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IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

IN AND FOR THE COUNTY OF MARICOPA

Peter S. Davis, as Receiver of DenSco
Investment Corporation, an Arizona
corporation,

Plaintiff,

v.

Clark Hill PLC, a Michigan limited liability company; David G. Beauchamp and Jane Doe Beauchamp, husband and wife,

Defendants.

No. CV2017-013832

MOTION TO DECLARE MENAGED'S ATTEMPTED CONFIDENTIALITY DESIGNATION INEFFECTIVE

(Assigned to the Honorable Daniel Martin)

When he was deposed in a federal prison, Yomtov Scott Menaged attempted to have his deposition transcript sealed by stating that he wanted his entire deposition testimony to be deemed confidential under the protective order that has been entered in this case. This motion asks the Court to enter an Order that Menaged's attempted confidentiality designation was ineffective and that no portion of Menaged's deposition transcript is subject to the protective order.

The Court should do so because: (1) Menaged did not timely pursue a confidentiality designation, as the protective order requires; (2) he has failed in any

event to articulate why any portion of the deposition was "entitled to confidential treatment under applicable law"; and (3) Rule 26(c)(4)(C) does not permit the entire transcript to be deemed confidential.

The Receiver notes that he has included excerpts of Menaged's deposition as CSOF Ex. 3 to his 10/18/19 Reply/Cross-Response in support of the Receiver's Motion for Partial Summary Judgment regarding the affirmative defense of *in pari delicto*, but did not seek to file the excerpts under seal and intends to file them on the record without restriction once the Court enters an Order that Menaged's confidential designation was ineffective.

I. BACKGROUND

A. The Protective Order in This Case

The protective order in this case allows a party to designate testimony as Confidential if the party believes in good faith that the testimony is "entitled to confidential treatment under applicable law." (Protective Order filed 4/4/18 at ¶ 1.)

A party or witness may designate deposition testimony as Confidential. Any such designation "shall also function as consent . . . to the authority of this Court to resolve and conclusively determine any motion or other application made by any person or party with respect to such designation." (Id. at $\P 5$.)

If there is an objection to a confidentiality designation, the objector must notify the person claiming confidentiality and they must "meet and confer" to try to resolve the dispute. (Id. at \P 6.) If the dispute cannot be resolved, the person claiming confidentiality must "seek relief from the Court" within thirty days, and "shall have the burden of establishing the applicability of its Confidential Designation." (Id.) Failure to seek such relief "shall constitute a binding admission" that the testimony is not confidential. (Id.)

B. Menaged's Prior Deposition and Conviction

Before his September 2019 deposition in this case, Menaged gave a deposition about his involvement in DenSco's affairs. That deposition transcript, as well as

hundreds of other documents describing Menaged's involvement in DenSco's affairs, his bankruptcy, and a criminal conviction, are matters of public record.

In October 2016, the Receiver's counsel deposed Menaged after he filed for bankruptcy protection. (Rule 2004 Exam of Menaged on 10/20/16, available online at https://nebula.wsimg.com/98e2947c9c1c07401639802d719eade4?AccessKeyId=B4760A53C0E20C33F2F6&disposition=0&alloworigin=1 (last accessed 12/9/19).) In that deposition, Menaged testified extensively about his involvement in DenSco's affairs, including his dealings with DenSco's principal Denny Chittick and Defendant David Beauchamp. (*See, e.g., id.* at 96:10-14 (Menaged testifying that Beauchamp said "here's what we are going to do: We are going to draw up an agreement to protect [Menaged] and Denny from the situation"), 99:18–100:8 (Menaged testifying that Beauchamp initially said "I do have an obligation to advise the investors" but then, when Chittick asked Beauchamp not to tell investors, Beauchamp said "Okay, Denny, I will do what you want.").)

That October 2016 transcript was not confidential. The Receiver posted it on a public website the Receiver maintains for the benefit of DenSco's investors and other interested parties. *See* https://denscoreceiver1.godaddysites.com/menaged-bankruptcy.html (last accessed 12/9/19).

In 2017, Menaged was indicted for fraud and other crimes. He pled guilty and was sentenced to prison for seventeen years. The proceedings were not confidential. The Receiver posted the indictment, plea agreement, and related documents on the DenSco Receivership website so that DenSco's investors could see them. *See* https://denscoreceiver1.godaddysites.com/us-v.-menaged.html (last accessed 12/9/19).

The Receiver also maintains on that website, for the benefit of DenSco's investors and other interested parties, *all* relevant documents in this litigation, including pleadings, motions, court orders, disclosure statements, discovery responses, deposition transcripts, and expert reports. Those documents include numerous, detailed references

to Menaged, his business relationship with DenSco, and his personal relationship with Denny Chittick.

The DenSco Receivership website also includes a number of Menaged-related documents that have been filed in other proceedings such as Menaged's criminal proceeding and his bankruptcy.

C. Menaged's Deposition in This Case

With the Court's assistance, Menaged was deposed on September 23 and 24, 2019 at a federal prison in La Tuna, Texas. At the beginning of the deposition, Defendants' counsel showed Menaged the protective order and told him that he could designate testimony as Confidential. (Deposition of Menaged on 9/23/19 and 9/24/19, at 6:4-10.)¹ But the Receiver's counsel explained that the protective order calls for confidentiality "only to the extent allowed by law," and thus the proper course is for Menaged to designate specific "portions" of the deposition Confidential as necessary and then the parties can evaluate whether those designations are appropriate. (*Id.* at 7:6-21.)

Later in the deposition, Menaged designated the "entire deposition" as Confidential, contrary to the Receiver's position that only specific portions of the deposition may be designated as confidential and only to the extent allowed by law. (*Id.* at 120:9-21.) Menaged's claimed justifications were:

- **1.** His son had been "harassed" because of documents on the Receiver's website. (*Id.* at 121:2-8.) He did not specify how his son had been harassed or which documents caused the harassment. (*Id.*)
- 2. He thought there may be an ongoing criminal investigation of a third party, Active Funding Group, so he was "taking the Fifth" on questions relating

¹ The Receiver does not attach portions of the deposition transcript to this motion because the motion is a public filing and there is an unresolved question as to whether Menaged has validly designated the transcript as confidential, as explained below. Upon the Court's request, the Receiver can provide a copy of those deposition excerpts.

to Active Funding Group to avoid implicating himself. (*Id.* at 121:9–122:25.) His basis for thinking there may be a criminal investigation was that the Department of Justice had asked to interview him about Active Funding Group, and he declined. (*Id.*)

- **3.** He was in federal prison, and a deposition is "not something you do" in prison. (*Id.* at 123:1-2.) He gave no further detail. (*Id.*)
- **4.** He thought that "some of the other witnesses" in the case "should not see this testimony." (*Id.* at 123:18–124:3.) He gave no further detail. (*Id.*)

During the deposition, Menaged spoke freely on most topics, including Beauchamp's communications with Chittick on and after January 2014. (*See, e.g., id.* at 317:3–319:5.) But he declined to answer questions on certain topics, such as conduct by Active Funding Group. (*See, e.g., id.* at 251:22–252:9.) After the deposition, Menaged reviewed the transcript and decided not to make any corrections. (Letter from Reporters Ink on 10/24/19, attached hereto as **Exhibit 1**.)

D. The Parties' Use of Menaged's Deposition So Far

In summary judgment briefing, the Receiver cited portions of Menaged's deposition testimony describing Beauchamp's communications with Chittick. (Pl.'s Controverting Statement of Facts and Additional Facts, filed 10/18/19, at ¶¶ 92, 110, 113-15, 119, 122-25, 130.) The Receiver did not attach the transcript itself, however, because its brief was a public filing and the question of whether Menaged had properly designated the transcript as confidential has not yet been resolved. (*Id.* at CSOF Ex. 3.)

Similarly, Defendants cited portions of Menaged's deposition testimony in their summary judgment briefing. (Defs.' Resp. to Pl.'s Controverting Statement of Facts, filed 11/22/19, at ¶¶ 128, 130.) Unlike the Receiver, Defendants attached portions of the transcript to their public filing, despite Menaged's confidentiality designation. (*Id.* at DCSOF Ex. 43.) *The Receiver therefore assumes Defendants will not oppose, and may join in, this motion*.

II. ARGUMENT

The Court should enter an Order that Menaged's deposition transcript is not confidential under the protective order because: (1) Menaged's confidentiality designation has expired; (2) he has not, in any event, shown that any portion of the deposition is "entitled to confidential treatment under applicable law"; and (3) Rule 26(c)(4)(C) does not, in any event, authorize the designation of the entire transcript as confidential.

A. Menaged's confidentiality designation has expired.

Menaged's confidentiality designation has expired for two reasons. **First**, the protective order provides only two options for confidentiality designations: (1) identify during the deposition which "specific portions" of the testimony are Confidential, or (2) designate during the deposition the entire testimony as Confidential, but then identify which "more specific portions" are Confidential within 30 days after receipt of the transcript. (4/4/2018 Protective Order at ¶ 2(b).) Menaged did neither. He designated his entire testimony as Confidential during the deposition, but never identified which "more specific portions" are Confidential within 30 days after he received the transcript. Thus, his designation has expired under the terms of the protective order.

Second, the Receiver's counsel made clear at the deposition that only specific portions of the deposition may be designated as confidential and only to the extent allowed by law, yet Menaged has not sought relief from the Court. Under the protective order, "the party claiming confidentiality shall have no more than thirty days from the initial 'meet and confer' session within which to seek relief from the Court . . . **Failure to seek such relief shall constitute a binding admission** that the subject . . . Testimony . . . should not be designated Confidential and need not be treated as such."

(4/4/2018) Protective Order at ¶ 6 (emphasis added).)² This is another reason why Menaged's designation has expired under the terms of the protective order.

B. Menaged's confidentiality designation is not supported by law.

Menaged's confidentiality designation has not only expired, but was unsupported from the start. The protective order calls for confidentiality only when testimony is "entitled to confidential treatment under applicable law." (See 4/4/2018 Protective Order at \P 1.) The person claiming confidentiality "shall have the burden of establishing the applicability of [his] Confidential Designation." (Id. at \P 6.)

Menaged has not met this burden. None of the vague grounds Menaged stated during his deposition qualify as an "entitle[ment] to confidential treatment under applicable law." Rule 26(c) authorizes confidentiality orders such as the one that has been entered in this case to "protect a party or person from annoyance, embarrassment, or undue burden or expense." Menaged's deposition fails this requirement for three reasons.

First, Menaged's business relationship with DenSco, his personal relationship with Denny Chittick, and his role in DenSco's demise are already matters of public record on the Receiver's website, this Court's file, and elsewhere. Thus, Menaged cannot, as a matter of law, contend that his deposition should be sealed to protect him from annoyance, embarrassment, or undue burden. *See, e.g., In re ULLICO Inc. Litig.*, 237 F.R.D. 314, 317–18 (D.D.C. 2006) (documents available on party's website are "obviously non-confidential, publicly accessible documents" not within the scope of documents protected as confidential under Rule 26); *THK Am., Inc. v. NSK Co.*, 157 F.R.D. 637, 646 (N.D. Ill. 1993) (party's confidential designation of "public document[s]" was "flagrant violation" of protective order, and party's confidential designation of "documents predicated upon or relating to public information" suggested

² Menaged's failure to specify which portions of his deposition transcript are confidential has rendered impossible any meaningful "meet and confer" on the matter beyond what was discussed at his deposition.

"misuse" of protective order); *United States v. Int'l Bus. Mach. Corp.*, 67 F.R.D. 39, 40 (S.D.N.Y. 1975) (denying protective order when information had already been made public).

Second, Menaged cited no law in support of his confidentiality designation, and none of his four claimed justifications support treating the deposition as confidential.

- 1. Menaged said his son was "harassed" because of documents on the Receiver's website. (Deposition of Menaged on 9/23/19 and 9/24/19, at 121:2-8.) But he gave no information to support this claim, such as how his son was harassed or which documents caused it. Nor did he explain why making his deposition confidential would address the issue. To the extent Menaged's son was harassed, that is probably because *Menaged is a former reality TV star turned convicted criminal*, which are facts well known to the public regardless of whether Menaged's deposition is confidential.³
- 2. Menaged said he thought there may be a criminal investigation of Active Funding Group, so he was "taking the Fifth" on questions relating to that entity. (*Id.* at 121:9–122:25.) But he does not know whether there is a criminal investigation. His only reason for thinking so was that the Department of Justice asked to interview him about Active Funding Group, and he declined. (*See id.*) In any event, Menaged *did not answer* questions relating to Active Funding Group at his deposition, so any Fifth Amendment concerns were resolved by his own self-censorship. (*See, e.g., id.* at 251:22–252:9.)
- 3. Menaged said a deposition is "not something you do" in prison. (*Id.* at 123:1-2.) He gave no detail, rendering evaluation of this claim impossible. Assuming he meant that other inmates might retaliate against him for talking to lawyers, there is no reason to think this claim is true or that it is a legally valid reason to treat his

³ For example, a recent episode of the NBC show American Greed was about Menaged. It was titled "The House Flipping Reality Star Fraudster." *See* <a href="https://www.nbc.com/american-greed/video/the-house-flipping-reality-star-freed-to-tar-greed/video/the-house-flipping-reality-star-freed-to-tar-gre

fraudster/4029182 (last accessed 12/9/19).

deposition as confidential. If anything, publicizing Menaged's deposition would help him by making clear that he did not snitch on other inmates at his deposition.

4. Menaged said "some of the other witnesses" in the case "should not see this testimony." (*Id.* at 123:18–124:3.) Again, he gave no detail, rendering evaluation of this claim impossible. There is no reason to think this claim is true or that it is a legally valid reason to treat his deposition as confidential.

Third, any argument for confidentiality would be outweighed by the strong right of public access in this case. "As a general rule, the public is permitted 'access to litigation documents and information produced during discovery." *In re Roman Catholic Archbishop of Portland in Oregon*, 661 F.3d 417, 424 (9th Cir. 2011) (quoting *Phillips v. General Motors Corp.*, 307 F.3d 1206, 1210 (9th Cir. 2002)). Here, the public right of access to Menaged's testimony is especially strong. The Receiver is pursuing claims against Defendants for the benefit of DenSco's investors who lost substantial investments. Because Menaged gave testimony about how Defendant David Beauchamp was negligent and aided and abetted Denny Chittick's breaches of fiduciary duty, the Receiver will rely on that testimony at trial. DenSco's investors are entitled to read that testimony. They should not be prevented from doing so because Menaged made an unfounded attempt to seal his entire deposition transcript.

C. Sealing Menaged's deposition would violate Rule 26(c)(4)(C).

Not only has Menaged failed to identify *any* portion of his deposition transcript that might conceivably be "entitled to confidential treatment under applicable law," but his request for a blanket sealing order violates Rule 26(c)(4)(C), which provides that a protective order, such as the one entered in this case, "must use the least restrictive means necessary to maintain needed confidentiality." That rule is reflected in the protective order's requirement that only "portions" of deposition testimony may be designated confidential, rather than the entire deposition. (4/4/2018 Protective Order at \$2(b).)

Menaged's attempt to designate his entire testimony as confidential would violate this rule. Courts have deemed such blanket confidentiality designations ineffective, and this Court should too. See, e.g., PHL Variable Ins. Co. v. Sheldon Hathaway Family Ins. Tr., No. 2:10-CV-0067, 2012 WL 12888387, at *3 (D. Utah Dec. 6, 2012) (removing confidentiality designation from deposition transcript and observing that "the Protective Order uses language that indicates that portions of a transcript may be designated as confidential—not the entire transcript"); Kinne v. Pierre, No. CIV.A 12-11466-RWZ, 2014 WL 595440, at *1 (D. Mass. Feb. 14, 2014) (sustaining objection to "plaintiff's designation of her entire deposition transcript as confidential"). III. CONCLUSION The Receiver respectfully requests that the Court enter an Order that Menaged's attempt to designate his entire deposition transcript as confidential was ineffective, and that the transcript is not subject to the protective order that has been entered in this case. The Receiver has mailed a copy of this motion to Menaged. (Letter from Receiver's Counsel to Menaged dated 12/11/19, attached as **Exhibit 2**.) RESPECTFULLY SUBMITTED this 11th day of December, 2019. OSBORN MALEDON, P.A. By /s/Joshua M. Whitaker Colin F. Campbell Geoffrey M. T. Sturr Joseph N. Roth Joshua M. Whitaker

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Attorneys for Plaintiff

1	This document was electronically filed
2	and copy delivered*/e-served via the
3	AZTurboCourt eFiling system this 11th day of December, 2019, on:
4	Honorable Daniel Martin*
5	Maricopa County Superior Court
6	101 West Jefferson, ECB-412
	Phoenix, Arizona 85003
7	John E. DeWulf
8	Marvin C. Ruth Vidula U. Patki
9	COPPERSMITH BROCKELMAN PLC
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16	8319619
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EXHIBIT 1





October 24, 2019

Mr. John DeWulf/Mr. Marvin C. Ruth Coppersmith Brockelman, PLC 2800 N. Central Avenue, Ste. 1900 Phoenix, AZ 85004

In Re: Luz Minerva et al v IES Residential et al

Case No. 2017-DCV2759

Dear Mr. John DeWulf/Mr. Marvin C. Ruth:

This is advising you the original correction and signature pages for the 2-day deposition of Yomtov Scott Menaged that were taken on September 23rd and 24th, 2019 have been returned in a timely manner. Please note that there were no changes and they were not notarized. Attached is the return of the original depositions.

Please feel free to contact me with any questions or concerns. It was a pleasure working with you.

Sincerely,

Ms. Shawn Wedel

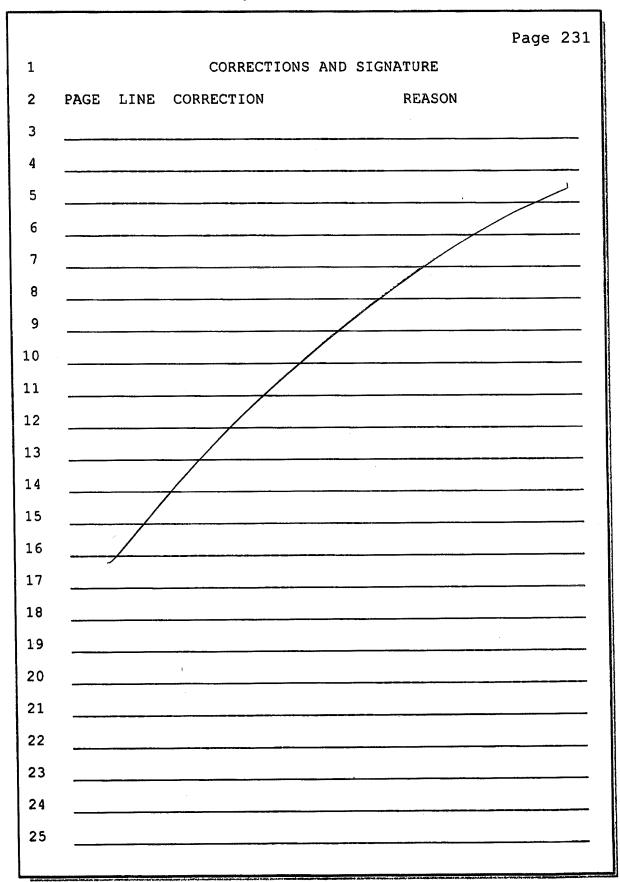
Administrative Assistant

Enclosures

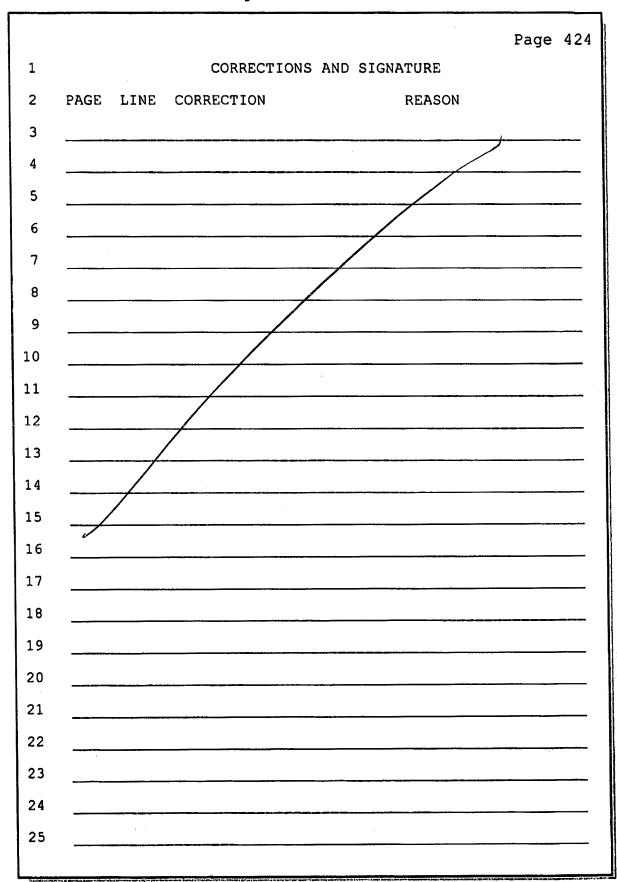
Cc: Mr. Geoffrey M.T. Sturr

A Court Reporting Firm

Wells Fargo Plaza 221 N. Kansas, Suite 1101 El Paso, Texas 79901



		Page 232
	1	I, YOMTOV SCOTT MENAGED, have read the
	2	foregoing deposition and hereby affix my signature that
	3	same is true and correct, except as noted above.
	4	<i>v</i> /
	5	
	6	YOMTOV SCOTT MENAGED
	7	THE STATE OF)
	8	COUNTY OF)
	9	
1	10	Before me,, on this
:	11	day personally appeared YOMTOV SCOTT MENAGED known to me
	12	(or proved to me under oath or through)
	13	(description of identity card or other document) to be
	14	the person whose name is subscribed to the foregoing
	15	instrument and acknowledged to me that they executed the
	16	same for the purposes and consideration therein
	17	expressed.
	18	Given under my hand and seal of office this
	19	, day of, 2019.
	20	
	21	NOTARY PUBLIC IN AND FOR
	22	THE STATE OF
	23	
	24	My commission expires:
	25	
1		



	Page 425		
1	I, YOMTOV SCOTT MENAGED, have read the		
2	foregoing deposition and hereby affix my signature that		
3	same is true and correct, except as noted above.		
4			
5			
6	YOMTOV SCOTT MENAGED		
7	THE STATE OF)		
8	COUNTY OF)		
9			
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11	day personally appeared YOMTOV SCOTT MENAGED known to me		
12	(or proved to me under oath or through)		
13	(description of identity card or other document) to be		
14	the person whose name is subscribed to the foregoing		
15	instrument and acknowledged to me that they executed the		
16	same for the purposes and consideration therein		
17	expressed.		
18	Given under my hand and seal of office this		
19	, day of, 2019.		
20			
21	NOTARY PUBLIC IN AND FOR		
22	THE STATE OF		
23			
24	My commission expires:		
25			
1			

EXHIBIT 2



Joshua M. Whitaker

iwhitaker@omlaw.com

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Phoenix, Arizona 85012

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Telephone 602.640.9000 Facsimile 602.640.9050

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December 11, 2019

VIA FIRST-CLASS MAIL

Yomtov Scott Menaged, # 74322-408 FCI Safford Federal Correctional Institution P.O. Box 9000 Safford, Arizona 85548

Re: Peter Davis, Receiver of DenSco v. Clark Hill PLC and David G. Beauchamp

Case No. CV 2017-013832

Dear Mr. Menaged:

As you may recall, you were deposed in the case listed above on September 23 and 24, 2019. I am one of the lawyers representing the Receiver of DenSco in this case.

During your deposition, you designated your entire testimony as confidential, rather than identifying specific portions of your testimony that the law allows to be treated confidential. We filed today the enclosed motion asking the Court to enter an Order that your attempted confidentiality designation was ineffective and that the transcript of your deposition is not subject to the protective order that has been entered in this case.

Sincerely,

Joshua M. Whitaker

JMW/klm Enclosure 8328256

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2	Geoffrey M. T. Sturr, 014063 Joseph N. Roth, 025725				
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7	jroth@omlaw.com jwhitaker@omlaw.com				
8	Attorneys for Plaintiff				
9	IN THE SUPERIOR COURT OF THE STATE OF ARIZONA				
10	IN AND FOR THE COUNTY OF MARICOPA				
11	Peter S. Davis, as Receiver of DenSco	No. CV2017-013832			
12	Investment Corporation, an Arizona corporation,	ORDER			
13	Plaintiff,	ORDER			
14	v.	(Assigned to the Honorable Daniel Martin)			
15	Clark Hill PLC, a Michigan limited	Daniel Wartin)			
16	liability company; David G. Beauchamp and Jane Doe Beauchamp, husband and				
17	wife,				
18	Defendants.				
19	Having considered Plaintiff's Moti	ion to Declare Menaged's Attempted			
20	Confidentiality Designation Ineffective, file	ed December 11, 2019, and good cause			
21	appearing,				
22	IT IS HEREBY ORDERED that Yom	tov Scott Menaged's attempt to designate			
23	his entire September 2019 deposition transc	ript as confidential was ineffective. The			
24	transcript is not subject to the protective orde	r that has been entered in this case.			
25	DATED this day of	, 2019.			
26					
27	Honorable Daniel Martin				
28	Judge of the Superior Court				
	8326423				