusions to which no response is required. To the extent the allegations constitute factual allegations, the Dean Defendants deny them.

81. The allegations of Paragraph 81 consist of legal conclusions to which no response is required. To the extent the allegations constitute factual allegations, the Dean Defendants deny them.

82. The Dean Defendants deny the allegations of Paragraph 82.

SECOND CAUSE OF ACTION

K.S.A. 17-12a401: Acting as Unregistered Broker-Dealer

83. The allegations of Paragraph 83 consist of legal conclusions to which no response is required. To the extent a response is required, the Dean Defendants deny the allegations in paragraph 83.

84. The allegations of Paragraph 84 consist of legal conclusions to which no response is required. To the extent a response is required, the Dean Defendants admit that DDI Advisory was a Member of the Premier Factoring entities and that Premier Global was the other Member. The Dean Defendants deny the remaining allegations in paragraph 84.

85. The allegations of Paragraph 85 consist of legal conclusions to which no response is required. To the extent the allegations constitute factual allegations, the Dean Defendants deny them.

86. The Dean Defendants deny that DDI was engaged in any activity that required it to be registered under the KUSA, but admit that was not registered thereunder.

87. The Dean Defendants deny the allegations in Paragraph 87.

THIRD CAUSE OF ACTION

K.S.A. 17-12a402: Acting as Unregistered Agent (Against Richard Dale Dean)

88. The allegations of Paragraph 88 consist of legal conclusions to which no response is required. To the extent the allegations constitute factual allegations, the Dean Defendants deny them.

89. The Dean Defendants admit that Richard Dean was not registered as an agent under the KUSA but deny that he was not exempt from registration.

90. The Dean Defendants deny the allegations in Paragraph 90.

FOURTH CAUSE OF ACTION

K.S.A. 17-12a401: Employment of Unregistered Agents

91. The allegations of Paragraph 91 consist of legal conclusions to which no response is required. To the extent the allegations constitute factual allegations, the Dean Defendants deny them.

92. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 92 and therefore deny them.

93. The allegations of Paragraph 93 consist of legal conclusions to which no response is required. To the extent the allegations constitute factual allegations, the Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 93 and therefore deny them.

94. The Dean Defendants are without sufficient information to admit or deny the truth of the allegations in Paragraph 94 and therefore deny them.

95. The Dean Defendants deny the allegations in Paragraph 95.

FIFTH CAUSE OF ACTION

K.S.A. 17-12a501(2): Untrue Statements and Omissions of Material Fact

- 96. The Dean Defendants deny the allegations in Paragraph 96.
- 97. The Dean Defendants deny the allegations in Paragraph 97.
- 98. The Dean Defendants deny the allegations in Paragraph 98.

SIXTH CAUSE OF ACTION

K.S.A. 17-12a501(1): Fraud

- 99. The Dean Defendants deny the allegations in Paragraph 99.
- 100. The Dean Defendants deny the allegations in Paragraph 100.

SEVENTH CAUSE OF ACTION

K.S.A. 17-12a501(3): Deceit

- 101. The Dean Defendants deny the allegations in Paragraph 101.
- 102. The Dean Defendants deny the allegations in Paragraph 102.

AFFIRMATIVE DEFENSES

By asserting the defenses set forth below, the Dean Defendants do not admit that they have the burden of proof and/or the burden of persuasion with respect to any of these matters or that Plaintiff is relieved of its burden to prove each and every element of its claim and the damages, if any, to which it is entitled. As and for its affirmative defenses, the Dean Defendants state as follows:

- 1. The Petition fails to state a claim for sale of unregistered securities because the Promissory Notes were exempt from registration under Kansas law.
- 2. The Petition fails to state a claim for acting as an unregistered broker-dealer because DDI Advisory was not required to be registered under K.S.A. 17-12a102(4).

3. The Petition fails to state a claim for acting as an unregistered agent because Richard Dean was not subject to registration under K.S.A. 17-12a402(B).

4. The Petition fails to state a claim for employment of unregistered agents because the agents who offered the Promissory Notes were not subject to registration under K.S.A. 17-12a102(a) or 17-12a402(b).

5. At all times herein, the Dean Defendants acted in good faith and with reasonable reliance upon the representations of third parties.

6. The Dean Defendants did not breach any duty to investors.

7. The Dean Defendants did not misrepresent or omit any material facts in connection with the sale of the Promissory Notes. All offering documents relating to the Promissory Notes disclosed to investors that funds raised by the Premier Factoring entities from the sale of Promissory Notes would be used in their business of acquiring factored invoices and for payment of companies' expenses, including the principal and interest due to lenders for the Promissory Notes.

8. The Dean Defendants did not engage in any conduct in violation of applicable state or federal laws.

WHEREFORE, Defendants Richard Dale Dean and DDI Advisory Group, LLC pray that Plaintiff recover nothing by way of its Petition, that the Court enter judgment in favor of the Dean Defendants and against Plaintiff, and that the Court award Richard Dale Dean and DDI Advisory Group, LLC their costs, attorneys' fees, and such other and further relief as appropriate under the law and at the discretion of this Court.

Dates: February 17, 2023

Respectfully submitted,

/s/ LeAnne Burnett

LeAnne Burnett, KBA#26348

Tara A. LaClair, OBA #21903
Mary H. Tolbert, OBA #17353
CROWE & DUNLEVY
A PROFESSIONAL CORPORATION
Braniff Building
324 N. Robinson Avenue, Suite 100
Oklahoma City, OK 73102
Telephone: (405) 235-7700
leane.burnett@crowedunlevy.com
tara.laclair@crowedunlevy.com
molly.tolbert@crowedunlevy.com

*Attorneys for Defendants Richard Dale
Dean and DDI Advisory Group, LLC*

CERTIFICATE OF SERVICE

The undersigned certifies that on February 17, 2023, the foregoing was electronically filed through the Court's online docketing system which will send notifications to the following counsel of record:

Thomas E. Knutzen
Jack Clayton Johnson
Kathlyn W. Daniels
Bretton W.H. Kreifel
1300 SW Arrowhead Road
Topeka, KS 66604
Phone: (785) 296-1840
Tom.Knutzen@ks.gov
Clay.Johnson@ks.gov
Kathlyn.Daniels@ks.gov
Bretton.kreifel@ks.gov
ATTORNEYS FOR PLAINTIFF

Peter L. Riggs
1000 Walnut St., Suite 1400
Kansas City, MO 64106
Phone: (816) 474-8100
Facsimile: (816) 474-3216
Email: priggs@spencerfane.com
Attorneys for Receiver
ATTORNEYS FOR RECEIVER

The undersigned further certifies that the foregoing was served via first class mail, with postage prepaid thereon, to the following:

Premier Marketing Management and Joshua Dane Owen
c/o Justin Williams
Overman Legal Group
809 NW 36th Street
Oklahoma City, OK 73118

J&H Holdings, LLC; Kyle Blackburn; Mitzimack, Inc.;
Erica Greggs; James Scott Stanley;
Edmond Brokerage, Inc.; Brent Lee Worley;
Byron Kent Freeman; and Karen Lynne Freeman
c/o Jeanette Timmons
Conner & Winters, LLP
1700 One Leadership Square
211 N. Robinson
Oklahoma City, OK 73102

Elkins & Associates
Eddie Elkins, Registered Agent
6400 N. Santa Fe, Suite A
Oklahoma City, OK 73116

Clyde Edward Elkins
3820 Spyglass Rd.
Oklahoma City, OK 73120

Jay Michael Bogdahn
191409 E. County Road 44
Fargo, OK 7384

Patricia A. Labarthe
Shaun M. Mullins
Brad Davenport
Oklahoma Department of Securities
204 North Robinson, Suite 400
Oklahoma City, Oklahoma 73102

/s/ LeAnne Burnett