

FILED
8/18/2016 3:30pm
MICHAEL K. JEANES, Clerk
By M. Patrick
M. Patrick, Deputy

1 **ARIZONA CORPORATION COMMISSION**
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8 **STATE OF ARIZONA**

9 **MARICOPA COUNTY SUPERIOR COURT**

10 ARIZONA CORPORATION COMMISSION) No. CV 2016-014142
11 Plaintiff) **ORDER APPOINTING RECEIVER**
12 v.)
13 DENSICO INVESTMENT CORPORATION, an)
14 Arizona corporation)
15 Defendant.)

16 Plaintiff the Arizona Corporation Commission ("ACC") having filed a Verified Complaint
17 and an Application for Appointment of a Receiver for the Defendant hereto (collectively
18 "Receivership Defendant"), the Court finds, based upon the papers filed by the ACC, that this
19 Order Appointing Receiver is both necessary and appropriate in order to prevent waste and
20 dissipation of the assets of the Receivership Defendant to the detriment of investors.

21 **IT IS THEREFORE ORDERED:**

22 1. This Court hereby takes exclusive jurisdiction and possession of the assets, monies,
23 securities, choses in action, and properties, real and personal, tangible and intangible, of whatever
24 kind and description, wherever situated, of the Receivership Defendant, (hereinafter, "Receivership
25 Assets").
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2. Peter Davis located at 3200 N. Central Ave, Ste 2460, with the phone number of 602-279-7500, email www.simonconsulting.net, is appointed Receiver for the Receivership Assets. The Receiver shall file with the Clerk of this Court a bond in the sum of \$ 100,000⁰⁰, without need for sureties approved by the Court, to assure his conscientious performance of the duties and responsibilities imposed by this Order. The Receiver is hereby authorized to take and have possession and control of the Receivership Assets. Until further order of this Court, the Receiver shall have complete and exclusive control, possession, and custody of all Receivership Assets. The Receiver shall be the agent of the court and shall be accountable directly to this Court.

3. All persons, including, but not limited to, Defendant and their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, and specifically including any bank or other financial or depository institution holding accounts for or on behalf of the Receivership Defendant, shall promptly deliver to the Receiver all Receivership Assets in the possession or under the control of any one or more of them and shall promptly surrender all books and records of any kind pertaining or belonging to the Receivership Defendant.

4. The Defendant shall fully cooperate with and assist the Receiver, which shall include, but not be limited to, providing information to the Receiver that the Receiver deems necessary to exercising the authority and discharging the responsibilities of the Receiver under this Order; providing any password required to access any computer, electronic file, or telephonic data in any medium; advising all persons who owe money to the Receivership Defendant that all debts should be paid directly to the Receiver; and provide to the Receiver all keys and codes necessary to gain or to secure access to any Receivership Assets or Receivership Records.

5. All persons, including, but not limited to, Defendant and its officers, agents, servants, employees, attorneys, and all persons in active concert or participation with it, who receive actual notice of this Order by personal service or otherwise, are enjoined from in any way

1 interfering with the operation of the Receivership or in any way disturbing the Receivership Assets
2 and from filing or prosecuting any actions or proceedings which involve the Receiver or which
3 affect the Receivership Assets, specifically including any proceeding initiated pursuant to the
4 United States Bankruptcy Code, except with the prior permission of this Court. Any actions so
5 authorized to determine disputes relating to Receivership Assets shall be filed in this Court.

6 6. Defendant and its officers, agents, servants, employees, attorneys, and all persons in
7 active concert or participation with it, is hereby restrained and enjoined from directly or indirectly
8 destroying, secreting, defacing, transferring or otherwise altering or disposing of any documents of
9 the Defendant, including, but not limited to, books, records, accounts, writings, drawings, graphs,
10 charts, photographs, audio and video recordings, computer records and other data compilations,
11 electronically stored records, or any other papers of any kind or nature. Defendant is also restrained
12 and enjoined from excusing debts owed to the Defendant or transferring, receiving, altering selling,
13 encumbering, pledging, assigning, liquidating, or otherwise disposing of any assets owned,
14 controlled, or in the possession or custody of, or in which an interest is held or claimed by, the
15 Receivership Defendant, or the Receiver.

16 7. All banks, broker-dealers, savings and loans, escrow agents, title companies,
17 commodity trading companies, or other financial institutions shall cooperate with all reasonable
18 requests of the Receiver relating to implementation of this Order, including transferring funds at
19 his direction and producing records related to the assets of the Receivership Defendant.

20 8. The Receiver is hereby authorized to make appropriate notification to the United
21 States Postal Service to forward delivery of any mail addressed to the Receivership Defendant, any
22 company or entity under the direction or control of any of the Receivership Defendant, to any Post
23 Office box or other mail depository, to himself. Further, the Receiver is hereby authorized to open
24 and inspect all such mail, to determine the location or identity of assets or the existence and amount
25 of claims.
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1 9. The Receiver is hereby authorized to open one or more bank accounts with financial
2 institutions insured by an agency of the United States. The Receiver shall deposit all Receivership
3 Assets in such designated accounts and shall make all payments and disbursements from the
4 Receivership Assets from such accounts. The Receiver shall be responsible, to the best of his
5 ability, to collect and allocate the loan proceeds, both principal and interest, and to make land
6 payments to the lenders.

7 10. The Receiver is hereby authorized to make such ordinary and necessary payments,
8 distributions, and disbursements as he deems advisable or proper for the marshaling, maintenance
9 or preservation of the Receivership Assets. The Receiver shall have the authority to contact and
10 negotiate with any creditors of the Receivership Defendant, for the purpose of compromising or
11 settling any claim. To this purpose, in those instances in which Receivership Assets serve as
12 collateral to secured creditors, the Receiver may surrender such assets to secured creditors, and
13 shall have the authority to make such surrender conditional upon the waiver of any deficiency of
14 collateral. Furthermore, the Receiver is authorized to renew, cancel, terminate, or otherwise adjust
15 any pending lease agreements to which the Receivership Defendant are a party.

16 11. The Receiver is hereby directed to prevent the inequitable distribution of assets and
17 determine, adjust, and protect the interests of persons with an interest in or claim against the
18 Receivership Assets.

19 12. The Receiver is hereby directed to file with this Court and serve upon the parties,
20 within **30 days** after entry of this Order, a preliminary report setting out the identity, location and
21 value of the Receivership Assets, and any liabilities pertaining thereto. Further, at the time the
22 Receiver makes such report, he shall recommend to the Court whether, in his opinion, based on his
23 initial investigation, claims against Defendant, should be adjudged in the Bankruptcy Court. After
24 providing the parties an opportunity to be heard, this Court will determine whether to accept the
25 Receiver's recommendation and, if appropriate, issue an order authorizing the Receiver to
26 commence a bankruptcy proceeding.

1 13. Except by leave of this Court, during pendency of the Receivership ordered herein,
2 the Defendant, and all other persons and entities be and hereby are stayed from taking any action to
3 establish or enforce any claim, right, or interest for, against, on behalf of, in, or in the name of, any
4 of the Receivership Defendant, any of their subsidiaries, affiliates, partnerships, assets, documents,
5 or the Receiver or the Receiver's duly authorized agents acting in their capacities as such,
6 including, but not limited to, the following actions:

- 7 a. Commencing, prosecuting, continuing, entering, or enforcing any suit or
8 proceeding, except that such actions may be filed to toll any applicable statute of
9 limitations;
- 10 b. Accelerating the due date of any obligation or claimed obligation; filing or
11 enforcing any lien; taking or attempting to take possession, custody, or control of
12 any asset; attempting to foreclose, forfeit, alter, or terminate any interest in any
13 asset, whether such acts are part of a judicial proceeding, are acts of self-help, or
14 otherwise;
- 15 c. Executing, issuing, serving, or causing the execution, issuance or service of, any
16 legal process, including, but not limited to, attachments, garnishments, subpoenas,
17 writs of replevin, writs of execution, or any other form of process whether specified
18 in this Order or not; or
- 19 d. Doing any act or thing whatsoever to interfere with the Receiver taking custody,
20 control, possession, or management of the assets or documents subject to this
21 receivership, or to harass or interfere with the Receiver in any way, or to interfere in
22 any manner with the exclusive jurisdiction of this Court over the assets or
23 documents of the Receivership Defendant.

24 14. Except as otherwise provided in this Order, all persons and entities in need of
25 documentation from the Receiver shall in all instances first attempt to secure such information by
26 submitting a formal written request to the Receiver, and, if such request has not been responded to

1 within fifteen (15) days of receipt by the Receiver, any such person or entity may thereafter seek an
2 Order of this Court with regard to the relief requested.

3 15. The Receivership Defendant will have access to the business records, including
4 copies of computer records, of the Receivership Defendant upon twenty-four (24) hour notice to
5 the Receiver and under the receivers' supervision. The Receivership Defendant will not remove the
6 business records from the Receiver.

7 16. The Receiver is hereby authorized to employ such employees, accountants, and
8 attorneys as are necessary and proper for the collection, preservation and maintenance of the
9 Receivership Assets.

10 17. The Receiver is hereby authorized and directed to receive and collect any and all
11 sums of money due or owing to the Receivership Defendant, whether the same are now due or shall
12 hereafter become due and payable, and is authorized to incur such reasonable expenses and make
13 such disbursements as are necessary and proper for the collection, preservation, maintenance and
14 operation of the Receivership Assets. The Receiver shall be authorized to compromise or adjust
15 obligations which may be owed to the Receivership Estate. The Receiver shall seek and obtain the
16 approval of the Court for any proposed compromise or settlement. Court approval may be sought
17 on an expedited basis.

18 18. The Receiver is authorized to liquidate Receivership Assets, as may in his discretion
19 be advisable. The Receiver shall first seek and obtain the approval of this Court for the proposed
20 sale. Court approval may be sought on an expedited basis.

21 19. The Receiver is hereby authorized to institute, defend, compromise or adjust such
22 actions or proceedings in state or federal courts now pending and hereafter instituted, as may in his
23 discretion be advisable or proper for the protection of the Receivership Assets or proceeds
24 therefrom, and to institute, prosecute, compromise or adjust such actions or proceedings in state or
25 federal court as may in his judgment be necessary or proper for the collection, preservation and
26 maintenance of the Receivership Assets.

1 20. The Receiver is hereby authorized to institute such actions or proceedings to impose
2 a constructive trust, obtain possession and/or recover judgment with respect to persons or entities
3 who received assets or funds traceable to investor monies. All such actions shall be filed in this
4 Court.

5 21. The Receiver shall be authorized, after notice and hearing, to seek Court approval
6 for the amendment of the Receivership Order to include additional parties to the pending litigation.

7 22. Upon the request of the Receiver, any peace officer of this State is authorized and
8 directed to assist the Receiver in carrying out his duties to take possession, custody or control of, or
9 identify the location of, any Receivership Assets. The Receiver is authorized to remove any person
10 from any premises or real estate constituting a Receivership Asset that attempts to interfere with
11 the Receiver, his attorneys or agents in the performance of their duties. The Receiver is further
12 authorized to change any locks or other security mechanisms with respect to any premises or other
13 assets that constitute Receivership Assets.

14 23. The Receiver shall keep the ACC and the Receivership Defendant apprised at
15 reasonable intervals of developments concerning the operation of the receivership, and shall
16 provide to the ACC upon request any documents under the control of the Receiver.

17 24. The Receiver shall seek and obtain the approval of this Court prior to disbursement
18 of professional fees and expenses to himself or counsel, by presentation of a written application
19 therefor and after consultation with the ACC or in accordance with further order of the Court. All
20 costs incurred by the Receiver shall be paid from the Receivership Assets.

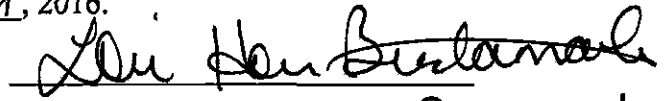
21 IT IS FURTHER ORDERED that this Court shall retain jurisdiction of this action for all
22 purposes. The Receiver is hereby authorized, empowered and directed to apply to this Court, with
23 notice to the ACC and Defendant, for issuance of such other orders as may be necessary and
24 appropriate in order to carry out the mandate of this Court.

25 It is further ordered the Receiver may not waive
26 the attorney-client privilege as to Chittick's communication
with Beauchamp without the Estate's consent. The
Receiver must obtain court approval before waiving
the privilege as to Denso if the Estate does not consent
to the waiver.

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1 IT IS FURTHER ORDERED that this Order will remain in effect until modified by further
2 order of this Court.

3 DATED this 18th day of August, 2016.

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5 Honorable Lori Horn Bustamante
6 Judge of the Superior Court
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