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UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

In the Matter of	:	
	:	
JOHN THOMAS CAPITAL MANAGEMENT	:	
GROUP LLC d/b/a PATRIOT28 LLC,	:	File No. 3-15255
	:	
GEORGE R. JARKESY, JR.,	:	
	:	
JOHN THOMAS FINANCIAL, INC., and	:	ALJ Carol Fox Foelak
	:	
ANASTASIOS "TOMMY" BELESIS,	:	
	:	
Respondents.	:	

**ANSWER AND AFFIRMATIVE DEFENSES OF
JOHN THOMAS CAPITAL MANAGEMENT LLC d/b/a
PATRIOT28 LLC and GEORGE R. JARKESY, JR.**

Respondents John Thomas Capital Management LLC d/b/a Patriot28 LLC ("JTCM") and George R. Jarkey, Jr. ("Jarkey"), submit this their answer and affirmative defenses to the Order Instituting Administrative and Cease-And-Desist Proceedings ("OIP") entered in the referenced matter, and respectfully show as follows:

SECTION I.

Because Section I of the OIP does not contain an allegation against Respondents, no answer to Section is required.

SECTION II.

1. Respondents deny the allegations contained in paragraph 1.
2. Respondents admit the allegations contained in paragraph 2.
3. Respondents admit the allegations contained in paragraph 3.
4. Respondents deny the allegations contained in paragraph 4.

4. Respondents deny the allegations contained in paragraph 4.
5. Respondents deny that JTCM and JTF “purported” to be independent because the two entities were independent. Respondents otherwise admit the allegations contained in paragraph 5.
6. Respondents deny the allegations contained in paragraph 6.
7. Respondents deny the allegations contained in paragraph 7.
8. Respondents deny the allegations contained in paragraph 8.
9. Respondents admit the allegations contained in paragraph 9.
10. Respondents admit the allegations contained in paragraph 10. Respondents deny the allegations in the second sentence of paragraph 10 because Jarquesy does not “purportedly” control all operations and activities of JTCM and the Funds because, in fact, he does control all operations, etc. Respondents move to strike the third sentence of paragraph 10 as impertinent matter, pursuant to Rule of Practice 152(f).
11. Respondents admit the allegations contained in the first sentence of paragraph 11 on information and belief. Respondents admit the allegations contained in the second and third sentences of paragraph 11.
12. Respondents do not have, and are unable to obtain, sufficient information to admit or deny the allegations contained in paragraph 12.
13. Respondents admit the allegations contained in the first sentence of paragraph 13. Respondents deny the venture “grew” as alleged in the second sentence of paragraph 13, but admit that Jarquesy had prior successes with bridge loan financings as alleged in the second sentence of paragraph 13.
14. Respondents deny the allegations contained in paragraph 14.

15. Respondents deny the allegations contained in paragraph 15.

16. Respondents deny the allegations contained in the first sentence of paragraph 16. Respondents admit the allegations contained in the second sentence of paragraph 16. Respondents deny the allegations contained in the third sentence of paragraph 16.

17. Respondents deny the allegations contained in paragraph 17 because the phrase “solely responsible” negates Respondents right to rely on experts in calculating values.

18. Respondents deny the allegations contained in paragraph 18.

19. Respondents deny the allegations contained in paragraph 19.

20. Respondents admit the allegations contained in the first sentence of paragraph 20. Respondents deny the allegations contained in the second, third, fourth and fifth sentences of paragraph 20.

21. Respondents deny the allegations contained in the first sentence of paragraph 21. Respondents admit the allegations contained in the second sentence of paragraph 21. Respondents deny the allegations contained in the third sentence of paragraph 21 because commissions are not “fees,” and investment banking fees earned by JTF are not “related to the Funds.”

22. Respondents deny the allegations contained in the first and second sentences of paragraph 22. Respondents admit the allegations contained in the third sentence of paragraph 22.

23. Respondents deny the allegations contained in paragraph 23.

24. Respondents deny the allegations contained in paragraph 24.

25. Respondents deny the allegations contained in paragraph 25.

26. Respondents deny the allegations contained in paragraph 26.

27. Respondents deny the allegations contained in paragraph 27.

28. Respondents deny the allegations contained in paragraph 28, based on their information and belief as to the identity of the companies.

29. Respondents do not have, and are unable to obtain, sufficient information to admit or deny the allegations contained in paragraph 29.

30. Respondents deny the allegations contained in paragraph 30.

31. Respondents deny the allegations contained in paragraph 31.

32. Respondents deny the allegations contained in paragraph 32.

33. Respondents deny the allegations contained in paragraph 33.

34. Respondents deny the allegations contained in paragraph 34.

35. Respondents deny the allegations contained in paragraph 35, but admit they did retain an outside consultant.

36. Respondents deny the allegations contained in paragraph 36.

37. Respondents deny the allegations contained in paragraph 37.

38. Respondents deny the allegations contained in paragraph 38.

39. Respondents admit the allegations contained in the first sentence of paragraph 39. Respondents deny the allegations contained in the second sentence of paragraph 39.

40. Respondents deny the allegations contained in the first, third and fourth sentences of paragraph 40. Respondents admit the allegations contained in the second sentence of paragraph 40, based on their information and belief as to the identity of the company.

41. Respondents admit the allegations contained in the first sentence of paragraph 41. Respondents deny the allegations contained in the second and third sentences of paragraph 41.

42. Respondents deny the allegations contained in the first sentence of paragraph 42. Respondents admit no bank loan was extended as alleged in the second sentence of paragraph 42,

but company filings disclose other financial transactions.

43. Respondents deny the allegations in contained paragraph 43.

44. Respondents deny the allegations contained in paragraph 44.

45. Respondents deny the allegations contained in paragraph 45.

46. Respondents deny the allegations in the first and second sentences of paragraph

46. Because the third sentence of paragraph 46 does not contain an allegation against Respondents no answer is required. Respondents deny the allegations contained in the fourth sentence of paragraph 46.

47. Respondents deny the allegations contained in paragraph 47.

48. Respondents admit the allegations contained in paragraph 48, but deny Jarkey invested on behalf of the funds because he caused the funds to invest in Company D, based on their information and belief as to the identity of the company.

49. Respondents admit the allegations contained in the first sentence of paragraph 49. Respondents deny the allegations contained in the second sentence of paragraph 49. Respondents admit the allegations contained in the third sentence of paragraph 49.

50. Respondents deny the allegations contained in paragraph 50.

51. Respondents deny the allegations contained in paragraph 51.

52. Respondents deny the allegations contained in the first, second and fourth sentences of paragraph 52. Respondents deny the allegations contained in the third sentence of paragraph 52 because the company was only in technical default, not in payment default.

53. Respondents deny the allegations contained in paragraph 53.

54. Respondents deny the allegations contained of paragraph 54.

55. Respondents admit the allegations contained in the first sentence of paragraph 55.

Respondents deny the allegations contained in the second and third sentences of paragraph 55.

56. Respondents deny the allegations contained in paragraph 56.

57. Respondents deny the allegations contained in paragraph 57.

58. Respondents deny the allegations contained in paragraph 58.

59. Respondents admit the allegations contained in the first and second sentences of paragraph 59. Respondents do not have, and are unable to obtain, sufficient information to admit or deny the allegations contained in the third sentence of paragraph 59.

60. Respondents admit the allegations contained in paragraph 60.

61. Respondents admit the allegations contained in the first sentence of paragraph 61.

Respondents deny the allegations contained in the second and third sentences of paragraph 61.

62. Respondents admit the allegations contained in paragraph 62.

63. Respondents deny the allegations contained in paragraph 63.

64. Respondents admit the allegations contained in the first sentence of paragraph 64.

Respondents deny the allegations contained in the second sentence of paragraph 64.

65. Respondents deny the allegations contained in paragraph 65.

66. Respondents admit the allegations contained in the first sentence of paragraph 66.

Respondents deny the allegations contained in the second and third sentences of paragraph 66.

67. Respondents do not have, and are unable to obtain, sufficient information to admit or deny the allegations contained in the third sentence of paragraph 67.

68. Respondents do not have, and are unable to obtain, sufficient information to admit or deny the allegations contained in paragraph 68.

69. Respondents deny the allegations contained in paragraph 69.

70. Respondents deny the allegations contained in paragraph 70.

71. Respondents deny the allegations contained in the first sentence of paragraph 71. Respondents do not have, and are unable to obtain, sufficient information to admit or deny the allegations contained in the second sentence of paragraph 71. Respondents deny the allegations contained in the third sentence of paragraph 71.

72. Because paragraph 72 does not contain an allegation against Respondents, no answer is required.

73. Because paragraph 73 does not contain an allegation against Respondents, no answer is required.

74. Respondents deny the allegations contained in paragraph 74.

75. Respondents deny the allegations contained in paragraph 75.

76. Respondents deny the allegations contained in paragraph 76.

77. Respondents deny the allegations contained in paragraph 77.

78. Respondents deny the allegations contained in paragraph 78.

79. Respondents deny the allegations contained in paragraph 79.

80. Respondents deny the allegations contained in paragraph 80.

81. Respondents deny the allegations contained in paragraph 81.

82. Respondents deny the allegations contained in paragraph 82.

83. Respondents deny the allegations contained in paragraph 83.

84. Respondents admit the allegations contained in the first sentence of paragraph 84. Because the second sentence of paragraph 84 does not contain an allegation against Respondents no answer is required. Respondents deny the allegations contained in the third sentence of paragraph 84.

85. Respondents deny the allegations contained in paragraph 85.

86. Respondents deny the allegations contained in paragraph 86.
87. Respondents deny the allegations contained in paragraph 87.
88. Respondents deny the allegations contained in paragraph 88.
89. Respondents deny the allegations contained in paragraph 89.
90. Respondents deny the allegations contained in paragraph 90.
91. Respondents deny the allegations contained in the section of the OIP entitled “Violations.”

SECTION III

Respondents deny that any remedial action, cease and desist order, officer/director prohibition, civil penalty, or disgorgement is warranted or should issue in this matter.

SECTION IV

Section IV does not contain allegations against Respondents and, therefore, no answer is required.

AFFIRMATIVE DEFENSES

1. The claims set forth in the OIP are barred by the applicable statute of limitations.
2. The claims set forth in the OIP are barred by the doctrine of laches.
3. The claims set forth in the OIP are barred because they were not timely filed following Respondents’ Wells notice.
4. The claims set forth in the OIP fail to state claims for relief or remedial action under the statutes identified in the OIP.
5. The claims set forth in the OIP fail to allege which facts purportedly support which statutory claims.
6. The claims set forth in the OIP are barred, in whole or in part, because the

statutory amendments enacted by the Dodd-Frank Wall Street Reform and Consumer Protection Act may not be applied retroactively.

7. The claims set forth in the OIP are barred, in whole or in part, because the conduct charged is outside the scope of the Investment Adviser's Act of 1940.

8. The claims set forth in the OIP are barred, in whole or in part, because the conduct charged is outside the scope of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder.

9. The claims set forth in the OIP are barred, in whole or in part, because the conduct charged is outside the scope of the Securities Act of 1933.

10. The claims set forth in the OIP are barred because the risks of investing in the funds were adequately disclosed in the offering memoranda.

11. The claims set forth in the OIP are barred, in whole or in part, because this proceeding violates Respondents' right to a jury trial in a case seeking a civil penalty, which right existed at the time of the conduct charged in the OIP.

12. The claims set forth in the OIP are barred, in whole or in part, because this proceeding violates Respondents' right to a jury trial in a case seeking penalties that are criminal in nature.

Respondents reserve their right to amend this answer prior to the hearing of this matter.

Respectfully Submitted

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