

NUMBER	DATE	SENDER(S)	RECIPIENT(S)	SUBJECT	PRIVILEGE
1	Sun 8/30/2009 4:59am	Jeff Ekblom	S. Managed; Jody Oliver	Issues with Trustee Sale-1815 Brown Road; Tax lien	Attorney/Client Communication
2	Wed 9/30/2009 10:38am	Danielle Fraterrelli	S. Managed	Letter in Final to Goudler-RE: M&I Marshall & Isley Bank v. EZ Homes; No. CV2009-029917	Attorney/Client Communication
3	Fri 10/2/2009 2:03pm	Paul Levine	S. Managed	M&I Marshall & Isley Bank v. EZ Homes; No. CV2009-029917	Attorney/Client Communication
4	Wed 10/14/2009 11:54am	Paul Levine	S. Managed	M&I Marshall & Isley Bank v. EZ Homes; No. CV2009-029917	Attorney/Client Communication
5	Fri 10/16/2009 10:03am	Paul Levine	S. Managed	Receipt of funds: Copy of cashiers check	Attorney/Client Communication
6	Fri 10/16/2009 1:01pm	Danielle Fraterrelli	S. Managed	M&I Marshall & Isley Bank v. EZ Homes; No. CV2009-029917	Attorney/Client Communication
7	Tue 12/15/2009 9:06 PM	Jeff Ekblom	S. Managed	Issues with Trustee Sale-1815 Brown Road, Tax lien	Attorney/Client Communication
8	Tue 12/29/2009 9:59 AM	Paul Levine	S. Managed	Letter from M&I with production of emails from S. Managed re: M&I Marshall & Isley Bank v. EZ Homes; No. CV2009-029917	Attorney/Client Communication
9	Sat 4/10/2010 8:36 AM	Paul Levine	S. Managed	Drafts of Defendants Responses re: M&I Marshall & Isley Bank v. EZ Homes; No. CV2009-029917	Attorney/Client Communication
10	Mon 7/18/2011 1:31 PM	Jeffrey Goudler	S. Managed	Weinbrenner	Attorney/Client Communication
11	Mon 7/18/2011 3:37 PM	Jeffrey Goudler	S. Managed	Weinbrenner	Attorney/Client Communication
12	Tue 7/19/2011 5:26 PM	Jeffrey Goudler	S. Managed	Easy Investments, LLC engagement letter	Attorney/Client Communication
13	Wed 7/20/2011 7:56 AM	Jeffrey Goudler	S. Managed	Response to request for meeting	Attorney/Client Communication
14	Thu 7/28/2011 4:22 PM	Jeffrey Goudler	S. Managed	Response to request for meeting	Attorney/Client Communication
15	Fri 7/29/2011 6:01 AM	Jeffrey Goudler	S. Managed	Short Term Finance v. EZ Homes	Attorney/Client Communication
16	Thu 8/4/2011 9:20 AM	Celia M Guerrero	S. Managed, Jeffrey Goudler	Short Term Finance v. EZ Homes	Attorney/Client Communication
17	Thu 8/4/2011 9:22 AM	Jeffrey Goudler	S. Managed	Short Term Finance - Release and reconveyance	Attorney/Client Communication
18	Thu 9/15/2011 10:18 AM	Jeffrey Goudler	S. Managed	Recordation of Cancellation of Sale	Attorney/Client Communication
19	Fri 9/16/2011 12:12 PM	Jeffrey Goudler	S. Managed	Personal Guarantee	Attorney/Client Communication
20	Fri 9/16/2011 12:37 PM	Jeffrey Goudler	S. Managed	Response to request to speak RE Various properties	Attorney/Client Communication
21	Mon 9/19/2011 12:37 PM	Jeffrey Goudler	S. Managed	DRAFT Letter to Weinbrenner's Lawyer RE Copyright Infringement	Attorney/Client Communication
22	Mon 9/19/2011 3:17 PM	Karen L. Ljepmann	S. Managed	DRAFT Letter to Weinbrenner's Lawyer RE Copyright Infringement	Attorney/Client Communication
23	Mon 9/19/2011 3:43 PM	Karen L. Ljepmann	S. Managed	Letter re: Copyright Infringement	Attorney/Client Communication
24	Mon 9/19/2011 4:45 PM	Jeffrey Goudler	S. Managed	Involving Stefan Palys in affairs	Attorney/Client Communication
25	Wed 9/21/2011 8:48 AM	Jeffrey Goudler	S. Managed	Communication request	Attorney/Client Communication
26	Mon 9/26/2011 10:41 AM	Stefan M. Palys	S. Managed	Communication request RE Letter to Weinbrenner	Attorney/Client Communication
27	Wed 9/28/2011 5:52 AM	Stefan M. Palys	S. Managed	Draft letter RE: Payment on Weinbrenner's Guaranty	Attorney/Client Communication
28	Wed 9/28/2011 3:03 PM	Stefan M. Palys	S. Managed	Draft letter RE: Payment on Weinbrenner's Guaranty	Attorney/Client Communication
29	Mon 10/3/2011 12:24 PM	Stefan M. Palys	S. Managed	Draft letter RE: Payment on Weinbrenner's Guaranty	Attorney/Client Communication
30	Tue 10/4/2011 9:55 AM	Stefan M. Palys	S. Managed	Letter RE: Payment on Weinbrenner's Guaranty	Attorney/Client Communication
31	Tue 10/4/2011 10:05 AM	Stefan M. Palys	S. Managed	Update RE: filing of Complaint	Attorney/Client Communication
32	Tue 10/4/2011 11:39 AM	Stefan M. Palys	S. Managed	Draft Complaint RE Weinbrenner	Attorney/Client Communication
33	Mon 10/17/2011 9:48 AM	Jeffrey Goudler	S. Managed	Question for Managed RE: Weinbrenner	Attorney/Client Communication
34	Tue 10/25/2011 3:18 PM	Stefan M. Palys	S. Managed	Possible mediation RE: Weinbrenner	Attorney/Client Communication
35	Thu 10/27/2011 1:51 PM	Stefan M. Palys	S. Managed	Possible mediation RE: Weinbrenner	Attorney/Client Communication
36	Thu 10/27/2011 4:19 PM	Stefan M. Palys	S. Managed	Possible mediation RE: Weinbrenner	Attorney/Client Communication
37	Fri 10/28/2011 5:09 AM	Stefan M. Palys	S. Managed	Possible mediation RE: Weinbrenner	Attorney/Client Communication
38	Fri 10/28/2011 6:29:00 AM	Stefan M. Palys	S. Managed	Possible mediation RE: Weinbrenner	Attorney/Client Communication
39	Fri 10/28/2011 6:38 AM	Stefan M. Palys	S. Managed	Possible mediation RE: Weinbrenner	Attorney/Client Communication
40	Fri 10/28/2011 6:53 AM	Stefan M. Palys	S. Managed	Communication request	Attorney/Client Communication
41	Fri 10/28/2011 1:26 PM	Stefan M. Palys	S. Managed	Mediation RE: Weinbrenner	Attorney/Client Communication
42	Mon 10/31/2011 3:21 PM	Stefan M. Palys	S. Managed	Mediation RE: Weinbrenner	Attorney/Client Communication
43	Thu 11/3/2011 2:32 PM	Stefan M. Palys	S. Managed	Draft Complaint questions RE: Weinbrenner	Attorney/Client Communication
44	Thu 11/3/2011 4:03 PM	Stefan M. Palys	S. Managed	Complaint information requests RE: Weinbrenner	Attorney/Client Communication
45	Fri 11/4/2011 11:22 AM	Stefan M. Palys	S. Managed	Confirmation of filed Complaint RE: Weinbrenner	Attorney/Client Communication
46	Fri 11/4/2011 6:16 PM	Stefan M. Palys	S. Managed	Copy of filed Complaint RE: Weinbrenner	Attorney/Client Communication
47	Wed 11/9/2011 7:23 AM	Stefan M. Palys	S. Managed	Status of Complaint RE: Weinbrenner	Attorney/Client Communication
48	Thu 11/17/2011 3:24 PM	Stefan M. Palys	S. Managed		Attorney/Client Communication

Yontov Scott Menaged - AOL Emails
Privilege Log

NUMBER	DATE	SENDER(S)	RECIPIENT(S)	SUBJECT	PRIVILEGE
49	Wed 11/23/2011 10:18 AM	Stefan M. Palys	S. Menaged	Availability update	Attorney/Client Communication
50	Wed 11/23/2011 10:32 AM	Stefan M. Palys	S. Menaged	Out of Office Automatic Reply	Attorney/Client Communication
51	Wed 11/23/2011 11:34 AM	Stefan M. Palys	S. Menaged	Pursuing Immediate Judgement RE:Weinbrenner	Attorney/Client Communication
52	Mon 11/28/2011 1:22 PM	Stefan M. Palys	S. Menaged	Request for extension to file an answer RE Weinbrenner	Attorney/Client Communication
53	Mon 11/28/2011 1:24 PM	Stefan M. Palys	S. Menaged	Request for extension to file an answer RE Weinbrenner	Attorney/Client Communication
54	Mon 11/28/2011 1:26 PM	Stefan M. Palys	S. Menaged	Request for extension to file an answer RE Weinbrenner	Attorney/Client Communication
55	Fri 12/2/2011 6:20 PM	Stefan M. Palys	S. Menaged	Default Judgement status and related questions RE Weinbrenner	Attorney/Client Communication
56	Tue 12/6/2011 1:55 PM	Stefan M. Palys	S. Menaged	Mediation/Arbitration option RE:Weinbrenner	Attorney/Client Communication
57	Tue 12/6/2011 2:12 PM	Stefan M. Palys	S. Menaged	Filed Answer and Counterclaim questions RE:Weinbrenner	Attorney/Client Communication
58	Fri 12/9/2011 3:07 PM	Stefan M. Palys	S. Menaged	Counterclaim RE:Weinbrenner	Attorney/Client Communication
59	Tue 12/13/2011 8:01 PM	Stefan M. Palys	S. Menaged	Draft Verified Reply to Counterclaim RE:Weinbrenner	Attorney/Client Communication
60	Wed 12/12/2011 12:10 PM	Stefan M. Palys	S. Menaged	Communication request	Attorney/Client Communication
61	Thu 12/29/2011 1:23 PM	Stefan M. Palys	S. Menaged	Draft Verified Reply to Counterclaim RE:Weinbrenner	Attorney/Client Communication
62	Fri 1/20/2012 6:14 AM	Stefan M. Palys	S. Menaged	Arbitration offer RE:Weinbrenner	Attorney/Client Communication
63	Mon 1/30/2012 9:30 AM	Stefan M. Palys	S. Menaged	Draft Plaintiff's 26.1 Initial Disclosure Statement	Attorney/Client Communication
64	Thu 2/2/2012 9:07 AM	Stefan M. Palys	S. Menaged	Arbitration and Settlement questions about property values RE Weinbrenner	Attorney/Client Communication
65	Fri 2/3/2012 9:10 AM	Stefan M. Palys	S. Menaged		Attorney/Client Communication
66	Sun 2/5/2012 4:19 AM	Stefan M. Palys	S. Menaged	Request for employee's contact info	Attorney/Client Communication
67	Sun 2/5/2012 11:20 AM	Stefan M. Palys	S. Menaged	Request for employee's contact info	Attorney/Client Communication
68	Sun 2/5/2012 12:23 PM	Stefan M. Palys	S. Menaged	Request for employee's contact info	Attorney/Client Communication
69	Tue 2/7/2012 8:49 AM	Stefan M. Palys	S. Menaged	Cancellation of Trustee's Sale	Attorney/Client Communication
70	Tue 2/7/2012 9:04 AM	Stefan M. Palys	S. Menaged	Final draft Plaintiff's 26.1 Initial Disclosure Statement RE:Weinbrenne	Attorney/Client Communication
71	Tue 2/7/2012 9:19 AM	Stefan M. Palys	S. Menaged	Arbitration Issue proposal RE:Weinbrenner	Attorney/Client Communication
72	Tue 2/7/2012 10:01 AM	Stefan M. Palys	S. Menaged	Recording # for Notice of Cancellation of Trustee's Sale	Attorney/Client Communication
73	Tue 2/7/2012 10:02 AM	Stefan M. Palys	S. Menaged	Confirmation of Cancellation of Trustee's Sale	Attorney/Client Communication
74	Wed 2/8/2012 11:22 AM	Stefan M. Palys	S. Menaged	Communication request	Attorney/Client Communication
75	Thu 3/1/2012 10:49 AM	Stefan M. Palys	S. Menaged	Communication request	Attorney/Client Communication
76	Mon 3/5/2012 2:53 PM	Stefan M. Palys	S. Menaged	Defendants First NUI, RFA, RFP to Plaintiff	Attorney/Client Communication
77	Wed 3/7/2012 3:19 PM	Stefan M. Palys	S. Menaged	Retainer info	Attorney/Client Communication
78	Mon 3/12/2012 8:28 PM	Stefan M. Palys	S. Menaged	Discovery/Arbitration issues RE: Weinbrenner	Attorney/Client Communication
79	Thu 3/15/2012 10:55 AM	Stefan M. Palys	S. Menaged	Subpoenas to employees question RE: Weinbrenner	Attorney/Client Communication
80	Wed 3/21/2012 12:54 PM	Stefan M. Palys	S. Menaged	Communication request	Attorney/Client Communication
81	Wed 3/21/2012 12:58 PM	Stefan M. Palys	S. Menaged	Communication request	Attorney/Client Communication
82	Wed 3/21/2012 12:59 PM	Stefan M. Palys	S. Menaged	Communication request	Attorney/Client Communication
83	Wed 3/21/2012 1:01 PM	Stefan M. Palys	S. Menaged	Discovery/Arbitration Issues RE: Weinbrenner	Attorney/Client Communication
84	Wed 3/21/2012 3:32 PM	Stefan M. Palys	S. Menaged	Communication request	Attorney/Client Communication
85	Wed 3/28/2012 4:31 AM	Stefan M. Palys	S. Menaged	Questions RE: Plaintiff's Responses to NUI, RFA and RFP	Attorney/Client Communication
86	Wed 3/28/2012 4:48 AM	Stefan M. Palys	S. Menaged	Questions RE: Plaintiff's Responses to NUI, RFA and RFP	Attorney/Client Communication
87	Tue 4/3/2012 9:14 AM	Stefan M. Palys	S. Menaged	Communication request	Attorney/Client Communication
88	Tue 4/3/2012 9:16 AM	Stefan M. Palys	S. Menaged	Arbitration issue RE:Weinbrenner	Attorney/Client Communication
89	Tue 4/3/2012 9:21 AM	Stefan M. Palys	S. Menaged	Arbitration/Subpoena Issues RE Weinbrenner	Attorney/Client Communication
90	Wed 4/11/2012 12:24 PM	Stefan M. Palys	S. Menaged	Arbitration/Subpoena Issues RE: Weinbrenner	Attorney/Client Communication
91	Wed 4/11/2012 12:26 PM	Stefan M. Palys	S. Menaged	Arbitration/Subpoena Issues RE: Weinbrenner	Attorney/Client Communication
92	Wed 4/11/2012 12:29 PM	Stefan M. Palys	S. Menaged	Arbitration/Subpoena Issues RE: Weinbrenner	Attorney/Client Communication
93	Wed 4/18/2012 11:47 AM	Stefan M. Palys	S. Menaged	Communication request	Attorney/Client Communication
94	Mon 4/23/2012 3:34 PM	Stefan M. Palys	S. Menaged	Arbitration/Subpoena Issues, Motion to Quash RE Weinbrenner	Attorney/Client Communication
95	Sat 4/28/2012 8:25 AM	Stefan M. Palys	S. Menaged	Update on Weinbrenner Case; Discovery issues	Attorney/Client Communication
96	Sat 4/28/2012 10:51 AM	Stefan M. Palys	S. Menaged	Update on Weinbrenner Case; Hearing status	Attorney/Client Communication
97	Thu 5/10/2012 1:28 PM	Stefan M. Palys	S. Menaged	Update on Weinbrenner Case; Hearing status, Settlement discussion	Attorney/Client Communication
98	Fri 5/11/2012 4:17 AM	Stefan M. Palys	S. Menaged	Copy of denied Motion to Quash RE Weinbrenner	Attorney/Client Communication

Yontov Scott Managed - AOL Emails
Privilege Log

NUMBER	DATE	SENDER(S)	RECIPIENT(S)	SUBJECT	PRIVILEGE
99	Fri 5/11/2012 6:37 AM	Stefan M. Palys	S. Managed	Attorney fees related to Motion to Quash denial	Attorney/Client Communication
100	Fri 5/25/2012 11:02 AM	Stefan M. Palys	S. Managed	Update on Weinbrenner Case; Subpoenas to Bank of America for EZ and Easy	Attorney/Client Communication
101	Thu 5/31/2012 1:47 PM	Stefan M. Palys	S. Managed	Update on Weinbrenner Case; Subpoenas to Bank of America for EZ and Easy	Attorney/Client Communication
102	Wed 6/13/2012 9:28 AM	Stefan M. Palys	S. Managed	Potential meeting	Attorney/Client Communication
103	Wed 6/13/2012 9:34 AM	Stefan M. Palys	S. Managed	Potential meeting; General strategy	Attorney/Client Communication
104	Wed 6/13/2012 10:03 AM	Stefan M. Palys	S. Managed	Confirming Fact on Alice	Attorney/Client Communication
105	Wed 6/13/2012 10:23 AM	Stefan M. Palys	S. Managed	Confirming Fact on 47th ave	Attorney/Client Communication
106	Wed 7/18/2012 8:35 AM	Stefan M. Palys	S. Managed	Update on Weinbrenner Case; Bank of America document production	Attorney/Client Communication
	Wed 8/8/2012 10:15 AM	Stefan M. Palys	S. Managed	Status of deposition of Eric Weinbrenner and Arthur Koschubs	Attorney/Client Communication
107	Wed 8/8/2012 10:39 AM	Stefan M. Palys	S. Managed	Status of deposition of Eric Weinbrenner and Arthur Koschubs	Attorney/Client Communication
108	Mon 8/13/2012 2:31 PM	Stefan M. Palys	S. Managed	Update on "status conference" RE: Weinbrenner case	Attorney/Client Communication
109	Tue 8/14/2012 3:42 PM	Stefan M. Palys	S. Managed	Status of deposition of Eric Weinbrenner	Attorney/Client Communication
110	Fri 8/17/2012 4:58 AM	Stefan M. Palys	S. Managed	Status of deposition of Eric Weinbrenner and others	Attorney/Client Communication
111	Thu 8/23/2012 2:20 PM	Stefan M. Palys	S. Managed	Status of deposition of Eric Weinbrenner and others	Attorney/Client Communication
112	Mon 8/27/2012 1:11 PM	Stefan M. Palys	S. Managed	Status of deposition of Eric Weinbrenner and others	Attorney/Client Communication
113	Fri 9/14/2012 2:09 PM	Stefan M. Palys	S. Managed	Communication request RE: Weinbrenner deposition	Attorney/Client Communication
114	Wed 10/24/2012 5:29 PM	Jeffrey Goulder	S. Managed	Scheduling RE: Managed - mediation / arbitration	Attorney/Client Communication
115	Mon 10/29/2012 5:39 PM	Stefan M. Palys	S. Managed	Scheduling RE: Managed - mediation / arbitration	Attorney/Client Communication
116	Wed 11/28/2012 10:58 AM	Stefan M. Palys	S. Managed	RE: Weinbrenner Mediation issues	Attorney/Client Communication
117	Wed 11/28/2012 11:30 AM	Stefan M. Palys	S. Managed	Communication request RE: Weinbrenner Mediation	Attorney/Client Communication
118	Mon 12/3/2012 4:36 PM	Stefan M. Palys	S. Managed	Managed Mediation Statement	Attorney/Client Communication
119	Tue 12/4/2012 2:24 PM	Stefan M. Palys	S. Managed	Draft Managed Mediation Statement	Attorney/Client Communication
120	Tue 12/4/2012 2:41 PM	Stefan M. Palys	S. Managed	Questions with figures within Managed Mediation Statement	Attorney/Client Communication
121	Tue 12/4/2012 2:44 PM	Stefan M. Palys	S. Managed	Questions with figures within Managed Mediation Statement	Attorney/Client Communication
122	Thu 12/13/2012 2:24 PM	Stefan M. Palys	S. Managed	Reminder about deposition/mediation	Attorney/Client Communication
123	Fri 12/21/2012 1:06 PM	Jeffrey Goulder	S. Managed	Reminder to pay real estate taxes	Attorney/Client Communication
124	Thu 12/27/2012 12:08 PM	Jeffrey Goulder	S. Managed	Real estate taxes payment confirmation/Pick up of Weinbrenner chcl	Attorney/Client Communication
125	Thu 12/27/2012 1:52 PM	Jeffrey Goulder	S. Managed	Reconciliation breakdown RE: Weinbrenner case	Attorney/Client Communication
126	Thu 12/27/2012 2:32 PM	Jeffrey Goulder	S. Managed	Reconciliation breakdown RE: Weinbrenner case	Attorney/Client Communication
127	Thu 3/28/2013 3:29 PM	Stefan M. Palys	S. Managed	Alice Ave filing issues	Attorney/Client Communication
128	Mon 4/1/2013 11:40 AM	Stefan M. Palys	S. Managed	Alice Ave filing issues	Attorney/Client Communication
129	Mon 4/1/2013 12:03 PM	Stefan M. Palys	S. Managed	Managed Rule 804 Terms	Attorney/Client Communication
130	Mon 4/1/2013 12:39 PM	Stefan M. Palys	S. Managed	Weinbrenner payment for Alice property	Attorney/Client Communication
131	Wed 4/3/2013 9:38 AM	Stefan M. Palys	S. Managed	Title report inquiry for Alice property/Trustee sale docs	Attorney/Client Communication
132	Mon 4/22/2013 3:42 PM	Stefan M. Palys	S. Managed	Title report inquiry for Alice property/Trustee sale docs	Attorney/Client Communication
133	Fri 4/26/2013 2:14 PM	Stefan M. Palys	S. Managed	General correspondence RE: lawsuit	Attorney/Client Communication
134	Wed 6/5/2013 9:20 AM	Jeffrey Goulder	S. Managed	RE: 7089 Andrew Lane	Attorney/Client Communication
135	Wed 6/5/2013 11:38 AM	Stefan M. Palys	S. Managed	Notice of Past Due Taxes Parcel No. 121-75-091.PDF;Notice of Past Due Taxes	Attorney/Client Communication
136	Mon 6/10/2013 2:35 PM	Stefan M. Palys	S. Managed	Parcel No. 121-75-092.PDF	Attorney/Client Communication
137	Mon 6/10/2013 3:03 PM	Stefan M. Palys	S. Managed	Notice of Past Due Taxes Parcel No. 121-75-091.PDF;Notice of Past Due Taxes	Attorney/Client Communication
138	Mon 6/10/2013 3:08 PM	Stefan M. Palys	S. Managed	Parcel No. 121-75-092.PDF	Attorney/Client Communication
139	Mon 6/10/2013 3:53 PM	Stefan M. Palys	S. Managed	Communication request RE: Past due taxes	Attorney/Client Communication
140	Wed 6/12/2013 2:34 PM	Jeffrey Goulder	S. Managed	Communication request RE: Past due taxes and further action	Attorney/Client Communication
141	Tue 6/18/2013 2:03 PM	Jeffrey Goulder	S. Managed	Strategy plans RE: Motion to dismiss under statute 33-811	Attorney/Client Communication
142	Wed 6/19/2013 1:56 PM	Jeffrey Goulder	S. Managed	Copy of Engagement Letter RE: FREO lawsuit	Attorney/Client Communication
143	Tue 6/25/2013 3:59 PM	Stefan M. Palys	S. Managed	Retainer Info RE: FREO lawsuit	Attorney/Client Communication
				Extension Request for Freo Arizona v. Easy Investments, LLC, et al. - CV2013-007663	Attorney/Client Communication

Yontkov Scott Managed - AOL Emails
Privilege Log

NUMBER	DATE	SENDER(S)	RECIPIENT(S)	SUBJECT	PRIVILEGE
144	Fri 6/28/2013 11:29 AM	Stefan M. Palys	S. Managed	Ocwen settlement update	Attorney/Client Communication
145	Fri 6/28/2013 12:02 PM	Stefan M. Palys	S. Managed	Ocwen settlement update	Attorney/Client Communication
146	Tue 7/2/2013 1:37 PM	Stefan M. Palys	S. Managed	Retainer info RE: FREO lawsuit	Attorney/Client Communication
147	Fri 7/5/2013 11:20 AM	Stefan M. Palys	S. Managed	Letters to Ocwen and other parties requesting quit claim deeds RE: Freo Arizona v. Easy Investments	Attorney/Client Communication
148	Wed 7/10/2013 11:33 AM	Stefan M. Palys	S. Managed	Ocwen settlement update	Attorney/Client Communication
149	Wed 7/10/2013 11:55 AM	Stefan M. Palys	S. Managed	Ocwen settlement update	Attorney/Client Communication
150	Wed 7/10/2013 1:23 PM	Stefan M. Palys	S. Managed	Settlement offer to Ocwen	Attorney/Client Communication
151	Thu 7/11/2013 11:14 AM	Stefan M. Palys	S. Managed	Settlement offer to Ocwen	Attorney/Client Communication
152	Thu 7/11/2013 11:59 AM	Stefan M. Palys	S. Managed	Settlement offer to Ocwen	Attorney/Client Communication
153	Mon 7/15/2013 11:09 AM	Jeffrey Goulder	S. Managed, Jody Angel	Summary judgment motion from FREO	Attorney/Client Communication
154	Mon 7/15/2013 11:15 AM	Jeffrey Goulder	S. Managed	Retainer info RE: FREO lawsuit	Attorney/Client Communication
155	Mon 7/15/2013 11:19 AM	Jeffrey Goulder	S. Managed	Retainer info RE: FREO lawsuit	Attorney/Client Communication
156	Mon 7/15/2013 2:07 PM	Jeffrey Goulder	S. Managed	Settlement offer to Ocwen	Attorney/Client Communication
157	Tue 7/16/2013 8:55 PM	Jeffrey Goulder	S. Managed	Retainer info RE: FREO lawsuit	Attorney/Client Communication
158	Tue 7/16/2013 9:21 PM	Jeffrey Goulder	S. Managed	Settlement offer to Ocwen	Attorney/Client Communication
159	Thu 7/18/2013 5:42 AM	Stefan M. Palys	S. Managed	Auto reply notification	Attorney/Client Communication
160	Thu 7/18/2013 12:43 PM	Stefan M. Palys	S. Managed	Settlement offer to Ocwen	Attorney/Client Communication
161	Thu 7/18/2013 12:50 PM	Stefan M. Palys	S. Managed	Settlement offer to Ocwen	Attorney/Client Communication
162	Wed 7/24/2013 10:29 AM	Stefan M. Palys	S. Managed	Settlement offer to Ocwen	Attorney/Client Communication
163	Thu 7/25/2013 12:44 PM	Stefan M. Palys	S. Managed	Settlement offer to Ocwen	Attorney/Client Communication
164	Mon 7/29/2013 10:53 AM	Stefan M. Palys	S. Managed	Settlement offer to Ocwen	Attorney/Client Communication
165	Wed 7/31/2013 1:08 PM	Stefan M. Palys	S. Managed	Settlement offer to Ocwen	Attorney/Client Communication
166	Tue 8/6/2013 9:53 AM	Stefan M. Palys	S. Managed	Settlement offer to Ocwen	Attorney/Client Communication
167	Thu 8/15/2013 11:08 AM	Stefan M. Palys	S. Managed	Empire - Andrews Lane	Attorney/Client Communication
168	Thu 8/15/2013 3:16 PM	Stefan M. Palys	S. Managed, Jody Angel	Draft of Easy Investments, LLC and Active Funding Group, LLC's Rule 26.1 Initial Disclosure Statement	Attorney/Client Communication
169	Thu 8/15/2013 5:29 PM	Jody Angel	Stefan M. Palys, S. Managed	Response to Draft of Easy Investments, LLC and Active Funding Group, LLC's Rule 26.1 Initial Disclosure Statement	Attorney/Client Communication
170	Thu 8/15/2013 7:34 PM	Stefan M. Palys	S. Managed, Jody Angel	Response to Draft of Easy Investments, LLC and Active Funding Group, LLC's Rule 26.1 Initial Disclosure Statement	Attorney/Client Communication
171	Fri 8/16/2013 9:03 AM	Stefan M. Palys	S. Managed	Response to Draft of Easy Investments, LLC and Active Funding Group, LLC's Rule 26.1 Initial Disclosure Statement	Attorney/Client Communication
172	Wed 8/21/2013 5:02 AM	Stefan M. Palys	S. Managed	Settlement offer to Ocwen/Fact Check for Motion Against Freo	Attorney/Client Communication
173	Wed 8/21/2013 8:11 AM	Patricia Jennings	S. Managed	Copy of Verification page/Disclosure Statement	Attorney/Client Communication
174	Thu 8/29/2013 2:07 PM	Stefan M. Palys	S. Managed, Jody Angel	Draft of response to the motion for summary judgment, the cross-motion, and the Attorney/Client Communication motion against Ocwen	Attorney/Client Communication
175	Fri 8/30/2013 10:38 AM	Stefan M. Palys	S. Managed, Jody Angel	Draft of response to the motion for summary judgment, the cross-motion, and the Attorney/Client Communication motion against Ocwen	Attorney/Client Communication
176	Tue 9/3/2013 4:56 PM	Stefan M. Palys	S. Managed	Draft of response to the motion for summary judgment, the cross-motion, and the Attorney/Client Communication motion against Ocwen	Attorney/Client Communication
177	Wed 9/4/2013 8:26 AM	Patricia Jennings	Stefan M. Palys, S. Managed	Declaration and Verification documents	Attorney/Client Communication
178	Fri 9/27/2013 4:00 PM	Stefan M. Palys	S. Managed	Freo v. Easy/Ocwen - Rental Issue	Attorney/Client Communication
179	Mon 10/7/2013 8:36 AM	Jeffrey Goulder	S. Managed	Retainer info RE: FREO lawsuit	Attorney/Client Communication
180	Mon 10/7/2013 9:12 AM	Jeffrey Goulder	S. Managed	Retainer info RE: FREO lawsuit	Attorney/Client Communication
181	Fri 11/22/2013 11:28 AM	Stefan M. Palys	S. Managed	Easy/Active - MSJ Reply, Due 11/25/13	Attorney/Client Communication
182	Fri 12/6/2013 12:17 PM	Stefan M. Palys	S. Managed	Outcome RE: Freo v. Easy/Active v. Ocwen - MSJ Hearing	Attorney/Client Communication
183	Fri 12/6/2013 1:01 PM	Stefan M. Palys	S. Managed	Recap of breakdown for Ocwen settlement figures	Attorney/Client Communication
184	Tue 12/10/2013 10:26 AM	Stefan M. Palys	S. Managed	Update RE: Ocwen settlement	Attorney/Client Communication
185	Wed 12/11/2013 3:06 PM	Stefan M. Palys	S. Managed	Update RE: Ocwen settlement, Settlement Demand (Rule 408 Communication)	Attorney/Client Communication

Yomtov Scott Managed - AOL Emails
Privilege Log

NUMBER	DATE	SENDER(S)	RECIPIENT(S)	SUBJECT	PRIVILEGE
186	Wed 12/11/2013 3:58 PM	Stefan M. Palys	S. Managed	Easy/Freo/Ocwen - Property Listed	Attorney/Cient Communication
187	Mon 12/16/2013 2:02 PM	Stefan M. Palys	S. Managed	Update RE: Freo v. Easy/Ocwen, Andrew Lane property	Attorney/Cient Communication
188	Fri 12/20/2013 12:26 PM	Stefan M. Palys	S. Managed	Update RE: Ocwen, Retainer issue	Attorney/Cient Communication
189	Fri 12/20/2013 12:40 PM	Stefan M. Palys	S. Managed	Retainer issue	Attorney/Cient Communication
190	Fri 12/27/2013 8:21 AM	Stefan M. Palys	S. Managed	Ocwen settlement counteroffer	Attorney/Cient Communication
191	Fri 12/27/2013 3:54 PM	Stefan M. Palys	S. Managed	Ocwen settlement counteroffer issues	Attorney/Cient Communication
192	Mon 12/30/2013 10:37 AM	Stefan M. Palys	S. Managed	707E. Potter Drive / List of Expenses / AZ13-6879	Attorney/Cient Communication
193	Wed 1/8/2014 8:40 AM	Stefan M. Palys	S. Managed	Update on offer RE: 707E. Potter Drive / List of Expenses / AZ13-6879	Attorney/Cient Communication
194	Wed 1/8/2014 3:35 PM	Stefan M. Palys	S. Managed	Response to update on offer RE: 707E. Potter Drive / List of Expenses / AZ13-6879	Attorney/Cient Communication
195	Wed 1/8/2014 4:16 PM	Stefan M. Palys	S. Managed		
196	Thu 1/9/2014 4:22 AM	Stefan M. Palys	S. Managed	Update RE: Freo v. Easy/Active v. Ocwen	Attorney/Cient Communication
197	Mon 1/13/2014 6:34 PM	Jeffrey Goulder	S. Managed	Request for meeting on new matter	Attorney/Cient Communication
198	Mon 1/13/2014 9:08 PM	Jeffrey Goulder	S. Managed	Request for meeting on new matter	Attorney/Cient Communication
199	Wed 1/15/2014 8:10 AM	Jeffrey Goulder	S. Managed	Request for meeting on new matter	Attorney/Cient Communication
200	Wed 1/15/2014 8:16 AM	Jeffrey Goulder	S. Managed	Request for meeting on new matter	Attorney/Cient Communication
201	Wed 1/15/2014 8:21 AM	Jeffrey Goulder	S. Managed	Request for meeting on new matter	Attorney/Cient Communication
202	Wed 1/15/2014 1:20 PM	Jeffrey Goulder	S. Managed	Meeting on new matter RE: Sell Wholesale Funding	Attorney/Cient Communication
203	Wed 1/15/2014 5:11 PM	Jeffrey Goulder	S. Managed	Update on new matter	Attorney/Cient Communication
204	Wed 1/15/2014 5:27 PM	Jeffrey Goulder	S. Managed	Copy of letter from Bob Miller RE: Mortgage Recordation, Demand for Subordination/Enesco	Attorney/Cient Communication
205	Thu 1/16/2014 5:59 AM	Jeffrey Goulder	S. Managed	Strategy RE Mortgage Recordation, Demand for Subordination/Enesco	Attorney/Cient Communication
206	Thu 1/16/2014 2:31 PM	Jeffrey Goulder	S. Managed	Term sheet revised	Attorney/Cient Communication
207	Thu 1/16/2014 5:53 PM	Jeffrey Goulder	S. Managed	Meeting request; NDA	Attorney/Cient Communication
208	Thu 1/16/2014 6:24 PM	Jeffrey Goulder	S. Managed	NDA issues	Attorney/Cient Communication
209	Thu 1/16/2014 8:23 PM	Jeffrey Goulder	S. Managed	NDA issues	Attorney/Cient Communication
210	Fri 1/17/2014 5:24 AM	Jeffrey Goulder	S. Managed	NDA issues	Attorney/Cient Communication
211	Fri 1/17/2014 7:02 AM	Jeffrey Goulder	S. Managed	NDA issues	Attorney/Cient Communication
212	Fri 1/17/2014 11:15 AM	Jeffrey Goulder	S. Managed	Term sheet	Attorney/Cient Communication
213	Mon 1/20/2014 8:11 AM	Jeffrey Goulder	S. Managed	Meeting confirmation	Attorney/Cient Communication
214	Mon 1/20/2014 8:36 AM	Jeffrey Goulder	S. Managed	Meeting issues	Attorney/Cient Communication
215	Mon 1/20/2014 8:53 AM	Jeffrey Goulder	S. Managed	Meeting confirmation; Retainer issues	Attorney/Cient Communication
216	Mon 1/20/2014 9:02 AM	Jeffrey Goulder	S. Managed	Meeting request with Enesco attorney	Attorney/Cient Communication
217	Wed 1/22/2014 1:15 PM	Jeffrey Goulder	S. Managed	Copies of invoices and payment request	Attorney/Cient Communication
218	Thu 1/23/2014 4:36 AM	Jeffrey Goulder	S. Managed	Invoice payment confirmation	Attorney/Cient Communication
219	Thu 1/23/2014 9:37 AM	Paul Levine	S. Managed	Offer to borrower RE:?	Attorney/Cient Communication
220	Mon 2/3/2014 5:06 AM	Jeffrey Goulder	S. Managed	Meeting confirmation with Enesco attorney	Attorney/Cient Communication
221	Mon 2/3/2014 9:31 AM	Jeffrey Goulder	S. Managed	Telephone communication request RE: Forbearance with DenSco	Attorney/Cient Communication
222	Mon 2/3/2014 12:10 PM	Jeffrey Goulder	S. Managed	Update RE: Forbearance with DenSco	Attorney/Cient Communication
223	Mon 2/3/2014 3:20 PM	Jeffrey Goulder	S. Managed	Draft of Revised Forbearance Agreement with DenSco and Managed entities	Attorney/Cient Communication
224	Tue 2/4/2014 1:45 PM	Jeffrey Goulder	S. Managed	Telephone communication request RE: Forbearance with DenSco	Attorney/Cient Communication
225	Tue 2/4/2014 2:39 PM	Stefan M. Palys	S. Managed	Request for updated figures for Ocwen Settlement	Attorney/Cient Communication
226	Tue 2/4/2014 2:42 PM	Stefan M. Palys	S. Managed	Request for updated figures for Ocwen Settlement	Attorney/Cient Communication
227	Tue 2/4/2014 2:45 PM	Stefan M. Palys	S. Managed	Issues concerning updated figures for Ocwen Settlement	Attorney/Cient Communication
228	Tue 2/4/2014 2:46 PM	Stefan M. Palys	S. Managed	Issues concerning updated figures for Ocwen Settlement	Attorney/Cient Communication
229	Tue 2/4/2014 8:27 PM	Jeffrey Goulder	S. Managed	Issues with Revised Forbearance Agreement with DenSco and Managed entities	Attorney/Cient Communication
230	Wed 2/5/2014 12:07 PM	Jeffrey Goulder	S. Managed	Inquiry for meeting with DenSco attorney	Attorney/Cient Communication
231	Wed 2/5/2014 12:11 PM	Jeffrey Goulder	S. Managed	Concern for meeting with DenSco attorney amidst unresolved issues with Forbearance agreement	Attorney/Cient Communication

Yontov Scott Managed - AOL Emails
Privilege Log

NUMBER	DATE	SENDER(S)	RECIPIENT(S)	SUBJECT	PRIVILEGE
232	Wed 2/5/2014 7:20 PM	Jeffrey Goulder	S. Managed	Update for meeting with DenSco attorney	Attorney/Client Communication
233	Thu 2/6/2014 11:02 AM	Jeffrey Goulder	S. Managed	Update for meeting with DenSco attorney and funding discussion	Attorney/Client Communication
234	Thu 2/6/2014 11:06 AM	Jeffrey Goulder	S. Managed	Update for meeting with DenSco attorney and funding discussion	Attorney/Client Communication
	Sat 2/8/2014 7:17 AM	Jeffrey Goulder	S. Managed	Forward of David Beauchamp's response to Forbearance Agreement between Managed entities and DenSco	Attorney/Client Communication
235	Sun 2/9/2014 6:47 AM	Jeffrey Goulder	S. Managed	Telephone communication request RE Forbearance with DenSco/Workshare Professional Document Distribution	Attorney/Client Communication
236	Mon 2/10/2014 12:05 PM	Jeffrey Goulder	S. Managed	Changes to Forbearance Agreement	Attorney/Client Communication
237	Mon 2/10/2014 12:16 PM	Stefan M. Palys	S. Managed	Revised Settlement offer from Ocwen	Attorney/Client Communication
238	Mon 2/10/2014 12:47 PM	Stefan M. Palys	S. Managed	Concerns over revised settlement offer from Ocwen	Attorney/Client Communication
239	Mon 2/10/2014 3:27 PM	Stefan M. Palys	S. Managed	Inquiry of proof of ETS refunding purchase price after Trustee Sale	Attorney/Client Communication
240	Mon 2/10/2014 3:39 PM	Stefan M. Palys	S. Managed	Inquiry of proof of ETS refunding purchase price after Trustee Sale	Attorney/Client Communication
241	Tue 2/11/2014 4:14 PM	Stefan M. Palys	S. Managed	Legal stance on giving up property to mitigate damages	Attorney/Client Communication
242	Wed 2/12/2014 4:26 AM	Stefan M. Palys	S. Managed	Confirmation of rejection of settlement agreement and file MSI	Attorney/Client Communication
243	Wed 2/12/2014 8:00 AM	Jeffrey Goulder	S. Managed	Issues with Revised Forbearance Agreement with DenSco and Managed entities	Attorney/Client Communication
244	Wed 2/12/2014 11:58 AM	Stefan M. Palys	S. Managed	Inquiry to a figure to counter Ocwen's settlement amount	Attorney/Client Communication
245	Wed 2/12/2014 12:28 PM	Stefan M. Palys	S. Managed	Question about distribution of settlement funds	Attorney/Client Communication
246	Thu 2/13/2014 9:48 AM	Stefan M. Palys	S. Managed	New Settlement offer from Ocwen	Attorney/Client Communication
247	Thu 2/13/2014 9:51 AM	Stefan M. Palys	S. Managed	Acceptance of new settlement offer from Ocwen	Attorney/Client Communication
248	Thu 2/13/2014 9:54 AM	Stefan M. Palys	S. Managed	Other stipulations of settlement agreement from Ocwen	Attorney/Client Communication
249	Thu 2/13/2014 9:56 AM	Stefan M. Palys	S. Managed	Other stipulations of settlement agreement from Ocwen	Attorney/Client Communication
250	Thu 2/13/2014 10:06 AM	Stefan M. Palys	S. Managed	Legal responsibility for Easy and Active	Attorney/Client Communication
251	Thu 2/13/2014 2:22 PM	Stefan M. Palys	S. Managed	Timeframe issues with payout from Ocwen settlement	Attorney/Client Communication
252	Thu 2/13/2014 2:42 PM	Stefan M. Palys	S. Managed	Documentation needed to finalize Ocwen settlement offer/Transfer title of property	Attorney/Client Communication
253	Thu 2/13/2014 5:49 PM	Jeffrey Goulder	S. Managed	Issues with Revised Forbearance Agreement with DenSco and Managed entities	Attorney/Client Communication
254	Sat 2/15/2014 2:21 PM	Jeffrey Goulder	S. Managed	Issues with Revised Forbearance Agreement with DenSco and Managed entities	Attorney/Client Communication
255	Mon 2/17/2014 7:55 AM	Jeffrey Goulder	S. Managed	Inquiry for meeting with DenSco and counsel	Attorney/Client Communication
256	Mon 2/17/2014 8:02 AM	Jeffrey Goulder	S. Managed	Issues with Revised Forbearance Agreement with DenSco and Managed entities	Attorney/Client Communication
257	Tue 2/18/2014 2:06 PM	Stefan M. Palys	S. Managed	Documentation needed to finalize Ocwen settlement offer/Transfer title of property	Attorney/Client Communication
258	Wed 2/19/2014 7:17 PM	Jeffrey Goulder	S. Managed	Confirmation of meeting with DenSco and counsel	Attorney/Client Communication
259	Thu 2/20/2014 3:05 PM	Jeffrey Goulder	S. Managed	Post meeting conversation with Denny, Additional retainer request	Attorney/Client Communication
260	Sun 2/23/2014 11:22 AM	Stefan M. Palys	S. Managed	Request for free to remove listing for sale of property	Attorney/Client Communication
261	Mon 2/24/2014 8:36 AM	Jeffrey Goulder	S. Managed	Issues with Revised Forbearance Agreement with DenSco and Managed entities	Attorney/Client Communication
262	Mon 2/24/2014 2:35 PM	Jeffrey Goulder	S. Managed	Issues with Revised Forbearance Agreement with DenSco and Managed entities	Attorney/Client Communication
263	Tue 2/25/2014 11:27 AM	Jeffrey Goulder	S. Managed	Copies of revised Forbearance Agreement post meeting with DenSco and their counsel	Attorney/Client Communication
264	Tue 2/25/2014 6:31 PM	Jeffrey Goulder	S. Managed	Issues with Revised Forbearance Agreement with DenSco and Managed entities	Attorney/Client Communication
265	Wed 2/26/2014 9:48 AM	Jeffrey Goulder	S. Managed	Request for retainer	Attorney/Client Communication
266	Wed 2/26/2014 4:23 PM	Stefan M. Palys	S. Managed	Documentation needed to finalize Ocwen settlement offer/Transfer title of property	Attorney/Client Communication
267	Thu 2/27/2014 6:26 AM	Stefan M. Palys	S. Managed	Request for additional funds (for losses) in Ocwen Settlement due to the delay in Issuing funds	Attorney/Client Communication

NUMBER	DATE	SENDER(S)	RECIPIENT(S)	SUBJECT	PRIVILEGE
268	Thu 2/27/2014 1:58 PM	Stefan M. Palys	S. Menaged	Reaction to request for additional funds for losses due to delay	Attorney/Client Communication
269	Thu 2/27/2014 2:38 PM	Stefan M. Palys	S. Menaged	Request for executed W-9 for Easy	Attorney/Client Communication
270	Thu 2/27/2014 3:02 PM	Stefan M. Palys	S. Menaged	Draft of Settlement Agreement between Freo, Easy, and Active to facilitate Ocwen settlement	Attorney/Client Communication
271	Thu 2/27/2014 3:17 PM	Stefan M. Palys	S. Menaged, Jody Angel	Draft of Settlement Agreement between Ocwen, Freo, Easy, and Active to facilitate Ocwen settlement	Attorney/Client Communication
272	Thu 2/27/2014 4:51 PM	Stefan M. Palys	S. Menaged	Follow up request for executed W-9 for Easy	Attorney/Client Communication
273	Thu 2/27/2014 4:57 PM	Stefan M. Palys	S. Menaged	Follow up request for executed W-9 for Easy	Attorney/Client Communication
274	Fri 2/28/2014 7:36 AM	Stefan M. Palys	S. Menaged, Jody Angel	Final copy of Settlement Agreement and release Freo, Easy, and Active to facilitate Ocwen settlement	Attorney/Client Communication
275	Fri 2/28/2014 11:07 AM	Stefan M. Palys	S. Menaged, Jody Angel	Draft of Quit Claim Deed and Release of US Pendens for FREQ settlement	Attorney/Client Communication
276	Mon 3/3/2014 10:39 AM	Jeffrey Goulder	S. Menaged	Request for retainer	Attorney/Client Communication
277	Tue 3/4/2014 10:13 AM	Jeffrey Goulder	S. Menaged	Request for retainer	Attorney/Client Communication
278	Thu 3/6/2014 7:58 AM	Stefan M. Palys	S. Menaged	Follow up request for executed W-9 for Easy and Ocwen settlement	Attorney/Client Communication
279	Thu 3/6/2014 8:04 AM	Stefan M. Palys	S. Menaged	PDFs of documents to be executed, Explanation of settlement	Attorney/Client Communication
280	Thu 3/6/2014 8:10 AM	Stefan M. Palys	S. Menaged	Explanation of risks with selling property involved in settlement	Attorney/Client Communication
281	Mon 3/10/2014 5:28 AM	Stefan M. Palys	S. Menaged, Jody Angel	Follow up request for executed W-9 for Easy and Ocwen settlement and FREQ settlement	Attorney/Client Communication
282	Mon 3/10/2014 11:40 AM	Stefan M. Palys	S. Menaged, Jody Angel	Acknowledgement of received executed documents RE: Ocwen settlement	Attorney/Client Communication
283	Tue 3/25/2014 10:00 AM	Stefan M. Palys	S. Menaged	Update on US Pendens with FREQ	Attorney/Client Communication
284	Tue 3/25/2014 11:17 AM	Stefan M. Palys	S. Menaged, Jody Angel	PDF of Settlement Agreement between FREQ and Easy and Active	Attorney/Client Communication
285	Mon 4/7/2014 8:34 AM	Stefan M. Palys	S. Menaged	Update on settlement checks	Attorney/Client Communication
286	Tue 4/15/2014 3:46 PM	Stefan M. Palys	S. Menaged	Update on settlement checks	Attorney/Client Communication
287	Wed 4/16/2014 2:53 PM	Stefan M. Palys	S. Menaged	Copies of Settlement check from Ocwen to Easy and Stipulation and Order to Dismiss	Attorney/Client Communication
288	Wed 4/16/2014 2:57 PM	Stefan M. Palys	S. Menaged	Update on US Pendens with FREQ	Attorney/Client Communication
289	Wed 4/16/2014 2:59 PM	Stefan M. Palys	S. Menaged	Copy of fully executed Settlement Agreement between Easy and Ocwen	Attorney/Client Communication
290	Wed 4/16/2014 3:15 PM	Stefan M. Palys	S. Menaged	Update on US Pendens with FREQ	Attorney/Client Communication
291	Wed 4/16/2014 3:28 PM	Stefan M. Palys	S. Menaged	Request for remaining balance due for legal fees	Attorney/Client Communication
292	Wed 4/16/2014 4:16 PM	Stefan M. Palys	S. Menaged	Request for remaining balance due for legal fees	Attorney/Client Communication
293	Fri 4/18/2014 2:25 PM	Stefan M. Palys	S. Menaged	Request for remaining balance due for legal fees	Attorney/Client Communication
294	Mon 4/21/2014 10:43 AM	Stefan M. Palys	S. Menaged	Update on US Pendens with FREQ	Attorney/Client Communication
295	Mon 4/21/2014 10:46 AM	Stefan M. Palys	S. Menaged	Request for remaining balance due for legal fees	Attorney/Client Communication
296	Mon 4/21/2014 11:04 AM	Stefan M. Palys	S. Menaged	Options to pick up executed US Pendens with FREQ	Attorney/Client Communication
297	Tue 4/22/2014 7:08 AM	Stefan M. Palys	S. Menaged	Options to pick up executed US Pendens with FREQ	Attorney/Client Communication
298	Tue 4/22/2014 7:12 AM	Stefan M. Palys	S. Menaged	Options to pick up executed US Pendens with FREQ	Attorney/Client Communication
299	Tue 4/22/2014 7:16 AM	Stefan M. Palys	S. Menaged	Options to pick up executed US Pendens with FREQ	Attorney/Client Communication
300	Wed 4/30/2014 1:49 PM	Stefan M. Palys	S. Menaged	Response to request for representation; Conflict issues RE: Van Bentley	Attorney/Client Communication
301	Thu 5/1/2014 3:00 PM	Stefan M. Palys	S. Menaged	Maldonado property breach of sale contract	Attorney/Client Communication
302	Fri 5/2/2014 9:29 AM	Stefan M. Palys	S. Menaged	Telephone conversation request RE: Van Bentley/Maldonado property breach of sale contract	Attorney/Client Communication
303	Fri 8/29/2014 9:21 AM	Stefan M. Palys	S. Menaged	Notice of new lawsuit RE: Los Paseos Condominium Owners Association v. Easy	Attorney/Client Communication
304	Fri 8/29/2014 9:34 AM	Stefan M. Palys	S. Menaged	Investments and others - Tax Lien Foreclosure	Attorney/Client Communication
305	Fri 8/29/2014 9:36 AM	Stefan M. Palys	S. Menaged	Request for a favor to inspect a property for counsel's client	Attorney/Client Communication
306	Wed 10/22/2014 9:55 AM	Stefan M. Palys	S. Menaged	Response to favor request	Attorney/Client Communication
307	Wed 10/22/2014 10:57 AM	Stefan M. Palys	S. Menaged	Inquiry into short term rental of Menaged properties for visiting actors	Attorney/Client Communication
308	Fri 6/24/2016 8:35 AM	Jeffrey Goulder	S. Menaged	Reply to rental inquiry	Attorney/Client Communication
				Request for meeting RE: New litigation	Attorney/Client Communication

Yontov Scott Managed - AOL Emails
Privilege Log

NUMBER	DATE	SENDER(S)	RECIPIENT(S)	SUBJECT	PRIVILEGE
309	Mon 6/27/2016 9:50 AM	Stefan M. Palys	S. Managed	Information request prior to meeting	Attorney/Client Communication
310	Mon 6/27/2016 10:03 AM	Stefan M. Palys	S. Managed	Information request prior to meeting	Attorney/Client Communication
311	Mon 6/27/2016 10:06 AM	Stefan M. Palys	S. Managed	Information request prior to meeting	Attorney/Client Communication
312	Tue 6/28/2016 10:01 AM	Jeffrey Goulder	S. Managed	Advice retaining bankruptcy attorney Dale Schlan if non-discharge claim is filed	Attorney/Client Communication
313	Tue 6/28/2016 10:11 AM	Jeffrey Goulder	S. Managed	Advice retaining criminal attorney Clark Derrick	Attorney/Client Communication
314	Tue 6/28/2016 10:29 AM	Dale Schlan	S. Managed	Contact info confirmation	Attorney/Client Communication
315	Wed 6/29/2016 7:11 PM	Dale Schlan	S. Managed; Cody Jess;	Copy of Firm's Engagement Letter, Billing policies and File maintenance policy	Attorney/Client Communication
316	Thu 6/30/2016 12:18 PM	Debbi Stephens	S. Managed	Invitation to online questionnaire for opening bankruptcy case	Attorney/Client Communication
317	Thu 6/30/2016 12:20 PM	My Case Info	S. Managed	Invitation to online questionnaire for opening bankruptcy case	Attorney/Client Communication
318	Thu 6/30/2016 1:34 PM	Debbi Stephens	S. Managed	Acknowledgement of received Engagement Agreement	Attorney/Client Communication
319	Thu 6/30/2016 1:36 PM	Cody Jess	S. Managed	Acknowledgement of received Engagement Agreement	Attorney/Client Communication
320	Thu 6/30/2016 12:06 PM	Cody Jess	S. Managed	Retainer status; Introduction of Trustee's counsel, Steve Nemecek	Attorney/Client Communication
321	Tue 7/5/2016 1:36 PM	Cody Jess	S. Managed	Meeting confirmation, Rescheduling of 341 meeting	Attorney/Client Communication
322	Tue 7/5/2016 1:37 PM	Cody Jess	S. Managed	Prep work for meeting	Attorney/Client Communication
323	Tue 7/5/2016 2:20 PM	Cody Jess	S. Managed	Document requirements by Trustee for 2004 exam	Attorney/Client Communication
324	Tue 7/5/2016 3:06 PM	Cody Jess	S. Managed	Response to question regarding living expense funding for Managed	Attorney/Client Communication
325	Tue 7/5/2016 3:08 PM	Cody Jess	S. Managed	Response to question regarding living expense funding for Managed	Attorney/Client Communication
326	Tue 7/5/2016 4:34 PM	Cody Jess	S. Managed	Response to question regarding living expense funding for Managed	Attorney/Client Communication
327	Wed 7/6/2016 11:45 AM	Cody Jess	S. Managed	Update on status of retainer	Attorney/Client Communication
328	Wed 7/6/2016 11:53 AM	Cody Jess	S. Managed	Update on document production for 2004 exam	Attorney/Client Communication
329	Wed 7/6/2016 12:09 PM	Cody Jess	S. Managed	Response to question regarding living expense funding for Managed; Other questions for Managed	Attorney/Client Communication
330	Wed 7/6/2016 12:51 PM	Cody Jess	S. Managed	Bankruptcy procedure for Sunnyside property	Attorney/Client Communication
331	Wed 7/6/2016 1:24 PM	Cody Jess	S. Managed	Bankruptcy procedure for Sunnyside property	Attorney/Client Communication
332	Wed 7/6/2016 2:19 PM	Cody Jess	S. Managed	Bankruptcy procedure for Sunnyside property	Attorney/Client Communication
333	Thu 7/7/2016 12:44 PM	Cody Jess	S. Managed	Document production required; Rescheduling of 341 meeting	Attorney/Client Communication
334	Thu 7/7/2016 1:01 PM	Cody Jess	S. Managed	341 scheduling availability	Attorney/Client Communication
335	Thu 7/7/2016 4:34 PM	Cody Jess	S. Managed	Confirmation of meeting; Fee deposit comments	Attorney/Client Communication
336	Thu 7/7/2016 4:50 PM	Cody Jess	S. Managed	Fee deposit comments	Attorney/Client Communication
337	Fri 7/8/2016 4:05 PM	Debbi Stephens	S. Managed	Copies of the firm's notice of appearance and declaration regarding the fee deposit	Attorney/Client Communication
338	Fri 7/8/2016 4:07 PM	Cody Jess	S. Managed	Densco debt liability; BMW concerns/issues	Attorney/Client Communication
339	Fri 7/8/2016 4:56 PM	Cody Jess	S. Managed	Required documents from business entities	Attorney/Client Communication
340	Fri 7/8/2016 5:45 PM	Cody Jess	S. Managed	Confirmation of BMW model	Attorney/Client Communication
341	Fri 7/8/2016 5:49 PM	Cody Jess	S. Managed	Document production issues	Attorney/Client Communication
342	Mon 7/11/2016 2:27 PM	Cody Jess	S. Managed	Request for telephone conference	Attorney/Client Communication
343	Mon 7/11/2016 2:28 PM	Cody Jess	S. Managed	Request for telephone conference	Attorney/Client Communication
344	Mon 7/11/2016 2:55 PM	Cody Jess	S. Managed	Document request	Attorney/Client Communication
345	Mon 7/11/2016 2:59 PM	Cody Jess	S. Managed	Document request	Attorney/Client Communication
346	Mon 7/11/2016 3:03 PM	Cody Jess	S. Managed	Confirmation request for properties owned by Easy Investments	Attorney/Client Communication
347	Mon 7/11/2016 3:36 PM	Cody Jess	S. Managed	Issues with properties owned by Easy or AHF	Attorney/Client Communication
348	Mon 7/11/2016 4:46 PM	Cody Jess	S. Managed	Document production commentary	Attorney/Client Communication
349	Tue 7/12/2016 10:29 AM	Cody Jess	S. Managed	Request for Mesa lease	Attorney/Client Communication
350	Tue 7/12/2016 10:57 AM	Cody Jess	S. Managed	Issues/concerns regarding properties owned by Easy or AHF	Attorney/Client Communication
351	Tue 7/12/2016 11:13 AM	Cody Jess	S. Managed	Inquiry into property on Marilyn Ave	Attorney/Client Communication
352	Tue 7/12/2016 11:23 AM	Cody Jess	S. Managed	Issues/concerns regarding properties sold by Easy	Attorney/Client Communication
353	Tue 7/12/2016 11:49 AM	Cody Jess	S. Managed	Copy of the Notice of Continued Date for Meeting of Creditors	Attorney/Client Communication
354	Tue 7/12/2016 3:12 PM	Cody Jess	S. Managed	Sale deed request RE: Marilyn Ave. property	Attorney/Client Communication
355	Tue 7/12/2016 3:14 PM	Cody Jess	S. Managed	Questions about ownership of Marilyn Ave. property	Attorney/Client Communication

Yontov Scott Menaged - AOL Emails
Privilege Log

NUMBER	DATE	SENDER(S)	RECEIPT(S)	SUBJECT	PRIVILEGE
356	Tue 7/12/2016 3:25 PM	Cody Jess	S. Menaged	Questions about sale proceeds of Marilyn Ave. property	Attorney/Client Communication
357	Tue 7/12/2016 4:40 PM	Cody Jess	S. Menaged	Inquiry into Eric Weinbrenner, EZ and Easy	Attorney/Client Communication
358	Tue 7/12/2016 4:43 PM	Cody Jess	S. Menaged	Inquiry into Eric Weinbrenner, EZ and Easy	Attorney/Client Communication
359	Tue 7/12/2016 5:31 PM	Cody Jess	S. Menaged	Confirmation of sale proceeds and settlement statement for Marilyn property	Attorney/Client Communication
360	Tue 7/12/2016 6:45 PM	Cody Jess	S. Menaged	Document production request for Trustee	Attorney/Client Communication
361	Tue 7/12/2016 6:47 PM	Cody Jess	S. Menaged	Telephone communication request; Document production request for Trustee	Attorney/Client Communication
362	Tue 7/12/2016 6:49 PM	Cody Jess	S. Menaged	Telephone communication confirmation	Attorney/Client Communication
363	Tue 7/12/2016 6:57 PM	Cody Jess	S. Menaged	Telephone communication confirmation	Attorney/Client Communication
364	Tue 7/12/2016 7:00 PM	Cody Jess	S. Menaged	Managed vehicle ownership/lease request	Attorney/Client Communication
365	Tue 7/12/2016 7:03 PM	Cody Jess	S. Menaged	Managed vehicle ownership/lease request	Attorney/Client Communication
366	Tue 7/12/2016 7:06 PM	Cody Jess	S. Menaged	Managed vehicle ownership/lease request	Attorney/Client Communication
367	Tue 7/12/2016 7:12 PM	Cody Jess	S. Menaged	Request for correspondence between Menaged and Tim Barnes regarding his 2004 examination	Attorney/Client Communication
368	Tue 7/12/2016 7:13 PM	Cody Jess	S. Menaged	Request for correspondence between Menaged and Tim Barnes regarding his 2004 examination	Attorney/Client Communication
369	Wed 7/13/2016 9:58 AM	Cody Jess	S. Menaged	Reschedule of meeting request	Attorney/Client Communication
370	Wed 7/13/2016 10:05 AM	Cody Jess	S. Menaged	Reschedule of meeting request	Attorney/Client Communication
371	Wed 7/13/2016 2:50 PM	Cody Jess	S. Menaged	Managed vehicle ownership/lease confirmation	Attorney/Client Communication
372	Wed 7/13/2016 3:10 PM	Cody Jess	S. Menaged	Managed vehicle ownership/lease document request	Attorney/Client Communication
373	Wed 7/13/2016 3:12 PM	Cody Jess	S. Menaged	Managed vehicle ownership/lease document request	Attorney/Client Communication
374	Wed 7/13/2016 3:15 PM	Cody Jess	S. Menaged	Managed vehicle ownership/lease document request	Attorney/Client Communication
375	Wed 7/13/2016 3:43 PM	Cody Jess	S. Menaged	Managed vehicle ownership/lease document request	Attorney/Client Communication
376	Wed 7/13/2016 4:08 PM	Cody Jess	S. Menaged	Managed vehicle ownership/lease document request	Attorney/Client Communication
377	Wed 7/13/2016 4:40 PM	Cody Jess	S. Menaged	Request for bank statements reflecting sale proceeds from Marilyn property	Attorney/Client Communication
378	Wed 7/13/2016 4:46 PM	Cody Jess	S. Menaged	Check registry request for all Menaged entities and personal accounts	Attorney/Client Communication
379	Wed 7/13/2016 4:48 PM	Cody Jess	S. Menaged	Check registry request for all Menaged entities and personal accounts	Attorney/Client Communication
380	Wed 7/13/2016 4:50 PM	Cody Jess	S. Menaged	Speculative breakdown of Sunnyside property sale proceeds	Attorney/Client Communication
381	Wed 7/13/2016 4:54 PM	Cody Jess	S. Menaged	Communication request to discuss vehicles	Attorney/Client Communication
382	Wed 7/13/2016 4:54 PM	Cody Jess	S. Menaged	Communication request	Attorney/Client Communication
383	Wed 7/13/2016 4:56 PM	Cody Jess	S. Menaged	Communication request	Attorney/Client Communication
384	Wed 7/13/2016 5:17 PM	Cody Jess	S. Menaged	Potential criminal prosecution	Attorney/Client Communication
385	Wed 7/13/2016 5:31 PM	Cody Jess	S. Menaged	Communication confirmation RE: Schedules	Attorney/Client Communication
386	Wed 7/13/2016 7:39 PM	Cody Jess	S. Menaged	Numerous questions regarding Menaged business activities	Attorney/Client Communication
387	Wed 7/13/2016 8:00 PM	Cody Jess	S. Menaged	Response to questions; Request for meeting	Attorney/Client Communication
388	Wed 7/13/2016 8:10 PM	Cody Jess	S. Menaged	Telephone communication request	Attorney/Client Communication
389	Thu 7/14/2016 10:27 AM	Cody Jess	S. Menaged	Request to postpone meeting	Attorney/Client Communication
390	Thu 7/14/2016 10:49 AM	Cody Jess	S. Menaged	Confirmation of postponement of meeting	Attorney/Client Communication
391	Thu 7/14/2016 11:19 AM	Cody Jess	S. Menaged	Request for bank statements for AHF reflecting \$5.5MM deposit from Joe Menaged	Attorney/Client Communication
392	Thu 7/14/2016 11:20 AM	Cody Jess	S. Menaged	US Bank document production for Easy Investments	Attorney/Client Communication
393	Thu 7/14/2016 11:25 AM	Cody Jess	S. Menaged	Request for Furniture King records	Attorney/Client Communication
394	Thu 7/14/2016 11:27 AM	Cody Jess	S. Menaged	Transfer inquiry from SFF to AHF for Marilyn sale proceeds	Attorney/Client Communication
395	Thu 7/14/2016 11:29 AM	Cody Jess	S. Menaged	Request for correct AHF bank statements	Attorney/Client Communication
396	Thu 7/14/2016 11:31 AM	Cody Jess	S. Menaged	Beneficial Checking account from open to close	Attorney/Client Communication
397	Thu 7/14/2016 11:35 AM	Cody Jess	S. Menaged	Questions regarding Beneficial bank statements	Attorney/Client Communication
398	Thu 7/14/2016 12:38 PM	Cody Jess	S. Menaged	Firm's concerns about Menaged's conduct, actions and truthfulness	Attorney/Client Communication
399	Thu 7/14/2016 12:40 PM	Cody Jess	S. Menaged	RE: Transfer from personal back to Beneficial	Attorney/Client Communication

Yontov Scott Managed - AOL Emails
Privilege Log

NUMBER	DATE	SENDER(S)	RECIPIENT(S)	SUBJECT	PRIVILEGE
400	Thu 7/14/2016 12:53 PM	Cody Jess	S. Managed	Response to Firm's concerns about Managed's conduct, actions and truthfulness	Attorney/Client Communication
401	Thu 7/14/2016 12:56 PM	Cody Jess	S. Managed	Inquiry RE: Loan from Joe Managed to Furniture King	Attorney/Client Communication
402	Thu 7/14/2016 4:27 PM	Cody Jess	S. Managed	Update on document production deadline for 2004 exam	Attorney/Client Communication
403	Thu 7/14/2016 5:05 PM	Cody Jess	S. Managed	Request for information on the foreclosure of Red Range Way property	Attorney/Client Communication
404	Thu 7/14/2016 5:06 PM	Cody Jess	S. Managed	Update on document production from US Bank	Attorney/Client Communication
405	Thu 7/14/2016 5:07 PM	Cody Jess	S. Managed	Accountant referrals	Attorney/Client Communication
406	Thu 7/14/2016 5:08 PM	Cody Jess	S. Managed	Rental income from 9555 E Raintree Dr 1004	Attorney/Client Communication
407	Thu 7/14/2016 5:10 PM	Cody Jess	S. Managed	Rental income from 9555 E Raintree Dr 1005	Attorney/Client Communication
408	Thu 7/14/2016 5:12 PM	Cody Jess	S. Managed	Issues RE: Foreclosure of Red Range Way property	Attorney/Client Communication
409	Thu 7/14/2016 5:21 PM	Cody Jess	S. Managed	Rental income from 9555 E Raintree Dr 1005	Attorney/Client Communication
410	Thu 7/14/2016 5:25 PM	Cody Jess	S. Managed	Rental agreement request from 9555 E Raintree Dr 1006	Attorney/Client Communication
411	Thu 7/14/2016 5:41 PM	Cody Jess	S. Managed	Accountant referrals update	Attorney/Client Communication
412	Thu 7/14/2016 5:42 PM	Cody Jess	S. Managed	Accountant referrals update	Attorney/Client Communication
413	Thu 7/14/2016 6:04 PM	Cody Jess	S. Managed	Request for missing tax documents for 2004 exam	Attorney/Client Communication
414	Thu 7/14/2016 6:59 PM	Cody Jess	S. Managed	Questions RE account ending in 5525	Attorney/Client Communication
415	Thu 7/14/2016 7:47 PM	Cody Jess	S. Managed	Left over equipment from Auto King	Attorney/Client Communication
416	Fri 7/15/2016 8:14 AM	Cody Jess	S. Managed	Left over equipment from Auto King	Attorney/Client Communication
417	Fri 7/15/2016 8:17 AM	Cody Jess	S. Managed	Deposition preparation	Attorney/Client Communication
418	Fri 7/15/2016 8:17 AM	S. Managed	S. Managed, Cody Jess	Remaining statements and recap (no files attached)	Attorney/Client Communication
419	Fri 7/15/2016 10:34 AM	Debbi Stephens	S. Managed	Copy of filed Notice of Continued Date for Meeting of Creditors	Attorney/Client Communication
420	Fri 7/15/2016 11:19 AM	Cody Jess	S. Managed	Request for telephone conference	Attorney/Client Communication
421	Fri 7/15/2016 11:59 AM	Cody Jess	S. Managed	Question regarding statements for account 8371	Attorney/Client Communication
422	Fri 7/15/2016 12:02 PM	Cody Jess	S. Managed	Questions regarding the Mustang vehicle	Attorney/Client Communication
423	Fri 7/15/2016 12:41 PM	Cody Jess	S. Managed	Questions regarding the Mustang vehicle	Attorney/Client Communication
424	Fri 7/15/2016 5:12 PM	Cody Jess	S. Managed	Questions regarding the Mustang vehicle	Attorney/Client Communication
425	Fri 7/15/2016 5:16 PM	Cody Jess	S. Managed	Red Range property questions RE: Foreclosure options	Attorney/Client Communication
426	Fri 7/15/2016 5:17 PM	Cody Jess	S. Managed	Red Range property questions RE: Foreclosure options	Attorney/Client Communication
427	Fri 7/15/2016 5:22 PM	Cody Jess	S. Managed	Update regarding letter to Steve	Attorney/Client Communication
428	Fri 7/15/2016 5:32 PM	Cody Jess	S. Managed	Draft of letter to Steven D. Nemecek, Re: Yontov Scott Managed-Response to Trustee's Rule 2004 Request for Production of Documents	Attorney/Client Communication
429	Fri 7/15/2016 5:47 PM	Cody Jess	S. Managed	Comments on letter to Steven D. Nemecek	Attorney/Client Communication
430	Fri 7/15/2016 6:17 PM	Cody Jess	S. Managed	Comments on letter to Steven D. Nemecek	Attorney/Client Communication
431	Mon 7/18/2016 8:05 AM	Cody Jess	S. Managed	Request for telephone conference, Retainer update	Attorney/Client Communication
432	Mon 7/18/2016 11:28 AM	Cody Jess	S. Managed	Questions RE: Turnover of 1971 Chevelle	Attorney/Client Communication
433	Mon 7/18/2016 11:57 AM	Cody Jess	S. Managed	Request for missing bank statements for 2004 exam	Attorney/Client Communication
434	Mon 7/18/2016 11:58 AM	Cody Jess	S. Managed	Request for missing bank statements for 2004 exam	Attorney/Client Communication
435	Mon 7/18/2016 12:06 PM	Cody Jess	S. Managed	Turnover of 1971 Chevelle	Attorney/Client Communication
436	Mon 7/18/2016 12:08 PM	Cody Jess	S. Managed	Firm's concerns about Managed's conduct, actions and truthfulness	Attorney/Client Communication
437	Mon 7/18/2016 1:33 PM	Dale Schian	S. Managed	Question about refund check for license plate fee	Attorney/Client Communication
438	Mon 7/18/2016 1:45 PM	Cody Jess	S. Managed	Scheduling of inspection of Sunnyside property	Attorney/Client Communication
439	Mon 7/18/2016 1:48 PM	Cody Jess	S. Managed	Pickup of 1971 Chevelle, Sale proceeds from 1965 Mustang	Attorney/Client Communication
440	Mon 7/18/2016 1:52 PM	Cody Jess	S. Managed	Open lawsuit for loan by Furniture King	Attorney/Client Communication
441	Mon 7/18/2016 1:54 PM	Cody Jess	S. Managed	Open lawsuit for loan by Furniture King	Attorney/Client Communication
442	Mon 7/18/2016 1:54 PM	Cody Jess	S. Managed	Confirmation of receiving previously missing bank statements	Attorney/Client Communication
443	Mon 7/18/2016 1:56 PM	Cody Jess	S. Managed	Sale proceeds from 1965 Mustang	Attorney/Client Communication
444	Mon 7/18/2016 2:21 PM	Cody Jess	S. Managed	Notification of inspection at Sunnyside property	Attorney/Client Communication
445	Mon 7/18/2016 2:58 PM	Cody Jess	S. Managed	Questions RE: Inspection at Sunnyside property	Attorney/Client Communication
446	Mon 7/18/2016 3:01 PM	Cody Jess	S. Managed		
447	Mon 7/18/2016 3:35 PM	Cody Jess	S. Managed		
448	Mon 7/18/2016 4:49 PM	Cody Jess	S. Managed		

Yontov Scott Menaged - AOL Emails
Privilege Log

NUMBER	DATE	SENDER(S)	RECIPIENT(S)	SUBJECT	PRIVILEGE
449	Mon 7/18/2016 4:50 PM	Cody Jess	S. Menaged	Copy of Order approving BMW's motion for relief	Attorney/Client Communication
450	Mon 7/18/2016 4:54 PM	Cody Jess	S. Menaged	Inventory of Audio King equipment in Sunnyside property	Attorney/Client Communication
451	Mon 7/18/2016 4:54 PM	Cody Jess	S. Menaged	BK status update	Attorney/Client Communication
452	Mon 7/18/2016 4:52 PM	Cody Jess	S. Menaged	BK status update	Attorney/Client Communication
453	Mon 7/18/2016 7:07 PM	Cody Jess	S. Menaged	Amended Schedules	Attorney/Client Communication
454	Mon 7/18/2016 7:08 PM	Cody Jess	S. Menaged	Confirmation of meeting	Attorney/Client Communication
455	Mon 7/18/2016 7:19 PM	Cody Jess	S. Menaged	Agenda for meeting	Attorney/Client Communication
456	Tue 7/19/2016 10:28 AM	Cody Jess	S. Menaged	Request for missing bank statements for 2004 exam	Attorney/Client Communication
457	Tue 7/19/2016 10:31 AM	Cody Jess	S. Menaged	Transferring of inventory from Mesa business property	Attorney/Client Communication
458	Tue 7/19/2016 12:14 PM	Cody Jess	S. Menaged	Update of newly hired accountant	Attorney/Client Communication
459	Tue 7/19/2016 12:21 PM	Cody Jess	S. Menaged	BK status update RE: Moving of inventory; Pick up of vehicle	Attorney/Client Communication
460	Tue 7/19/2016 1:56 PM	Cody Jess	S. Menaged	Managed self conducted inventory of Sunnyside property	Attorney/Client Communication
461	Tue 7/19/2016 2:20 PM	Cody Jess	S. Menaged	Response to inquiry RE:Exemption for home furnishings and goods	Attorney/Client Communication
462	Tue 7/19/2016 2:21 PM	Cody Jess	S. Menaged	BK status update	Attorney/Client Communication
463	Tue 7/19/2016 2:42 PM	Cody Jess	S. Menaged	Explanation of a 341 meeting and a 2004 exam	Attorney/Client Communication
464	Tue 7/19/2016 2:47 PM	Cody Jess	S. Menaged	Additional explanation of a 341 meeting and a 2004 exam	Attorney/Client Communication
465	Tue 7/19/2016 2:56 PM	Cody Jess	S. Menaged	BK status update	Attorney/Client Communication
466	Tue 7/19/2016 4:56 PM	Cody Jess	S. Menaged	Request for invoices and checks for retainer for divorce attorney	Attorney/Client Communication
467	Tue 7/19/2016 5:15 PM	Cody Jess	S. Menaged	Request for additional documents RE: 2004 exam	Attorney/Client Communication
468	Tue 7/19/2016 5:22 PM	Cody Jess	S. Menaged	Reply RE: Request for invoices and checks for retainer for divorce attorney	Attorney/Client Communication
469	Tue 7/19/2016 5:26 PM	Cody Jess	S. Menaged	Request for additional documents RE: 2004 exam	Attorney/Client Communication
470	Wed 7/20/2016 6:38 AM	Cody Jess	S. Menaged	RE: Register	Attorney/Client Communication
471	Wed 7/20/2016 6:42 AM	Cody Jess	S. Menaged	Issues concerning pre-petition fees and collection RE: Menaged divorce lawyer	Attorney/Client Communication
472	Wed 7/20/2016 6:42 AM	Cody Jess	S. Menaged	Issues concerning pre-petition fees and collection RE: Menaged divorce lawyer	Attorney/Client Communication
473	Wed 7/20/2016 6:43 AM	Cody Jess	S. Menaged	Request for additional documents RE: 2004 exam	Attorney/Client Communication
474	Wed 7/20/2016 9:25 AM	Cody Jess	S. Menaged	RE: Register	Attorney/Client Communication
475	Wed 7/20/2016 9:30 AM	Cody Jess	Judith Moore; S. Menaged	Explanation of monies Trustee is entitled to RE: Menaged divorce	Attorney/Client Communication
476	Wed 7/20/2016 9:31 AM	Cody Jess	S. Menaged	RE: Register	Attorney/Client Communication
477	Wed 7/20/2016 9:38 AM	Cody Jess	S. Menaged	Questions RE: Bentley	Attorney/Client Communication
478	Wed 7/20/2016 9:42 AM	Cody Jess	S. Menaged	Request for additional documents RE: 2004 exam	Attorney/Client Communication
479	Wed 7/20/2016 7:10 PM	Cody Jess	S. Menaged	BK status update	Attorney/Client Communication
480	Wed 7/20/2016 7:11 PM	Cody Jess	S. Menaged	Response to questions RE: Foreclosure of Red Range property	Attorney/Client Communication
481	Wed 7/20/2016 7:12 PM	Cody Jess	S. Menaged	BK status update	Attorney/Client Communication
482	Thu 7/21/2016 4:18 PM	Cody Jess	S. Menaged	BK status update	Attorney/Client Communication
483	Thu 7/21/2016 5:03 PM	Cody Jess	S. Menaged	Scheduling of jewelry pickup	Attorney/Client Communication
484	Thu 7/21/2016 5:06 PM	Cody Jess	S. Menaged	Reply to question RE: Jewelry exemption	Attorney/Client Communication
485	Thu 7/21/2016 5:06 PM	Cody Jess	S. Menaged	Issues regarding foreclosure of Red Range property	Attorney/Client Communication
486	Thu 7/21/2016 5:12 PM	Cody Jess	S. Menaged	Question about amount of Easy's debt	Attorney/Client Communication
487	Thu 7/21/2016 5:15 PM	Cody Jess	S. Menaged	Reply to question RE: Automobile exemption	Attorney/Client Communication
488	Thu 7/21/2016 5:18 PM	Cody Jess	S. Menaged	Reply to question RE: Automobile exemption	Attorney/Client Communication
489	Thu 7/21/2016 5:19 PM	Cody Jess	S. Menaged	Reply to questions regarding foreclosure of Red Range property	Attorney/Client Communication
490	Thu 7/21/2016 5:28 PM	Cody Jess	S. Menaged	Reply to questions regarding foreclosure of Red Range property	Attorney/Client Communication
491	Thu 7/21/2016 5:42 PM	Cody Jess	S. Menaged	Reply to questions regarding foreclosure of Red Range property	Attorney/Client Communication
492	Fri 7/22/2016 10:33 AM	Cody Jess	S. Menaged	Reply to questions regarding title of Chevelle	Attorney/Client Communication
493	Fri 7/22/2016 10:37 AM	Cody Jess	S. Menaged	Arrangement of meeting with Trustee and attorney at Menaged residence	Attorney/Client Communication
494	Fri 7/22/2016 10:41 AM	Cody Jess	S. Menaged	Reply to questions regarding meeting at Menaged residence	Attorney/Client Communication

Yontov Scott Menaged - AOL Emails
Privilege Log

NUMBER	DATE	SENDER(S)	RECIPIENT(S)	SUBJECT	PRIVILEGE
495	Fri 7/22/2016 10:43 AM	Cody Jess	S. Menaged	Reply to questions regarding turnover of property	Attorney/Client Communication
496	Fri 7/22/2016 11:01 AM	Cody Jess	S. Menaged	Reply to questions regarding asset protection	Attorney/Client Communication
497	Fri 7/22/2016 11:03 AM	Cody Jess	S. Menaged	New Menaged business set-up	Attorney/Client Communication
498	Fri 7/22/2016 11:19 AM	Cody Jess	S. Menaged	New Menaged business set-up	Attorney/Client Communication
499	Fri 7/22/2016 11:22 AM	Cody Jess	S. Menaged	New Menaged business set-up	Attorney/Client Communication
500	Fri 7/22/2016 12:02 PM	Cody Jess	S. Menaged	New Menaged business set-up	Attorney/Client Communication
501	Fri 7/22/2016 12:09 PM	Cody Jess	S. Menaged	New Menaged business set-up	Attorney/Client Communication
502	Fri 7/22/2016 12:10 PM	Cody Jess	S. Menaged	New Menaged business set-up	Attorney/Client Communication
503	Fri 7/22/2016 4:07 PM	Cody Jess	S. Menaged	Contact info request for DenSco and Denny Chittick	Attorney/Client Communication
504	Fri 7/22/2016 4:12 PM	Cody Jess	S. Menaged	Contact info request for DenSco and Denny Chittick	Attorney/Client Communication
505	Fri 7/22/2016 4:20 PM	Cody Jess	S. Menaged	Contact info request for DenSco and Denny Chittick	Attorney/Client Communication
506	Fri 7/22/2016 5:27 PM	Cody Jess	S. Menaged	Contact info request for DenSco and Denny Chittick/Master mailing list	Attorney/Client Communication
507	Fri 7/22/2016 5:29 PM	Cody Jess	S. Menaged	Date for objecting to dischargeability	Attorney/Client Communication
508	Mon 7/25/2016 10:40 AM	Julie Larsen	S. Menaged	Copies of forms necessary to incorporate American Furniture LLC	Attorney/Client Communication
509	Mon 7/25/2016 10:42 AM	Cody Jess	S. Menaged	Copies of forms necessary to incorporate American Furniture LLC	Attorney/Client Communication
510	Mon 7/25/2016 10:45 AM	Cody Jess	S. Menaged	Folder of inventory list	Attorney/Client Communication
511	Mon 7/25/2016 10:46 AM	Cody Jess	S. Menaged	Folder of inventory list	Attorney/Client Communication
512	Mon 7/25/2016 11:15 AM	Cody Jess	S. Menaged	RE: Jewelry exemption/buyback	Attorney/Client Communication
513	Mon 7/25/2016 11:19 AM	Cody Jess	S. Menaged	Notice of additional creditor to be added to Master Service list	Attorney/Client Communication
514	Mon 7/25/2016 11:25 AM	Cody Jess	S. Menaged	BK options for property located at 7320 W Bell Road	Attorney/Client Communication
515	Mon 7/25/2016 11:33 AM	Cody Jess	S. Menaged	Reply to questions regarding jewelry exemptions	Attorney/Client Communication
516	Mon 7/25/2016 11:35 AM	Cody Jess	S. Menaged	Request for information on Jeep	Attorney/Client Communication
517	Mon 7/25/2016 11:37 AM	Cody Jess	S. Menaged	Request for information on Jeep	Attorney/Client Communication
518	Mon 7/25/2016 11:37 AM	Cody Jess	S. Menaged	Comments regarding jewelry exemptions	Attorney/Client Communication
519	Mon 7/25/2016 11:43 AM	Cody Jess	S. Menaged	Request for information on Jeep	Attorney/Client Communication
520	Mon 7/25/2016 1:45 PM	Cody Jess	S. Menaged	Confirmation of meeting	Attorney/Client Communication
521	Mon 7/25/2016 2:03 PM	Cody Jess	S. Menaged	Questions regarding inventory of furniture from Menaged businessse:	Attorney/Client Communication
522	Mon 7/25/2016 2:05 PM	Cody Jess	S. Menaged	Question regarding the name "DenSco"	Attorney/Client Communication
523	Mon 7/25/2016 2:24 PM	Cody Jess	S. Menaged	Question regarding the name "DenSco"	Attorney/Client Communication
524	Mon 7/25/2016 3:21 PM	Debi Stephens	S. Menaged	EBF Partner's notice of filing bankruptcy documents	Attorney/Client Communication
525	Mon 7/25/2016 6:53 PM	Cody Jess	S. Menaged	Documentation for Menaged's wife's vehicle	Attorney/Client Communication
526	Mon 7/25/2016 6:56 PM	Cody Jess	S. Menaged	Documentation for Menaged's wife's vehicle	Attorney/Client Communication
527	Mon 7/25/2016 9:12 PM	Cody Jess	S. Menaged	Menaged 13 year timeline	Attorney/Client Communication
528	Mon 7/25/2016 9:13 PM	Cody Jess	S. Menaged	RE: Jewelry exemption/buyback	Attorney/Client Communication
529	Tue 7/26/2016 4:32 PM	Cody Jess	S. Menaged	Communication inquiry	Attorney/Client Communication
530	Tue 7/26/2016 4:52 PM	Cody Jess	S. Menaged	Questions regarding Jeep Cherokee	Attorney/Client Communication
531	Tue 7/26/2016 4:57 PM	Cody Jess	S. Menaged	Questions regarding Jeep Cherokee	Attorney/Client Communication
532	Tue 7/26/2016 4:59 PM	Cody Jess	S. Menaged	UCC-1 filings-Furniture King LLC	Attorney/Client Communication
533	Tue 7/26/2016 5:02 PM	Cody Jess	S. Menaged	Questions regarding Jeep Cherokee	Attorney/Client Communication
534	Tue 7/26/2016 5:04 PM	Cody Jess	S. Menaged	Unknown attachment RE: Jewelry	Attorney/Client Communication
535	Tue 7/26/2016 5:05 PM	Cody Jess	S. Menaged	RE: Jewelry exemption/buyback	Attorney/Client Communication
536	Tue 7/26/2016 5:07 PM	Cody Jess	S. Menaged	UCC-1 filings-Furniture King LLC	Attorney/Client Communication
537	Tue 7/26/2016 5:11 PM	Cody Jess	S. Menaged	Communication inquiry	Attorney/Client Communication
538	Tue 7/26/2016 5:10 PM	Cody Jess	S. Menaged	UCC-1 filings-Furniture King LLC	Attorney/Client Communication
539	Tue 7/26/2016 5:58 PM	Cody Jess	S. Menaged	Account Register for Scott's Fine Furniture	Attorney/Client Communication
540	Tue 7/26/2016 5:59 PM	Cody Jess	S. Menaged	Account Register for Furniture and Electric King	Attorney/Client Communication
541	Tue 7/26/2016 6:03 PM	Cody Jess	S. Menaged	Comments on, and problems with Menaged's 13 year timeline	Attorney/Client Communication
542	Tue 7/26/2016 6:13 PM	Cody Jess	S. Menaged	Copy of Menaged background check	Attorney/Client Communication
543	Tue 7/26/2016 8:01 PM	Cody Jess	S. Menaged	Comments on Menaged's 13 year timeline	Attorney/Client Communication
544	Tue 7/26/2016 8:07 PM	Cody Jess	S. Menaged	Comments on Menaged's 13 year timeline	Attorney/Client Communication
545	Wed 7/27/2016 8:33 AM	Cody Jess	S. Menaged	Payment delivery	Attorney/Client Communication

Yornitov Scott Managed - AOL Emails
Privilege Log

NUMBER	DATE	SENDER(S)	RECEIPT(S)	SUBJECT	PRIVILEGE
546	Wed 7/27/2016 8:39 AM	Cody Jess	S. Managed	Payment delivery	Attorney/Client Communication
547	Wed 7/27/2016 8:52 AM	Cody Jess	S. Managed	Option for making an offer on entire lot (no indication as to what)	Attorney/Client Communication
548	Wed 7/27/2016 11:43 AM	Cody Jess	S. Managed	Review of jewelry included in offer to buy back	Attorney/Client Communication
549	Wed 7/27/2016 11:47 AM	Cody Jess	S. Managed	Review of jewelry included in offer to buy back	Attorney/Client Communication
550	Wed 7/27/2016 11:48 AM	Cody Jess	S. Managed	Review of jewelry included in offer to buy back	Attorney/Client Communication
551	Wed 7/27/2016 11:52 AM	Cody Jess	S. Managed	Review of jewelry included in offer to buy back	Attorney/Client Communication
552	Wed 7/27/2016 11:55 AM	Cody Jess	S. Managed	Questions regarding Rolex watch	Attorney/Client Communication
553	Wed 7/27/2016 12:02 PM	Cody Jess	S. Managed	Questions regarding Rolex watch	Attorney/Client Communication
554	Wed 7/27/2016 12:34 PM	Cody Jess	S. Managed	Payment delivery	Attorney/Client Communication
555	Wed 7/27/2016 5:41 PM	Cody Jess	S. Managed	Request to pull credit	Attorney/Client Communication
556	Wed 7/27/2016 5:43 PM	Cody Jess	S. Managed	Request to pull credit	Attorney/Client Communication
557	Thu 7/28/2016 8:56 AM	Julie Larsen	S. Managed	Managed - Response to Trustee's Rule 2004 Request for Production - Check Registers	Attorney/Client Communication
558	Thu 7/28/2016 10:35 AM	Cody Jess	S. Managed	Reply to request for meeting	Attorney/Client Communication
559	Thu 7/28/2016 10:36 AM	Cody Jess	S. Managed	Reply to request for meeting	Attorney/Client Communication
560	Thu 7/28/2016 10:37 AM	Cody Jess	S. Managed	Reply to request for meeting	Attorney/Client Communication
561	Thu 7/28/2016 10:39 AM	Cody Jess	S. Managed	Response to questions RE: Thomas Rd. lease, Red Range property, Electra property	Attorney/Client Communication
562	Thu 7/28/2016 11:13 AM	Cody Jess	S. Managed	Comments RE: Thomas Rd. lease, Red Range property, Electra property	Attorney/Client Communication
563	Thu 7/28/2016 2:53 PM	Cody Jess	S. Managed	Title transfer for Chevelle	Attorney/Client Communication
564	Thu 7/28/2016 2:55 PM	Julie Larsen	S. Managed	Copy of filed Articles of Organization for American Furniture, LLC	Attorney/Client Communication
565	Thu 7/28/2016 3:34 PM	Cody Jess	S. Managed	Title transfer for Chevelle	Attorney/Client Communication
566	Thu 7/28/2016 3:37 PM	Cody Jess	S. Managed	Title transfer for Chevelle	Attorney/Client Communication
567	Thu 7/28/2016 3:38 PM	Cody Jess	S. Managed	Title transfer for Chevelle	Attorney/Client Communication
568	Thu 7/28/2016 4:49 PM	Cody Jess	S. Managed	Update on American Furniture, LLC	Attorney/Client Communication
569	Thu 7/28/2016 5:10 PM	Cody Jess	S. Managed	Request to pull credit	Attorney/Client Communication
570	Thu 7/28/2016 7:08 PM	Cody Jess	S. Managed	Update on moving inventory out of warehouse	Attorney/Client Communication
571	Thu 7/28/2016 7:10 PM	Cody Jess	S. Managed	Update on moving inventory out of warehouse	Attorney/Client Communication
572	Fri 7/29/2016 10:53 AM	Cody Jess	S. Managed	Reply to questions RE: Foreclosure of Sunnyside property	Attorney/Client Communication
573	Fri 7/29/2016 11:33 AM	Cody Jess	S. Managed	Notification of Chevelle title delivered to office for pickup	Attorney/Client Communication
574	Fri 7/29/2016 11:38 AM	Cody Jess	S. Managed	Notification of Chevelle title delivered to office for pickup	Attorney/Client Communication
575	Fri 7/29/2016 11:40 AM	Cody Jess	S. Managed	Notification of Chevelle title delivered to office for pickup	Attorney/Client Communication
576	Fri 7/29/2016 11:41 AM	Cody Jess	S. Managed	Reply to questions RE: Foreclosure of Sunnyside property	Attorney/Client Communication
577	Fri 7/29/2016 11:44 AM	Cody Jess	S. Managed	Reply to questions RE: Foreclosure of Sunnyside property	Attorney/Client Communication
578	Fri 7/29/2016 11:47 AM	Cody Jess	S. Managed	Reply to questions RE: Foreclosure of Sunnyside property	Attorney/Client Communication
579	Fri 7/29/2016 12:05 PM	Cody Jess	S. Managed	Reply to questions RE: Foreclosure of Sunnyside property	Attorney/Client Communication
580	Fri 7/29/2016 2:35 PM	Cody Jess	S. Managed	Reply to questions RE: Foreclosure of Sunnyside property	Attorney/Client Communication
581	Fri 7/29/2016 2:36 PM	Cody Jess	S. Managed	American Furniture LLC EIN	Attorney/Client Communication
582	Fri 7/29/2016 2:40 PM	Cody Jess	S. Managed	American Furniture LLC EIN	Attorney/Client Communication
583	Fri 7/29/2016 2:42 PM	Cody Jess	S. Managed	Questions regarding Easy Investments properties/debt/lawsuits	Attorney/Client Communication
584	Fri 7/29/2016 3:01 PM	Cody Jess	S. Managed	Questions regarding Easy Investments properties/debt/lawsuits	Attorney/Client Communication
585	Fri 7/29/2016 3:59 PM	Cody Jess	S. Managed	Question about amount of collected rental income from Raintree property held in AHF account	Attorney/Client Communication
586	Fri 7/29/2016 3:59 PM	Cody Jess	S. Managed	AHF account	Attorney/Client Communication
587	Fri 7/29/2016 4:02 PM	Cody Jess	S. Managed	Case history RE: Phoenix Newspapers	Attorney/Client Communication
588	Fri 7/29/2016 4:03 PM	Cody Jess	S. Managed	Inquiry RE: Redi Carpet judgement	Attorney/Client Communication
589	Fri 7/29/2016 4:12 PM	Cody Jess	S. Managed	Inquiry RE: Redi Carpet judgement	Attorney/Client Communication
590	Fri 7/29/2016 4:18 PM	Cody Jess	S. Managed	Question about rental income from Raintree property held in AHF account	Attorney/Client Communication
591	Fri 7/29/2016 4:33 PM	Cody Jess	S. Managed	Questions regarding Easy Investments properties/debt/lawsuits	Attorney/Client Communication

Yomtov Scott Menaged - AOL Emails
Privilege Log

NUMBER	DATE	SENDER(S)	RECEIPT(S)	SUBJECT	PRIVILEGE
592	Fri 7/29/2016 4:35 PM	Cody Jess	S. Menaged	Questions regarding Easy Investments properties/debt/lawsuits	Attorney/Client Communication
593	Fri 7/29/2016 4:37 PM	Cody Jess	S. Menaged	Questions regarding Easy Investments properties/debt/lawsuits	Attorney/Client Communication
594	Fri 7/29/2016 4:40 PM	Cody Jess	S. Menaged	Questions regarding Easy Investments properties/debt/lawsuits	Attorney/Client Communication
595	Tue 8/2/2016 9:54 AM	Cody Jess	S. Menaged	Request for criminal defense attorney	Attorney/Client Communication
596	Tue 8/2/2016 12:28 PM	Cody Jess	S. Menaged	Comments RE: Electra/Red Range/Denny	Attorney/Client Communication
597	Tue 8/2/2016 1:34 PM	Cody Jess	S. Menaged	Trustee's plan for the Red Range property	Attorney/Client Communication
598	Tue 8/2/2016 3:42 PM	Cody Jess	S. Menaged	Copy of the trustee's notice of intent to abandon Sunnyside property	Attorney/Client Communication
599	Tue 8/2/2016 4:09 PM	Cody Jess	S. Menaged	Inquiry into meeting with criminal attorney	Attorney/Client Communication
600	Tue 8/2/2016 4:09 PM	Cody Jess	S. Menaged	Inquiry into meeting with criminal attorney	Attorney/Client Communication
601	Tue 8/2/2016 4:23 PM	Cody Jess	S. Menaged	Request to review promissory note from Joe Menaged	Attorney/Client Communication
602	Tue 8/2/2016 4:27 PM	Cody Jess	S. Menaged	Response to questions RE: Electra/Red Range/Denny	Attorney/Client Communication
603	Tue 8/2/2016 4:46 PM	Cody Jess	S. Menaged	Inquiry into meeting with criminal attorney	Attorney/Client Communication
604	Tue 8/2/2016 4:46 PM	Cody Jess	S. Menaged	Request for telephone conversation RE: Red Range, criminal attorney	Attorney/Client Communication
605	Tue 8/2/2016 6:13 PM	Cody Jess	S. Menaged	Question regarding nothing Sell Wholesale of BK	Attorney/Client Communication
606	Wed 8/3/2016 7:27 AM	Cody Jess	S. Menaged	Arrangement to pick up title for Chevelle	Attorney/Client Communication
607	Wed 8/3/2016 7:33 AM	Cody Jess	S. Menaged	Arrangement to pick up title for Chevelle	Attorney/Client Communication
608	Wed 8/3/2016 12:17 PM	Cody Jess	S. Menaged	DMV search results for Menaged and his business entities	Attorney/Client Communication
609	Wed 8/3/2016 5:30 PM	Cody Jess	S. Menaged	Comments on promissory note for American Furniture LLC	Attorney/Client Communication
610	Wed 8/3/2016 5:32 PM	Cody Jess	S. Menaged	Comments on promissory note for American Furniture LLC	Attorney/Client Communication
611	Wed 8/3/2016 6:58 PM	Cody Jess	S. Menaged	Comments on promissory note for American Furniture LLC	Attorney/Client Communication
612	Wed 8/3/2016 7:01 PM	Cody Jess	S. Menaged	Identification of sale date and buyers for vehicles owned by Menaged and his business entities	Attorney/Client Communication
613	Wed 8/3/2016 7:19 PM	Cody Jess	S. Menaged	Questions regarding Auto King equipment-leased and/or financed	Attorney/Client Communication
614	Wed 8/3/2016 7:22 PM	Cody Jess	S. Menaged	Questions regarding Auto King equipment-leased and/or financed	Attorney/Client Communication
615	Wed 8/3/2016 7:26 PM	Cody Jess	S. Menaged	Questions regarding Auto King equipment-leased and/or financed	Attorney/Client Communication
616	Wed 8/3/2016 7:28 PM	Cody Jess	S. Menaged	Questions regarding Auto King equipment-leased and/or financed	Attorney/Client Communication
617	Wed 8/3/2016 7:29 PM	Cody Jess	S. Menaged	Questions regarding Auto King equipment-leased and/or financed	Attorney/Client Communication
618	Wed 8/3/2016 7:30 PM	Cody Jess	S. Menaged	Questions regarding offers mage on properties with mortgages held	Attorney/Client Communication
619	Wed 8/3/2016 7:32 PM	Cody Jess	S. Menaged	Question regarding offers mage on properties with mortgages held	Attorney/Client Communication
620	Wed 8/3/2016 7:33 PM	Cody Jess	S. Menaged	Question regarding offers mage on properties with mortgages held	Attorney/Client Communication
621	Wed 8/3/2016 7:35 PM	Cody Jess	S. Menaged	Question regarding offers mage on properties with mortgages held	Attorney/Client Communication
622	Thu 8/4/2016 7:34 AM	Cody Jess	S. Menaged	Inquiry as to why Arizona Republic is so interested in personal aspect Menaged BK. Questions what dealings occurred	Attorney/Client Communication
623	Thu 8/4/2016 9:51 AM	Cody Jess	S. Menaged	Follow up questions RE: Arizona Republic discovery	Attorney/Client Communication
624	Thu 8/4/2016 10:43 AM	Cody Jess	S. Menaged	Copy of filed Azben proof of claim	Attorney/Client Communication
625	Thu 8/4/2016 10:54 AM	Cody Jess	S. Menaged	Copy of letter and attachments for real property of the estate, located at 9331 W Electra Ln from Cynthia L. Johnson	Attorney/Client Communication
626	Thu 8/4/2016 11:12 AM	Cody Jess	S. Menaged	Questions concerning American Furniture and acquisition of intangibles from previous Menaged businesses	Attorney/Client Communication
627	Thu 8/4/2016 11:32 AM	Cody Jess	S. Menaged	Response to questions concerning American Furniture and acquisition of intangibles from previous Menaged businesses	Attorney/Client Communication
628	Thu 8/4/2016 1:21 PM	Debbi Stephens	Cody Jess, S. Menaged	Direct Capital's motion for relief and notice, Auto King's equipment	Attorney/Client Communication
629	Thu 8/4/2016 1:41 PM	Cody Jess	S. Menaged	Request for document production for Arizona Republic's counsel	Attorney/Client Communication
630	Thu 8/4/2016 2:09 PM	Cody Jess	S. Menaged	Request for document production for Arizona Republic's counsel	Attorney/Client Communication
631	Thu 8/4/2016 2:16 PM	Cody Jess	S. Menaged	Request for document production for Arizona Republic's counsel	Attorney/Client Communication
632	Thu 8/4/2016 5:32 PM	Cody Jess	S. Menaged	Request for document production for Arizona Republic's counsel	Attorney/Client Communication
633	Thu 8/4/2016 5:34 PM	Cody Jess	S. Menaged	Request for document production for Arizona Republic's counsel	Attorney/Client Communication
634	Thu 8/4/2016 5:42 PM	Cody Jess	S. Menaged	Request for identification of account ending in 5172	Attorney/Client Communication
635	Thu 8/4/2016 5:44 PM	Cody Jess	S. Menaged	Request for identification of account ending in 5173	Attorney/Client Communication
636	Thu 8/4/2016 5:45 PM	Cody Jess	S. Menaged	Request for identification of account ending in 5174	Attorney/Client Communication
637	Thu 8/4/2016 5:47 PM	Cody Jess	S. Menaged	Inquiry where FK 79th ave/Bell 'GOB' sale proceeds were deposited	Attorney/Client Communication

Yontov Scott Menaged - AOL Emails
Privilege Log

NUMBER	DATE	SENDER(S)	RECEPIENT(S)	SUBJECT	PRIVILEGE
638	Thu 8/4/2016 5:51 PM	Cody Jess	S. Menaged	Request for current inventory of Scott's Fine Furniture	Attorney/Client Communication
640	Thu 8/4/2016 6:00 PM	Cody Jess	S. Menaged	Inquiry where FF 79th ave/Bell 'GOB' sale proceeds were deposited	Attorney/Client Communication
641	Thu 8/4/2016 6:10 PM	Cody Jess	S. Menaged	Question RE: Request for current inventory of Scott's Fine Furniture	Attorney/Client Communication
642	Thu 8/4/2016 6:28 PM	Cody Jess	S. Menaged	Inquiry into if Menaged is guaranteeing loan to AF from his father	Attorney/Client Communication
643	Thu 8/4/2016 6:38 PM	Cody Jess	S. Menaged	Reply RE: If Menaged is guaranteeing loan to AF from his father	Attorney/Client Communication
644	Thu 8/4/2016 6:43 PM	Cody Jess	S. Menaged	Reply RE: If Menaged is guaranteeing loan to AF from his father	Attorney/Client Communication
645	Thu 8/4/2016 6:48 PM	Cody Jess	S. Menaged	Reassurance that the counsel Menaged hired is capable	Attorney/Client Communication
646	Thu 8/4/2016 6:51 PM	Cody Jess	S. Menaged	Reassurance that the counsel Menaged hired is capable	Attorney/Client Communication
647	Thu 8/4/2016 6:55 PM	Cody Jess	S. Menaged	Reassurance that the counsel Menaged hired is capable	Attorney/Client Communication
648	Thu 8/4/2016 6:56 PM	Cody Jess	S. Menaged	Attempt to calm Menaged's nerves concerning criminal activity	Attorney/Client Communication
649	Thu 8/4/2016 6:56 PM	Cody Jess	S. Menaged	Attempt to calm Menaged's nerves concerning criminal activity	Attorney/Client Communication
650	Thu 8/4/2016 7 10 PM	Cody Jess	S. Menaged	Copies of Note, Security Agreement and UCC-1 RE: AF loan	Attorney/Client Communication
651	Thu 8/4/2016 7:13 PM	Cody Jess	S. Menaged	Comments RE: Note, Security Agreement, UCC-1 and Guaranty	Attorney/Client Communication
652	Sat 8/6/2016 11:28 AM	Cody Jess	S. Menaged	Comments on Denny Chittick obituary	Attorney/Client Communication
653	Sat 8/6/2016 11:50 AM	Cody Jess	S. Menaged	Link to Chittick probate case	Attorney/Client Communication
654	Sat 8/6/2016 12:05 PM	Cody Jess	S. Menaged	Link to Chittick probate case	Attorney/Client Communication
655	Sat 8/6/2016 12:06 PM	Cody Jess	S. Menaged	Link to Chittick probate case	Attorney/Client Communication
656	Sat 8/6/2016 12:09 PM	Cody Jess	S. Menaged	Legal advice about discussing BK with anyone other than counsel	Attorney/Client Communication
657	Sat 8/6/2016 12:29 PM	Cody Jess	S. Menaged	Preparation for 341 meeting	Attorney/Client Communication
658	Mon 8/8/2016 8:41 AM	Cody Jess	S. Menaged	Preparation for 341 meeting	Attorney/Client Communication
659	Mon 8/8/2016 8:45 AM	Cody Jess	S. Menaged	Preparation for 341 meeting	Attorney/Client Communication
660	Mon 8/8/2016 8:50 AM	Cody Jess	S. Menaged	Preparation for 341 meeting	Attorney/Client Communication
661	Mon 8/8/2016 2:02 PM	Debbi Stephens	S. Menaged	Copy of letter to counsel for the Arizona Republic regarding the requested corporate bank statements	Attorney/Client Communication
662	Mon 8/8/2016 5:43 PM	Cody Jess	S. Menaged	Confirmation of time for meeting	Attorney/Client Communication
663	Tue 8/9/2016 7:00 AM	Cody Jess	S. Menaged	Confirmation of time for meeting	Attorney/Client Communication
664	Tue 8/9/2016 7:01 AM	Cody Jess	S. Menaged	Confirmation of time for meeting	Attorney/Client Communication
665	Tue 8/9/2016 9:00 AM	Cody Jess	S. Menaged	Request to bring all Enisco documents to meeting	Attorney/Client Communication
666	Tue 8/9/2016 5:04 PM	Cody Jess	S. Menaged	Review of meeting and tasks to be performed moving forward	Attorney/Client Communication
667	Wed 8/10/2016 11:47 AM	Cody Jess	S. Menaged	Questions RE: Money transfers between AHF and FK	Attorney/Client Communication
668	Wed 8/10/2016 12:08 PM	Cody Jess	S. Menaged	Response to RE: Questions RE: Money transfers between AHF and FK	Attorney/Client Communication
669	Wed 8/10/2016 12:35 PM	Cody Jess	S. Menaged	Request for telephone conference and in person meeting	Attorney/Client Communication
670	Wed 8/10/2016 12:41 PM	Cody Jess	S. Menaged	Confirmation for telephone conference and in person meeting	Attorney/Client Communication
671	Wed 8/10/2016 12 50 PM	Cody Jess	S. Menaged	341 Meeting prep update	Attorney/Client Communication
672	Wed 8/10/2016 2:09 PM	Cody Jess	S. Menaged	Follow up questions following 341 prep meeting	Attorney/Client Communication
673	Wed 8/10/2016 3:33 PM	Cody Jess	S. Menaged	Questions concerning closing of furniture stores and current debt	Attorney/Client Communication
674	Wed 8/10/2016 3:35 PM	Cody Jess	S. Menaged	Follow up questions following 341 prep meeting	Attorney/Client Communication
675	Wed 8/10/2016 3:49 PM	Cody Jess	S. Menaged	Request for accounting for all DenSco monies that went to Easy or AHF	Attorney/Client Communication
676	Wed 8/10/2016 3:51 PM	Cody Jess	S. Menaged	Request for accounting for all DenSco monies that went to Easy or AHF	Attorney/Client Communication
677	Wed 8/10/2016 3:53 PM	Cody Jess	S. Menaged	Issues RE: Accounting for all DenSco monies that went to Easy or AHF used for AmEx payments	Attorney/Client Communication
678	Wed 8/10/2016 3:58 PM	Cody Jess	S. Menaged	Comments RE: Menaged responses to numerous questions about AHF accounts, checks, transfers and other issues	Attorney/Client Communication
679	Wed 8/10/2016 4:10 PM	Cody Jess	S. Menaged	Questions concerning closing of furniture stores and current debt	Attorney/Client Communication
680	Wed 8/10/2016 5:11 PM	Cody Jess	S. Menaged	Fwd of communication with property manager for Fiesta Crossing property and evidence of Menaged Bankruptcy	Attorney/Client Communication
681	Wed 8/10/2016 5:13 PM	Cody Jess	S. Menaged	Response to update on document production for 341 meeting	Attorney/Client Communication
682	Wed 8/10/2016 5:18 PM	Cody Jess	S. Menaged	Response to update on document production for 341 meeting	Attorney/Client Communication
683	Wed 8/10/2016 5:25 PM	Cody Jess	S. Menaged	Response to statement about possession of Chevelle title	Attorney/Client Communication
684	Thu 8/11/2016 11:00 AM	Cody Jess	S. Menaged	Questions concerning closing of furniture stores, owed UCC 1 lenders debt and production of AHF bank statements as they relate to Enisco	Attorney/Client Communication

Yomtov Scott Menaged - AOL Emails
Privilege Log

NUMBER	DATE	SENDER(S)	RECEPIENT(S)	SUBJECT	PRIVILEGE
685	Thu 8/11/2016 11:02 AM	Cody Jess	S. Menaged	Questions concerning closing of furniture stores, owed UCC 1 lenders debt and production of AHF bank statements as they relate to DenSco	Attorney/Client Communication
686	Thu 8/11/2016 11:06 AM	Cody Jess	S. Menaged	Question as to when all furniture will be moved out of closed warehouses	Attorney/Client Communication
687	Thu 8/11/2016 11:09 AM	Cody Jess	S. Menaged	Response to update on timeline for moving furniture to warehouse	Attorney/Client Communication
688	Thu 8/11/2016 11:17 AM	Cody Jess	S. Menaged	Response to update on timeline for moving furniture to warehouse	Attorney/Client Communication
689	Thu 8/11/2016 11:22 AM	Julie Larsen	Cody Jess, S. Menaged	Request to revise duplicate bank statements/checks production	Attorney/Client Communication
690	Thu 8/11/2016 11:36 AM	Cody Jess	S. Menaged	Explanation of various scenarios when dealing with DenSco Investors and their right to question Menaged at 341 meeting	Attorney/Client Communication
691	Thu 8/11/2016 11:42 AM	Cody Jess	S. Menaged	Information about the client questionnaire in preparation for 341 meeting and its effects on the amended schedules	Attorney/Client Communication
692	Thu 8/11/2016 11:43 AM	Cody Jess	S. Menaged	Response to concerns regarding questioning during 341 meeting	Attorney/Client Communication
693	Thu 8/11/2016 11:51 AM	Cody Jess	S. Menaged	Questions pertaining to AHF Chase Acct #1151	Attorney/Client Communication
694	Thu 8/11/2016 11:52 AM	Cody Jess	S. Menaged	Copy of client questionnaire	Attorney/Client Communication
695	Thu 8/11/2016 11:52 AM	Cody Jess	S. Menaged	Request for telephone communication RE: Responses to previous questions	Attorney/Client Communication
696	Thu 8/11/2016 12:02 PM	Cody Jess	S. Menaged	Request for change of time for telephone communication	Attorney/Client Communication
697	Thu 8/11/2016 2:27 PM	Cody Jess	S. Menaged	Request for status on which furniture stores are open and closed	Attorney/Client Communication
698	Thu 8/11/2016 2:30 PM	Cody Jess	S. Menaged	Response to request for status of stores	Attorney/Client Communication
699	Thu 8/11/2016 2:48 PM	Cody Jess	S. Menaged	Question concerning payments From AHF To Joseph Menaged	Attorney/Client Communication
700	Thu 8/11/2016 2:50 PM	Cody Jess	S. Menaged	Comments concerning payments From AHF To Joseph Menaged	Attorney/Client Communication
701	Thu 8/11/2016 2:54 PM	Cody Jess	S. Menaged	Request for breakdown of all monies paid to Keg	Attorney/Client Communication
702	Thu 8/11/2016 2:55 PM	Cody Jess	S. Menaged	Request for breakdown of all monies paid to Keg	Attorney/Client Communication
703	Thu 8/11/2016 3:00 PM	Julie Larsen	S. Menaged	Acknowledge of receipt of statements and copies of checks/withdrawals for AHF Chase Bank Acct #1151. Request for missing ones	Attorney/Client Communication
704	Thu 8/11/2016 3:37 PM	Cody Jess	S. Menaged	Request for additional/missing documents for AHF Chase Bank Acct #1151	Attorney/Client Communication
705	Thu 8/11/2016 3:48 PM	Cody Jess	S. Menaged	Additional questions to consider before scheduled telephone call	Attorney/Client Communication
706	Thu 8/11/2016 3:51 PM	Cody Jess	S. Menaged	Request to reschedule telephone conference	Attorney/Client Communication
707	Thu 8/11/2016 3:52 PM	Cody Jess	S. Menaged	Request to reschedule telephone conference	Attorney/Client Communication
708	Thu 8/11/2016 3:56 PM	Cody Jess	S. Menaged	Request to reschedule telephone conference	Attorney/Client Communication
709	Thu 8/11/2016 4:44 PM	Cody Jess	S. Menaged	Inquiry about wire transfer to Magnus RE: Sunnyside; DenSco wires	Attorney/Client Communication
710	Thu 8/11/2016 5:50 PM	Cody Jess	S. Menaged	Response to inquiry about issuing a subpoena to Magnus title	Attorney/Client Communication
711	Thu 8/11/2016 6:20 PM	Cody Jess	S. Menaged	Comments regarding older Chitlick emails RE: Unsecured agreements	Attorney/Client Communication
712	Thu 8/11/2016 6:21 PM	Cody Jess	S. Menaged	Comments regarding older Chitlick emails RE: Unsecured agreements	Attorney/Client Communication
713	Thu 8/11/2016 6:53 PM	Cody Jess	S. Menaged	Comments regarding older Chitlick emails RE: NDA	Attorney/Client Communication
714	Thu 8/11/2016 7:11 PM	Cody Jess	S. Menaged	Comments regarding older Chitlick emails RE: NDA	Attorney/Client Communication
715	Fri 8/12/2016 9:37 AM	Cody Jess	S. Menaged	Comments regarding older Chitlick emails RE: NDA	Attorney/Client Communication
716	Fri 8/12/2016 2:27 PM	Cody Jess	S. Menaged	Listing of a lot in PV solicited to Menaged during BK	Attorney/Client Communication
717	Fri 8/12/2016 2:42 PM	Cody Jess	S. Menaged	Update RE: Ledger for AHF	Attorney/Client Communication
718	Fri 8/12/2016 2:45 PM	Cody Jess	S. Menaged	Comments regarding older Chitlick emails RE: Unsecured agreements	Attorney/Client Communication
719	Fri 8/12/2016 2:45 PM	Cody Jess	S. Menaged	Issue with HOA raising regulations on abandoned property	Attorney/Client Communication
720	Fri 8/12/2016 3:28 PM	Julie Larsen	S. Menaged	Acknowledgement of communication with Jeff(?)	Attorney/Client Communication
721	Mon 8/15/2016 11:20 AM	Julie Larsen	J. McKee; Cody Jess	Explanation as to why online client questionnaire is not available	Attorney/Client Communication
722	Mon 8/15/2016 11:38 AM	Cody Jess	S. Menaged	Copy of letter RE: Courtneyards at Northern HOA v. Menaged	Attorney/Client Communication
723	Mon 8/15/2016 11:44 AM	Julie Larsen	S. Menaged	Copy of list of jewelry prepared for trustee	Attorney/Client Communication
724	Mon 8/15/2016 2:04 PM	Cody Jess	S. Menaged	Copy of Notice and Motion for Release from the Automatic Stay filed by Daimler Trust	Attorney/Client Communication
725	Mon 8/15/2016 2:07 PM	Cody Jess	S. Menaged	Request for date and time to inventory warehouse furniture marshalled from all stores	Attorney/Client Communication
				Request for telephone conference to discuss buyout of inventory	Attorney/Client Communication

Yomtov Scott Menaged - AOL Emails
Privilege Log

NUMBER	DATE	SENDER(S)	RECEPIENT(S)	SUBJECT	PRIVILEGE
726	Mon 8/15/2016 2:47 PM	Cody Jess	Steve Nemecek	Confirmation for date and time to inventory warehouse furniture marshalled from Attorney/Client Communication all stores	Attorney/Client Communication Attorney/Client Communication
727	Mon 8/15/2016 2:54 PM	Cody Jess	Jim Bail	Request to find resolution RE: Menaged - Mercedes MFR	Attorney/Client Communication
728	Mon 8/15/2016 3:04 PM	Cody Jess	S. Menaged	Concerns about Menaged's plans for inventory buyout/abandonment, arrears for rent, satisfying outstanding orders, exact date for closing	Attorney/Client Communication
729	Mon 8/15/2016 4:12 PM	Cody Jess	S. Menaged	Response to Menaged's client questionnaire statement of completion	Attorney/Client Communication
730	Mon 8/15/2016 5:07 PM	Cody Jess	S. Menaged	Telephonic conference invite	Attorney/Client Communication
731	Mon 8/15/2016 5:38 PM	Cody Jess	S. Menaged	Notice of production received from US Bank	Attorney/Client Communication
732	Mon 8/15/2016 6:18 PM	Cody Jess	S. Menaged	Good news RE Mercedes	Attorney/Client Communication
733	Mon 8/15/2016 9:13 PM	Cody Jess	S. Menaged	Confirmation for date and time to inventory warehouse furniture marshalled from all stores	Attorney/Client Communication
734	Tue 8/16/2016 11:04 AM	Cody Jess	S. Menaged	Copy of Notice of Appearance – David Knapper for AZBEN Limited	Attorney/Client Communication
735	Tue 8/16/2016 11:26 AM	Cody Jess	S. Menaged	Explanation of who AZBEN Limited is	Attorney/Client Communication
736	Tue 8/16/2016 11:25 AM	Cody Jess	S. Menaged	Inquiry about copies of invoices RE: Customers waiting for pick up of furniture	Attorney/Client Communication
737	Tue 8/16/2016 11:33 AM	Cody Jess	S. Menaged	Questions about status of 4 furniture stores(closing, inventory)	Attorney/Client Communication
738	Tue 8/16/2016 11:37 AM	Cody Jess	S. Menaged	Response to questions about status of 4 furniture stores(closing, inventory)	Attorney/Client Communication
739	Tue 8/16/2016 11:39 AM	Cody Jess	S. Menaged	Response to explanation of outstanding invoices/customer pick-up/deliveries	Attorney/Client Communication
740	Tue 8/16/2016 11:59 AM	Cody Jess	S. Menaged	Issues with credit report and "bad" social security number	Attorney/Client Communication
741	Tue 8/16/2016 12:01 PM	Cody Jess	Jim Bail	Explanation of "bad" social security number and Mercedes lease	Attorney/Client Communication
742	Tue 8/16/2016 12:39 PM	Cody Jess	Jim Bail	Explanation of "bad" social security number and Mercedes lease	Attorney/Client Communication
743	Tue 8/16/2016 12:44 PM	Cody Jess	S. Menaged	Request for Experian credit reports	Attorney/Client Communication
744	Tue 8/16/2016 1:18 PM	Cody Jess	S. Menaged	Request for Experian credit reports	Attorney/Client Communication
745	Tue 8/16/2016 1:19 PM	Cody Jess	S. Menaged	Confirmation of retainer	Attorney/Client Communication
746	Tue 8/16/2016 1:20 PM	Cody Jess	S. Menaged	Update of status of Chevelle	Attorney/Client Communication
747	Tue 8/16/2016 1:37 PM	Cody Jess	S. Menaged	Forward of email to Trustee RE Status of inventory in warehouses	Attorney/Client Communication
748	Tue 8/16/2016 2:51 PM	Cody Jess	S. Menaged	Update of status of Chevelle and amended schedule	Attorney/Client Communication
749	Tue 8/16/2016 2:54 PM	Cody Jess	S. Menaged	Update of Trustee picking up property	Attorney/Client Communication
750	Tue 8/16/2016 3:12 PM	Julie Larsen	S. Menaged	Copy of letter sent to Trustee counsel containing bank records	Attorney/Client Communication
751	Tue 8/16/2016 3:48 PM	Cody Jess	S. Menaged	Request for landlord contact info	Attorney/Client Communication
752	Tue 8/16/2016 3:48 PM	Cody Jess	S. Menaged	Inquiry on leased status of furniture moving trucks	Attorney/Client Communication
753	Tue 8/16/2016 3:49 PM	Cody Jess	Steve Nemecek	Status update of picking up of assets	Attorney/Client Communication
754	Tue 8/16/2016 4:49 PM	Cody Jess	S. Menaged	Request for rental agreement with Penske for moving trucks	Attorney/Client Communication
755	Tue 8/16/2016 4:51 PM	Cody Jess	S. Menaged	Request for rental agreement with Penske for moving trucks	Attorney/Client Communication
756	Tue 8/16/2016 5:41 PM	Cody Jess	S. Menaged	Inquiry about legal name for Menaged's spouse	Attorney/Client Communication
757	Tue 8/16/2016 6:02 PM	Cody Jess	S. Menaged	Request for Menaged's spouse's signature for Guaranty	Attorney/Client Communication
758	Tue 8/16/2016 6:11 PM	Cody Jess	S. Menaged	Discussion concerning notifying landlord about bankruptcy filing	Attorney/Client Communication
759	Tue 8/16/2016 6:11 PM	Cody Jess	S. Menaged	Discussion concerning notifying landlord about bankruptcy filing	Attorney/Client Communication
760	Tue 8/16/2016 6:33 PM	Cody Jess	S. Menaged	Discussion concerning notifying landlord about bankruptcy filing	Attorney/Client Communication
761	Wed 8/17/2016 9:20 AM	Cody Jess	S. Menaged	Request for completion status of debtor's questionnaire	Attorney/Client Communication
762	Wed 8/17/2016 9:20 AM	Cody Jess	S. Menaged	Scheduling of meeting to work on amended schedules	Attorney/Client Communication
763	Wed 8/17/2016 9:23 AM	Cody Jess	S. Menaged	Status of debtor's questionnaire	Attorney/Client Communication
764	Wed 8/17/2016 9:23 AM	Cody Jess	S. Menaged	Scheduling of meeting to work on amended schedules	Attorney/Client Communication
765	Wed 8/17/2016 9:24 AM	Cody Jess	S. Menaged	Discussion concerning notifying landlord about bankruptcy filing	Attorney/Client Communication
766	Wed 8/17/2016 9:26 AM	Cody Jess	S. Menaged	Discussion concerning notifying landlord about bankruptcy filing	Attorney/Client Communication
767	Wed 8/17/2016 9:41 AM	Cody Jess	Steve Nemecek	Request for executed and notarized Guaranty for American Furniture	Attorney/Client Communication
768	Wed 8/17/2016 9:42 AM	Cody Jess	S. Menaged	Request for executed and notarized Guaranty for American Furniture	Attorney/Client Communication
769	Wed 8/17/2016 9:50 AM	Cody Jess	S. Menaged	Filing of UCC-1s for American Furniture	Attorney/Client Communication
770	Wed 8/17/2016 10:05 AM	Cody Jess	S. Menaged	Request for executed and notarized Guaranty for American Furniture	Attorney/Client Communication

Yomtov Scott Menaged - AOL Emails
Privilege Log

NUMBER	DATE	SENDER(S)	RECEPIENT(S)	SUBJECT	PRIVILEGE
771	Wed 8/17/2016 10:19 AM	Cody Jess	Steve Nemceck	Discussion concerning notifying landlord about bankruptcy filing	Attorney/Client Communication
772	Wed 8/17/2016 10:39 AM	Cody Jess	S. Menaged	Request for photographs of inventory	Attorney/Client Communication
773	Wed 8/17/2016 12:46 PM	Cody Jess	S. Menaged	Request for photographs of inventory	Attorney/Client Communication
774	Wed 8/17/2016 1:09 PM	Cody Jess	S. Menaged	Request for photographs of inventory	Attorney/Client Communication
775	Wed 8/17/2016 1:10 PM	Cody Jess	S. Menaged	Discussion on negotiation of credit from landlord	Attorney/Client Communication
776	Wed 8/17/2016 2:45 PM	Cody Jess	S. Menaged	Request for information concerning banking transactions	Attorney/Client Communication
777	Wed 8/17/2016 2:54 PM	Cody Jess	S. Menaged	Request for information concerning banking transactions	Attorney/Client Communication
778	Wed 8/17/2016 3:21 PM	Cody Jess	S. Menaged	Request for information concerning banking transactions	Attorney/Client Communication
779	Wed 8/17/2016 3:33 PM	Cody Jess	S. Menaged	Communication request to discuss documents sent	Attorney/Client Communication
780	Wed 8/17/2016 8:55 PM	Cody Jess	S. Menaged	Notification of new website for American Furniture	Attorney/Client Communication
781	Thu 8/18/2016 3:41 PM	Cody Jess	S. Menaged	Copy of Notice of Appearance and Request of Notice filed by the Chittick Estate	Attorney/Client Communication
782	Thu 8/18/2016 3:49 PM	Cody Jess	S. Menaged	Discussion about filed Notice	Attorney/Client Communication
783	Thu 8/18/2016 3:49 PM	Cody Jess	S. Menaged	Discussion about filed Notice	Attorney/Client Communication
784	Thu 8/18/2016 3:51 PM	Cody Jess	S. Menaged	Discussion about filed Notice	Attorney/Client Communication
785	Thu 8/18/2016 3:54 PM	Cody Jess	S. Menaged	Discussion about filed Notice and future expected filings	Attorney/Client Communication
786	Thu 8/18/2016 4:46 PM	Cody Jess	S. Menaged	Request for information concerning banking transactions, Request for all friends and family working in the furniture business	Attorney/Client Communication
787	Thu 8/18/2016 4:51 PM	Cody Jess	S. Menaged	Discussion RE: Friends and family working in the furniture business	Attorney/Client Communication
788	Thu 8/18/2016 4:52 PM	Cody Jess	S. Menaged	Status request for monies paid from AHF for remodeling work	Attorney/Client Communication
789	Thu 8/18/2016 4:53 PM	Cody Jess	S. Menaged	Response to question regarding DenSco filing	Attorney/Client Communication
790	Thu 8/18/2016 4:56 PM	Cody Jess	S. Menaged	Status request for monies paid from AHF for remodeling work	Attorney/Client Communication
791	Thu 8/18/2016 4:58 PM	Cody Jess	S. Menaged	Discussion about filed Notice	Attorney/Client Communication
792	Thu 8/18/2016 5:00 PM	Cody Jess	S. Menaged	Question regarding transfers between furniture company accounts	Attorney/Client Communication
793	Thu 8/18/2016 5:04 PM	Cody Jess	S. Menaged	Question regarding transfers between furniture company accounts	Attorney/Client Communication
794	Thu 8/18/2016 5:07 PM	Cody Jess	S. Menaged	Question regarding DenSco documents/agreements	Attorney/Client Communication
795	Thu 8/18/2016 5:12 PM	Cody Jess	S. Menaged	Discussion regarding DenSco documents/agreements	Attorney/Client Communication
796	Thu 8/18/2016 5:16 PM	Cody Jess	S. Menaged	Discussion regarding DenSco documents/agreements	Attorney/Client Communication
797	Thu 8/18/2016 5:19 PM	Cody Jess	S. Menaged	Discussion regarding DenSco documents/agreements	Attorney/Client Communication
798	Thu 8/18/2016 5:24 PM	Cody Jess	S. Menaged	Discussion regarding DenSco documents/agreements	Attorney/Client Communication
799	Thu 8/18/2016 5:27 PM	Cody Jess	S. Menaged	Amoroso & Thomas checks issue	Attorney/Client Communication
800	Thu 8/18/2016 5:35 PM	Cody Jess	S. Menaged	Discussion regarding DenSco documents/agreements	Attorney/Client Communication
801	Thu 8/18/2016 5:37 PM	Cody Jess	S. Menaged	Update on email discovery between Menaged and Denny Chittick	Attorney/Client Communication
802	Thu 8/18/2016 5:42 PM	Cody Jess	S. Menaged	Update on email discovery between Menaged and Denny Chittick	Attorney/Client Communication
803	Thu 8/18/2016 5:56 PM	Cody Jess	S. Menaged	Update on email discovery between Menaged and Denny Chittick	Attorney/Client Communication
804	Thu 8/18/2016 6:00 PM	Cody Jess	S. Menaged	Discussion regarding DenSco documents/agreements	Attorney/Client Communication
805	Thu 8/18/2016 6:02 PM	Cody Jess	Steve Nemceck	Copy of Menaged - SFF & FEK July Bank Account Statements	Attorney/Client Communication
806	Thu 8/18/2016 6:02 PM	Cody Jess	S. Menaged	Request for Agreement (unclear what Agreement)	Attorney/Client Communication
807	Thu 8/18/2016 6:09 PM	Cody Jess	S. Menaged	Discussion regarding DenSco documents/agreements	Attorney/Client Communication
808	Thu 8/18/2016 6:33 PM	Cody Jess	S. Menaged	Update on email discovery between Menaged and Denny Chittick	Attorney/Client Communication
809	Thu 8/18/2016 6:35 PM	Cody Jess	S. Menaged	Update on email discovery between Menaged and Denny Chittick	Attorney/Client Communication
810	Fri 8/19/2016 6:02 AM	Cody Jess	S. Menaged	Discussion RE: Trustee's counsel's action with landlord of warehouse	Attorney/Client Communication
811	Fri 8/19/2016 6:22 AM	Cody Jess	S. Menaged	Discussion RE: Trustee's counsel's action with landlord of warehouse	Attorney/Client Communication
812	Fri 8/19/2016 6:27 AM	Cody Jess	S. Menaged	Discussion RE: Trustee's counsel's action with landlord of warehouse	Attorney/Client Communication
813	Fri 8/19/2016 2:05 PM	Cody Jess	S. Menaged	Confirmation of receipt of retainer payment	Attorney/Client Communication
814	Fri 8/19/2016 2:07 PM	Cody Jess	S. Menaged	Request/confirmation of meeting	Attorney/Client Communication
815	Fri 8/19/2016 2:08 PM	Cody Jess	S. Menaged	Request/confirmation of meeting	Attorney/Client Communication
816	Fri 8/19/2016 2:09 PM	Cody Jess	S. Menaged	Request/confirmation of meeting	Attorney/Client Communication
817	Fri 8/19/2016 2:11 PM	Cody Jess	S. Menaged	Request/confirmation of meeting	Attorney/Client Communication
818	Fri 8/19/2016 2:12 PM	Cody Jess	Steve Nemceck	Copy of rental agreement with Penske for delivery trucks	Attorney/Client Communication
819	Fri 8/19/2016 2:12 PM	Cody Jess	S. Menaged	Request/confirmation of meeting	Attorney/Client Communication

Yomtov Scott Menaged - AOL Emails
Privilege Log

NUMBER	DATE	SENDER(S)	RECEPIENT(S)	SUBJECT	PRIVILEGE
820	Mon 8/22/2016 10:32 AM	Cody Jess	S. Menaged	Copy of filed Relief of Stay for vendor, Direct Capital against Auto King, LLC	Attorney/Client Communication
821	Mon 8/22/2016 10:34 AM	Cody Jess	S. Menaged	Update on filing of UCC-1s for American Furniture	Attorney/Client Communication
822	Mon 8/22/2016 10:37 AM	Cody Jess	S. Menaged	Discussion RE: Relief of Stay for vendor, Direct Capital against Auto King	Attorney/Client Communication
823	Mon 8/22/2016 12:13 PM	Cody Jess	S. Menaged	Copy of Notice of Appearance and Request of Notice filed by Guttilla Murphy	Attorney/Client Communication
				Anderson on behalf of Peter Davis	
824	Mon 8/22/2016 12:17 PM	Cody Jess	S. Menaged	Question regarding action to be taken with Mercedes vehicle	Attorney/Client Communication
825	Mon 8/22/2016 1:31 PM	Cody Jess	S. Menaged	Question regarding action to be taken with Mercedes vehicle	Attorney/Client Communication
826	Mon 8/22/2016 1:33 PM	Cody Jess	S. Menaged	Update on obtaining pleadings filed	Attorney/Client Communication
827	Mon 8/22/2016 1:36 PM	Cody Jess	S. Menaged	Update on obtaining pleadings filed	Attorney/Client Communication
828	Mon 8/22/2016 1:41 PM	Cody Jess	Clark Derrick	Copy of Notice of Appearance and Request of Notice filed by Guttilla Murphy	Attorney/Client Communication
				Anderson on behalf of Peter Davis	
829	Mon 8/22/2016 1:51 PM	Cody Jess	S. Menaged	Inquiry into equity line/account on residential property	Attorney/Client Communication
830	Mon 8/22/2016 1:51 PM	Cody Jess	S. Menaged	Information about ACC employee Wendy L Coy	Attorney/Client Communication
831	Mon 8/22/2016 2:56 PM	Cody Jess	S. Menaged	Information RE: Equity line/account on residential property	Attorney/Client Communication
832	Mon 8/22/2016 2:57 PM	Cody Jess	Steve Nemecek	Information RE: Equity line/account on residential property	Attorney/Client Communication
833	Mon 8/22/2016 3:00 PM	Cody Jess	S. Menaged	Information RE: Equity line/account on residential property	Attorney/Client Communication
834	Mon 8/22/2016 3:16 PM	Cody Jess	S. Menaged	Information RE: Equity line/account on residential property	Attorney/Client Communication
835	Mon 8/22/2016 3:33 PM	Cody Jess	S. Menaged	Information RE: Equity line/account on residential property	Attorney/Client Communication
836	Mon 8/22/2016 3:33 PM	Cody Jess	S. Menaged	Update of option to retain lease of Mercedes vehicle	Attorney/Client Communication
837	Mon 8/22/2016 4:01 PM	Cody Jess	S. Menaged	Inquiry into talks with property manager of warehouse(59th & Bell)	Attorney/Client Communication
838	Mon 8/22/2016 4:42 PM	Cody Jess	S. Menaged	Update about delivery of f pleadings filed for DenSco receivership	Attorney/Client Communication
839	Mon 8/22/2016 4:44 PM	Cody Jess	S. Menaged	Update about delivery of f pleadings filed for DenSco receivership	Attorney/Client Communication
840	Mon 8/22/2016 5:42 PM	Cody Jess	S. Menaged	Request for police report detailing fraudulent social security number issued through Wells Fargo	Attorney/Client Communication
841	Mon 8/22/2016 5:50 PM	Cody Jess	S. Menaged	Cody Jess	Attorney/Client Communication
842	Mon 8/22/2016 5:51 PM	Cody Jess	S. Menaged	Confirmation of meeting time and place	Attorney/Client Communication
843	Mon 8/22/2016 6:51 PM	Cody Jess	S. Menaged	Confirmation of meeting time and place	Attorney/Client Communication
844	Mon 8/22/2016 7:01 PM	Cody Jess	S. Menaged	Reply to request for signed forbearance agreement with DenSco	Attorney/Client Communication
845	Tue 8/23/2016 12:54 PM	Jeffrey Goulder	S. Menaged	Update on questions posed by Steve Nemecek	Attorney/Client Communication
846	Tue 8/23/2016 1:10 PM	Cody Jess	S. Menaged	Request for details on 1965 Ford Mustang vehicle	Attorney/Client Communication
847	Tue 8/23/2016 1:24 PM	Cody Jess	S. Menaged	Request for list of properties acquired with DenSco money	Attorney/Client Communication
848	Tue 8/23/2016 1:24 PM	Cody Jess	S. Menaged	Copies of pleadings, minute entries, invoice for 105 First Appearance Filing Fee,	Attorney/Client Communication
849	Tue 8/23/2016 2:22 PM	Cody Jess	S. Menaged	Notice of Appearance sent to Clark Derrick	Attorney/Client Communication
850	Tue 8/23/2016 3:06 PM	Cody Jess	S. Menaged	Request for bank statements to substantiate money to purchase 1965 Ford Mustang came from AHF	Attorney/Client Communication
851	Tue 8/23/2016 4:42 PM	Cody Jess	S. Menaged	Copies of Order and of Motion Granting Receiver's Motion for bankruptcy Rule 2004 Examination and Document Production of Menagec	Attorney/Client Communication
852	Tue 8/23/2016 6:14 PM	Clark Derrick	S. Menaged	Receipt of delivery of Order and of Motion Granting Receiver's Motion for bankruptcy Rule 2004 Examination and Document Production	Attorney/Client Communication
853	Tue 8/23/2016 8:17 PM	Cody Jess	S. Menaged	Questions RE: Police report detailing fraudulent social security number issued through Wells Fargo	Attorney/Client Communication
854	Tue 8/23/2016 8:45 PM	Cody Jess	S. Menaged	Questions RE: Police report detailing fraudulent social security number issued through Wells Fargo	Attorney/Client Communication
855	Wed 8/24/2016 11:46 AM	Cody Jess	S. Menaged	Legal advice RE: Preservation of all documents including emails/texts	Attorney/Client Communication
856	Wed 8/24/2016 11:47 AM	Cody Jess	S. Menaged	Request for contact info for Wells Fargo Fraud Division and Synchrony Bank	Attorney/Client Communication
857	Wed 8/24/2016 11:51 AM	Cody Jess	S. Menaged	Legal advice RE: Preservation of all documents including emails/texts	Attorney/Client Communication

Yomtov Scott Menaged - AOL Emails
Privilege Log

NUMBER	DATE	SENDER(S)	RECEPIENT(S)	SUBJECT	PRIVILEGE
858	Wed 8/24/2016 12:04 PM	Cody Jess	S. Menaged	Questions regarding properties owned by Menaged companies before and after 2/10/14 and other questions about properties purchased with DenSco funding and other lenders, Profit from sales of properties	Attorney/Client Communication
859	Wed 8/24/2016 12:38 PM	S. Menaged	S. Menaged	David Beauchamp email to Jeffrey Goulder detailing DenSco's forbearance Agreement with Menaged companies and its issues	Attorney/Client Communication
860	Wed 8/24/2016 2:10 PM	Tyler Grimm	S. Menaged, Cody Jess	Request for check images of payments made from Easy account in January 2014	Attorney/Client Communication
861	Wed 8/24/2016 2:48 PM	Cody Jess	S. Menaged	Communication request	Attorney/Client Communication
862	Wed 8/24/2016 2:53 PM	Cody Jess	S. Menaged	Communication request	Attorney/Client Communication
863	Wed 8/24/2016 2:54 PM	Cody Jess	S. Menaged	Communication request	Attorney/Client Communication
864	Wed 8/24/2016 2:55 PM	Cody Jess	S. Menaged	Communication request	Attorney/Client Communication
865	Wed 8/24/2016 3:03 PM	Cody Jess	S. Menaged	Communication request	Attorney/Client Communication
866	Wed 8/24/2016 3:07 PM	Tyler Grimm	S. Menaged	Explanation of payments made from Easy account in January 2014	Attorney/Client Communication
867	Wed 8/24/2016 4:30 PM	Cody Jess	S. Menaged	Response RE: Properties purchased after 2/10/14 with DenSco money	Attorney/Client Communication
868	Wed 8/24/2016 4:36 PM	Cody Jess	S. Menaged	Review of Deeds for DenSco funded properties	Attorney/Client Communication
869	Wed 8/24/2016 4:38 PM	Cody Jess	S. Menaged	Review of Deeds for DenSco funded properties	Attorney/Client Communication
870	Wed 8/24/2016 4:43 PM	Cody Jess	S. Menaged	General correspondence, Miscellaneous conversation	Attorney/Client Communication
871	Wed 8/24/2016 4:56 PM	Cody Jess	S. Menaged	General correspondence, Miscellaneous conversation	Attorney/Client Communication
872	Wed 8/24/2016 4:56 PM	Cody Jess	S. Menaged	Reply to inquiry into Peter Davis, as Receiver for DenSco receivership	Attorney/Client Communication
873	Wed 8/24/2016 4:58 PM	Cody Jess	S. Menaged	Request for replies to Schedule related questions	Attorney/Client Communication
874	Wed 8/24/2016 5:07 PM	Cody Jess	S. Menaged	Additional questions regarding Schedules RE: Payments made to family members	Attorney/Client Communication
875	Wed 8/24/2016 5:09 PM	Cody Jess	S. Menaged	Additional questions regarding Schedules RE: Payments made to family members	Attorney/Client Communication
876	Wed 8/24/2016 5:17 PM	Cody Jess	S. Menaged	Preparation for 341 meeting	Attorney/Client Communication
877	Wed 8/24/2016 5:36 PM	Cody Jess	S. Menaged	Legal counsel regarding disclosures/statements through amended schedules	Attorney/Client Communication
878	Wed 8/24/2016 5:42 PM	Cody Jess	S. Menaged	Legal counsel regarding disclosures/statements through amended schedules	Attorney/Client Communication
879	Wed 8/24/2016 5:43 PM	Cody Jess	S. Menaged	Legal counsel regarding disclosures/statements through amended schedules	Attorney/Client Communication
880	Wed 8/24/2016 6:05 PM	Cody Jess	S. Menaged	Discussion RE: Spreadsheet	Attorney/Client Communication
881	Wed 8/24/2016 6:08 PM	Cody Jess	S. Menaged	Issues regarding priority of lenders listed in spreadsheet	Attorney/Client Communication
882	Wed 8/24/2016 6:11 PM	Cody Jess	S. Menaged	Questions regarding the numbers RE: Payments to DenSco from AHF	Attorney/Client Communication
883	Wed 8/24/2016 6:11 PM	Cody Jess	S. Menaged	Discuss RE: Need for Title reports on properties to determine priority	Attorney/Client Communication
884	Thu 8/25/2016 12:52 PM	Cody Jess	S. Menaged	Contact verification for Lease or Lessor, Goodyear warehouse	Attorney/Client Communication
885	Thu 8/25/2016 12:54 PM	Cody Jess	S. Menaged	Contact verification for Lease or Lessor, Goodyear warehouse	Attorney/Client Communication
886	Thu 8/25/2016 4:16 PM	Cody Jess	S. Menaged	Forward of email between Cynthia Johnson and Cody Jess RE: Monthly income form not filled out	Attorney/Client Communication
887	Thu 8/25/2016 5:12 PM	Cody Jess	S. Menaged	Copies of the filed amendments to the Debtor's Schedules and Statements	Attorney/Client Communication
888	Thu 8/25/2016 5:26 PM	Cody Jess	S. Menaged	Request for response to issues concerning the Electra property/Schedule	Attorney/Client Communication
889	Fri 8/26/2016 6:17 AM	Cody Jess	S. Menaged	Legal advise on answers to certain questions given during 341 meeting	Attorney/Client Communication
890	Fri 8/26/2016 6:18 AM	Cody Jess	S. Menaged	Legal advise on answers to certain questions given during 341 meeting	Attorney/Client Communication
891	Fri 8/26/2016 6:23 AM	Cody Jess	S. Menaged	Legal advise on answers to certain questions given during 341 meeting	Attorney/Client Communication
892	Fri 8/26/2016 6:26 AM	Cody Jess	S. Menaged	Response to issues raised RE: FBI and Wells Fargo	Attorney/Client Communication
893	Fri 8/26/2016 6:27 AM	Cody Jess	S. Menaged	Attempt to calm Menaged's nerves concerning criminal activity	Attorney/Client Communication
894	Fri 8/26/2016 6:50 AM	Cody Jess	S. Menaged	Attempt to calm Menaged's nerves concerning criminal activity	Attorney/Client Communication
895	Fri 8/26/2016 8:17 AM	Cody Jess	S. Menaged	Plans to rendezvous at 341 meeting	Attorney/Client Communication

Yomtov Scott Managed - AOL Emails
Privilege Log

NUMBER	DATE	SENDER(S)	RECEPIENT(S)	SUBJECT	PRIVILEGE
896	Fri 8/26/2016 1:42 PM	Cody Jess	S. Menaged	Post 341 meeting commentary	Attorney/Client Communication
897	Fri 8/26/2016 4:22 PM	Cody Jess	S. Menaged	Questions and document production requests post 341 meeting	Attorney/Client Communication
898	Fri 8/26/2016 4:24 PM	Cody Jess	S. Menaged	Reaction to email from Ryan Anderson RE: Document production	Attorney/Client Communication
899	Fri 8/26/2016 4:55 PM	Cody Jess	S. Menaged	Questions about monthly lease payments post-delivery to the father	Attorney/Client Communication
900	Fri 8/26/2016 4:57 PM	Cody Jess	S. Menaged	Questions RE: Ownership percentage- Investor Title Holdings LLC	Attorney/Client Communication
901	Fri 8/26/2016 5:00 PM	Cody Jess	S. Menaged	Questions about monthly lease payments post-delivery to the father	Attorney/Client Communication
902	Fri 8/26/2016 5:15 PM	Cody Jess	S. Menaged	Questions about monthly lease payments post-delivery to the father	Attorney/Client Communication
903	Fri 8/26/2016 5:19 PM	Cody Jess	S. Menaged	Questions about monthly lease payments post-delivery to the father	Attorney/Client Communication
904	Fri 8/26/2016 5:37 PM	Cody Jess	S. Menaged	Questions about 2014 Range Rover and father's loan balance	Attorney/Client Communication
905	Fri 8/26/2016 5:39 PM	Cody Jess	S. Menaged	Questions about monthly lease payments post-delivery to the father	Attorney/Client Communication
906	Fri 8/26/2016 5:57 PM	Cody Jess	S. Menaged	Request for copy of postnuptial agreement	Attorney/Client Communication
907	Fri 8/26/2016 7:21 PM	Cody Jess	S. Menaged	Request about reasons for postnuptial agreement	Attorney/Client Communication
908	Fri 8/26/2016 8:50 PM	Cody Jess	S. Menaged	Request for Joseph Menaged's CPA Information	Attorney/Client Communication
909	Fri 8/26/2016 9:06 PM	Cody Jess	S. Menaged	Update on Wells Fargo investigation	Attorney/Client Communication
910	Fri 8/26/2016 9:16 PM	Cody Jess	S. Menaged	Update on Wells Fargo investigation	Attorney/Client Communication
911	Fri 8/26/2016 9:19 PM	Cody Jess	S. Menaged	Attempts to alleviate Menaged's worries moving forward	Attorney/Client Communication
912	Sat 8/27/2016 10:59 AM	Cody Jess	S. Menaged	Forward of email from Ryan Anderson with issues concerning 2004 Exam/doc production	Attorney/Client Communication
913	Sat 8/27/2016 11:11 AM	Cody Jess	S. Menaged	Forward of email from Ryan Anderson with formal request for doc production from Trustee	Attorney/Client Communication
914	Sun 8/28/2016 1:39 PM	Cody Jess	S. Menaged	Discussion about document production available to creditors	Attorney/Client Communication
915	Sun 8/28/2016 1:40 PM	Cody Jess	S. Menaged	Request for Active Funding info, loans with 2 lenders	Attorney/Client Communication
916	Sun 8/28/2016 2:08 PM	Cody Jess	S. Menaged	Meeting confirmation	Attorney/Client Communication
917	Sun 8/28/2016 2:13 PM	Cody Jess	S. Menaged	Forward of email from Ryan Anderson with formal request for doc production from Trustee	Attorney/Client Communication
918	Sun 8/28/2016 2:13 PM	Cody Jess	S. Menaged	Comments on production of emails between Menaged and Chittick	Attorney/Client Communication
919	Sun 8/28/2016 2:15 PM	Cody Jess	S. Menaged	Comments on production of emails between Menaged and Chittick	Attorney/Client Communication
920	Sun 8/28/2016 2:16 PM	Cody Jess	S. Menaged	Comments on production of emails between Menaged and Chittick	Attorney/Client Communication
921	Sun 8/28/2016 2:18 PM	Cody Jess	S. Menaged	Directions to download bank statements through Dropbox	Attorney/Client Communication
922	Mon 8/29/2016 1:48 PM	Tyler Grfm	S. Menaged	Request for Furniture Business records and books	Attorney/Client Communication
923	Mon 8/29/2016 4:14 PM	Cody Jess	S. Menaged	Request to recalculate money owed to DenSco	Attorney/Client Communication
924	Mon 8/29/2016 4:26 PM	Cody Jess	S. Menaged	Forward of email to Steve Nemecek concerning answer to question	Attorney/Client Communication
925	Mon 8/29/2016 4:45 PM	Cody Jess	S. Menaged	Inquiry with Trustee's counsel about Auto King inventory pickup	Attorney/Client Communication
926	Mon 8/29/2016 5:11 PM	Cody Jess	S. Menaged	Thoughts on not opposing Motion to Lift Automatic stay	Attorney/Client Communication
927	Tue 8/30/2016 11:30 AM	Cody Jess	S. Menaged	Thoughts on not opposing Motion to Lift Automatic stay	Attorney/Client Communication
928	Tue 8/30/2016 11:55 AM	Cody Jess	S. Menaged	Copy of Joinder to Sell Wholesale Funding Lift Stay Motion	Attorney/Client Communication
929	Tue 8/30/2016 4:47 PM	Cody Jess	S. Menaged	Copy of Joinder to Sell Wholesale Funding Lift Stay Motion	Attorney/Client Communication
930	Tue 8/30/2016 4:54 PM	Cody Jess	S. Menaged	DenSco interest payments	Attorney/Client Communication
931	Tue 8/30/2016 5:01 PM	Cody Jess	S. Menaged	DenSco interest payments	Attorney/Client Communication
932	Tue 8/30/2016 6:05 PM	Cody Jess	S. Menaged	DenSco interest payments discrepancy in total amount paid	Attorney/Client Communication
933	Wed 8/31/2016 7:10 AM	Cody Jess	S. Menaged	Thoughts on Issuing 2004s to Receiver and Chittick Estate	Attorney/Client Communication
934	Wed 8/31/2016 7:44 AM	Cody Jess	S. Menaged	Thoughts on Issuing 2004s to Receiver and Chittick Estate	Attorney/Client Communication
935	Wed 8/31/2016 8:30 AM	Cody Jess	S. Menaged	Thoughts on Issuing 2004s to Receiver and Chittick Estate	Attorney/Client Communication
936	Wed 8/31/2016 8:44 AM	Cody Jess	S. Menaged	Thoughts on Issuing 2004s to Receiver and Chittick Estate	Attorney/Client Communication
937	Wed 8/31/2016 8:48 AM	Cody Jess	S. Menaged	Thoughts on Joinder to Sell Wholesale Funding Lift Stay Motion	Attorney/Client Communication
938	Wed 8/31/2016 4:20 PM	Cody Jess	S. Menaged	Thoughts on Joinder to Sell Wholesale Funding Lift Stay Motion	Attorney/Client Communication
939	Wed 8/31/2016 4:41 PM	Cody Jess	S. Menaged	Copy of UCC-1 filing by DenSco against Furniture King	Attorney/Client Communication
940	Wed 8/31/2016 4:48 PM	Cody Jess	S. Menaged	Communication request	Attorney/Client Communication
941	Wed 8/31/2016 6:00 PM	Cody Jess	S. Menaged	Forward of email from Ryan Anderson RE: Confidentiality Agreement	Attorney/Client Communication
				Comments to email from Ryan Anderson RE: Confidentiality Agreement	Attorney/Client Communication

Yomtov Scott Menaged - AOL Emails
Privilege Log

NUMBER	DATE	SENDER(S)	RECEPIENT(S)	SUBJECT	PRIVILEGE
942	Wed 8/31/2016 6:15 PM	Cody Jess	S. Menaged	General Intangibles Issue between SFF and American Furniture	Attorney/Client Communication
943	Thu 9/1/2016 5:43 PM	Cody Jess	S. Menaged	Update on status of 2004 Exam paperwork	Attorney/Client Communication
944	Thu 9/1/2016 5:44 PM	Cody Jess	S. Menaged	Update on status of 2004 Exam paperwork	Attorney/Client Communication
945	Thu 9/1/2016 5:51 PM	Cody Jess	S. Menaged	Update on status of 2004 Exam paperwork	Attorney/Client Communication
946	Thu 9/1/2016 6:01 PM	Cody Jess	S. Menaged	Update on status of 2004 Exam paperwork	Attorney/Client Communication
947	Thu 9/1/2016 7:20 PM	Cody Jess	S. Menaged	Update on status of 2004 Exam paperwork	Attorney/Client Communication
948	Thu 9/1/2016 7:29 PM	Cody Jess	S. Menaged	Update on status of 2004 Exam and Receivship Inquiries	Attorney/Client Communication
949	Fri 9/2/2016 4:46 PM	Cody Jess	S. Menaged	Miscellaneous communication	Attorney/Client Communication
950	Fri 9/2/2016 4:54 PM	Cody Jess	S. Menaged	Miscellaneous communication	Attorney/Client Communication
951	Fri 9/2/2016 4:57 PM	Cody Jess	S. Menaged	Notification of travel time	Attorney/Client Communication
952	Fri 9/2/2016 4:58 PM	Cody Jess	S. Menaged	Copy of Stip/Order to extend the 523 deadline	Attorney/Client Communication
953	Fri 9/2/2016 6:39 PM	Cody Jess	S. Menaged	Copy of CM - Termination Agreement	Attorney/Client Communication
954	Tue 9/6/2016 10:54 AM	Cody Jess	S. Menaged	Notification of vacation dates	Attorney/Client Communication
955	Tue 9/6/2016 11:05 AM	Cody Jess	S. Menaged	RE Sell Motion re: Electra	Attorney/Client Communication
956	Tue 9/6/2016 11:09 AM	Cody Jess	S. Menaged	Confirmation of telephone conversation	Attorney/Client Communication
957	Tue 9/6/2016 11:12 AM	Cody Jess	S. Menaged	Request to enroll and complete financial management course	Attorney/Client Communication
958	Tue 9/6/2016 11:13 AM	Cody Jess	S. Menaged	Copy of letter from Ryan Anderson to Easy Investments	Attorney/Client Communication
959	Tue 9/6/2016 11:17 AM	Cody Jess	S. Menaged	Comments RE: Letter from Ryan Anderson to Easy Investments	Attorney/Client Communication
960	Tue 9/6/2016 11:20 AM	Cody Jess	S. Menaged	Confirmation of telephone conversation	Attorney/Client Communication
961	Tue 9/6/2016 11:21 AM	Cody Jess	S. Menaged	Questions RE: CM - Termination Agreement	Attorney/Client Communication
962	Tue 9/6/2016 11:22 AM	Cody Jess	S. Menaged	Questions RE: CM - Termination Agreement	Attorney/Client Communication
963	Tue 9/6/2016 11:28 AM	Cody Jess	S. Menaged	Questions RE: CM - Termination Agreement	Attorney/Client Communication
964	Tue 9/6/2016 11:32 AM	Cody Jess	S. Menaged	Discussion about balance due Mood Media and sending a copy of the BK	Attorney/Client Communication
965	Tue 9/6/2016 11:33 AM	Cody Jess	S. Menaged	Discussion about balance due Mood Media and sending a copy of the BK	Attorney/Client Communication
966	Tue 9/6/2016 11:34 AM	Cody Jess	S. Menaged	Update RE: Filing 2004	Attorney/Client Communication
967	Wed 9/7/2016 7:35 AM	Cody Jess	S. Menaged	Update RE: Filing 2004	Attorney/Client Communication
968	Wed 9/7/2016 7:36 AM	Cody Jess	S. Menaged	Update RE: Filing 2004	Attorney/Client Communication
969	Wed 9/7/2016 7:47 AM	Cody Jess	S. Menaged	Update RE: Reaffirmation agreement and lease with Mercedes	Attorney/Client Communication
970	Wed 9/7/2016 7:50 AM	Cody Jess	S. Menaged	Update RE: Filing 2004	Attorney/Client Communication
971	Wed 9/7/2016 8:04 AM	Cody Jess	S. Menaged	Update on status of 2004 Exam and Receivship inquiries	Attorney/Client Communication
972	Wed 9/7/2016 2:59 PM	Cody Jess	S. Menaged	Copy of reaffirmation agreement from Mercedes	Attorney/Client Communication
973	Wed 9/7/2016 3:08 PM	Julie Larsen	S. Menaged	Availability On certain dates for Receiver's 2004 Exam	Attorney/Client Communication
974	Wed 9/7/2016 5:03 PM	Cody Jess	S. Menaged	Discovery of Managed documents on DenSco website	Attorney/Client Communication
975	Wed 9/7/2016 5:05 PM	Cody Jess	S. Menaged	Discovery of Managed documents on DenSco website	Attorney/Client Communication
976	Wed 9/7/2016 7:35 PM	Cody Jess	S. Menaged	Discovery of Managed documents on DenSco website	Attorney/Client Communication
977	Wed 9/7/2016 7:35 PM	Cody Jess	S. Menaged	Discovery of Managed documents on DenSco website	Attorney/Client Communication
978	Wed 9/7/2016 7:38 PM	Cody Jess	S. Menaged	Discussion of adding coverage of emails to the Confidentiality Agreement	Attorney/Client Communication
979	Thu 9/8/2016 11:12 AM	Cody Jess	S. Menaged		
980	Thu 9/8/2016 11:38 AM	Cody Jess	S. Menaged	Request for proof of repossession of Escalade vehicle	Attorney/Client Communication
981	Thu 9/8/2016 11:46 AM	Cody Jess	S. Menaged	Reply to proof of repossession of Escalade vehicle	Attorney/Client Communication
982	Thu 9/8/2016 11:53 AM	Cody Jess	S. Menaged	Inquiry RE: Inquiry from Corporation Service Company	Attorney/Client Communication
983	Thu 9/8/2016 11:59 AM	Cody Jess	S. Menaged	Inquiry RE: Inquiry from Corporation Service Company	Attorney/Client Communication
984	Thu 9/8/2016 12:08 PM	Cody Jess	S. Menaged	Request for completion of Reaffirmation Agreement	Attorney/Client Communication
985	Thu 9/8/2016 12:12 PM	Cody Jess	S. Menaged	Request for completion of Reaffirmation Agreement	Attorney/Client Communication
986	Thu 9/8/2016 12:14 PM	Cody Jess	S. Menaged	Issues regarding Receiver's 2004 Exam/Deposition	Attorney/Client Communication
987	Thu 9/8/2016 12:16 PM	Cody Jess	S. Menaged	Issues regarding Receiver's 2004 Exam/Deposition	Attorney/Client Communication
988	Thu 9/8/2016 12:16 PM	Cody Jess	S. Menaged	Issues regarding Receiver's 2004 Exam/Deposition	Attorney/Client Communication
989	Thu 9/8/2016 12:16 PM	Cody Jess	S. Menaged	Update on delivery of payment	Attorney/Client Communication
990	Thu 9/8/2016 12:35 PM	Cody Jess	S. Menaged	Update on delivery of payment	Attorney/Client Communication
991	Thu 9/8/2016 2:22 PM	Cody Jess	S. Menaged	Request for answers to Ryan Anderson's email about Furniture King	Attorney/Client Communication

Yontov Scott Menaged - AOL Emails
Privilege Log

NUMBER	DATE	SENDER(S)	RECEPIENT(S)	SUBJECT	PRIVILEGE
992	Thu 9/8/2016 3:08 PM	Cody Jess	S. Menaged	Communication confirmation RE: Extension of deadlines	Attorney/Client Communication
993	Thu 9/8/2016 3:32 PM	Cody Jess	S. Menaged	Request for Stip to extend deadline to discharge from Chittick Estate	Attorney/Client Communication
994	Thu 9/8/2016 3:37 PM	Cody Jess	S. Menaged	Request for Stip to extend deadline to discharge from Chittick Estate	Attorney/Client Communication
995	Thu 9/8/2016 3:44 PM	Cody Jess	S. Menaged	Request for Stip to extend deadline to discharge from Chittick Estate	Attorney/Client Communication
996	Thu 9/8/2016 4:49 PM	Cody Jess	S. Menaged	Inquiry with Trustee as to status of abandonment-Electra property and Chevelle	Attorney/Client Communication
997	Thu 9/8/2016 5:50 PM	Cody Jess	S. Menaged	Copy of Confidentiality Agreement	Attorney/Client Communication
998	Thu 9/8/2016 6:53 PM	Cody Jess	S. Menaged	Copies of Application for 2004 doc production and oral exam of Shawna Heuer and Peter Davis	Attorney/Client Communication
999	Thu 9/8/2016 8:04 PM	Cody Jess	S. Menaged	Discussion of Application for 2004 doc production and oral exam of Shawna Heuer Attorney/Client Communication and Peter Davis	Attorney/Client Communication
1000	Thu 9/8/2016 8:11 PM	Cody Jess	S. Menaged	Discussion of Application for 2004 doc production and oral exam of Shawna Heuer Attorney/Client Communication and Peter Davis	Attorney/Client Communication
1001	Fri 9/9/2016 2:37 PM	Cody Jess	S. Menaged	Telephone communication request	Attorney/Client Communication
1002	Fri 9/9/2016 2:38 PM	Cody Jess	S. Menaged	Telephone communication request	Attorney/Client Communication
1003	Tue 9/13/2016 9:17 AM	Julie Larsen	S. Menaged	Inquiry into completion of financial management course	Attorney/Client Communication
1004	Tue 9/13/2016 9:56 AM	Cody Jess	S. Menaged	Inquiry into completion of financial management course	Attorney/Client Communication
1005	Tue 9/13/2016 1:55 PM	Julie Larsen	S. Menaged	Acknowledgement of completion of financial management course	Attorney/Client Communication
1006	Thu 9/15/2016 8:51 AM	Cody Jess	S. Menaged	Copy of reaffirmation agreement from Mercedes	Attorney/Client Communication
1007	Mon 9/19/2016 6:31 AM	Cody Jess	S. Menaged	Confirmation of meeting date between Receiver, counsel, debtor	Attorney/Client Communication
1008	Mon 9/19/2016 9:21 AM	Cody Jess	S. Menaged	Inquiry to current financial status with Mercedes	Attorney/Client Communication
1009	Mon 9/19/2016 9:23 AM	Cody Jess	S. Menaged	Inquiry to current financial status with Mercedes	Attorney/Client Communication
1010	Mon 9/19/2016 2:07 PM	Cody Jess	S. Menaged	Managed Notice of Hearing - Auto King - Motion for Stay Relief	Attorney/Client Communication
1011	Mon 9/19/2016 2:22 PM	Cody Jess	S. Menaged	Order Denying Reaffirmation Agreement re: Mercedes - Signed	Attorney/Client Communication
1012	Mon 9/19/2016 2:33 PM	Cody Jess	S. Menaged	Order Denying Reaffirmation Agreement re: Mercedes - Signed	Attorney/Client Communication
1013	Mon 9/19/2016 2:35 PM	Cody Jess	S. Menaged	Order Denying Reaffirmation Agreement re: Mercedes - Signed	Attorney/Client Communication
1016	Mon 9/19/2016 3:42 PM	Cody Jess	S. Menaged	Confirmation of meeting date between Receiver, counsel, debtor	Attorney/Client Communication
1017	Mon 9/19/2016 4:36 PM	Cody Jess	S. Menaged	Confirmation of meeting date between Receiver, counsel, debtor	Attorney/Client Communication
1018	Mon 9/19/2016 4:42 PM	Cody Jess	S. Menaged	Order Denying Reaffirmation Agreement re: Mercedes - Signed	Attorney/Client Communication
1019	Mon 9/19/2016 4:49 PM	Cody Jess	S. Menaged	Confirmation of meeting date between Receiver, counsel, debtor	Attorney/Client Communication
1020	Mon 9/19/2016 4:50 PM	Cody Jess	S. Menaged	Confirmation of meeting date between Receiver, counsel, debtor	Attorney/Client Communication
1021	Mon 9/19/2016 5:29 PM	Cody Jess	S. Menaged	Copies of Trustee's Motion to Approve Settlement with Receiver RE: Furniture King, DE 1201 and Motion for Expedited Hearing [DE 1211]	Attorney/Client Communication
1022	Mon 9/19/2016 5:36 PM	Cody Jess	S. Menaged	Copy of Receiver's Motion for Relief re: 9555 E. Raintree Dr. and Notice	Attorney/Client Communication
1023	Mon 9/19/2016 6:25 PM	Cody Jess	S. Menaged	Copy of Receiver's Motion for Relief re: 9555 E. Raintree Dr. and Notice	Attorney/Client Communication
1024	Mon 9/19/2016 6:26 PM	Cody Jess	S. Menaged	Commentary request on counsel for Chittick Estate's request for stipulation for extension of deadline to object to discharge	Attorney/Client Communication
1025	Mon 9/19/2016 6:48 PM	Cody Jess	S. Menaged	Communication request to discuss deadline to object to discharge	Attorney/Client Communication
1026	Tue 9/20/2016 11:20 AM	Cody Jess	S. Menaged	Need to amend Schedule C RE: Security deposit	Attorney/Client Communication
1027	Tue 9/20/2016 11:40 AM	Cody Jess	S. Menaged	Need to amend Schedule C RE: Security deposit	Attorney/Client Communication
1028	Tue 9/20/2016 11:43 AM	Cody Jess	S. Menaged	Need to amend Schedule C RE: Security deposit	Attorney/Client Communication
1029	Tue 9/20/2016 11:44 AM	Cody Jess	S. Menaged	Need to amend Schedule C RE: Security deposit	Attorney/Client Communication
1030	Tue 9/20/2016 2:39 PM	Cody Jess	S. Menaged	Request for delivery of Forbearance Agreement with DenSco	Attorney/Client Communication
1031	Tue 9/20/2016 4:00 PM	Cody Jess	S. Menaged	Discussion RE: Extension of time to file 727 complaint	Attorney/Client Communication
1032	Tue 9/20/2016 4:02 PM	Cody Jess	S. Menaged	Commentary RE: David Beauchamp email to Jeffrey Goulder detailing DenSco's Forbearance Agreement with Menaged companies and its issues	Attorney/Client Communication
1033	Tue 9/20/2016 6:03 PM	Cody Jess	S. Menaged	Copy of Stipulation to Extend Deadline for Filing Section 523 for Chittick	Attorney/Client Communication
1034	Tue 9/20/2016 6:44 PM	Cody Jess	S. Menaged	Response to request for the emailing of reports of payments to family	Attorney/Client Communication
1035	Tue 9/20/2016 7:20 PM	Cody Jess	S. Menaged	Questions to address at upcoming meeting	Attorney/Client Communication
1036	Thu 9/22/2016 6:39 AM	Cody Jess	S. Menaged	Response to request for the emailing of reports of payments to family	Attorney/Client Communication

Yomtov Scott Managed - AOL Emails
Privilege Log

NUMBER	DATE	SENDER(S)	RECEPIENT(S)	SUBJECT	PRIVILEGE
1037	Thu 9/22/2016 7:47 AM	Cody Jess	S. Managed	Response to request for the emailing of reports of payments to family	Attorney/Client Communication
1038	Thu 9/22/2016 6:08 PM	Cody Jess	S. Managed	Response to request for BK filing documents	Attorney/Client Communication
1039	Thu 9/22/2016 6:12 PM	Cody Jess	S. Managed	Response to request for BK filing documents/Meeting confirmation	Attorney/Client Communication
1040	Thu 9/22/2016 6:13 PM	Cody Jess	S. Managed	Inquiry into storage containers located on the property of Furniture King	Attorney/Client Communication
1041	Thu 9/22/2016 6:15 PM	Cody Jess	S. Managed	Response to request for documents detailing loan from Joe Managed to AmericanAttorney/Client Communication	Attorney/Client Communication
1042	Thu 9/22/2016 6:18 PM	Cody Jess	S. Managed	Inquiry into storage containers located on the property of Furniture King	Attorney/Client Communication
1043	Thu 9/22/2016 6:19 PM	Cody Jess	S. Managed	Concerns RE: Information set forth in the Receiver's 2004 Order should be turned over without any concern of confidentiality	Attorney/Client Communication
1044	Thu 9/22/2016 6:22 PM	Cody Jess	S. Managed	Concerns RE: Information set forth in the Receiver's 2004 Order should be turned over without any concern of confidentiality	Attorney/Client Communication
1045	Thu 9/22/2016 7:38 PM	Cody Jess	S. Managed	Concerns RE: Information set forth in the Receiver's 2004 Order should be turned over without any concern of confidentiality	Attorney/Client Communication
1046	Fri 9/23/2016 8:33 AM	Cody Jess	S. Managed	Confirmation of meeting	Attorney/Client Communication
1047	Fri 9/23/2016 8:58 AM	Cody Jess	S. Managed	Issues regarding Joseph Managed receiving notices	Attorney/Client Communication
1048	Fri 9/23/2016 9:12 AM	Cody Jess	S. Managed	Confirmation of meeting	Attorney/Client Communication
1049	Fri 9/23/2016 9:13 AM	Cody Jess	S. Managed	Confirmation of meeting	Attorney/Client Communication
1050	Fri 9/23/2016 12:14 PM	Jeffrey Goulder	S. Managed	Response to request for Communication documents between Denisco and Managed	Attorney/Client Communication
1051	Fri 9/23/2016 3:34 PM	Cody Jess	S. Managed, Jeffrey Goulder	Response to request for Communication documents between Denisco and Managed	Attorney/Client Communication
1052	Fri 9/23/2016 5:19 PM	Cody Jess	S. Managed	Post-meeting remarks and thoughts	Attorney/Client Communication
1053	Fri 9/23/2016 5:23 PM	Cody Jess	S. Managed	Post-meeting remarks and thoughts	Attorney/Client Communication
1054	Mon 9/26/2016 7:56 AM	Cody Jess	S. Managed	Remarks to availability status of Managed for communication	Attorney/Client Communication
1055	Mon 9/26/2016 8:01 AM	Cody Jess	S. Managed	Remarks to availability status of Managed for communication	Attorney/Client Communication
1056	Mon 9/26/2016 8:34 AM	Cody Jess	S. Managed	Remarks to availability status of Managed for communication	Attorney/Client Communication
1057	Mon 9/26/2016 10:11 AM	Cody Jess	S. Managed	Request for additional documents	Attorney/Client Communication
1058	Mon 9/26/2016 2:31 PM	Cody Jess	S. Managed	Request for available dates for 2004 Exam with the Trustee	Attorney/Client Communication
1059	Mon 9/26/2016 3:54 PM	Cody Jess	S. Managed	Request for available dates for 2004 Exam with the Trustee	Attorney/Client Communication
1060	Mon 9/26/2016 4:01 PM	Cody Jess	S. Managed	Request for available dates for 2004 Exam with the Trustee	Attorney/Client Communication
1061	Tue 9/27/2016 12:03 PM	Cody Jess	S. Managed	Issues regarding the Receiver's Inventory of Furniture King assets	Attorney/Client Communication
1062	Tue 9/27/2016 12:09 PM	Cody Jess	S. Managed	Issues regarding the Receiver's Inventory of Furniture King assets	Attorney/Client Communication
1063	Tue 9/27/2016 12:11 PM	Cody Jess	S. Managed	General communication regarding well-being of Managed's wife	Attorney/Client Communication
1064	Tue 9/27/2016 12:14 PM	Cody Jess	S. Managed	General communication regarding well-being of Managed's wife	Attorney/Client Communication
1065	Tue 9/27/2016 1:17 PM	Cody Jess	S. Managed	Issues regarding repossession efforts of BMW vehicle	Attorney/Client Communication
1066	Tue 9/27/2016 1:19 PM	Cody Jess	S. Managed	Issues regarding repossession efforts of BMW vehicle	Attorney/Client Communication
1067	Tue 9/27/2016 1:48 PM	Cody Jess	S. Managed	Issues regarding repossession efforts of BMW vehicle/making payments	Attorney/Client Communication
1068	Tue 9/27/2016 2:44 PM	Cody Jess	S. Managed	Issues regarding repossession efforts of BMW vehicle/making payments	Attorney/Client Communication
1069	Tue 9/27/2016 2:47 PM	Cody Jess	S. Managed	Issues regarding repossession efforts of BMW vehicle/making payments	Attorney/Client Communication
1070	Tue 9/27/2016 2:48 PM	Cody Jess	S. Managed	Issues regarding repossession efforts of BMW vehicle/making payments	Attorney/Client Communication
1071	Tue 9/27/2016 2:51 PM	Cody Jess	S. Managed	Issues regarding repossession efforts of BMW vehicle/making payments	Attorney/Client Communication
1072	Tue 9/27/2016 3:16 PM	Cody Jess	S. Managed	Scheduling of inventory pick-up at Auto King	Attorney/Client Communication
1073	Tue 9/27/2016 3:18 PM	Cody Jess	S. Managed	Request for documents RE: Funding for American Furniture and cancellation of life insurance policy	Attorney/Client Communication
1074	Tue 9/27/2016 4:09 PM	Cody Jess	S. Managed	Acknowledgement of receiving documents RE: Funding for American Furniture	Attorney/Client Communication
1075	Tue 9/27/2016 4:16 PM	Cody Jess	S. Managed	Request for documents RE: Cancellation of life insurance policy	Attorney/Client Communication
1076	Tue 9/27/2016 4:39 PM	Cody Jess	S. Managed	Response to email between Denisco and Managed	Attorney/Client Communication
1077	Tue 9/27/2016 4:44 PM	Cody Jess	S. Managed	Request for additional email communication between Denisco and Managed	Attorney/Client Communication

Yomtov Scott Menaged - AOL Emails
Privilege Log

NUMBER	DATE	SENDER(S)	RECEPIENT(S)	SUBJECT	PRIVILEGE
1078	Tue 9/27/2016 4:46 PM	Cody Jess	S. Menaged	Request for additional email communication between Denisco and Menaged	Attorney/Client Communication
1079	Wed 9/28/2016 6:18 AM	Cody Jess	S. Menaged	Response regarding repossession efforts of BMW vehicle	Attorney/Client Communication
1080	Wed 9/28/2016 6:19 AM	Cody Jess	S. Menaged	Response regarding repossession efforts of BMW vehicle	Attorney/Client Communication
1081	Wed 9/28/2016 6:21 AM	Cody Jess	S. Menaged	Response to emails between Denisco and Menaged	Attorney/Client Communication
1082	Wed 9/28/2016 10:10 AM	Cody Jess	S. Menaged	Scheduling of pick-up of computers/phones/devices for forensic mining	Attorney/Client Communication
1083	Wed 9/28/2016 10:47 AM	Cody Jess	S. Menaged	Scheduling of pick-up of computers/phones/devices for forensic mining	Attorney/Client Communication
1084	Wed 9/28/2016 10:47 AM	Cody Jess	S. Menaged	Scheduling of pick-up of computers/phones/devices for forensic mining	Attorney/Client Communication
1085	Wed 9/28/2016 10:51 AM	Cody Jess	S. Menaged	Scheduling of pick-up of computers/phones/devices for forensic mining	Attorney/Client Communication
1086	Wed 9/28/2016 10:53 AM	Cody Jess	S. Menaged	Scheduling of pick-up of computers/phones/devices for forensic mining	Attorney/Client Communication
1087	Wed 9/28/2016 11:23 AM	Cody Jess	S. Menaged	Request/scheduling telephone call to discuss email communication between Denisco and Menaged	Attorney/Client Communication
1088	Wed 9/28/2016 11:25 AM	Cody Jess	S. Menaged	Request/scheduling telephone call to discuss email communication between Denisco and Menaged	Attorney/Client Communication
1089	Wed 9/28/2016 12:46 PM	Cody Jess	S. Menaged	Request for delivery of keys to Goodyear warehouse to Receiver	Attorney/Client Communication
1090	Thu 9/29/2016 8:06 AM	Cody Jess	S. Menaged	Discussion of options for Raintree property for the Trustee	Attorney/Client Communication
1091	Thu 9/29/2016 8:08 AM	Cody Jess	S. Menaged	Scheduling of pick-up of computers/phones/devices for forensic mining	Attorney/Client Communication
1092	Thu 9/29/2016 11:10 AM	Cody Jess	S. Menaged	Request for delivery of keys to Goodyear warehouse to Receiver	Attorney/Client Communication
1093	Thu 9/29/2016 11:14 AM	Cody Jess	S. Menaged	Request for delivery of keys to Goodyear warehouse to Receiver	Attorney/Client Communication
1094	Thu 9/29/2016 11:29 AM	Cody Jess	S. Menaged	Update on picking up personal property and abandonment of Chevle	Attorney/Client Communication
1095	Thu 9/29/2016 11:30 AM	Cody Jess	S. Menaged	Request for delivery of keys to Goodyear warehouse to Receiver	Attorney/Client Communication
1096	Thu 9/29/2016 11:31 AM	Cody Jess	S. Menaged	Scheduling of telephone call	Attorney/Client Communication
1097	Thu 9/29/2016 11:34 AM	Cody Jess	S. Menaged	Discussion of options for Raintree property for the Trustee	Attorney/Client Communication
1098	Thu 9/29/2016 11:38 AM	Cody Jess	S. Menaged	Scheduling of telephone call	Attorney/Client Communication
1099	Thu 9/29/2016 11:39 AM	Cody Jess	S. Menaged	Discussion of options for Raintree property for the Trustee	Attorney/Client Communication
1100	Thu 9/29/2016 11:40 AM	Cody Jess	S. Menaged	Legal advise RE: Signing the Mutual Termination Agreement for Goodyear warehouse	Attorney/Client Communication
1101	Thu 9/29/2016 4:18 PM	Cody Jess	S. Menaged	Legal advise RE: Signing the Mutual Termination Agreement for Goodyear warehouse	Attorney/Client Communication
1102	Thu 9/29/2016 4:24 PM	Cody Jess	S. Menaged	Legal advise RE: Signing the Mutual Termination Agreement for Goodyear warehouse	Attorney/Client Communication
1103	Thu 9/29/2016 4:32 PM	Cody Jess	S. Menaged	General communication RE: Moving of inventory at Goodyear warehouse	Attorney/Client Communication
1104	Thu 9/29/2016 4:34 PM	Cody Jess	S. Menaged	General communication RE: Moving of inventory at Goodyear warehouse	Attorney/Client Communication
1105	Thu 9/29/2016 4:37 PM	Cody Jess	S. Menaged	Legal advise RE: Signing the Mutual Termination Agreement for Goodyear warehouse	Attorney/Client Communication
1106	Thu 9/29/2016 4:39 PM	Cody Jess	S. Menaged	Copy of Lease Termination Agreement RE: Furniture and Electronic King	Attorney/Client Communication
1107	Thu 9/29/2016 4:39 PM	Cody Jess	S. Menaged	Comments RE: Lease Termination Agreement RE: Furniture and Electronic King	Attorney/Client Communication
1108	Thu 9/29/2016 4:41 PM	Cody Jess	S. Menaged	Comments RE: Lease Termination Agreement RE: Furniture and Electronic King	Attorney/Client Communication
1109	Thu 9/29/2016 4:43 PM	Cody Jess	S. Menaged	Response to inquiry about auction of personal items	Attorney/Client Communication
1110	Fri 9/30/2016 11:46 AM	Cody Jess	S. Menaged	Request for dates and times of 2004 Exams	Attorney/Client Communication
1111	Fri 9/30/2016 11:48 AM	Cody Jess	S. Menaged	Schedule to pick up Chevle from auction house	Attorney/Client Communication
1112	Fri 9/30/2016 11:51 AM	Cody Jess	S. Menaged	Response to request for dates and times of 2004 Exams	Attorney/Client Communication
1113	Fri 9/30/2016 11:53 AM	Julie Larsen	S. Menaged	Inquiry into the data mining process for Discovery	Attorney/Client Communication
1114	Mon 10/3/2016 12:06 PM	Cody Jess	S. Menaged	Inquiry into the data mining process for Discovery	Attorney/Client Communication
1115	Mon 10/3/2016 12:08 PM	Cody Jess	S. Menaged	Inquiry into the data mining process for Discovery	Attorney/Client Communication
1116	Tue 10/4/2016 12:12 PM	Cody Jess	S. Menaged	Inquiry into the data mining process for Discovery	Attorney/Client Communication
1117	Tue 10/4/2016 12:13 PM	Cody Jess	S. Menaged	Inquiry into the data mining process for Discovery	Attorney/Client Communication
1118	Tue 10/4/2016 12:23 PM	Cody Jess	S. Menaged	Availability of time for telephone call/meeting	Attorney/Client Communication
1119	Tue 10/4/2016 2:41 PM	Cody Jess	S. Menaged	Availability of time for telephone call/meeting	Attorney/Client Communication
1120	Tue 10/4/2016 2:45 PM	Cody Jess	S. Menaged	Availability of time for telephone call/meeting	Attorney/Client Communication

Yontov Scott Menaged - AOL Emails
Privilege Log

NUMBER	DATE	SENDER(S)	RECEIPT(S)	SUBJECT	PRIVILEGE
1121	Tue 10/4/2016 2:46 PM	Cody Jess	S. Menaged	Copy of title report RE: Winter property	Attorney/Client Communication
1122	Wed 10/5/2016 2:03 PM	Cody Jess	S. Menaged	Clarification of Apt # of Raintree property	Attorney/Client Communication
1123	Wed 10/5/2016 3:02 PM	Cody Jess	S. Menaged	RE: Forbearance Agreement - Electra property	Attorney/Client Communication
1124	Wed 10/5/2016 6:04 PM	Cody Jess	S. Menaged	Request for Word version RE: Forbearance Agreement - Electra property	Attorney/Client Communication
1125	Thu 10/6/2016 12:49 PM	Cody Jess	S. Menaged	Out of Office Automatic Reply	Attorney/Client Communication
1126	Thu 10/6/2016 12:52 PM	Cody Jess	S. Menaged	Confirmation for pick-up of cell phone for forensic Discovery	Attorney/Client Communication
1127	Thu 10/6/2016 7:21 PM	Cody Jess	S. Menaged	Confirmation for pick-up of cell phone for forensic Discovery	Attorney/Client Communication
1128	Thu 10/6/2016 7:48 PM	Cody Jess	S. Menaged	Confirmation for pick-up of cell phone for forensic Discovery	Attorney/Client Communication
1129	Thu 10/6/2016 7:49 PM	Cody Jess	S. Menaged	Confirmation for pick-up of cell phone for forensic Discovery	Attorney/Client Communication
1130	Mon 10/10/2016 11:29 AM	Cody Jess	S. Menaged	Inquiry into Menaged's state of mind	Attorney/Client Communication
1131	Mon 10/10/2016 11:59 AM	Cody Jess	S. Menaged	Inquiry into Menaged's state of mind	Attorney/Client Communication
1132	Tue 10/11/2016 9:31 AM	Cody Jess	S. Menaged	Rescheduling of cell phone pick up for forensic Discovery	Attorney/Client Communication
1133	Tue 10/11/2016 9:41 AM	Cody Jess	S. Menaged	Rescheduling of cell phone pick up for forensic Discovery	Attorney/Client Communication
1134	Tue 10/11/2016 12:20 PM	Cody Jess	S. Menaged	Rescheduling of cell phone pick up for forensic Discovery	Attorney/Client Communication
1135	Tue 10/11/2016 12:20 PM	Cody Jess	S. Menaged	Copy of Notice of Lodging Proposed Order Lifting Stay RE: DenSco Investment Corp Raintree property	Attorney/Client Communication
1136	Tue 10/11/2016 12:22 PM	Cody Jess	S. Menaged	Copy of Order Granting US Bank's Motion for Relief re: 2016 Cadillac Escalade	Attorney/Client Communication
1137	Tue 10/11/2016 12:23 PM	Cody Jess	S. Menaged	Rescheduling of cell phone pick up for forensic Discovery	Attorney/Client Communication
1138	Tue 10/11/2016 12:25 PM	Cody Jess	S. Menaged	Copy of email to Ryan Anderson RE: Request for "paperwork" the receiver sent the landlord at Fiesta Crossing	Attorney/Client Communication
1139	Tue 10/11/2016 12:26 PM	Cody Jess	S. Menaged	Questions regarding Raintree and Winter properties	Attorney/Client Communication
1140	Tue 10/11/2016 12:32 PM	Cody Jess	S. Menaged	Copy of email to Ryan Anderson RE: Issue with not signing Termination Agreement on Goodyear warehouse	Attorney/Client Communication
1141	Tue 10/11/2016 12:37 PM	Cody Jess	S. Menaged	Copy of Order Granting DenSco's Motion for Relief re: 9555 E. Raintree Dr	Attorney/Client Communication
1142	Tue 10/11/2016 1:00 PM	Cody Jess	S. Menaged	Rescheduling of cell phone pick up for forensic Discovery	Attorney/Client Communication
1143	Tue 10/11/2016 1:05 PM	Cody Jess	S. Menaged	Questions regarding Raintree and Winter properties/lien positions	Attorney/Client Communication
1144	Tue 10/11/2016 1:08 PM	Cody Jess	S. Menaged	Questions regarding Raintree and Winter properties/lien positions	Attorney/Client Communication
1145	Tue 10/11/2016 1:09 PM	Cody Jess	S. Menaged	Rescheduling of cell phone pick up for forensic Discovery	Attorney/Client Communication
1146	Tue 10/11/2016 1:17 PM	Cody Jess	S. Menaged	Copy of email to Ryan Anderson RE: "Paperwork" the receiver sent the landlord at Attorney/Client Communication	Attorney/Client Communication
1147	Tue 10/11/2016 1:18 PM	Cody Jess	S. Menaged	Fiesta Crossing	Attorney/Client Communication
1148	Tue 10/11/2016 2:32 PM	Cody Jess	S. Menaged	Notice of Receiver vacating Goodyear warehouse and Lease Termination Agreement can be executed by Menaged	Attorney/Client Communication
1149	Tue 10/11/2016 2:35 PM	Cody Jess	S. Menaged	Request for inquiry into Fiesta Crossing knowledge of American Furniture and start-up capital source	Attorney/Client Communication
1150	Tue 10/11/2016 2:39 PM	Cody Jess	S. Menaged	Further correspondence RE: Fiesta Crossing knowledge of American Furniture and Attorney/Client Communication start-up capital source	Attorney/Client Communication
1151	Tue 10/11/2016 3:20 PM	Cody Jess	S. Menaged	Forward of email with Ryan Anderson RE: Issues with closing of sale on Winter start-up capital source	Attorney/Client Communication
1152	Tue 10/11/2016 3:21 PM	Cody Jess	S. Menaged	Rescheduling of cell phone pick up for forensic Discovery	Attorney/Client Communication
1153	Tue 10/11/2016 3:44 PM	Cody Jess	S. Menaged	Concerns RE: Forbearance agreement on Electra property	Attorney/Client Communication
1154	Tue 10/11/2016 3:50 PM	Cody Jess	S. Menaged	Request to review trustee's list of jewelry that Debtor wishes to bid on and opening bid, with pictures	Attorney/Client Communication
1155	Tue 10/11/2016 5:50 PM	Cody Jess	S. Menaged	Request to review personal bank account at US bank which they may have frozen	Attorney/Client Communication
1156	Tue 10/11/2016 6:04 PM	Cody Jess	S. Menaged	erroneously per Receivership Order	Attorney/Client Communication
1157	Tue 10/11/2016 8:49 PM	Cody Jess	S. Menaged	Response to frozen Menaged's personal US Bank account	Attorney/Client Communication
1158	Tue 10/11/2016 9:01 PM	Cody Jess	S. Menaged	Request for telephone call RE: Jewelry to be auctioned	Attorney/Client Communication
				Request for telephone call RE: Jewelry to be auctioned and other issues	Attorney/Client Communication

Yomtov Scott Menaged - AOL Emails
Privilege Log

NUMBER	DATE	SENDER(S)	RECIPIENT(S)	SUBJECT	PRIVILEGE
1159	Wed 10/12/2016 10:50 AM	Cody Jess	S. Menaged	Communication request scheduling	Attorney/Client Communication
1160	Wed 10/12/2016 11:00 AM	Cody Jess	S. Menaged	Communication request scheduling	Attorney/Client Communication
1161	Wed 10/12/2016 11:05 AM	Cody Jess	S. Menaged	Further correspondence RE: Fiesta Crossing knowledge of American Furniture and Attorney/Client Communication start-up capital source	Attorney/Client Communication
1162	Wed 10/12/2016 11:14 AM	Cody Jess	S. Menaged	Further correspondence RE: Fiesta Crossing knowledge of American Furniture and Attorney/Client Communication start-up capital source	Attorney/Client Communication
1163	Wed 10/12/2016 12 12 PM	Cody Jess	S. Menaged	Update RE: Trustee's list of jewelry that Debtor wishes to bid on	Attorney/Client Communication
1164	Wed 10/12/2016 2:40 PM	Cody Jess	S. Menaged	Communications regarding American Furniture involvement in real estate transactions in lieu of Menaged's BK	Attorney/Client Communication
1165	Wed 10/12/2016 2:47 PM	Cody Jess	S. Menaged	Communications regarding American Furniture involvement in real estate transactions in lieu of Menaged's BK	Attorney/Client Communication
1166	Wed 10/12/2016 3:30 PM	Cody Jess	S. Menaged	Copy of final version of Lease Termination Agreement Goodyear warehouse	Attorney/Client Communication
1167	Wed 10/12/2016 4:26 PM	Cody Jess	S. Menaged	Concerns RE: Forbearance agreement on Electra property	Attorney/Client Communication
1168	Wed 10/12/2016 4:30 PM	Cody Jess	S. Menaged	Concerns RE: Forbearance agreement on Electra property	Attorney/Client Communication
1169	Wed 10/12/2016 3:37 PM	Cody Jess	S. Menaged	Confirmation of delivered executed Agreement for American Furniture	Attorney/Client Communication
1170	Wed 10/12/2016 4:49 PM	Cody Jess	S. Menaged	Concerns RE: Forbearance agreement on Electra property	Attorney/Client Communication
1171	Wed 10/12/2016 4:56 PM	Cody Jess	S. Menaged	Concerns RE: Forbearance agreement on Electra property	Attorney/Client Communication
1172	Wed 10/12/2016 5:44 PM	Cody Jess	S. Menaged	Communications regarding American Furniture involvement in real estate transactions in lieu of Menaged's BK	Attorney/Client Communication
1173	Wed 10/12/2016 6:10 PM	Cody Jess	S. Menaged	Update request RE: Trustee's list of jewelry that Debtor wishes to bid on	Attorney/Client Communication
1174	Wed 10/12/2016 6:19 PM	Cody Jess	S. Menaged	Update request RE: Trustee's list of jewelry that Debtor wishes to bid on	Attorney/Client Communication
1175	Wed 10/12/2016 6:19 PM	Cody Jess	S. Menaged	Update request RE: Trustee's list of jewelry that Debtor wishes to bid on	Attorney/Client Communication
1176	Wed 10/12/2016 6:26 PM	Cody Jess	S. Menaged	Update RE: Trustee's list of jewelry that Debtor wishes to bid on	Attorney/Client Communication
1177	Wed 10/12/2016 6:31 PM	Cody Jess	S. Menaged	Update RE: Trustee's list of jewelry that Debtor wishes to bid on	Attorney/Client Communication
1178	Wed 10/12/2016 6:41 PM	Cody Jess	S. Menaged	Update RE: Trustee's list of jewelry that Debtor wishes to bid on	Attorney/Client Communication
1179	Thu 10/13/2016 11:08 AM	Cody Jess	S. Menaged	Response to request to attempt communication with John Lotardo	Attorney/Client Communication
1180	Thu 10/13/2016 11:07 AM	Cody Jess	S. Menaged	Confidentiality Agreement RE: Cell phone pick up	Attorney/Client Communication
1181	Thu 10/13/2016 11:07 AM	Cody Jess	S. Menaged	Response to communication request RE: 2004 Exam preparation	Attorney/Client Communication
1182	Thu 10/13/2016 2:05 PM	Cody Jess	S. Menaged	Scheduling for communication RE: 2004 Exam preparation	Attorney/Client Communication
1183	Thu 10/13/2016 3:10 PM	Cody Jess	S. Menaged	Scheduling for communication RE: 2004 Exam preparation	Attorney/Client Communication
1184	Thu 10/13/2016 3:56 PM	Cody Jess	S. Menaged	Response to request to attempt communication with John Lotardo	Attorney/Client Communication
1185	Thu 10/13/2016 4:19 PM	Cody Jess	S. Menaged	Response to request to attempt communication with John Lotardo	Attorney/Client Communication
1186	Thu 10/13/2016 5:26 PM	Cody Jess	S. Menaged	Communications regarding American Furniture involvement in real estate transactions in lieu of Menaged's BK	Attorney/Client Communication
1187	Fri 10/14/2016 8:12 AM	Cody Jess	S. Menaged	Reply to inquiry into pick up of inventory at Auto King	Attorney/Client Communication
1188	Sun 10/16/2016 8:46 AM	Cody Jess	S. Menaged	Acknowledgement of receipt of loan documents RE: Joseph Menaged as lender	Attorney/Client Communication
1189	Sun 10/16/2016 9:04 AM	Cody Jess	S. Menaged	Issues RE: Loan documents-Joseph Menaged as lender	Attorney/Client Communication
1190	Sun 10/16/2016 9:05 AM	Cody Jess	S. Menaged	Issues RE: Loan documents-Joseph Menaged as lender	Attorney/Client Communication
1191	Sun 10/16/2016 3:29 PM	Cody Jess	S. Menaged	Update on pick up of inventory at Auto King	Attorney/Client Communication
1192	Sun 10/16/2016 3:38 PM	Cody Jess	S. Menaged	Issues RE: Loan documents RE: Joseph Menaged as lender	Attorney/Client Communication
1193	Mon 10/17/2016 9:37 AM	Cody Jess	S. Menaged	Update RE: Loan documents RE: Joseph Menaged as lender	Attorney/Client Communication
1194	Mon 10/17/2016 9:40 AM	Cody Jess	S. Menaged	Copies of UCC-1, Security Agreement, Promissory Note and bank statement RE: Joseph Menaged loan to American Furniture	Attorney/Client Communication
1195	Mon 10/17/2016 10:15 AM	Cody Jess	S. Menaged	Update RE: Joseph Menaged loan to American Furniture	Attorney/Client Communication
1196	Mon 10/17/2016 11:17 AM	Cody Jess	S. Menaged	Rescheduling of cell phone pick up for forensic Discovery	Attorney/Client Communication
1197	Mon 10/17/2016 11:21 AM	Cody Jess	S. Menaged	Rescheduling of cell phone pick up for forensic Discovery	Attorney/Client Communication
1198	Mon 10/17/2016 11:31 AM	Cody Jess	S. Menaged	Rescheduling of cell phone pick up for forensic Discovery	Attorney/Client Communication
1199	Mon 10/17/2016 11:32 AM	Cody Jess	S. Menaged	Rescheduling of cell phone pick up for forensic Discovery	Attorney/Client Communication

Yomtov Scott Managed - AOL Emails
Privilege Log

NUMBER	DATE	SENDER(S)	RECEPIENT(S)	SUBJECT	PRIVILEGE
1200	Mon 10/17/2016 11:47 AM	Julie Larsen	S. Managed	Copy of Notice of Trustee Sale-Jewelry and watches	Attorney/Client Communication
1201	Mon 10/17/2016 1:32 PM	Cody Jess	S. Managed	Communications regarding American Furniture Involvement in real estate transactions in lieu of Menaged's BK and FATCO	Attorney/Client Communication
1202	Mon 10/17/2016 1:34 PM	Cody Jess	S. Managed	Communications regarding American Furniture Involvement in real estate transactions in lieu of Menaged's BK and FATCO	Attorney/Client Communication
1203	Mon 10/17/2016 1:48 PM	Cody Jess	S. Managed	Communications regarding American Furniture Involvement in real estate transactions in lieu of Menaged's BK and FATCO	Attorney/Client Communication
1204	Mon 10/17/2016 2:18 PM	Cody Jess	S. Managed	Communications regarding American Furniture Involvement in real estate transactions in lieu of Menaged's BK and FATCO	Attorney/Client Communication
1205	Mon 10/17/2016 2:24 PM	Cody Jess	S. Managed	Communications regarding American Furniture Involvement in real estate transactions in lieu of Menaged's BK and FATCO	Attorney/Client Communication
1206	Mon 10/17/2016 2:25 PM	Cody Jess	S. Managed	Copies of filed documents RE: Auction of assets from Auto King	Attorney/Client Communication
1207	Mon 10/17/2016 2:26 PM	Cody Jess	S. Managed	Communications regarding American Furniture Involvement in real estate transactions in lieu of Menaged's BK and FATCO	Attorney/Client Communication
1208	Mon 10/17/2016 2:31 PM	Cody Jess	S. Managed	Communications regarding American Furniture Involvement in real estate transactions in lieu of Menaged's BK and FATCO	Attorney/Client Communication
1209	Mon 10/17/2016 5:21 PM	Cody Jess	S. Managed	Update RE: Forbearance Agreement for Electra property	Attorney/Client Communication
1210	Mon 10/17/2016 5:30 PM	Cody Jess	S. Managed	Update RE: Forbearance Agreement for Electra property	Attorney/Client Communication
1211	Mon 10/17/2016 5:33 PM	Cody Jess	S. Managed	Update RE: Forbearance Agreement for Electra property	Attorney/Client Communication
1212	Tue 10/18/2016 9:21 AM	Cody Jess	S. Managed	Communications regarding American Furniture Involvement in real estate transactions in lieu of Menaged's BK and FATCO	Attorney/Client Communication
1213	Tue 10/18/2016 10:44 AM	Cody Jess	S. Managed	Response to inquiry about final electric bill for 59th ave and bell store	Attorney/Client Communication
1214	Tue 10/18/2016 3:17 PM	Cody Jess	S. Managed	Copy of Lease Assumption Agreement with Daimler	Attorney/Client Communication
1215	Tue 10/18/2016 3:35 PM	Cody Jess	S. Managed	Response to inquiry RE: Lease Assumption Agreement with Daimler	Attorney/Client Communication
1216	Tue 10/18/2016 3:44 PM	Cody Jess	S. Managed	Confirmation of pre 2004 Exam meeting	Attorney/Client Communication
1217	Tue 10/18/2016 3:48 PM	Cody Jess	S. Managed	Confirmation of pre 2004 Exam meeting and general comments	Attorney/Client Communication
1218	Tue 10/18/2016 3:53 PM	Cody Jess	S. Managed	Confirmation of pre 2004 Exam meeting and general comments	Attorney/Client Communication
1219	Tue 10/18/2016 3:57 PM	Cody Jess	S. Managed	Confirmation of pre 2004 Exam meeting and general comments	Attorney/Client Communication
1220	Tue 10/18/2016 4:02 PM	Cody Jess	S. Managed	Confirmation of pre 2004 Exam meeting and general comments	Attorney/Client Communication
1221	Tue 10/18/2016 4:19 PM	Cody Jess	S. Managed	Confirmation of pre 2004 Exam meeting and general comments	Attorney/Client Communication
1222	Tue 10/18/2016 4:40 PM	Cody Jess	S. Managed	Questions concerning the US Trustee not requesting documents for 2004 Exam	Attorney/Client Communication
1223	Tue 10/18/2016 4:42 PM	Cody Jess	S. Managed	Questions concerning the US Trustee not requesting documents for 2004 Exam	Attorney/Client Communication
1224	Wed 10/19/2016 8:43 AM	Julie Larsen	S. Managed	Copy of executed Lease Assumption Agreement-Daimler Trust	Attorney/Client Communication
1225	Wed 10/19/2016 10:57 AM	Cody Jess	S. Managed	Scheduling for Arizona Auction to pick up Items from Menaged's residence	Attorney/Client Communication
1226	Wed 10/19/2016 11:42 AM	Cody Jess	S. Managed	Request for clarification on which email client Menaged used	Attorney/Client Communication
1227	Wed 10/19/2016 12:54 PM	Cody Jess	Clark Derrick	Discussion about Receiver's 2004 Exam	Attorney/Client Communication
1228	Wed 10/19/2016 1:06 PM	Cody Jess	S. Managed	Contact info for Gary & Coralee Thompson	Attorney/Client Communication
1229	Wed 10/19/2016 2:19 PM	Cody Jess	S. Managed	Issues with counsel for the Chittick Estate attending the 2004 Exam	Attorney/Client Communication
1230	Wed 10/19/2016 2:22 PM	Cody Jess	S. Managed	Issues with counsel for the Chittick Estate attending the 2004 Exam	Attorney/Client Communication
1231	Wed 10/19/2016 2:52 PM	Cody Jess	S. Managed	Issues with counsel for the Chittick Estate attending the 2004 Exam	Attorney/Client Communication
1232	Wed 10/19/2016 3:00 PM	Cody Jess	S. Managed	Issues with counsel for the Chittick Estate attending the 2004 Exam	Attorney/Client Communication
1232	Wed 10/19/2016 6:05 PM	Cody Jess	S. Managed	Discussion RE: Upcoming 2004 Exam	Attorney/Client Communication
1233	Wed 10/19/2016 6:26 PM	Cody Jess	S. Managed	Analysis after reviewing Goulder's documents involving Miller and DenSco	Attorney/Client Communication
1234	Wed 10/19/2016 6:36 PM	Cody Jess	S. Managed	Discussion RE: Upcoming 2004 Exam	Attorney/Client Communication
1235	Thu 10/20/2016 8:08 AM	S. Managed	Cody Jess	Update on cell phone pick-up for forensic discovery	Attorney/Client Communication
1236	Thu 10/20/2016 8:08 AM	S. Managed	Cody Jess	Update on cell phone pick-up for forensic discovery	Attorney/Client Communication
1237	Thu 10/20/2016 8:08 AM	S. Managed	Cody Jess	Update on cell phone pick-up for forensic discovery	Attorney/Client Communication

NUMBER	DATE	SENDER(S)	RECIPIENT(S)	SUBJECT	PRIVILEGE
1238	Thu 10/20/2016 8:25 AM	Cody Jess	S. Menaged	Update on cell phone pick-up for forensic discovery	Attorney/Client Communication
1239	Thu 10/20/2016 12:52 PM	Cody Jess	S. Menaged	Update on data transfer from cell phone	Attorney/Client Communication
1240	Thu 10/20/2016 6:33 PM	S. Menaged	Cody Jess	Post 2004 Exam thoughts and comments	Attorney/Client Communication
1241	Thu 10/20/2016 6:33 PM	S. Menaged	Cody Jess	Post 2004 Exam thoughts and comments	Attorney/Client Communication
1242	Thu 10/20/2016 6:33 PM	S. Menaged	Cody Jess	Post 2004 Exam thoughts and comments	Attorney/Client Communication
1243	Thu 10/20/2016 6:35 PM	Cody Jess	S. Menaged	Reply to post 2004 Exam thoughts and comments	Attorney/Client Communication
1244	Thu 10/20/2016 6:41 PM	S. Menaged	Cody Jess	Update on data transfer from cell phone	Attorney/Client Communication
1245	Thu 10/20/2016 6:41 PM	S. Menaged	Cody Jess	Update on data transfer from cell phone	Attorney/Client Communication
1246	Thu 10/20/2016 6:41 PM	S. Menaged	Cody Jess	Update on data transfer from cell phone	Attorney/Client Communication
1247	Fri 10/21/2016 6:40 AM	S. Menaged	Cody Jess	Post 2004 Exam thoughts and comments	Attorney/Client Communication
1248	Fri 10/21/2016 6:40 AM	S. Menaged	Cody Jess	Post 2004 Exam thoughts and comments	Attorney/Client Communication
1249	Fri 10/21/2016 6:40 AM	S. Menaged	Cody Jess	Post 2004 Exam thoughts and comments	Attorney/Client Communication
1250	Fri 10/21/2016 6:44 AM	Cody Jess	S. Menaged	Reply to post 2004 Exam thoughts and comments	Attorney/Client Communication
1251	Fri 10/21/2016 7:01 AM	Cody Jess	S. Menaged	Reply to communication request	Attorney/Client Communication
1252	Fri 10/21/2016 7:09 AM	S. Menaged	Cody Jess	Post 2004 Exam thoughts and comments	Attorney/Client Communication
1253	Fri 10/21/2016 7:09 AM	S. Menaged	Cody Jess	Post 2004 Exam thoughts and comments	Attorney/Client Communication
1254	Fri 10/21/2016 7:09 AM	S. Menaged	Cody Jess	Post 2004 Exam thoughts and comments	Attorney/Client Communication
1255	Fri 10/21/2016 7:11 AM	S. Menaged	Cody Jess	Reply to communication request	Attorney/Client Communication
1256	Fri 10/21/2016 7:11 AM	S. Menaged	Cody Jess	Reply to communication request	Attorney/Client Communication
1257	Fri 10/21/2016 7:11 AM	S. Menaged	Cody Jess	Reply to communication request	Attorney/Client Communication
1258	Fri 10/21/2016 7:29 AM	S. Menaged	Cody Jess	Post 2004 Exam thoughts and comments	Attorney/Client Communication
1259	Fri 10/21/2016 7:29 AM	S. Menaged	Cody Jess	Post 2004 Exam thoughts and comments	Attorney/Client Communication
1260	Fri 10/21/2016 7:29 AM	S. Menaged	Cody Jess	Post 2004 Exam thoughts and comments	Attorney/Client Communication
1261	Fri 10/21/2016 8:20 AM	S. Menaged	Cody Jess	Post 2004 Exam thoughts and comments	Attorney/Client Communication
1262	Fri 10/21/2016 8:20 AM	S. Menaged	Cody Jess	Post 2004 Exam thoughts and comments	Attorney/Client Communication
1263	Fri 10/21/2016 8:20 AM	S. Menaged	Cody Jess	Post 2004 Exam thoughts and comments	Attorney/Client Communication
1264	Fri 10/21/2016 8:56 AM	Cody Jess	S. Menaged	Post 2004 Exam thoughts and comments	Attorney/Client Communication
1265	Fri 10/21/2016 9:00 AM	S. Menaged	Cody Jess	Post 2004 Exam thoughts and comments	Attorney/Client Communication
1266	Fri 10/21/2016 9:00 AM	S. Menaged	Cody Jess	Post 2004 Exam thoughts and comments	Attorney/Client Communication
1267	Fri 10/21/2016 9:00 AM	S. Menaged	Cody Jess	Post 2004 Exam thoughts and comments	Attorney/Client Communication
1268	Fri 10/21/2016 9:16 AM	Cody Jess	S. Menaged	Scheduling for meeting with Jess, Menaged and Goldberg	Attorney/Client Communication
1269	Fri 10/21/2016 9:55 AM	S. Menaged	Cody Jess	Request for telephone call	Attorney/Client Communication
1270	Fri 10/21/2016 9:55 AM	S. Menaged	Cody Jess	Request for telephone call	Attorney/Client Communication
1271	Fri 10/21/2016 9:55 AM	S. Menaged	Cody Jess	Request for telephone call	Attorney/Client Communication
1272	Fri 10/21/2016 2:19 PM	Cody Jess	S. Menaged	Request for password and login	Attorney/Client Communication
1273	Fri 10/21/2016 2:23 PM	Cody Jess	S. Menaged	Request for password and login	Attorney/Client Communication
1274	Fri 10/21/2016 2:28 PM	S. Menaged	Cody Jess	Scheduling of meeting to discuss post 2004 Exam issues	Attorney/Client Communication
1275	Fri 10/21/2016 2:28 PM	S. Menaged	Cody Jess	Scheduling of meeting to discuss post 2004 Exam issues	Attorney/Client Communication
1276	Fri 10/21/2016 2:28 PM	S. Menaged	Cody Jess	Scheduling of meeting to discuss post 2004 Exam issues	Attorney/Client Communication
1277	Fri 10/21/2016 2:29 PM	Cody Jess	S. Menaged	Scheduling of meeting to discuss post 2004 Exam issues	Attorney/Client Communication
1278	Fri 10/21/2016 2:33 PM	S. Menaged	Cody Jess	Password and login information	Attorney/Client Communication
1279	Fri 10/21/2016 2:33 PM	S. Menaged	Cody Jess	Password and login information	Attorney/Client Communication
1280	Fri 10/21/2016 2:33 PM	S. Menaged	Cody Jess	Password and login information	Attorney/Client Communication
1281	Fri 10/21/2016 2:33 PM	Cody Jess	S. Menaged	Password and login information	Attorney/Client Communication
1282	Fri 10/21/2016 2:36 PM	S. Menaged	Cody Jess	Password and login information	Attorney/Client Communication
1283	Fri 10/21/2016 2:36 PM	S. Menaged	Cody Jess	Password and login information	Attorney/Client Communication
1284	Fri 10/21/2016 2:36 PM	S. Menaged	Cody Jess	Password and login information	Attorney/Client Communication
1285	Fri 10/21/2016 2:37 PM	Cody Jess	S. Menaged	Password and login information	Attorney/Client Communication
1286	Fri 10/21/2016 2:41 PM	Cody Jess	S. Menaged	Password and login information	Attorney/Client Communication
1287	Fri 10/21/2016 2:41 PM	S. Menaged	Cody Jess	Password and login information	Attorney/Client Communication
1288	Fri 10/21/2016 2:41 PM	S. Menaged	Cody Jess	Password and login information	Attorney/Client Communication

Yontov Scott Menaged - AOL Emails
Privilege Log

NUMBER	DATE	SENDER(S)	RECIPIENT(S)	SUBJECT	PRIVILEGE
1289	Fri 10/21/2016 2:41 PM	S. Menaged	Cody Jess	Password and login information	Attorney/Client Communication
1290	Fri 10/21/2016 2:42 PM	S. Menaged	Cody Jess	Password and login information	Attorney/Client Communication
1291	Fri 10/21/2016 2:42 PM	S. Menaged	Cody Jess	Password and login information	Attorney/Client Communication
1292	Fri 10/21/2016 2:42 PM	S. Menaged	Cody Jess	Password and login information	Attorney/Client Communication
1293	Fri 10/21/2016 2:42 PM	Cody Jess	S. Menaged	Request for clarification of earlier email	Attorney/Client Communication
1294	Fri 10/21/2016 2:43 PM	Cody Jess	S. Menaged	Password and login information	Attorney/Client Communication
1295	Fri 10/21/2016 2:44 PM	S. Menaged	Cody Jess	Discussion about meeting with Joseph Menaged	Attorney/Client Communication
1296	Fri 10/21/2016 2:44 PM	S. Menaged	Cody Jess	Discussion about meeting with Joseph Menaged	Attorney/Client Communication
1297	Fri 10/21/2016 2:44 PM	S. Menaged	Cody Jess	Discussion about meeting with Joseph Menaged	Attorney/Client Communication
1298	Fri 10/21/2016 2:46 PM	Cody Jess	S. Menaged	Discussion about meeting with Joseph Menaged	Attorney/Client Communication
1299	Fri 10/21/2016 3:00 PM	S. Menaged	Cody Jess	Discussion about meeting with Joseph Menaged	Attorney/Client Communication
1300	Fri 10/21/2016 3:00 PM	S. Menaged	Cody Jess	Discussion about meeting with Joseph Menaged	Attorney/Client Communication
1301	Fri 10/21/2016 3:00 PM	S. Menaged	Cody Jess	Discussion about meeting with Joseph Menaged	Attorney/Client Communication
1302	Fri 10/21/2016 3:01 PM	Cody Jess	S. Menaged	Discussion about meeting with Joseph Menaged	Attorney/Client Communication
1303	Fri 10/21/2016 3:24 PM	S. Menaged	Cody Jess	Discussion about meeting with Joseph Menaged	Attorney/Client Communication
1304	Fri 10/21/2016 3:24 PM	S. Menaged	Cody Jess	Discussion about meeting with Joseph Menaged	Attorney/Client Communication
1305	Fri 10/21/2016 3:24 PM	S. Menaged	Cody Jess	Discussion about meeting with Joseph Menaged	Attorney/Client Communication
1306	Fri 10/21/2016 4:09 PM	Cody Jess	S. Menaged	Update on communication with Trustee's counsel	Attorney/Client Communication
1307	Fri 10/21/2016 5:37 PM	Cody Jess	S. Menaged	Request for approval to file extension to object to discharge	Attorney/Client Communication
1308	Fri 10/21/2016 5:37 PM	Cody Jess	S. Menaged	Request for approval to file extension to object to discharge	Attorney/Client Communication
1309	Fri 10/21/2016 5:46 PM	Cody Jess	S. Menaged	Comments RE: Recording admissibly	Attorney/Client Communication
1310	Fri 10/21/2016 5:47 PM	Cody Jess	S. Menaged	Update on communication with Trustee's counsel	Attorney/Client Communication
1311	Fri 10/21/2016 5:54 PM	S. Menaged	Cody Jess	Update on communication with Trustee's counsel	Attorney/Client Communication
1312	Fri 10/21/2016 5:54 PM	S. Menaged	Cody Jess	Update on communication with Trustee's counsel	Attorney/Client Communication
1313	Fri 10/21/2016 5:54 PM	S. Menaged	Cody Jess	Update on communication with Trustee's counsel	Attorney/Client Communication
1314	Fri 10/21/2016 5:55 PM	Cody Jess	S. Menaged	Update on communication with Trustee's counsel	Attorney/Client Communication
1315	Fri 10/21/2016 5:56 PM	S. Menaged	Cody Jess	Update on communication with Trustee's counsel	Attorney/Client Communication
1316	Fri 10/21/2016 5:56 PM	S. Menaged	Cody Jess	Update on communication with Trustee's counsel	Attorney/Client Communication
1317	Fri 10/21/2016 5:56 PM	S. Menaged	Cody Jess	Update on communication with Trustee's counsel	Attorney/Client Communication
1318	Sat 10/22/2016 12:53 PM	Cody Jess	Joseph Menaged	Follow up post meeting with contact info for Patrick Clisham	Attorney/Client Communication
1319	Sat 10/22/2016 12:53 PM	Cody Jess	S. Menaged	Request for approval to file extension to object to discharge	Attorney/Client Communication
1320	Sat 10/22/2016 1:05 PM	S. Menaged	Cody Jess	Approval for extension to objection to discharge	Attorney/Client Communication
1321	Sat 10/22/2016 1:05 PM	S. Menaged	Cody Jess	Approval for extension to objection to discharge	Attorney/Client Communication
1322	Sat 10/22/2016 1:06 PM	Cody Jess	S. Menaged	Approval for extension to objection to discharge	Attorney/Client Communication
1323	Sat 10/22/2016 1:06 PM	Cody Jess	S. Menaged	Approval for extension to objection to discharge	Attorney/Client Communication
1324	Sat 10/22/2016 1:06 PM	Cody Jess	S. Menaged	Approval for extension to objection to discharge	Attorney/Client Communication
1325	Sat 10/22/2016 2:15 PM	Cody Jess	S. Menaged	Approval for extension to objection to discharge	Attorney/Client Communication
1326	Sat 10/22/2016 2:41 PM	S. Menaged	Cody Jess	Update RE: Forbearance Agreement for Electra property	Attorney/Client Communication
1327	Sat 10/22/2016 2:41 PM	S. Menaged	Cody Jess	Update RE: Forbearance Agreement for Electra property	Attorney/Client Communication
1328	Sat 10/22/2016 2:41 PM	S. Menaged	Cody Jess	Update RE: Forbearance Agreement for Electra property	Attorney/Client Communication
1329	Sat 10/22/2016 2:55 PM	S. Menaged	Cody Jess	Comments post meeting with Joseph Menaged	Attorney/Client Communication
1330	Sat 10/22/2016 2:55 PM	S. Menaged	Cody Jess	Comments post meeting with Joseph Menaged	Attorney/Client Communication
1331	Sat 10/22/2016 2:55 PM	S. Menaged	Cody Jess	Comments post meeting with Joseph Menaged	Attorney/Client Communication
1332	Sat 10/22/2016 3:38 PM	Cody Jess	S. Menaged	Comments post meeting with Joseph Menaged	Attorney/Client Communication
1333	Sat 10/22/2016 3:38 PM	Cody Jess	S. Menaged	Update RE: Forbearance Agreement for Electra property	Attorney/Client Communication
1334	Sat 10/22/2016 3:52 PM	S. Menaged	Cody Jess	Comments post meeting with Joseph Menaged	Attorney/Client Communication
1335	Sat 10/22/2016 3:52 PM	S. Menaged	Cody Jess	Comments post meeting with Joseph Menaged	Attorney/Client Communication
1336	Sat 10/22/2016 3:52 PM	S. Menaged	Cody Jess	Comments post meeting with Joseph Menaged	Attorney/Client Communication
1337	Sat 10/22/2016 4:46 PM	Cody Jess	S. Menaged	Comments post meeting with Joseph Menaged	Attorney/Client Communication
1338	Mon 10/24/2016 6:48 AM	S. Menaged	Cody Jess	Inquiry into the abandonment of jewelry and the Electra property	Attorney/Client Communication
1339	Mon 10/24/2016 6:48 AM	S. Menaged	Cody Jess	Inquiry into the abandonment of jewelry and the Electra property	Attorney/Client Communication

Yomtov Scott Menaged - AOL Emails
Privilege Log

NUMBER	DATE	SENDER(S)	RECEIPT(S)	SUBJECT	PRIVILEGE
1340	Mon 10/24/2016 6:48 AM	S. Menaged	Cody Jess	Inquiry into the abandonment of jewelry and the Electra property	Attorney/Client Communication
1341	Mon 10/24/2016 9:04 AM	Cody Jess	S. Menaged	Response to inquiry about abandonment of jewelry and Electra	Attorney/Client Communication
1342	Mon 10/24/2016 9:08 AM	S. Menaged	Cody Jess	Inquiry into the abandonment of jewelry and the Electra property	Attorney/Client Communication
1343	Mon 10/24/2016 9:08 AM	S. Menaged	Cody Jess	Inquiry into the abandonment of jewelry and the Electra property	Attorney/Client Communication
1344	Mon 10/24/2016 9:08 AM	S. Menaged	Cody Jess	Inquiry into the abandonment of jewelry and the Electra property	Attorney/Client Communication
1345	Mon 10/24/2016 9:49 AM	S. Menaged	Cody Jess	Update on the pick-up of inventory from Auto King	Attorney/Client Communication
1346	Mon 10/24/2016 9:49 AM	S. Menaged	Cody Jess	Update on the pick-up of inventory from Auto King	Attorney/Client Communication
1347	Mon 10/24/2016 9:49 AM	S. Menaged	Cody Jess	Update on the pick-up of inventory from Auto King	Attorney/Client Communication
1348	Mon 10/24/2016 9:53 AM	Cody Jess	S. Menaged	Update on the pick-up of inventory from Auto King	Attorney/Client Communication
1349	Mon 10/24/2016 10:47 AM	Cody Jess	S. Menaged	Confirmation of telephone call	Attorney/Client Communication
1350	Mon 10/24/2016 10:52 AM	S. Menaged	Cody Jess	Confirmation of telephone call	Attorney/Client Communication
1351	Mon 10/24/2016 10:52 AM	S. Menaged	Cody Jess	Confirmation of telephone call	Attorney/Client Communication
1352	Mon 10/24/2016 10:52 AM	S. Menaged	Cody Jess	Confirmation of telephone call	Attorney/Client Communication
1353	Mon 10/24/2016 11:01 AM	Cody Jess	S. Menaged	Confirmation of telephone call	Attorney/Client Communication
1354	Mon 10/24/2016 11:02 AM	Cody Jess	S. Menaged	Notification of Denny Chittick Estate's request to be granted 523 objection deadline	Attorney/Client Communication
1355	Mon 10/24/2016 11:15 AM	S. Menaged	Cody Jess	Confirmation of telephone call	Attorney/Client Communication
1356	Mon 10/24/2016 11:15 AM	S. Menaged	Cody Jess	Confirmation of telephone call	Attorney/Client Communication
1357	Mon 10/24/2016 11:15 AM	S. Menaged	Cody Jess	Confirmation of telephone call	Attorney/Client Communication
1358	Mon 10/24/2016 11:26 AM	Cody Jess	S. Menaged	Confirmation of telephone call	Attorney/Client Communication
1359	Mon 10/24/2016 11:31 AM	S. Menaged	Cody Jess	Response to notification of Denny Chittick Estate's request to be granted 523 objection deadline	Attorney/Client Communication
1360	Mon 10/24/2016 11:31 AM	S. Menaged	Cody Jess	Response to notification of Denny Chittick Estate's request to be granted 523 objection deadline	Attorney/Client Communication
1361	Mon 10/24/2016 11:31 AM	S. Menaged	Cody Jess	Response to notification of Denny Chittick Estate's request to be granted 523 objection deadline	Attorney/Client Communication
1362	Mon 10/24/2016 12:38 PM	Cody Jess	S. Menaged	Confirmation of telephone call	Attorney/Client Communication
1363	Mon 10/24/2016 1:18 PM	S. Menaged	Cody Jess	Confirmation of telephone call	Attorney/Client Communication
1364	Mon 10/24/2016 1:18 PM	S. Menaged	Cody Jess	Confirmation of telephone call	Attorney/Client Communication
1365	Mon 10/24/2016 1:18 PM	S. Menaged	Cody Jess	Confirmation of telephone call	Attorney/Client Communication
1366	Mon 10/24/2016 4:05 PM	Cody Jess	S. Menaged	Comments RE: Inventory from Auto King	Attorney/Client Communication
1367	Mon 10/24/2016 4:13 PM	S. Menaged	Cody Jess	Comments RE: Inventory from Auto King	Attorney/Client Communication
1368	Mon 10/24/2016 4:13 PM	S. Menaged	Cody Jess	Comments RE: Inventory from Auto King	Attorney/Client Communication
1369	Mon 10/24/2016 4:13 PM	S. Menaged	Cody Jess	Comments RE: Inventory from Auto King	Attorney/Client Communication
1370	Mon 10/24/2016 4:15 PM	Cody Jess	S. Menaged	Comments RE: Inventory from Auto King	Attorney/Client Communication
1371	Mon 10/24/2016 4:21 PM	Cody Jess	S. Menaged	Response to Denny Chittick Estate's request to be granted 523 objection deadline	Attorney/Client Communication
1372	Mon 10/24/2016 4:25 PM	S. Menaged	Cody Jess	Comments on response to Denny Chittick Estate's request to be granted 523 objection deadline	Attorney/Client Communication
1373	Mon 10/24/2016 4:25 PM	S. Menaged	Cody Jess	Comments on response to Denny Chittick Estate's request to be granted 523 objection deadline	Attorney/Client Communication
1374	Mon 10/24/2016 4:25 PM	S. Menaged	Cody Jess	Comments on response to Denny Chittick Estate's request to be granted 523 objection deadline	Attorney/Client Communication
1375	Mon 10/24/2016 4:28 PM	Cody Jess	S. Menaged	Comments on response to Denny Chittick Estate's request to be granted 523 objection deadline	Attorney/Client Communication
1376	Mon 10/24/2016 4:28 PM	Julie Larsen	S. Menaged	Copy of letter sent to Ryan Anderson containing bank statements	Attorney/Client Communication
1377	Mon 10/24/2016 4:59 PM	Cody Jess	KJ Kuchta, Ryan Anderson	Update on login and password for forensic discovery	Attorney/Client Communication
1378	Mon 10/24/2016 5:03 PM	S. Menaged	Cody Jess	Inquiry into the company, Ingrassia	Attorney/Client Communication
1379	Mon 10/24/2016 5:03 PM	S. Menaged	Cody Jess	Inquiry into the company, Ingrassia	Attorney/Client Communication
1380	Mon 10/24/2016 5:03 PM	S. Menaged	Cody Jess	Inquiry into the company, Ingrassia	Attorney/Client Communication
1381	Mon 10/24/2016 5:04 PM	Cody Jess	S. Menaged	Request to create a temporary login and password	Attorney/Client Communication

Yomtov Scott Managed - AOL Emails
Privilege Log

NUMBER	DATE	SENDER(S)	RECIPIENT(S)	SUBJECT	PRIVILEGE
1382	Mon 10/24/2016 5:04 PM	Cody Jess	S. Managed	Explanation of Ingrassia	Attorney/Client Communication
1383	Mon 10/24/2016 5:13 PM	S. Managed	Cody Jess	Response to explanation of Ingrassia	Attorney/Client Communication
1384	Mon 10/24/2016 5:13 PM	S. Managed	Cody Jess	Response to explanation of Ingrassia	Attorney/Client Communication
1385	Mon 10/24/2016 5:13 PM	S. Managed	Cody Jess	Response to explanation of Ingrassia	Attorney/Client Communication
1386	Mon 10/24/2016 5:13 PM	Cody Jess	S. Managed	Timeline of forensic discovery process for computers	Attorney/Client Communication
1387	Mon 10/24/2016 5:21 PM	Cody Jess	S. Managed	Response to explanation of Ingrassia	Attorney/Client Communication
1388	Mon 10/24/2016 5:24 PM	S. Managed	Cody Jess	Response to explanation of Ingrassia	Attorney/Client Communication
1389	Mon 10/24/2016 5:24 PM	S. Managed	Cody Jess	Response to explanation of Ingrassia	Attorney/Client Communication
1390	Mon 10/24/2016 5:24 PM	S. Managed	Cody Jess	Response to timeline of forensic discovery process for computers	Attorney/Client Communication
1391	Mon 10/24/2016 5:25 PM	S. Managed	Cody Jess	Response to timeline of forensic discovery process for computers	Attorney/Client Communication
1392	Mon 10/24/2016 5:25 PM	S. Managed	Cody Jess	Response to timeline of forensic discovery process for computers	Attorney/Client Communication
1393	Mon 10/24/2016 5:25 PM	S. Managed	Cody Jess	Update RE: Temporary login and password	Attorney/Client Communication
1394	Mon 10/24/2016 5:26 PM	S. Managed	Cody Jess	Update RE: Temporary login and password	Attorney/Client Communication
1395	Mon 10/24/2016 5:26 PM	S. Managed	Cody Jess	Update RE: Temporary login and password	Attorney/Client Communication
1396	Mon 10/24/2016 5:26 PM	S. Managed	Cody Jess	Managed's search results of prosecuted cases by the Department of Justice and his optimism	Attorney/Client Communication
1397	Mon 10/24/2016 6:21 PM	S. Managed	Cody Jess	Managed's search results of prosecuted cases by the Department of Justice and his optimism	Attorney/Client Communication
1398	Mon 10/24/2016 6:21 PM	S. Managed	Cody Jess	Managed's search results of prosecuted cases by the Department of Justice and his optimism	Attorney/Client Communication
1399	Mon 10/24/2016 6:21 PM	S. Managed	Cody Jess	Managed's search results of prosecuted cases by the Department of Justice and his optimism	Attorney/Client Communication
1400	Mon 10/24/2016 6:59 PM	Cody Jess	S. Managed	Response to Managed's Department of Justice research	Attorney/Client Communication
1401	Mon 10/24/2016 7:00 PM	S. Managed	Cody Jess	Response to Cody Jess' comments on the DOJ research	Attorney/Client Communication
1402	Mon 10/24/2016 7:00 PM	S. Managed	Cody Jess	Response to Cody Jess' comments on the DOJ research	Attorney/Client Communication
1403	Mon 10/24/2016 7:00 PM	S. Managed	Cody Jess	Response to Cody Jess' comments on the DOJ research	Attorney/Client Communication
1404	Mon 10/24/2016 7:01 PM	Cody Jess	S. Managed	Update RE: Temporary login and password	Attorney/Client Communication
1405	Mon 10/24/2016 7:01 PM	Cody Jess	S. Managed	Response to timeline of forensic discovery process for computers	Attorney/Client Communication
1406	Tue 10/25/2016 6:51 AM	S. Managed	Cody Jess	Question regarding "Disallowance" in the Chittick Estate probate case	Attorney/Client Communication
1407	Tue 10/25/2016 6:51 AM	S. Managed	Cody Jess	Question regarding "Disallowance" in the Chittick Estate probate case	Attorney/Client Communication
1408	Tue 10/25/2016 6:51 AM	S. Managed	Cody Jess	Question regarding "Disallowance" in the Chittick Estate probate case	Attorney/Client Communication
1409	Tue 10/25/2016 9:26 AM	Cody Jess	S. Managed	Response to probate case question	Attorney/Client Communication
1410	Tue 10/25/2016 9:27 AM	S. Managed	Cody Jess	Question regarding "Disallowance" in the Chittick Estate probate case	Attorney/Client Communication
1411	Tue 10/25/2016 9:27 AM	S. Managed	Cody Jess	Question regarding "Disallowance" in the Chittick Estate probate case	Attorney/Client Communication
1412	Tue 10/25/2016 9:27 AM	S. Managed	Cody Jess	Question regarding "Disallowance" in the Chittick Estate probate case	Attorney/Client Communication
1413	Tue 10/25/2016 9:33 AM	Cody Jess	S. Managed	Response to probate case question	Attorney/Client Communication
1414	Tue 10/25/2016 9:34 AM	S. Managed	Cody Jess	Question regarding "Disallowance" in the Chittick Estate probate case	Attorney/Client Communication
1415	Tue 10/25/2016 9:34 AM	S. Managed	Cody Jess	Question regarding "Disallowance" in the Chittick Estate probate case	Attorney/Client Communication
1416	Tue 10/25/2016 9:34 AM	S. Managed	Cody Jess	Question regarding "Disallowance" in the Chittick Estate probate case	Attorney/Client Communication
1417	Tue 10/25/2016 9:38 AM	Cody Jess	S. Managed	Response to probate case question	Attorney/Client Communication
1418	Tue 10/25/2016 9:51 AM	S. Managed	Cody Jess	Question regarding "Disallowance" in the Chittick Estate probate case	Attorney/Client Communication
1419	Tue 10/25/2016 9:51 AM	S. Managed	Cody Jess	Question regarding "Disallowance" in the Chittick Estate probate case	Attorney/Client Communication
1420	Tue 10/25/2016 9:51 AM	S. Managed	Cody Jess	Update RE: Login and password; Forensic discovery process	Attorney/Client Communication
1421	Tue 10/25/2016 10:23 AM	Cody Jess	S. Managed	Response to probate case question	Attorney/Client Communication
1422	Tue 10/25/2016 10:24 AM	Cody Jess	S. Managed	Question regarding "Disallowance" in the Chittick Estate probate case	Attorney/Client Communication
1423	Tue 10/25/2016 10:36 AM	S. Managed	Cody Jess	Question regarding "Disallowance" in the Chittick Estate probate case	Attorney/Client Communication
1424	Tue 10/25/2016 10:36 AM	S. Managed	Cody Jess	Request for changes to Forbearance Agreement-Electra property	Attorney/Client Communication
1425	Tue 10/25/2016 10:36 AM	S. Managed	Cody Jess	Request for changes to Forbearance Agreement-Electra property	Attorney/Client Communication
1426	Tue 10/25/2016 12:13 PM	S. Managed	Cody Jess	Request for changes to Forbearance Agreement-Electra property	Attorney/Client Communication
1427	Tue 10/25/2016 12:13 PM	S. Managed	Cody Jess	Request for changes to Forbearance Agreement-Electra property	Attorney/Client Communication
1428	Tue 10/25/2016 12:13 PM	S. Managed	Cody Jess	Request for changes to Forbearance Agreement-Electra property	Attorney/Client Communication

Yomtov Scott Menaged - AOL Emails
Privilege Log

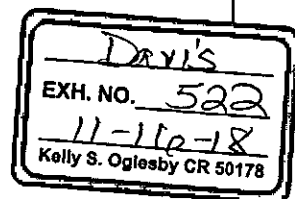
NUMBER	DATE	SENDER(S)	RECIPIENT(S)	SUBJECT	PRIVILEGE
1429	Tue 10/25/2016 12:20 PM	Cody Jess	S. Menaged	Response to request for changes to Forbearance Agreement-Electra property	Attorney/Client Communication
1430	Tue 10/25/2016 12:26 PM	S. Menaged	Cody Jess	Request for changes to Forbearance Agreement-Electra property	Attorney/Client Communication
1431	Tue 10/25/2016 12:26 PM	S. Menaged	Cody Jess	Request for changes to Forbearance Agreement-Electra property	Attorney/Client Communication
1432	Tue 10/25/2016 12:26 PM	S. Menaged	Cody Jess	Request for changes to Forbearance Agreement-Electra property	Attorney/Client Communication
1433	Tue 10/25/2016 12:27 PM	Cody Jess	S. Menaged	Response to request for changes to Forbearance Agreement-Electra property	Attorney/Client Communication
1434	Tue 10/25/2016 12:28 PM	S. Menaged	Cody Jess	Request for changes to Forbearance Agreement-Electra property	Attorney/Client Communication
1435	Tue 10/25/2016 12:28 PM	S. Menaged	Cody Jess	Request for changes to Forbearance Agreement-Electra property	Attorney/Client Communication
1436	Tue 10/25/2016 12:28 PM	S. Menaged	Cody Jess	Request for changes to Forbearance Agreement-Electra property	Attorney/Client Communication
1437	Tue 10/25/2016 12:28 PM	Cody Jess	S. Menaged	Response to request for changes to Forbearance Agreement-Electra property	Attorney/Client Communication
1438	Tue 10/25/2016 12:29 PM	S. Menaged	Cody Jess	Request for changes to Forbearance Agreement-Electra property	Attorney/Client Communication
1439	Tue 10/25/2016 12:29 PM	S. Menaged	Cody Jess	Request for changes to Forbearance Agreement-Electra property	Attorney/Client Communication
1440	Tue 10/25/2016 12:29 PM	S. Menaged	Cody Jess	Request for changes to Forbearance Agreement-Electra property	Attorney/Client Communication
1441	Tue 10/25/2016 12:52 PM	Cody Jess	S. Menaged	Response to request for changes to Forbearance Agreement-Electra property	Attorney/Client Communication
1442	Tue 10/25/2016 1:26 PM	Cody Jess	S. Menaged	Copy of Proof of Claim filed by Wynn Resorts	Attorney/Client Communication
1443	Tue 10/25/2016 1:28 PM	S. Menaged	Cody Jess	Response to copy of Proof of Claim filed by Wynn Resorts	Attorney/Client Communication
1444	Tue 10/25/2016 1:28 PM	S. Menaged	Cody Jess	Response to copy of Proof of Claim filed by Wynn Resorts	Attorney/Client Communication
1445	Tue 10/25/2016 1:28 PM	S. Menaged	Cody Jess	Response to copy of Proof of Claim filed by Wynn Resorts	Attorney/Client Communication
1446	Tue 10/25/2016 1:29 PM	Cody Jess	S. Menaged	Explanation of why Proof of Claim was filed	Attorney/Client Communication
1447	Tue 10/25/2016 1:30 PM	S. Menaged	Cody Jess	Response to copy of Proof of Claim filed by Wynn Resorts	Attorney/Client Communication
1448	Tue 10/25/2016 1:30 PM	S. Menaged	Cody Jess	Response to copy of Proof of Claim filed by Wynn Resorts	Attorney/Client Communication
1449	Tue 10/25/2016 1:30 PM	S. Menaged	Cody Jess	Response to copy of Proof of Claim filed by Wynn Resorts	Attorney/Client Communication
1450	Tue 10/25/2016 1:30 PM	S. Menaged	Cody Jess	Response to copy of Proof of Claim filed by Wynn Resorts	Attorney/Client Communication
1451	Tue 10/25/2016 1:30 PM	S. Menaged	Cody Jess	Response to copy of Proof of Claim filed by Wynn Resorts	Attorney/Client Communication
1452	Tue 10/25/2016 1:30 PM	S. Menaged	Cody Jess	Response to copy of Proof of Claim filed by Wynn Resorts	Attorney/Client Communication
1453	Tue 10/25/2016 1:30 PM	Cody Jess	S. Menaged	Question about Wynn Resorts's marker policy	Attorney/Client Communication
1454	Tue 10/25/2016 1:31 PM	S. Menaged	Cody Jess	Response to question about Wynn casino's marker policy	Attorney/Client Communication
1455	Tue 10/25/2016 1:31 PM	S. Menaged	Cody Jess	Response to question about Wynn casino's marker policy	Attorney/Client Communication
1456	Tue 10/25/2016 1:31 PM	S. Menaged	Cody Jess	Response to question about Wynn casino's marker policy	Attorney/Client Communication
1457	Tue 10/25/2016 1:33 PM	S. Menaged	Cody Jess	Comment on Wynn Resorts filed Proof of Claim	Attorney/Client Communication
1458	Tue 10/25/2016 1:33 PM	S. Menaged	Cody Jess	Comment on Wynn Resorts filed Proof of Claim	Attorney/Client Communication
1459	Tue 10/25/2016 1:33 PM	S. Menaged	Cody Jess	Comment on Wynn Resorts filed Proof of Claim	Attorney/Client Communication
1460	Tue 10/25/2016 1:34 PM	Cody Jess	S. Menaged	Response to question about Wynn casino's marker policy	Attorney/Client Communication
1461	Tue 10/25/2016 1:35 PM	Cody Jess	S. Menaged	Comment on Wynn Resorts filed Proof of Claim	Attorney/Client Communication
1462	Tue 10/25/2016 3:37 PM	Cody Jess	S. Menaged	Notification of a call request from Clark Derrick concerning the UST 11/3 deposition	Attorney/Client Communication
1463	Tue 10/25/2016 3:49 PM	S. Menaged	Cody Jess	Reply to request for telephone call with Clark Derrick	Attorney/Client Communication
1464	Tue 10/25/2016 3:49 PM	S. Menaged	Cody Jess	Reply to request for telephone call with Clark Derrick	Attorney/Client Communication
1465	Tue 10/25/2016 3:49 PM	S. Menaged	Cody Jess	Reply to request for telephone call with Clark Derrick	Attorney/Client Communication
1466	Tue 10/25/2016 4:01 PM	Cody Jess	S. Menaged	Comments regarding taking the 5th at all depositions	Attorney/Client Communication
1467	Tue 10/25/2016 4:01 PM	Cody Jess	S. Menaged	Copy of Trustee's Notice of Intent to Abandon 9331 E. Electra Ln	Attorney/Client Communication
1468	Tue 10/25/2016 4:07 PM	S. Menaged	Cody Jess	Discussion on obtaining copy of depositions to Clark Derrick	Attorney/Client Communication
1469	Tue 10/25/2016 4:07 PM	S. Menaged	Cody Jess	Discussion on obtaining copy of depositions to Clark Derrick	Attorney/Client Communication
1470	Tue 10/25/2016 4:07 PM	S. Menaged	Cody Jess	Discussion on obtaining audio recording and documents in the possession of the Receiver	Attorney/Client Communication
1471	Tue 10/25/2016 4:51 PM	S. Menaged	Cody Jess	Discussion on obtaining audio recording and documents in the possession of the Receiver	Attorney/Client Communication
1472	Tue 10/25/2016 4:51 PM	S. Menaged	Cody Jess	Discussion on obtaining audio recording and documents in the possession of the Receiver	Attorney/Client Communication

Yontov Scott Managed - AOL Emails
Privilege Log

NUMBER	DATE	SENDER(S)	RECIPIENT(S)	SUBJECT	PRIVILEGE
1473	Tue 10/25/2016 4:51 PM	S. Menaged	Cody Jess	Discussion on obtaining audio recording and documents in the possession of the Receiver	Attorney/Client Communication
1474	Tue 10/25/2016 4:53 PM	Cody Jess	S. Menaged	Clark Derrick's concern with Menaged testifying moving forward	Attorney/Client Communication
1475	Tue 10/25/2016 4:58 PM	Cody Jess	S. Menaged	Forward of email to Ryan Anderson requesting documents in the Receiver's possession	Attorney/Client Communication
1476	Tue 10/25/2016 6:17 PM	Cody Jess	S. Menaged	Copy of Forbearance Agreement for Electra property with handwritten corrections/notes	Attorney/Client Communication
1477	Tue 10/25/2016 6:37 PM	S. Menaged	Sell Wholesale Funding	Copy of Forbearance Agreement for Electra property with handwritten corrections/notes	Attorney/Client Communication
1478	Tue 10/25/2016 6:37 PM	S. Menaged	Sell Wholesale Funding	Copy of Forbearance Agreement for Electra property with handwritten corrections/notes	Attorney/Client Communication
1479	Tue 10/25/2016 6:37 PM	S. Menaged	Sell Wholesale Funding	Copy of Forbearance Agreement for Electra property with handwritten corrections/notes	Attorney/Client Communication
1480	Wed 10/26/2016 5:22 AM	Cody Jess	S. Menaged	Update on the retrieving of emails off of devices and computers for forensic discovery	Attorney/Client Communication
1481	Wed 10/26/2016 5:36 AM	S. Menaged	Cody Jess	Reply to update of email retrieval for forensic discovery	Attorney/Client Communication
1482	Wed 10/26/2016 5:36 AM	S. Menaged	Cody Jess	Reply to update of email retrieval for forensic discovery	Attorney/Client Communication
1483	Wed 10/26/2016 5:36 AM	S. Menaged	Cody Jess	Reply to update of email retrieval for forensic discovery	Attorney/Client Communication
1484	Wed 10/26/2016 5:36 AM	Cody Jess	S. Menaged	Out of Office Automatic Reply	Attorney/Client Communication
1485	Wed 10/26/2016 10:39 AM	Cody Jess	S. Menaged	Update on the retrieving of emails off of devices and computers for forensic discovery	Attorney/Client Communication
1486	Wed 10/26/2016 10:40 AM	S. Menaged	Cody Jess	Update on the retrieving of emails off of devices and computers for forensic discovery	Attorney/Client Communication
1487	Wed 10/26/2016 10:40 AM	S. Menaged	Cody Jess	Update on the retrieving of emails off of devices and computers for forensic discovery	Attorney/Client Communication
1488	Wed 10/26/2016 10:40 AM	S. Menaged	Cody Jess	Update on the retrieving of emails off of devices and computers for forensic discovery	Attorney/Client Communication
1489	Wed 10/26/2016 10:41 AM	Cody Jess	S. Menaged	Update on the retrieving of emails off of devices and computers for forensic discovery	Attorney/Client Communication
1490	Wed 10/26/2016 10:43 AM	S. Menaged	Cody Jess	Update on meeting between Menaged and Clark Derrick	Attorney/Client Communication
1491	Wed 10/26/2016 10:43 AM	S. Menaged	Cody Jess	Update on meeting between Menaged and Clark Derrick	Attorney/Client Communication
1492	Wed 10/26/2016 10:43 AM	S. Menaged	Cody Jess	Update on meeting between Menaged and Clark Derrick	Attorney/Client Communication
1493	Wed 10/26/2016 10:44 AM	Cody Jess	S. Menaged	Update on meeting between Menaged and Clark Derrick	Attorney/Client Communication
1494	Wed 10/26/2016 10:45 AM	S. Menaged	Chris Eymann	Issues concerning the Forbearance Agreement-Electra property	Attorney/Client Communication
1495	Wed 10/26/2016 10:45 AM	S. Menaged	Chris Eymann	Issues concerning the Forbearance Agreement-Electra property	Attorney/Client Communication
1496	Wed 10/26/2016 10:45 AM	S. Menaged	Chris Eymann	Issues concerning the Forbearance Agreement-Electra property	Attorney/Client Communication
1497	Wed 10/26/2016 12:31 PM	Cody Jess	S. Menaged	Service copies of the Trustee's Motion for Order Directing Bankruptcy Rule 2004 Production of Documents by Ten-X.com dba Auction.com	Attorney/Client Communication
1498	Wed 10/26/2016 12:59 PM	S. Menaged	Clark Derrick	Service copies of the Trustee's Motion for Order Directing Bankruptcy Rule 2004 Production of Documents by Ten-X.com dba Auction.com	Attorney/Client Communication
1499	Wed 10/26/2016 12:59 PM	S. Menaged	Clark Derrick	Service copies of the Trustee's Motion for Order Directing Bankruptcy Rule 2004 Production of Documents by Ten-X.com dba Auction.com	Attorney/Client Communication
1500	Wed 10/26/2016 12:59 PM	S. Menaged	Clark Derrick	Service copies of the Trustee's Motion for Order Directing Bankruptcy Rule 2004 Production of Documents by Ten-X.com dba Auction.com	Attorney/Client Communication
1501	Wed 10/26/2016 1:11 PM	Cody Jess	S. Menaged	Out of Office Automatic Reply	Attorney/Client Communication
1502	Wed 10/26/2016 1:51 PM	Cody Jess	S. Menaged	Discussion about meeting between Menaged and Clark Derrick and concerns moving forward	Attorney/Client Communication
1503	Wed 10/26/2016 1:59 PM	Cody Jess	S. Menaged	Discussion about meeting between Menaged and Clark Derrick and concerns moving forward	Attorney/Client Communication
1504	Wed 10/26/2016 3:30 PM	Cody Jess	S. Menaged	Continued discussion RE: Forbearance agreement-Electra property	Attorney/Client Communication
1505	Wed 10/26/2016 3:34 PM	Cody Jess	S. Menaged	Continued discussion RE: Forbearance agreement-Electra property	Attorney/Client Communication

Yomtov Scott Managed - AOL Emails
Privilege Log

NUMBER	DATE	SENDER(S)	RECIPIENT(S)	SUBJECT	PRIVILEGE
1506	Wed 10/26/2016 4:49 PM	Cody Jess	S. Managed	Update on the retrieving of emails off of devices and computers for forensic discovery	Attorney/Client Communication
1507	Wed 10/26/2016 4:52 PM	Cody Jess	S. Managed	Update on the retrieving of emails off of devices and computers for forensic discovery	Attorney/Client Communication
1508	Wed 10/26/2016 5:52 PM	Cody Jess	S. Managed	Reply to Inquiry into meeting with Ryan Anderson	Attorney/Client Communication
1509	Wed 10/26/2016 6:05 PM	Cody Jess	S. Managed	Discussion about Trustee 2004 Exam	Attorney/Client Communication
1510	Wed 10/26/2016 6:06 PM	Cody Jess	S. Managed	Reply to Inquiry about wedding ring	Attorney/Client Communication
1511	Wed 10/26/2016 6:15 PM	Cody Jess	S. Managed	Reply to Inquiry about wedding ring	Attorney/Client Communication
1512	Wed 10/26/2016 6:29 PM	Cody Jess	S. Managed	General conversation-non BK related	Attorney/Client Communication
1513	Wed 10/26/2016 7:05 PM	Cody Jess	S. Managed	General conversation-non BK related	Attorney/Client Communication
1514	Wed 10/26/2016 7:09 PM	Cody Jess	S. Managed	General conversation-non BK related	Attorney/Client Communication
1515	Wed 10/26/2016 7:34 PM	Cody Jess	S. Managed	General conversation-non BK related	Attorney/Client Communication
1516	Wed 10/26/2016 8:14 PM	Cody Jess	S. Managed	Update on the retrieving of emails off of devices and computers for forensic discovery	Attorney/Client Communication
1517	Wed 10/26/2016 8:44 PM	Cody Jess	S. Managed	Update on the retrieving of emails off of devices and computers for forensic discovery	Attorney/Client Communication



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IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

IN AND FOR MARICOPA COUNTY

ARIZONA CORPORATION
COMMISSION,

Plaintiff,

v.

DENSCO INVESTMENT
CORPORATION, an Arizona
corporation,

Defendant.

Cause No. CV2016-014142

PETITION NO. 43

PETITION TO APPROVE
SETTLEMENT AGREEMENT
BETWEEN RECEIVER, SHAWNA
CHITTICK HEUER, INDIVIDUALLY
AND AS PERSONAL
REPRESENTATIVE OF ESTATE OF
DENNY J. CHITTICK, PAUL THEUT
AS GUARDIAN AD LITEM FOR TY
AND DILLON CHITTICK AND
RANASHA CHITTICK

(Assigned to the Honorable Teresa
Sanders)

Peter S. Davis, as the court appointed Receiver of DenSco Investment Corporation ("Receiver"), respectfully petitions the Court to approve the Settlement Agreement between the Receiver, Shawna Chittick Heuer, both individually and as the personal representative of the Estate of Denny J. Chittick in Maricopa County Superior Court Cause No. PB2016-051754 (the "Estate of Chittick,"), Paul Theut, as the Court Appointed Guardian Ad Litem (the "GAL") for Ty Riley Chittick and Dillon Cash Chittick and Ranasha Chittick as follows:

I. PARTIES TO THE SETTLEMENT AGREEMENT

1. In July of 2016, Denny J. Chittick, the sole shareholder, board member and employee of DenSco Investment Corporation ("DenSco") died. Thereafter, Shawna Chittick Heuer was appointed as the personal representative of the Estate of Chittick by the probate court for Maricopa County, Arizona in proceeding PB 2016-051754 (the "Probate Proceeding"). Shawna Chittick Heuer, individually and as the Personal Representative of the Estate of Chittick is a party to the Settlement Agreement.

2. On August 18, 2016, Peter S. Davis was appointed by the Maricopa County Superior Court pursuant to an *Order Appointing Receiver* in Cause No. CV2016-014142 ("Receivership Order") as the Receiver of DenSco. The Receiver, on behalf of DenSco, is a party to the Settlement Agreement.

3. At the time of his death, Mr. Chittick had two minor children, Ty Riley Chittick and Dillon Cash Chittick ("Chittick Children"). As beneficiaries of testamentary trusts established for their benefit, the Chittick Children are the sole beneficiaries of Mr. Chittick under the terms of his Last Will and Testament dated May 9, 2009. On May 22, 2017, the Personal Representative filed Petition No. 26 seeking the appointment of Paul Theut as the Guardian Ad Litem for the Chittick Children. On August 28, 2017, pursuant to the Court's Order re: Petition No. 26, Paul Theut was appointed as the Guardian Ad Litem for the Chittick Children. Paul Theut as the GAL of the Chittick Children is a party to the Settlement Agreement.

4. Ranasha Chittick is the ex-wife of Mr. Chittick and the mother of the Chittick Children. Ranasha Chittick is a party to the Settlement Agreement.

II. BACKGROUND OF THE DISPUTES AND RECEIVER'S INVESTIGATION

5. On September 7, 2016, the Estate of Chittick sent a letter to the Receiver and the Arizona Corporation Commission indicating that the Estate of Chittick interpreted the Receivership Order to allow the Personal Representative to appoint herself as "director and president" of DenSco and in doing so, the Personal Representative would seek to become the "Plan Administrator" of the DenSco Defined Benefit Plan ("DB Plan"). Despite the Receiver's appointment in the DenSco matter only a few weeks old, the Estate of Chittick's request required the Receiver to take an initial look at Mr. Chittick's "personal" investments in DenSco and the DB Plan.

6. The Receiver's initial investigation determined, according to the records of DenSco, that Mr. Chittick was a DenSco investor with a total investor balance of \$3,625,313 as of December 23, 2014. However, Mr. Chittick's investments in DenSco were completely liquidated and removed from DenSco in December 2014.

7. As the Receiver investigated the fraudulent schemes perpetrated upon DenSco by Yomtov Scott Menaged, the Receiver determined that Mr. Chittick liquidated his DenSco investments after Mr. Chittick was aware of the initial fraud scheme perpetrated by Mr. Menaged against DenSco¹. Specifically, Mr. Chittick caused the liquidation of his personal

¹ The Receiver in Petition No. 32- *Petition for Order Approving Settlement Agreement with Yomtov Scott Menaged and Francine Menaged*, has described in detail the two fraudulent schemes that were perpetrated by Menaged upon DenSco.

1 investment in DenSco by removing from DenSco \$359,609 in a 401k Plan and \$1,817,243 in
2 the DB Plan. Mr. Chittick moved these funds from DenSco into more secure investments with
3 third party financial institutions.

4 8. In response to the Estate of Chittick's September 7, 2016, letter, the Receiver
5 advised the Estate of Chittick that he was actively investigating the fraudulent schemes of Mr.
6 Menaged and that the administrative issue of control of the DB Plan was not an immediate
7 priority of the Receiver. The Estate of Chittick initially indicated it would be willing to wait
8 for the Receiver to address issues related to the DB Plan.

9 9. Meanwhile, the Receiver independently determined that Mr. Chittick likely
10 paid significant federal and state income taxes on fictional income of DenSco. The Receiver
11 believed after preparing and filing amended and corrected tax returns, that significant tax
12 refunds could be recovered for the creditors of DenSco and Estate of Chittick.

13 10. After a meeting with the Estate of Chittick to discuss a collaborative effort to
14 recover the tax refunds², the Estate of Chittick insisted that any agreement to work together to
15 recover the tax refunds would require the Receiver to relinquish control of the DB Plan to the
16 Personal Representative. The Receiver was not prepared to address both issues and attempted
17 to get the Estate of Chittick to agree to work together to recover the tax refunds and agree to
18 have any tax refunds held in escrow pending resolution of issues between the Receiver and
19 the Estate of Chittick.

20 _____
21 ² A collaborative effort is necessary to explore and cause the recovery of any tax refunds as the fictional DenSco income
was reported and paid through Mr. Chittick's personal tax returns and therefore any refunds would flow back through the
Estate of Chittick.

1 11. On December 9, 2017, the Receiver filed his Notice of Claim against the Estate
2 of Chittick, which sought an approved claim of \$43,947,819.61 ("DenSco Probate Claim").

3 12. On December 16, 2016, the Receiver sought the engagement of Special
4 Counsel TJ Ryan to prosecute the DenSco Probate Claim.

5 13. On December 20, 2016, the Estate of Chittick filed its Petition No. 11 seeking,
6 among other things, a judicial determination that the DB Plan was not an asset of the
7 Receivership Estate and seeking approval to retain a CPA to amend DenSco's tax returns.

8 14. On December 21, 2016, the Receiver filed his Petition No. 13 seeking the
9 approval to employ Marvin "Bucky" Swift as Special Counsel to assist the Receiver in
10 evaluating issues related to the DB Plan. On January 18, 2017, over the objection of the
11 Estate of Chittick, the Court approved the employment of Mr. Swift as Special Counsel.

12 15. On February 3, 2017, the Estate of Chittick filed its Notice of Disallowance of
13 Claim against the Estate of Chittick, denying the DenSco Probate Claim. As a result, the
14 Receiver would need to file a lawsuit against the Estate of Chittick to establish that DenSco
15 was a creditor of the Chittick Estate.

16 16. After briefing was completed on Petition No. 11, the Court set oral argument
17 for February 24, 2017. As the Receiver and Estate of Chittick continued a dialogue on the
18 issues, oral argument on Petition No. 11 was continued until November 21, 2017.

19 17. On or about April 3, 2017, a total of thirty-eight DenSco investors who had
20 filed creditor claims against the Estate of Chittick in the Probate Proceeding agreed to assign
21 their claims to the Receiver.

1 18. Thereafter, the Estate of Chittick and the Receiver worked to fashion a
2 comprehensive resolution to the myriad of issues including a resolution of disputes over the
3 DB Plan, 401K plan, treatment of the DenSco Probate Claim and recovery of the tax refunds.

4 **A. OVERVIEW OF DISPUTE REGARDING DB PLAN**

5 19. As set forth above, the Estate of Chittick has sought to have the Receiver
6 relinquish control of the DB Plan to enable the Personal Representative to facilitate the
7 payment of the balance of funds in the DB Plan to the Chittick Children.

8 20. During his initial investigation into the DB Plan, the Receiver discovered
9 numerous potentially serious issues surrounding the formation and operation of the DB Plan.
10 It became clear to the Receiver that Mr. Chittick appeared to engage in self-dealing
11 transactions that could cause an independent party to conclude that Mr. Chittick used the DB
12 Plan as a subterfuge to defraud DenSco's creditors. For example, the Receiver discovered:

- 13 • There is no executed version of the DB Plan;³
- 14 • Several crucial amendments to the Plan have never been signed by Mr. Chittick;
- 15 • The DB Plan never filed any IRS Form 5500s (which is the annual information
16 return required to be filed with respect to the DB Plan), despite the fact that it
17 appears the DB Plan's third party administrator prepared the returns and instructed
18 Chittick of their required filing;
- 19 • The DB Plan was grossly overfunded based upon the unsigned Form 5500's
20 prepared for but not filed for the DB Plan;

21 ³ The version of the Plan attached to the Estate of Chittick's Petition No. 11 is undated and unsigned.

- 1 • The DB Plan did not have a separate trust agreement; and
- 2 • Mr. Chittick caused the DB Plan to engage in a number of self-dealing prohibited
- 3 transactions including: (a) investing the DB Plan's assets in DenSco stock; and (b)
- 4 after the DB Plan's TPA informed Mr. Chittick that the investment in DenSco
- 5 stock was a prohibited transaction, he caused the Plan to sell the stock to DenSco
- 6 for a "profit" in excess \$879,000.00, at a time when DenSco was insolvent and
- 7 when Mr. Chittick was aware of the fraud scheme perpetrated upon DenSco by Mr.
- 8 Menaged.

9 21. Moreover, as the Receiver continued to investigate, it was discovered that
10 internal DenSco accounting records detailed that the financial transactions that occurred
11 "within" the DB Plan were accounting entries and not supported by any evidence of the
12 deposit or transfer of tangible funds. It was discovered that the only legitimate cash
13 transaction that took place was the initial deposit of \$77,009.10 to DenSco's "Wiring" bank
14 account at FirstBank. Essentially, the Receiver determined that the over \$1,800,000.00 that
15 has "accrued" in the DB Plan was fictional.

16 22. Additionally, during the Estate of Chittick's investigation into the DB Plan, it
17 discovered an inconsistency in the DB Plan documents which created a dispute about who is
18 the proper beneficiary under the DB Plan. While the DB Plan's form documents approved by
19 the IRS states specifically that, in the absence of a clear beneficiary designation, the Estate of
20 Chittick is the proper beneficiary, the DB Plan Summary Plan Description states that the
21 Chittick Children are the beneficiaries.

1 23. Given his findings set forth above, the Receiver had significant concerns that
2 the DB Plan was not properly established, operated or maintained by Mr. Chittick or DenSco,
3 leading the Receiver to conclude that, based on the actions of Mr. Chittick, the DB Plan never
4 met the requirements for a qualified retirement plan and it should be treated a non-qualified
5 retirement plan.

6 24. The Estate of Chittick strongly contested the Receiver's interpretation and
7 analysis with respect to the qualified status of the DB Plan, and its representatives and experts
8 have argued that, despite any alleged defects in the maintenance and operation of the DB
9 Plan, its assets are not and cannot be treated as assets of DenSco but rather are subject to a
10 credible claim by the Estate of Chittick or the Chittick Children.

11 25. While the Receiver and the Estate of Chittick disagreed upon the facts, the
12 potential legal ramifications of Mr. Chittick's operation of the DB Plan and the tax
13 ramifications of the Receiver's treatment of the DB Plan as a non-qualified retirement plan,
14 the Parties generally agree that the disputed issues are extremely complicated and factually
15 intensive and there is scant binding legal precedent to guide the Parties or a court on how to
16 resolve these issues. Accordingly, it is reasonable to conclude that whatever judicial decision
17 is made as to the disposition of the assets of the DB Plan, it would be subject to appeal, given
18 the amount in controversy and the lack of clear law on these issues.

19 26. As of September 29, 2017, the universe of assets of the DB Plan is
20 \$1,839,111.02 invested in a certificate of deposit at FirstBank.

B. OVERVIEW OF DISPUTE REGARDING 401K PLAN

27. During his investigation of the DB Plan, the Receiver discovered critical flaws with the 401k Plan similar to the DB Plan. Namely, that the money that was removed from DenSco purporting to be the accumulated funds in the 401k Plan were fictional book entities and did not reflect actual dollars deposited or maintained in a 401k Plan. This discovery lead the Receiver to conclude that, based on the actions of Mr. Chittick, the 401(k) Plan never met the requirements for a qualified retirement plan and should therefore be treated as a non-qualified retirement plan.

28. The Estate of Chittick contested the Receiver's interpretation and analysis with respect to the qualified status of the 401(k) Plan, and argued that, despite any alleged defects in the maintenance and operation of the 401(k) Plan, its assets are not and cannot be treated as assets of DenSco but rather are subject to a credible claim by the Chittick Children, the designated beneficiaries. Moreover, the Estate of Chittick highlighted numerous legal decisions that protected the assets in a 401k plan despite issues as to its qualified status.

29. While the Receiver and the Estate of Chittick have disagreed upon the facts and the potential legal ramifications of Mr. Chittick's formation and operation of the 401k Plan, the Receiver concedes that there is a significant amount of law that provides significant protections from actions by creditors, such as the Receiver, when seeking to recover funds from a 401k Plan. Moreover, the funds in the 401(k) plan have already been distributed to trusts for the benefit of the Chittick Children, who by all accounts are innocent parties.

1 30. The Receiver has determined that the assets of the 401k Plan, approximately
2 \$359,609, were distributed by the Personal Representative to trusts for the Chittick Children.

3 **C. OVERVIEW OF DISPUTE REGARDING TAX REFUNDS**

4 31. The Receiver, during his investigation into the financial activities of DenSco,
5 determined that DenSco over-reported its actual income and, as a result, excessive state and
6 federal income taxes were paid on fictional income of DenSco.

7 32. As his investigation progressed, the Receiver discovered a previously unknown
8 letter from Chittick to the Personal Representative which, among other things, confirmed that
9 Mr. Chittick intentionally misrepresented DenSco's financial position and knowingly paid
10 excess income taxes to hide from his accounting professionals DenSco's insolvency.

11 33. Due to Mr. Chittick's ownership of DenSco and its tax treatment, excess
12 income taxes related to DenSco's reported income were paid by Mr. Chittick though his
13 personal tax returns. Therefore, the Estate of Chittick and Personal Representative are
14 necessary to assist in the facilitation and recovery of the tax refunds.

15 34. The Receiver believes that somewhere between \$1,000,000 and \$1,200,000 of
16 excessive income taxes were paid by Mr. Chittick in respect of over-reported DenSco
17 income, and that such amounts may be recoverable from the applicable taxing authorities.

18 **III. THE SETTLEMENT**

19 35. Attached as Exhibit "A" is a copy of the Settlement Agreement between the
20 Parties.

21 36. The fundamental provisions of the Settlement Agreement are as follows:

- 1 • DenSco will pay \$675,000.00 to the Estate of Chittick in exchange for a resolution of
2 all issues relating to the DB Plan and 401k Plan and Tax Refunds. [See Exhibit "A"
3 ¶A.]
- 4 • With respect to the DB Plan, 100% of assets of the DB Plan [at least \$1,839,111.02]
5 are deemed to be the property of DenSco and the Parties will not contest the
6 Receiver's treatment of the DB Plan as a non-qualified deferred compensation plan.
7 [See Exhibit "A" ¶E.]
- 8 • With respect to the 401k Plan, 100% of the proceeds will remain property of the
9 Chittick Children. [See Exhibit "A" ¶I.]
- 10 • With respect to the Tax Refunds, the Estate of Chittick has agreed to cede complete
11 control and all rights to all potential tax refunds that the Receiver may recover from
12 the United States Treasury and the State of Arizona [an amount believed to be
13 somewhere between \$1,000,000 and \$1,200,000] to DenSco. [See Exhibit "A" ¶A.]
- 14 • With respect to the recovery of the Tax Refunds, the Personal Representative and
15 Receiver will work together to prepare and file the necessary paperwork to seek to
16 recover the Tax Refunds, but the Receiver will be responsible for all professional fees
17 in an effort to recover the Tax Refunds. [See Exhibit "A" ¶F.]
- 18 • If there are penalties or other fees from the pursuit or recovery of the Tax Refunds and
19 the treatment of the DB Plan, those fees will be paid and borne by the DenSco
20 Receivership. [See Exhibit "A" ¶G.]
- 21

- 1 • The Estate of Chittick has agreed to allow the Receiver to have a \$5,000,000 allowed
2 claim in the Probate Proceeding (“Allowed Claim”). The Allowed Claim cannot be
3 payable from the consideration under the Settlement Agreement, but in the event other
4 assets are recovered by the Estate of Chittick a total of 70% of those recoveries will be
5 applied to the payment of the Allowed Claim. [See Exhibit “A” ¶J.]
- 6 • The Receiver shall pay \$2,300.00 to Pension Strategies, the administrator of the DB
7 Plan; [See Exhibit “A” ¶H.]
- 8 • The Settlement Agreement is contingent upon approval by the Probate Court and
9 Receivership Court. [See Exhibit “A” ¶O.]
- 10 • The Settlement Agreement contains comprehensive mutual releases between and
11 among the Parties and specifically compromises the claims of the thirty-eight DenSco
12 investors who had filed creditor claims in Probate proceeding and assigned their
13 claims to the Receiver. [See Exhibit “A” ¶P.]

14 **IV. THE RECEIVER’S RECOMMENDATION TO APPROVE THE SETTLEMENT AGREEMENT**

15 37. The Receiver recommends that the Court approve the Settlement Agreement
16 between the Parties. As set forth above, the issues that are being compromised with respect
17 to the DB Plan and 401(k) Plan are factually and legally complex. The Receiver has
18 determined that the potential legal fees from advancing these disputes could exceed \$675,000
19 which is the consideration being paid under the Settlement Agreement. Moreover, the
20 Receiver has estimated the gross recovery under the Settlement Agreement to be between
21 \$1.8M and \$3M to the DenSco Receivership. This range of the potential monetary recovery

1 under the Settlement Agreement accounts for the unknown amount that may be recovered
2 from the Tax Refunds. However, under the Settlement Agreement 100% of whatever is
3 recovered in the form of tax refunds shall be property of the DenSco Receivership.
4 Moreover, pursuant to the Settlement, if there are additional recoveries by the Estate of
5 Chittick in the Probate Proceeding, the Receiver shall receive 70% of those additional
6 recoveries in partial satisfaction of its approved claim of \$5M in the Probate Proceeding.

7 38. Finally, the Settlement Agreement allows the Receiver to reduce his ongoing
8 legal fees and expenses for his Special Counsel who would be critical and necessary to
9 advance litigation to recover these funds for the DenSco Receivership Estate from the DB
10 Plan and 401K Plan. Based on the foregoing, the Receiver recommends that the Court
11 approve the Settlement Agreement between the Parties.

12 V. THE STATUS OF SETTLEMENT AGREEMENT

13 39. As set forth above, the Settlement Agreement is contingent upon the approval
14 by the Probate Court and the GAL.

15 40. On October 23, 2017, the GAL and the Receiver filed in the Probate Proceeding
16 a *Joint Petition for Single Transaction Authority Under A.R.S. §14-5409* ("Joint Petition")
17 seeking the approval of the Settlement Agreement and authorizing the GAL to execute the
18 Settlement Agreement.

19 41. On October 26, 2017, the Personal Representative filed in the Probate
20 Proceeding her *Petition to Approve Settlement Agreement Resolving Claims against Chittick*
21 *Estate and Chittick Children* (P.R. Petition) seeking approval of the Settlement Agreement.

4 43. Given the complexity of the issues and the desire to resolve these disputes as
5 efficiently as possible, the Receiver [upon consultation with the Estate of Chittick] has filed
6 this Petition in advance of the hearings in the Probate Proceeding and the hearing set for
7 November 21, 2017 on Petition No. 11.

8 44. It is contemplated that upon the approval of the Joint Petition and P.R. Petition,
9 the Receiver shall provide notice to the Court of the approvals and lodge a fully executed
10 copy of the Settlement Agreement with the Court along with a final proposed form of Order.

11 WHEREFORE, the Receiver respectfully requests that the Court enter an order
12 approving the Settlement Agreement as lodged herewith.

13 || Respectfully submitted this 17th day of November, 2017.

14 GUTTILLA MURPHY ANDERSON, P.C.

15 /s/ Ryan W. Anderson
16 Ryan W. Anderson
Attorneys for the Receiver

SETTLEMENT AGREEMENT

This Settlement Agreement (this "Agreement") is made by and between Peter S. Davis, as Receiver of DenSco Investment Corporation in Maricopa County Superior Court Cause No. CV2016-014142 (the "Receiver"); Shawna Chittick Heuer, as the personal representative of the Estate of Denny J. Chittick in Maricopa County Superior Court Cause No. PB2016-051754 (the "Estate of Chittick," and Shawna Chittick Heuer, in such capacity, the "Personal Representative"); Paul Theut, as the Court Appointed Guardian Ad Litem (the "GAL") for Ty Riley Chittick and Dillon Cash Chittick; and Ranasha Chittick. The parties hereto are sometimes individually referred to herein as a "Party" and collectively as the "Parties."

RECITALS

1. Whereas in July of 2016, Denny J. Chittick died. Thereafter, Shawna Chittick Heuer was appointed as the personal representative of the Estate of Chittick by the probate court for Maricopa County, Arizona (the "Probate Court") in proceeding PB 2016-051754 (herein, the "Probate Proceeding");

2. Whereas Ty Riley Chittick and Dillon Cash Chittick are the minor children of Denny J. Chittick and Ranasha Chittick ("Chittick Children"). As beneficiaries of testamentary trusts established for their benefit, the Chittick Children are the sole beneficiaries of Denny J. Chittick under the terms of his Last Will and Testament dated May 9, 2009;

3. Whereas on or about August 18, 2016, Peter S. Davis was appointed by the Maricopa County Superior Court (the "Receivership Court") pursuant to an *Order Appointing Receiver* in Cause No. CV2016-014142 as the Receiver of DenSco Investment Corporation (hereinafter "DenSco"), an Arizona corporation;

4. Whereas, at the time of his death, Denny J. Chittick was the sole shareholder, board member and employee of DenSco;

5. Whereas, at the time of his death, DenSco had established and maintained the DenSco Investment Corporation Defined Benefit Plan and Trust (the "DB Plan") in which Denny J. Chittick was sole trustee. The DB Plan currently has approximately \$1,834,988.93 of assets;

6. Whereas, at the time of his death, Denny J. Chittick had established the DenSco Investment Corporation 401(k) Plan (the "401(k) Plan") through his employment at DenSco, which had a balance of approximately \$359,000.00 at the time of his death;

7. Whereas, the Parties, during their investigation into the issues related to the DB Plan, determined an inconsistency in the DB Plan documents that created a current dispute about who is the proper beneficiary under the DB Plan. While the DB Plan form document approved by the IRS states specifically that, in the absence of a clear beneficiary designation, the Estate of

Chittick is the proper beneficiary, the DB Plan Summary Plan Description states that the Chittick Children are the beneficiaries;

8. Whereas, the Receiver, during his investigation into the assets of DenSco, has significant concerns that the DB Plan was not properly established, operated or maintained by Denny J. Chittick or DenSco, leading the Receiver to conclude that, based on the actions of Denny J. Chittick, the DB Plan never met the requirements for a qualified retirement plan and should therefore be treated a non-qualified retirement plan;

9. Whereas, because the Receiver has concluded that the DB Plan should be treated as a non-qualified retirement plan and because DenSco was insolvent at the date of Denny J. Chittick's death and continues to be insolvent, the DB Plan assets are the property of DenSco. The Receiver has taken the position that the Estate of Chittick or the Chittick Children are general creditors of DenSco with respect their position as beneficiaries of the DB Plan;

10. Whereas, the Estate of Chittick contests the Receiver's interpretation and analysis with respect to the qualified status of the DB Plan, and its representatives have argued that, despite any alleged defects in the maintenance and operation of the DB Plan, its assets are not and cannot be treated as assets of DenSco but rather are subject to a credible claim by the Estate of Chittick or the Chittick Children;

11. Whereas, the Receiver, during his investigation into the assets of DenSco, has significant concerns that the 401(k) Plan was not properly established, operated or maintained by Denny J. Chittick or DenSco, leading the Receiver to conclude that, based on the actions of Denny J. Chittick, the 401(k) Plan never met the requirements for a qualified retirement plan and should therefore be treated as a non-qualified retirement plan.

12. Whereas, the Estate of Chittick contests the Receiver's interpretation and analysis with respect to the qualified status of the 401(k) Plan, and its representatives have argued that, despite any alleged defects in the maintenance and operation of the 401(k) Plan, its assets are not and cannot be treated as assets of DenSco but rather are subject to a credible claim by the Chittick Children, the designated beneficiaries;

13. Whereas, the Receiver, during his investigation into the financial activities of DenSco, has determined that DenSco over-reported its actual income and, as a result, excessive state and federal income taxes may have been paid. Due to Denny J. Chittick's ownership of DenSco and its tax treatment, excess income taxes related to DenSco's reported income were paid by Denny J. Chittick through his personal tax returns. The Receiver believes that somewhere between \$1,000,000 and \$1,200,000 of excessive income taxes were paid by Denny J. Chittick in respect of over-reported DenSco income, and that such amounts may be recoverable from the applicable taxing authorities ("Tax Refunds"); and

14. Whereas without admitting the truth or validity of any claim or defense, the Parties desire to settle all claims that the Receiver and the Parties may have against each other including but not limited to claims regarding the DB Plan, 401(k) Plan and Tax Refunds.

AGREEMENT

In consideration of the above Recitals, which are incorporated as substantive provisions hereof, and the mutual promises contained herein, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Parties agree as follows:

A. Settlement Funds. Upon approval of this Agreement, as set forth below, the Receiver shall pay a total of \$675,000.00 ("Settlement Funds") to the Estate of Chittick. The Parties agree that the Settlement Funds are in consideration for the agreement of the Estate of Chittick to sell and transfer to the Receiver the right (i) to receive 100% of the Tax Refunds, as set forth in Section G below, less Tax Impositions agreed to be borne by the Receiver, as provided therein, and (ii) to exercise control over the tax refund application process.

B. Segregation of Settlement Funds. Upon execution of this Agreement, and pending court approval hereof as contemplated by Section O below, the Receiver shall maintain the Settlement Funds in a separate and segregated bank account that will not be subject to any other creditor claims, in a manner reasonably satisfactory to the Estate of Chittick.

C. Withdrawal of Petition No. 11 and Creditor Claim. Upon court approval of this Agreement, as described in Section O below, the Estate of Chittick shall withdraw Petition No. 11 filed in Receivership Court in Maricopa County Superior Court Cause No. CV2016-014142 (the "Receivership Proceeding") and ask the court to vacate the hearing on Petition No. 11 currently set for November 11, 2017. Upon court approval of this Agreement, as described in Section O below, the Estate of Chittick shall also withdraw the creditor claim it filed in the DenSco Receivership Proceeding.

D. Beneficiary Designation under DB Plan. The Parties agree that despite inconsistencies in the DB Plan documents, the Chittick Children are the named beneficiaries under the DB Plan.

E. Treating DB Plan as a Non-Qualified Deferred Compensation Plan. Neither the Estate of Chittick, the Chittick Children nor Ranasha Chittick will contest the Receiver's treatment of the DB Plan as a non-qualified deferred compensation plan, and the Parties and their agents shall take no actions and make no statements that are inconsistent with, or in contravention of, that treatment, except to the extent required by law.

F. Tax Reporting and Refunds. The Receiver, the Personal Representative and the Estate of Chittick shall work cooperatively to prepare and file the necessary tax forms and/or amended tax returns (collectively, the "Returns") to pursue refund claims for previously paid state and federal income taxes. The Receiver shall be solely responsible for any and all fees and expenses that may be incurred in the pursuit of the refund claims, including any professional fees and expenses incurred by the Personal Representative or the Estate of Chittick in providing the cooperation required by this Agreement. The Personal Representative and the Estate of Chittick agree to use their commercially reasonable efforts to facilitate the Receiver's pursuit of the tax refund claims, which may include, among other things, reviewing, executing and filing the Returns on behalf of Denny J. Chittick, subject to the conditions that the Returns (i) must have

been prepared or reviewed and approved by David Preston, CPA, DenSco's historic accountant, or by another accountant selected by the Personal Representative, or (ii) if the Returns are not prepared by David Preston, CPA, must reflect that they have been prepared by an independent certified public accountant selected by the Receiver. With respect to the Settlement Funds, the Receiver agrees not to issue any IRS Form 1099 or comparable federal or state filing that could suggest that the Settlement Funds are to be treated as taxable income to the recipient of such funds.

G. Tax Refunds/Responsibility for Tax Impositions. The Receiver shall receive 100% of any Tax Refunds that are recovered from any state or federal taxing authority, subject to the provisions of this Agreement. The Receiver shall also be responsible to bear any taxes, penalties, charges, interest, or any other fees and costs (collectively, "Tax Impositions") that are assessed against or imposed upon the Estate of Chittick or the Personal Representative by any state or federal taxing authority as a result of (i) the Receiver's pursuit of the tax refund claims, or (ii) the Receiver's determination to treat the DB Plan as a non-qualified deferred compensation plan (including, without limitation, Tax Impositions resulting from (a) changes to DenSco's reported taxes resulting as a consequence of that determination or (b) the tax reporting made or required to be made as a consequence of that determination), or (iii) conduct undertaken by the Personal Representative that is consistent with the requests of the Receiver in performing her obligation of reasonable cooperation as set forth in Section F above. All such Tax Impositions shall be borne, in the first instance, in the form of offsets against the amount of any Tax Refunds to be realized (including with respect to any Tax Refunds paid to the Estate of Chittick), but in the event any such Tax Impositions are assessed against the Estate of Chittick, the Receiver shall reimburse the Estate of Chittick for all such Tax Impositions. In order to effectuate the foregoing assurance, the Receiver hereby agrees that any claims made for the reimbursement of Tax Impositions will constitute Administrative Claims for the purposes of the Receivership Proceeding. Prior to distributing amounts to claimants in the Receivership Proceeding, the Receiver shall make a reasonable judgment (after having given the Estate of Chittick an opportunity to offer its input and advice) as to whether future Tax Impositions are anticipated, and if they are, shall take reasonable steps to preserve the receivership estate's ability to perform its duties under this Section G, including maintaining a reserve of funds from which Tax Impositions may be paid. In the event of a disagreement between the Receiver and the Estate of Chittick as to the likelihood or the amount of potential future Tax Impositions, or as to the size of a reserve reasonably necessary to provide for the payment of future Tax Impositions, the Estate of Chittick shall have the right to petition the Receivership Court to determine the proper amount for any such reserve (recognizing that the protections set forth in this paragraph were a material consideration to the Estate of Chittick and the Personal Representative in agreeing to transfer to the Receiver the right to receive 100% of the Tax Refunds). The Parties understand that the ability to recover and the amount of any recovery of Tax Refunds is subject to the approval of the Internal Revenue Service and of applicable state taxing authorities. Neither the Estate of Chittick, the Personal Representative, nor the Chittick Children are in a position to represent or warrant, and they do not represent, warrant, guaranty or offer any other assurance, that any Tax Refunds will be recovered. The Receiver represents and warrants that he is familiar with the uncertainty involved in the tax refund process, and is satisfied that, having been given the right to control the process, he is in a position to maximize the recovery of Tax Refunds. The Receiver further agrees that any agreement entered into between the Receiver, on the one hand, and either

the Internal Revenue Service or applicable state taxing authorities, on the other hand, to compromise or settle either the Tax Refund claims or issues arising in connection with the tax treatment of the DB Plan, will include an unconditional release of both the Estate of Chittick and the Personal Representative as a condition to the effectiveness of any such agreement.

H. Responsibility for fees and costs of DB Plan. The Receiver is informed that certain fees and expenses incurred by Pension Strategies are due and owing relating to the DB Plan, in the amount of \$2,300. The Receiver shall be responsible to pay all such fees and expenses related to the administration of the DB Plan.

I. Waiver of claims as to the 401(k) Plan. The Receiver is informed that the Chittick Children have already received, directly or indirectly, a distribution of the 401(k) Plan. As additional consideration under this Agreement, the Receiver hereby waives any claims against the Chittick Children or against any investment vehicle into which monies from the 401(k) Plan were distributed relating to the 401(k) Plan of the distribution of monies therefrom.

J. Claim in Probate Case. Upon the approval of this Agreement as set forth in Section M below, the Estate of Chittick and the Personal Representative shall deliver a Notice of Allowance to the Receiver, allowing the Receiver's creditor claim filed with the Estate of Chittick in the amount of \$5,000,000.00 (the "Allowed Probate Claim"). The Allowed Probate Claim will not be payable from, and the Receiver will have no claim or recourse against, either the Settlement Funds, any other assets held by the Estate of Chittick that have previously been disclosed in writing to the Receiver, or any other amounts payable by the Receiver to the Estate of Chittick pursuant to this Agreement, and it is contemplated under this Agreement that the Allowed Probate Claim may never be paid. For purposes of implementing the foregoing, the Receiver hereby waives any right to claim an offset against the Settlement Funds for purposes of satisfying part of the Allowed Probate Claim. In the event any additional assets are recovered by or collected into the Estate of Chittick (the "Recovered Assets"), the Parties agree that 70% of the amounts so collected, without reduction for estate administration expenses, shall be applied to the payment of the Allowed Probate Claim. Upon execution of this Agreement, the Estate of Chittick and the Personal Representative shall agree to provide an open-ended extension to the Receiver of the period in which to file a petition for payment of the Allowed Probate Claim in the Probate Proceeding in circumstances where assets available for the payment of the Allowed Probate Claim, in accordance with this Section J, exist. For purposes of allowing finality with respect to the Probate Proceeding, if at any time the cooperation of the Estate of Chittick and the Personal Representative in the prosecution of applications for Tax Refunds is no longer required, which may occur upon the Estate of Chittick executing an IRS Form 2848 in favor of the Receiver delegating authority to the Receiver to prosecute such claims, the Parties agree that the Personal Representative shall have the right to close the Probate Proceeding, subject to making an irrevocable assignment to the Receiver of any interest held by the Estate of Chittick in any future Recovered Assets (with the result that 100% of the amount of any future Recovered Assets shall inure to the benefit of the Receiver for application against the Allowed Probate Claim). Nothing herein shall prevent the Personal Representative from closing the Estate of Chittick so long as reasonable steps have been taken, or reasonable alternative procedures exist, to protect the rights of the Receiver under this Agreement.

K. GAL to Seek Appointment as "Special Conservator". The GAL shall seek approval (incident to the other court approvals already required in this Agreement) to be appointed as a special conservator and to ask the Court to give the GAL authority to execute this Agreement on behalf of the minor children pursuant to A.R.S. § 14-5409.

L. Fees and Expenses of GAL. Either the Estate of Chittick or the Chittick Children shall be responsible for any fees and expenses of the GAL or any conservator for the Chittick Children.

M. Fees and Expenses of Estate of Chittick's Tax Reporting. The Estate of Chittick shall be responsible for any fees and expenses in the preparation and filing of any tax or other returns required to be filed by the Estate of Chittick in the administration of the Estate of Chittick.

N. Agreement for Joint Directive to First Bank. Upon approval of this Agreement in accordance with Section O, and if necessary, the Estate of Chittick agrees to cooperate with the Receiver's efforts to recover any funds of the DB Plan located at First Bank, or any other financial institution, including executing a joint directive to First Bank directing the turnover of funds of the DB Plan to the Receiver or stipulating to a motion filed by the Receiver directing the turnover of funds of the DB Plan to the Receiver.

O. Approval of Agreement/Treatment of Claims. This Agreement is conditioned on the approval of both the Receivership Court and the Probate Court, and the appointment of Paul Theut as both GAL and "special conservator" for the limited purposes described in Section K above. This Agreement shall become binding upon and enforceable against the Parties upon the entry of orders from both the Receivership Court in the Receivership Proceeding and the Probate Court in the Probate Proceeding approving this Agreement. If such approval is not obtained, this Agreement shall be considered null and void and of no force and effect, and no Party shall be bound by any agreements or concessions set forth herein. Following approval of this Agreement, claims made by any Party against the Receiver pursuant to this Agreement shall be treated as Administrative Claims in the Receivership Proceeding.

P. Mutual Releases. Each of the following releases shall be effective upon the approval of this Agreement in accordance with Section O above.

The Receiver, on his own behalf and on behalf of his attorneys, employees, partners, agents, predecessors, successors, assigns, assignors, and legal representatives (including, without limitation, on behalf of those attorneys, employees, partners, officers, directors, agents, predecessors, assignors, and legal representatives of DenSco existing prior to the appointment of the Receiver) (all of the foregoing, collectively for purposes of this paragraph, the "Releasing Parties"), hereby releases and forever discharges the Estate of Chittick, the Personal Representative (individually and in her capacity as Personal Representative), Ty Riley Chittick, Dillon Cash Chittick and Ranasha Chittick, and each of their respective attorneys, employees, agents, predecessors, successors, assigns, assignors, executors, administrators, and legal representatives, but expressly excluding from the scope of this release, for the avoidance of doubt, Clark Hill PLC, any attorneys rendering advice to DenSco at a time when they were

employed by or practicing law at Clark Hill PLC, and each of their respective successors, assigns, assignors, executors, administrators, and legal representatives, from all claims that the Receiver or the Releasing Parties may have against them, whether known or unknown, including but not limited to claims regarding the DB Plan, the 401(k) Plan, the sources from which and the manner in which each was funded, the operations and management of DenSco by Denny J. Chittick, the Tax Refunds, the administration of the Estate of Chittick, and the related proceedings in the Probate Court, including claims that may arise in the future, excluding, however, claims relating to enforcement of the rights, duties or obligations arising under this Agreement or any assessment from any state or federal taxing authority for Mr. Denny Chittick knowingly filing false corporate or personal income tax returns. The determination of whether Mr. Chittick knowingly filed a false corporate or personal income tax return shall be made without giving effect to any changes in the character or amount of any items of income, deductions or expenses previously reported if such changes resulted from the Receiver's treatment of the DB Plan as a non-qualified deferred compensation plan.

In addition, the Receiver hereby releases, with the same effect as if each of the following persons was named in the preceding paragraph as a Releasing Party, any and all claims of James Trainor; Dori Ann Davis; Glen P. Davis IRA; Glen P. Davis; Gary L. Thompson; Coralee Thompson; Jolene Page; Robert B. Hahn; Todd Einck; Laurie Weiskopf; Thomas Weiskopf; Judith E. Siegford; Gary Siegford; Michael J. Zones; Jim McArdle; Nancy L. Swirtz; William J. Swirtz; Pete Rzoncoso; Marvin and Patricia Miller; Branson Smith (The Branson and Sandra Smith Trust); Branson Smith (Branson M. Smith IRA *aka* Tony Smith IRA); Mary L. Butler (IRA); Van H. Butler (IRA); Van H. Butler; Marlene Pearce; Terry Lee (re: The Lee Group, Inc. and 6541 N. Paseo Tamayo, Tucson, AZ 85750); Terry Lee; Lil Lee; Julie Kent; Paul Kent; Mary Kent; William S. Sherriff on behalf of self-investment and that of Saltine LLC; James McCoy; James and Lesley McCoy Trust; Wayne J. Ledet; Vincent I. Muscat; Muscat Family Trust; Wade Underwood; LJI Capital; Russell T. Griswold; Russ Griswold-IRA; Valerie J. Paxton; and Kaylene Moss (collectively, the "Assigning Investors"). The Receiver hereby represents and warrants to the Estate of Chittick that (i) each of the Assigning Investors has assigned their respective claims against the Estate of Chittick to the Receiver pursuant to an Assignment of Chose of Action with an effective date of April 3, 2017 (the "Investor Assignment Form"), an example of which is attached hereto as Exhibit "A", (ii) each Investor Assignment Form is substantially identical to Exhibit "A" other than with the respect to the particular investor or investors named therein, and (iii) each Investor Assignment Form authorizes the Receiver to enter into this Agreement and to release all claims. In the event any of the Assigning Investors subsequently dispute the authority of the Receiver to enter into this Agreement on their behalf, or hereafter assert claims against the Estate of Chittick or the Personal Representative that are inconsistent with the agreements made by such Assigning Investor pursuant to that person's applicable Investor Assignment Form, the Receiver agrees to reasonably cooperate with the Estate of Chittick and the Personal Representative to establish the authority of the Receiver under the applicable Investor Assignment Form to bind such Assigning Investor and to cause all claims asserted by such person to be dismissed with prejudice.

The Estate of Chittick and the Personal Representative, on their own behalf and on behalf of their respective attorneys, employees, partners, agents, predecessors, successors, assigns, assignors, and legal representatives (collectively, for purposes of this paragraph, the "Releasing Parties"),

hereby release and forever discharge the Receiver and his attorneys, employees, agents, predecessors, successors, assigns, assignors, executors, administrators, and legal representatives, but expressly excluding from the scope of this release those attorneys, legal representatives, and professional advisors who provided services to DenSCO prior to the appointment of the Receiver, their successors and assigns, from all claims that the Estate of Chittick or the Releasing Parties may have against them, including but not limited to claims regarding the DB Plan, the 401(k) Plan and any Tax Refunds, excluding, however, any allowed claim made by the Estate of Chittick in the Receivership Proceeding and claims relating to enforcement of the rights, duties or obligations arising under this Agreement. This release shall not apply, prejudice, or otherwise frustrate any putative or potential causes of action that the Estate of Chittick and/or the Personal Representative may hold or have against Clark Hill PLC and its lawyer, David G. Beauchamp, as expressly contemplated in that Tolling Agreement executed May 25, 2017 by and between the Estate of Chittick and the Personal Representative, on one hand, and Clark Hill PLC and David G. Beauchamp, on the other hand. Any such claims are not subject to or contemplated by this release, and shall in all events expressly survive the execution of this Agreement.

Dillon Cash Chittick, by and through the approval of the GAL, on his own behalf and on behalf of his attorneys, employees, partners, agents, predecessors, successors, assigns, assignors, and legal representatives (collectively, for purposes of this paragraph, the "Releasing Parties"), hereby releases and forever discharges the Receiver and his attorneys, employees, agents, predecessors, successors, assigns, assignors, executors, administrators, and legal representatives from all claims that Dillon Cash Chittick and the Releasing Parties may have against them, including but not limited to claims regarding the DB Plan, the 401(k) Plan and any Tax Refunds, excluding, however, claims relating to enforcement of the rights, duties or obligations arising under this Agreement.

Ty Riley Chittick, by and through the approval of the GAL, on his own behalf and on behalf of his attorneys, employees, partners, agents, predecessors, successors, assigns, assignors, and legal representatives (collectively, for purposes of this paragraph, the "Releasing Parties"), hereby releases and forever discharges the Receiver and his attorneys, employees, agents, predecessors, successors, assigns, assignors, executors, administrators, and legal representatives from all claims that Ty Riley Chittick and the Releasing Parties may have against them, including but not limited to claims regarding the DB Plan, the 401(k) Plan and any Tax Refunds, excluding, however, claims relating to enforcement of the rights, duties or obligations arising under this Agreement.

Ranasha Chittick, on her own behalf and on behalf of her attorneys, employees, partners, agents, predecessors, successors, assigns, assignors, and legal representatives (collectively, for purposes of this paragraph, the "Releasing Parties"), hereby releases and forever discharges the Receiver and his attorneys, employees, agents, predecessors, successors, assigns, assignors, executors, administrators, and legal representatives from all claims that Ranasha Chittick and the Releasing Parties may have against them, including but not limited to claims regarding the DB Plan, the 401(k) Plan and any Tax Refunds, excluding, however, claims relating to enforcement of the rights, duties or obligations arising under this Agreement.

Q. Attorneys' Fees. Each Party hereto shall be responsible for the payment of its own costs, attorneys' fees and all other expenses incurred in connection with each Party's

investigation, negotiation and execution of this Agreement. The Estate of Chittick shall bear its attorneys' fees solely from either the Settlement Funds or from other assets held by the Estate of Chittick as of the date of entering into this Agreement. If any Party commences an action against any other Party to enforce or interpret any of the terms hereof, the losing or defaulting Party shall pay to the prevailing Party, as determined by the Receivership Court, all costs and expenses, including reasonable attorneys' fees and disbursements, incurred in connection with the prosecution or defense of such action.

R. Further Assurances. The Parties to this Agreement shall execute any further or additional instruments, and they shall perform any further acts, which may become necessary in order to effectuate and carry out the purposes hereof.

S. Entire Agreement. This Agreement contains the entire agreement and understanding among the Parties concerning the subject matter hereof and supersedes and replaces all prior negotiations, agreements and proposed agreements, written or oral, relating thereto. Each of the Parties hereto acknowledges that no other Party, nor any agent or attorney of any Party, has made any promise, representation, or warranty whatsoever, express or implied, not contained herein concerning the subject matter hereof, to induce it to execute this Agreement, and each Party acknowledges that this Agreement has not been executed in reliance on any promise, representation or warranty not contained herein. This Agreement shall not be amended, modified or supplemented at any time unless by a writing executed by the Parties hereto.

T. Opportunity to Consult with Counsel. The Parties acknowledge that they have had the opportunity to consult with and obtain the advice of counsel prior to entering this Agreement, and that each has entered into this Agreement voluntarily and free from coercion, duress or undue influence.

U. No Tax or Legal Advice. The Parties have not sought, nor have they received, tax or legal advice of any kind from any other Party or that Party's respective attorneys or tax advisors. The Parties have sought, or shall seek, to the extent they each deem it appropriate to do so, tax and legal advice regarding this Agreement, if any, from their own respective tax and legal advisors.

V. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the state of Arizona applicable to contracts executed and intended to be performed entirely within the state of Arizona by residents of the state of Arizona. Any action at law, suit in equity or judicial proceeding for the enforcement or interpretation of this Agreement or any provision hereof shall be instituted only in the Receivership Court.

W. Counterparts. This Agreement may be signed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

X. Representation of Authority. The signatories to this Agreement represent and warrant that they have full authority to execute this Agreement and to bind the Party on whose behalf they are signing to the provisions hereof.

Y. Severability. Should any portion of this Agreement be ruled unenforceable or invalid, such ruling shall not affect the enforceability or validity of the remaining portions of this Agreement.

Z. Headings. Article and section headings are inserted herein solely for convenience, and the same shall not by themselves alter, modify, limit, expand or otherwise affect the meaning of any provision of this Agreement.

AA. Assignment and Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their respective successors and assigns; provided, however, that nothing herein shall relieve any Party of any obligation under this Agreement, except upon the express written consent of each other Party to whom such obligation is owed.

BB. Interpretation. This Agreement shall be interpreted fairly in light of the intentions of the Parties as set forth in this Agreement. The Parties each hereby waive the benefit of any rule or law or statute requiring that ambiguities be interpreted against the Party preparing this Agreement or causing the ambiguity.

CC. No Admissions. The execution of this Agreement is not, and shall not be construed to be, an admission of liability by any Party, or an acknowledgement by any Party that any other Party's claims have any basis or merit, but instead is entered into as a compromise and settlement of disputed claims.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year written below.

Peter S. Davis, as Receiver of DenSco Investment Corporation in Cause No. CV2016-014142



Peter S. Davis, as Receiver

Dated: 11/13/2017

Shawna Chittick Heuer, individually and in her capacity as the Personal Representative of the Estate of Denny J. Chittick

Shawna C. Heuer

Dated: _____

Ty Riley Chittick
By: Paul Theut
His: Court-Appointed Guardian Ad Litem

Dated: _____

Y. Severability. Should any portion of this Agreement be ruled unenforceable or invalid, such ruling shall not affect the enforceability or validity of the remaining portions of this Agreement.

Z. Headings. Article and section headings are inserted herein solely for convenience, and the same shall not by themselves alter, modify, limit, expand or otherwise affect the meaning of any provision of this Agreement.

AA. Assignment and Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their respective successors and assigns; provided, however, that nothing herein shall relieve any Party of any obligation under this Agreement, except upon the express written consent of each other Party to whom such obligation is owed.

BB. Interpretation. This Agreement shall be interpreted fairly in light of the intentions of the Parties as set forth in this Agreement. The Parties each hereby waive the benefit of any rule or law or statute requiring that ambiguities be interpreted against the Party preparing this Agreement or causing the ambiguity.

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IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year written below.

Peter S. Davis, as Receiver of DenSco Investment Corporation in Cause No. CV2016-014142

Peter S. Davis, as Receiver

Dated: _____

Shawna Chittick Heuer, individually and in her capacity as the Personal Representative of the Estate of Denny J. Chittick

Shawna C. Heuer
Shawna C. Heuer

Dated: 11.10.17

Ty Riley Chittick
By: Paul J. Theut, Esq.
His: Court-Appointed Guardian Ad Litem

Dated: _____

Dillon Cash Chittick

By: Paul Theut

His: Court-Appointed Guardian Ad Litem

Ranasha Chittick

Ranasha Chittick

Dated: _____

Dated: 9-22-17

Exhibit A

ASSIGNMENT OF CHOSE OF ACTION

THIS ASSIGNMENT OF CHOSE OF ACTION is made effective as of 3rd day of April, 2017, by and between the undersigned (the "Assignor"), and PETER S. DAVIS, as Receiver for the DENSCO INVESTMENT CORPORATION (the "Assignee"), in consideration of the mutual covenants herein contained and other good and valuable consideration, the sufficiency of which is hereby acknowledged.

WHEREAS, DenSco Investment Corporation ("DenSco") is an Arizona Corporation formed by Denny J. Chittick ("Chittick"), who is the sole owner, shareholder and operator;

WHEREAS, the Assignor is a current investor of DenSco;

WHEREAS, Chittick passed away on July 28, 2016, and the Assignee is the court appointed receiver for DenSco appointed pursuant to the *Order Appointing Receiver*, dated August 18, 2016 in *Arizona Corporation Commission v. DenSco Investment Corporation* CV2016-014142;

WHEREAS, an estate for Chittick was opened and established by Application of the Personal Representative on August 4, 2016 in the Probate Division of the Maricopa County Superior Court in case no. PB2016-051754 (the "Estate");

WHEREAS, Arising out of Chittick's operation of DenSco during his life, Assignor has individual claims against Chittick and his Estate for, including but not limited to, breach of fiduciary duties, negligence and gross negligence, conversion, unjust enrichment, fraudulent transfer, fraud, intentional misrepresentation, and negligent misrepresentation;

WHEREAS, Assignor desires to assign to Assignee, all of Assignor's legal and equitable claims which Assignor may have against Chittick and his Estate arising from any matter, including but not limited to Assignor's investment in DenSco and Chittick's operation and management of DenSco.

NOW THEREFORE:

1. Assignor hereby assigns to Assignee any and all claims, demands, and causes of action of any kind or nature whatsoever, whether present or past, known or unknown, that the Assignor now has or may have against Chittick and his Estate arising from any issue or matter whatsoever, including but not limited to Chittick's operation and management of DenSco.

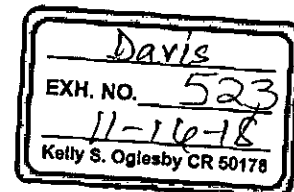
2. The Assignor agrees that Assignee may, in its own name, and for its own

benefit, free and clear of any claims by the Assignor, prosecute, collect, settle, compromise, and grant releases on said claims as Assignee, in its sole discretion, deems advisable.

ENTERED into effective as of the date first noted above.

By: _____

PRINTED NAME: _____



1 **GUTTILLA MURPHY ANDERSON**

2 **Ryan W. Anderson** (Ariz. No. 020974)

3 5415 E. High St., Suite 200

4 Phoenix, Arizona 85054

5 Email: randerson@gamlaw.com

6 Phone: (480) 304-8300

7 Fax: (480) 304-8301

8 **Attorneys for the Receiver**

9 **IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**

10 **IN AND FOR MARICOPA COUNTY**

11 **ARIZONA CORPORATION**

12 **COMMISSION,**

13 **Plaintiff,**

14 **v.**

15 **DENSCO INVESTMENT**

16 **CORPORATION, an Arizona**

17 **corporation,**

18 **Defendant.**

19 **Cause No. CV2016-014142**

20 **PETITION NO. 45**

21 **PETITION FOR ORDER TO APPROVE
THE ENGAGEMENT OF AJAMIE, LLP
TO REPRESENT THE RECEIVER AS
SPECIAL COUNSEL**

**(Assigned to the Honorable Teresa
Sanders)**

22 **Peter S. Davis, as the Court appointed Receiver of DenSco Investment Corporation**
23 **("DenSco"), respectfully petitions the Court for an Order approving the engagement of**
24 **Ajamie, LLP, as Special Counsel to the Receiver, as follows:**

25 **1. On August 18, 2016, this Court entered its *Order Appointing Receiver*, which**
26 **appointed Peter S. Davis as Receiver of DenSco Investment Corporation ("Receivership**
27 **Order").**

1 2. The Receivership Order authorizes the Receiver to, among other things,
2 employ attorneys and other professionals that are necessary and proper for the collection,
3 preservation and maintenance of the Receivership Assets. [See ¶16 of the Receivership
4 Order]

5 3. The Receiver has initially determined that DenSco may hold claims against
6 Active Funding Group, LLC.

7 4. The Receiver's investigation has determined that Active Funding Group, LLC
8 and its principals may have been working in concert with Yomtov Scott Menaged
9 ("Menaged") and been aware that Menaged was seeking to obtain two hard money loans on
10 real property purchased at foreclosure auctions and defrauding DenSco in the process.

11 5. The Receiver's initial investigation indicates that after Active Funding Group,
12 LLC uncovered Menaged's scheme to defraud it and DenSco, Active Funding Group, LLC
13 took actions to protect its historical loans with Menaged and at the same time worked
14 cooperatively with Menaged to enable him to continue to defraud DenSco.

15 6. The Receiver has determined that he requires the legal services of the law firm
16 of Ajamie, LLP, to assist the Receiver in his ongoing investigation of these potential claims
17 against Active Funding Group, LLC.

18 7. The Receiver has determined that he requires the expertise of Ajamie, LLP, as
19 these accomplished lawyers have significant experience in the areas of complex commercial
20 litigation and litigating complex financial fraud cases. Moreover, Ajamie, LLP can not only
21 assist the Receiver in DenSco's potential claims, but can also provide sound advice and

1 counsel to the Receiver in all aspects of potential legal claims and possible remedies that may
2 arise from actions or omissions of Active Funding Group, LLC.

3 8. Ajamie, LLP, has agreed to serve as Special Counsel pursuant to the terms of
4 the Engagement Agreement attached as Exhibit "A". Pursuant to the Engagement
5 Agreement, Special Counsel will investigate DenSco's potential claims and provide a detailed
6 memorandum of the claims with an estimation of probable costs of pursuit of the claims
7 within thirty (30) days from the Court's approval of this Petition.

8 9. Thereafter, if the Receiver determines that DenSco's claims should be
9 advanced, the Receiver will have the option to elect either an hourly or contingent fee as the
10 basis for future compensation to Special Counsel. If the Receiver elects to proceed on an
11 hourly basis, Ajamie, LLP professionals will be compensated on an hourly rate basis pursuant
12 to the professional rate schedule in Exhibit "A". If the Receiver elects to proceed on a
13 contingency fee basis, Special Counsel has agreed to a sliding scale for the potential
14 contingency fee as set forth in Exhibit "A". Specifically, Special Counsel would be
15 compensated Thirty Three and One-Third percent (33.33%) of any gross recovery between
16 \$0.00 and \$6,000,000.00; Twenty-Five percent (25%) of any gross recovery between
17 \$6,000,000.00 and \$12,000,000.00; Fifteen percent (15%) of any gross recovery between
18 \$12,000,000.00 and \$20,000,000.00; and Ten percent (10%) of any gross recovery above
19 \$20,000,000.00.
20
21

10. The Receiver believes that both the hourly rates and sliding scale for the potential contingency fee are reasonable in light of the substantial experience of the professionals at Ajarnie, LLP and the nature of the DenSco claims.

WHEREFORE, the Receiver respectfully requests that the Court enter an order:

1. Appointing the law firm of Ajamie, LLP as special counsel to the Receiver;
2. Approving the engagement agreement with the law firm of Ajamie, LLP, attached as Exhibit "A"; and
3. Directing the Receiver to file a notice with the Court when the Receiver has made his election to either proceed with compensation of Special Counsel on an hourly basis or on a contingency basis.

Respectfully submitted this 22nd day of November, 2017.

GUTTILLA MURPHY ANDERSON, P.C.

/s/Ryan W. Anderson
Ryan W. Anderson
Attorneys for the Receiver

2359-001(306856)

**FEE AGREEMENT
AJAMIE LLP**

The law firm of Ajamie LLP ("Attorneys"), agrees to represent Peter S. Davis, as receiver of DenSco Investment Corporation ("DenSco") in receivership in CV 2016-014142 ("Client") in the investigation, prosecution, trial, or settlement of any claims that DenSco may have against Active Funding Group, LLC.

1. **Flat Fee, Memorandum of Claim.** Receiver shall seek approval from the Court to retain Attorneys. If approval is given, Attorneys will prepare a memorandum of claim for the Receiver setting out an analysis of claims the Receiver may pursue. In preparing the memorandum, Attorneys shall review relevant documentation, setting out the factual and legal basis of any claims, and possible remedies. The memorandum will set out the probable costs of pursuing the claims. The memorandum will be submitted to the Receiver within thirty days of the approval of this agreement by the Court. Attorneys will prepare the memorandum of claim for a flat fee of \$20,000, with the understanding that the Receiver will seek approval from the Court to pay that fee after receipt of the memorandum.

2. **Election of Hourly or Contingent Fee.** If the Receiver decides to pursue the claims, then the Receiver may choose to proceed with the case either on a standard hourly rate basis or on a contingent fee basis.

3. **Hourly Rate.** If a decision is made to proceed on an hourly rate basis, Attorneys will be paid in accordance with the standard form hourly rate retention agreement that is attached to this Fee Agreement.

4. **Contingent Fee.** If a decision is made to proceed on a contingent fee basis, Client agrees to pay and assign to Attorneys:

- (1) Thirty-three and one third percent (33 1/3%) of any gross recovery between zero and \$6,000,000 obtained by reason of settlement or trial; and, in addition
- (2) Twenty-five percent (25%) of any gross recovery between \$6,000,000 and \$12,000,000 obtained by reason of settlement or trial; and, in addition
- (3) Fifteen percent of any gross recovery between \$12,000,000 and \$20,000,000 obtained by reason of settlement or trial; and, in addition
- (4) Ten percent of any gross recovery above \$20,000,000.

The term "gross recovery" shall mean actual receipt by Client (or its representatives) of the proceeds of a settlement, a court or arbitration award and/or a jury verdict; and the gross recovery is "obtained" either on receipt or on the date on which there is an enforceable settlement agreement with any Defendant or other relevant person or entity.

Any award of attorneys' fees, if allowed and ordered by the Court, will be included in calculating the gross recovery.

Except as provided in Paragraph 8 below, attorneys' fees, expenses and costs will be payable only out of recovery, and if no recovery is obtained, no fees or costs shall be payable to Attorneys except for the flat fee for the memorandum of claim.

Client consents to the payment of any recovery directly to Attorneys. If any recovery is paid by a joint check to Attorneys and Client, Client shall endorse such check over to Attorneys, and Attorneys shall disburse the proceeds in accordance with this Agreement, after deducting unreimbursed costs and its attorneys' fees.

Client agrees that the attorneys' fee calculated shall be a lien on any amount recovered, by settlement or otherwise.

5. **Appeal.** Attorneys shall respond to any appeal or special action filed by an adverse party. Attorneys shall initiate any appeal or special action requested by the Receiver.

6. **Future Payments.** If a settlement is reached or a judgment provided which provides that clients shall receive money and/or other benefits to be paid or conferred over some future period of time, any contingent fee will be based upon the present value of the recovery. In that event, the current value of such money or benefits shall be determined by fair and reasonable means, and that current value shall be the amount recovered. If practicable, Attorneys may take any contingent fee at the time a future payment is made; for example, if there is an annuity, Attorneys may take any contingent fee when an annuity is paid.

7. **Expenses.** Under the ethical rules governing lawyers and lawsuits in Arizona, Attorneys are allowed to, and hereby agree to, advance the expenses of representation. If an hourly rate basis is selected, Client will reimburse Attorneys for all expenses so advanced. If a contingent fee basis is selected, expenses advanced by Attorneys, and not otherwise reimbursed to Attorneys, for example by a recovery of taxable costs, shall be deducted from Client's share of the amount recovered. If nothing is recovered, then Client shall not have to reimburse Attorneys for any expenses advanced.

8. **Expenses include Taxable Costs.** In the event that the case is litigated to a judgment, Client may, if the Client prevails, recover "taxable costs." Taxable costs include such items as filing fees, and the costs of depositions, subpoenas, etc. Any taxable costs recovered shall be used to reimburse Attorneys for the taxable costs and expenses which they have advanced in the course of the litigation, and will not become part of the gross amount recovered if a contingent fee basis is selected.

9. **Withdrawal.** Attorneys may withdraw as counsel for Client at any time upon giving reasonable notice. This Agreement may also be terminated at any time by Client before settlement or ultimate recovery after reasonable notice to Attorneys.

In the event a contingent fee basis is selected and this Agreement is terminated by Attorneys for no cause before settlement or ultimate recovery, no fees shall be payable to Attorneys. In the event that Attorneys withdraw for good cause, then the Attorneys shall be paid

their ordinary hourly rates for work performed up to the time of their withdrawal. If Client and Attorneys cannot agree on the issue of good cause, then that issue shall be determined in a single arbitrator arbitration conducted according to the commercial arbitration rules of the American Arbitration Association, in confidential proceedings. The result of the Arbitration will be submitted to the Court for approval, and the parties agree that the Court may review the result as to the reasonableness of the hourly fees awarded.

In the event a contingent fee basis is selected and this Agreement is terminated by Client before settlement or ultimate recovery, Client agrees to pay to Attorneys from any recovery ultimately obtained a fee that fairly represents the value of Attorneys services, taking into account all the facts and circumstances, including the fee specified in this agreement, the status of the litigation at the time of the termination, and the pro rata division of time between Attorneys and any subsequent law firm. If disputed, that fee shall be set by the Court.

10. Settlement. No settlement shall be binding without the consent of Client, and the approval of the Court.

11. Requirement of Reasonableness and Court approval. Pursuant to ER 1.5, Rule 42, Rules of the Arizona Superior Court, Attorneys will review any fees billed if an hourly rate basis is selected to assure that the fees are reasonable in light of the factors set forth in ER 1.5, and will adjust their fees to the extent necessary to assure that they are reasonable and comport with ER 1.5.

Pursuant to the Receivership Order, the Court must approve the reasonableness of all attorneys' fees and costs and expenses. No attorneys' fees, costs or expenses shall be paid until approved by the Receiver and the Court.

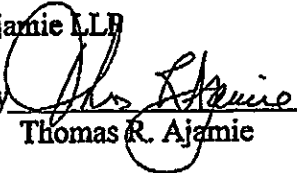
12. Retention of Documents. In the course of the representation, Attorneys are likely to come into possession of copies or originals of documents or other materials belonging to Client or others. Once the particular matter to which those materials relate has been concluded, Attorneys will have no further responsibility to maintain such materials unless expressly agreed otherwise. If Client has not sought the return of such materials within one year of the closing of the matter to which such materials relate, Attorneys may destroy such materials in accordance with their normal file retention policies.

13. Client's Duties. Client agrees to be truthful with Attorneys, to cooperate in the prosecution of the Claim, to keep Attorneys informed of all relevant developments, and to keep Attorneys advised of Client's address, telephone number, and whereabouts.

Dated this 13th day of November, 2017.



Peter S. Davis, Receiver

Ajamie LLP
By _____
Thomas R. Ajamie

**FEE AGREEMENT
AJAMIE LLP**

Representation. The law firm of Ajamie LLP ("Firm," "us," or "we") has agreed to represent Peter S. Davis, as receiver of DenSco Investment Corporation in receivership in CV 2016-014142 ("Client," "DenSco," or "you") in the investigation, prosecution, trial, or settlement of any claims that DenSco may have against its former legal advisors, including any claims against Active Funding Group, LLC.

Fees and Costs. You agree to pay us for legal services at our regular hourly rates which will be billed to you and which are to be paid each month.

Our fee will be determined by multiplying the number of hours worked on your behalf by the standard hourly rate of each attorney, law clerk, paralegal, and other assistant. A rate schedule for the attorneys and others who we expect to work on your case is attached. These rates are adjusted from time to time, typically at the beginning of each calendar year. We will advise you of any change in our rates and of any changes in the persons who will be the principal providers of services to you. A rate schedule is available to you at any time on request.

We record and bill for our time in tenths of an hour. Our bills will include the time we spend on researching factual and legal issues, negotiations, conferences, preparation of various documents or pleadings, conducting discovery, court appearances, travel, and telephone calls.

In addition to our fees, you will be responsible for any charges and expenses we incur on your behalf. We normally advance the cost of court fees, deposition expenses, and travel expenses, and charge them to you monthly as bills are received and processed by the firm. We may also submit certain outside charges to you for direct payment, and you have agreed to hire, pay directly, and be solely responsible for the charges of all experts, investigators, and local counsel. We will bill you for photocopies (\$.20/page), data duplication (from \$10 to \$45), computer-assisted research (at average imputed cost), messenger services (from \$7 to \$30 or more, depending on distance), automobile travel (53.5¢/mile), extraordinary staff overtime (at cost), long distance telephone calls (at average imputed cost), and certain specialized technical services, such as computerized litigation support, at \$155 to \$200 per hour.

We prepare statements each month for mailing by the 15th. The statements will show the fees and charges incurred during the previous month and any balance of your trust account after payment of the statement. We will address our statements to you at the above address unless directed otherwise.

Payment of each month's statement is due 30 days after the date of the statement. However, if there are funds in the trust account we may immediately pay our statement from those funds. We would encourage you to examine our statements with as much care as you deem appropriate and to contact us immediately if you have any questions or concerns. We may withdraw from the representation, after reasonable notice, if our bills are not paid when due, or if you do not comply with the other terms of this Agreement. We reserve the right, upon ten days advance notice to you, to charge interest on past due amounts at 1.5% per month.

The responsible attorney will review your statements to make any adjustments we believe are appropriate. We would ask you to alert us promptly to any questions you may have about the statement or the work for which you were billed by contacting the attorney with whom you are working or the firm's controller. We are always willing to discuss our fees with you if you have questions or feel the charges may be inappropriate. It is our desire to provide you with the best representation possible at a price which is fair and reasonable and to build an ongoing relationship of trust, confidence, and fair dealing.

You may terminate our representation at any time. If you do so, you will be responsible for our fees and costs to the date of the termination plus any fees and costs incurred in withdrawing and in assisting new counsel during the termination.

Retention and Destruction of Documents. During our representation, we are likely to receive copies or originals of documents or other materials belonging to you or others. Once the matter to which those materials relate has been concluded, we will retain and eventually return these materials to you or destroy them in accordance with our file retention policy, a copy of which is enclosed. Please inform us of any change of address so that we can contact you when it is time to return the file.

All client-supplied materials, including your original documents ("Client Materials") are the property of Client. Attorney work papers, such as photocopies, attorney drafts, attorney notes, attorney memoranda, administrative materials, correspondence, and electronic versions of documents shall be considered attorney work product and property of the Firm. The Firm may retain copies of attorney work product and Client Materials. After completion of the matter, the Firm shall make all Client Materials available to you. You have an affirmative duty to retrieve those Client Materials or to direct the Firm to forward the Client Materials. If the firm does not receive instructions, the Firm is authorized to destroy the Client Materials five years following conclusion of the matter with no further notice to you.

Electronic Communications. Communication through email, cellular, and wireless devices is cost-efficient and convenient. We take reasonable internal precautions and safety measures to prevent disclosure of client sensitive information when using these forms of communication. But we have no control regarding Internet providers, the Internet itself, wireless communications, or where and how you store confidential information. You must understand it is possible for such communications to be intercepted, misdirected, viewed, heard, or otherwise accessed by third parties, either accidentally or intentionally. You authorize us to communicate with you and third parties via email, cellular, and wireless methods, and you understand and accept all confidentiality risks associated with such use. It is important for you to let us know if there are email or other electronic addresses to which we should avoid sending confidential information.

Arbitration of Fee Disputes. Any and all disputes, controversies, claims or demands arising out of or relating to this Agreement or any provision hereof, the providing of services by the Firm to Client, or in any way relating to the relationship between the Firm and Client, whether in contract, tort, or otherwise, at law or in equity, for damages or any other relief, shall be submitted to the fee arbitration process conducted by the Arizona State Bar. This arbitration provision shall be enforceable in either federal or state court. The decision of the arbitrators will

be final and non-appealable. You and we waive the right to file suit in court concerning disputed fees or costs. Any party to any award rendered in such arbitration proceeding may seek a judgment upon the award and that judgment may be entered by any federal or state court having jurisdiction.

Choice of Law & Other Terms. This Agreement shall be construed under and in accordance with the laws of the State of Arizona, and the rights, duties and obligations of you and of the Firm regarding the Firm's representation of you and regarding anything covered by this Agreement shall be governed by the laws of the State of Arizona.

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representative, successors, and assigns.

In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions thereof and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

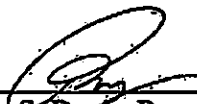
This Agreement constitutes the sole and only Agreement of the parties hereto and supersedes any prior understandings, whether by written or oral agreement, between the parties with respect to the subject matter within.

There shall be no modifications to this agreement, either oral or written, unless such modifications are in writing and agreed to by all parties hereto.

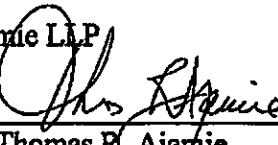
Finally, the Texas Supreme Court has promulgated a creed for Texas lawyers and requires us to provide a copy to our clients. A copy is enclosed for your records. Texas lawyers also must advise clients that the "State Bar of Texas investigates and prosecutes professional misconduct committed by Texas attorneys. Although not every complaint against or dispute with a lawyer involves professional misconduct, the State Bar's Office of General Counsel will provide you with information about how to file a complaint. For more information, call 1-800-932-4900."

Binding Contract. If you agree to the terms set forth in this Agreement, please execute the enclosed copy and return it to us as soon as possible. When signed by you, this agreement constitutes a binding contract. You are encouraged to seek separate legal counsel if you desire independent legal advice concerning the meaning or effect of this agreement.

Dated this 13th day of November, 2017.



Peter S. Davis, Receiver

Ajamie LLP
By 

Thomas R. Ajamie

RATE SCHEDULE

Thomas R. Ajamie	\$800.00
John S. "Jack" Edwards, Jr.	\$450.00
Paralegal	\$190.00

GAMMAGE & BURNHAM, P.L.C.

ATTORNEYS AT LAW
TWO NORTH CENTRAL AVENUE
15TH FLOOR
PHOENIX, ARIZONA 85004

TELEPHONE (602) 256-0566
FACSIMILE (602) 256-4475

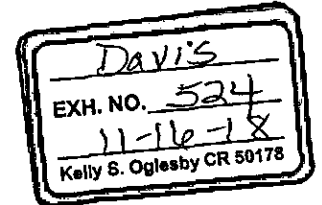
JAMES F. POLESE
jpolese@gblaw.com

WRITER'S DIRECT LINE
(602) 256-4499

MOBILE:
(602) 405-3807

December 18, 2017

VIA E-MAIL
gsturr@omlaw.com



Geoffrey M. T. Sturr, Esq.
Osborn Maledon, P.A.
2929 N. Central Avenue, Suite 21
Phoenix, Arizona 85012

RE: Estate of Denny J. Chittick, Deceased (the "Estate")

Dear Mr. Sturr:

Your correspondence dated December 12th requested agreement that the complaint you filed against David Beauchamp and Clark Hill did not disclose matters that the Estate deemed to be attorney-client communications with respect to Mr. Chittick personally (as opposed to DenSco Investment Corporation ("DenSco")). You further requested that the Estate cite the specifics of any allegations to which the Estate takes exception.

Let me first state that we are more than a little surprised by the apparent animosity that your firm exhibits towards the Chittick Estate since there has never been any attempt on your part to informally discuss these matters with the Estate.

As I believe you know from your discussions with Ryan Anderson, the Estate has no interest in impeding any actions that may be taken by the Receiver to recover assets from third parties. In fact, the Estate has a history of cooperating with the Receiver. It was thus with some dismay that we received Petition No. 48 - without any advance warning or attempted discussions. Petition No. 48 takes the strident view that no attorney-client privilege could have ever existed between Mr. Chittick personally and Mr. Beauchamp. It further suggested that I misled the Court into entering the language in the Receiver Order to which you now take exception.¹

¹ I appreciate the fact that you take great pains in the complaint to mistakenly allege that Beauchamp, while not legal counsel to Chittick personally, apparently went out of his way to protect Chittick's interests over that of investors. This seems to be of little import since it is also extensively alleged that Beauchamp went out of his way to protect DenSco to the detriment of investors.

If need be, the Estate is prepared to contest Petition No. 48 and will, in due course, file the appropriate response. Suffice it to say that I believe your failure to cite the relevant standard for the existence of an attorney-client relationship was an interesting omission. As I am sure you well know, what matters is Chittick's reasonable belief that Beauchamp was representing him as well as DenSco—not what Beauchamp may have stated to third parties at various times. See, e.g., *In re Petrie*, 154 Ariz. 295, 299, 742 P.2d 796, 800 (1987); Restatement (Third) of Law Governing Lawyers § 14 cmt. e (2000).

I hope, however, that you will come to realize that contentious litigation on this point is unnecessary as well as a needless cost. I believe you are well aware of the fact that the Estate and the Receiver are very close to resolving their issues. Once that settlement is finally given effect, the attorney-client issue may well become moot or substantially less significant. Consequently, I would ask that you push out the January 2, 2018 date for responding to Petition No. 48 until March 1, 2018 since we are reasonably comfortable that the remaining obstacles to implementing the settlement will by then be resolved.²

As to the specifics of your complaint to which the Estate takes exception, the following paragraphs are discussed below:

3. In January 2014, Beauchamp and his law firm, Clark Hill PLC, learned that the promises DenSco had made to its investors were untrue and that DenSco's sole owner, shareholder and operator, Denny Chittick, had grossly mismanaged DenSco ... They were told that ... [Menaged] had fraudulently obtained ... 125 loans that were not secured ... They also learned that Menaged and his companies accounted for 25% or more of DenSco's total loan portfolio.

There is no allegation regarding how or from whom this information was "learned" and thus there is no attorney-client communication implicated.

4. Clark Hill and Beauchamp were told that Chittick and Menaged had agreed that DenSco would refrain from enforcing its current loan agreements ... They were also told that Chittick planned to have DenSco raise new money ...

Again, there is no allegation regarding how or from whom Beauchamp and his law firm were told of these matters and thus does not implicate any attorney-client communication.

7. ... They told Chittick that DenSco could raise new money from investors to fund additional loans to Menaged without first investigating the circumstances of the fraud, assessing its impact on DenSco's financial position, and making disclosures to those investors.

² I presume you know what the impediments are and I would be happy to further explain them and the path being pursued to dispose of them.

As written, the allegation implicates the attorney-client privilege being claimed by the Estate. However, the issue can easily be circumvented without diminishing in any way the effectiveness of the allegation by simply changing the allegation from focusing on Chittick to one focusing on DenSco: "They advised DenSco that it could raise ..." Indeed, this is true for much of the complaint. One wonders what benefit there is in even mentioning Chittick when a simple reference to (or substitution of) DenSco would easily suffice.

38. Beauchamp knew, *from his discussions with Chittick* and the text of the draft private offering memorandum he was preparing, that DenSco continued to represent to investors that its loans were in first position. (Emphasis added.)

The reference to a communication with Chittick implicates the personal attorney-client privilege and yet is utterly unnecessary. The salient point of the allegation is that Beauchamp "knew" and not how he knew. If the italicized language is eliminated, there would be no issue.

42. Chittick's transmittal email described ... He said that. . . .

Again, this allegation is problematic but I fail to see how it adds anything to the complaint since the allegations in Paragraphs 43 and 44 make clear that Beauchamp was aware of this complaint and did nothing, which is apparently the central point.

59. Beauchamp spoke to Chittick

Again, I fail to see how this allegation in any way strengthens your complaint. Yet, it needlessly implicates the attorney-client issue. If something is required, why would the following not suffice: "Beauchamp spoke with Chittick on January 6th and planned to meet with him on the 9th."

The Estate would object to Paragraphs 61-68 but for the allegation that the e-mail sent to Beauchamp was copied to Menaged, thereby destroying any attorney-client privilege that could have attached to the e-mail. Similarly, paragraphs 70-72 allege that Menaged was at the January 9th meeting and thus the meeting and conversations are not claimed to be privileged. Provided these allegations are truthful, there is no attorney-client issue.

76. To the contrary, after Beauchamp and Chittick spoke by telephone on January 10, 2014, Chittick wrote that Beauchamp told him "I can raise money."

77. Beauchamp's advice was also documented in an email exchange he had with Chittick two days later, on January 12, 2014. Chittick said "if both Scott and [I] can raise enough money, we should be able to have this all done in 30 days easy." He told Beauchamp that he had "spent the day contacting every investor that has told me they want to give me more money," and thought he could have \$5 to \$6 million within the next ten business days.

Geoffrey M.T. Sturr, Esq.
December 18, 2017
Page 4

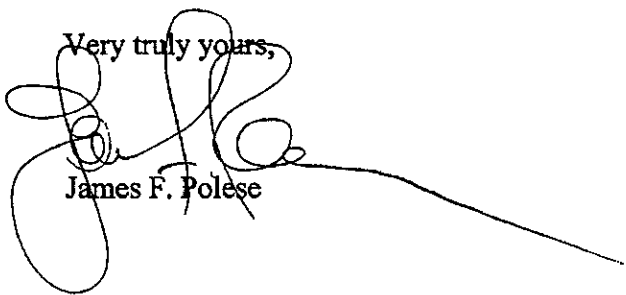
Rather than tell Chittick that DenSco must immediately cease accepting or soliciting any investor money, and warn Chittick of his and DenSco's potential civil and criminal liability if DenSco did so, Beauchamp gave his approval of Chittick's plan, and told Chittick he "should feel very honored that you could raise that amount of money that quickly."

As drafted, these allegations implicate the attorney-client privilege claimed by the Estate.

Again, in light of the other allegations, these allegations appear little more than "piling on" and are neither needed nor central to the gravamen of the complaint. All that need be alleged is that Beauchamp was aware of DenSco's plan, concocted with Menaged, to raise more monies from investors without advising either management or existing investors of the problems of doing so and, in fact, apparently encouraging DenSco to do so (at least according to your allegations).

Please do not hesitate to contact me if you wish to discuss any of the issues raised in this letter.

Very truly yours,

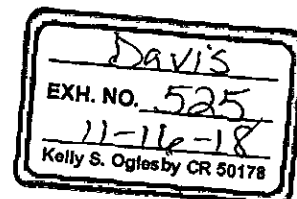


James F. Polese

JFP/pm
e-cc: Shawna Heuer

**GUTTILLA MURPHY
ANDERSON**

5415 E. HIGH STREET, SUITE 200
PHOENIX, ARIZONA 85054
(480) 304-8300
FAX (480) 304-8301



Our No. 2359-017

April 12, 2018

Yomtov Scott Menaged
Federal Corrections Institution - La Tuna
Inmate 74322-408
P.O. Box 3000
Anthony, NM 88021

Re: *Arizona Corp. Commission v. DenSco Investment Corp.*, Case
No. CV2016-014142 (Superior Court of Maricopa County, AZ).

Dear Mr. Menaged:

As you know, the undersigned represents Peter S. Davis, as the Receiver of DenSco Investment Corporation ("Receiver"). I am in receipt of your letter dated March 1, 2018, but it was received by my office on April 4, 2018.¹

Please be advised that Ajamie, LLP has been appointed as Special Counsel to the Receiver and is, among other things, investigating potential claims against Active Funding and related third party hard money lenders. Accordingly, the Receiver is hopeful that you will cooperate with any request for an interview and answer all inquiries honestly and completely.

As you will recall, before your deposition conducted on October 20, 2016, you agreed to allow the Receiver to make a forensic image of your e-mail account. After collecting this electronic information, your former legal counsel [Schian Walker P.L.C.] initially agreed to review the data to segregate any of your e-mail communications which were protected by attorney-client privilege. However, after your arrest in late May of 2017, it became clear that your former counsel did not have adequate financial resources to conduct this review. Pursuant to our Settlement Agreement², and letter agreement of October 4, 2017, the Receiver has reviewed the e-mail communications and segregated your e-mails which are protected by the attorney-client privilege. Accordingly, enclosed with this letter is a flash drive. On the flash drive is a folder which contains: a copy of each of the 1,517 e-mails which have been deemed protected by the attorney/client privilege; a copy of the privilege log that identifies the privileged nature of the 1,517 privileged e-mails; and a copy of the entire production on e-mails obtained from your computers³. Accordingly, your non-privileged e-mails will be maintained in the

¹ I believe you incorrectly dated your letter March 1, 2018 as it appears to be in response to a letter you received on or about April 26, 2018 from Special Counsel Ajamie, LLP

² A pdf copy is enclosed in the flash drive.

³ You may have difficulty accessing this data as it requires you to use the Microsoft e-mail program Outlook, as your e-mails were forensically recovered in their native format.

April 12, 2018

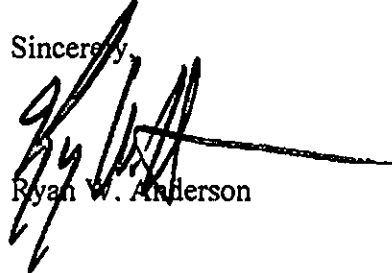
Page 2

DenSco Document Depository until the conclusion of the Receivership proceedings, when they will be eventually destroyed.

In response to your recent letter, the Receiver will explore issues related to the Judgment that the Receiver has obtained against you, but it is too premature to be exploring these issues as your tentative release date is in 2032 and the administration of the Receivership remains ongoing. Finally, enclosed is a copy of the Summary Sources and Uses Analysis from January 1, 2010 to November 30, 2016, as you requested.

If you have additional questions, please let me know.

Sincerely,



Ryan W. Anderson

RWA:jc

Enclosures

cc: Peter S. Davis, As Receiver of DenSco

**Simon Consulting, LLC
Arizona Corporation Commission v. DeaSci Investment Corporation**

Yomtov Scott Menaged, et al.
Sources and Uses of Cash - Summary [1]
January 1, 2010 - November 30, 2016

Category	Personal Accounts			Arizona Home Foreclosures, LLC			Furniture King, LLC			TOTAL		
	Yomtov S. and Franchise Menaged	Deposits	Withdrawals	Net Total	Deposits	Withdrawals	Net Total	Deposits	Withdrawals	Net Total	Deposits	Withdrawals
Beginning Balance	-	-	-	610,069	-	-	610,069	-	-	610,069	-	-
Summarized Accounts:												
Yomtov S. Menaged - Chase 5525	299,900	300,000	(100)	(100)	3,750,000	3,750,000	(4,800)	-	-	-	4,049,900	4,050,000
Yomtov S. Menaged - Chase 8290	14,900	12,295	2,605	(2,605)	-	4,800	(4,800)	-	-	-	14,900	28,900
Yomtov S. Menaged - Chase 8371	312,295	314,800	(2,505)	(2,505)	5,396,196	33,160,079	(27,763,883)	93,500	300,800	(207,300)	5,801,991	33,775,679
Yomtov S. Menaged - USB 6416	-	-	-	-	1,368,208	750,080	638,128	203,900	564,758	(360,858)	1,572,108	1,294,838
Yomtov S. Menaged - WF 2208/2231/7885/9717	297	297	-	-	5,101	7,500	(2,399)	-	-	-	5,398	7,797
Arizona Home Foreclosures, LLC - Chase 1151	36,904,879	9,526,496	27,378,383	70,000	50,000	270,000	(220,000)	1,371,059	1,167,192	153,867	38,275,938	10,963,688
Arizona Home Foreclosures, LLC - USB 2735	70,000	-	-	-	309,200	-	309,200	1,000	-	1,000	380,200	-
Easy Investments, LLC - BoFA 5496	-	-	-	-	61,500	599,724	(538,224)	1,876,850	487,790	1,389,060	1,938,350	1,087,514
Easy Investments, LLC - USB 4457	670,080	993,009	(322,929)	7,500	868,177	822,378	45,799	919,098	2,577,222	(1,658,124)	2,457,355	4,392,609
Easy Investments, LLC - Chase 1381	177,500	50,500	127,000	7,500	1,996,884	409,676	403,228	500	430,000	(429,500)	820,901	839,676
Furniture King, LLC - USB 4440	584,901	203,493	381,408	-	2,516,220	885,300	1,630,920	667,331	202,100	465,231	2,841,714	3,352,152
Furniture King, LLC - WF 5052/6814	81,905	43,000	38,905	-	15,165	500	14,665	177,500	1,000	176,500	15,165	500
Furniture & Electronic King, LLC - Chase 5893	52,700	-	52,700	-	78,659	6,465	72,194	724,400	861,031	(136,631)	891,439	982,700
Scott's Fine Furniture, LLC - Chase 6758	337	-	337	-	41,401	53,957	(12,556)	112,700	618,800	(506,100)	206,801	672,757
Beneficial Finance, LLC - USB 2727	-	-	-	-	7,400	529	6,871	1,000	-	1,000	8,757	936
Subtotal	39,157,214	13,444,297	27,712,917	(50)	17,283,487	43,872,744	(26,589,257)	6,098,837	7,222,497	(1,123,660)	62,539,539	62,539,539
Other Accounts:												
Auto King, LLC - Chase 6250	10,000	511,000	(501,000)	-	619,873	873,000	(253,127)	425,231	225,220	200,012	1,055,104	1,609,220
Line of Credit - BoFA 8699	-	-	-	-	-	592,528	(592,528)	-	-	-	-	532,528
Line of Credit - USB 1036	650,000	380,160	269,840	-	142,000	57,500	84,500	74,400	91,206	(16,806)	866,400	528,865
Subtotal	660,000	891,160	(231,160)	-	761,873	1,463,028	(701,155)	499,631	316,425	183,206	1,921,504	2,670,614
Yomtov S. Menaged, et al.												
Yomtov S. Menaged - BoFA 1289/1977	-	-	-	-	272,500	1,202,655	(930,155)	-	-	-	272,500	1,202,655
Joseph Menaged	-	56,845	(56,845)	-	1,659,214	7,364,393	(5,705,179)	300,000	189,497	110,503	1,959,214	7,610,736
Short Term Finance, LLC	-	-	-	-	8,597,296	7,474,599	1,122,697	-	500,000	(500,000)	8,597,296	7,974,599
Michelle R. Menaged	-	3,871	(3,871)	-	-	354,598	(354,598)	-	104,682	(104,682)	-	463,151
Michelle R. Menaged - Mortgage Payment	-	86,614	(86,614)	-	90	249,053	(248,963)	-	20,290	(20,290)	90	355,957
Salvatore & Josephine Baratto	-	-	-	-	-	17,738	(17,738)	-	-	-	-	17,738
Salvatore & Josephine Baratto - Mortgage Payment	75,004	27,000	48,004	-	14,795	56,800	(42,005)	2,888	119,203	(116,316)	92,686	203,003
Salvatore & Josephine Baratto - Legal Fees	-	-	-	-	625	217,639	(217,014)	-	-	-	625	217,639
Jess Menaged	-	5,000	(5,000)	-	3,126	5,000	(1,874)	-	-	-	3,126	5,000
Jess Menaged - Mortgage Payment	-	13,151	(13,151)	-	-	51,503	(51,503)	-	4,489	(4,489)	-	69,143
Joy Menaged	-	14,900	(14,900)	-	-	28,312	(28,312)	-	9,420	(9,420)	-	52,632
Jennifer Bonfiglio	-	3,850	(3,850)	-	-	15,431	(15,431)	-	28,895	(28,895)	-	48,176
Jared & Nancy Coffin / Coffin Made, LLC	-	1,465	(1,465)	-	70,000	51,000	19,000	-	63,500	(63,500)	70,000	115,965
Valerie Barabolas-Menaged	-	-	-	-	-	59,446	(59,446)	-	-	-	-	59,446
Yitchak Menaged	-	-	-	-	-	40,000	(40,000)	-	-	-	-	40,000
Franchise Menaged	-	500	(500)	-	-	-	-	-	22,200	(22,200)	-	22,700
American Furniture, LLC	314,280	257,000	57,280	-	-	-	-	-	-	-	314,280	227,000
Subtotal	389,284	470,196	(80,913)	-	10,617,646	17,188,167	(6,570,521)	302,888	1,062,177	(759,289)	11,509,817	18,720,540
Real Estate Transactions												
DeSci Investment Corp.	-	25,759,457	(25,759,457)	-	393,187,146	296,556,017	96,631,128	20,800	130,786	(109,986)	393,207,946	322,446,260
Cashier's Checks - Issued & Redeposited	-	-	-	-	320,101,800	320,101,800	-	76,938	76,938	-	320,178,738	320,178,738
Property Purchase/Sale	-	301,395	(301,395)	-	36,423,853	36,794,115	(370,263)	14,879	34,414	(19,535)	36,438,731	37,129,924
Property Related Expenses	-	44,239	(44,239)	-	2,625	1,377,244	(1,374,619)	16,208	16,208	-	2,625	1,437,692
	-	-	-	-	-	-	-	-	-	-	-	(1,433,067)

Simon Consulting, LLC
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January 1, 2010 - November 30, 2016

Category	[3]	Personal Accounts			Arizona Home Foreclosures, LLC			Furniture King, LLC			TOTAL		
		Deposits	Withdrawals	Net Total	Deposits	Withdrawals	Net Total	Deposits	Withdrawals	Net Total	Deposits	Withdrawals	Net Total
Mortgage/Loan Payments	[3]	390	82,309	(81,919)	159	179,761	(179,602)	15,195	24,408	(24,408)	15,195	24,408	(24,408)
Property Taxes	[3]	-	-	-	-	152,252	(152,252)	-	-	-	-	152,252	(152,252)
3rd Party Loans	[3]	-	-	-	1,696,013	23,267,866	(21,571,853)	53	260,289	(260,237)	1,696,066	23,268,155	(21,832,090)
Active Funding Group, LLC	[3]	-	-	-	89,000	1,920,604	(1,831,604)	-	169,839	(169,839)	89,000	2,090,443	(2,001,443)
Self Wholesale Funding, LLC	[3]	-	-	-	-	200,062	(200,062)	-	21,875	(21,875)	-	221,937	(221,937)
Arthur Koschits	[3]	-	-	-	3,947,634	4,024,782	(77,147)	3,500	-	3,500	3,951,134	4,024,782	(73,647)
Eric Weinbremer/EZ Homes, Inc.	[3]	-	-	-	100,000	58,579	41,421	-	-	-	100,000	58,579	41,421
Luigi Amoroso - Loan	[3]	-	-	-	947,290	632,152	315,138	-	6,250	(6,250)	947,290	638,402	308,888
Other 3rd Party Loans	[3]	-	-	-	-	-	-	-	-	-	-	-	-
Bid Checks, etc.	[3]	-	-	-	20,000	4,696,000	(4,676,000)	-	30,000	(30,000)	20,000	4,726,000	(4,706,000)
Luigi Amoroso - Bid Checks	-	-	-	-	-	1,660,000	(1,660,000)	-	-	-	-	1,660,000	(1,660,000)
Julia Thomas - Bid Checks	-	-	-	-	10,000	910,000	(900,000)	-	40,000	(40,000)	10,000	950,000	(940,000)
Yentov S. Managed - Bid Checks	-	-	-	-	-	140,000	(140,000)	-	-	-	-	140,000	(140,000)
Charles Darling - Bid Checks	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	-	390	26,187,399	(26,187,009)	756,525,520	692,671,235	63,854,285	131,364	811,008	(679,644)	756,657,275	719,669,642	36,987,632
Income	-	-	-	-	-	-	-	-	-	-	-	-	-
Income - Credit Card/Financing Receipts	-	-	2,442	(2,442)	4,275,173	128,700	4,146,473	17,835,010	321,638	17,513,352	22,110,183	452,800	21,657,383
Income - Rental/Refunds	-	5,749	-	5,749	1,285,310	15,156	1,270,154	6,026	2,034	3,992	1,297,086	17,190	1,279,896
Cash Deposits	-	46,648	-	46,648	495,800	-	495,800	339,322	6	339,316	881,770	6	881,764
Income - Furniture Sales	-	-	-	-	-	-	-	551,094	6,495	544,599	551,094	6,495	544,599
Income - Payroll	-	171,000	-	171,000	-	-	-	-	-	-	171,000	-	171,000
Income - Personal Asset Sales	-	12,950	-	12,950	53,160	-	53,160	16,014	-	16,014	82,124	-	82,124
Income - Discovery Communications, Inc.	-	30,000	-	30,000	24,000	-	24,000	-	-	-	54,000	-	54,000
Income - Reflector, Ltd. (Hong Kong)	-	-	-	-	18,902	-	18,902	-	-	-	18,902	-	18,902
Income - Interest	-	122	-	121	25	-	25	-	-	-	147	-	146
Subtotal	-	266,470	2,443	264,027	6,152,370	143,856	6,008,514	18,747,466	330,193	18,417,274	25,166,306	476,492	24,689,814
Other Individuals & Entities	-	-	-	-	-	-	-	-	-	-	-	-	-
Keg Inspections, Inc.	-	1,650	-	1,650	2,744	9,145,851	(9,143,107)	73,695	465,485	(391,790)	78,089	9,611,336	(9,533,246)
Carlos Marquez	-	-	-	-	-	469,110	(469,110)	-	49,450	(49,450)	-	518,560	(518,560)
Griffin Enterprises	-	-	3,250	(3,250)	-	319,361	(319,361)	300	71,710	(71,410)	300	394,321	(394,021)
Carina Renteria	-	-	-	-	-	340,774	(340,774)	-	-	-	-	340,774	(340,774)
Luigi Amoroso - Payroll	-	-	-	-	-	311,900	(311,900)	-	14,000	(14,000)	-	325,900	(325,900)
Armando Esparza	-	-	-	-	-	1,875	(1,875)	-	253,168	(253,168)	-	255,043	(255,043)
Lisa Shum	-	-	-	-	-	175,516	(175,516)	12,096	78,582	(66,486)	13,246	198,224	(186,881)
Veronica Castro	-	-	-	-	1,150	119,545	(118,395)	-	6,180	(6,180)	-	109,806	(109,806)
George Nezemeter	-	-	-	-	-	103,626	(103,626)	-	-	-	35,000	143,892	(108,892)
Davine Design Home Interiors, LLC	-	-	-	-	35,000	143,892	(108,892)	-	3,600	(3,600)	-	93,802	(93,802)
Letlie Meivier	-	-	-	-	-	90,202	(90,202)	-	47,604	(47,604)	-	84,594	(84,594)
Troy Flippo	-	-	-	-	-	36,990	(36,990)	-	-	-	-	53,011	(53,011)
Julia Thomas - Payroll	-	-	-	-	-	55,011	(55,011)	-	-	-	-	50,000	(50,000)
Total Home Remodel	-	-	-	-	-	50,000	(50,000)	-	-	-	-	49,020	(49,020)
V2, LLC	-	-	-	-	-	49,020	(49,020)	-	-	-	-	57,300	(57,300)
Quick Buy Properties, LLC	-	-	-	-	-	57,300	(57,300)	-	-	-	-	43,800	(43,800)
Lisa N. Post	-	-	-	-	-	33,800	(33,800)	-	-	-	-	43,493	(43,493)
Alan Barr	-	-	-	-	-	43,493	(43,493)	-	-	-	-	41,000	(41,000)
Stephens Brown	-	-	-	-	-	41,000	(41,000)	-	-	-	-	37,997	(37,997)
Imis Cardana	-	-	-	-	-	35,497	(35,497)	-	2,500	(2,500)	-	35,322	(35,322)
Next Gear Capital (Re: Auto King)	-	-	-	-	-	34,620	(34,620)	-	-	-	-	34,620	(34,620)
Manheim Phoenix (Re: Auto King)	-	-	-	-	-	14,551	449	-	-	-	15,000	34,551	(19,551)
Hope Kopp	-	-	-	-	-	-	-	-	-	-	-	31,051	(31,051)
Daniel Gutierrez	-	-	-	-	-	-	-	-	-	-	-	-	(27,702)
Javier Ramos	-	-	-	-	-	-	-	-	-	-	-	-	27,702

Simco Consulting, LLC
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Category	Personal Accounts			Arizona Home Foreclosures, LLC			Furniture King, LLC			TOTAL		
	Deposits	Withdrawals	Net Total	Deposits	Withdrawals	Net Total	Deposits	Withdrawals	Net Total	Deposits	Withdrawals	Net Total
Victor Cardona	-	6,510	(6,510)	-	5,728	(5,728)	-	20,235	(20,235)	-	25,963	(25,963)
Scottsdale Towne Center, LLC	-	-	-	-	17,456	(17,456)	-	3,255	(3,255)	-	27,221	(27,221)
Amanda Lopez	-	-	-	-	17,500	(17,500)	-	4,759	(4,759)	-	22,259	(22,259)
Duane Phillips	-	-	-	-	21,000	(21,000)	-	-	-	-	21,000	(21,000)
Gold Key, Inc.	-	-	-	-	17,417	(17,417)	-	-	-	-	17,417	(17,417)
Rene Komorowski	-	-	-	-	17,120	(17,120)	-	-	-	-	17,120	(17,120)
Michael Hoh	-	-	-	-	16,000	(16,000)	-	-	-	-	16,000	(16,000)
Michael & Jean Buclow	-	-	-	-	-	-	-	13,393	(13,393)	-	13,393	(13,393)
Frank Varela	-	-	-	-	-	-	-	12,500	(12,500)	-	12,500	(12,500)
Rick Burkhardt	-	-	-	-	12,000	(12,000)	-	12,194	(12,194)	-	12,194	(12,194)
John G. Sharos	-	-	-	-	-	-	-	11,523	(11,523)	-	11,523	(11,523)
Christie Burkhardt	-	-	-	-	-	-	-	11,274	(11,274)	-	11,274	(11,274)
Oscar Merchán	-	-	-	-	-	-	-	10,660	(10,660)	-	10,660	(10,660)
David Jenkins	-	-	-	-	-	-	-	8,112	(8,112)	-	10,140	(10,140)
Jace Johnson	-	2,028	(2,028)	-	-	-	-	-	-	-	10,000	(10,000)
Step Investments	-	-	-	-	10,000	(10,000)	-	-	-	-	10,000	(10,000)
Miscellaneous Individuals	-	4,159	(4,159)	-	10,000	(10,000)	-	-	-	-	-	-
Subtotal	3,650	27,947	(26,297)	54,819	11,921,979	(11,867,159)	87,461	1,336,217	(1,248,756)	143,930	13,286,142	(13,142,212)
Other Disbursements	-	2,085	(2,085)	4,840	1,116,971	(1,112,131)	16,493	5,381,660	(5,365,167)	21,133	6,590,717	(6,479,584)
Furniture Purchases	-	3,786	(3,786)	3,695	4,411,835	(4,408,140)	1,451	763,033	(761,582)	8,932	5,259,490	(5,250,558)
Credit Card Payments	-	-	-	-	691,197	(691,197)	4,351	3,816,825	(3,812,474)	4,351	4,308,022	(4,303,671)
Payroll Expenses	-	-	-	2	3,114,096	(3,114,094)	-	1,356,447	(1,356,447)	2	4,492,016	(4,492,013)
Advertising Expenses	-	21,473	(21,473)	-	2,108,035	(2,108,035)	80,150	1,043,875	(963,725)	80,150	3,178,874	(3,098,724)
Rent Expenses	-	26,964	(26,964)	-	3,189,179	(3,189,179)	-	50,178	(50,178)	1,862,590	4,926,904	(3,064,314)
Gambling/Casinos	-	1,687,547	(1,687,547)	677,492	1,166,160	(1,165,126)	-	165,204	(165,204)	1,121	1,392,396	(1,391,270)
Utilities	87	61,032	(60,945)	1,034	1,031,522	(1,030,488)	-	149,450	(149,450)	238,400	1,186,391	(947,990)
Insurance Expenses/Proceeds	19,107	5,419	(13,688)	216,478	1,031,522	(815,044)	2,815	181,820	(181,820)	142,849	1,192,862	(1,050,014)
Auto Purchase/Lease	90,838	311,400	(220,562)	9,035	698,992	(689,957)	42,975	-	-	29,819	726,365	(696,546)
Legal & Professional Fees	10,303	15,373	(5,070)	19,517	698,992	(679,475)	-	14,000	(14,000)	68,980	393,549	(324,569)
Taxes & Licenses	63,368	155,574	(92,206)	4,955	237,975	(233,020)	656	-	-	-	316,705	(316,705)
Trucking Expenses	-	1,621	(1,621)	-	33,429	(33,429)	-	281,655	(281,655)	-	448,248	(448,248)
Business Financing	7,786	102,198	(94,412)	-	-	-	440,462	588,634	(148,172)	448,248	690,832	(242,584)
Personal Expenses	-	60,093	(60,093)	6,319	155,640	(149,321)	-	26,792	(26,792)	6,319	242,525	(236,206)
Telephone, Internet, & Cable	25	17,239	(17,214)	-	142,009	(142,009)	-	28,143	(28,143)	25	187,391	(187,366)
Cash Withdrawals	88	217,041	(216,953)	-	1,568,980	(1,568,980)	-	86,730	(86,730)	88	1,872,751	(1,872,663)
Lowes/Home Depot	-	26	(26)	295	162,300	(162,005)	-	148	(148)	295	162,473	(162,179)
Retail Purchases	253	46,423	(46,170)	-	72,606	(72,594)	-	9,650	(9,650)	275	128,678	(128,404)
Office Expenses	-	2,839	(2,839)	893	72,831	(71,938)	1,188	42,673	(41,486)	2,081	118,344	(116,263)
Bank Fees	21	564	(542)	658	39,514	(38,856)	7,131	16,963	(9,832)	57,041	57,041	(49,231)
Travel Expenses	10,826	14,987	(4,161)	-	39,099	(39,099)	-	4,323	(4,323)	10,826	58,409	(47,583)
Auto Expenses	-	4,793	(4,793)	-	8,517	(8,517)	16	32,870	(32,854)	16	46,179	(46,163)
Credit Card Processing Services	-	-	-	-	20,602	(20,602)	-	16,368	(16,368)	-	36,969	(36,969)
Credit Verification Services	-	-	-	-	17,104	(17,104)	-	17,563	(17,563)	-	34,667	(34,667)
Collections & Levies	-	20,013	(20,013)	-	1,858	(1,858)	-	10,469	(10,469)	-	32,320	(32,320)
Meals & Entertainment	-	15,865	(15,865)	-	10,165	(10,165)	-	1,846	(1,846)	-	27,876	(27,876)
Security Expenses	-	-	-	-	19,679	(19,679)	-	4,891	(4,891)	-	24,571	(24,571)
Equipment Expenses	-	-	-	-	3,695	(3,695)	-	15,501	(15,501)	-	18,996	(18,996)
Levies & Garnishments	-	16,598	(16,598)	-	-	-	-	16,229	(16,229)	-	46,232	(46,232)
Miscellaneous Deposits/Disbursements	383	3,751	(3,368)	9,061	26,251	(17,189)	3,665	16,229	(12,565)	13,109	46,232	(33,123)
Subtotal	1,391,968	2,895,538	(1,503,569)	954,296	20,857,681	(19,903,385)	601,353	14,123,921	(13,522,568)	2,947,618	37,877,140	(34,929,522)
Unknown Transactions	-	-	-	-	-	-	-	-	-	-	-	-

Simon Consulting, LLC
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Category	Personal Accounts			Arizona Home Foreclosures, LLC			Furniture King, LLC			TOTAL		
	Yontev S. and Franchise Managed	Deposits	Withdrawals	Net Total	Deposits	Withdrawals	Net Total	Deposits	Withdrawals	Net Total	Deposits	Withdrawals
Unknown Cashier's Checks	-	-	-	-	774,825	3,467	771,358	-	-	-	774,825	3,467
Unknown Disbursements	-	-	-	-	-	61,684	(61,684)	-	-	-	-	66,751
Unknown Disbursements - Before 05/19/10	-	-	-	-	-	11,592,330	(11,592,330)	-	-	-	-	11,592,330
Unknown Disbursements <= \$1,000	-	-	-	-	-	1,128,287	(1,128,287)	-	-	-	-	2,482,598
Unknown Deposits	1,680	-	-	1,680	559,324	-	559,324	4,908	-	4,908	565,912	-
Unknown Deposits - Before 05/19/10	-	-	-	-	6,495,209	45,285	6,449,925	-	-	-	6,495,209	45,285
Unknown Deposits <= \$1,000	6,907	-	-	6,907	161,666	1,363	160,304	69,356	259	69,097	237,929	1,621
Subtotal	8,587	-	-	8,587	7,991,024	12,832,414	(4,841,390)	74,264	1,339,630	(1,265,366)	8,073,875	14,192,052
Returned Items	149,492	-	-	149,492	3,388,581	3,288,581	-	152,302	152,302	-	3,590,374	3,590,374
TOTAL	42,025,055	42,088,479	(63,425)	42,025,055	804,239,686	804,239,686	-	26,695,567	26,694,369	1,198	877,960,308	877,022,534

Notes:
[1] This analysis is a preliminary draft based on the information currently available to the Receiver and is therefore subject to change. Due to the preliminary nature of this analysis, it has not yet been subjected to the Receiver's quality control procedures.
[2] There are numerous significant transactions for which the purpose cannot be determined based on the information currently available. The Receiver continues to investigate these transactions, which will be resolved and categorized accordingly upon receipt of additional information.
[3] This analysis consists solely of transactions that flowed through the bank accounts referenced below. Accordingly, funds that flowed directly between lenders, trustees, escrow companies, and other third parties are not accounted for herein.

Sources:
Bank statements and supporting documents for the following accounts:

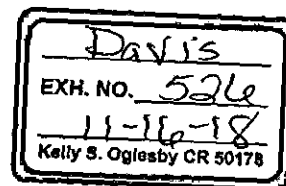
Entity	Bank	Account No.	Period	Complete?
Yontev S. Managed	Chase	xxxxxx525	09/30/14-11/30/16	Missing Post-11/30/16
Yontev S. Managed	Chase	xxxxxx290	11/20/14-11/30/16	Missing Post-11/30/16
Yontev S. Managed	Chase	xxxxxx371	05/02/14-11/30/16	Missing Post-11/30/16
Yontev S. Managed	US Bank	xxxxxx6416	12/31/12-11/08/16	Missing Post-11/30/16
Yontev S. Managed	Wells Fargo	xxxxxx2208	12/11/12-01/31/13	Complete
Yontev S. Managed	Wells Fargo	xxxxxx2231	12/11/12-01/31/13	Missing Pre-01/01/13
Yontev S. Managed	Wells Fargo	xxxxxx7885	07/23/11-03/31/13	Complete
Yontev S. Managed	Wells Fargo	xxxxxx9717	07/01/11-06/21/12	Complete
Yontev S. Managed	Chase	xxxxxx151	04/08/14-11/30/16	Complete
Arizona Home Foreclosures, LLC	US Bank	xxxxxx2735	10/08/13-12/31/15	Complete
Arizona Home Foreclosures, LLC	Bank of America	xxxxxx496	01/01/10-01/31/13	Missing Pre-01/01/10
Easy Investments, LLC	US Bank	xxxxxx457	12/13/12-05/31/16	Complete
Easy Investments, LLC	Wells Fargo	xxxxxx712	07/27/10-12/31/12	Complete
Easy Investments, LLC	Wells Fargo	xxxxxx3296	07/27/10-12/31/12	Complete
Easy Investments, LLC	Wells Fargo	xxxxxx190	12/11/12-01/31/13	Complete
Easy Investments, LLC	Wells Fargo	xxxxxx381	09/07/11-11/30/16	Missing Post-11/30/16
Furniture King, LLC	Chase	xxxxxx4440	12/13/12-05/31/16	Complete
Furniture King, LLC	US Bank	xxxxxx052	12/11/12-01/31/13	Complete
Furniture King, LLC	Wells Fargo	xxxxxx814	12/11/12-01/31/13	Complete
Furniture King, LLC	Wells Fargo	xxxxxx893	12/14/15-10/07/16	Complete
Furniture & Electronic King, LLC	Chase	xxxxxx5758	03/28/16-11/22/16	Complete
Scott's Fine Furniture, LLC	US Bank	xxxxxx2727	10/09/13-10/31/16	Missing Post-10/31/16

AJAMIE
LLP

HOUSTON
Pennzoil Place - South Tower
711 Louisiana, Suite 2150
Houston, Texas 77002

NEW YORK
460 Park Avenue - 21st Floor
New York, New York 10022

713 860 1600 telephone
713 860 1699 facsimile
www.ajamie.com



John S. "Jack" Edwards, Jr.
jedwards@ajamie.com

BY FIRST CLASS MAIL

May 8, 2018

Yomtov Scott Menaged
Inmate No. 74322408
FCI La Tuna
Federal Correctional Institution
P.O. Box 3000
Anthony, TX 88021

Re: *Arizona Corp. Commission v. DenSco Investment Corp.*, Case
No. CV2016-014142 (Superior Court of Maricopa County, AZ)

Dear Mr. Menaged:

We received your letter. We would like to schedule a meeting with you to discuss Active Funding Group's role in the fraud committed against DenSco Investment Corp.

Are you available at 9:00 AM on June 18, 19, or 26-28, or July 10-13 or 17-20?

Sincerely,



John S. "Jack" Edwards, Jr.

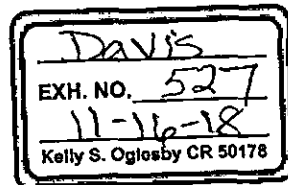
Cc: Ryan W. Anderson
GUTTILLA MURPHY ANDERSON
City North
5415 E. High St., Suite 200
Phoenix, AZ 85054
Counsel for the Receiver Peter Davis

Via Email (randerson@gamlaw.com)

HOUSTON
Pennzoil Place - South Tower
711 Louisiana, Suite 2150
Houston, Texas 77002

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460 Park Avenue - 21st Floor
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John S. "Jack" Edwards, Jr.
jedwards@ajamie.com

BY FIRST CLASS MAIL

June 13, 2018

Yomtov Scott Menaged
Inmate No. 74322408
FCI La Tuna
Federal Correctional Institution
P.O. Box 3000
Anthony, TX 88021

Re: *Arizona Corp. Commission v. DenSco Investment Corp.*, Case
No. CV2016-014142 (Superior Court of Maricopa County, AZ)

Dear Mr. Menaged:

We have been working with Eduardo Cedillos to schedule our visit with you. Unfortunately, the date we originally proposed to him (June 26, 2018) was not available, but he said we could visit on **July 3, 2018**. I plan to attend the meeting along with Sam Campbell, a paralegal at my firm. If this date does not work with your schedule, please let us know. Otherwise, we look forward to meeting with you on July 3, 2018, at 9:00 AM.

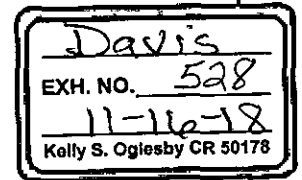
Sincerely,



John S. "Jack" Edwards, Jr.

Cc: Ryan W. Anderson
GUTTILLA MURPHY ANDERSON
City North
5415 E. High St., Suite 200
Phoenix, AZ 85054
Counsel for the Receiver Peter Davis

Via Email (randerson@gamlaw.com)



1 **GUTTILLA MURPHY ANDERSON**

2 **Ryan W. Anderson** (Ariz. No. 020974)

3 5415 E. High St., Suite 200

4 Phoenix, Arizona 85054

5 Email: randerson@gamlaw.com

6 Phone: (480) 304-8300

7 Fax: (480) 304-8301

8
9 Attorneys for the Receiver

10 IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

11 IN AND FOR MARICOPA COUNTY

12 ARIZONA CORPORATION)

13 COMMISSION,)

14 Plaintiff,)

15 v.)

16 DENSCO INVESTMENT)
17 CORPORATION, an Arizona)
18 corporation,)

19 Defendant.)

Cause No. CV2016-014142

PETITION NO. 36

PETITION FOR ORDER TO APPROVE
THE ENGAGEMENT OF BERGIN,
FRAKES, SMALLEY &
OBERHOLTZER, PLLC TO
REPRESENT THE RECEIVER AS
SPECIAL COUNSEL

(Assigned to the Honorable Teresa
Sanders)

20 Peter S. Davis, as the Court appointed Receiver of DenSco Investment Corporation
21 ("DenSco"), respectfully petitions the Court for an Order approving the engagement of
Bergin, Frakes, Smalley & Oberholtzer, PLLC., as Special Counsel to the Receiver, as
follows:

1. On August 18, 2016, this Court entered its *Order Appointing Receiver*, which
appointed Peter S. Davis as Receiver of DenSco Investment Corporation ("Receivership
Order").

1 2. The Receivership Order authorizes the Receiver to, among other things,
2 employ attorneys and other professionals that are necessary and proper for the collection,
3 preservation and maintenance of the Receivership Assets. [See ¶16 of the Receivership
4 Order]

5 3. The Receiver has initially determined that DenSco may hold significant claims
6 against financial institutions including JP Morgan Chase Bank, N.A and U.S. Bank N.A for
7 their participation in a scheme to defraud DenSco. The Receiver has determined that certain
8 financial institutions may have been instrumental in allowing Yomtov Scott Menaged
9 ("Menaged") to operative a massive fraudulent loan scheme upon DenSco. The Receiver has
10 determined that starting in January 2014, as part of the DenSco's underwriting requirements,
11 Menaged was required to provide DenSco with a copy of each specific cashier check, issued
12 by Menaged's financial institution, to the respective foreclosure trustee for the purchase of a
13 property by Menaged at a foreclosure trustee's auction/sale.

14 4. The Receiver's investigation has determined that Menaged was able to procure
15 at least 1,383 legitimate cashier's checks from financial institutions in a period of two years
16 for a collective face value of at least \$319,292,828.

17 5. However, the cashier's checks were used by Menaged to make it appear that
18 Menaged was actually using DenSco loan proceeds to purchase property from a foreclosure
19 trustee, when in fact, Defendant obtained the cashier's check for the sole purpose of simply
20 taking a picture of the cashier's check to send to DenSco to make it appear that the DenSco
21 funds were being used to purchase real property. Moreover, the Receiver has learned that

1 after Menaged took a picture of the cashier's check to send to DenSco he returned to the
2 financial institution to cancel the cashier's check, typically only a few hours after the
3 cashier's check was issued. The sheer volume of issued and then immediately cancelled
4 cashier's checks by Menaged is staggering.

5 6. The Receiver has determined that he requires the legal services of the law firm
6 of Bergin, Frakes, Smalley & Oberholtzer, PLLC., to assist the Receiver in his ongoing
7 investigation of these potential claims and the potential prosecution, trial or settlement of any
8 claims that the DenSco may have against the financial institutions who allowed Menaged to
9 issue and cancel the cashier's checks used to defraud DenSco.

10 7. The Receiver has determined that he requires the expertise of Bergin, Frakes,
11 Smalley & Oberholtzer, PLLC, as these accomplished lawyers have significant experience in
12 the areas of banking and banking regulation and can not only assist the Receiver in the
13 investigation of DenSco's potential claims, but also to provide sound advice and counsel to
14 the Receiver in all aspects of potential legal claims and possible remedies that may arise from
15 actions or omissions of the financial institutions in question.

16 8. Bergin, Frakes, Smalley & Oberholtzer, PLLC, has agreed to serve as Special
17 Counsel pursuant to the terms of the Engagement Agreement as set forth in Exhibit 'A'.
18 Pursuant to the Engagement Agreement, Special Counsel will complete an investigation into
19 DenSco's potential claims and provide a detailed memorandum of the claims with an
20 estimation of probable costs of pursuit of the claims within thirty (30) days from the Court's
21 approval of this Petition.

1 9. Thereafter, assuming the Receiver determines that DenSco's claims should be
2 advanced, the Receiver will have the option to elect either an hourly or contingent fee as the
3 basis for future compensation to Special Counsel. If the Receiver elects to proceed on an
4 hourly basis, Bergin, Frakes, Smalley & Oberholtzer's professionals will be compensated on
5 an hourly rate basis pursuant to the professional rate schedule as set forth in Exhibit 'A'. If
6 the Receiver elects to proceed on a contingency fee basis, Special Counsel has agreed to a
7 sliding scale for the potential contingency fee as set forth in Exhibit 'A'. Specifically,
8 Special Counsel would be compensated Thirty-three and one-third percent (33.33%) of any
9 gross recovery between \$00.00 and \$6,000,000.00; Twenty-Five percent (25%) of any gross
10 recovery between \$6,000,000.00 and \$12,000,000.00; Fifteen percent (15%) of any gross
11 recovery between \$12,000,000.00 and \$20,000,000.00; and ten percent (10%) of any gross
12 recovery above \$20,000,000.00.

13 10. The Receiver believes that both the hourly rates and sliding scale for the
14 potential contingency fee are reasonable in light of the substantial experience of the
15 professionals at Bergin, Frakes, Smalley & Oberholtzer, PLLC and the nature of the DenSco
16 claims.

17 WHEREFORE, the Receiver respectfully requests that the Court enter an order:

18 1. Appointing the law firm of Bergin, Frakes, Smalley & Oberholtzer, PLLC, as
19 special counsel to the Receiver;

20 2. Approving the engagement agreement with the law firm of Bergin, Frakes,
21 Smalley & Oberholtzer, PLLC, attached as Exhibit "A" to ; and

1 3. Directing the Receiver to file a notice with the Court when the Receiver has
2 made his election to either proceed with compensation of Special Counsel on an hourly basis
3 or on a contingency basis.

4 Respectfully submitted this 19th day of September, 2017.

5 GUTTILLA MURPHY ANDERSON, P.C.

6 /s/Ryan W. Anderson
7 Ryan W. Anderson
8 Attorneys for the Receiver

9 2359-001(296673)

FEE AGREEMENT
BERGIN, FRAKES, SMALLEY & OBERHOLTZER, PLLC

The law firm of BERGIN, FRAKES, SMALLEY & OBERHOLTZER, PLLC ("Attorneys"), agrees to represent Peter S. Davis, as receiver of DenSco Investment Corporation (hereinafter "DenSco"), in receivership in CV 2016-014142 ("Client"), in the investigation, prosecution, trial or settlement of any claims that DenSco may have against JP Morgan Chase Bank, N.A.

1. **Flat Fee, Memorandum of Claim.** Receiver shall seek approval from the Court to retain Attorneys. If approval is given, Attorneys will prepare a memorandum of claim for the Receiver setting out an analysis of claims the Receiver may pursue. In preparing the memorandum, Attorneys shall review relevant documentation, setting out the factual and legal basis of any claims, and possible remedies. The memorandum will set out the probable costs of pursuing the claims. The memorandum will be submitted to the Receiver within thirty days of the approval of this agreement by the Court. Attorneys will prepare the memorandum of claim for a flat fee of \$20,000, with the understanding that the Receiver will seek approval from the Court to pay that fee after receipt of the memorandum.

2. **Election of Hourly or Contingent Fee.** If the Receiver decides to pursue the claims, then the Receiver may choose to proceed with the case either on a standard hourly rate basis or on a contingent fee basis.

3. **Hourly Rate.** If a decision is made to proceed on an hourly rate basis, Attorneys will be paid in accordance with the standard form hourly rate retention agreement that is attached to this Fee Agreement.

4. **Contingent Fee.** If a decision is made to proceed on a contingent fee basis, Client agrees to pay and assign to Attorneys:

- (1) Thirty-three and one third percent (33 1/3%) of any gross recovery between zero and \$6,000,000 obtained by reason of settlement or trial; and, in addition
- (2) Twenty-five percent (25%) of any gross recovery between \$6,000,000 and \$12,000,000 obtained by reason of settlement or trial; and, in addition
- (3) Fifteen percent of any gross recovery between \$12,000,000 and \$20,000,000 obtained by reason of settlement or trial; and, in addition
- (4) Ten percent of any gross recovery above \$20,000,000.

The term "gross recovery" shall mean actual receipt by Client (or its representatives) of the proceeds of a settlement, a court or arbitration award and/or a jury verdict; and the gross recovery is "obtained" either on receipt or on the date on which there is an enforceable settlement agreement with any Defendant or other relevant person or entity.

Any award of attorneys' fees, if allowed and ordered by the Court, will be included in calculating the gross recovery.

Except as provided in Paragraph 8 below, attorneys' fees, expenses and costs will be payable only out of recovery, and if no recovery is obtained, no fees or costs shall be payable to Attorneys except for the flat fee for the memorandum of claim.

Client consents to the payment of any recovery directly to Attorneys. If any recovery is paid by a joint check to Attorneys and Client, Client shall endorse such check over to Attorneys, and Attorneys shall disburse the proceeds in accordance with this Agreement, after deducting unreimbursed costs and its attorneys' fees.

Client agrees that the attorneys' fee calculated shall be a lien on any amount recovered, by settlement or otherwise.

5. **Appeal.** Attorneys shall respond to any appeal or special action filed by an adverse party. Attorneys shall initiate any appeal or special action requested by the Receiver.

6. **Future Payments.** If a settlement is reached or a judgment provided which provides that clients shall receive money and/or other benefits to be paid or conferred over some future period of time, any contingent fee will be based upon the present value of the recovery. In that event, the current value of such money or benefits shall be determined by fair and reasonable means, and that current value shall be the amount recovered. If practicable, Attorneys may take any contingent fee at the time a future payment is made; for example, if there is an annuity, Attorneys may take any contingent fee when an annuity is paid.

7. **Expenses.** Under the ethical rules governing lawyers and lawsuits in Arizona, Attorneys are allowed to, and hereby agree to, advance the expenses of representation. If an hourly rate basis is selected, Client will reimburse Attorneys for all expenses so advanced. If a contingent fee basis is selected, expenses advanced by Attorneys, and not otherwise reimbursed to Attorneys, for example by a recovery of taxable costs, shall be deducted from Client's share of the amount recovered. If nothing is recovered, then Client shall not have to reimburse Attorneys for any expenses advanced.

8. **Expenses includes Taxable Costs.** In the event that the case is litigated to a judgment, Client may, if the Client prevails, recover "taxable costs." Taxable costs include such items as filing fees, and the costs of depositions, subpoenas, etc. Any taxable costs recovered shall be used to reimburse Attorneys for the taxable costs and expenses which they have advanced in the course of the litigation, and will not become part of the gross amount recovered if a contingent fee basis is selected.

9. **Withdrawal.** Attorneys may withdraw as counsel for Client at any time upon giving reasonable notice. This Agreement may also be terminated at any time by Client before settlement or ultimate recovery after reasonable notice to Attorneys.

In the event a contingent fee basis is selected and this Agreement is terminated by Attorneys for no cause before settlement or ultimate recovery, no fees shall be payable to Attorneys. In the event that Attorneys withdraw for good cause, then the Attorneys shall be paid their ordinary hourly rates for work performed up to the time of their withdrawal. If Client and Attorneys cannot agree on the issue of good cause, then that issue shall be determined in a single arbitrator arbitration conducted according to the commercial arbitration rules of the American

Arbitration Association, in confidential proceedings. The result of the Arbitration will be submitted to the Court for approval, and the parties agree that the Court may review the result as to the reasonableness of the hourly fees awarded.

In the event a contingent fee basis is selected and this Agreement is terminated by Client before settlement or ultimate recovery, Client agrees to pay to Attorneys from any recovery ultimately obtained a fee that fairly represents the value of Attorneys services, taking into account all the facts and circumstances, including the fee specified in this agreement, the status of the litigation at the time of the termination, and the pro rata division of time between Attorneys and any subsequent law firm. If disputed, that fee shall be set by the Court.

10. **Settlement.** No settlement shall be binding without the consent of Client, and the approval of the Court.

11. **Requirement of Reasonableness and Court approval.** Pursuant to ER 1.5, Rule 42, Rules of the Arizona Superior Court, Attorneys will review any fees billed if an hourly rate basis is selected to assure that the fees are reasonable in light of the factors set forth in ER 1.5, and will adjust their fees to the extent necessary to assure that they are reasonable and comport with ER 1.5.

Pursuant to the Receivership Order, the Court must approve the reasonableness of all attorneys' fees and costs and expenses. No attorneys' fees, costs or expenses shall be paid until approved by the Receiver and the Court.

12. **Retention of Documents.** In the course of the representation, Attorneys are likely to come into possession of copies or originals of documents or other materials belonging to Client or others. Once the particular matter to which those materials relate has been concluded, Attorneys will have no further responsibility to maintain such materials unless expressly agreed otherwise. If Client has not sought the return of such materials within one year of the closing of the matter to which such materials relate, Attorneys may destroy such materials in accordance with their normal file retention policies.

13. **Client's Duties.** Client agrees to be truthful with Attorneys, to cooperate in the prosecution of the Claim, to keep Attorneys informed of all relevant developments, and to keep Attorneys advised of Client's address, telephone number, and whereabouts.

Dated this 12th day of September, 2017


Peter S. Davis, Receiver

BERGIN, FRAKES, SMALLEY &
OBERHOLTZER PLLC

By 
Kenneth M. Frakes

By 
Brian M. Bergin

FEE AGREEMENT
BERGIN, FRAKES, SMALLEY & OBERHOLTZER, PLLC

Representation. The law firm of Bergin, Frakes, Smalley & Oberholtzer, PLLC (hereinafter "us" or "we") has agreed to represent Peter S. Davis, as receiver of DenSco Investment Corporation, in receivership in CV 2016-014142 (hereinafter "DenSco" or "you"), in the investigation, prosecution, trial or settlement of any claims that DenSco may have against its former legal advisors, including any claims against JP Morgan Chase Bank, N.A.

Fees and Costs. You agree to pay us for legal services at our regular hourly rates which will be billed to you and which are to be paid each month.

Our fee will be determined by multiplying the number of hours worked on your behalf by the standard hourly rate of each attorney, law clerk, paralegal, and other assistant. A rate schedule for the attorneys and others who we expect to work on your case is attached. We adjust our standard billing rates periodically. A rate schedule is available to you at any time on request.

We record and bill for our time in tenths of an hour. Our bills will include the time we spend on researching factual and legal issues, negotiations, conferences, preparation of various documents or pleadings, conducting discovery, court appearances, travel, and telephone calls.

In addition to our fees, you will be responsible for any charges and expenses we incur on your behalf. We normally advance the cost of court fees, deposition expenses, and travel expenses, and charge them to you monthly as bills are received and processed by the firm. We may also submit certain outside charges to you for direct payment, and you have agreed to hire, pay directly, and be solely responsible for the charges of all experts, investigators, and local counsel. We will bill you for photocopies (\$.20/page), data duplication (from \$10 to \$45), computer-assisted research (at average imputed cost), messenger services (from \$7 to \$30 or more, depending on distance), automobile travel (53.5¢/mile), extraordinary staff overtime (at cost), long distance telephone calls (at average imputed cost), and certain specialized technical services, such as computerized litigation support, at \$155 to \$200 per hour.

We prepare statements each month for mailing by the 15th. The statements will show the fees and charges incurred during the previous month and any balance of your trust account after payment of the statement. We will address our statements to you at the above address unless directed otherwise.

Payment of each month's statement is due 30 days after the date of the statement. However, if there are funds in the trust account we may immediately pay our statement from those funds. We would encourage you to examine our statements with as much care as you deem appropriate and to contact us immediately if you have any questions or concerns. We may withdraw from the representation, after reasonable notice, if our bills are not paid when due, or if you do not comply with the other terms of this Agreement. We reserve the right, upon ten days advance notice to you, to charge interest on past due amounts at 1.5% per month.

The responsible attorney will review your statements to make any adjustments we believe are appropriate. We would ask you to alert us promptly to any questions you may have about the statement or the work for which you were billed by contacting the attorney with whom you are working or the firm's controller. We are always willing to discuss our fees with you if you have

questions or feel the charges may be inappropriate. It is our desire to provide you with the best representation possible at a price which is fair and reasonable and to build an ongoing relationship of trust, confidence, and fair dealing.

You may terminate our representation at any time. If you do so, you will be responsible for our fees and costs to the date of the termination plus any fees and costs incurred in withdrawing and in assisting new counsel during the termination.

Retention and Destruction of Documents. During our representation, we are likely to receive copies or originals of documents or other materials belonging to you or others. Once the matter to which those materials relate has been concluded, we will retain and eventually return these materials to you or destroy them in accordance with our file retention policy, a copy of which is enclosed. Please inform us of any change of address so that we can contact you when it is time to return the file.

Electronic Communications. Communication through email, cellular, and wireless devices is cost-efficient and convenient. We take reasonable internal precautions and safety measures to prevent disclosure of client sensitive information when using these forms of communication. But, we have no control regarding Internet providers, the Internet itself, wireless communications, or where and how you store confidential information. You must understand it is possible for such communications to be intercepted, misdirected, viewed, heard, or otherwise accessed by third parties, either accidentally or intentionally. You authorize us to communicate with you and third parties via email, cellular, and wireless methods, and you understand and accept all confidentiality risks associated with such use. It is important for you to let us know if there are email or other electronic addresses to which we should avoid sending confidential information.

Arbitration of Fee Disputes. In the event of a dispute involving our fees or costs, you and we agree to submit the matter to the fee arbitration process conducted by the Arizona State Bar. The decision of the arbitrators will be final and non-appealable. You and we waive the right to file suit in court concerning disputed fees or costs.

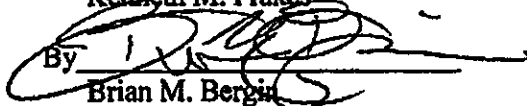
Binding Contract. If you agree to the terms set forth in this Agreement, please execute the enclosed copy and return it to us as soon as possible. When signed by you, this agreement constitutes a binding contract. You are encouraged to seek separate legal counsel if you desire independent legal advice concerning the meaning or effect of this agreement.

Dated this 12th day of September, 2017.


Peter S. Davis, Receiver

BERGIN, FRAKES, SMALLEY & OBERHOLTZER, PLLC

By 
Kenneth M. Frakes

By 
Brian M. Bergin

RATE SCHEDULE

Kenneth M. Frakes	\$325
Brian M. Bergin	\$325
Michael Smalley	\$325
Carolyn K. Oberholtzer	\$405
Kevin M. Kasarjian	\$295
Bradley Scott	\$235
Tyler Brown	\$225
Paralegal	\$125
Planner	\$175
Law Clerk	\$140
Planning Assistant	\$75

File Retention Policy

Bergin, Frakes, Smalley & Oberholtzer, PLLC
(Effective May 1, 2015)

The State Bar of Arizona has issued Opinion No. 08-02 (December 2008) furnishing file retention guidelines for Arizona lawyers. Bergin, Frakes, Smalley & Oberholtzer, PLLC (the "Firm") has adopted this File Retention Policy to comply with such guidelines.

1. **Disclosure.** Each client will be notified in writing at the commencement of the representation of the Firm's file retention policy. In most cases, this will be accomplished by enclosing a copy of this policy with the retention letter or agreement. Existing clients shall be furnished a copy of this policy with their next statement.

2. **Retention Period.** Most files ("Short Term Files") will be held by the Firm for a period of five years after the earlier of (a) the closing of the file, or (b) the last recorded activity for the file (normally filing a document or retrieving a document). Other files ("Long Term Files") will be held for an indefinite period. Long Term Files include probate, estate planning, or trust matters, capital cases, homicide cases, life sentence cases, life probation cases, and other cases where the responsible attorney believes that indefinite file storage is appropriate to protect the interests of the client. Long Term Files will be destroyed only when the responsible attorney or the Firm's President has reviewed the file and has determined that there is no reasonable possibility that the file may ever be needed by the client. The Firm may store files in either hard copy or digital format; effective as of May 1, 2015, files and client documents generally will be stored only electronically and will not be retained in paper format.

3. **Disposition Procedure.** After the expiration of the five-year period described above, the file room supervisor will notify the responsible attorney in writing to ask the attorney whether the client should be contacted to determine if the client desires the file to be returned to the client. If the attorney responds in the negative, the file will continue to be held for another year, at which time the attorney will again be queried. If the attorney responds in the affirmative, the supervisor will attempt to contact the client by mail to offer the client the choice of taking possession of the file, or having the file destroyed by the Firm. If the client responds, the supervisor will take the action requested by the client after a review of the file as set forth below. This procedure will be followed for both Short Term Files and Long Term Files as it may not be apparent to the file room supervisor whether a file is Short Term or Long Term—this judgment is to be made by the responsible attorney. In addition, even Long Term Files are appropriate for destruction at some point.

4. **Unresponsive Client.** If no answer is received from the client within a reasonable period of time, the supervisor will make an additional effort to locate the client, and again query the client by mail about the disposition of the file. If no response is received within a reasonable period of time after this second inquiry, the supervisor will ask the attorney in writing if the file may be destroyed. If the attorney responds in the affirmative, the file will be given to the attorney for review as set forth below, and if appropriate the file will be destroyed.

If the attorney responds in the negative, the file will be held an additional year, at which time the attorney will again be queried by the supervisor. The Firm is under no obligation to continue to store Short Term Files for more than five years or Long Term Files which are appropriate for destruction if the client cannot be located or if the client fails to respond. In addition, the Firm is under no obligation to continue to store any file if the client fails, after reasonable notice, to retrieve a file the client has indicated it wants.

5. **Return of File.** When a file is returned to a client, the complete file, including any portion of the file stored electronically, is to be returned, except only internal practice management memoranda. Arrangements for the return of the file are to be made between the filing supervisor and the client. If the client does not wish to pick up the file, it will be delivered or shipped at the client's expense unless it can be mailed for less than \$10.00 in postage, in which case the Firm shall pay the postage. The client is to be notified that the Firm is not keeping a copy of the file, and that the client should safeguard the file if it may be needed for future use or reference. The Firm may retain photocopies of all or any portion of the file at the Firm's expense. The responsible attorney is to review the file prior to its return to remove internal practice memoranda and any information relating to another client that may have been inadvertently placed in the file. The Firm is not responsible for any file lost in transit if the client chooses not to personally retrieve the file at the Firm's offices.

6. **Early Return.** A client's file belongs to the client and may be retrieved by the client at any time, so long as the return of the file does not interfere with the ongoing representation of the client.

7. **Destruction of File.** Destruction of files shall be done in a manner that preserves client confidences and confidentiality. In no event will a file be destroyed until it has been reviewed by the responsible attorney or the Firm's president to insure that no original documents tendered by the client are in the file and that there is no reason to continue to store the file.

Davis
EXH. NO. 529
11-16-18
Kelly S. Oglesby CR 50178

GUTTILLA MURPHY ANDERSON

Ryan W. Anderson (Ariz. No. 020974)

5415 E. High St., Suite 200

Phoenix, Arizona 85054

Email: randerson@gamlaw.com

Phone: (480) 304-8300

Fax: (480) 304-8301

Attorneys for the Receiver

IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

IN AND FOR MARICOPA COUNTY

ARIZONA CORPORATION
COMMISSION,

Plaintiff,

v.

DENSCO INVESTMENT
CORPORATION, an Arizona
corporation,

Defendant.

Cause No. CV2016-014142

NOTICE OF ELECTION TO PROCEED
WITH CONTINGENCY FEE
AGREEMENT RE: ORDER RE:
PETITION NO. 36

(Assigned to the Honorable Teresa
Sanders)

Peter S. Davis, as the Court appointed Receiver ("Receiver") of DenSco Investment Corporation ("DenSco") hereby provides notice, pursuant to the Court's *Order Re: Petition No. 36*, as follows:

1. On September 19, 2017, the Receiver filed *Petition No. 36* seeking approval of the law firm of Bergin, Frakes, Smalley & Oberholtzer, PLLC to serve as Special Counsel to the Receiver to investigate DenSco's potential claims against financial institutions including JP Morgan Chase Bank, N.A. and U.S. Bank N.A. for their participation in a scheme to defraud DenSco.

1 2. On October 18, 2017, the Court, pursuant to *Order Re Petition No., 36* approved
2 the engagement of Special Counsel and directed that the Receiver shall provide notice when
3 the Receiver has made a decision to proceed with compensation of Special Counsel on an
4 hourly or contingency fee basis.

3. The Receiver has decided to proceed with the engagement of Special Counsel, Bergin, Frakes, Simalley & Oberholtzer, PLLC under the terms of the contingency fee agreement as set forth in and pursuant to the engagement agreement between the Receiver and Special Counsel filed with this Court as Exhibit "A" to Receiver's *Petition No. 36*.

9 DATED this 1st day of June, 2018.

GUTTILLA MURPHY ANDERSON, P.C.

12 /s/Ryan W. Anderson
Ryan W. Anderson
Attorneys for the Receiver

14 Original of foregoing e-filed
This 1st day of June, 2018 with
The Clerk of the Maricopa County Superior Court.

16 Copy of the foregoing was mailed and/or
Emailed this 1st day of June, 2018, to
All persons on the attached Master Service List.

18 By/s/Cynthia Ambrozic

2359-001(324720)

MASTER SERVICE LIST

Arizona Corporation Commission v. DenSco Investment Corporation

IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

CV2016-014142

(Revised April 20, 2018)

The Honorable Teresa Sanders
Maricopa County Superior Court
East Court Building
101 West Jefferson, Room 811
Phoenix, Arizona 85003

Wendy L. Coy
Arizona Corporation Commission
1300 West Washington
Phoenix, AZ 85007-2929
wcoy@azcc.gov
Attorney for Plaintiffs

Peter S. Davis, Receiver
Densco Receivership
Simon Consulting, LLC
The Great American Tower
3200 North Central, Suite 2460
Phoenix, Arizona 85012

James F. Polese
Christopher L. Hering
Gammage & Burnham, P.L.C.
Two North Central Avenue, 15th Floor
Phoenix, Arizona 85004
JPolese@gblaw.com
Attorney for the Estate of Denny Chittick
and Densco Investment Corporation

Ryan W. Anderson
Guttilla Murphy Anderson, P.C.
5415 East High St., Ste. 200
Phoenix, Arizona 85054
randerson@gamlaw.com
Attorney for the Receiver

Steven D. Nemecek
Steve Brown & Associates
1414 East Indian School
Suite 200
Phoenix, Arizona 85014
snemecek@sjbrownlaw.com
Attorney for Chapter 7
Trustee Jill H. Ford

Elizabeth S. Fella
Quarles & Brady, LLP
One S. Church Avenue,
Suite 1700
Tucson, Arizona 85701
elizabeth.fella@quarles.com
Attorney for Claimants

Carlos M. Arboleda
Arboleda Brechner
4545 East Shea Boulevard, Suite 120
Phoenix, Arizona 85028
carboleda@abfirm.com
Attorney for PAJ Fund, I, LLC

Sanford J. Germaine
SANFORD J. GERMAINE, PC
4040 East Camelback Road, Suite 110
Phoenix, Arizona 85018
sgermaine@germaine-law.com
Attorney for Transamerican Capital, LLC

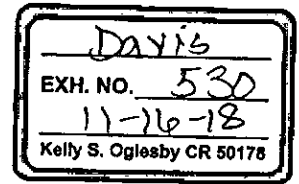
Yomtov Scott Menaged
USM number: 74322408
FCI LA TUNA
Federal Correctional Institution
P.O. Box 3000
Anthony, New Mexico 88021

Daniel J. Goulding
General Counsel
Quality Loan Service Corp.
411 Ivy Street
San Diego, California 92101
dgoulding@qualityloan.com
Counsel for Quality Loan Service Corp.

B | F | S | O

BERGIN, FRAKES, SMALLEY & OBERHOLTZER

August 21, 2018

**Via First Class and Electronic Mail**

J.P. Morgan Chase & Co.
Attn: Joseph D. Booz, Esq.
201 North Central Avenue, 30th Floor
Phoenix, Arizona 85004
Joseph.d.booz@chase.com

Re: *Arizona Corporation Commission v. Densco Investment Corporation*
Case No. CV2016-014142

Dear Joseph:

This firm has been appointed special counsel to Peter S. Davis, as Receiver of DenSco Investment Corporation, to investigate DenSco's potential claims against JP Morgan Chase Bank, N.A. arising out of Yomtov Scott Menaged's defrauding of DenSco. Attached is the Receiver's Petition and the Court's Order granting the Petition.

While this investigation is ongoing, and there appears to be some basis to bring claims against Chase for aiding and abetting Mr. Menaged's fraud, I believe a tolling agreement between Chase and the Receiver is appropriate. Attached is the Tolling Agreement for your review and below is a brief summary of the underlying facts.

In short, Menaged defrauded DenSco in the following manner:

- Menaged was the sole member of AZ Home Foreclosures, LLC ("AZHF"). Menaged held himself and AZHF to be in the business of purchasing foreclosed upon homes at trustee's sales.
- DenSco was an investment company that raised approximately \$85 million from investors to make short term "hard money loans" to "foreclosure specialists" who were buying homes in foreclosure proceedings at trustee's sales.
- DenSco loaned funds to Menaged and AZHF for the stated purpose of purchasing foreclosed upon homes at trustee's sales.
- Menaged, however, defrauded DenSco by not using the funds he borrowed from DenSco to purchase homes at trustee's sales, but rather, using the funds for his own personal gain.

Page 2 of 2
Joseph D. Booz, Esq.
August 21, 2018

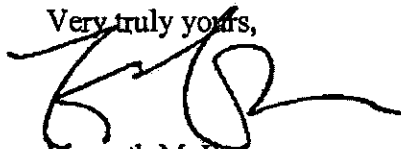
Menaged and AZHF both banked at Chase. Based on the investigation to date, it appears that Chase substantially assisted Menaged in defrauding DenSco.¹

This letter also constitutes a demand to preserve evidence. Accordingly, please take the necessary actions to preserve all records or evidence relating to Menaged's and AZHF's banking with Chase. This includes all records and documents within your possession, custody, or control, such as, memorandum, investigations, correspondences, emails, communications, information and any other documents. To that end, Chase should immediately cease any manual or automatic destruction of documents and information (both "hard" documents and electronically stored information), including computer and email files, text messages, communications, memoranda, notes, correspondences, calendars, photographs, records, video, and other documents that may relate to this matter.

Finally, attached is a Subpoena that was served upon Chase. I will be renewing some requests under the Subpoena for documents that were not produced but should have been.

Please give me a call to discuss further.

Very truly yours,



Kenneth M. Frakes

KMF:klb
enclosures

¹ For your own information, on or about May 16, 2017 Menaged was indicted in the United States District Court, District of Arizona, Case No. CR-17-00680-PHX-GMS(MHB) in connection with this fraudulent scheme. Menaged then consented to the entry of a civil judgment in favor of DenSco in the amount of \$31,000,000.00, whereby Plaintiff agreed to offset the judgment in an amount equal to the gross recovery from third parties. Menaged plead guilty and was sentence to 17 years in prison.

TOLLING AGREEMENT

This Agreement ("Agreement") is made and entered into as of August 22, 2018 by and between Peter S. Davis, as the court-appointed receiver of DenSco Investment Corporation (the "Receiver"), and JP Morgan Chase Bank ("Chase").

The Receiver believes it may have claims against Chase arising from Chase's banking relationship with Scott Menaged and Menaged's use of cashier's checks issued by Chase to defraud DenSco. However, none of the parties to this Agreement desires Receiver to assert those potential claims at this time. Therefore, in consideration of the mutual promises stated in this Agreement, the parties agree as follows:

- (1) The period between the date of this Agreement and the Termination Date, as defined below in paragraph four, shall not be included in determining the applicability of any statute of limitations, laches, or any other defense based on the lapse of time in any action or proceeding brought by Receiver against Chase arising from Menaged's use of cashier's checks issued by Chase to defraud DenSco.
- (2) Nothing in this Agreement shall affect any defense available to any party as of the date of this Agreement, and this Agreement shall not be deemed to revive any claim that is or was already barred on that date. Nothing in this Agreement, or in the circumstances which gave rise to this Agreement, shall be construed as an acknowledgment by any party that any claim has or has not been barred, or is about to be barred, by the statute of limitations, laches, or other defense based on the lapse of time.
- (3) This Agreement shall not operate as an admission of liability by any party. Neither this Agreement nor any action taken pursuant to this Agreement shall be offered or received in evidence in any action or proceeding as an admission of liability or wrongdoing by any party.
- (4) Any party may terminate this Agreement on thirty (30) days written notice to the other(s) sent by registered mail, return receipt requested, to the party and its counsel at the following addresses:

To Receiver:

Simon Consulting
Attn: Peter S. Davis
3200 North Central Avenue, #2460
Phoenix, AZ 85012

with a copy to:
Bergin Frakes Smalley & Oberholzer
Attn: Mr. Ken Frakes, Esq.
4343 N. Camelback Road #210
Phoenix, Arizona 85018

To JP Morgan Chase & Co.:

JP Morgan Chase & Co.
Attn: Joseph D. Booz
201 North Central Avenue, 30th Floor
Phoenix, AZ 85004

Any party may change the address by which it should be given notice by giving written notice of the change of address to the other(s) and its counsel at the above addresses by registered mail, return receipt requested. If not earlier terminated by notice, this Agreement shall terminate on August 22, 2020. Accordingly, the Termination Date shall be the earlier of August 20, 2020, or the first business day following thirty (30) days after the date of mailing of notice of termination pursuant to this paragraph.

- (5) This Agreement comprises the entire agreement of the parties with respect to the tolling of any statute of limitations and the doctrine of laches; and this Agreement may be modified, amended, or supplemented only by a written instrument signed by all of the parties.
- (6) Each undersigned party represents, warrants, and states that all legal action necessary for the effectuation and execution of this Agreement has been validly taken and that the individuals whose signatures appear below on behalf of each party are duly authorized to execute this Agreement on behalf of their respective parties.
- (7) This Agreement shall be interpreted in accordance with the substantive law of the State of Arizona, without application of choice of law rules.

DENSCO INVESTMENT CORPORATION

By: Peter S. Davis
Its: Receiver of DenSco Investment Corporation

J.P. MORGAN CHASE & CO.

By: _____
Its: _____

Gutilla Murphy Anderson, P.C.
5415 E. High Street, Suite 200
Phoenix, AZ 85054
(480) 304-8300

GUTTILLA MURPHY ANDERSON
RYAN W. ANDERSON (Ariz. No. 020974)
5415 E. High St., Suite 200
Phoenix, Arizona 85054
Email: randerson@gamlaw.com
Phone: (480) 304-8300
Fax: (480) 304-8301

ORIGINAL

Attorneys for the Receiver

IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

IN AND FOR MARICOPA COUNTY

ARIZONA CORPORATION
COMMISSION,

Plaintiff,

v.

DENSCO INVESTMENT
CORPORATION, an Arizona
corporation,

Defendant.

Cause No. CV2016-014142

SUBPOENA DUCES TECUM

If you would like legal advice from a lawyer,
contact the Lawyer Referral Service at
602-257-4434

or

www.maricopa-lawyers.org

Sponsored by the
Maricopa County Bar Association

THE STATE OF ARIZONA TO: JP Morgan Chase Bank
Mail Code IN1-4054
7610 W. Washington Street
Indianapolis, IN 46231

YOU ARE COMMANDED to either:

1. Mail by First Class Mail, postage prepaid, on or before, authenticated copies of
the documents described in the Attachment to this Subpoena to the attorney indicated below.

Guttilla Murphy Anderson, P.C.
5415 E. High Street, Suite 200
Phoenix, AZ 85054
(480) 304-8300

1 Authentication of the documents may be made by executing before a Notary Public the
2 Certification of Business Records, attached hereto. The documents should be mailed to:

3 Guttilla Murphy Anderson
4 Ryan W. Anderson
5 5415 E. High St., Suite 200
6 Phoenix, Arizona 85054

7 OR

8 2. Appear and bring with you and produce the items specified in the Attachment
9 to this Subpoena, at the time and place specified below:

10 **DATE AND TIME OF PRODUCTION:** September 22, 2017, 9:00 AM

11 **PLACE OF PRODUCTION:** GUTTILLA MURPHY ANDERSON
12 5415 E. High Street, Suite 200
13 Phoenix, AZ 85054

14 **YOU HAVE BEEN** subpoenaed by Peter S. Davis, whose attorney's name, address
15 and telephone number is as follows:

16 Ryan W. Anderson
17 Guttilla Murphy Anderson, P.C.
18 5415 E. High St., Suite 200
19 Phoenix, Arizona 85054
20 (480) 304-8300.

21 **YOUR DUTIES IN RESPONDING TO THIS SUBPOENA**

22 You have the duty to produce the documents requested as they are kept by you in the
23 usual course of business, or you may organize the documents and label them to correspond
24 with the categories set forth in this subpoena. See Rule 45 (d) (1) of the Arizona Rules of
25 Civil Procedure.

26 If this subpoena asks you to produce and permit inspection and copying of designated
27 books, papers, documents, tangible things, or the inspection of premises, you need not appear

1 to produce the items unless the subpoena states that you must appear for a deposition, hearing
2 or trial. See Rule 45(c)(2)(A) of the Arizona Rules of Civil Procedure.

3 YOUR RIGHT TO OBJECT

4 The party or attorney serving the subpoena has a duty to take reasonable steps to avoid
5 imposing an undue burden or expense on you. The Superior Court enforces this duty and
6 may impose sanctions upon the party or attorney serving the subpoena if this duty is
7 breached. See Rule 45 (c)(1) of the Arizona Rules of Civil Procedure.

8 You may object to this subpoena if you feel that you should not be required to respond
9 to the request(s) made. Any objection to this subpoena must be made within 14 days after it
10 is served upon you, or before the time specified for compliance, by providing a written
11 objection to the party or attorney serving the subpoena, See Rule 45(c)(2)(B) of the Arizona
12 Rules of Civil Procedure.

13 If you object because you claim the information requested is privileged or subject to
14 protection as trial preparation material, you must express the objection clearly, and support
15 each objection with a description of the nature of the document, communication or item not
16 produced so that the demanding party can contest the claim. See Rule 45(d)(2) of the
17 Arizona Rules of Civil Procedure.

18 If you object to the subpoena in writing you do not need to comply with the subpoena
19 until a court orders you to do so. It will be up to the party or attorney serving the subpoena to
20 seek an order from the court to compel you to provide the documents or inspection requested,
21 after providing notice to you. See Rule 45 (c)(2)(B) of the Arizona Rules of Civil Procedure.

22 If you are not a party to the litigation, or an officer of a party, the court will issue an
order to protect you from any significant expense resulting from the inspection and copying
commanded. See Rule 45(c)(2)(B) of the Arizona Rules of Civil Procedure.

You may also file a motion in the superior court of the county in which the case is
pending to quash or modify the subpoena if the subpoena:

(i) does not provide a reasonable time for compliance;

(ii) requires a non-party or officer of a party to travel to a county different from the
county where the person resides or does business in person; or to travel to a county different
from where the subpoena was served; or to travel to a place farther than 40 miles from the
place of service; or to travel to a place different from any other convenient place fixed by an
order of a court, except that a subpoena for you to appear and testify at trial can command
you to travel from any place within the state;

1 (iii) requires the disclosure of privileged or protected information and no waiver or
2 exception applies; or

3 (iv) subjects you to an undue burden. See Rule 45(c)(3)(A) of the Arizona Rules of
4 Civil Procedure.

5 If this subpoena:

6 (i) requires disclosure of a trade secret or other confidential research, development,
7 or commercial trade information; or

8 (ii) requires disclosure of an unretained expert's opinion or information not
9 describing specific events or occurrences in dispute and resulting from the expert's study
10 made not at the request of any party; or

11 (iii) requires a person who is not a party or an officer of a party to incur substantial
12 travel expense;

13 The court may either quash or modify the subpoena, or the court may order you to
14 appear or produce documents only upon specified conditions, if the party who served the
15 subpoena shows a substantial need for the testimony or material that cannot be otherwise met
16 without undue hardship and assures that you will be reasonably compensated. See Rule
17 45(c)(3)(B) of the Arizona Rules of Civil Procedure.

18 **RULE 2.5(c) NOTICE** (1) Requests for reasonable accommodation for persons with
19 disabilities must be made to the division assigned to the case by the party needing
20 accommodation or his/her counsel at least three (3) judicial days in advance of a scheduled
21 proceeding. (2) Requests for an interpreter for persons with limited English proficiency must
be made to the division assigned to the case by the party needing the interpreter and/or
translator or his/her counsel at least ten (10) judicial days in advance of a scheduled court
proceeding.

///

1 **YOU ARE HEREBY NOTIFIED THAT ANY FAILURE TO OBEY THIS**
2 **SUBPOENA WITHOUT ADEQUATE EXCUSE MAY BE DEEMED CONTEMPT OF**
3 **THIS COURT. YOUR FAILURE TO APPEAR AS DIRECTED HEREIN MAY**
4 **RESULT IN THE ISSUANCE OF A CIVIL ARREST WARRANT DIRECTING A**
5 **PEACE OFFICER TO ARREST YOU AND BRING YOU BEFORE THIS COURT.**

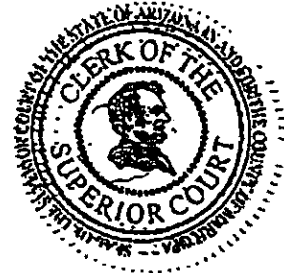
6 SIGNED AND SEALED THIS DATE: AUG 24 2017

7 **MICHAEL K. JEANES, CLERK**
8 **CLERK OF THE COURT**

9 By: C. Cruz

10 Deputy Clerk

11 **C. Cruz**
12 **Deputy Clerk**



13 2359-003(294388)

14
15
16
17
18
19
20
21
Jathila Murphy Anderson, P.C.
5415 E. High Street, Suite 211
Phoenix, AZ 85034
(480) 304-4300

THE UNIVERSITY OF CHICAGO



CHICAGO, ILL.

ATTACHMENT FOR SUBPOENA TO:
JP MORGAN CHASE BANK

A. DEFINITIONS AND INSTRUCTIONS:

1. As used herein, the term "you" or "your" means **JP MORGAN CHASE BANK** and all of its employees, successors, assigns, affiliates, and agents.
2. As used in this subpoena, the term "account" means business relationships or services of any kind, including checking, savings, certificate of deposit, retirement, money market, brokerage, loan, credit card, or safe deposit box accounts.
3. As used in this subpoena, the term "document" means all data and materials in your possession, custody or control or subject to your custody or control, whether drafts or unfinished versions, originals or nonconforming copies thereof, however created, produced or stored (manually, mechanically, electronically or otherwise), and by whomever prepared, produced, sent, dated or received, including, but not limited to, books, papers, files, notes, minutes, summaries, records, analyses, correspondence, e-mails, voice-mails, transcripts, opening documents, accountings, memoranda, work papers, ledger sheets, confirmations, order tickets, floor tickets, invoices, account statements, reports, wires, telegrams, telexes, telephone logs, notes or records of conversations or meetings, contracts, agreements, calendars, date books, work sheets, invoices, bills, records of payment, magnetic tape, tape recordings, disks, diskettes, disk packs, and other electronic media, microfilm, microfiche, storage devices, appointment books, diaries, notices and message slips.
4. As used herein, the term "including" means including but not limited to.
5. As used herein, the term "relating to" means summarizing, describing, concerning, reflecting or referring to.
6. As used herein, the term "communication" means the conveyance of information between or among persons by any means.
7. Except as otherwise stated, the period of time covered by each specification herein is to the date of your response.
8. In producing the requested documents, you are to furnish all documents which are in the possession, custody, or control of you, your accountants, officers, agents, employees, representatives, investigators, consultants, or attorneys, and not merely documents in your own possession.
9. If any requested documents can not be produced in full, produce the documents to the extent possible, specify in response the reason for the inability to produce the remainder and stating whatever information, knowledge, or belief you have concerning the unproduced portion.
10. In the event that any documents requested were at one time in existence, but no longer exist, than so state, specifying for each document:
 - a. The type of document;

- b. The subject matter contained therein;
- c. The date upon which the document ceased to exist;
- d. The reason the document ceased to exist;
- e. The manner in which the document ceased to exist;
- f. The identity of all persons having knowledge of the circumstances under which the document ceased to exist;
- g. The custodian of the document on the date and time it ceased to exist; and
- h. The identity of all persons having knowledge or who had knowledge of the contents of the document that ceased to exist.

11. In the event you seek to withhold any documents on the basis that they are properly entitled to some limitation of discovery, you are instructed to use the following procedure:

- a. You shall, during the period of production of documents, provide a numerical list of the documents for which the limitation of discovery is claimed; and
- b. You shall indicate for each document the following information:
 - (1) The author, writer, sender, or initiator of the document, if any;
 - (2) The date of such documents, if any, or an estimate thereof and so indicate as an estimate if no date appears on the documents;
 - (3) The general subject matter of the document so as to sufficiently identify the document; and
 - (4) The basis of your brief that the document is properly entitled to a limitation of discovery.

12. Production of documents shall be in full, without abbreviation, redaction, or expurgation.

B. DOCUMENTS TO BE PRODUCED:

1. All of the following relating to any accounts held by Yomtov Scott Menaged, including but not limited to Account No. 590218371, Account No. 3317775525, and Account No. 663708290:

- (a) Correspondence, including electronic communications, between you and any others, including but not limited to Yomtov Scott Menaged or his agents;
- (b) Internal communications, including emails between you and/or your employees or agents;
- (c) Regulatory or compliance reports prepared by you or your agents; and
- (d) Internal analyses, notes or reports prepared by you.

2. All of the following relating to any accounts held by Arizona Home Foreclosures, LLC, including but not limited to Account No. 582551151:

- (a) Correspondence, including electronic communications, between you and any others, including but not limited to Arizona Home Foreclosures, LLC, or its agents;

- (b) Internal communications, including emails between you and/or your employees or agents;
- (c) Regulatory or compliance reports prepared by you or your agents; and
- (d) Internal analyses, notes or reports prepared by you.

3. To the extent that data responsive to this subpoena is contained solely in an electronic form, that data must be produced in a written printout.

2359-003/294389

Guttilla Murphy Anderson, P.C.
5415 E. High Street, Suite 200
Phoenix, AZ 85054
(480) 304-8300

1 **GUTTILLA MURPHY ANDERSON**

Ryan W. Anderson (Ariz. No. 020974)

2 5415 E. High St., Suite 200

Phoenix, Arizona 85054

3 Email: randerson@gamlaw.com

Phone: (480) 304-8300

Fax: (480) 304-8301

4 Attorneys for the Receiver

5 IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

6 IN AND FOR MARICOPA COUNTY

7 ARIZONA CORPORATION)
8 COMMISSION,)

Plaintiff,)

9 v.)

10 DENSCO INVESTMENT)
CORPORATION, an Arizona)
11 corporation,)

Defendant.)

Cause No. CV2016-014142

PETITION NO. 36

PETITION FOR ORDER TO APPROVE
THE ENGAGEMENT OF BERGIN,
FRAKES, SMALLEY &
OBERHOLTZER, PLLC TO
REPRESENT THE RECEIVER AS
SPECIAL COUNSEL

(Assigned to the Honorable Teresa
Sanders)

15 Peter S. Davis, as the Court appointed Receiver of DenSco Investment Corporation
16 ("DenSco"), respectfully petitions the Court for an Order approving the engagement of
17 Bergin, Frakes, Smalley & Oberholtzer, PLLC., as Special Counsel to the Receiver, as
18 follows:

19 1. On August 18, 2016, this Court entered its *Order Appointing Receiver*, which
20 appointed Peter S. Davis as Receiver of DenSco Investment Corporation ("Receivership
21 Order").

1 2. The Receivership Order authorizes the Receiver to, among other things,
2 employ attorneys and other professionals that are necessary and proper for the collection,
3 preservation and maintenance of the Receivership Assets. [See ¶16 of the Receivership
4 Order]

5 3. The Receiver has initially determined that DenSco may hold significant claims
6 against financial institutions including JP Morgan Chase Bank, N.A and U.S. Bank N.A for
7 their participation in a scheme to defraud DenSco. The Receiver has determined that certain
8 financial institutions may have been instrumental in allowing Yomtov Scott Menaged
9 ("Menaged") to operative a massive fraudulent loan scheme upon DenSco. The Receiver has
10 determined that starting in January 2014, as part of the DenSco's underwriting requirements,
11 Menaged was required to provide DenSco with a copy of each specific cashier check, issued
12 by Menaged's financial institution, to the respective foreclosure trustee for the purchase of a
13 property by Menaged at a foreclosure trustee's auction/sale.

14 4. The Receiver's investigation has determined that Menaged was able to procure
15 at least 1,383 legitimate cashier's checks from financial institutions in a period of two years
16 for a collective face value of at least \$319,292,828.

17 5. However, the cashier's checks were used by Menaged to make it appear that
18 Menaged was actually using DenSco loan proceeds to purchase property from a foreclosure
19 trustee, when in fact, Defendant obtained the cashier's check for the sole purpose of simply
20 taking a picture of the cashier's check to send to DenSco to make it appear that the DenSco
21 funds were being used to purchase real property. Moreover, the Receiver has learned that

1 after Menaged took a picture of the cashier's check to send to DenSco he returned to the
2 financial institution to cancel the cashier's check, typically only a few hours after the
3 cashier's check was issued. The sheer volume of issued and then immediately cancelled
4 cashier's checks by Menaged is staggering.

5 6. The Receiver has determined that he requires the legal services of the law firm
6 of Bergin, Frakes, Smalley & Oberholtzer, PLLC., to assist the Receiver in his ongoing
7 investigation of these potential claims and the potential prosecution, trial or settlement of any
8 claims that the DenSco may have against the financial institutions who allowed Menaged to
9 issue and cancel the cashier's checks used to defraud DenSco.

10 7. The Receiver has determined that he requires the expertise of Bergin, Frakes,
11 Smalley & Oberholtzer, PLLC, as these accomplished lawyers have significant experience in
12 the areas of banking and banking regulation and can not only assist the Receiver in the
13 investigation of DenSco's potential claims, but also to provide sound advice and counsel to
14 the Receiver in all aspects of potential legal claims and possible remedies that may arise from
15 actions or omissions of the financial institutions in question.

16 8. Bergin, Frakes, Smalley & Oberholtzer, PLLC, has agreed to serve as Special
17 Counsel pursuant to the terms of the Engagement Agreement as set forth in Exhibit 'A'.
18 Pursuant to the Engagement Agreement, Special Counsel will complete an investigation into
19 DenSco's potential claims and provide a detailed memorandum of the claims with an
20 estimation of probable costs of pursuit of the claims within thirty (30) days from the Court's
21 approval of this Petition.

1 9. Thereafter, assuming the Receiver determines that DenSco's claims should be
2 advanced, the Receiver will have the option to elect either an hourly or contingent fee as the
3 basis for future compensation to Special Counsel. If the Receiver elects to proceed on an
4 hourly basis, Bergin, Frakes, Smalley & Oberholtzer's professionals will be compensated on
5 an hourly rate basis pursuant to the professional rate schedule as set forth in Exhibit 'A". If
6 the Receiver elects to proceed on a contingency fee basis, Special Counsel has agreed to a
7 sliding scale for the potential contingency fee as set forth in Exhibit 'A". Specifically,
8 Special Counsel would be compensated Thirty-three and one-third percent (33.33%) of any
9 gross recovery between \$00.00 and \$6,000,000.00; Twenty-Five percent (25%) of any gross
10 recovery between \$6,000,000.00 and \$12,000,000.00; Fifteen percent (15%) of any gross
11 recovery between \$12,000,000.00 and \$20,000,000.00; and ten percent (10%) of any gross
12 recovery above \$20,000,000.00.

13 10. The Receiver believes that both the hourly rates and sliding scale for the
14 potential contingency fee are reasonable in light of the substantial experience of the
15 professionals at Bergin, Frakes, Smalley & Oberholtzer, PLLC and the nature of the DenSco
16 claims.

17 WHEREFORE, the Receiver respectfully requests that the Court enter an order:

18 1. Appointing the law firm of Bergin, Frakes, Smalley & Oberholtzer, PLLC, as
19 special counsel to the Receiver;

20 2. Approving the engagement agreement with the law firm of Bergin, Frakes,
21 Smalley & Oberholtzer, PLLC, attached as Exhibit "A" to ; and

1 3. Directing the Receiver to file a notice with the Court when the Receiver has
2 made his election to either proceed with compensation of Special Counsel on an hourly basis
3 or on a contingency basis.

4 Respectfully submitted this 19th day of September, 2017.

5 GUTTILLA MURPHY ANDERSON, P.C.

6 /s/Ryan W. Anderson
7 Ryan W. Anderson
8 Attorneys for the Receiver

9 2359-001(296673)

Guttilla Murphy Anderson, P.C.
3415 E. High Street, Suite 200
Phoenix, AZ 85034
(480) 304-8300

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FEE AGREEMENT

BERGIN, FRAKES, SMALLEY & OBERHOLTZER, PLLC

The law firm of BERGIN, FRAKES, SMALLEY & OBERHOLTZER, PLLC ("Attorneys"), agrees to represent Peter S. Davis, as receiver of DenSco Investment Corporation (hereinafter "DenSco"), in receivership in CV 2016-014142 ("Client"), in the investigation, prosecution, trial or settlement of any claims that DenSco may have against JP Morgan Chase Bank, N.A.

1. **Flat Fee, Memorandum of Claim.** Receiver shall seek approval from the Court to retain Attorneys. If approval is given, Attorneys will prepare a memorandum of claim for the Receiver setting out an analysis of claims the Receiver may pursue. In preparing the memorandum, Attorneys shall review relevant documentation, setting out the factual and legal basis of any claims, and possible remedies. The memorandum will set out the probable costs of pursuing the claims. The memorandum will be submitted to the Receiver within thirty days of the approval of this agreement by the Court. Attorneys will prepare the memorandum of claim for a flat fee of \$20,000, with the understanding that the Receiver will seek approval from the Court to pay that fee after receipt of the memorandum.

2. **Election of Hourly or Contingent Fee.** If the Receiver decides to pursue the claims, then the Receiver may choose to proceed with the case either on a standard hourly rate basis or on a contingent fee basis.

3. **Hourly Rate.** If a decision is made to proceed on an hourly rate basis, Attorneys will be paid in accordance with the standard form hourly rate retention agreement that is attached to this Fee Agreement.

4. **Contingent Fee.** If a decision is made to proceed on a contingent fee basis, Client agrees to pay and assign to Attorneys:

- (1) Thirty-three and one third percent (33 1/3%) of any gross recovery between zero and \$6,000,000 obtained by reason of settlement or trial; and, in addition
- (2) Twenty-five percent (25%) of any gross recovery between \$6,000,000 and \$12,000,000 obtained by reason of settlement or trial; and, in addition
- (3) Fifteen percent of any gross recovery between \$12,000,000 and \$20,000,000 obtained by reason of settlement or trial; and, in addition
- (4) Ten percent of any gross recovery above \$20,000,000.

The term "gross recovery" shall mean actual receipt by Client (or its representatives) of the proceeds of a settlement, a court or arbitration award and/or a jury verdict; and the gross recovery is "obtained" either on receipt or on the date on which there is an enforceable settlement agreement with any Defendant or other relevant person or entity.

Any award of attorneys' fees, if allowed and ordered by the Court, will be included in calculating the gross recovery.

Except as provided in Paragraph 8 below, attorneys' fees, expenses and costs will be payable only out of recovery, and if no recovery is obtained, no fees or costs shall be payable to Attorneys except for the flat fee for the memorandum of claim.

Client consents to the payment of any recovery directly to Attorneys. If any recovery is paid by a joint check to Attorneys and Client, Client shall endorse such check over to Attorneys, and Attorneys shall disburse the proceeds in accordance with this Agreement, after deducting unreimbursed costs and its attorneys' fees.

Client agrees that the attorneys' fee calculated shall be a lien on any amount recovered, by settlement or otherwise.

5. **Appeal.** Attorneys shall respond to any appeal or special action filed by an adverse party. Attorneys shall initiate any appeal or special action requested by the Receiver.

6. **Future Payments.** If a settlement is reached or a judgment provided which provides that clients shall receive money and/or other benefits to be paid or conferred over some future period of time, any contingent fee will be based upon the present value of the recovery. In that event, the current value of such money or benefits shall be determined by fair and reasonable means, and that current value shall be the amount recovered. If practicable, Attorneys may take any contingent fee at the time a future payment is made; for example, if there is an annuity, Attorneys may take any contingent fee when an annuity is paid.

7. **Expenses.** Under the ethical rules governing lawyers and lawsuits in Arizona, Attorneys are allowed to, and hereby agree to, advance the expenses of representation. If an hourly rate basis is selected, Client will reimburse Attorneys for all expenses so advanced. If a contingent fee basis is selected, expenses advanced by Attorneys, and not otherwise reimbursed to Attorneys, for example by a recovery of taxable costs, shall be deducted from Client's share of the amount recovered. If nothing is recovered, then Client shall not have to reimburse Attorneys for any expenses advanced.

8. **Expenses includes Taxable Costs.** In the event that the case is litigated to a judgment, Client may, if the Client prevails, recover "taxable costs." Taxable costs include such items as filing fees, and the costs of depositions, subpoenas, etc. Any taxable costs recovered shall be used to reimburse Attorneys for the taxable costs and expenses which they have advanced in the course of the litigation, and will not become part of the gross amount recovered if a contingent fee basis is selected.

9. **Withdrawal.** Attorneys may withdraw as counsel for Client at any time upon giving reasonable notice. This Agreement may also be terminated at any time by Client before settlement or ultimate recovery after reasonable notice to Attorneys.

In the event a contingent fee basis is selected and this Agreement is terminated by Attorneys for no cause before settlement or ultimate recovery, no fees shall be payable to Attorneys. In the event that Attorneys withdraw for good cause, then the Attorneys shall be paid their ordinary hourly rates for work performed up to the time of their withdrawal. If Client and Attorneys cannot agree on the issue of good cause, then that issue shall be determined in a single arbitrator arbitration conducted according to the commercial arbitration rules of the American

Arbitration Association, in confidential proceedings. The result of the Arbitration will be submitted to the Court for approval, and the parties agree that the Court may review the result as to the reasonableness of the hourly fees awarded.

In the event a contingent fee basis is selected and this Agreement is terminated by Client before settlement or ultimate recovery, Client agrees to pay to Attorneys from any recovery ultimately obtained a fee that fairly represents the value of Attorneys services, taking into account all the facts and circumstances, including the fee specified in this agreement, the status of the litigation at the time of the termination, and the pro rata division of time between Attorneys and any subsequent law firm. If disputed, that fee shall be set by the Court.

10. **Settlement.** No settlement shall be binding without the consent of Client, and the approval of the Court.

11. **Requirement of Reasonableness and Court approval.** Pursuant to ER 1.5, Rule 42, Rules of the Arizona Superior Court, Attorneys will review any fees billed if an hourly rate basis is selected to assure that the fees are reasonable in light of the factors set forth in ER 1.5, and will adjust their fees to the extent necessary to assure that they are reasonable and comport with ER 1.5.

Pursuant to the Receivership Order, the Court must approve the reasonableness of all attorneys' fees and costs and expenses. No attorneys' fees, costs or expenses shall be paid until approved by the Receiver and the Court.

12. **Retention of Documents.** In the course of the representation, Attorneys are likely to come into possession of copies or originals of documents or other materials belonging to Client or others. Once the particular matter to which those materials relate has been concluded, Attorneys will have no further responsibility to maintain such materials unless expressly agreed otherwise. If Client has not sought the return of such materials within one year of the closing of the matter to which such materials relate, Attorneys may destroy such materials in accordance with their normal file retention policies.

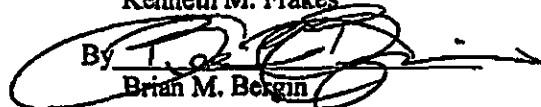
13. **Client's Duties.** Client agrees to be truthful with Attorneys, to cooperate in the prosecution of the Claim, to keep Attorneys informed of all relevant developments, and to keep Attorneys advised of Client's address, telephone number, and whereabouts.

Dated this 12th day of September, 2017


Peter S. Davis, Receiver

BERGIN, FRAKES, SMALLEY &
OBERHOLTZER, PLLC

By 
Kenneth M. Frakes

By 
Brian M. Bergin

FEE AGREEMENT
BERGIN, FRAKES, SMALLEY & OBERHOLTZER, PLLC

Representation. The law firm of Bergin, Frakes, Smalley & Oberholtzer, PLLC (hereinafter "us" or "we") has agreed to represent Peter S. Davis, as receiver of DenSco Investment Corporation, in receivership in CV 2016-014142 (hereinafter "DenSco" or "you"), in the investigation, prosecution, trial or settlement of any claims that DenSco may have against its former legal advisors, including any claims against JP Morgan Chase Bank, N.A.

Fees and Costs. You agree to pay us for legal services at our regular hourly rates which will be billed to you and which are to be paid each month.

Our fee will be determined by multiplying the number of hours worked on your behalf by the standard hourly rate of each attorney, law clerk, paralegal, and other assistant. A rate schedule for the attorneys and others who we expect to work on your case is attached. We adjust our standard billing rates periodically. A rate schedule is available to you at any time on request.

We record and bill for our time in tenths of an hour. Our bills will include the time we spend on researching factual and legal issues, negotiations, conferences, preparation of various documents or pleadings, conducting discovery, court appearances, travel, and telephone calls.

In addition to our fees, you will be responsible for any charges and expenses we incur on your behalf. We normally advance the cost of court fees, deposition expenses, and travel expenses, and charge them to you monthly as bills are received and processed by the firm. We may also submit certain outside charges to you for direct payment, and you have agreed to hire, pay directly, and be solely responsible for the charges of all experts, investigators, and local counsel. We will bill you for photocopies (\$.20/page), data duplication (from \$10 to \$45), computer-assisted research (at average imputed cost), messenger services (from \$7 to \$30 or more, depending on distance), automobile travel (53.5¢/mile), extraordinary staff overtime (at cost), long distance telephone calls (at average imputed cost), and certain specialized technical services, such as computerized litigation support, at \$155 to \$200 per hour.

We prepare statements each month for mailing by the 15th. The statements will show the fees and charges incurred during the previous month and any balance of your trust account after payment of the statement. We will address our statements to you at the above address unless directed otherwise.

Payment of each month's statement is due 30 days after the date of the statement. However, if there are funds in the trust account we may immediately pay our statement from those funds. We would encourage you to examine our statements with as much care as you deem appropriate and to contact us immediately if you have any questions or concerns. We may withdraw from the representation, after reasonable notice, if our bills are not paid when due, or if you do not comply with the other terms of this Agreement. We reserve the right, upon ten days advance notice to you, to charge interest on past due amounts at 1.5% per month.

The responsible attorney will review your statements to make any adjustments we believe are appropriate. We would ask you to alert us promptly to any questions you may have about the statement or the work for which you were billed by contacting the attorney with whom you are working or the firm's controller. We are always willing to discuss our fees with you if you have

Exhibit "A"

questions or feel the charges may be inappropriate. It is our desire to provide you with the best representation possible at a price which is fair and reasonable and to build an ongoing relationship of trust, confidence, and fair dealing.

You may terminate our representation at any time. If you do so, you will be responsible for our fees and costs to the date of the termination plus any fees and costs incurred in withdrawing and in assisting new counsel during the termination.

Retention and Destruction of Documents. During our representation, we are likely to receive copies or originals of documents or other materials belonging to you or others. Once the matter to which those materials relate has been concluded, we will retain and eventually return these materials to you or destroy them in accordance with our file retention policy, a copy of which is enclosed. Please inform us of any change of address so that we can contact you when it is time to return the file.

Electronic Communications. Communication through email, cellular, and wireless devices is cost-efficient and convenient. We take reasonable internal precautions and safety measures to prevent disclosure of client sensitive information when using these forms of communication. But, we have no control regarding Internet providers, the Internet itself, wireless communications, or where and how you store confidential information. You must understand it is possible for such communications to be intercepted, misdirected, viewed, heard, or otherwise accessed by third parties, either accidentally or intentionally. You authorize us to communicate with you and third parties via email, cellular, and wireless methods, and you understand and accept all confidentiality risks associated with such use. It is important for you to let us know if there are email or other electronic addresses to which we should avoid sending confidential information.

Arbitration of Fee Disputes. In the event of a dispute involving our fees or costs, you and we agree to submit the matter to the fee arbitration process conducted by the Arizona State Bar. The decision of the arbitrators will be final and non-appealable. You and we waive the right to file suit in court concerning disputed fees or costs.

Binding Contract. If you agree to the terms set forth in this Agreement, please execute the enclosed copy and return it to us as soon as possible. When signed by you, this agreement constitutes a binding contract. You are encouraged to seek separate legal counsel if you desire independent legal advice concerning the meaning or effect of this agreement.

Dated this 12th day of September, 2017.


Peter S. Davis, Receiver

BERGIN, FRANKS, SMALLEY & OBERHOLTZER, PLLC

By 

Kenneth M. Frakes

By 

Brian M. Bergin

RATE SCHEDULE

Kenneth M. Frakes	\$325
Brian M. Bergin	\$325
Michael Smalley	\$325
Carolyn K. Oberholtzer	\$405
Kevin M. Kasarjian	\$295
Bradley Scott	\$235
Tyler Brown	\$225
Paralegal	\$125
Planner	\$175
Law Clerk	\$140
Planning Assistant	\$75

File Retention Policy

Bergin, Frakes, Smalley & Oberholtzer, PLLC
(Effective May 1, 2015)

The State Bar of Arizona has issued Opinion No. 08-02 (December 2008) furnishing file retention guidelines for Arizona lawyers. Bergin, Frakes, Smalley & Oberholtzer, PLLC (the "Firm") has adopted this File Retention Policy to comply with such guidelines.

1. **Disclosure.** Each client will be notified in writing at the commencement of the representation of the Firm's file retention policy. In most cases, this will be accomplished by enclosing a copy of this policy with the retention letter or agreement. Existing clients shall be furnished a copy of this policy with their next statement.
2. **Retention Period.** Most files ("Short Term Files") will be held by the Firm for a period of five years after the earlier of (a) the closing of the file, or (b) the last recorded activity for the file (normally filing a document or retrieving a document). Other files ("Long Term Files") will be held for an indefinite period. Long Term Files include probate, estate planning, or trust matters, capital cases, homicide cases, life sentence cases, life probation cases, and other cases where the responsible attorney believes that indefinite file storage is appropriate to protect the interests of the client. Long Term Files will be destroyed only when the responsible attorney or the Firm's President has reviewed the file and has determined that there is no reasonable possibility that the file may ever be needed by the client. The Firm may store files in either hard copy or digital format; effective as of May 1, 2015, files and client documents generally will be stored only electronically and will not be retained in paper format.
3. **Disposition Procedure.** After the expiration of the five-year period described above, the file room supervisor will notify the responsible attorney in writing to ask the attorney whether the client should be contacted to determine if the client desires the file to be returned to the client. If the attorney responds in the negative, the file will continue to be held for another year, at which time the attorney will again be queried. If the attorney responds in the affirmative, the supervisor will attempt to contact the client by mail to offer the client the choice of taking possession of the file, or having the file destroyed by the Firm. If the client responds, the supervisor will take the action requested by the client after a review of the file as set forth below. This procedure will be followed for both Short Term Files and Long Term Files as it may not be apparent to the file room supervisor whether a file is Short Term or Long Term—this judgment is to be made by the responsible attorney. In addition, even Long Term Files are appropriate for destruction at some point.
4. **Unresponsive Client.** If no answer is received from the client within a reasonable period of time, the supervisor will make an additional effort to locate the client, and again query the client by mail about the disposition of the file. If no response is received within a reasonable period of time after this second inquiry, the supervisor will ask the attorney in writing if the file may be destroyed. If the attorney responds in the affirmative, the file will be given to the attorney for review as set forth below, and if appropriate the file will be destroyed.

Exhibit "A"

If the attorney responds in the negative, the file will be held an additional year, at which time the attorney will again be queried by the supervisor. The Firm is under no obligation to continue to store Short Term Files for more than five years or Long Term Files which are appropriate for destruction if the client cannot be located or if the client fails to respond. In addition, the Firm is under no obligation to continue to store any file if the client fails, after reasonable notice, to retrieve a file the client has indicated it wants.

5. **Return of File.** When a file is returned to a client, the complete file, including any portion of the file stored electronically, is to be returned, except only internal practice management memoranda. Arrangements for the return of the file are to be made between the filing supervisor and the client. If the client does not wish to pick up the file, it will be delivered or shipped at the client's expense unless it can be mailed for less than \$10.00 in postage, in which case the Firm shall pay the postage. The client is to be notified that the Firm is not keeping a copy of the file, and that the client should safeguard the file if it may be needed for future use or reference. The Firm may retain photocopies of all or any portion of the file at the Firm's expense. The responsible attorney is to review the file prior to its return to remove internal practice memoranda and any information relating to another client that may have been inadvertently placed in the file. The Firm is not responsible for any file lost in transit if the client chooses not to personally retrieve the file at the Firm's offices.

6. **Early Return.** A client's file belongs to the client and may be retrieved by the client at any time, so long as the return of the file does not interfere with the ongoing representation of the client.

7. **Destruction of File.** Destruction of files shall be done in a manner that preserves client confidences and confidentiality. In no event will a file be destroyed until it has been reviewed by the responsible attorney or the Firm's president to insure that no original documents tendered by the client are in the file and that there is no reason to continue to store the file.

1 **Guttilla Murphy Anderson, P.C.**

2 **Ryan W. Anderson** (Ariz. No. 020974)

3 5415 E. High St., Suite 200

4 Phoenix, Arizona 85054

5 Email: randerson@gamlaw.com

6 Phone: (480) 304-8300

7 Fax: (480) 304-8301

8 Attorneys for the Receiver

9 IN THE SUPERIOR COURT FOR THE STATE OF ARIZONA

10 IN AND FOR THE COUNTY OF MARICOPA

11 ARIZONA CORPORATION
12 COMMISSION,

13 Plaintiff,

14 v.

15 DENSCO INVESTMENT
16 CORPORATION, an Arizona
17 corporation,

18 Defendant.

Cause No. CV2016-014142

ORDER RE: PETITION NO. 36

(Assigned to Judge Teresa Sanders)

19 The Receiver having filed *Petition No. 36* *Petition for Order to Approve the*
20 *Engagement of Bergin, Frakes, Smalley & Oberholtzer, PLLC as Special Counsel*, and the
21 Court having considered same, and it appearing to the Court that the matters requested by
Petition No. 36 are reasonable, just and appropriate:

NOW, THEREFORE, IT IS HEREBY ORDERED that:

1. Appointing the law firm of Bergin, Frakes, Smalley & Oberholtzer, PLLC, as
special counsel to the Receiver ;

Guttilla Murphy Anderson, P.C.
5415 E. High Street, Suite 200
Phoenix, AZ 85054
(480) 304-8300

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3. Directing the Receiver to file a notice with the Court when the Receiver has made his election to either proceed with compensation of Special Counsel on an hourly basis or on a contingency basis.

Honorable Teresa Sanders

-2-

eSignature Page 1 of 1

Filing ID: 8758695 Case Number: CV2016-014142
Original Filing ID: 8677585

Granted with Modifications



/S/ Teresa Sanders Date: 10/17/2017
Judicial Officer of Superior Court

ENDORSEMENT PAGE

CASE NUMBER: CV2016-014142
E-FILING ID #: 8758695

SIGNATURE DATE: 10/17/2017
FILED DATE: 10/18/2017 8:00:00 AM

CARLOS M ARBOLEDA

CHRISTIAN C M BEAMS
NO ADDRESS ON RECORD

CHRISTOPHER L HERING

DENSCO INVESTMENT CORPORATION
NO ADDRESS ON RECORD

CODY J JESS

ELIZABETH S FELLA

JOSEPH T STEWART

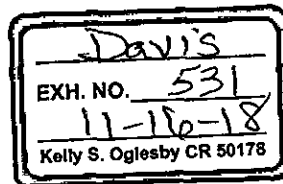
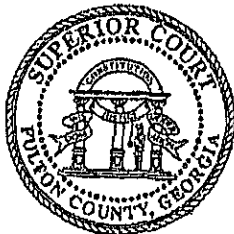
MELISSA ROBBINS COUTTS

RYAN W ANDERSON

SANFORD J GERMAINE

STEVEN D NEMECEK

WENDY LEE COY



CIVIL

SUBPOENA FOR THE PRODUCTION OF EVIDENCE

STATE OF GEORGIA
FULTON COUNTY

TO:

You are hereby required to be at the Fulton County Superior Court before

_____, Judge of Superior Court,
in court room _____ of the Fulton County Courthouse at 9 o'clock a.m./p.m.
on the 30th day of September, 20 18, and to bring
with you into said court certain documents to be used as evidence
by R. Anderson in a certain case pending in said court
between _____ and _____

Case number CV 2016 014.142

The following are hereby subpoenaed:

Rocket Science
Group LLC

HEREIN FAIL NOT, UNDER PENALTY OF LAW.

Witness, _____, Judge _____ of said court
this September day of 30 20 18

If you have questions contact Attorney for
Plaintiff/Defendant

Phone: _____

Honorable Cathelene "Tina" Robinson
Clerk of Superior Court

By: _____

Deputy Clerk

Guttilla Murphy Anderson, P.C.
5415 E. High Street, Suite 200
Phoenix, AZ 85054
(480) 304-8300

1 **GUTTILLA MURPHY ANDERSON**

2 **RYAN W. ANDERSON** (Ariz. No. 020974)

3 5415 E. High St., Suite 200

4 Phoenix, Arizona 85054

Email: randerson@gamlaw.com

Phone: (480) 304-8300

Fax: (480) 304-8301

ORIGINAL

Attorneys for the Receiver

5 **IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**

6 **IN AND FOR MARICOPA COUNTY**

8 **ARIZONA CORPORATION**
9 **COMMISSION,**

Plaintiff,

v.

11 **DENSCO INVESTMENT**
12 **CORPORATION, an Arizona**
13 **corporation,**

Defendant.

Cause No. CV2016-014142

SUBPOENA DUCES TECUM

15 **THE STATE OF ARIZONA TO:** The Rocket Science Group LLC
16 675 Ponce de Leon Ave
17 NE, Suite 5000
Atlanta, GA 30308

18 **YOU ARE COMMANDED to either:**

19 1. Mail by First Class Mail, postage prepaid, on or before, authenticated copies of
20 the documents described in the Attachment to this Subpoena to the attorney indicated below.
21

X

Guttilla Murphy Anderson, P.C.
5415 E. High Street, Suite 200
Phoenix, AZ 85054
(480) 304-4300

1 Authentication of the documents may be made by executing before a Notary Public the
2 Certification of Business Records, attached hereto. The documents should be mailed to:

3 Guttilla Murphy Anderson
4 Ryan W. Anderson
5 5415 E. High St., Suite 200
6 Phoenix, Arizona 85054

7 OR

8 2. Appear and bring with you and produce the items specified in the Attachment
9 to this Subpoena, at the time and place specified below:

10 **DATE AND TIME OF PRODUCTION:** September 30, 2018
11 9:00 AM

12 **PLACE OF PRODUCTION:** GUTTILLA MURPHY ANDERSON
13 5415 E. High Street, Suite 200
14 Phoenix, AZ 85054

15 **YOU HAVE BEEN** subpoenaed by Peter S. Davis, Court Receiver, whose attorney's
16 name, address and telephone number is as follows:

17 Ryan W. Anderson
18 Guttilla Murphy Anderson
19 5415 E. High St., Suite 200
20 Phoenix, Arizona 85054
21 (480) 304-8300

YOUR DUTIES IN RESPONDING TO THIS SUBPOENA

18 You have the duty to produce the documents requested as they are kept by you in the
19 usual course of business, or you may organize the documents and label them to correspond
20 with the categories set forth in this subpoena. See Rule 45 (d) (1) of the Arizona Rules of
21 Civil Procedure.

22 If this subpoena asks you to produce and permit inspection and copying of designated
books, papers, documents, tangible things, or the inspection of premises, you need not appear

1 to produce the items unless the subpoena states that you must appear for a deposition, hearing
or trial. See Rule 45(c)(2)(A) of the Arizona Rules of Civil Procedure.

2 YOUR RIGHT TO OBJECT

3 The party or attorney serving the subpoena has a duty to take reasonable steps to avoid
4 imposing an undue burden or expense on you. The Superior Court enforces this duty and
may impose sanctions upon the party or attorney serving the subpoena if this duty is
5 breached. See Rule 45 (c)(1) of the Arizona Rules of Civil Procedure.

6 You may object to this subpoena if you feel that you should not be required to respond
to the request(s) made. Any objection to this subpoena must be made within 14 days after it
7 is served upon you, or before the time specified for compliance, by providing a written
objection to the party or attorney serving the subpoena, See Rule 45(c)(2)(B) of the Arizona
8 Rules of Civil Procedure.

9 If you object because you claim the information requested is privileged or subject to
protection as trial preparation material, you must express the objection clearly, and support
each objection with a description of the nature of the document, communication or item not
10 produced so that the demanding party can contest the claim. See Rule 45(d)(2) of the
Arizona Rules of Civil Procedure.

11 If you object to the subpoena in writing you do not need to comply with the subpoena
12 until a court orders you to do so. It will be up to the party or attorney serving the subpoena to
seek an order from the court to compel you to provide the documents or inspection requested,
13 after providing notice to you. See Rule 45 (c)(2)(B) of the Arizona Rules of Civil Procedure.

14 If you are not a party to the litigation, or an officer of a party, the court will issue an
order to protect you from any significant expense resulting from the inspection and copying
15 commanded. See Rule 45(c)(2)(B) of the Arizona Rules of Civil Procedure.

16 You may also file a motion in the superior court of the county in which the case is
pending to quash or modify the subpoena if the subpoena:

17 (i) does not provide a reasonable time for compliance;

18 (ii) requires a non-party or officer of a party to travel to a county different from the
19 county where the person resides or does business in person; or to travel to a county different
from where the subpoena was served; or to travel to a place farther than 40 miles from the
20 place of service; or to travel to a place different from any other convenient place fixed by an
order of a court, except that a subpoena for you to appear and testify at trial can command
21 you to travel from any place within the state;

Gundia Murphy Anderson, P.C.
5415 N. 12th Ave., Suite 200
Phoenix, AZ 85018
(602) 304-1300

1 (iii) requires the disclosure of privileged or protected information and no waiver or
exception applies; or

2 (iv) subjects you to an undue burden. See Rule 45(c)(3)(A) of the Arizona Rules of
3 Civil Procedure.

4 If this subpoena:

5 (i) requires disclosure of a trade secret or other confidential research, development,
or commercial trade information; or

6 (ii) requires disclosure of an unretained expert's opinion or information not
7 describing specific events or occurrences in dispute and resulting from the expert's study
made not at the request of any party; or

8 (iii) requires a person who is not a party or an officer of a party to incur substantial
9 travel expense;

10 The court may either quash or modify the subpoena, or the court may order you to
appear or produce documents only upon specified conditions, if the party who served the
11 subpoena shows a substantial need for the testimony or material that cannot be otherwise met
without undue hardship and assures that you will be reasonably compensated. See Rule
12 45(c)(3)(B) of the Arizona Rules of Civil Procedure.

13 **RULE 2.5(c) NOTICE** (1) Requests for reasonable accommodation for persons with
disabilities must be made to the division assigned to the case by the party needing
14 accommodation or his/her counsel at least three (3) judicial days in advance of a scheduled
proceeding. (2) Requests for an interpreter for persons with limited English proficiency must
15 be made to the division assigned to the case by the party needing the interpreter and/or
translator or his/her counsel at least ten (10) judicial days in advance of a scheduled court
16 proceeding.

17 **YOU ARE HEREBY NOTIFIED THAT ANY FAILURE TO OBEY THIS**
SUBPOENA WITHOUT ADEQUATE EXCUSE MAY BE DEEMED CONTEMPT OF
18 **THIS COURT. YOUR FAILURE TO APPEAR AS DIRECTED HEREIN MAY**
RESULT IN THE ISSUANCE OF A CIVIL ARREST WARRANT DIRECTING A
19 **PEACE OFFICER TO ARREST YOU AND BRING YOU BEFORE THIS COURT.**

20 SIGNED AND SEALED THIS DATE: SEP -4 2018

21

SEP -4 2018

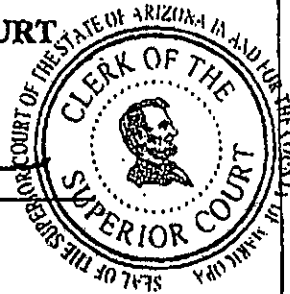
CLERK OF THE COURT

CHRIS DEROSE, CLERK

By:

Deputy Clerk

J. Cardenas



2359-003(338810)

Gustaf Murphy Anderson, P.C.
5415 E. High Street, Suite 200
Phoenix, AZ 85034
(480) 394-8301

ATTACHMENT FOR SUBPOENA TO:
The Rocket Science Group LLC

A. DEFINITIONS AND INSTRUCTIONS:

1. As used in this request, the term "you" or "your" means **The Rocket Science Group LLC** and all of its employees, successors, assigns, affiliates, and agents.

2. As used in this request, the term "document" means all data and materials in your possession, custody or control or subject to your custody or control, whether drafts or unfinished versions, originals or nonconforming copies thereof, however created, produced or stored (manually, mechanically, electronically or otherwise), and by whomever prepared, produced, sent, dated or received, including, but not limited to, books, papers, files, notes, minutes, summaries, records, analyses, correspondence, e-mails, voice-mails, transcripts, opening documents, accountings, memoranda, work papers, ledger sheets, confirmations, order tickets, floor tickets, invoices, account statements, reports, wires, telegrams, telexes, telephone logs, notes or records of conversations or meetings, contracts, agreements, calendars, date books, work sheets, invoices, bills, records of payment, magnetic tape, tape recordings, disks, diskettes, disk packs, and other electronic media, microfilm, microfiche, storage devices, appointment books, diaries, notices and message slips.

3. As used herein, the term "including" means including but not limited to.

4. As used herein, the term "relating to" means summarizing, describing, concerning, reflecting or referring to.

5. As used herein, the term "communication" means the conveyance of information between or among persons by any means.

6. Except as otherwise stated, the period of time covered by each specification herein is to the date of your response.

7. In producing the requested documents, you are to furnish all documents which are in the possession, custody, or control of you, your accountants, officers, agents, employees, representatives, investigators, consultants, or attorneys, and not merely documents in your own possession.

8. If any requested documents can not be produced in full, produce the documents to the extent possible, specify in response the reason for the inability to produce the remainder and stating whatever information, knowledge, or belief you have concerning the unproduced portion.

9. In the event that any documents requested were at one time in existence, but no longer exist, than so state, specifying for each document:

- a. The type of document;
- b. The subject matter contained therein;
- c. The date upon which the document ceased to exist;
- d. The reason the document ceased to exist;
- e. The manner in which the document ceased to exist;

- f. The identity of all persons having knowledge of the circumstances under which the document ceased to exist;
- g. The custodian of the document on the date and time it ceased to exist; and
- h. The identity of all persons having knowledge or who had knowledge of the contents of the document that ceased to exist.

10. In the event you seek to withhold any documents on the basis that they are properly entitled to some limitation of discovery, you are instructed to use the following procedure:

- a. You shall, during the period of production of documents, provide a numerical list of the documents for which the limitation of discovery is claimed; and
- b. You shall indicate for each document the following information:
 - (1) The author, writer, sender, or initiator of the document, if any;
 - (2) The date of such documents, if any, or an estimate thereof and so indicate as an estimate if no date appears on the documents;
 - (3) The general subject matter of the document so as to sufficiently identify the document; and
 - (4) The basis of your brief that the document is properly entitled to a limitation of discovery.

11. Production of documents shall be in full, without abbreviation, redaction, or expurgation.

B. DOCUMENTS TO BE PRODUCED:

1. Regarding MailChimp account with the username of YOMTOVMENAGED, associated with the email address of: smena98754@aol.com:

(a) ALL contact and marketing lists of any kind from the date the account was opened to present;

2. To the extent that data responsive to this subpoena is contained solely in an electronic form, that data must be produced in a written printout.

**GUTTILLA MURPHY
ANDERSON**

5415 E. HIGH STREET, SUITE 200
PHOENIX, ARIZONA 85054
(480) 304-8300
FAX (480) 304-8301

Our No. 2359-003

September 5, 2018

Corporation Service Company
40 Technology Parkway South, #300
Norcross, GA, 30092

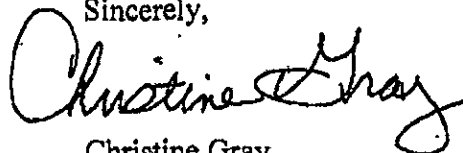
Re: *Arizona Corporation Commission v. Densco Investment Corporation,*
Cause No. CV2016-014142

Dear Sir or Madam:

This firm represents Peter S. Davis, court appointed Receiver in the above action, on whose behalf the enclosed subpoena has been issued. I understand that you will accept service for, and will see that the subpoena and other enclosures are forwarded to The Rocket Science Group LLC. I have also enclosed a separate letter to the The Rocket Science Group LLC. Please ensure that the enclosed letter is forwarded with the subpoena.

If you have questions concerning this matter, please contact me at (480) 304-8300.

Sincerely,



Christine Gray
Certified Legal Assistant

CS:cs
Enclosures
338934

**GUTTILLA MURPHY
ANDERSON**

5415 E. HIGH STREET, SUITE 200
PHOENIX, ARIZONA 85054
(480) 304-8300
FAX (480) 304-8301

Our No. 2359-003

September 5, 2018

Scott Culpepper
Legal Counsel
The Rocket Science Group LLC, dba MailChimp
675 Ponce de Leon Avenue, NE
Suite 5000
Atlanta, GA

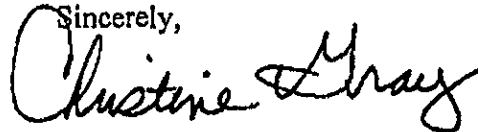
Re: *Arizona Corporation Commission v. Densco Investment Corporation*, Cause No.
CV2016-014142.

Dear Sir or Madam:

This firm represents Peter S. Davis, the court-appointed Receiver in the above action that has issued the enclosed subpoena. You need not personally appear if you will forward true and complete copies of these records to our office by mail together with an executed Certification of Records. We merely wish to obtain copies of the records, and do not intend to take testimony at this time. You may include a bill for copying costs, and reasonable costs will be promptly reimbursed.

Because you have indicated that you will produce records by mail, our Phoenix office has been designated as the place of production. Please return the enclosed Certification of Records with your production. If you have questions concerning this subpoena, please contact the undersigned or the attorney that signed the subpoena at (480) 304-8300.

Sincerely,



Christine Gray
Certified Legal Assistant

cs
Enclosures
cc: Sara Beretta
338873

**CERTIFICATION OF BUSINESS RECORDS OF
THE ROCKET SCIENCE GROUP LLC**

The undersigned makes the following declaration:

I am the custodian of records of, or another qualified person authorized to make this certification, and I hereby certify that the records attached hereto constitute the documents sought under the Subpoena Duces Tecum issued in the matter pending before the Superior Court of the State of Arizona In and For Maricopa County, Cause No. CV2016-014142, returnable on September 30, 2018 and further certify that :

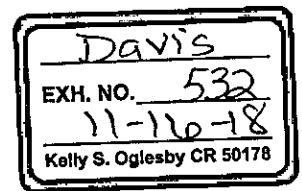
The records attached hereto are true and correct copies of original business records of The Rocket Science Group LLC that were (a) made at or near the time of the occurrence of the matters set forth by, or from information transmitted by, a person with knowledge of those matters, (b) were kept in the course of the regularly conducted activity of The Rocket Science Group LLC and (c) were made by the regularly conducted activity of The Rocket Science Group LLC as a regular practice.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this ____ day of _____, 2018

Signature

Typed or printed name of Custodian



TOLLING AGREEMENT

This Tolling Agreement ("Agreement") is made and entered into as of December __, 2017 (the "Effective Date"), by and between Peter S. Davis (the "Receiver"), as the court appointed receiver of DenSco Investment Corporation ("DenSco"), on the one hand, and Thomas and Deanna Smith, husband and wife, Four Futures Corporation, McKenna Smith Trust and Carsyn Smith Trust (hereinafter cumulatively and individually referred to as "Smith"), on the other hand. DenSco and Smith are designated herein collectively as the "Parties" and sometimes individually as a "Party".

RECITALS

A. On August 18, 2016, the Maricopa County Arizona Superior Court appointed Peter S. Davis as Receiver of DenSco Investment Corporation and Cause No. CV2016-014142.

B. Four Futures Corporation is an Arizona corporation, and McKenna Smith Trust and Carsyn Smith Trust are Arizona trusts, each of which invested funds with DenSco prior to its receivership.

C. The Receiver believes that he and the receivership estate of DenSco has claims against Tom Smith, Four Futures Corporation, McKenna Smith Trust and Carsyn Smith Trust and each of them resulting in their alleged collective Ponzi profit of \$1,336,644.30 in excess of their collective principal investments into DenSco plus pre-judgment interest on their Ponzi windfall from the date that their transfers were made (the "Causes of Action").

D. Smith denies that they received any Ponzi profits or windfalls, and denies that the Receiver and/or the DenSco receivership estate holds any Causes of Action whatsoever as against Smith.

E. The Parties have agreed to establish a Tolling Period (as defined below) in order to provide additional time within which the Receiver may complete his investigation of the above matters and bring such Causes of Action as may be appropriate, if any.

TERMS

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein, the Parties agree as follows:

1. The recitals above are incorporated herein by reference.
2. The "Tolling Period" is defined as the period from and including the Effective Date until and including December 31, 2019 (the "Termination Date"). The Termination Date may be extended by further written agreement between the Parties.
3. Any statute or period of limitations, statutes of repose, or other time-based limitations or defenses, whether at law, in equity, under statute, contract, or otherwise (including, but not limited to, the doctrine of laches or waiver), which might be asserted by Smith as a time bar or limitation to the Causes of Action, is hereby tolled from the Effective Date until the Termination Date. Nothing in this Agreement shall operate to revive or extend the time for filing any Cause of Action that is time barred or barred by any applicable statute or period of limitations, statutes of repose, or other time-related defense as of the Effective Date.

4. The Parties agree that (a) statutes of limitation, statutes of repose, or other time-based limitations or defenses are not limits a court's jurisdiction and may be tolled; and (b) if the Receiver asserts a Cause of Action or Causes of Action, Smith agrees not to assert as a defense to any such Cause of Action any statutes of limitation, statutes of repose, or other rule, defense, or principle based upon the passage of time during the Tolling Period (including, without limitation, waiver, estoppel, and laches) whether statutory, contractual, or otherwise governing the time periods for assertion of the Causes of Action, unless such defense existed prior to the effective date and/or after the Termination Date. The agreements contained in this paragraph are a material inducement to each Party entering into this Agreement.

5. If a court of competent jurisdiction nonetheless dismisses an asserted Cause of Action or holds that the court does not have jurisdiction over any Cause of Action because the Cause of Action was filed after such date upon which any applicable statute of limitations would have expired but for this Agreement, the Parties agree that (a) the Receiver shall nevertheless have a separate, distinct contractual right and claim against Smith for any Causes of Action existing as of the Effective Date of this Agreement, and prior to the Termination Date; (b) Smith will have a corresponding separate and distinct contractual obligation to the Receiver for any Causes of Action existing as of the Effective Date of this Agreement, and prior to the Termination Date; and (c) such contractual right and claim shall be in the amount and for the remedies, if any, that the Receiver would have been entitled to had it asserted such Cause of Action or Causes of Action prior to the date upon which any applicable statute of limitations would have expired but for this Agreement, subject to all other available rights, claims and defenses of Smith; provided, however, that the time period for the Receiver asserting such contractual rights and claims shall expire 60 days after a court of competent jurisdiction dismisses an asserted Cause of Action or holds that the court does not have jurisdiction over any Cause of Action because the Cause of Action was filed after such date upon which any applicable statute of limitations would have expired. The agreements contained in this paragraph are a material inducement to each Party entering into this Agreement. Nothing herein is intended to create any cause of action, contractual or otherwise, that did not exist prior to the Effective Date of this Agreement.

6. The Parties reserve all rights and defenses they may have under applicable law to prosecute or defend any Causes of Action other than the limitations on defenses described in Paragraphs 3, 4 and 5 above. Nothing herein shall affect the right of either Party to assert any right, claim, or defense against any person or entity not a Party to this Agreement.

7. This Agreement shall not operate as an admission of liability by any Party. Neither this Agreement nor any action taken pursuant to this Agreement shall be offered or received in evidence in any action or proceeding as an admission of liability or wrongdoing by any Party, and the Parties each expressly deny any such liability or wrongdoing.

8. All notices, demands, waivers, consents and requests which may be or are required to be given by any Party to the other under the terms of this Agreement shall be in writing and addressed to the intended recipient, as set forth below:

If to the Receiver: Peter S. Davis, Receiver
c/o Guttilla Murphy Anderson, PC
Attn: Ryan W. Anderson
5415 E. High St. Suite 200
Phoenix, Arizona 85054

Email: randerson@gamlaw.com
Telephone: (480) 304-8300

If to Smith: Tom and Deanna Smith, Four Futures Corporation,
McKenna Smith Trust and
Carsyn Smith Trust
c/o Tom and Deanna Smith
8403 N. 75th Street
Scottsdale, Arizona 85258

And a copy to:

David M. Reaves
Reaves Law Group
2999 N. 44th Street, Suite 515
Phoenix, Arizona 85018
Email: dreaves@reaves-law.com
Telephone: (602) 241-0101, Ext. 5

All notices required or permitted under this Agreement will be deemed effectively given: (a) upon personal delivery (or refusal of receipt) to the party to be notified; (b) when sent by confirmed facsimile or e-mail if sent between 8:00 a.m. and 5:00 p.m. (Phoenix time), if not, then on the next business day; (c) three (3) days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or, (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. Either Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

9. This Agreement comprises the entire agreement of the Parties with respect to the tolling of any statute of limitations and the doctrine of laches. This Agreement may be modified, amended, or supplemented only by a written instrument signed by all of the Parties.

10. The persons signing this Agreement represent that by signing for the respective Parties they represent they have the authority to bind such Party, and each recognize that the other Party is relying on such representation.

11. This Agreement is made and entered into in the State of Arizona and shall in all respects be interpreted, conformed or governed by the laws of the State of Arizona. If any action is ever taken to enforce or interpret this Agreement, the sole venue and jurisdiction of any such proceeding shall be the Arizona Superior Court for Maricopa County, specifically cause No. CV2016-014142.

12. This Agreement shall be binding on and inure to the benefit of the parties hereto, and their respective successors, assigns, and legal representatives.

13. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

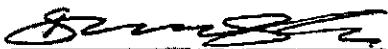
IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first above written.

Four Futures Corporation



By: Thomas P. Smith, president

McKenna Smith Trust



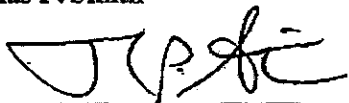
By: Deanna Smith, trustee

Carsyn Smith Trust



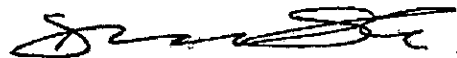
By: Deanna Smith, trustee

Thomas P. Smith



Thomas P. Smith, individually

Deanna Smith



Deanna Smith, individually

Receiver:



Peter S. Davis, Receiver of DenScq Investment Corporation

MICHAEL H. JEANES, CLERK
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M. COTTON, FILED
16 SEP 28 PM 4:22

Davis	
EXH. NO.	533
11-16-18	
Kelly S. Oglesby CR 50178	

Guttilla Murphy Anderson
Ryan W. Anderson (Ariz. No. 020974)
Alisan M. B. Patten (Ariz. No. 009795)
5415 E. High St., Suite 200
Phoenix, Arizona 85054
Email: randerson@gamlaw.com
Email: apatten@gamlaw.com
Phone: (480) 304-8300
Fax: (480) 304-8301
Attorneys for Receiver

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF ARIZONA

In Re:
Yomtov Scott Menaged,

Debtor.

CV 2016-014142
Case No. 2:16-bk-04268-PS
Chapter 7

**RECEIVER'S NOTICE OF SECOND
AMENDED BANKRUPTCY RULE 2004
EXAMINATION AND PRODUCTION
OF DOCUMENTS OF YOMTOV SCOTT
MENAGED**

PLEASE TAKE NOTICE that, Peter S. Davis, the court-appointed Receiver in *Arizona Corporation Commission v. DenSco Investment Corporation*, CV2016-014142, filed in the Maricopa County Superior Court for the State of Arizona ("Receiver"), has re-scheduled a Bankruptcy Rule 2004 examination of Yomtov Scott Menaged for Thursday, October 20, 2016 at 10:00 a.m. at the offices of Guttilla Murphy Anderson, attorneys for Trustee, at 5415 E. High St., Ste. 200, Phoenix, Arizona 85054. The examination shall be under oath and recorded electronically. Yomtov Scott Menaged shall also produce the documents set forth on Exhibit "A"

Guttilla Murphy Anderson, P.C.
5415 E. High Street, Suite 200
Phoenix, AZ 85054
(480) 304-8301

Guttilla Murphy Anderson, P.C.
5415 E. 11th Street, Suite 240
Phoenix, AZ 85054
(480) 304-8300

1 at least ten (10) business days prior to the examination. Pursuant to an order of the Court, dated
2 August 24, 2016, compliance is mandatory.

3 Dated this 20th day of September, 2016.

4 GUTTILLA MURPHY ANDERSON

5 /s/ Ryan W. Anderson

6 Ryan W. Anderson

7 Alisan M. B. Patten

8 Attorneys for the Receiver

9 Copy of the foregoing mailed
10 on September 20, 2016, to:

11 Honorable Lori Bustamante
12 Central Court Building
13 201 West Jefferson
14 Phoenix, Arizona 85003

15 Wendy L. Coy
16 Arizona Corporation Commission
17 1300 West Washington
18 Phoenix, AZ 85007-2929
19 Attorney for Plaintiff

20 James F. Polese
21 Christopher L. Hering
22 Gammage & Burnham, P.L.C.
23 Two North Central Avenue
24 15th Floor
Phoenix, AZ 85004
Attorneys for Estate of Denny Chittick, Deceased
And DenSco Investment Corporation

Peter S. Davis, Receiver
3200 North Central Avenue
Suite 2460
Phoenix, Arizona 85012

Steven J. Brown
Steven D. Nemecek
Steve Brown & Associates, LLC
1414 East Indian School Road, Suite 200
Phoenix, AZ 85014
Attorneys for Chapter 7 Trustee, Jill H. Ford

Gutilla Murphy Anderson, P.C.
3415 E. High Street, Suite 200
Phoenix, AZ 85034
(602) 312-8700

- 1 Lakshmi Jagannath
Kristin McDonald
- 2 McCarthy & Holthus LLP
1770 Fourth Avenue
- 3 San Diego, CA 92101-2607
Attorneys for Deutsche Bank National Trust
- 4 Company, as Trustee for Argent Securities Inc.,
Asset-Backed Pass-Through Certificates, Series
- 5 2004-W-1, its assignees and/or successors, by and
through its servicing agent Ocwen Loan Servicing, LLC
- 6 Ocwen Loan Servicing, LLC
- 7 Attention: Bankruptcy
P.O. Box 24605
- 8 West Palm Beach, FL 33416-4605
- 9 McCarthy & Holthus LLP
1770 Fourth Avenue
- 10 San Diego, CA 92101-2607
- 11 Timothy H. Barnes
Timothy H. Barnes, P.C.
- 12 428 East Thunderbird Road, #150
Phoenix, AZ 85022
- 13 Attorneys for Redi Carpet, LLC
- 14 Jennifer A. Giaimo
U.S. TRUSTEE
- 15 Office of the U.S. Trustee
230 N. First Avenue, Suite 204
- 16 Phoenix, AZ 85003-1706
- 17 James E. Shively
Ball, Santin & McLeran, PLC
- 18 2999 N. 44th Street, Suite 500
Phoenix, Arizona 85018
- 19 Attorney for BMW Financial Services, NA, LLC
- 20 Dale C. Schian
Cody J. Jess
- 21 Schian Walker, PLC
1850 North Central Avenue, #900
- 22 Phoenix, AZ 85004-4531
Attorneys for Debtor
- 23
- 24

- 1 Cynthia L. Johnson
Law Office of Cynthia L. Johnson
- 2 11640 East Caron Street
Scottsdale, AZ 85259
- 3 Attorney for Secured Creditor
Sell Wholesale Funding, LLC
- 4
- 5 David N. Ingrassia
David N. Ingrassia, P.C.
3961 E. Chandler Blvd., Suite 111-119
- 6 Phoenix, AZ 85048
Attorney for Direct Capital Corporation
- 7
- 8 American Express Bank, FSB
c/o Becket & Lee LLP
P.O. Box 3001
- 9 Malvern, PA 19355-0701
- 10 ALDRIDGE PITE, LLP
4375 Jutland Drive, Suite 200
- 11 P.O. Box 17933
San Diego, CA 92177-0933
- 12 Attorneys for U.S. Bank National Association
- 13 James B. Ball
Ball, Santin & McLeran, PLC
- 14 2999 N. 44th Street, Suite 500
Phoenix, Arizona 85018
- 15 Attorney for Daimler Trust
- 16 David Knapper
Law Offices of David L. Knapper
- 17 1599 East Oranewood, Suite 125
Phoenix, Arizona 85020
- 18 Attorneys for AZBEN Limited, L.L.C.
aka Azben Limited, LLC
- 19
- 20 Kevin J. Blakley
Gammage & Burnham, P.L.C.
Two North Central Avenue, 15th Floor
- 21 Phoenix, AZ 85004
Attorneys for Shawna C. Heuer, personal
- 22 representative of the Estate of Denny J. Chittick
- 23
- 24

Gutilla Murphy Anderson, P.C.
3415 E. High Street, Suite 200
Phoenix, AZ 85054
(480) 304-8300

1 Daimler Trust
2 c/o BK Servicing, LLC
3 P.O. Box 131265
4 Roseville, MN 55113-0011

5
6
7
8
9
10
11 /s/ Joanellen Campanaro
12 2359-005(259504)
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24

EXHIBIT "A"

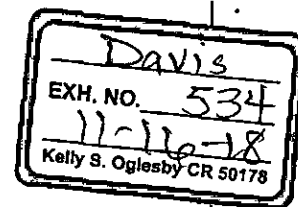
DOCUMENTS TO BE PRODUCED:

1. Copies of the Debtor's individual federal tax returns for the 2014 and 2015 tax years, with all schedules;
2. Copies of account statements for a period of two-years preceding the Petition Date for any and all deposit accounts held by Debtor or his spouse;
3. Copies of operating agreements, and federal tax returns for the 2014 and 2015 tax years with all schedules, for any and all entities in which Debtor held an ownership interest, including, but not limited to:
 - A. American Furniture, LLC;
 - B. Arizona Home Foreclosures, LLC;
 - C. Auto King, LLC;
 - D. Beneficial Finance, LLC;
 - E. Divine Design Home Interiors, LLC;
 - F. Easy Investments, LLC;
 - G. Furniture & Electronic King, LLC;
 - H. Furniture Kind, LLC; and
 - I. Scott's Fine Furniture, LLC
4. Copies of any and all financial statements, including balance sheets, profit and loss statements, and income statements, for the three-years preceding the Petition Date for any and all entities in which Debtor held an ownership interest including, but not limited to, the entities listed in request number 3, *supra*;
5. Complete list of all property, assets, or other interests held by any and all entities in which Debtor, or Debtor and his spouse, held an ownership interest as of the Petition Date including, but not limited to, the entities listed in request number 3, *supra*, with estimated values of each item;
6. A detailed accounting of any and all loans, or other monies, received by Debtor, or Debtor and his spouse, or any entities in which Debtor held an ownership interest including, but not limited to, the entities listed in request number 3, *supra*, during the five years immediately preceding the Petition Date from DenSco Investment Corporation ("DenSco") or Denny J. Chittick;
7. A copy of all written correspondence of any kind, including emails and texts, from Debtor to Denny J. Chittick discussing, or related in any way to, DenSco or the transfer of funds from DenSco to Debtor, or to Debtor and his spouse within the last 5 years immediately preceding the Petition Date;
8. A copy of all written correspondence of any kind, including emails and texts from Denny Chittick to Debtor discussing, or related in any way to, DenSco, Inc. or the transfer of funds

1 from DenSco to Debtor, or to Debtor and his spouse within the last 5 years immediately
2 preceding the Petition Date;

3 9. A copy of all written agreements between DenSco and Debtor, or any entities in which
4 Debtor held an ownership interest including, but not limited to, the entities listed in request
5 number 3, *supra*;

6 10. A copy of all written agreements between Denny J. Chittick and Debtor, or Debtor and his
7 spouse, or any entities in which Debtor held an ownership interest including, but not limited
8 to, the entities listed in request number 3, *supra*.
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8 Attorneys for the Receiver

9 IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

10 IN AND FOR MARICOPA COUNTY

11 ARIZONA CORPORATION)

12 COMMISSION,)

13 Plaintiff,)

14 v.)

15 DENSCO INVESTMENT)

16 CORPORATION, an Arizona)

17 corporation,)

18 Defendant.)

Cause No. CV2016-014142

PETITION NO. 50

PETITION FOR ORDER APPROVING
RECEIVER'S STATUS REPORT

(Assigned to Judge Teresa Sanders)

19 Peter S. Davis, as the court appointed Receiver, respectfully petitions the Court as
20 follows:

21 1. On August 18, 2016, this Court entered its *Order Appointing Receiver*, which
appointed Peter S. Davis as Receiver of DenSco Investment Corporation ("Receivership
Order").

2. The Receiver has prepared and filed herewith the Receiver's Status Report
dated December 22, 2017 which is attached hereto as Exhibit "A".

1 WHEREFORE, the Receiver respectfully requests that the Court enter an order
2 approving the Receiver's Status Report attached hereto as Exhibit "A".

3 Respectfully submitted this 26th day of December, 2017.

4 GUTTILLA MURPHY ANDERSON, P.C.

5 /s/Ryan W. Anderson

6 Ryan W. Anderson

7 Attorneys for the Receiver

8 2359-001 (308861)



Arizona Corporation Commission
v.
DenSco Investment Corporation
(Case No. CV 2016-014142)

Status Report
of
Peter S. Davis, as Receiver of DenSco Investment Corporation

December 22, 2017

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Exhibit 1Receivership Bank Account Activity

1. Background and Appointment of the Receiver

DenSco Investment Corporation (“DenSco”) is an Arizona corporation formed by Denny Chittick (“Chittick”) in April 2001.¹ Since at least 2009, DenSco was engaged primarily in funding the purchase of real estate secured by deeds of trust using money raised from investors.² DenSco issued Confidential Private Offering Memoranda (“POM”) to investors before or at the time of their investments.³ DenSco represented to investors that DenSco would maintain a maximum loan-to-value ratio (“LTV”) of 70%, and that all loans would be secured by first position deeds of trust.⁴

On August 18, 2016, Peter Davis (“Receiver”) was appointed Receiver for the assets of DenSco by the Honorable Lori Horn Bustamante of the Maricopa County Superior Court. The Receiver issued his Preliminary Report to the Court on September 19, 2016. The Receiver also issued a Status Report to the Court on December 23, 2016. The Receiver hereby incorporates all of the background information, opinions, conclusions, and other information contained in the previously issued reports in this report. Unless otherwise defined herein, capitalized terms shall retain the meanings set forth in the Receiver’s aforementioned reports. The Receiver’s analyses are ongoing; therefore, information contained herein is preliminary, tentative, and subject to change.

2. Receivership Activities

2.1. Administration of the DenSco Loan Portfolio

The Receiver has segregated the DenSco loan portfolio into two categories, including (1) loans to Menaged and his entities, Easy and AHF; and (2) loans to all other borrowers. Hereinafter, loans to Easy and AHF are referred to interchangeably as Menaged loans. The status of the non-Menaged loans and the Menaged loans is discussed in detail below.

2.1.1. Non-Menaged Loans

At the inception of the receivership, there were forty-seven (47) outstanding non-Menaged loans with a total principal balance of \$5,515,434.39. As of the date of this report, thirty-six (36) of those loans totaling \$4,659,958.83 have been paid off, and eleven (11) loans totaling \$855,475.56 remain outstanding. As of the date of this report, the Receiver has recovered a total of \$5,092,229.31 in principal, interest, and fees from the non-Menaged loan portfolio.

The Receiver continues to monitor and service the remaining eleven (11) non-Menaged loans in DenSco’s loan portfolio by collecting monthly interest payments, following up with borrowers who fail to make timely interest payments, providing borrowers with payoff statements, and conducting other loan administration activities as needed.

¹ Arizona Corporation Commission report for file no. 09874884.

² CV 2016-014142; Verified Complaint; page 2, paragraph 6.

³ CV 2016-014142; Verified Complaint; page 2, paragraph 7.

⁴ CV 2016-014142; Verified Complaint; page 2, paragraphs 8-10.

2.1.2. Menaged Loans

As discussed in the Receiver's prior reports, only five (5) of the Menaged loans totaling \$1,276,179.82 were secured by real property, as the remaining loans were made on properties that neither Menaged nor his entities actually purchased. The status of these five (5) Menaged loans is discussed in detail below.

2.1.2.1 Loan 3736 – 9103 East Charter Oak Drive

On October 12, 2012, DenSco loaned Menaged's mother, Michelle Menaged, \$400,000 evidenced by a promissory note secured by a deed of trust on the Charter Oak Property.⁵ However, the property is also subject to a senior position lien in the principal amount of \$476,000 due to US Bank, NA.⁶

The Receiver began foreclosure proceedings on the Charter Oak Property in December 2016. On March 16, 2017, Michelle Menaged filed a *Complaint and Application for Temporary Restraining Order and for Preliminary Injunction* alleging that she did not execute the deed of trust on the Charter Oak Property and did not receive the loan proceeds from DenSco. According to the complaint, Michelle Menaged retained a forensic document examiner who opined that the signature on the DenSco deed of trust was not genuine. On May 1, 2017, Michelle Menaged's case was consolidated with the DenSco Receivership case under Case No. CV 2016-014142. The Receiver continues to postpone the Trustee's sale while the investigating the viability and collectability of this loan.

2.1.2.2 Loan 3828 – 1605 West Winter Drive

On November 13, 2012, DenSco loaned Menaged \$300,000 evidenced by a promissory note secured by a deed of trust on the Winter Property.⁷ On February 6, 2014, DenSco loaned Menaged an additional \$177,352.68 secured by the Winter Property,⁸ for a total of \$477,352.68. However, the property is also subject to a senior position lien in the principal amount of \$250,000 due to PAJ.⁹ The Receiver began foreclosure proceedings in November 2016 and took possession of the Winter Property at the Trustee's sale on February 21, 2017.¹⁰

The Receiver listed the Winter Property for sale at \$425,000 and subsequently rejected offers to purchase the property for \$350,000 and \$380,000. In March 2017, the Receiver received an offer to purchase the Winter Property for \$390,000. The Receiver accepted this offer conditioned on PAJ's willingness to accept \$300,000 in full satisfaction of its senior debt. PAJ refused to reduce its payoff demand to \$300,000 but agreed to accept \$310,000 subject to certain

⁵ Deed of Trust and Assignment of Rents (Maricopa County recorded document no. 20120935712).

⁶ Deed of Trust (Maricopa County recorded document no. 20040204287) and Corporate Assignment of Deed of Trust (Maricopa County recorded document no. 20160263965).

⁷ Deed of Trust and Assignment of Rents (Maricopa County recorded document no. 20121029407).

⁸ Deed of Trust and Assignment of Rents (Maricopa County recorded document no. 20140081791).

⁹ Deed of Trust (Maricopa County recorded document no. 20090354620) and Assignment of Deed of Trust and Assignment of Rents (Maricopa County recorded document no. 20160313920).

¹⁰ Trustee's Deed (Maricopa County recorded document no. 20170136163).

conditions. Since PAJ was unwilling to accept the lower payoff, the brokers for the buyer and for the Receiver each agreed to reduce their commissions from 3% each to 2%, and the Buyer agreed to increase the purchase price to \$392,200.

Accordingly, on April 21, 2017, the Receiver filed a petition to confirm the sale of the Winter Property to Joyce and Pamela Fitzgerald for \$392,200 (see Petition No. 24). The Court signed an order confirming the sale on May 12, 2017. Accordingly, the Receiver received net sale proceeds of \$34,986.02 on May 16, 2017.

The Receiver has disbursed a total of \$1,401.35 in insurance expenses for the benefit of the Winter Property.

2.1.2.3 Loan 3883 – 9555 East Raintree Drive, Unit 1004

On December 13, 2012, DenSco loaned Easy \$120,000 evidenced by a promissory note secured by a deed of trust on the Raintree Unit 1004 property.¹¹ On February 5, 2014, DenSco loaned Menaged an additional \$32,000 secured by Raintree Unit 1004,¹² for a total of \$152,000. However, the property is also subject to a senior position lien in the principal amount of \$250,000 due to Argent.¹³

The Receiver began foreclosure proceedings in October 2016 and took possession of Raintree Unit 1004 at the Trustee's sale on March 9, 2017.¹⁴ On October 11, 2017, the Receiver filed a petition to confirm the sale of the property to GA3BD Design, LLC ("GA3BD") for \$172,500 (see Petition No. 39). On October 23, 2017, the Receiver received a competing offer from DenSco investor Coralee Thompson ("Thompson"), who offered to purchase the property for \$180,000. The Court held a hearing on November 6, 2017, during which GA3BD and Thompson submitted additional bids, and the property was ultimately sold to Thompson for \$188,000.

The sale of Raintree Unit 1004 was delayed for several weeks due to the senior lienholder's failure to timely provide a payoff statement. However, the sale finally closed escrow on December 15, 2017, at which time the Receiver received net sale proceeds of \$43,122.09.

The Receiver has disbursed a total of \$3,330 for the benefit of the Raintree Unit 1004 property, including (1) \$2,645 in homeowner's association dues; and (2) \$685 for insurance. The Receiver has canceled the property insurance and anticipates a premium refund of approximately \$338.

¹¹ Deed of Trust and Assignment of Rents (Maricopa County recorded document no. 20121137660).

¹² Deed of Trust and Assignment of Rents (Maricopa County recorded document no. 20140078275).

¹³ Deed of Trust (Maricopa County recorded document no. 20031616790).

¹⁴ Trustee's Deed (Maricopa County recorded document no. 20170174512).

2.1.2.4 Loan 3885 – 9555 East Raintree Drive, Unit 1020

On December 12, 2012, DenSco loaned Menaged's brother, Jess Menaged, \$100,000 evidenced by a promissory note secured by a deed of trust on the Raintree Unit 1020 property.¹⁵ On February 5, 2014, DenSco loaned Easy¹⁶ an additional \$52,000 secured by Raintree Unit 1020,¹⁷ for a total of \$152,000. However, the property is also subject to a senior position lien in the original principal amount of \$180,000 due to Nationstar Mortgage, LLC,¹⁸ as well as a lien filed by the homeowners association totaling approximately \$7,435 and unpaid property taxes of \$437.69.¹⁹

The Receiver obtained a broker's opinion of value, which indicated that Raintree Unit 1020 had a value of approximately \$200,000. After considering the costs to the Receiver to foreclose on DenSco's Deed of Trust and market and sell the Property (estimated to be \$21,800), the Receiver concluded that there was no remaining value to the Receivership Estate in the property. Accordingly, on February 14, 2017, the Receiver filed with the Court a notice of the Receiver's intent to abandon DenSco's interests in the Raintree Unit 1020 property. No objections were received, and the Receiver filed a notice of abandonment on April 20, 2017.²⁰ The Receiver continues to investigate the viability and collectability of claims on this loan.

2.1.2.5 Loan 4604 – 707 East Potter Drive

On September 25, 2013, DenSco loaned AHF \$170,000 evidenced by a promissory note secured by a deed of trust on Potter Property.²¹ On November 10, 2016, the Receiver filed a motion with the Bankruptcy Court seeking to lift the automatic bankruptcy stay to permit the Receiver to foreclose the lien of its deed of trust on the Potter property. The Bankruptcy Court entered an order lifting the automatic bankruptcy stay on November 30, 2016. The Receiver began foreclosure proceedings in November 2016, and took possession of the Potter Property at the Trustee's sale on April 4, 2017.²²

In April 2017, the Receiver received an offer to purchase the Potter Property for \$273,000 (see Petition No. 23). The Court approved the sale, but the buyer was unable to obtain FHA financing, so the property was relisted for sale. On June 5, 2017, the Receiver filed a petition to confirm the sale of the Potter Property to Aaron Valencia for \$270,000 (see Petition No. 28). The Court signed an order confirming the sale on August 8, 2017. Accordingly, the Receiver received net sale proceeds of \$245,223.63 on September 6, 2017.

¹⁵ Deed of Trust and Assignment of Rents (Maricopa County recorded document no. 20121137668).

¹⁶ It is unclear why the first loan was made to Jess Menaged and the second loan was made to Easy Investments, LLC.

¹⁷ Deed of Trust and Assignment of Rents (Maricopa County recorded document no. 20140076570).

¹⁸ Deed of Trust (Maricopa County recorded document no. 20070103932), Corporate Assignment of Deed of Trust (Maricopa County recorded document no. 20120786945), and Corporate Assignment of Deed of Trust (Maricopa County recorded document no. 20150615324).

¹⁹ Notice of Receiver's Intent to Abandon Interest of DenSco Investment Corporation in the Real Property Located at 9555 E. Raintree Dr. #1020, Scottsdale, Arizona; page 2.

²⁰ Notice of Abandonment (Maricopa County recorded document no. 20170282659).

²¹ Deed of Trust and Assignment of Rents (Maricopa County recorded document no. 20150437867).

²² Trustee's Deed (Maricopa County recorded document no. 20170241707).

On August 21, 2017, Quality Loan Service Corporation (“Quality”) filed a *Motion for Relief from Receivership Injunction* asserting that although AHF was the high bidder at the trustee’s sale, AHF and Menaged did not pay the amount bid (\$223,000) to Quality. Quality further claimed that because AHF did not pay for the property, Quality’s trustee’s sale is voidable, AHF never had a valid interest in the Potter Property, and therefore AHF’s interest in the property could not be transferred to DenSco.

The Receiver responded to Quality’s motion on September 20, 2017, disputing Quality’s claimed interest in the Potter Property or resulting sale proceeds. On October 11, 2017, the Court issued a minute entry directing (1) Quality to file a petition seeking the relief to which it alleges it is entitled to with respect to the Potter Property sale proceeds, (2) the Receiver to retain the sale proceeds until further order of the Court, and (3) denying any other relief requested in Quality’s motion. Accordingly, the Receiver continues to hold the Potter Property sale proceeds of \$245,223.63. As of the date of this report, Quality has not filed a petition seeking relief as directed by the Court. Accordingly, these funds are restricted pending the resolution of Quality’s allegations.

The Receiver has disbursed a total of \$10,088.14 for the benefit of the Potter Property, including (1) \$8,902.84 in past due and current property taxes; (2) \$759.07 for insurance; (3) \$366.23 in homeowner’s association dues; and (4) \$60 in maintenance expenses.

2.2. Creditor Claims Process

On February 17, 2017, the Receiver filed a *Petition for Order Establishing Claims Procedures* (see Petition No. 19) seeking the Court’s approval of the Receiver’s proposed procedures for the solicitation and adjudication of claims against DenSco and the receivership assets. The Court signed the corresponding order (“Claims Order”) on March 29, 2017 approving the claims procedures and setting a claims bar date of June 20, 2017.

On April 18, 2017, pursuant to the Claims Order, the Receiver mailed to all potential DenSco claimants a copy of the Claims Order, a proof of claim form, and a notice describing the DenSco claims process and the claims bar date. The Receiver also coordinated the publication of a notice of the DenSco claims process and claims bar date in the USA Today and the Arizona Business Gazette. The Receiver received one hundred nineteen (119) claims, including claims from all one hundred thirteen DenSco (113) investors.

On August 1, 2017, the Receiver prepared and filed with the Court the Receiver’s Claims Report and Recommendations. On September 28, 2017, the Receiver filed a *Petition for Approval of Receiver’s Final Recommendations Approving Claims in DenSco Receivership* (see Petition No. 37). The Court signed the corresponding order on October 27, 2017 approving one hundred thirteen (113) creditor claims totaling \$31,446,001.79.

On November 8, 2017, the Receiver filed a *Petition to Approve First Interim Distribution to Creditors* (see Petition No. 41) seeking the Court’s approval of an interim distribution of \$4,500,000.03 to approved DenSco creditors, which represents approximately 14.31% of the total approved claims. Shortly thereafter, counsel for the Chittick Family Trust filed its *Objection to Petition No. 41*, specifically objecting to any distributions to DenSco investors,

Brinkman Family Trust ("Brinkman") and Nihad Hafiz ("Hafiz"), who asserted creditor claims in both the DenSco Receivership proceeding and the Probate administration of the Chittick Estate. Although all other DenSco investors who asserted claims against the Chittick Estate either abandoned their claims or assigned them to the Receiver, Brinkman and Hafiz have apparently decided to advance their claims in both the Receivership and Probate proceedings.

On November 29, 2017, the Receiver filed a *Reply to Objection to Petition No. 41*, requesting that the Court approve the payment of a first interim distribution to the DenSco creditors but directing the Receiver to hold any funds due to Brinkman or Nafiz until they have exhausted their efforts to recover funds from third parties related to their investments in DenSco.

On December 13, 2017, the Court signed the *Amended Order Re: Petition No. 41* approving the disbursement of distributions to all Claimants except Brinkman and Hafiz. While the Court approved distributions totaling \$76,480.31 to Brinkman and Hafiz, it ordered that these funds shall not be paid to Brinkman and Hafiz until further order of the Court. The Receiver prepared and mailed first interim distribution checks totaling \$4,423,519.72 to the DenSco claimants on December 19, 2017.

2.3. Claims against Yomtov Scott Menaged

2.3.1. Furniture King Receivership

On September 19, 2016, the Court entered an Order placing Furniture King, et al. into receivership. The Receiver's actions with regard to the Furniture King assets are described in detail in the Receiver's *Petition for Approval of Procedures for the Sale of Furniture King Assets*, (see Petition No. 12) which was filed with the Court on December 21, 2016.

The Receiver collected a total of \$273,663.42 and disbursed a total of \$212,026.03 during the course of the Furniture King receivership, resulting in net proceeds of \$61,637.39. However, pursuant to the Settlement Agreement between the Receiver and the Trustee for Menaged's bankruptcy estate, the Receiver is required to distribute 10% of the net recoveries from Furniture King's assets to the Trustee for the benefit of Menaged's creditors. Accordingly, these funds are restricted pending the distribution of funds to the Trustee and the termination of the Furniture King receivership.

The results of the Furniture King receivership will be set forth in the Receiver's final report regarding the same, which is currently in process and will be filed with the Court in the near future.

2.3.2. Menaged Bankruptcy and Settlement

On January 31, 2017, the Receiver filed a *Verified Complaint to Determine Dischargeability of Debt* ("Verified Complaint") in Menaged's bankruptcy case, seeking a judicial determination that the amount of \$7,156,641.92 constitutes a nondischargeable obligation of the Menageds under 11.U.S.C. §523(1), and judgment in favor of the Receiver against the Menageds' marital community for at least \$47,156,641.92.

On February 17, 2017, the Receiver granted Menaged an open extension to answer or otherwise respond to the Receiver's Verified Complaint while the Receiver completed an analysis of the sources and uses of cash flowing through Menaged's personal and business bank accounts. Based on the Receiver's extensive analysis of Menaged's bank records, DenSco's bank records, and DenSco's QuickBooks data, the Receiver determined that Menaged paid DenSco approximately \$15,328,635 in interest over the course of his borrowing relationships with DenSco. The Receiver subtracted the total interest paid by Menaged to DenSco (\$15,328,635) from Menaged's loan balance (\$46,288,983) and determined that DenSco's net loss from Menaged's fraudulent activities is approximately \$30,960,348.

The Receiver negotiated a Settlement Agreement in which the Menageds consented to the entry of a nondischargeable civil judgment in favor of the Receiver in the amount of \$31,000,000 and an agreement that Menaged will cooperate with the Receiver's ongoing investigation into activities relating to DenSco. On August 8, 2017, the Receiver filed a *Petition for Order Approving Settlement Agreement with Yomtov Scott Menaged and Francine Menaged* (see Petition No. 32). The Receivership Court signed the Order approving the Menaged Settlement Agreement on August 11, 2017.

Accordingly, on September 5, 2017, the Bankruptcy Court awarded the Receiver a non-dischargeable judgment in the amount of \$31,000,000 plus post-judgment interest. The Receiver recorded the judgment with the Maricopa County Recorder on October 3, 2017.²³

2.3.3. Menaged Indictment and Plea Agreement

On approximately May 24, 2017, Menaged was indicted and arrested for his role in an alleged effort to defraud Wells Fargo Bank and Synchrony Financial through the issuance and use of fraudulent credit cards. The indictment charged Menaged with conspiracy, wire fraud, and aggravated identity theft. On October 17, 2017, the government filed an information statement to incorporate Menaged's crimes against DenSco and adding money laundering the list of charges against Menaged.

On October 17, 2017, Menaged entered into a plea agreement in the criminal matter and plead guilty to Conspiracy to Commit Bank Fraud [18 U.S.C §371]; Aggravated Identity Theft [18 U.S.C §1028(A)]; and Money Laundering Conspiracy [18 U.S.C §1956(h)]. Under the terms of the plea agreement Menaged agreed to the following:

- The losses from the Money Laundering Conspiracy total \$34,000,000;
- Menaged will be sentenced to a term of imprisonment of no less than 10 years and no more than 17 years;
- Menaged will permanently waive his bankruptcy discharge;
- Menaged has agreed to restitution of \$1,145,392.81 to Wells Fargo Bank, \$967,013.13 to Synchrony Bank, and \$34,000,000 to "all victims;" and
- Menaged must provide a full accounting of his assets.

²³ Judgment (Maricopa County recorded document no. 20170731669)

At the request of United States Attorney representatives, the Receiver provided the information statement and plea agreement to DenSco investors via email on October 24, 2017. The Receiver also notified investors that the United States District Court intends to hold a hearing to address the Plea Agreement and to determine the length of Menaged's prison sentence. Investors were asked to notify the Receiver if they would like to provide a victim impact statement to the United States Attorney describing the impact of the Menaged/DenSco fraud on them. The Receiver received notice from eleven (11) investors, whose contact information was subsequently provided to the United States Attorney.

On December 5, 2017, the US Attorney requested that the Receiver coordinate directly with investors to obtain victim impact statements. Accordingly, on December 7, 2017, the Receiver notified investors via email of the opportunity to provide written victim impact statements to the Court, to speak at Menaged's sentencing hearing, and to attend the sentencing hearing. The Receiver received and provided to the US Attorney victim impact statements from twenty-two (22) DenSco investors. The Receiver also provided the US Attorney with the names of two (2) investors who volunteered to speak at the hearing.

At the criminal sentencing hearing on December 19, 2017, the Court sentenced Menaged to be incarcerated for 17 years in federal prison.

2.4. Claims against the Chittick Estate

The Receiver's claims against the Chittick Estate are set forth in **Section 2.3** of the Receiver's December 23, 2016 Status Report. The Receiver's claims with regard to Chittick's 401(k) Plan ("401K Plan") and Chittick's Defined Benefit Plan ("DB Plan") are discussed in detail in **Section 4.1** of the Receiver's Preliminary Report and in the Receiver's Notice of Claim. In addition, the Receiver determined that Chittick paid significant federal and state income taxes on fictional income of DenSco, which the Receiver believes can be recovered for the benefit of DenSco creditors.

On November 17, 2017, the Receiver filed a *Petition to Approve Settlement Agreement between Receiver, Shawna Chittick Heuer, Individually and as Personal Representative of Estate of Denny J. Chittick, Paul Theut as Guardian Ad Litem for Ty and Dillon Chittick, and Ranasha Chittick* (see Petition No. 43) seeking the Court's approval of the settlement agreement resolving the Receiver's claims against the Chittick Estate. The Receiver estimates a net recovery of approximately \$2,500,000 under the settlement agreement. The fundamental provisions of the Receiver's settlement with the Chittick Estate, et al. are set forth as follows:

- DenSco will pay \$675,000 to the Chittick Estate in exchange for a resolution of all issues relating to the DB Plan, 401k Plan, and tax refunds.
- With respect to the DB Plan, 100% of the DB Plan assets are deemed to be the property of DenSco. The parties to the settlement agreement will not contest the Receiver's treatment of the DB Plan as a non-qualified deferred compensation plan. The DB Plan held total assets of \$1,839,111.02 as of September 29, 2017.
- With respect to the 401k Plan, 100% of the proceeds will remain property of the Chittick Children.

- With respect to the tax refunds, the Chittick Estate has agreed to cede complete control and all rights to all potential tax refunds that the Receiver may recover from the United States Treasury and the State of Arizona to DenSco.
- With respect to the recovery of the tax refunds, the Personal Representative and the Receiver will work together to prepare and file the necessary paperwork to seek to recover the tax refunds, but the Receiver will be responsible for all professional fees in an effort to recover the tax refunds.
- If there are penalties or other fees from the pursuit or recovery of the tax refunds and the treatment of the DB Plan, those fees will be paid and borne by DenSco.
- The Chittick Estate has agreed to grant the Receiver a \$5,000,000 allowed claim in the Probate Proceeding. DenSco's claim will not be payable from the consideration under the Settlement Agreement, but the Chittick Estate agreed to apply 70% of any other assets recovered by the Chittick Estate towards payment of DenSco's claim.
- The Receiver shall pay \$2,300 to Pension Strategies, the administrator of the DB Plan.
- The Settlement Agreement is contingent upon approval by the Probate Court and the Receivership Court.
- The Settlement Agreement contains comprehensive mutual releases between and among the Parties and specifically compromises the claims of the thirty-eight (38) DenSco investors who had filed creditor claims in Probate proceeding and assigned their claims to the Receiver.

The Receiver's petition to approve the settlement with the Chittick Estate was heard by the Court on December 14, 2017. On the same date, the Court signed the *Order Re: Petition No. 43* approving the Receiver's Settlement Agreement with the Chittick Estate, et al.

While the Receiver is pleased that the Receivership Court has approved the Settlement Agreement with the Chittick Estate, et al., the settlement agreement also requires the approval of the Probate Court. In the Probate Court proceeding, Brinkman and Hafiz have filed objections to the Settlement Agreement. The Receiver continues to explore all avenues to obtain Probate Court approval of the Settlement Agreement with the Chittick Estate, et al.

2.4.1. Status of Tax Refunds

Due to impending tax deadlines, during the Receiver's negotiations with the Chittick Estate to resolve the above referenced claims, the Receiver worked with special counsel Lisa Reilly and Yale Goldberg of Snell & Wilmer, LLP, counsel for the Chittick Estate, and tax accountant David Preston ("Preston") to determine an appropriate strategy for preparing and filing the necessary tax forms and/or amended tax returns to pursue refund claims for excess federal and state income taxes paid by Chittick.

Based on these discussions and extensive research of IRS rules and regulations, the Receiver prepared and filed the 2016 federal and state income tax returns for DenSco on approximately September 1, 2017. Pursuant to IRS Publication 547 (Casualties, Disasters, and Thefts), which states that theft losses should be reported in the year in which they are discovered, the Receiver reported the Menaged fraud losses on DenSco's 2016 federal tax return via Form 4684

(Casualties and Thefts). This loss then flowed through to Chittick via the DenSco Form K-1 (Shareholder's Share of Income, Deductions, Credits, etc.).

Preston prepared Chittick's personal federal tax return for 2016 and Form 1045 (Application for Tentative Refund) in order to request refunds for approximately \$1,193,572 in excess federal income taxes paid by Chittick for the years 2013 through 2015. Preston also prepared Chittick's 2016 state tax return and amended state tax returns for 2013 through 2015 to request refunds for approximately \$147,077 in excess state income taxes paid during these years. As the Personal Representative of the Chittick Estate, Shawna Heuer signed and filed Chittick's 2016 tax returns in mid-October 2017, and the Form 1045 and amended state tax returns in late October 2017.

Should the IRS and the Arizona Department of Revenue agree with the application of theft loss rules and corresponding calculations, the Receiver hopes to receive federal and state refunds totaling approximately \$1,340,649.

2.5. Claims against Ponzi Winners

As discussed in the Receiver's December 23, 2016 Status Report, the Receiver determined that DenSco was insolvent as of December 31, 2012. Despite its insolvency, DenSco became a Ponzi scheme as it continued to raise new investor funds, which were utilized to pay DenSco's obligations to existing investors. The Receiver identified twenty-one (21) DenSco investors as net investment "winners" who received cash in excess of their net investment balance as of the date of insolvency. All of the net investment "winners" withdrew their investment balances during the period from the date of insolvency through DenSco's collapse in 2016.

In June 2017, the Receiver sent written correspondence to all net investment "winners" demanding the return of fictitious profits. The status of the Receiver's efforts to collect from various Ponzi "winners" is discussed in detail below. The Receiver continues to pursue the recovery of fictitious profits received by the remaining net investment "winners" not referenced below.

2.5.1. Don Kimble, Chris Harvey, Karen Quigley, and Nishel Badiani

As described in detail in Petition No. 42, the Receiver has entered into settlement agreements with the following DenSco investors who received fictitious profits, summarized as follows:

**Table 1:
Ponzi Winner Settlements (Petition No. 42)**

Investor	Net Profit	Settlement	% of Net Profit
Kimble, Don - IRA	3,546.00	2,836.80	80%
Harvey, Christopher	7,535.02	6,028.01	80%
Quigley, Karen	13,390.30	10,712.40	80%
Badiani, Nishel	36,356.82	29,085.46	80%
TOTAL	60,828.14	48,662.67	

The Receiver believes it is in the best interest of the Receivership Estate and the DenSco investors to resolve the above referenced claims for 80% of each investor's fictitious profit in order to recover a total of \$48,662.67²⁴ for the benefit of the Receivership Estate without incurring additional legal and other professional fees to do so. Accordingly, on November 16, 2017, the Receiver filed a *Petition to Approve Settlement Agreements between the Receiver and Donald Kimble, Christopher Harvey, Karen Quigley, and Nishel Badiani* (see Petition No. 42). This petition is currently pending before the Court.

As of the date of this report, the Receiver has received Ponzi winner settlement proceeds of \$4,000 from Christopher Harvey and \$10,712.40 from Karen Quigley. These funds are restricted pending the Court's approval of Petition No. 42.

2.5.2. Sundance Debt Partners, LLC

After filing Petition No. 42 seeking the Court's approval of the above referenced Ponzi winner settlements, the Receiver entered into a settlement agreement with Ponzi winner Sundance Debt Partners, LLC ("Sundance"). Although Sundance received a net profit of \$88,402.33, the Receiver agreed to accept a settlement of \$50,000, which represents approximately 57% of Sundance's net profit, for the following reasons:

- In comparison to the other "winners" Sundance is the only non-individual investor that was a "winner." Specifically, Sundance is a subsidiary of Sundance Capital Group, which operates under the corporate umbrella of "Sundance Bay" (see <http://www.sundancebay.com/>). Sundance Bay is run by Mitt Romney's sons, Matthew Romney and Craig Romney, and is a private equity fund based in Utah.

²⁴ Petition No. 42 erroneously states that Nishel Badiani agreed to pay the Receiver \$29,356.82, yet the settlement agreement references a total payment of \$29,085.46. Accordingly, the total settlement proceeds are \$48,662.67, not \$48,934.03 as stated in Petition No. 42.

- Sundance has a series of individual investors, and these investors are ever-changing. Sundance has alleged that 25% of its owners in 2014 are no longer members of the LLC, and Sundance has added 145 new members since 2014.
- The Receiver could maintain claims against Sundance and potentially obtain a judgment for the full \$88,402.33. However, if successful, the Receiver may be required to seek reimbursement from the company's former members who individually profited from the investment in DenSco, which would likely require lengthy and expensive efforts to collect on the judgment.
- Accordingly, the efforts it may take to recover more than 57% of Sundance's net profit will be significantly more complicated and expensive than that of recovering from individual "winners."

Accordingly, on December 8, 2017, the Receiver filed a *Petition to Approve Settlement Agreement between the Receiver and Sundance Debt Partners, LLC* (see Petition No. 46). This petition is currently pending before the Court.

2.6. Pursuit of Additional Claims

The Receiver has also retained special counsel to assist with additional potential claims as discussed in further detail below.

2.6.1. DenSco claims against Clark Hill and David Beauchamp

During the initial months of the Receivership, the Receiver determined that DenSco may hold significant claims against DenSco's former legal advisors, including DenSco's former attorney David Beauchamp ("Beauchamp") and his firm, Clark Hill, PLC ("Clark Hill"). Accordingly, on March 31, 2017, the Receiver filed a *Petition for Order to Approve the Engagement of Osborn Maledon, PA to Represent the Receiver as Special Counsel* (see Petition No. 22) to assist the Receiver in the investigation and potential prosecution, trial, or settlement of these potential claims. The Court signed the *Order Re: Petition No. 22* approving the engagement of special counsel Osborn Maledon, PA on April 27, 2017.

Special Counsel completed their preliminary investigation into DenSco's potential claims against its former legal advisors and submitted a memorandum to the Receiver setting forth their findings and recommendations. After review and consideration of the memorandum, the Receiver directed Special Counsel to prepare a civil complaint against Beauchamp and Clark Hill. On September 14, 2017, the Receiver filed an *Ex Parte Petition Seeking Approval for Receiver to File Complaint Against Clark Hill PLC and David Beauchamp* (see Petition No. 35). The Court signed the *Order Re: Petition No. 35* on October 10, 2017.

Accordingly, Special Counsel filed the Receiver's Complaint against Clark Hill, Beauchamp, and Beauchamp's spouse on October 16, 2017. DenSco alleges in its complaint that Beauchamp and Clark Hill committed legal malpractice in January 2014 when they failed to properly advise the Company about steps it should have taken after learning that it had been the victim of a fraudulent scheme carried out by Menaged, which the Receiver has referred to in his reports as the First Fraud. The complaint also alleges that Beauchamp and Clark Hill helped Chittick

breach fiduciary duties he owed to DenSco and its investors. The damages DenSco seeks include losses suffered on loans made to Menaged and his entities after DenSco learned of the First Fraud.

On November 15, 2017, the Court granted the defendants an extension of the deadline to respond to the Receiver's complaint. During the first quarter of 2018, Special Counsel expects that Beauchamp and Clark Hill will answer the complaint, a pre-trial schedule will be established, and discovery will begin.

2.6.2. DenSco claims against Financial Institutions

The Receiver has determined that DenSco may hold significant claims against certain financial institutions including JP Morgan Chase Bank, NA ("Chase") and US Bank, NA ("US Bank") for their participation in Menaged's massive fraudulent loan scheme upon DenSco.

As discussed in **Section 3.2** of the Receiver's December 23, 2016 Status Report, Chittick began requiring Menaged to provide DenSco with copies of the cashier's checks issued to the trustees as well as copies of the receipts received from the trustee for the purchase of a property at a trustee's sale. However as part of the Second Fraud, Menaged began providing Chittick with falsified trustee's sale receipts and copies of cashier's checks that were never actually given to the trustees. Instead, most of the cashier's checks were deposited back to Easy or AHF bank accounts.

The Receiver has since learned that after Menaged took a picture of each cashier's check to send to DenSco, he returned to the financial institution to cancel the cashier's check, typically only a few hours after the cashier's check was issued. The Receiver's analysis of Menaged's bank accounts revealed that Menaged procured at least 1,383 legitimate cashier's checks totaling \$319,292,828, including 1,340 cashier's checks from Chase and 43 cashier's checks from US Bank, during the period from January 2014 through June 2015.

Accordingly, on September 19, 2017, the Receiver filed a *Petition for Order to Approve the Engagement of Bergin Frakes Smalley & Oberholtzer, PLLC to Represent the Receiver as Special Counsel* (see Petition No. 36) to assist the Receiver in the investigation and potential prosecution, trial, or settlement of claims against financial institutions who allowed Menaged to issue and cancel the cashier's checks used to defraud DenSco. The Court signed the *Order Re: Petition No. 36* approving the engagement of special counsel Bergin Frakes Smalley & Oberholtzer, PLLC on October 18, 2017.

The attorneys at Bergin Frakes Smalley & Oberholtzer, PLLC, who have significant experience in the areas of banking and banking regulation and can not only assist the Receiver in the investigation of DenSco's potential claims, but also provide sound advice and counsel to the Receiver in all aspects of potential legal claims and possible remedies that may arise from actions or omissions of Chase and/or US Bank.

Bergin Frakes Smalley & Oberholtzer, PLLC has completed its preliminary investigation into DenSco's potential claims against Chase Bank and US Bank and has submitted a memorandum

to the Receiver setting forth its findings and recommendations and continues to investigate the potential claims.

2.6.3. DenSco claims against Active Funding Group, LLC

The Receiver has determined that DenSco may hold claims against Active Funding Group, LLC and its principals (collectively, "Active") for their participation in Menaged's fraudulent loan scheme upon DenSco.

As discussed in **Section 3.1** of the Receiver's December 23, 2016 Status Report, in approximately 2011, Menaged began requesting loans from DenSco for properties on which he had also solicited other lenders for loans. In an effort to deceive both lenders, Menaged essentially obtained two loans on hundreds of properties with the lenders believing that they were in first position. The Receiver refers to this fraud scheme perpetrated by Menaged as the "First Fraud."

The Receiver has since learned that after Active uncovered Menaged's scheme to defraud DenSco and other lenders, Active worked in concert with Menaged by taking actions to protect its historical loans to Menaged and enabling him to continue to defraud DenSco, while ensuring that Active's future loans to Menaged were secured by first position liens.

Accordingly, on November 22, 2017, the Receiver filed a *Petition for Order to Approve the Engagement of Ajamie, LLP to Represent the Receiver as Special Counsel* (see Petition No. 45) to assist the Receiver in the investigation and potential prosecution, trial, or settlement of claims against Active. This petition is currently pending before the Court.

The attorneys at Ajamie, LLP have significant experience in the areas of complex commercial and financial fraud litigation and can not only assist the Receiver in the investigation of DenSco's potential claims, but also provide sound advice and counsel to the Receiver in all aspects of potential legal claims and possible remedies that may arise from actions or omissions of Active.

Ajamie, LLP is in the process of investigating DenSco's potential claims and preparing a detailed memorandum of these claims with an estimation of the probable costs to pursue such claims. Upon receipt of this memorandum and after the Court's approval of Petition No. 45, the Receiver will determine if it is appropriate to pursue DenSco's claims against Active.

2.6.4. Claims to Funds Seized and Forfeited from Joseph Menaged

On November 27, 2017, the Federal District Court entered an Order preliminarily forfeiting \$709,405.40 that was seized by the United States from a bank account in the name of Joseph Menaged. The Receiver believes these funds are directly traceable to DenSco monies misappropriated by Menaged. The Receiver will be undertaking efforts to recover these funds for the benefit of the DenSco Receivership.

2.7. Other Investigations

As part of the Receiver's ongoing investigation of the frauds perpetrated by Menaged upon DenSco and related matters, the Receiver is preparing a comprehensive analysis of the sources and uses of funds flowing through Menaged's personal and business bank accounts. The Receiver subpoenaed various banks and has received numerous bank statements, cancelled checks, deposits details, and other records for the bank accounts held by Menaged and his entities. The Receiver continues to receive and follow up regarding missing documentation that is necessary to identify and categorize certain transactions and complete his investigation.

The Receiver believes that this investigation, although a significant and time-consuming undertaking, is necessary to be able to understand and communicate the disposition of DenSco funds lent to Menaged. While the Receiver is hopeful that his investigation will help to identify additional potential sources of recovery for the benefit of DenSco's creditors, it is unclear if the investigation will lead to any recoveries. Moreover, the Receiver is continuing to investigate the civil liability of other third parties who may have assisted Menaged in the series of fraudulent schemes that were perpetrated upon DenSco. The Receiver intends to explore all avenues for potential monetary recoveries from these third parties.

2.8. Investor Communications

On December 23, 2016, the Receiver provided an electronic copy of the Receiver's December 23, 2016 Status Report to all DenSco investors via email.

On January 3, 2017, the Receiver sent an email update to investors providing notice of the rescheduled deposition of Veronica Castro, addressing recent inquiries in response to the Receiver's December 23, 2016 Status Report, and reminding investors to case developments via the DenSco receivership website.

On March 7, 2017, the Receiver sent an email update to investors providing a brief status report regarding the Furniture King receivership, collections to date, Menaged's bankruptcy, the Receiver's analysis of Menaged's bank records, and the claims process. Investors were also informed that the Receiver would not be issuing 1099 forms for 2016, as all "interest" payments by DenSco actually represented the return of principal.

On April 17, 2017, the Receiver sent an email update to investors providing a brief status report regarding collections to date, the claims process, a proposed investor meeting, the rescheduled hearing regarding the Chittick Estate's Petition No. 11, the retention of special counsel, the Furniture King receivership, the sale of the Potter Property, and the Receiver's ongoing analysis of Menaged's bank records.

On May 3, 2017, the Receiver's counsel conducted a private meeting with a select group of DenSco investors who were tasked with communicating general developments to the larger investor group. Investors' worked independently to determine which investors would participate in this meeting. One of the investors prepared and circulated a summary of this meeting to the other investors via email on May 5, 2017.

On May 26, 2017, the Receiver notified investors via email that Menaged was charged with a series of crimes and had been arrested. The Receiver provided investors with an electronic copy of Menaged's indictment as well as a link to initial news coverage.

On August 2, 2017, the Receiver sent an email to all claimants who submitted a proof of claim in the DenSco Receivership, providing a copy of the Receiver's *List of Filed Claims* and the Receiver's *Claims Report and Recommendations*, as well as a cover letter containing instructions for filing objections to the Receiver's recommendations and/or any other claim set forth therein. The Receiver sent additional private correspondence to investors whose claims were approved for amounts that differ from the amounts stated on their proof of claim forms, including a schedule setting forth how approved claims were calculated and details of the underlying investment transactions.

On October 24, 2017, the Receiver notified investors via email that Menaged had entered a plea agreement in the criminal case against him. The Receiver provided investors with electronic copies of the Government's information statement and the plea agreement (see **Section 2.3.3** above).

On November 14, 2017, the Receiver provided investors an electronic copy of the Receiver's *Petition to Approve First Interim Distribution to Creditors*. The Receiver requested that investors provide notice of special payment instructions for IRA account holders and/or any changes to their mailing address.

Finally, as discussed in **Section 2.3.3** above, on December 7, 2017, the Receiver notified investors via email of the opportunity to attend and/or speak at Menaged's sentencing hearing and to provide written victim impact statements to the Court.

In addition to the investor communications discussed above, the Receiver continues to update the receivership website at denscoreceiver1.godaddysites.com. Visitors to DenSco's original website (denscoinvestment.com) are automatically redirected to the receivership website. The receivership website is regularly updated to include links to both historical and recent Court filings in the DenSco and Furniture King Receivership proceedings, the Chittick probate proceeding, and the Menaged bankruptcy proceeding.

3. Receivership Accounting

As of the date of this report, the Receiver has collected a total of \$7,679,628.66 and has disbursed a total of \$6,286,226.36, resulting in a current balance of \$1,393,402.30 as summarized in **Table 2** below. Details of the cash collections and disbursements to date are provided below in **Section 3.1** and **Section 3.2** respectively and listed in detail at **Exhibit 1** to this report.

Table 2:
Summary of Current Cash Balances
As of December 22, 2017

Bank Account Description	Balance
Wells Fargo Bank - Checking	\$ 136,590.68
Wells Fargo Bank - Savings	95,098.09
National Bank of Arizona - Money Market	240,175.49
Arizona Business Bank - Insured Cash Sweep	671,538.04
Arizona Business Bank - Checking	250,000.00
Total Cash Balance	\$ 1,393,402.30

3.1. Collections to Date

The Receiver has collected a total of \$7,679,628.66 on behalf of the DenSco Receivership Estate as of the date of this report, as summarized as in Table 3 below.

Table 3:
Summary of Cash Collections
As of December 22, 2017

Description	Amount	Reference
<u>DenSco Collections:</u>		
FirstBank Account Balance as of 08/18/16	\$ 1,380,653.91	See 09/19/16 Preliminary Report - Section 3.1.1
Cash Collected from the Chittick Estate	551,140.00	See 09/19/16 Preliminary Report - Section 3.1.2
Ponzi Winner Settlement Proceeds [RESTRICTED]	14,712.40	See Section 2.5.1 above
DenSco Office Furniture Sale Proceeds	31.87	See 12/23/16 Status Report - Section 7.1.3
Marcopa County Recorder's Office Refund	226.00	
Interest Income	8,573.28	
Loan Proceeds		
Principal	4,640,055.81	
Interest & Fees	452,173.50	
Subtotal Loan Proceeds	5,092,229.31	See Section 2.1.1 above
Total DenSco Recoveries	7,047,566.77	
<u>Managed-Related Collections:</u>		
Potter Property - Net Sale Proceeds [RESTRICTED]	245,223.63	See Section 2.1.2.5 above
Raintree #1004 Property - Net Sale Proceeds	43,122.09	See Section 2.1.2.3 above
Winter Property - Net Sale Proceeds	34,986.02	See Section 2.1.2.2 above
Marilyn Property Proceeds Received from Easy Investments	35,066.73	See 12/23/16 Status Report - Section 7.1.1
Furniture King Receivership [RESTRICTED]		
Gross Sale/Auction Proceeds	272,577.22	
Cash from Pre-Receiver's Bank Account	951.43	
Miscellaneous Vendor Refunds	134.77	
Subtotal Furniture King Receivership	273,663.42	See Section 2.3.1 above
Total Managed-Related Recoveries	632,061.89	
Total Cash Collected	\$ 7,679,628.66	

3.2. Disbursements to Date

The Receiver has disbursed a total of \$6,286,226.36 on behalf of the DenSco Receivership Estate as of the date of this report, as summarized as in Table 4 and discussed in further detail below.

Table 4:
Summary of Cash Disbursements
As of December 22, 2017

Description	Amount	Reference
<u>DenSco Disbursements:</u>		
Investor Distributions	4,423,519.72	See Section 2.2 above
Professional Fees (Aug 2016-Aug 2017)		
Receiver's Firm - Simon Consulting, LLC	610,353.43	See Periodic Petitions for Professional Fees
Receiver's Counsel - Gutilla Murphy Anderson, PC	662,986.48	See Periodic Petitions for Professional Fees
Special Counsel - Snell & Wilmer, LLP	120,920.50	See Periodic Petitions for Professional Fees
Special Counsel - Frazer Ryan Goldberg & Arnold, LLP	100,826.25	See Periodic Petitions for Professional Fees
Special Counsel - Osborn Maledon, PA	20,000.00	See Petition No. 31
Gammage & Burnham, PLC	42,302.25	See Petition No. 7
Subtotal Professional Fees	1,557,388.91	
Document Processing & Record Requests	9,580.52	See Section 3.2.1 below
Advertising Expenses	4,770.00	See Section 3.2.2 below
Bank Service Charges & Wire Fees	3,394.37	
Bond Expenses	1,000.00	See Section 3.2.3 below
Federal Taxes Withheld from Interest Income	6.64	
Total DenSco Disbursements	5,999,660.16	
<u>Managed-Related Disbursements:</u>		
IT Forensic Fees - Forensics Consulting Solutions	48,506.25	See Section 3.2.4 below
Foreclosure Expenses - Fredenberg Beams	11,214.43	See Petition No. 4
Potter Property - Insurance, HOA Dues, Taxes, Maintenance	10,088.14	See Section 2.1.2.5 above
Ramtree Unit 1004 Property - Insurance, HOA Dues	3,330.00	See Section 2.1.2.3 above
Winter Property - Insurance	1,401.35	See Section 2.1.2.2 above
Furniture King Receivership		
Rent Expenses	118,301.55	
Auctioneer Commissions & Advertising Expenses	54,217.58	
Furniture Moving Expenses	24,613.50	
Pre-Receiver's Payroll Expenses	8,438.40	
Insurance Expenses	6,340.00	
Arizona Corporation Commission Fees	115.00	
Subtotal Furniture King Receivership	212,026.03	See Section 2.3.1 above
Total Managed-Related Disbursements	286,566.20	
Total Cash Disbursed	\$ 6,286,226.36	

3.2.1. Document Processing and Record Requests

The Receiver disbursed a total of \$9,580.52 for document processing and record requests, including (1) \$9,218.41 paid to Altep California, LLC for processing and imaging documents received via subpoena; (2) \$250 paid to the United States Treasury for copies of DenSco's tax returns; (3) \$68.11 paid to Preston CPA, PC for copies of DenSco's tax files; and (4) \$44 paid to FirstBank for copies of selected bank statements and transaction details.

3.2.2. Advertising Expenses

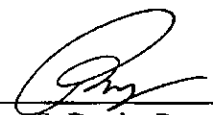
Pursuant to Section 2.2 of the Court's *Order Establishing Procedures for the Adjudication of Claims*, the Receiver was required to publish a copy of the corresponding Notice in a publication with national circulation. Accordingly, the Receiver disbursed \$4,770 to Guttilla Murphy Anderson, PC to reimburse the Receiver's counsel for publishing the required advertisement regarding the claims process in the USA Today newspaper.

3.2.3. Bond Expenses

Pursuant to Section 2 of the Court's Order Appointing Receiver, the Receiver is required to file with the Clerk of the Court a bond in the sum of \$100,000 to assure his conscientious performance of the duties and responsibilities imposed by the Order. Accordingly, the Receiver filed the Notice of Filing Bond of Receiver on August 19, 2016. The Receiver disbursed a total of \$1,000 to Southwest Bond Services, Inc. in payment of the initial bond premium and subsequent renewal.

3.2.4. IT Forensic Fees

The Receiver retained Forensics Consulting Solutions, LLC ("FCS") to provide computer forensics and electronic discovery services to retrieve data from electronic devices obtained from Menaged, including two (2) computers and one (1) iPhone, as well as Menaged's AOL email account. The Receiver disbursed a total of \$48,506.25 to FCS for these services, including the initial extraction of the data, storage and hosting fees, external storage devices, project management, and extensive data processing services.



Peter S. Davis, Receiver
Simon Consulting, LLC

December 22, 2017

Date

Densco Investment Corporation
Receivables Bank Account Activity - Transaction Details
August 24, 2016 - December 22, 2017

Exhibit 1

Account	Date	Type	Num	Name	Memo	Class	Category	Deposit	Withdrawal	Balance
Wells Fargo Checking Account 6124										
WF 6124	08/24/16	Deposit	1357640	First Bank	Balance of 1st Bank acct 5264 as of 08/18/16	Densco/Admin	Transfer from Pre-Receiptship Acct.	1,380,653.91		1,380,653.91
WF 6124	08/24/16	Deposit	1357640	Black Forest, LLC	Loan payoff wired to pre-receivables acct 08/19/16	Densco/Loans	Loan 7965 - 1218 W 15th	165,000.00		1,545,653.91
WF 6124	08/24/16	Deposit	Wire	Chicago Title Agency, Inc.	Payoff of Loan 8031 - 15202 N 28th	Densco/Loans	Loan 8031 - 15202 N 28th	137,115.00		1,682,768.91
WF 6124	08/24/16	Deposit	Wire	AZ Home Buyer, LLC	Payoff of Loan 8108 - 2448 W Kiva	Densco/Loans	Loan 8108 - 2448 W Kiva	121,287.39		1,804,056.30
WF 6124	08/24/16	Deposit	Wire	Chicago Title Agency, Inc.	Payoff of Loan 8031 - 15202 N 28th	Densco/Loans	Loan 8031 - 15202 N 28th	3,702.24		1,807,758.54
WF 6124	08/24/16	Deposit	1357640	Black Forest, LLC	Loan payoff wired to pre-receivables acct 08/19/16	Densco/Loans	Loan 7965 - 1218 W 15th	3,032.50		1,810,791.04
WF 6124	08/24/16	Deposit	1357640	AKS, LLC	Interest dep to pre-receivables acct 08/23/16	Densco/Loans	Loan 7720 - 2607 W Sunrise	2,250.00		1,813,041.04
WF 6124	08/24/16	Deposit	1357640	J and J Marketing, LLC	Interest wired to pre-receivables acct 08/23/16	Densco/Loans	Loan 3853 - 7126 W Glenrosa	750.00		1,813,811.04
WF 6124	08/24/16	Deposit	Wire	AZ Home Buyer, LLC	Payoff of Loan 8108 - 2448 W Kiva	Densco/Loans	Loan 8108 - 2448 W Kiva	303.22		1,814,114.26
WF 6124	08/24/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Admin	Bank Service Charges	15.00	15.00	1,814,099.26
WF 6124	08/24/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Admin	Bank Service Charges	15.00	15.00	1,814,084.26
WF 6124	08/25/16	Deposit	Cash	Estate of Denny Chittick	Cash from the Vault - Bank Correction	Densco/Admin	Cash from Chittick Estate	551,040.00		2,365,124.26
WF 6124	08/25/16	Deposit	Cash	Estate of Denny Chittick	Cash from the Vault - Bank Correction	Densco/Admin	Cash from Chittick Estate	100.00		2,365,224.26
WF 6124	08/26/16	Check	1001	First Bank	Densco Bank Records	Densco/Admin	Document Processing & Record Req			2,365,224.26
WF 6124	08/26/16	Check	1002	Densco Investment Corp.	Transfer to AZ Business Bank Checking	Densco/Admin	Transfer - AZ Bus Bank Cktg 9290	500,000.00		1,865,224.26
WF 6124	08/26/16	Check	1003	Densco Investment Corp.	Transfer to Natl Bank of AZ	Densco/Admin	Transfer - Natl Bank of AZ Svcs 3910	1,625,224.26		2,365,224.26
WF 6124	08/29/16	Deposit	Wire	Chicago Title Agency, Inc.	Payoff of Loan 7694 - 6713 E Palm	Densco/Loans	Loan 7694 - 6713 E Palm	221,220.84		1,846,445.10
WF 6124	08/29/16	Deposit	Wire	Chicago Title Agency, Inc.	Payoff of Loan 7694 - 6713 E Palm	Densco/Loans	Loan 7694 - 6713 E Palm	5,862.35		1,852,307.45
WF 6124	08/29/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Admin	Bank Service Charges	15.00	15.00	1,852,292.45
WF 6124	08/29/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Admin	Bank Service Charges	15.00	15.00	1,852,277.45
WF 6124	08/30/16	Deposit	Wire	Stewart Title & Trust	Payoff of Loan 8070 - 10449 W Echo	Densco/Loans	Loan 8070 - 10449 W Echo	1,972,292.45		1,974,569.90
WF 6124	08/30/16	Deposit	1078	Rimovsey Investments, LLC	Interest on Loan 5830 - 1412 W South Fork	Densco/Loans	Loan 5830 - 1412 W South Fork	3,450.00		1,978,019.90
WF 6124	08/30/16	Deposit	Wire	Stewart Title & Trust	Payoff of Loan 8070 - 10449 W Echo	Densco/Loans	Loan 8070 - 10449 W Echo	2,820.00		1,980,839.90
WF 6124	08/30/16	Deposit	2273	JJ Miller Arizona, LLC	Interest on Loan 8113 - 347 E Belmont	Densco/Loans	Loan 8113 - 347 E Belmont	2,400.00		1,983,239.90
WF 6124	08/30/16	Check	EFT	Harland Clarke	Check Order	Densco/Admin	Bank Service Charges	70.87		1,983,169.03
WF 6124	08/30/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Admin	Bank Service Charges	15.00	15.00	1,983,154.03
WF 6124	08/31/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Admin	Bank Service Charges	15.00	15.00	1,983,139.03
WF 6124	08/31/16	Check	1005	Southwest Bond Services, Inc.	Cash Deposited Fee	Densco/Admin	Bank Service Charges	1,979,246.08		1,981,265.08
WF 6124	09/04/16	Check	1004	Densco Investment Corp.	Bond No. 41349738	Densco/Admin	Receivables Bond	500.00		1,981,765.08
WF 6124	09/08/16	Deposit	1328	Robert Humbug	Transfer to AZ Business Bank Checking	Densco/Admin	Transfer - AZ Bus Bank Cktg 9290	1,900,000.00		78,765.08
WF 6124	09/09/16	Deposit	Wire	MWVA-AZ, PLLC	Interest on Loan 8007 - 3219 E Saint John	Densco/Loans	Loan 8007 - 3219 E Saint John	500.00		79,265.08
WF 6124	09/09/16	Deposit	Wire	MWVA-AZ, PLLC	Payoff of Loan 7400 - 8220 E Indiana	Densco/Loans	Loan 7400 - 8220 E Indiana	260,000.00		348,265.08
WF 6124	09/09/16	Deposit	Wire	MWVA-AZ, PLLC	Payoff of Loan 7320 - 2621 E Virginia	Densco/Loans	Loan 7320 - 2621 E Virginia	218,015.00		566,280.08
WF 6124	09/09/16	Deposit	Wire	MWVA-AZ, PLLC	Payoff of Loan 6808 - 8106 E Cypress	Densco/Loans	Loan 6808 - 8106 E Cypress	208,510.00		774,790.08
WF 6124	09/09/16	Deposit	Wire	MWVA-AZ, PLLC	Payoff of Loan 7932 - 2128 W Madison	Densco/Loans	Loan 7932 - 2128 W Madison	79,000.00		853,790.08
WF 6124	09/09/16	Deposit	Wire	MWVA-AZ, PLLC	Payoff of Loan 7932 - 2128 W Madison	Densco/Loans	Loan 7932 - 2128 W Madison	99,000.00		952,790.08
WF 6124	09/09/16	Deposit	Wire	MWVA-AZ, PLLC	Payoff of Loan 8043 - 10009 W Thunderbird	Densco/Loans	Loan 8043 - 10009 W Thunderbird	72,015.00		1,024,805.08
WF 6124	09/09/16	Deposit	Wire	MWVA-AZ, PLLC	Payoff of Loan 7400 - 8220 E Indiana	Densco/Loans	Loan 7400 - 8220 E Indiana	1,210.50		1,026,015.58
WF 6124	09/09/16	Deposit	Wire	MWVA-AZ, PLLC	Payoff of Loan 7320 - 2621 E Virginia	Densco/Loans	Loan 7320 - 2621 E Virginia	981.09		1,026,996.67
WF 6124	09/09/16	Deposit	Wire	MWVA-AZ, PLLC	Payoff of Loan 6808 - 8106 E Cypress	Densco/Loans	Loan 6808 - 8106 E Cypress	938.34		1,027,935.01
WF 6124	09/09/16	Deposit	Wire	MWVA-AZ, PLLC	Payoff of Loan 7932 - 2128 W Madison	Densco/Loans	Loan 7932 - 2128 W Madison	445.50		1,028,380.51
WF 6124	09/09/16	Deposit	Wire	MWVA-AZ, PLLC	Payoff of Loan 7932 - 2128 W Madison	Densco/Loans	Loan 7932 - 2128 W Madison	359.55		1,028,740.06
WF 6124	09/09/16	Deposit	Wire	MWVA-AZ, PLLC	Payoff of Loan 8043 - 10009 W Thunderbird	Densco/Loans	Loan 8043 - 10009 W Thunderbird	324.09		1,029,064.15
WF 6124	09/09/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Admin	Bank Service Charges	15.00	15.00	1,029,049.15
WF 6124	09/09/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Admin	Bank Service Charges	15.00	15.00	1,029,034.15
WF 6124	09/09/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Admin	Bank Service Charges	15.00	15.00	1,029,019.15
WF 6124	09/09/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Admin	Bank Service Charges	15.00	15.00	1,028,994.15
WF 6124	09/09/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Admin	Bank Service Charges	15.00	15.00	1,028,979.15
WF 6124	09/09/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Admin	Bank Service Charges	15.00	15.00	1,028,964.15
WF 6124	09/19/16	Deposit	1361873	Equivorth, LLC	Loan payoff wired to pre-receivables acct 08/30/16	Densco/Loans	Loan 7964 - 1720 E Windson	216,000.00		1,244,964.15
WF 6124	09/19/16	Deposit	1361873	Equivorth, LLC	Loan payoff wired to pre-receivables acct 08/30/16	Densco/Loans	Loan 7964 - 1720 E Windson	5,184.00		1,250,148.15
WF 6124	09/19/16	Deposit	740306177	Miller 401K Profit Sharing	Interest on Loan 8113 - 347 E Belmont	Densco/Loans	Loan 8113 - 347 E Belmont	2,450.00		1,252,598.15
WF 6124	09/19/16	Deposit	9453724707	AKS, LLC	Interest on Loan 7720 - 2607 W Sunrise	Densco/Loans	Loan 7720 - 2607 W Sunrise	2,250.00		1,254,848.15
WF 6124	09/19/16	Deposit	1361873	Blus, Water Capital, LLC	Interest dep to pre-receivables acct 08/26/16	Densco/Loans	Loan 8038 - 11320 E Broadway	1,275.00		1,256,123.15

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Account	Date	Type	Num	Name	Mem	Class	Category	Deposit	Withdrawal	Balance
WF 6124	09/19/16	Deposit	1363678	Justin Moore	Interest on Loan 2566 - 4021 E Moreland	Densco/Loans	Loan 2566 - 4021 E Moreland	480.00		1,257,444.15
WF 6124	09/19/16	Deposit	1363678	First Bank	Bank did not receive check 1001 for checks/wires	Densco/Adm	Document Processing & Record Req		44.00	1,257,400.15
WF 6124	09/22/16	Check	1006	Atlantic Relocation Systems	Relocate furniture from 5905 W Bell to new w/hs.	Managed/FK	FK Expenses - Moving		6,172.00	1,251,228.15
WF 6124	09/22/16	Deposit	Wire	Miller 401K Profit Sharing	Payoff of Loan 8113 - 347 E Belmont	Densco/Loans	Loan 8113 - 347 E Belmont	160,000.00		1,411,228.15
WF 6124	09/22/16	Deposit	Wire	Miller 401K Profit Sharing	Payoff of Loan 8113 - 347 E Belmont	Densco/Loans	Loan 8113 - 347 E Belmont	800.00		1,412,028.15
WF 6124	09/22/16	Check	1007	Black Forest, LLC	Loan 8031 - Refund Interest Overpaid at Payoff	Densco/Loans	Loan 8031 - 15202 N 28th		2,057.00	1,409,971.15
WF 6124	09/22/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Adm	Bank Service Charges		15.00	1,409,956.15
WF 6124	09/23/16	Deposit	Wire	Chopper Construction, LLC	Payoff of Loan 7851 - 7535 E Mercer	Densco/Loans	Loan 7851 - 7535 E Mercer	75,000.00		1,484,956.15
WF 6124	09/23/16	Deposit	Wire	Chopper Construction, LLC	Payoff of Loan 7851 - 7535 E Mercer	Densco/Loans	Loan 7851 - 7535 E Mercer	3,375.00		1,488,331.15
WF 6124	09/23/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Adm	Bank Service Charges		15.00	1,488,316.15
WF 6124	09/27/16	Deposit	Wire	Samuel Krum Investments	Payoff of Loan 7471 - 2686 N 43rd C28	Densco/Loans	Loan 7471 - 2686 N 43rd C28	31,500.00		1,519,816.15
WF 6124	09/27/16	Deposit	Wire	KATU, LLC	Payoff of Loan 7123 - 2660 N 43rd D15	Densco/Loans	Loan 7123 - 2660 N 43rd D15	29,000.00		1,548,816.15
WF 6124	09/27/16	Deposit	Wire	Samuel Krum Investments	Payoff of Loan 4617 #2 - 6735 W Devonshire	Densco/Loans	Loan 4617 - 6735 W Devonshire	26,000.00		1,574,816.15
WF 6124	09/27/16	Deposit	Wire	Samuel Krum Investments	Payoff of Loan 4617 #1 - 6735 W Devonshire	Densco/Loans	Loan 4617 - 6735 W Devonshire	10,000.00		1,584,816.15
WF 6124	09/27/16	Deposit	Wire	KATU, LLC	Payoff of Loan 7123 - 2660 N 43rd D15	Densco/Loans	Loan 7123 - 2660 N 43rd D15	1,132.50		1,585,968.65
WF 6124	09/27/16	Deposit	Wire	Samuel Krum Investments	Payoff of Loan 4617 #2 - 6735 W Devonshire	Densco/Loans	Loan 4617 - 6735 W Devonshire	936.00		1,586,904.65
WF 6124	09/27/16	Deposit	Wire	Samuel Krum Investments	Payoff of Loan 7471 - 2686 N 43rd C28	Densco/Loans	Loan 7471 - 2686 N 43rd C28	834.75		1,587,739.40
WF 6124	09/27/16	Deposit	Wire	Samuel Krum Investments	Payoff of Loan 4617 #1 - 6735 W Devonshire	Densco/Loans	Loan 4617 - 6735 W Devonshire	400.00		1,588,139.40
WF 6124	09/27/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Adm	Bank Service Charges		15.00	1,588,124.40
WF 6124	09/27/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Adm	Bank Service Charges		15.00	1,588,109.40
WF 6124	09/27/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Adm	Bank Service Charges		15.00	1,588,094.40
WF 6124	09/27/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Adm	Bank Service Charges		15.00	1,588,079.40
WF 6124	09/28/16	Deposit	Wire	Opentiver, LLC	Payoff of Loan 7853 - 1310 E Gwen	Densco/Loans	Loan 7853 - 1310 E Gwen	210,000.00		1,798,079.40
WF 6124	09/28/16	Deposit	Wire	Opentiver, LLC	Payoff of Loan 7853 - 1310 E Gwen	Densco/Loans	Loan 7853 - 1310 E Gwen	8,925.00		1,807,004.40
WF 6124	09/28/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Adm	Bank Service Charges		15.00	1,806,989.40
WF 6124	09/29/16	Deposit	Wire	Equumworth, LLC	Payoff of Loan 8082 - 3332 E Blackhawk	Densco/Loans	Loan 8082 - 3332 E Blackhawk	205,400.00		2,012,389.40
WF 6124	09/29/16	Deposit	Wire	Equumworth, LLC	Payoff of Loan 8082 - 3332 E Blackhawk	Densco/Loans	Loan 8082 - 3332 E Blackhawk	7,907.90		2,020,297.30
WF 6124	09/29/16	Check	1008	Atlantic Relocation Systems	Relocate furniture from 5905 W Bell to new w/hs.	Merged/FK	FK Expenses - Moving		8,565.50	2,011,731.80
WF 6124	09/29/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Adm	Bank Service Charges		15.00	2,011,716.80
WF 6124	09/30/16	Deposit	1080	Rimovky Investments, LLC	Interest on Loan 5830 - 1412 W South Fork	Densco/Loans	Loan 5830 - 1412 W South Fork	3,450.00		2,015,166.80
WF 6124	09/30/16	Deposit	9191930419	Michael Terrell	Interest on Loan 8110 - 11468 W Madison Ellise	Densco/Loans	Loan 8110 - 11468 W Madison Ell	1,920.00		2,017,086.80
WF 6124	09/30/16	Deposit	732506154	Blue Water Capital, LLC	Interest on Loan 8038 - 11320 E Broadway	Densco/Loans	Loan 8038 - 11320 E Broadway	1,275.00		2,018,361.80
WF 6124	10/03/16	Deposit	Wire	Michael Terrell	Payoff of Loan 8110 - 11468 W Madison Ell	Densco/Loans	Loan 8110 - 11468 W Madison Ell	128,000.00		2,146,361.80
WF 6124	10/03/16	Deposit	Wire	Michael Terrell	Payoff of Loan 8110 - 11468 W Madison Ell	Densco/Loans	Loan 8110 - 11468 W Madison Ell	2,163.99		2,148,525.79
WF 6124	10/03/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Adm	Bank Service Charges		15.00	2,148,510.79
WF 6124	10/04/16	Deposit	Wire	Global Quest, Inc.	Payoff of Loan 8111 - 707 W Rawhide	Densco/Loans	Loan 8111 - 707 W Rawhide	75,000.00		2,223,510.79
WF 6124	10/04/16	Deposit	1334	Robert Humbug	Interest on Loan 8007 - 3219 E Saint John	Densco/Loans	Loan 8007 - 3219 E Saint John	3,450.00		2,226,960.79
WF 6124	10/04/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Adm	Bank Service Charges		15.00	2,227,460.79
WF 6124	10/07/16	Deposit	11101648	Jace Sanders/Mike Moore	Interest on Loan 5794 - 2010 N Lindsay	Densco/Loans	Loan 5794 - 2010 N Lindsay	1,732.00		2,229,177.79
WF 6124	10/07/16	Deposit	11101648	Jace Sanders/Mike Moore	Interest on Loan 5046 - 1606 W Culver	Densco/Loans	Loan 5046 - 1606 W Culver	1,125.00		2,230,302.79
WF 6124	10/07/16	Deposit	11101648	Jace Sanders/Mike Moore	Interest on Loan 5051 - 1017 N Los Robles	Densco/Loans	Loan 5051 - 1017 N Los Robles	2,231,427.79		2,232,529.79
WF 6124	10/07/16	Deposit	11101648	Jace Sanders/Mike Moore	Interest on Loan 8083 - 110 N 2nd	Densco/Loans	Loan 8083 - 110 N 2nd	1,125.00		2,233,654.79
WF 6124	10/07/16	Deposit	11101648	Jace Sanders/Mike Moore	Interest on Loan 5048 - 6307 W Chardon	Densco/Loans	Loan 5048 - 6307 W Chardon	900.00		2,234,554.79
WF 6124	10/07/16	Deposit	11101648	Jace Sanders/Mike Moore	Interest on Loan 5050 - 9613 N 10th	Densco/Loans	Loan 5050 - 9613 N 10th	750.00		2,235,304.79
WF 6124	10/07/16	Deposit	11101648	Jace Sanders/Mike Moore	Interest on Loan 6418 - 23210 S Sossaman	Densco/Loans	Loan 6418 - 23220 N 69th	750.00		2,236,054.79
WF 6124	10/07/16	Deposit	11101648	Jace Sanders/Mike Moore	Interest on Loan 7359 - 2615 E Portland	Densco/Loans	Loan 7359 - 2615 E Portland	750.00		2,236,804.79
WF 6124	10/07/16	Deposit	11101648	Jace Sanders/Mike Moore	Interest on Loan 5052 - 4604 N 9th	Densco/Loans	Loan 5052 - 4604 N 9th	600.00		2,237,404.79
WF 6124	10/07/16	Deposit	11101648	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	Densco/Loans	Loan 6796 - 215 S 5th	525.00		2,237,929.79
WF 6124	10/07/16	Deposit	9453724936	AKS, LLC	Interest on Loan 7720 - 2607 W Sunrise	Densco/Loans	Loan 7720 - 2607 W Sunrise	2,250.00		2,239,879.79
WF 6124	10/07/16	Deposit	607606002	Daniel Smith	Interest on Loan 7342 - 2021 W Adam	Densco/Loans	Loan 7342 - 2021 W Adam	675.00		2,240,504.79

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Wells Fargo Checking Account 6124 (Continued)										
Account	Date	Type	Num	Name	Memo	Class	Category	Deposit	Withdrawal	Balance
WF 6124	10/20/16	Deposit	Wire	Robert Humburg	Payoff of Loan 8007 - 3219 E Saint John	Densco/Loans	Loan 8007 - 3219 E Saint John	25,000.00		2,265,502.79
WF 6124	10/20/16	Deposit	Wire	Robert Humburg	Payoff of Loan 8007 - 3219 E Saint John (refund overpaid int.)	Densco/Loans	Loan 8007 - 3219 E Saint John		125.00	2,265,577.79
WF 6124	10/20/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Admin	Bank Service Charges		15.00	2,265,562.79
WF 6124	10/28/16	Check	1010	Simon Consulting, LLC	August 2016 Receivables Fees	Densco/Admin	Receivables Fees		36,977.46	2,228,435.33
WF 6124	10/28/16	Check	1011	Gentilia Murphy Anderson, PC	August 2016 Receivables Fees	Densco/Admin	Legal Fees		60,050.62	2,168,384.71
WF 6124	10/31/16	Deposit	1143	Rimovsky Investments, LLC	Interest on Loan 5830 - 1412 W South Fork	Densco/Loans	Loan 5830 - 1412 W South Fork	3,450.00		2,171,834.71
WF 6124	10/31/16	Deposit	698202877	Daniel Smith	Interest on Loan 7999 - 1227 W Pima	Densco/Loans	Loan 7999 - 1227 W Pima	1,725.00		2,173,559.71
WF 6124	10/31/16	Deposit	732506272	Blue Water Capital, LLC	Interest on Loan 8038 - 11320 E Broadway	Densco/Loans	Loan 8038 - 11320 E Broadway	1,275.00		2,174,834.71
WF 6124	10/31/16	Deposit	47380315	Justin Moore	Interest on Loan 2566 - 4021 E Moreland	Densco/Loans	Loan 2566 - 4021 E Moreland	480.00		2,175,314.71
WF 6124	10/31/16	Deposit	886836	City of Glendale	City of Glendale - Check to Furniture King	Managed/FK	FK Income - Misc. Vendor Refunds	105.43		2,175,420.14
WF 6124	10/31/16	Deposit	4749182	American Modern Select Ins. Co.	American Modern Select Ins. Co. - Check to Scott's Fine Furniture	Managed/FK	FK Income - Misc. Vendor Refunds	29.34		2,175,449.48
WF 6124	11/01/16	Check	1012	Atlantic Relocation Systems	Relocate furniture from Goodyear store to new wrls.	Managed/FK	FK Expenses - Moving	9,876.00		2,165,573.48
WF 6124	11/09/16	Check	1013	Seneca Insurance Company, Inc.	Policy No. RMP4700019 - Commercial Package	Managed/FK	FK Expenses - Insurance	3,955.00		2,161,618.48
WF 6124	11/09/16	Check	1014	Seneca Insurance Company, Inc.	Policy No. RUP4700003 - Commercial Umbrella	Managed/FK	FK Expenses - Insurance	507.00		2,161,111.48
WF 6124	11/09/16	Check	1015	SBMC Van Buren Industrial, LLC	45th Ave Warehouse, 10/01/16-10/31/16	Managed/FK	FK Expenses - Rent	5,648.00		2,155,463.48
WF 6124	11/09/16	Check	1015	SBMC Van Buren Industrial, LLC	45th Ave Warehouse, 11/01/16-11/30/16	Managed/FK	FK Expenses - Rent	5,648.00		2,149,815.48
WF 6124	11/09/16	Check	1015	SBMC Van Buren Industrial, LLC	45th Ave Warehouse, 09/19/16-09/30/16	Managed/FK	FK Expenses - Rent	2,259.12		2,147,556.36
WF 6124	11/09/16	Check	1016	DenSCO Investment Corp.	Transfer to AZ Business Bank Checking	Densco/Admin	Transfer - AZ Bus Bank Ckt 9290	2,000,000.00		147,556.36
WF 6124	11/10/16	Deposit	1366	CNT Real Estate Investments	Payoff of Loan 7855 - 4003 W South Wind	Densco/Loans	Loan 7855 - 4003 W South Wind	30,900.00		178,456.36
WF 6124	11/10/16	Deposit	607606230	Daniel Smith	Interest on Loan 8109 - 319 W Sunland	Densco/Loans	Loan 8109 - 319 W Sunland	5,250.00		183,706.36
WF 6124	11/10/16	Deposit	1366	CNT Real Estate Investments	Payoff of Loan 7855 - 4003 W South Wind	Densco/Loans	Loan 7855 - 4003 W South Wind	1,125.00		184,831.36
WF 6124	11/10/16	Deposit	491931302	Justin Moore	Interest on Loan 2566 - 4021 E Moreland	Densco/Loans	Loan 2566 - 4021 E Moreland	480.00		185,311.36
WF 6124	11/10/16	Deposit	5003	Denny Chittick Estate	Office Furniture Sale Proceeds	Densco/Admin	Office Furniture Sale Proceeds	31.87		185,343.23
WF 6124	11/10/16	Check	1017	Hassett Insurance, Inc.	1605 W Winter Dr - Property Insurance	Managed/Loans	Property Expenses - Insurance	3,200.00	2,737.00	182,606.23
WF 6124	11/21/16	Deposit	1149	Rimovsky Investments, LLC	Interest on Loan 5830 - 1412 W South Fork	Densco/Loans	Loan 5830 - 1412 W South Fork	3,450.00		185,806.23
WF 6124	11/22/16	Deposit	9453725.49	AKS, LLC	Interest on Loan 7720 - 2607 W Sunrise	Densco/Loans	Loan 7720 - 2607 W Sunrise	2,250.00		189,256.23
WF 6124	11/22/16	Deposit	607606106	Daniel Smith	Interest on Loan 7342 - 2021 W Adam	Densco/Loans	Loan 7342 - 2021 W Adam	675.00		191,506.23
WF 6124	11/23/16	Deposit	Wire	Peak Equity, LLC	Payoff of Loan 5486 - 11 Spur Circle	Densco/Loans	Loan 5486 - 11 Spur Circle	120,095.60		312,276.83
WF 6124	11/23/16	Deposit	Wire	Peak Equity, LLC	Payoff of Loan 5486 - 11 Spur Circle	Densco/Loans	Loan 5486 - 11 Spur Circle	6,664.50		318,941.33
WF 6124	11/23/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Admin	Bank Service Charges		15.00	318,926.33
WF 6124	11/29/16	Deposit	Wire	Empire Legacy Investments	Payoff of Loan 8114 - 6702 W Merrill	Densco/Loans	Loan 8114 - 6702 W Merrill	120,000.00		438,926.33
WF 6124	11/29/16	Deposit	Wire	Schian Walker, PLC	Proceeds from 2048 E Marilyn Ave property per 11/23/16 Shp.	Managed/Loans	Easy - Marilyn Ppty Proceeds	35,066.73		473,993.06
WF 6124	11/29/16	Deposit	Wire	Empire Legacy Investments	Payoff of Loan 8114 - 6702 W Merrill	Densco/Loans	Loan 8114 - 6702 W Merrill	7,800.00		481,793.06
WF 6124	11/29/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Admin	Bank Service Charges		15.00	481,778.06
WF 6124	11/29/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Admin	Bank Service Charges		15.00	481,763.06
WF 6124	11/30/16	Deposit	Wire	Blue Water Capital, LLC	Payoff of Loan 8038 - 11320 E Broadway	Densco/Loans	Loan 8038 - 11320 E Broadway	85,000.00		566,763.06
WF 6124	11/30/16	Deposit	Wire	Blue Water Capital, LLC	Payoff of Loan 8038 - 11320 E Broadway	Densco/Loans	Loan 8038 - 11320 E Broadway	1,402.50		568,165.56
WF 6124	11/30/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Densco/Admin	Bank Service Charges		15.00	568,150.56
WF 6124	12/05/16	Check	EFT	DenSCO Investment Corp.	Transfer to WF Savings	Densco/Admin	Transfer - Wells Fargo Savings 6181	500,000.00		568,150.56
WF 6124	12/05/16	Check	1018	Predio Management, LLC	27th Ave Warehouse, 12/01/16-12/31/16	Managed/FK	FK Expenses - Rent	59,882.28		68,150.56
WF 6124	12/05/16	Check	1018	Predio Management, LLC	27th Ave Warehouse, 11/01/16-11/30/16	Managed/FK	FK Expenses - Rent	8,207.76		51,674.52
WF 6124	12/05/16	Check	1018	Predio Management, LLC	27th Ave Warehouse, 10/01/16-10/31/16	Managed/FK	FK Expenses - Rent	43,979.48		51,674.52
WF 6124	12/05/16	Check	1018	Predio Management, LLC	27th Ave Warehouse, 09/22/16-09/30/16	Managed/FK	FK Expenses - Rent	7,695.04		43,979.48
WF 6124	12/08/16	Check	EFT	Wells Fargo Bank	Online Deposit Detail & Images Fee	Managed/FK	FK Expenses - Rent	2,487.92		41,491.56
WF 6124	12/08/16	Check	EFT	Wells Fargo Bank	Online Deposit Detail & Images Fee	Managed/FK	FK Expenses - Rent		3.00	41,488.56
WF 6124	12/09/16	Deposit	698203524	Daniel Smith	Interest on Loan 8109 - 319 W Sunland	Densco/Loans	Bank Service Charges	5,250.00		46,738.56
WF 6124	12/09/16	Deposit	698202946	Daniel Smith	Interest on Loan 7999 - 1227 W Pima	Densco/Loans	Loan 7999 - 1227 W Pima	1,725.00		48,463.56
WF 6124	12/09/16	Deposit	455879948	Chase Bank	Transfer from Furniture King, LLC - Chase 1381 account balance	Managed/FK	FK Income - Transfer from Chase 1381	951.43		49,414.99

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August 24, 2016 - December 22, 2017

Exhibit 1

Account	Date	Type	Num	Name	Memo	Chgs	Category	Deposit	Withdrawal	Balance
WF 6124	12/09/16	Deposit	698207807	Daniel Smith	Interest on Loan 7342 - 2021 W Adam	DenSci/Lnans	Loan 7342 - 2021 W Adam	675.00		50,089.99
WF 6124	12/09/16	Check	1019	SBMC Van Buren Industrial, LLC	45th Ave Warehouse - 12/01/16-12/31/16	Managed/FK	FK Expenses - Rent		5,648.00	44,441.99
WF 6124	12/13/16	Deposit	Wire	Black Forest, LLC	Payoff of Loan 4419 - 8404 E Pinnacle Peak	DenSci/Lnans	Loan 4419 - 8404 E Pinnacle Peak	230,096.98		274,538.97
WF 6124	12/13/16	Transfer	EFT	DenSCO Investment Corp	Transfer from WF Savings	DenSci/Lnans	Transfer - Wells Fargo Savings 6181	200,000.00		474,538.97
WF 6124	12/13/16	Check	1020	Gammage & Burnham, PLC	08/12/16-11/02/16 Receivables Fees	DenSci/Lnans	Legal Fees		42,302.25	432,236.72
WF 6124	12/13/16	Check	1021	Simon Consulting, LLC	September 2016 Receivables Fees	DenSci/Lnans	Receivables Fees		99,190.21	333,046.51
WF 6124	12/13/16	Check	1022	Cutilla Murphy Anderson, PC	September 2016 Receivables Fees	DenSci/Lnans	Legal Fees		78,113.85	254,932.66
WF 6124	12/13/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	DenSci/Lnans	Bank Service Charges		15.00	254,917.66
WF 6124	12/13/16	Check	Wire	AKS, LLC	Payoff of Loan 7720 - 2607 W Sunrise	DenSci/Lnans	Loan 7720 - 2607 W Sunrise	150,000.00		404,917.66
WF 6124	12/15/16	Deposit	Wire	AKS, LLC	Payoff of Loan 7720 - 2607 W Sunrise	DenSci/Lnans	Bank Service Charges	2,975.00		407,842.66
WF 6124	12/15/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	DenSci/Lnans	Bank Service Charges		15.00	407,827.66
WF 6124	12/19/16	Deposit	Wire	Stone Capital Investments, LLC	Payoff of Loan 3190 - 2319 W Aloe Vera	DenSci/Lnans	Loan 3190 - 2319 W Aloe Vera	260,000.00		667,827.66
WF 6124	12/19/16	Deposit	Wire	Stone Capital Investments, LLC	Payoff of Loan 3190 - 2319 W Aloe Vera	DenSci/Lnans	Loan 3190 - 2319 W Aloe Vera	22,260.00		690,087.66
WF 6124	12/19/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	DenSci/Lnans	Bank Service Charges		15.00	690,072.66
WF 6124	12/20/16	Deposit	Wire	Stone Capital Investments, LLC	Payoff of Loan 3190 - 2319 W Aloe Vera (line fees)	DenSci/Lnans	Bank Service Charges	1,560.00		691,632.66
WF 6124	12/20/16	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	DenSci/Lnans	Bank Service Charges		15.00	691,617.66
WF 6124	12/20/16	Check	998	J and J Marketing, LLC	Interest on Loan 3835 - 7126 W Glenrosa	DenSci/Lnans	Loan 3835 - 7126 W Glenrosa	900.00		692,517.66
WF 6124	12/21/16	Check	1023	SBMC Van Buren Industrial, LLC	45th Ave Warehouse - 01/01/17-01/31/17	Managed/FK	FK Expenses - Rent		5,648.00	686,869.66
WF 6124	12/21/16	Check	1024	Fredenberg Beams	Foreclosure Expenses - 9555 E Rainier #1004	Managed/Lnans	Property Expenses - Foreclosure Fees		2,015.00	684,854.66
WF 6124	12/21/16	Check	1024	Fredenberg Beams	Foreclosure Expenses - 9555 E Rainier #1004	Managed/Lnans	Property Expenses - Foreclosure Fees		1,375.00	683,479.66
WF 6124	12/21/16	Check	1024	Fredenberg Beams	Foreclosure Expenses - 1605 W Winter	Managed/Lnans	Property Expenses - Foreclosure Fees		1,024.00	682,455.66
WF 6124	12/21/16	Check	1024	Fredenberg Beams	Foreclosure Expenses - 9555 E Rainier #1004	Managed/Lnans	Property Expenses - Foreclosure Fees		482.40	681,973.26
WF 6124	12/21/16	Check	1024	Fredenberg Beams	Foreclosure Expenses - 9555 E Rainier #1004	Managed/Lnans	Property Expenses - Foreclosure Fees		195.00	681,778.26
WF 6124	12/22/16	Check	1024	Fredenberg Beams	Foreclosure Expenses - 9555 E Rainier #1004	Managed/Lnans	Property Expenses - Foreclosure Fees			683,510.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 5794 - 2010 N Lindsay	DenSci/Lnans	Loan 5794 - 2010 N Lindsay	1,732.00		685,242.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 5794 - 2010 N Lindsay	DenSci/Lnans	Loan 5794 - 2010 N Lindsay	1,732.00		686,974.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 5046 - 1606 W Culver	DenSci/Lnans	Loan 5046 - 1606 W Culver	1,125.00		688,099.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 5046 - 1606 W Culver	DenSci/Lnans	Loan 5046 - 1606 W Culver	1,125.00		689,224.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 5051 - 1017 N Los Robles	DenSci/Lnans	Loan 5051 - 1017 N Los Robles	1,125.00		690,349.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 5051 - 1017 N Los Robles	DenSci/Lnans	Loan 5051 - 1017 N Los Robles	1,125.00		691,474.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 8083 - 110 N 2nd	DenSci/Lnans	Loan 8083 - 110 N 2nd	1,125.00		692,599.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 8083 - 110 N 2nd	DenSci/Lnans	Loan 8083 - 110 N 2nd	1,125.00		693,724.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 7686 - 23210 S Sossaman	DenSci/Lnans	Loan 7686 - 23210 S Sossaman	900.00		694,624.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 7686 - 23210 S Sossaman	DenSci/Lnans	Loan 7686 - 23210 S Sossaman	900.00		695,524.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 5048 - 6307 W Clarendon	DenSci/Lnans	Loan 5048 - 6307 W Clarendon	750.00		696,274.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 5048 - 6307 W Clarendon	DenSci/Lnans	Loan 5048 - 6307 W Clarendon	750.00		697,024.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 5050 - 9613 N 10th	DenSci/Lnans	Loan 5050 - 9613 N 10th	750.00		697,774.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 5050 - 9613 N 10th	DenSci/Lnans	Loan 5050 - 9613 N 10th	750.00		698,524.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 6418 - 2329 N 69th	DenSci/Lnans	Loan 6418 - 2329 N 69th	750.00		699,274.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 6418 - 2329 N 69th	DenSci/Lnans	Loan 6418 - 2329 N 69th	750.00		699,924.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 7339 - 2615 E Portland	DenSci/Lnans	Loan 7339 - 2615 E Portland	750.00		700,674.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 7339 - 2615 E Portland	DenSci/Lnans	Loan 7339 - 2615 E Portland	750.00		701,424.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 5052 - 4604 N 9th	DenSci/Lnans	Loan 5052 - 4604 N 9th	600.00		702,024.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 5052 - 4604 N 9th	DenSci/Lnans	Loan 5052 - 4604 N 9th	600.00		702,624.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DenSci/Lnans	Loan 6796 - 215 S 5th	525.00		703,149.26
WF 6124	12/22/16	Deposit	Cash	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DenSci/Lnans	Loan 6796 - 215 S 5th	525.00		703,674.26
WF 6124	12/24/16	Deposit	2459	Jace Sanders/Mike Moore	Interest on Loan 5794 - 2010 N Lindsay	DenSci/Lnans	Loan 5794 - 2010 N Lindsay	1,125.00		704,799.26
WF 6124	12/24/16	Deposit	2459	Jace Sanders/Mike Moore	Interest on Loan 5046 - 1606 W Culver	DenSci/Lnans	Loan 5046 - 1606 W Culver	1,125.00		705,924.26
WF 6124	12/24/16	Deposit	2459	Jace Sanders/Mike Moore	Interest on Loan 5051 - 1017 N Los Robles	DenSci/Lnans	Loan 5051 - 1017 N Los Robles	1,125.00		707,049.26
WF 6124	12/24/16	Deposit	2459	Jace Sanders/Mike Moore	Interest on Loan 8083 - 110 N 2nd	DenSci/Lnans	Loan 8083 - 110 N 2nd	900.00		707,949.26
WF 6124	12/24/16	Deposit	2459	Jace Sanders/Mike Moore	Interest on Loan 7686 - 23210 S Sossaman	DenSci/Lnans	Loan 7686 - 23210 S Sossaman	750.00		708,699.26
WF 6124	12/24/16	Deposit	2459	Jace Sanders/Mike Moore	Interest on Loan 5048 - 6307 W Clarendon	DenSci/Lnans	Loan 5048 - 6307 W Clarendon	750.00		709,449.26
WF 6124	12/24/16	Deposit	2459	Jace Sanders/Mike Moore	Interest on Loan 5050 - 9613 N 10th	DenSci/Lnans	Loan 5050 - 9613 N 10th	750.00		709,549.26

Wells Fargo Checking Account 6124 (Continued)										
Account	Date	Type	Num	Name	Memo	Class	Category	Deposit	Withdrawal	Balance
WF 6124	12/24/16	Deposit	2459	Jace Sanders/Mike Moore	Interest on Loan 6418 - 2329 N 69th	DensCo/Loans	Loan 6418 - 2329 N 69th	750.00		710,299.26
WF 6124	12/24/16	Deposit	2459	Jace Sanders/Mike Moore	Interest on Loan 7359 - 2615 E Portland	DensCo/Loans	Loan 7359 - 2615 E Portland	750.00		711,049.26
WF 6124	12/24/16	Deposit	2459	Jace Sanders/Mike Moore	Interest on Loan 5052 - 4604 N 9th	DensCo/Loans	Loan 5052 - 4604 N 9th	600.00		711,649.26
WF 6124	12/24/16	Deposit	2459	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Loans	Loan 6796 - 215 S 5th	535.00		712,174.26
WF 6124	12/24/16	Deposit	2460	Jace Sanders/Mike Moore	Interest on Loan 5794 - 2010 N Lindsay	DensCo/Loans	Loan 5794 - 2010 N Lindsay	1,732.00		713,906.26
WF 6124	12/24/16	Deposit	2460	Jace Sanders/Mike Moore	Interest on Loan 5046 - 1606 W Culver	DensCo/Loans	Loan 5046 - 1606 W Culver	1,125.00		715,031.26
WF 6124	12/24/16	Deposit	2460	Jace Sanders/Mike Moore	Interest on Loan 5083 - 110 N 2nd	DensCo/Loans	Loan 5083 - 110 N 2nd	1,125.00		716,156.26
WF 6124	12/24/16	Deposit	2460	Jace Sanders/Mike Moore	Interest on Loan 8083 - 110 N 2nd	DensCo/Loans	Loan 8083 - 110 N 2nd	900.00		718,181.26
WF 6124	12/24/16	Deposit	2460	Jace Sanders/Mike Moore	Interest on Loan 7686 - 23210 S Sossaman	DensCo/Loans	Loan 5048 - 6307 W Clarendon	750.00		718,931.26
WF 6124	12/24/16	Deposit	2460	Jace Sanders/Mike Moore	Interest on Loan 5048 - 6307 W Clarendon	DensCo/Loans	Loan 5050 - 9613 N 10th	750.00		719,681.26
WF 6124	12/24/16	Deposit	2460	Jace Sanders/Mike Moore	Interest on Loan 5050 - 9613 N 10th	DensCo/Loans	Loan 6418 - 2329 N 69th	750.00		720,431.26
WF 6124	12/24/16	Deposit	2460	Jace Sanders/Mike Moore	Interest on Loan 7359 - 2615 E Portland	DensCo/Loans	Loan 7359 - 2615 E Portland	600.00		721,181.26
WF 6124	12/24/16	Deposit	2460	Jace Sanders/Mike Moore	Interest on Loan 5052 - 4604 N 9th	DensCo/Loans	Loan 5052 - 4604 N 9th	535.00		722,006.26
WF 6124	12/29/16	Deposit	55363166	Jace Sanders/Mike Moore	Interest on Loan 2666 - 4021 E Moreland	DensCo/Loans	Loan 2566 - 4021 E Moreland	480.00		722,786.26
WF 6124	12/29/16	Transfer	EFT	Densco Investment Corp	Transfer from WF Savings	DensCo/Adm'n	Transfer - Wells Fargo Savings 6181	125,000.00		847,786.26
WF 6124	12/29/16	Check	1025	Densco Investment Corp	Transfer to A-Z Business Bank Checking	DensCo/Adm'n	Transfer - AZ Bus Bank Ctg 9290	800,000.00		47,786.26
WF 6124	12/30/16	Check	EFT	Wells Fargo Bank	Cash Deposited Fee	DensCo/Adm'n	Bank Service Charges	38.10		47,748.16
WF 6124	01/03/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 5794 - 2010 N Lindsay	DensCo/Loans	Loan 5794 - 2010 N Lindsay	1,732.00		49,480.16
WF 6124	01/03/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 5046 - 1606 W Culver	DensCo/Loans	Loan 5046 - 1606 W Culver	5,605.16		55,085.16
WF 6124	01/03/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 5051 - 1017 N Los Robles	DensCo/Loans	Loan 5051 - 1017 N Los Robles	1,125.00		51,130.16
WF 6124	01/03/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 8083 - 110 N 2nd	DensCo/Loans	Loan 8083 - 110 N 2nd	1,125.00		52,855.16
WF 6124	01/03/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 5048 - 23210 S Sossaman	DensCo/Loans	Loan 7686 - 23210 S Sossaman	900.00		53,752.16
WF 6124	01/03/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 5048 - 6307 W Clarendon	DensCo/Loans	Loan 5048 - 6307 W Clarendon	750.00		54,505.16
WF 6124	01/03/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 5050 - 9613 N 10th	DensCo/Loans	Loan 5050 - 9613 N 10th	55,253.16		56,005.16
WF 6124	01/03/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 6418 - 2329 N 69th	DensCo/Loans	Loan 6418 - 2329 N 69th	750.00		56,755.16
WF 6124	01/03/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 7359 - 2615 E Portland	DensCo/Loans	Loan 7359 - 2615 E Portland	57,355.16		57,880.16
WF 6124	01/03/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 5052 - 4604 N 9th	DensCo/Loans	Loan 5052 - 4604 N 9th	600.00		57,880.16
WF 6124	01/03/17	Deposit	1026	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensCo/Loans	Loan 6796 - 215 S 5th	525.00		57,880.16
WF 6124	01/03/17	Check	1026	Forrester Consulting Solutions, LLC	Invoice No. 5620 (less \$2,913.11 discount)	DensCo/Loans	IT Forrester Fees	6,000.00		51,880.16
WF 6124	01/04/17	Check	1027	United States Treasury	Form 4306 Request for Copy of Tax Return (2011-201	DensCo/Adm'n	Document Processing & Record Req	2,500.00		51,630.16
WF 6124	01/04/17	Check	1028	Predio Management, LLC	27th Ave Warehouse 01/01/17-01/31/17	Managed/FFX	FFX Expenses - Rent	8,212.09		43,418.07
WF 6124	01/05/17	Check	1161	Rumovsky Investments, LLC	Interest on Loan 5830 - 1412 W South Fork	DensCo/Loans	Loan 5830 - 1412 W South Fork	3,450.00		46,868.07
WF 6124	01/10/17	Check	EFT	Wells Fargo Bank	Online Deposit Debit & Images Fee	DensCo/Adm'n	Bank Service Charges	46,868.07		46,868.07
WF 6124	01/11/17	Transfer	EFT	Densco Investment Corp.	Transfer from WF Savings	DensCo/Adm'n	Transfer - Wells Fargo Savings 6181	150,000.00		196,865.07
WF 6124	01/11/17	Check	1029	Arizona Corporation Commission	Furniture King LLC (L17038449) - Statement of Chm	Managed/FFX	FFX Expenses - ACC Fees	5.00		196,860.07
WF 6124	01/11/17	Check	1030	Arizona Corporation Commission	Furniture & Electronic King, LLC (L20516797) -	Managed/FFX	FFX Expenses - ACC Fees	5.00		196,855.07
WF 6124	01/11/17	Check	1031	Arizona Corporation Commission	Statement of Change	Managed/FFX	FFX Expenses - ACC Fees	5.00		196,850.07
WF 6124	01/11/17	Check	1032	Simon Consulting, LLC	Scott's Fine Furniture, LLC (L20787149) - Statement	Managed/FFX	FFX Expenses - ACC Fees	5.00		196,850.07
WF 6124	01/11/17	Check	1033	Simon Consulting, LLC	October 2016 Receivership Fees	DensCo/Adm'n	Receivership Fees	69,103.57		127,746.50
WF 6124	01/12/17	Check	607602708	Guthrie Murphy Anderson, PC	October 2016 Receivership Fees	DensCo/Adm'n	Legal Fees	55,839.44		71,907.06
WF 6124	01/12/17	Deposit	607602708	Daniel Smith	Interest on Loan 8109 - 319 W Sunland	DensCo/Loans	Loan 8109 - 319 W Sunland	5,250.00		77,157.06
WF 6124	01/12/17	Deposit	607602552	Daniel Smith	Interest on Loan 7999 - 1227 W Pima	DensCo/Loans	Loan 7999 - 1227 W Pima	1,725.00		78,882.06
WF 6124	01/12/17	Deposit	607606257	Daniel Smith	Interest on Loan 7342 - 2021 W Adam	DensCo/Loans	Loan 7342 - 2021 W Adam	675.00		79,557.06
WF 6124	01/13/17	Deposit	1000	J and J Marketing, LLC	Interest on Loan 3835 - 7126 W Glamrosa	DensCo/Loans	Loan 3835 - 7126 W Glamrosa	750.00		80,307.06
WF 6124	01/13/17	Check	1034	Alleg California, LLC	Imaging & Barite Labeling of US Bank prod. of	DensCo/Adm'n	Document Processing & Record Req	699.98		79,607.08
WF 6124	01/18/17	Deposit	Wire	J and J Marketing, LLC	Payoff of Loan 3835 - 7126 W Glamrosa	DensCo/Loans	Loan 3835 - 7126 W Glamrosa	50,000.00		129,607.08
WF 6124	01/18/17	Deposit	Wire	J and J Marketing, LLC	Payoff of Loan 3835 - 7126 W Glamrosa	DensCo/Loans	Loan 3835 - 7126 W Glamrosa	250.00		129,357.08
WF 6124	01/18/17	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	DensCo/Adm'n	Bank Service Charges	15.00		129,342.08

Wells Fargo Checking Account 6124 (Continued)												
Account	Date	Type	Num	Name	Memo	Class	Category	Deposit	Withdrawal	Balance		
WF 6124	01/23/17	Check	1053	SBMC Van Buren Industrial, LLC	45th Ave Warehouse - 02/01/17-02/28/17	Managed/FK	FK Expenses - Rent		5,648.00	123,694.08		
WF 6124	01/26/17	Deposit	1165	Rimovsky Investments, LLC	Interest on Loan 5830 - 1412 W South Fork	DensSci/Loans	Loan 5830 - 1412 W South Fork	3,450.00		127,144.08		
WF 6124	01/27/17	Check	1051	Simon Consulting, LLC	November 2016 Receivship Fees	DensSci/Admin	Receivship Fees		64,915.98	62,228.10		
WF 6124	01/27/17	Check	1052	Guillia Murphy Anderson, PC	November 2016 Receivship Fees	DensSci/Admin	Legal Fees		57,021.76	5,206.34		
WF 6124	02/02/17	Deposit	77474	Jace Sanders/Mike Moore	Interest on Loan 5794 - 2010 N Lindsay	DensSci/Loans	Loan 5794 - 2010 N Lindsay	1,732.00		6,938.34		
WF 6124	02/02/17	Deposit	77474	Jace Sanders/Mike Moore	Interest on Loan 5046 - 1606 W Culver	DensSci/Loans	Loan 5046 - 1606 W Culver	1,125.00		8,063.34		
WF 6124	02/02/17	Deposit	77474	Jace Sanders/Mike Moore	Interest on Loan 5051 - 1017 N Los Robles	DensSci/Loans	Loan 5051 - 1017 N Los Robles	1,125.00		9,188.34		
WF 6124	02/02/17	Deposit	77474	Jace Sanders/Mike Moore	Interest on Loan 8083 - 110 N 2nd	DensSci/Loans	Loan 8083 - 110 N 2nd	1,125.00		10,313.34		
WF 6124	02/02/17	Deposit	77474	Jace Sanders/Mike Moore	Interest on Loan 7686 - 23210 S Sossaman	DensSci/Loans	Loan 7686 - 23210 S Sossaman	900.00		11,213.34		
WF 6124	02/02/17	Deposit	77474	Jace Sanders/Mike Moore	Interest on Loan 5048 - 6307 W Clarendon	DensSci/Loans	Loan 5048 - 6307 W Clarendon	750.00		11,963.34		
WF 6124	02/02/17	Deposit	77474	Jace Sanders/Mike Moore	Interest on Loan 5050 - 9613 N 10th	DensSci/Loans	Loan 5050 - 9613 N 10th	750.00		12,713.34		
WF 6124	02/02/17	Deposit	77474	Jace Sanders/Mike Moore	Interest on Loan 6418 - 2329 N 69th	DensSci/Loans	Loan 6418 - 2329 N 69th	750.00		13,463.34		
WF 6124	02/02/17	Deposit	77474	Jace Sanders/Mike Moore	Interest on Loan 7359 - 2615 E Portland	DensSci/Loans	Loan 7359 - 2615 E Portland	750.00		14,213.34		
WF 6124	02/02/17	Deposit	77474	Jace Sanders/Mike Moore	Interest on Loan 5052 - 4604 N 9th	DensSci/Loans	Loan 5052 - 4604 N 9th	600.00		14,813.34		
WF 6124	02/02/17	Deposit	77474	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DensSci/Loans	Loan 6796 - 215 S 5th	525.00		15,338.34		
WF 6124	02/06/17	Check	1054	Altep California, LLC	Imaging & Bates Labeling of Chase production of	DensSci/Admin	Document Processing & Record Req	480.00		15,818.34		
WF 6124	02/06/17					Managed/FK			1,079.46	14,738.88		
WF 6124	02/06/17	Check	1055	Seneca Insurance Company, Inc	Policy No. RLJP400003 - Commercial Umbrella	Managed/FK	FK Expenses - Insurance		507.00	14,231.88		
WF 6124	02/06/17	Check	1056	Seneca Insurance Company, Inc	Policy No. RMH4700019 - Commercial Package	Managed/FK	FK Expenses - Insurance		10,276.88	3,955.00		
WF 6124	02/07/17	Transfer		Densco Investment Corp.	Transfer from WF Savings	DensSci/Admin	Transfer - Wells Fargo Savings 6181	15,000.00		25,276.88		
WF 6124	02/07/17	Check	1057	Predio Management, LLC	27th Ave Warehouse - 02/01/17-02/28/17	Managed/FK	FK Expenses - Rent	8,276.92		16,999.96		
WF 6124	02/07/17	Check		Paychex	Furniture King - Payroll	Managed/FK	FK Expenses - Pre-Receivship Payroll	6,000.00		10,999.96		
WF 6124	02/07/17	Check		Paychex	Furniture King - 2016 W-2 Preparation	Managed/FK	FK Expenses - Pre-Receivship Payroll	10,622.46		21,622.42		
WF 6124	02/07/17	Check	1058	Preston CPA, PC	Copy Costs for DensSci Tax Files 2010-2015	DensSci/Admin	Document Processing & Record Req	48.71		21,573.71		
WF 6124	02/08/17	Check		Wellis Fargo Bank	Online Deposit Detail & Images Fee	DensSci/Admin	Bank Service Charges	3.00		21,570.71		
WF 6124	02/09/17	Deposit	628805848	Daniel Smith	Interest on Loan 8109 - 319 W Sunland	DensSci/Loans	Loan 8109 - 319 W Sunland	5,250.00		26,820.71		
WF 6124	02/09/17	Deposit	628804846	Daniel Smith	Interest on Loan 7999 - 1227 W Pima	DensSci/Loans	Loan 7999 - 1227 W Pima	1,725.00		17,545.71		
WF 6124	02/09/17	Deposit	628810842	Daniel Smith	Interest on Loan 7342 - 2021 W Adam	DensSci/Loans	Loan 7342 - 2021 W Adam	675.00		18,220.71		
WF 6124	02/14/17	Check		Paychex	Furniture King - Workers Comp	Managed/FK	FK Expenses - Pre-Receivship Payroll	2,060.90		16,159.85		
WF 6124	02/17/17	Check	1059	Fredenberg Beams	Foreclosure Expense - 707 E Potter	Managed/Loans	Property Expenses - Foreclosure Fees			16,159.85		
WF 6124	02/17/17	Check	1059	Fredenberg Beams	Foreclosure Expense - 9103 E Charter Oak	Managed/Loans	Property Expenses - Foreclosure Fees			16,159.85		
WF 6124	02/17/17	Check	1059	Fredenberg Beams	Foreclosure Expense - 9555 E Rainier #1004	Managed/Loans	Property Expenses - Foreclosure Fees			16,159.85		
WF 6124	02/17/17	Check	1059	Fredenberg Beams	Foreclosure Expense - 1605 W Winter	Managed/Loans	Property Expenses - Foreclosure Fees			16,159.85		
WF 6124	02/17/17	Check	1060	Fredenberg Beams	Foreclosure Expense - 1605 W Winter	Managed/Loans	Property Expenses - Foreclosure Fees			16,159.85		
WF 6124	02/17/17	Check	1060	Fredenberg Beams	Foreclosure Expense - 707 E Potter	Managed/Loans	Property Expenses - Foreclosure Fees			16,159.85		
WF 6124	02/17/17	Check	1060	Fredenberg Beams	Foreclosure Expense - 9103 E Charter Oak	Managed/Loans	Property Expenses - Foreclosure Fees			16,159.85		
WF 6124	02/17/17	Check	1060	Fredenberg Beams	Foreclosure Expense - 1605 W Winter	Managed/Loans	Property Expenses - Foreclosure Fees			16,159.85		
WF 6124	02/17/17	Check	1060	Fredenberg Beams	Foreclosure Expense - 9555 E Rainier #1004	Managed/Loans	Property Expenses - Foreclosure Fees			16,159.85		
WF 6124	02/22/17	Check	1061	SBMC Van Buren Industrial, LLC	45th Ave Warehouse - 03/01/17-03/31/17	Managed/FK	FK Expenses - Rent	5,648.00		10,511.85		
WF 6124	02/22/17	Check	1062	Fredenberg Beams	Foreclosure Expense - 707 E Potter	Managed/Loans	Property Expenses - Foreclosure Fees			4,863.85		
WF 6124	02/22/17	Check	1062	Fredenberg Beams	Foreclosure Expense - 1605 W Winter	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1062	Fredenberg Beams	Foreclosure Expense - 9103 E Charter Oak	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1062	Fredenberg Beams	Foreclosure Expense - 9555 E Rainier #1004	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 1605 W Winter	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 707 E Potter	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 9103 E Charter Oak	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 1605 W Winter	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 9555 E Rainier #1004	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 1605 W Winter	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 707 E Potter	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 9103 E Charter Oak	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 1605 W Winter	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 9555 E Rainier #1004	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 1605 W Winter	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 707 E Potter	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 9103 E Charter Oak	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 1605 W Winter	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 9555 E Rainier #1004	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 1605 W Winter	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 707 E Potter	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 9103 E Charter Oak	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 1605 W Winter	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 9555 E Rainier #1004	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 1605 W Winter	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 707 E Potter	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 9103 E Charter Oak	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 1605 W Winter	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 9555 E Rainier #1004	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 1605 W Winter	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 707 E Potter	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 9103 E Charter Oak	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 1605 W Winter	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 9555 E Rainier #1004	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 1605 W Winter	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 707 E Potter	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 9103 E Charter Oak	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 1605 W Winter	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 9555 E Rainier #1004	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 1605 W Winter	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 707 E Potter	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 9103 E Charter Oak	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 1605 W Winter	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 9555 E Rainier #1004	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 1605 W Winter	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 707 E Potter	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 9103 E Charter Oak	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 1605 W Winter	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 9555 E Rainier #1004	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 1605 W Winter	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 707 E Potter	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 9103 E Charter Oak	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 1605 W Winter	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 9555 E Rainier #1004	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 1605 W Winter	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 707 E Potter	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 9103 E Charter Oak	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 1605 W Winter	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 9555 E Rainier #1004	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 1605 W Winter	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 707 E Potter	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 9103 E Charter Oak	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 1605 W Winter	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 9555 E Rainier #1004	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 1605 W Winter	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 707 E Potter	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 9103 E Charter Oak	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.88		
WF 6124	02/22/17	Check	1063	Fredenberg Beams	Foreclosure Expense - 1605 W Winter	Managed/Loans	Property Expenses - Foreclosure Fees			5,508.		

Simon Consulting, LLC
Arizona Corporation Commission v. DenSeco Investment Corporation

DenSeco Investment Corporation
Receivership Bank Account Activity - Transaction Details
August 24, 2016 - December 22, 2017

Exhibit 1

Wells Fargo Checking Account 6124 (Continued)										
Account	Date	Type	Num	Name	Memo	Class	Category	Deposit	Withdrawal	Balance
WF 6124	03/14/17	Check	1065	United States Treasury	Form 4506 Request for Copy of DBP Tax Return (2010-2014)	DenSeco/Admin	Document Processing & Record Req		250.00	7,448.73
WF 6124	03/17/17	Check	1067	Fredenberg Beams	Foreclosure Expense - 707 E Porter	Managed/Loans	Property Expenses - Foreclosure Fees		135.00	7,313.73
WF 6124	03/17/17	Check	1067	Fredenberg Beams	Foreclosure Expense - 1605 W Winter	Managed/Loans	Property Expenses - Foreclosure Fees		70.00	7,243.73
WF 6124	03/17/17	Check	1067	Fredenberg Beams	Foreclosure Expense - 9555 E Rainier #1004	Managed/Loans	Property Expenses - Foreclosure Fees		45.00	7,198.73
WF 6124	03/17/17	Check	1067	Fredenberg Beams	Foreclosure Expense - 9555 E Rainier #1004	Managed/Loans	Property Expenses - Foreclosure Fees		4.02	7,194.71
WF 6124	03/17/17	Check	1068	Hassett Insurance, Inc.	707 E Porter Dr - Property Insurance	Managed/Loans	Property Expenses - Insurance		836.00	6,358.71
WF 6124	03/21/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 5794 - 2010 N Lindsay	DenSeco/Loans	Loan 5794 - 2010 N Lindsay	1,732.00		8,090.71
WF 6124	03/21/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 5046 - 1606 W Culver	DenSeco/Loans	Loan 5046 - 1606 W Culver	1,125.00		9,215.71
WF 6124	03/21/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 5051 - 1017 N Los Robles	DenSeco/Loans	Loan 5051 - 1017 N Los Robles	1,125.00		10,340.71
WF 6124	03/21/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 5083 - 110 N 2nd	DenSeco/Loans	Loan 5083 - 110 N 2nd	1,125.00		11,465.71
WF 6124	03/21/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 7686 - 23210 S Sossaman	DenSeco/Loans	Loan 7686 - 23210 S Sossaman	900.00		12,365.71
WF 6124	03/21/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 5048 - 6307 W Clarendon	DenSeco/Loans	Loan 5048 - 6307 W Clarendon	750.00		13,115.71
WF 6124	03/21/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 5050 - 9613 N 10th	DenSeco/Loans	Loan 5050 - 9613 N 10th	750.00		13,865.71
WF 6124	03/21/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 6418 - 2329 N 69th	DenSeco/Loans	Loan 6418 - 2329 N 69th	750.00		14,615.71
WF 6124	03/21/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 7359 - 2615 E Portland	DenSeco/Loans	Loan 7359 - 2615 E Portland	750.00		15,365.71
WF 6124	03/21/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 5052 - 4604 N 9th	DenSeco/Loans	Loan 5052 - 4604 N 9th	600.00		15,965.71
WF 6124	03/21/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DenSeco/Loans	Loan 6796 - 215 S 5th	575.00		16,490.71
WF 6124	03/23/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 8116 - 7815 W Vermont	DenSeco/Loans	Loan 8116 - 7815 W Vermont	160,000.00		116,490.71
WF 6124	03/23/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 8116 - 7815 W Vermont	DenSeco/Loans	Loan 8116 - 7815 W Vermont	12,594.48		129,085.19
WF 6124	03/23/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 8116 - 7815 W Vermont	DenSeco/Loans	Bank Service Charges	15.00		129,070.19
WF 6124	03/23/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 8116 - 7815 W Vermont	DenSeco/Loans	Bank Service Charges	5,648.00		123,422.19
WF 6124	03/23/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 8116 - 7815 W Vermont	DenSeco/Loans	Bank Service Charges	22,244.69		101,177.50
WF 6124	03/23/17	Deposit	11101730	Jace Sanders/Mike Moore	Interest on Loan 8116 - 7815 W Vermont	DenSeco/Loans	Bank Service Charges	76,209.90		24,967.60
WF 6124	03/29/17	Check	1071	Simon Consulting, LLC	January 2017 Receivables Fees	DenSeco/Admin	Receivables Fees	465.00		24,502.60
WF 6124	03/29/17	Check	1072	Frazier Ryan Goldberg & Arnold, LLP	January 2017 Receivables Fees	DenSeco/Admin	Legal Fees	27,952.60		2,550.00
WF 6124	03/30/17	Deposit	1177	Rimovky Investments, LLC	Interest on Loan 5830 - 1412 W South Fork	DenSeco/Loans	Loan 5830 - 1412 W South Fork	3,450.00		29,045.60
WF 6124	03/30/17	Deposit	283743	Seeca Insurance Company, Inc.	Policy No. RNF4700019 - Premium Refund	Managed/FK	FK Expenses - Insurance	1,095.00		30,777.60
WF 6124	04/10/17	Deposit	203	Jace Sanders/Mike Moore	Interest on Loan 5794 - 2010 N Lindsay	DenSeco/Loans	Loan 5794 - 2010 N Lindsay	1,125.00		31,902.60
WF 6124	04/10/17	Deposit	203	Jace Sanders/Mike Moore	Interest on Loan 5046 - 1606 W Culver	DenSeco/Loans	Loan 5046 - 1606 W Culver	1,125.00		33,027.60
WF 6124	04/10/17	Deposit	203	Jace Sanders/Mike Moore	Interest on Loan 5051 - 1017 N Los Robles	DenSeco/Loans	Loan 5051 - 1017 N Los Robles	1,125.00		34,152.60
WF 6124	04/10/17	Deposit	203	Jace Sanders/Mike Moore	Interest on Loan 8083 - 110 N 2nd	DenSeco/Loans	Loan 8083 - 110 N 2nd	900.00		35,052.60
WF 6124	04/10/17	Deposit	203	Jace Sanders/Mike Moore	Interest on Loan 7686 - 23210 S Sossaman	DenSeco/Loans	Loan 7686 - 23210 S Sossaman	750.00		36,552.60
WF 6124	04/10/17	Deposit	203	Jace Sanders/Mike Moore	Interest on Loan 5048 - 6307 W Clarendon	DenSeco/Loans	Loan 5048 - 6307 W Clarendon	750.00		37,302.60
WF 6124	04/10/17	Deposit	203	Jace Sanders/Mike Moore	Interest on Loan 5050 - 9613 N 10th	DenSeco/Loans	Loan 5050 - 9613 N 10th	750.00		38,052.60
WF 6124	04/10/17	Deposit	203	Jace Sanders/Mike Moore	Interest on Loan 6418 - 2329 N 69th	DenSeco/Loans	Loan 6418 - 2329 N 69th	750.00		38,802.60
WF 6124	04/10/17	Deposit	203	Jace Sanders/Mike Moore	Interest on Loan 7359 - 2615 E Portland	DenSeco/Loans	Loan 7359 - 2615 E Portland	600.00		39,402.60
WF 6124	04/10/17	Deposit	203	Jace Sanders/Mike Moore	Interest on Loan 5052 - 4604 N 9th	DenSeco/Loans	Loan 5052 - 4604 N 9th	525.00		39,927.60
WF 6124	04/10/17	Deposit	1073	Predio Management, LLC	27th Ave Warehouse 04/01/17-04/30/17	Managed/FK	FK Expenses - Rent	8,207.21		30,970.39
WF 6124	04/10/17	Check	1074	SBMC Van Buren Industrial, LLC	45th Ave Warehouse 05/01/17-05/31/17	Managed/FK	FK Expenses - Rent	5,648.00		25,322.39
WF 6124	04/12/17	Deposit	4261	Suplus Asset Management, Inc.	Net furniture sale proceeds through 04/04/17 - Gross collections	Managed/FK	FK Income - Furniture Sales	30,719.00		56,041.39
WF 6124	04/12/17	Deposit	698203767	Daniel Smith	Interest on Loan 8109 - 319 W Sunland	DenSeco/Loans	Loan 8109 - 319 W Sunland	5,250.00		61,291.39
WF 6124	04/12/17	Deposit	698203164	Daniel Smith	Interest on Loan 7999 - 1227 W Pima	DenSeco/Loans	Loan 7999 - 1227 W Pima	1,735.00		63,026.39
WF 6124	04/12/17	Deposit	698208487	Daniel Smith	Interest on Loan 7342 - 2021 W Adam	DenSeco/Loans	Loan 7342 - 2021 W Adam	675.00		63,691.39
WF 6124	04/12/17	Deposit	4261	Suplus Asset Management, Inc.	Net furniture sale proceeds through 04/04/17 - Commission	Managed/FK	FK Expenses - Auctioneer Commissions	4,607.85		59,083.54
WF 6124	04/12/17	Deposit	4261	Suplus Asset Management, Inc.	Net furniture sale proceeds through 04/04/17 - Auction Expenses	Managed/FK	FK Expenses - Auctioneer Expenses	3,545.67		55,537.87
WF 6124	04/17/17	Check	1075	Gutilla Murphy Anderson, PC	Reimbursement - USA Today Advertisement	DenSeco/Admin	Advertising Expense		4,770.00	50,767.87
WF 6124	04/17/17	Check	1076	Fredenberg Beams	Foreclosure Expense - 9102 E Charter Oak	Managed/Loans	Property Expenses - Foreclosure Fees		90.00	50,677.87
WF 6124	04/17/17	Check	1076	Fredenberg Beams	Foreclosure Expense - 9555 E Rainier #1004	Managed/Loans	Property Expenses - Foreclosure Fees		79.00	50,598.87

Simon Consulting, LLC
Arizona Corporation Commission v. DenSeco Investment Corporation

DenSeco Investment Corporation
Receivership Bank Account Activity - Transaction Details
August 24, 2016 - December 22, 2017

Exhibit 1

Wells Fargo Checking Account 6124 (Continued)										
Account	Date	Type	Num	Name	Memo	Class	Category	Deposit	Withdrawal	Balance
WF 6124	04/26/17	Check	1077	Simon Consulting, LLC	February 2017 Receivership Fees	DenSeco/Admin	Receivership Fees		32,706.02	17,892.85
WF 6124	05/01/17	Deposit	79347	Jace Sanders/Mike Moore	Interest on Loan 5794 - 2010 N Lindsay	DenSeco/Loans	Loan 5794 - 2010 N Lindsay	1,732.00		19,624.85
WF 6124	05/01/17	Deposit	79347	Jace Sanders/Mike Moore	Interest on Loan 5046 - 1606 W Culver	DenSeco/Loans	Loan 5046 - 1606 W Culver	20,749.85		20,749.85
WF 6124	05/01/17	Deposit	79347	Jace Sanders/Mike Moore	Interest on Loan 5051 - 1017 N Los Robles	DenSeco/Loans	Loan 5051 - 1017 N Los Robles	1,125.00		21,874.85
WF 6124	05/01/17	Deposit	79347	Jace Sanders/Mike Moore	Interest on Loan 8083 - 110 N 2nd	DenSeco/Loans	Loan 8083 - 110 N 2nd	1,125.00		22,999.85
WF 6124	05/01/17	Deposit	79347	Jace Sanders/Mike Moore	Interest on Loan 7686 - 23210 S Sossaman	DenSeco/Loans	Loan 7686 - 23210 S Sossaman	900.00		23,899.85
WF 6124	05/01/17	Deposit	79347	Jace Sanders/Mike Moore	Interest on Loan 5048 - 6307 W Chardon	DenSeco/Loans	Loan 5048 - 6307 W Chardon	750.00		24,649.85
WF 6124	05/01/17	Deposit	79347	Jace Sanders/Mike Moore	Interest on Loan 5050 - 9613 N 10th	DenSeco/Loans	Loan 5050 - 9613 N 10th	25,399.85		25,399.85
WF 6124	05/01/17	Deposit	79347	Jace Sanders/Mike Moore	Interest on Loan 6418 - 2329 N 69th	DenSeco/Loans	Loan 6418 - 2329 N 69th	750.00		26,149.85
WF 6124	05/01/17	Deposit	79347	Jace Sanders/Mike Moore	Interest on Loan 7359 - 2615 E Portland	DenSeco/Loans	Loan 7359 - 2615 E Portland	26,899.85		27,499.85
WF 6124	05/01/17	Deposit	79347	Jace Sanders/Mike Moore	Interest on Loan 5052 - 4604 N 9th	DenSeco/Loans	Loan 5052 - 4604 N 9th	600.00		28,024.85
WF 6124	05/01/17	Deposit	79347	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DenSeco/Loans	Loan 6796 - 215 S 5th	525.00		28,549.85
WF 6124	05/04/17	Deposit	132	Rimovsky Investments, LLC	Interest on Loan 5830 - 1412 W South Fork	DenSeco/Loans	Loan 5830 - 1412 W South Fork	3,450.00		31,474.85
WF 6124	05/08/17	Check	EFT	Wells Fargo Bank	Online Deposit Detail & Images Fee	DenSeco/Admin	Bank Service Charges	3.00		31,471.85
WF 6124	05/12/17	Check	1078	SBMC Van Buren Industrial, LLC	45th Ave Warehouse - 06/01/17-06/30/17	Managed/FK	FK Expenses - Rent	5,648.00		25,823.85
WF 6124	05/12/17	Deposit	4320	Surplus Asset Management, Inc.	Net furniture sale proceeds through 05/05/17 - Gross Collections	Managed/FK	FK Income - Furniture Sales	84,621.96		110,445.81
WF 6124	05/12/17	Deposit	4320	Surplus Asset Management, Inc.	Net furniture sale proceeds through 05/05/17 - Commission	Managed/FK	FK Expenses - Auctioneer Commissions	12,693.29		97,752.52
WF 6124	05/12/17	Deposit	4320	Surplus Asset Management, Inc.	Net furniture sale proceeds through 05/05/17 - Auction Expenses	Managed/FK	FK Expenses - Auctioneer Expenses	3,545.67		94,206.85
WF 6124	05/12/17	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	DenSeco/Admin	Bank Service Charges	15.00		94,191.85
WF 6124	05/12/17	Deposit	Wire	Justin Moore	Payoff of Loan 2566 - 4021 E Moreland	DenSeco/Loans	Loan 2566 - 4021 E Moreland	32,000.00		126,191.85
WF 6124	05/16/17	Deposit	Wire	Great American Title Agency, Inc.	Payoff of Loan 2566 - 4021 E Moreland	DenSeco/Loans	Loan 2566 - 4021 E Moreland	2,784.00		128,975.85
WF 6124	05/16/17	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	Managed/Loans	Bank Service Charges	34,986.02		163,961.87
WF 6124	05/25/17	Deposit	628805108	Daniel Smith	Interest on Loan 7999 - 1227 W Pima	DenSeco/Loans	Loan 7999 - 1227 W Pima	1,725.00		165,671.87
WF 6124	05/25/17	Deposit	628805109	Daniel Smith	Interest on Loan 7999 - 1227 W Pima	DenSeco/Loans	Loan 7999 - 1227 W Pima	1,725.00		167,396.87
WF 6124	05/25/17	Deposit	628805110	Daniel Smith	Interest on Loan 7999 - 1227 W Pima	DenSeco/Loans	Loan 7999 - 1227 W Pima	169,121.87		184,518.74
WF 6124	05/25/17	Deposit	628806120	Daniel Smith	Interest on Loan 8109 - 319 W Sunland	DenSeco/Loans	Loan 8109 - 319 W Sunland	5,250.00		189,768.74
WF 6124	05/25/17	Deposit	628806121	Daniel Smith	Interest on Loan 8109 - 319 W Sunland	DenSeco/Loans	Loan 8109 - 319 W Sunland	795.00		190,563.74
WF 6124	05/25/17	Deposit	628811380	Daniel Smith	Interest on Loan 7342 - 2021 W Adam	DenSeco/Loans	Loan 7342 - 2021 W Adam	180,971.87		181,755.61
WF 6124	05/25/17	Deposit	628811381	Daniel Smith	Interest on Loan 7999 - 1227 W Pima	DenSeco/Loans	Loan 7999 - 1227 W Pima	1,725.00		183,480.61
WF 6124	05/25/17	Deposit	1002431528	Daniel Smith	Interest on Loan 8109 - 319 W Sunland	DenSeco/Loans	Loan 8109 - 319 W Sunland	5,250.00		188,730.61
WF 6124	05/25/17	Deposit	1002431536	Daniel Smith	Interest on Loan 7342 - 2021 W Adam	DenSeco/Loans	Loan 7342 - 2021 W Adam	226.00		188,956.61
WF 6124	05/25/17	Deposit	671234341	Maricopa County Recorder	Maricopa County Recorder Refund	DenSeco/Admin	Receivership Fees	23,939.71		212,896.32
WF 6124	05/25/17	Check	1079	Simon Consulting, LLC	Reimbursement for fees paid to Foresters Consulting Solutions, LLC	Managed/Loans	IT Forensic Fees	26,802.69		186,093.63
WF 6124	05/25/17	Check	1080	Gentilia Murphy Anderson, PC	March 2017 Receivership Fees	DenSeco/Admin	Legal Fees	39,298.68		146,794.95
WF 6124	05/25/17	Check	1081	Frazier Ryan Goldberg & Arnold, LLP	March 2017 Receivership Fees	DenSeco/Admin	Legal Fees	25,261.00		121,533.95
WF 6124	05/25/17	Check	1082	Snell & Wilmer, LLP	March 2017 Receivership Fees	DenSeco/Admin	Legal Fees	17,311.00		104,222.95
WF 6124	05/25/17	Check	1083	Altep California, LLC	Invoice No. 50029196	DenSeco/Admin	Document Processing & Record Reg	3,593.74		107,629.21
WF 6124	05/25/17	Check	1083	Altep California, LLC	Invoice No. 500290038	DenSeco/Admin	Document Processing & Record Reg	623.36		107,005.85
WF 6124	05/25/17	Check	1083	Altep California, LLC	Invoice No. 50028755	DenSeco/Admin	Document Processing & Record Reg	183.27		106,822.58
WF 6124	05/25/17	Check	1084	Arroyo Rijo HOA	707 E Porter Dr - Working Capital	Managed/Loans	Property Expenses - HOA Fees	79.00		106,743.58
WF 6124	05/25/17	Check	1084	Arroyo Rijo HOA	707 E Porter Dr - May Assessment	Managed/Loans	Property Expenses - HOA Fees	39.50		106,704.08
WF 6124	05/31/17	Deposit	142	Rimovsky Investments, LLC	Interest on Loan 5830 - 1412 W South Fork	DenSeco/Loans	Property Expenses - HOA Fees	34.23		106,669.85
WF 6124	05/31/17	Deposit	4880172	American Modern Select Ins. Co	1605 W Winter Dr - Premium refund after sale of ppty	Managed/Loans	Property Expenses - Insurance	3,450.00		110,119.85
WF 6124	05/31/17	Check	1085	Altep California, LLC	Invoice No. 50029217	DenSeco/Admin	Document Processing & Record Reg	1,335.65		108,784.20

Wells Fargo Checking Account 6124 (Continued)

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Simon Consulting, LLC
Arizona Corporation Commission v. DenSeco Investment Corporation

DenSeco Investment Corporation
Receivables Bank Account Activity - Transaction Details
August 24, 2016 - December 22, 2017

Exhibit 1

Wells Fargo Checking Account 6124 (Continued)										
Account	Date	Type	Num	Name	Memo	Class	Category	Deposit	Withdrawal	Balance
WF 6124	07/21/17	Deposit	79955	Jace Sanders/Mike Moore	Interest on Loan 6418 - 2329 N 69th	DenSeco/Loans	Loan 6418 - 2329 N 69th	750.00		172,458.85
WF 6124	07/21/17	Deposit	79955	Jace Sanders/Mike Moore	Interest on Loan 7359 - 2615 E Portland	DenSeco/Loans	Loan 7359 - 2615 E Portland	750.00		173,208.85
WF 6124	07/21/17	Deposit	79955	Jace Sanders/Mike Moore	Interest on Loan 5052 - 4604 N 9th	DenSeco/Loans	Loan 5052 - 4604 N 9th	600.00		173,808.85
WF 6124	07/21/17	Deposit	79955	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DenSeco/Loans	Loan 6796 - 215 S 5th	525.00		174,333.85
WF 6124	07/24/17	Check	1097	Alleg California, LLC	Invoice No. 50030178	DenSeco/Admin	Document Processing & Record Req		113.42	174,220.43
WF 6124	07/24/17	Check	1098	Landera Visa HOA	9555 E Rainette Dr #1004 - August Assessment	Managed/Loans	Property Expenses - HOA Fees		270.00	173,950.43
WF 6124	07/24/17	Check	1099	Arroyo Rocio HOA	707 E Potter Dr - July Assessment	Managed/Loans	Property Expenses - HOA Fees		39.50	173,910.93
WF 6124	07/24/17	Check	1100	Southwest Bond Services, Inc.	Bond No. 41349758	DenSeco/Admin	Property Expenses - HOA Fees		500.00	173,410.93
WF 6124	07/24/17	Check	1101	Frederberg Beans	Foreclosure Expense - 9103 E Charter Oak	Managed/Loans	Property Expenses - Foreclosure Fees		45.00	173,365.93
WF 6124	07/27/17	Deposit	4417	Surplus Asset Management, Inc	Net furniture sale proceeds through 06/28/17 - Gross Collections	Managed/FK	FK Income - Furniture Sales	42,388.36		215,754.29
WF 6124	07/27/17	Deposit	4829288	Rimovsky Investments, LLC	Interest on Loan 5830 - 1412 W South Fork	DenSeco/Loans	Loan 5830 - 1412 W South Fork	3,450.00		219,204.29
WF 6124	07/27/17	Deposit	287626	Seneca Insurance Company, Inc.	Premium refund for cancellation of coverage on 27th Ave with	Managed/FK	FK Expenses - Insurance	602.00		219,806.29
WF 6124	07/27/17	Deposit	4417	Surplus Asset Management, Inc.	Net furniture sale proceeds through 06/28/17 - Commission	Managed/FK	FK Expenses - Auctioneer Commissions		6,338.25	213,448.04
WF 6124	08/03/17	Deposit	Wire	Jace Sanders/Mike Moore	Payoff of Loan 5050 - 9613 N 10th	DenSeco/Loans	Loan 5050 - 9613 N 10th	50,000.00		263,448.04
WF 6124	08/03/17	Deposit	698203990	Daniel Smith	Interest on Loan 7999 - 1227 W Prima	DenSeco/Loans	Loan 7999 - 1227 W Prima	3,450.00		266,898.04
WF 6124	08/03/17	Deposit	Wire	Jace Sanders/Mike Moore	Payoff of Loan 5050 - 9613 N 10th	DenSeco/Loans	Loan 5050 - 9613 N 10th	1,775.00		268,673.04
WF 6124	08/03/17	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	DenSeco/Admin	Bank Service Charges		15.00	268,658.04
WF 6124	08/07/17	Deposit	Wire	Daniel Smith	Payoff of Loan 7999 - 1227 W Prima	DenSeco/Loans	Loan 7999 - 1227 W Prima	383,658.04		652,316.08
WF 6124	08/07/17	Deposit	Wire	Daniel Smith	Payoff of Loan 7999 - 1227 W Prima	DenSeco/Loans	Loan 7999 - 1227 W Prima	1,437.50		653,753.58
WF 6124	08/07/17	Check	EFT	Wells Fargo Bank	Wire Transfer Service Charge	DenSeco/Admin	Bank Service Charges		15.00	653,738.58
WF 6124	08/09/17	Check	1102	Simon Consulting, LLC	April 2017 Receivables Fees	DenSeco/Admin	Receivables Fees	41,643.53		695,382.11
WF 6124	08/09/17	Check	1102	Simon Consulting, LLC	May 2017 Receivables Fees	DenSeco/Admin	Receivables Fees	51,513.48		746,895.59
WF 6124	08/09/17	Check	1103	Guillermo Murphy Anderson, PC	April 2017 Receivables Fees	DenSeco/Admin	Legal Fees	29,882.22		776,777.81
WF 6124	08/09/17	Check	1103	Guillermo Murphy Anderson, PC	May 2017 Receivables Fees	DenSeco/Admin	Legal Fees	35,374.30		812,152.11
WF 6124	08/09/17	Check	1104	Frazer Ryan Goldberg & Arnold, LLP	April 2017 Receivables Fees	DenSeco/Admin	Legal Fees	8,411.50		820,563.61
WF 6124	08/09/17	Check	1104	Frazer Ryan Goldberg & Arnold, LLP	May 2017 Receivables Fees	DenSeco/Admin	Legal Fees	3,513.75		824,077.36
WF 6124	08/09/17	Check	1105	Snell & Wilmer, LLP	December 2016 Receivables Fees	DenSeco/Admin	Legal Fees	4,964.00		829,041.36
WF 6124	08/09/17	Check	1105	Snell & Wilmer, LLP	April 2017 Receivables Fees	DenSeco/Admin	Legal Fees	20,223.00		849,264.36
WF 6124	08/09/17	Check	1105	Snell & Wilmer, LLP	May 2017 Receivables Fees	DenSeco/Admin	Legal Fees	13,887.00		863,151.36
WF 6124	08/17/17	Check	1106	Alleg California, LLC	Invoice No. 50030483	DenSeco/Admin	Document Processing & Record Req		45.18	863,196.54
WF 6124	08/17/17	Check	1107	Landera Visa HOA	9555 E Rainette Dr #1004 - September Assessment	Managed/Loans	Property Expenses - HOA Fees		270.00	862,926.54
WF 6124	08/30/17	Check	1108	Frederberg Beans	Foreclosure Expense - 707 E Potter	Managed/Loans	Property Expenses - Foreclosure Fees		71.50	862,855.04
WF 6124	08/30/17	Check	1109	Arroyo Rocio HOA	707 E Potter Dr - August Assessment	Managed/Loans	Property Expenses - HOA Fees		39.50	862,815.54
WF 6124	09/06/17	Deposit	311187	Great American Title Agency, Inc.	Sale of Property Re. Loan 4604 - 707 E Potter	Managed/Loans	Loan 4604 - 707 E Potter	245,223.63		1,108,039.17
WF 6124	09/06/17	Deposit	4829500	Rimovsky Investments, LLC	Interest on Loan 5830 - 1412 W South Fork	Managed/Loans	Loan 5830 - 1412 W South Fork	3,450.00		1,111,489.17
WF 6124	09/06/17	Deposit	289658	Seneca Insurance Company, Inc.	Refund on 45th Ave warehouse insurance policy no. RMP4700019	Managed/FK	FK Expenses - Insurance	749.00		1,112,238.17
WF 6124	09/06/17	Deposit	289659	Seneca Insurance Company, Inc.	Refund on 45th Ave warehouse insurance policy no. RLP4700003	Managed/FK	FK Expenses - Insurance	140.00		1,112,378.17
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 5794 - 2010 N Lindsay	DenSeco/Loans	Loan 5794 - 2010 N Lindsay	1,732.00		1,114,110.17
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 5794 - 2010 N Lindsay	DenSeco/Loans	Loan 5794 - 2010 N Lindsay	1,732.00		1,115,842.17
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 5046 - 1606 W Culver	DenSeco/Loans	Loan 5046 - 1606 W Culver	429,393.21		1,545,235.38
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 5046 - 1606 W Culver	DenSeco/Loans	Loan 5046 - 1606 W Culver	1,125.00		1,546,360.38
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 5051 - 1017 N Los Robles	DenSeco/Loans	Loan 5051 - 1017 N Los Robles	1,125.00		1,547,485.38
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 5051 - 1017 N Los Robles	DenSeco/Loans	Loan 5051 - 1017 N Los Robles	1,125.00		1,548,610.38
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 8083 - 110 N 2nd	DenSeco/Loans	Loan 8083 - 110 N 2nd	1,125.00		1,549,735.38
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 8083 - 110 N 2nd	DenSeco/Loans	Loan 8083 - 110 N 2nd	1,125.00		1,550,860.38
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 7686 - 23210 S Sossaman	DenSeco/Loans	Loan 7686 - 23210 S Sossaman	900.00		1,551,760.38
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 7686 - 23210 S Sossaman	DenSeco/Loans	Loan 7686 - 23210 S Sossaman	900.00		1,552,660.38
WF 6124	09/11/17	Deposit	7585	Jace Sanders/Mike Moore	Interest on Loan 7686 - 23210 S Sossaman	DenSeco/Loans	Loan 7686 - 23210 S Sossaman	900.00		1,553,560.38

DenSeco Investment Corporation
Receivervship Bank Account Activity - Transaction Details
August 24, 2016 - December 22, 2017

Exhibit 1

Account	Date	Type	Num	Name	Memo	Class	Category	Deposit	Withdrawal	Balance
WF 6124	11/01/17	Check	1122	Snell & Wilmer, LLP	July 2017 Receivervship Fees	DenSeco/Admin	Legal Fees		2,835.00	12,426.90
WF 6124	11/01/17	Check	1122	Snell & Wilmer, LLP	August 2017 Receivervship Fees	DenSeco/Admin	Legal Fees		4,725.00	7,701.90
WF 6124	11/01/17	Check	1118	Ladera Vista HOA	9555 E Raintree Dr #1004 - November Assessment	Managed/Loans	Property Expenses - HOA Fees		270.00	7,431.90
WF 6124	11/08/17	Check	1123	Alper California, LLC	Invoice No. 500303259	DenSeco/Admin	Document Processing & Record Req		57.95	7,373.95
WF 6124	11/08/17	Check	1123	Alper California, LLC	Invoice No. 50031782	DenSeco/Admin	Document Processing & Record Req		57.34	7,316.61
WF 6124	11/15/17	Deposit	83970	Jace Sanders/Mike Moore	Interest on Loan 5794 - 2010 N Lindsay	DenSeco/Loans	Loan 5794 - 2010 N Lindsay	1,732.00		9,048.61
WF 6124	11/15/17	Deposit	83970	Jace Sanders/Mike Moore	Interest on Loan 5046 - 1606 W Culver	DenSeco/Loans	Loan 5046 - 1606 W Culver	1,125.00		11,298.61
WF 6124	11/15/17	Deposit	83970	Jace Sanders/Mike Moore	Interest on Loan 5048 - 6307 W Clarendon	DenSeco/Loans	Loan 5048 - 6307 W Clarendon	1,125.00		12,423.61
WF 6124	11/15/17	Deposit	83970	Jace Sanders/Mike Moore	Interest on Loan 8083 - 110 N 2nd	DenSeco/Loans	Loan 8083 - 110 N 2nd	900.00		13,323.61
WF 6124	11/15/17	Deposit	83970	Jace Sanders/Mike Moore	Interest on Loan 7686 - 23210 S Sossaman	DenSeco/Loans	Loan 7686 - 23210 S Sossaman	730.00		14,073.61
WF 6124	11/15/17	Deposit	83970	Jace Sanders/Mike Moore	Interest on Loan 6418 - 2329 N 69th	DenSeco/Loans	Loan 6418 - 2329 N 69th	730.00		14,823.61
WF 6124	11/15/17	Deposit	83970	Jace Sanders/Mike Moore	Interest on Loan 7339 - 2615 E Portland	DenSeco/Loans	Loan 7339 - 2615 E Portland	750.00		15,573.61
WF 6124	11/15/17	Deposit	83970	Jace Sanders/Mike Moore	Interest on Loan 5052 - 4604 N 9th	DenSeco/Loans	Loan 5052 - 4604 N 9th	600.00		16,173.61
WF 6124	11/15/17	Deposit	83970	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DenSeco/Loans	Loan 6796 - 215 S 5th	525.00		16,698.61
WF 6124	11/15/17	Deposit	83970	Jace Sanders/Mike Moore	Interest on Loan 5830 - 1412 W South Fork	DenSeco/Loans	Loan 5830 - 1412 W South Fork	4,000.00		20,698.61
WF 6124	12/01/17	Deposit	2799	Christopher Harvey	Pontz Winner Settlement Proceeds	DenSeco/Admin	Pontz Winner Settlement Proceeds	31,411.01		52,110.61
WF 6124	12/01/17	Deposit	5435	Karen Chigley	Pontz Winner Settlement Proceeds	DenSeco/Admin	Pontz Winner Settlement Proceeds	3,450.00		55,560.61
WF 6124	12/05/17	Deposit	416821	Rimovsky Investments, LLC	Interest on Loan 5830 - 1412 W South Fork	DenSeco/Loans	Loan 5830 - 1412 W South Fork	3,450.00		59,010.61
WF 6124	12/05/17	Deposit	416822	Rimovsky Investments, LLC	Interest on Loan 5830 - 1412 W South Fork	DenSeco/Loans	Loan 5830 - 1412 W South Fork	3,450.00		62,460.61
WF 6124	12/06/17	Check	1124	Ladera Vista HOA	9555 E Raintree Dr #1004 - December Assessment	Managed/Loans	Property Expenses - HOA Fees		270.00	62,190.61
WF 6124	12/08/17	Check	1124	Wells Fargo Bank	Online Deposit Detail & Images Fee	DenSeco/Admin	Bank Service Charges		3.00	62,187.61
WF 6124	12/11/17	Transfer	1125	DenSeco Investment Corp.	Transfer from WF Savings	DenSeco/Admin	Transfer - Wells Fargo Savings 6181	50,000.00		12,187.61
WF 6124	12/11/17	Check	1125	Simon Consulting, LLC	September 2017 Receivervship Fees	DenSeco/Admin	Receivervship Fees	22,638.05		35,825.61
WF 6124	12/11/17	Check	1126	Gentile Murphy Anderson, PC	September 2017 Receivervship Fees	DenSeco/Admin	Legal Fees	49,412.97		85,238.58
WF 6124	12/11/17	Check	1127	Frazier Ryan Goldberg & Arnold, LLP	September 2017 Receivervship Fees	DenSeco/Admin	Legal Fees	7,485.50		92,724.08
WF 6124	12/11/17	Check	1128	Snell & Wilmer, LLP	September 2017 Receivervship Fees	DenSeco/Admin	Legal Fees	756.00		93,480.08
WF 6124	12/12/17	Deposit	83974	Jace Sanders/Mike Moore	Interest on Loan 5794 - 2010 N Lindsay	DenSeco/Loans	Loan 5794 - 2010 N Lindsay	1,732.00		95,212.08
WF 6124	12/12/17	Deposit	83974	Jace Sanders/Mike Moore	Interest on Loan 5046 - 1606 W Culver	DenSeco/Loans	Loan 5046 - 1606 W Culver	1,125.00		96,337.08
WF 6124	12/12/17	Deposit	83974	Jace Sanders/Mike Moore	Interest on Loan 5051 - 1017 N Los Robles	DenSeco/Loans	Loan 5051 - 1017 N Los Robles	1,125.00		97,462.08
WF 6124	12/12/17	Deposit	83974	Jace Sanders/Mike Moore	Interest on Loan 8083 - 110 N 2nd	DenSeco/Loans	Loan 8083 - 110 N 2nd	900.00		98,362.08
WF 6124	12/12/17	Deposit	83974	Jace Sanders/Mike Moore	Interest on Loan 7686 - 23210 S Sossaman	DenSeco/Loans	Loan 7686 - 23210 S Sossaman	730.00		99,092.08
WF 6124	12/12/17	Deposit	83974	Jace Sanders/Mike Moore	Interest on Loan 6418 - 2329 N 69th	DenSeco/Loans	Loan 6418 - 2329 N 69th	730.00		100,022.08
WF 6124	12/12/17	Deposit	83974	Jace Sanders/Mike Moore	Interest on Loan 7339 - 2615 E Portland	DenSeco/Loans	Loan 7339 - 2615 E Portland	750.00		100,772.08
WF 6124	12/12/17	Deposit	83974	Jace Sanders/Mike Moore	Interest on Loan 5052 - 4604 N 9th	DenSeco/Loans	Loan 5052 - 4604 N 9th	600.00		101,372.08
WF 6124	12/12/17	Deposit	83974	Jace Sanders/Mike Moore	Interest on Loan 6796 - 215 S 5th	DenSeco/Loans	Loan 6796 - 215 S 5th	525.00		101,897.08
WF 6124	12/15/17	Wire		Great American Title Agency, Inc.	Sale of Property Re: Loan 3883 - 9555 E Raintree #1004	Managed/Loans	Loan 3883 - 9555 E Raintree #1004	43,122.09		58,775.00
WF 6124	12/15/17	Wire		Wells Fargo Bank	Wire Transfer Service Charge	DenSeco/Admin	Bank Service Charges		15.00	58,760.00
WF 6124	12/15/17	Check	1129	DenSeco Investment Corp.	Transfer from AZ Business Bank Checking	DenSeco/Admin	Transfer - AZ Bus Bank Ckg 9290	4,500,000.00		4,558,760.00
WF 6124	12/15/17	Check	1129	Wells Fargo Bank	Wire Transfer Service Charge	DenSeco/Admin	Bank Service Charges		15.00	4,558,745.00
WF 6124	12/15/17	Check	1129	Alper California, LLC	Invoice No. 50032301	DenSeco/Admin	Document Processing & Record Req		58.36	4,558,686.64
WF 6124	12/15/17	Check	1130	Alper California, LLC	Invoice No. 50032081	DenSeco/Admin	Document Processing & Record Req		50.82	4,558,635.82
WF 6124	12/18/17	Check	1131	William & Helene Alper Family Trust	DenSeco Receivervship - 1st Interim Distribution	DenSeco/Admin	Investor Distributions	5,593.02		4,564,228.84
WF 6124	12/18/17	Check	1132	Desert Classic Investments, LLC	DenSeco Receivervship - 1st Interim Distribution	DenSeco/Admin	Investor Distributions	41,740.59		4,605,969.43
WF 6124	12/18/17	Check	1133	Steven G. & Mary E. Bunger Estate	DenSeco Receivervship - 1st Interim Distribution	DenSeco/Admin	Investor Distributions	108,159.35		4,714,128.78
WF 6124	12/18/17	Check	1134	Anthony Burckart - IRA	DenSeco Receivervship - 1st Interim Distribution	DenSeco/Admin	Investor Distributions	76,223.52		4,790,352.30
WF 6124	12/18/17	Check	1135	Keumen Burckart - IRA	DenSeco Receivervship - 1st Interim Distribution	DenSeco/Admin	Investor Distributions	65,507.40		4,855,859.70
WF 6124	12/18/17	Check	1136	Keumen Burckart - IRA	DenSeco Receivervship - 1st Interim Distribution	DenSeco/Admin	Investor Distributions	13,515.58		4,869,375.28
WF 6124	12/18/17	Check	1137	Warren & Fay Bush	DenSeco Receivervship - 1st Interim Distribution	DenSeco/Admin	Investor Distributions	56,498.58		4,925,873.86
WF 6124	12/18/17	Check	1138	Mary Butler - IRA	DenSeco Receivervship - 1st Interim Distribution	DenSeco/Admin	Investor Distributions	21,767.75		4,947,641.61
WF 6124	12/18/17	Check	1138	Mary Butler - IRA	DenSeco Receivervship - 1st Interim Distribution	DenSeco/Admin	Investor Distributions	39,692.61		4,987,334.22

Denisco Investment Corporation
 Receivership Bank Account Activity - Transaction Details
 August 24, 2016 - December 22, 2017

Exhibit 1

Wells Fargo Checking Account 6124 (Continued)										
Account	Date	Type	Num	Name	Memo	Class	Category	Deposit	Withdrawal	Balance
WF 6124	12/18/17	Check	1139	Van Butler - IRA	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		26,140.60	4,105,271.40
WF 6124	12/18/17	Check	1140	Van Butler - IRA	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		39,692.61	4,065,578.79
WF 6124	12/18/17	Check	1141	Thomas & Sara Byrne 2008 Living Trust	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		20,909.30	4,044,669.49
WF 6124	12/18/17	Check	1142	Grichen P. Carrick Trust	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		20,599.10	4,024,070.39
WF 6124	12/18/17	Check	1143	Erin P. Carrick Trust	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		19,048.00	4,005,022.39
WF 6124	12/18/17	Check	1144	Averill Cate Jr & Mary Kris McIlwaine	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		9,706.40	3,995,315.99
WF 6124	12/18/17	Check	1145	Arden & Nina Chittick Family Trust	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		36,360.76	3,958,955.23
WF 6124	12/18/17	Check	1146	Chittick Family Trust	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		70,003.47	3,888,951.76
WF 6124	12/18/17	Check	1147	Cohen Revocable Trust	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		20,749.86	3,868,201.90
WF 6124	12/18/17	Check	1148	Dori Ann Davis Living Trust	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		31,010.54	3,837,191.36
WF 6124	12/18/17	Check	1149	Glen Davis - IRA	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		66,601.60	3,770,589.76
WF 6124	12/18/17	Check	1150	Glen Davis - IRA	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		31,620.64	3,738,969.12
WF 6124	12/18/17	Check	1151	Samantha Davis	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		4,899.12	3,734,070.00
WF 6124	12/18/17	Check	1152	Jack Davis	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		10,732.68	3,723,337.32
WF 6124	12/18/17	Check	1153	Scott D. Deola	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		17,280.77	3,706,056.55
WF 6124	12/18/17	Check	1154	Any Lee Dicks - IRA	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		10,871.68	3,695,184.87
WF 6124	12/18/17	Check	1155	Bradley Mark Dicks - IRA	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		25,105.54	3,670,079.33
WF 6124	12/18/17	Check	1156	Non Lehtel Defense, Inc.	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		8,299.94	3,661,779.39
WF 6124	12/18/17	Check	1157	Dupier Living Trust	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		75,636.97	3,586,142.42
WF 6124	12/18/17	Check	1158	Todd F. Hinek Trust	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		16,479.28	3,569,663.14
WF 6124	12/18/17	Check	1159	Stacy Grant - IRA	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		12,685.60	3,556,977.54
WF 6124	12/18/17	Check	1160	Russ Griswold - IRA	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		8,299.94	3,548,677.60
WF 6124	12/18/17	Check	1161	Russ Griswold - IRA	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		13,698.19	3,534,979.41
WF 6124	12/18/17	Check	1162	Michael & Diana Gumbert Trust	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		66,399.54	3,468,579.87
WF 6124	12/18/17	Check	1163	Robert & Elizabeth Fahn Family Trust	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		37,289.85	3,431,290.02
WF 6124	12/18/17	Check	1164	Ralph L. Hey	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		7,729.88	3,423,560.14
WF 6124	12/18/17	Check	1165	Dale & Kathy Hickman	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		96,349.70	3,327,210.44
WF 6124	12/18/17	Check	1166	Craig & Samantha Hood	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		142,089.51	3,185,120.93
WF 6124	12/18/17	Check	1167	Doris & Lovette Howze	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		6,639.95	3,178,480.98
WF 6124	12/18/17	Check	1168	Bill Hughes - IRA	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		10,374.93	3,168,106.05
WF 6124	12/18/17	Check	1169	Bill Hughes - IRA	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		49,719.92	3,118,386.13
WF 6124	12/18/17	Check	1170	Judy Hughes - IRA	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		21,649.75	3,096,736.38
WF 6124	12/18/17	Check	1171	Indulke Revocable Trust	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		521,032.02	2,569,704.36
WF 6124	12/18/17	Check	1172	James K. Jellon	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		6,847.77	2,562,856.59
WF 6124	12/18/17	Check	1173	Ralph Kaiser - IRA	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		37,263.33	2,525,593.26
WF 6124	12/18/17	Check	1174	Mary Keut	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		36,380.38	2,489,212.88
WF 6124	12/18/17	Check	1175	Paul A. Kent Family Trust	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		20,665.83	2,468,547.05
WF 6124	12/18/17	Check	1176	Robert Z. Koehler - IRA	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		25,234.04	2,443,313.01
WF 6124	12/18/17	Check	1177	LeRoy Kopf Revocable Living Trust	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		7,464.69	2,435,848.32
WF 6124	12/18/17	Check	1178	LeRoy Kopf - IRA	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		22,654.44	2,413,193.88
WF 6124	12/18/17	Check	1179	Robert F. Lawson	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		13,670.31	2,399,523.57
WF 6124	12/18/17	Check	1180	Wayne J. Ledet - IRA	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		37,566.39	2,361,957.18
WF 6124	12/18/17	Check	1181	Wayne J. Ledet - Roth IRA	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		41,743.86	2,306,709.00
WF 6124	12/18/17	Check	1182	Wayne J. Ledet Revocable Trust	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		8,299.94	2,298,409.06
WF 6124	12/18/17	Check	1183	Terry & Lili Lee	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		24,899.83	2,273,509.23
WF 6124	12/18/17	Check	1184	The Lee Group, Inc.	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		5,679.12	2,267,830.11
WF 6124	12/18/17	Check	1185	Lillian A. Lent - IRA	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		13,500.71	2,254,329.40
WF 6124	12/18/17	Check	1188	Manuel A. Lent - IRA	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		15,709.61	2,238,619.79
WF 6124	12/18/17	Check	1189	William & W. Jean Locke	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		12,449.91	2,226,169.88
WF 6124	12/18/17	Check	1190	BL Capital, LLC	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		14,882.66	2,211,287.22
WF 6124	12/18/17	Check	1191	LJI Capital, LLC	DenSeo Receivership - 1st Internm Distribution	DenSeo/Admin	Investor Distributions		44,037.34	2,167,249.88

DenSeco Investment Corporation
Receivership Bank Account Activity - Transaction Details
August 24, 2016 - December 22, 2017

Exhibit 1

Wells Fargo Checking Account 6124 (Continued)										
Account	Date	Type	Num	Name	Memo	Class	Category	Deposit	Withdrawal	Balance
WF 6124	12/18/17	Check	1196	James & Lesley McCoy Trust	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		33,199.77	2,134,050.11
WF 6124	12/18/17	Check	1197	Caro McDowell Revocable Trust	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		25,863.38	2,108,186.73
WF 6124	12/18/17	Check	1198	The Marvin G Miller & Patricia S Miller	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		142,550.37	1,965,636.36
WF 6124	12/18/17	Check	1199	Kaylene Moss - IRA	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		37,017.48	1,928,618.88
WF 6124	12/18/17	Check	1200	Moss Family Trust	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		13,084.04	1,915,534.84
WF 6124	12/18/17	Check	1201	Muscat Family Trust	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		41,499.71	1,874,035.13
WF 6124	12/18/17	Check	1202	Brian & Janice Odenthal	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		19,232.56	1,854,802.57
WF 6124	12/18/17	Check	1203	Brian Odenthal - IRA	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		9,665.20	1,845,137.37
WF 6124	12/18/17	Check	1204	Jolene Page	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		231,433.23	1,593,704.14
WF 6124	12/18/17	Check	1205	Valerie Paxton	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		82,796.51	1,510,907.63
WF 6124	12/18/17	Check	1206	Marlene Pearce - IRA	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		14,272.69	1,496,634.94
WF 6124	12/18/17	Check	1209	Jeff Phalen - IRA	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		54,517.42	1,442,117.52
WF 6124	12/18/17	Check	1210	Phalen Family Trust	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		74,618.37	1,367,499.15
WF 6124	12/18/17	Check	1211	Preston Revocable Living Trust	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		13,183.42	1,354,315.73
WF 6124	12/18/17	Check	1212	Pete Rzonca	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		20,179.20	1,334,136.53
WF 6124	12/18/17	Check	1213	JoAnn Sanders	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		9,255.47	1,324,881.06
WF 6124	12/18/17	Check	1214	Schloz Family 1998 Trust	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		15,488.30	1,309,392.76
WF 6124	12/18/17	Check	1215	Stanley Schloz	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		16,161.88	1,293,230.88
WF 6124	12/18/17	Check	1216	Stanley Schloz	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		16,243.82	1,276,987.06
WF 6124	12/18/17	Check	1217	GB 12, LLC	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		12,306.81	1,264,680.25
WF 6124	12/18/17	Check	1218	Ametie Scroggin - IRA	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		21,601.56	1,243,078.69
WF 6124	12/18/17	Check	1219	Ametie Scroggin - Roth IRA	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		6,923.84	1,236,154.85
WF 6124	12/18/17	Check	1220	Michael Scroggin	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		12,449.91	1,223,704.94
WF 6124	12/18/17	Check	1221	Michael Scroggin - IRA	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		53,426.87	1,170,278.07
WF 6124	12/18/17	Check	1222	Michael Scroggin, Roth IRA	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		12,330.67	1,157,947.40
WF 6124	12/18/17	Check	1223	William Stewart Sheriff	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		12,359.46	1,145,587.94
WF 6124	12/18/17	Check	1224	Saline, LLC	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		12,339.46	1,133,228.48
WF 6124	12/18/17	Check	1225	Gary E. Stegford & Corinna C Esvelt-Sig	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		1,035,903.78	97,324.70
WF 6124	12/18/17	Check	1226	Gary D. & Judith E. Stegford	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		42,718.47	993,185.31
WF 6124	12/18/17	Check	1227	Branson & Sandra Smith Trust	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		28,892.39	964,292.92
WF 6124	12/18/17	Check	1228	Branson Smith - IRA	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		34,040.96	930,251.96
WF 6124	12/18/17	Check	1229	Donald E. & Lucinda Sterling	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		3,398.68	926,853.28
WF 6124	12/18/17	Check	1230	Nancy Swartz	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		9,077.39	917,775.89
WF 6124	12/18/17	Check	1231	Long Time Holdings, LLC	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		135,210.66	782,565.23
WF 6124	12/18/17	Check	1232	Corlie Thompson	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		192,895.51	589,669.72
WF 6124	12/18/17	Check	1233	Gary L. Thompson	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		170,189.27	419,480.45
WF 6124	12/18/17	Check	1234	James Trainor	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		46,596.21	372,884.24
WF 6124	12/18/17	Check	1235	Stephen D. Tuttle	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		12,147.26	360,736.98
WF 6124	12/18/17	Check	1236	Wade Underwood	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		13,453.20	347,283.78
WF 6124	12/18/17	Check	1237	Laurie A. Weiskopf - IRA	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		6,731.46	340,552.32
WF 6124	12/18/17	Check	1238	Thomas D. Weiskopf - IRA	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		2,078.50	338,473.82
WF 6124	12/18/17	Check	1239	Carol J. Wellman	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		11,302.80	327,171.02
WF 6124	12/18/17	Check	1240	Carol J. Wellman - Roth IRA	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		5,829.39	321,341.63
WF 6124	12/18/17	Check	1241	Wellman Family Living Trust	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		9,189.47	312,152.16
WF 6124	12/18/17	Check	1242	Brian & Carla Weung Family Trust	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		15,247.50	296,904.66
WF 6124	12/18/17	Check	1243	Mark & Debbie Weing	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		34,450.84	262,453.82
WF 6124	12/18/17	Check	1244	Angel's Investments, LLC	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		25,668.29	236,785.53
WF 6124	12/18/17	Check	1245	Michael Zones	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		38,692.35	198,093.18
WF 6124	12/18/17	Check	1246	Leslie Jones	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		28,334.29	169,758.89
WF 6124	12/18/17	Check	1247	Leslie Jones - IRA	DenSeco Receivership - 1st Interim Distribution	DenSeco/Admin	Investor Distributions		33,168.21	136,590.68
SUBTOTAL								12,947,122.96	12,810,532.28	

Simon Consulting, LLC
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DenSeco Investment Corporation
Receivship Bank Account Activity - Transaction Details
August 24, 2016 - December 22, 2017

Exhibit 1

Account	Date	Type	Num	Name	Memo	Class	Category	Deposit	Withdrawal	Balance
WF 6181	12/05/16	Transfer	EFT	DenSeco Investment Corp.	Transfer from WF Checking	DenSeco/Adm	Transfer - Wells Fargo Ckg 6124	500,000.00		500,000.00
WF 6181	12/13/16	Transfer	EFT	DenSeco Investment Corp.	Transfer to WF Checking	DenSeco/Adm	Transfer - Wells Fargo Ckg 6124		200,000.00	300,000.00
WF 6181	12/29/16	Transfer	EFT	DenSeco Investment Corp.	Transfer to WF Checking	DenSeco/Adm	Transfer - Wells Fargo Ckg 6124		175,000.00	175,000.00
WF 6181	12/30/16	Deposit	EFT	Wells Fargo Bank	Interest	DenSeco/Adm	Interest Income	15.32		175,015.32
WF 6181	12/30/16	Deposit	EFT	Wells Fargo Bank	Federal Tax Withheld from Interest Income	DenSeco/Adm	Federal Tax With from Interest		4.28	175,011.04
WF 6181	01/30/17	Transfer	EFT	DenSeco Investment Corp.	Transfer to WF Checking	DenSeco/Adm	Transfer - Wells Fargo Ckg 6124		130,000.00	25,011.04
WF 6181	01/31/17	Deposit	EFT	Wells Fargo Bank	Interest	DenSeco/Adm	Interest Income	8.43		25,019.47
WF 6181	01/31/17	Deposit	EFT	Wells Fargo Bank	Federal Tax Withheld from Interest Income	DenSeco/Adm	Federal Tax With from Interest		2.36	25,017.11
WF 6181	02/08/17	Transfer	EFT	Wells Fargo Bank	Transfer to WF Checking	DenSeco/Adm	Transfer - Wells Fargo Ckg 6124		15,000.00	10,017.11
WF 6181	02/28/17	Deposit	EFT	Wells Fargo Bank	Interest	DenSeco/Adm	Interest Income	0.58		10,017.69
WF 6181	03/31/17	Deposit	EFT	Wells Fargo Bank	Interest	DenSeco/Adm	Interest Income	0.42		10,018.11
WF 6181	04/30/17	Deposit	EFT	Wells Fargo Bank	Interest	DenSeco/Adm	Interest Income	0.41		10,018.52
WF 6181	05/31/17	Deposit	EFT	Wells Fargo Bank	Interest	DenSeco/Adm	Interest Income	0.43		10,018.95
WF 6181	06/30/17	Transfer	EFT	DenSeco Investment Corp.	Transfer from WF Checking	DenSeco/Adm	Transfer - Wells Fargo Ckg 6124	350,000.00		360,018.95
WF 6181	06/30/17	Deposit	EFT	Wells Fargo Bank	Interest	DenSeco/Adm	Interest Income	9.66		360,028.61
WF 6181	07/31/17	Deposit	EFT	Wells Fargo Bank	Interest	DenSeco/Adm	Interest Income	18.33		360,046.96
WF 6181	08/31/17	Deposit	EFT	Wells Fargo Bank	Interest	DenSeco/Adm	Interest Income	18.34		360,065.30
WF 6181	09/14/17	Transfer	EFT	DenSeco Investment Corp.	Transfer to WF Checking	DenSeco/Adm	Transfer - Wells Fargo Ckg 6124		130,000.00	230,065.30
WF 6181	09/29/17	Deposit	EFT	Wells Fargo Bank	Interest	DenSeco/Adm	Interest Income	13.91		230,079.21
WF 6181	10/31/17	Deposit	EFT	Wells Fargo Bank	Interest	DenSeco/Adm	Interest Income	11.73		230,090.94
WF 6181	11/01/17	Transfer	EFT	DenSeco Investment Corp.	Transfer to WF Checking	DenSeco/Adm	Transfer - Wells Fargo Ckg 6124		85,000.00	145,090.94
WF 6181	11/30/17	Deposit	EFT	Wells Fargo Bank	Interest	DenSeco/Adm	Interest Income	7.15		145,098.09
WF 6181	12/11/17	Transfer	EFT	DenSeco Investment Corp.	Transfer to WF Checking	DenSeco/Adm	Transfer - Wells Fargo Ckg 6124		50,000.00	95,098.09
SUBTOTAL								850,104.73	755,006.64	

Account	Date	Type	Num	Name	Memo	Class	Category	Deposit	Withdrawal	Balance
ABB 9290	08/26/16	Check	1002	DenSeco Investment Corp.	Transfer from WF Checking	DenSeco/Adm	Transfer - Wells Fargo Ckg 6124	500,000.00		500,000.00
ABB 9290	09/06/16	Check	1004	DenSeco Investment Corp.	Transfer from WF Checking	DenSeco/Adm	Transfer - Wells Fargo Ckg 6124	1,900,000.00		2,400,000.00
ABB 9290	09/20/16	Transfer	EFT	DenSeco Investment Corp.	Transfer to AZ Business Bank ICS	DenSeco/Adm	Transfer - AZ Bus Bank ICS 8267		2,150,000.00	250,000.00
ABB 9290	09/20/16	Check	EFT	Arizona Business Bank	AA Charges/CO/AZ Biz Bank CCD	DenSeco/Adm	Bank Service Charges	249,990.30	9.70	249,990.30
ABB 9290	10/11/16	Check	EFT	Arizona Business Bank	AA Charges/CO/AZ Biz Bank CCD	DenSeco/Adm	Bank Service Charges		25.00	249,965.30
ABB 9290	11/08/16	Check	EFT	Arizona Business Bank	AA Charges/CO/AZ Biz Bank CCD	DenSeco/Adm	Bank Service Charges		25.00	249,940.30
ABB 9290	11/09/16	Check	1016	DenSeco Investment Corp.	Transfer from WF Checking	DenSeco/Adm	Transfer - Wells Fargo Ckg 6124	2,000,000.00		2,249,940.30
ABB 9290	11/09/16	Transfer	EFT	DenSeco Investment Corp.	Transfer to AZ Business Bank ICS	DenSeco/Adm	Transfer - AZ Bus Bank ICS 8267		1,999,940.30	250,000.00
ABB 9290	12/24/16	Check	EFT	Arizona Business Bank	AA Charges/CO/AZ Biz Bank CCD	DenSeco/Adm	Bank Service Charges	249,975.00	25.00	249,975.00
ABB 9290	12/29/16	Check	1025	DenSeco Investment Corp.	Transfer from WF Checking	DenSeco/Adm	Transfer - Wells Fargo Ckg 6124	800,000.00		1,049,975.00
ABB 9290	01/04/17	Transfer	EFT	DenSeco Investment Corp.	Transfer to AZ Business Bank ICS	DenSeco/Adm	Transfer - AZ Bus Bank ICS 8267		799,975.00	250,000.00
ABB 9290	01/11/17	Check	EFT	Arizona Business Bank	AA Charges/CO/AZ Biz Bank CCD	DenSeco/Adm	Bank Service Charges	25.00	25.00	249,975.00
ABB 9290	03/09/17	Check	EFT	Arizona Business Bank	AA Charges/CO/AZ Biz Bank CCD	DenSeco/Adm	Bank Service Charges	25.00	25.00	249,950.00
ABB 9290	03/14/17	Check	1002	Gentile Murphy Anderson, PC	December 2016 Receivship Fees	DenSeco/Adm	Receivship Fees	58,566.05	191,358.95	249,925.00
ABB 9290	03/14/17	Check	1001	Simon Consulting, LLC	December 2016 Receivship Fees	DenSeco/Adm	Receivship Fees	54,969.29	136,389.66	191,358.95
ABB 9290	03/14/17	Check	1004	Snell & Wilmer, LLP	December 2016 Receivship Fees	DenSeco/Adm	Legal Fees	5,119.00	131,270.66	175,011.04
ABB 9290	03/14/17	Check	1003	Frazier Ryan Goldberg & Arnold, LLP	December 2016 Receivship Fees	DenSeco/Adm	Legal Fees	4,012.00	127,258.66	175,011.04
ABB 9290	04/10/17	Check	EFT	Arizona Business Bank	AA Charges/CO/AZ Biz Bank CCD	DenSeco/Adm	Bank Service Charges	20.50	127,238.16	175,011.04
ABB 9290	04/26/17	Check	1005	Gentile Murphy Anderson, PC	February 2017 Receivship Fees	DenSeco/Adm	Legal Fees	34,268.28	92,969.88	175,011.04
ABB 9290	04/26/17	Check	1007	Snell & Wilmer, LLP	February 2017 Receivship Fees	DenSeco/Adm	Legal Fees	28,743.00	64,226.88	175,011.04
ABB 9290	04/26/17	Check	1006	Frazier Ryan Goldberg & Arnold, LLP	January 2017 Receivship Fees	DenSeco/Adm	Legal Fees	15,914.00	48,312.88	175,011.04
ABB 9290	04/26/17	Check	1007	Snell & Wilmer, LLP	January 2017 Receivship Fees	DenSeco/Adm	Legal Fees	9,001.50	39,311.38	175,011.04
ABB 9290	04/26/17	Check	1007	Snell & Wilmer, LLP	December 2016 Receivship Fees (double paid in error)	DenSeco/Adm	Legal Fees	5,119.00	34,192.38	175,011.04

DenSeco Investment Corporation
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Exhibit 1

Arizona Business Bank Checking Account 9290 (Continued)										
Account	Date	Type	Num	Name	Memo	Class	Category	Deposit	Withdrawal	Balance
ABB 9290	05/31/17	Check	EFT	Arizona Business Bank	AA Charges/CO/AZ Biz Bank CCD	DenSeco/Admin	Bank Service Charges		12.70	34,179.68
ABB 9290	07/31/17	Check	EFT	Arizona Business Bank	AA Charges/CO/AZ Biz Bank CCD	DenSeco/Admin	Bank Service Charges		3.41	34,176.27
ABB 9290	08/31/17	Deposit	EFT	Arizona Business Bank	Refund of AA Charges/CO/AZ Biz Bank CCD	DenSeco/Admin	Bank Service Charges	3.41		34,179.68
ABB 9290	09/14/17	Check	1114	DenSeco Investment Corp.	Transfer from WF Checking	DenSeco/Admin	Transfer - Wells Fargo Ckg 6124	430,000.00		464,179.68
ABB 9290	12/11/17	Transfer	EFT	DenSeco Investment Corp.	Transfer to AZ Business Bank ICS	DenSeco/Admin	Transfer - AZ Bus Bank ICS 8267		214,179.68	250,000.00
ABB 9290	12/15/17	Transfer	EFT	DenSeco Investment Corp.	Transfer from AZ Business Bank ICS	DenSeco/Admin	Transfer - AZ Bus Bank ICS 8267	4,500,000.00		4,750,000.00
ABB 9290	12/15/17	Check	Wire	DenSeco Investment Corp.	Transfer to WF Checking	DenSeco/Admin	Transfer - Wells Fargo Ckg 6124		4,500,000.00	250,000.00
SUBTOTAL								10,130,003.41	9,880,003.41	

Arizona Business Bank ICS Account 8267										
Account	Date	Type	Num	Name	Memo	Class	Category	Deposit	Withdrawal	Balance
ABB 8267	09/20/16	Transfer	EFT	DenSeco Investment Corp.	Transfer from AZ Business Bank Checking	DenSeco/Admin	Transfer - AZ Bus Bank Ckg 9290	2,150,000.00		2,150,000.00
ABB 8267	09/30/16	Deposit		Arizona Business Bank	Interest	DenSeco/Admin	Interest Income	194.36		2,150,194.36
ABB 8267	10/31/16	Deposit		Arizona Business Bank	Interest	DenSeco/Admin	Interest Income	273.90		2,150,468.26
ABB 8267	11/01/16	Check	EFT	Arizona Business Bank	Service Charge	DenSeco/Admin	Bank Service Charges		65.00	2,150,403.26
ABB 8267	11/09/16	Transfer	EFT	DenSeco Investment Corp.	Transfer from AZ Business Bank Checking	DenSeco/Admin	Transfer - AZ Bus Bank Ckg 9290	1,999,940.30		4,150,343.56
ABB 8267	11/30/16	Deposit		Arizona Business Bank	Interest	DenSeco/Admin	Interest Income	437.63		4,150,781.19
ABB 8267	12/24/16	Check	EFT	Arizona Business Bank	Service Charge	DenSeco/Admin	Bank Service Charges		65.00	4,150,716.19
ABB 8267	12/31/16	Deposit		Arizona Business Bank	Interest	DenSeco/Admin	Interest Income	328.75		4,151,044.94
ABB 8267	01/03/17	Check	EFT	Arizona Business Bank	Service Charge	DenSeco/Admin	Bank Service Charges		65.00	4,151,179.94
ABB 8267	01/04/17	Transfer	EFT	DenSeco Investment Corp.	Transfer from AZ Business Bank Checking	DenSeco/Admin	Transfer - AZ Bus Bank Ckg 9290	799,975.00		4,951,154.94
ABB 8267	01/31/17	Deposit		Arizona Business Bank	Interest	DenSeco/Admin	Interest Income	617.55		4,951,772.49
ABB 8267	02/01/17	Check	EFT	Arizona Business Bank	Service Charge	DenSeco/Admin	Bank Service Charges		65.00	4,951,707.49
ABB 8267	02/28/17	Deposit		Arizona Business Bank	Interest	DenSeco/Admin	Interest Income	569.74		4,952,277.23
ABB 8267	03/01/17	Check	EFT	Arizona Business Bank	Service Charge	DenSeco/Admin	Bank Service Charges		65.00	4,952,212.23
ABB 8267	03/31/17	Deposit		Arizona Business Bank	Interest	DenSeco/Admin	Interest Income	630.82		4,952,843.05
ABB 8267	04/03/17	Check	EFT	Arizona Business Bank	Service Charge	DenSeco/Admin	Bank Service Charges		65.00	4,952,778.05
ABB 8267	04/30/17	Deposit		Arizona Business Bank	Interest	DenSeco/Admin	Interest Income	610.48		4,953,388.53
ABB 8267	05/01/17	Check	EFT	Arizona Business Bank	Service Charge	DenSeco/Admin	Bank Service Charges		65.00	4,953,322.53
ABB 8267	05/31/17	Deposit		Arizona Business Bank	Interest	DenSeco/Admin	Interest Income	630.98		4,953,954.51
ABB 8267	06/01/17	Check	EFT	Arizona Business Bank	Service Charge	DenSeco/Admin	Bank Service Charges		65.00	4,953,889.51
ABB 8267	06/30/17	Deposit		Arizona Business Bank	Interest	DenSeco/Admin	Interest Income	610.64		4,954,500.15
ABB 8267	07/03/17	Check	EFT	Arizona Business Bank	Service Charge	DenSeco/Admin	Bank Service Charges		65.00	4,955,066.26
ABB 8267	07/31/17	Deposit		Arizona Business Bank	Interest	DenSeco/Admin	Interest Income	631.11		4,955,001.26
ABB 8267	08/01/17	Check	EFT	Arizona Business Bank	Service Charge	DenSeco/Admin	Bank Service Charges		65.00	4,955,632.45
ABB 8267	08/31/17	Deposit		Arizona Business Bank	Interest	DenSeco/Admin	Interest Income	631.19		4,955,667.45
ABB 8267	09/01/17	Check	EFT	Arizona Business Bank	Service Charge	DenSeco/Admin	Bank Service Charges		65.00	4,955,567.45
ABB 8267	09/14/17	Transfer	EFT	DenSeco Investment Corp.	Transfer from AZ Business Bank Checking	DenSeco/Admin	Transfer - AZ Bus Bank Ckg 9290	214,179.68		5,169,747.13
ABB 8267	09/30/17	Deposit		Arizona Business Bank	Interest	DenSeco/Admin	Interest Income	624.93		5,170,372.06
ABB 8267	10/02/17	Check	EFT	Arizona Business Bank	Service Charge	DenSeco/Admin	Bank Service Charges		65.00	5,170,307.06
ABB 8267	10/31/17	Deposit		Arizona Business Bank	Interest	DenSeco/Admin	Interest Income	658.59		5,170,965.65
ABB 8267	11/01/17	Check	EFT	Arizona Business Bank	Service Charge	DenSeco/Admin	Bank Service Charges		65.00	5,170,900.65
ABB 8267	11/30/17	Deposit		Arizona Business Bank	Interest	DenSeco/Admin	Interest Income	637.39		5,171,538.04
ABB 8267	12/15/17	Transfer		DenSeco Investment Corp.	Transfer from AZ Business Bank Checking	DenSeco/Admin	Transfer - AZ Bus Bank Ckg 9290		4,500,000.00	671,538.04
SUBTOTAL								5,172,383.04	4,500,845.00	

National Bank of Arizona Money Market 3910										
Account	Date	Type	Num	Name	Memo	Class	Category	Deposit	Withdrawal	Balance
NBAZ 3910	08/26/16	Check	1003	DenSeco Investment Corp.	Transfer from WF Checking	DenSeco/Admin	Transfer - Wells Fargo Ckg 6124	240,000.00		240,000.00
NBAZ 3910	10/31/16	Check	EFT	National Bank of Arizona	Paper Statement Fee	DenSeco/Admin	Bank Service Charges		5.00	239,995.00
NBAZ 3910	11/30/16	Deposit		National Bank of Arizona	Interest	DenSeco/Admin	Interest Income	12.43		240,007.43
NBAZ 3910	12/30/16	Deposit		National Bank of Arizona	Interest	DenSeco/Admin	Interest Income	13.81		240,021.24

DenSco Investment Corporation
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Exhibit 1

National Bank of Arizona Money Market 3910 (Continued)										
Account	Date	Type	Num	Name	Memo	Class	Category	Deposit	Withdrawal	Balance
NBAZ 3910	01/31/17	Deposit		National Bank of Arizona	Interest	DenSco/Admin	Interest Income	14.73		240,035.97
NBAZ 3910	02/28/17	Deposit		National Bank of Arizona	Interest	DenSco/Admin	Interest Income	12.89		240,048.86
NBAZ 3910	03/31/17	Deposit		National Bank of Arizona	Interest	DenSco/Admin	Interest Income	14.27		240,063.13
NBAZ 3910	04/30/17	Deposit		National Bank of Arizona	Interest	DenSco/Admin	Interest Income	12.89		240,076.02
NBAZ 3910	05/31/17	Deposit		National Bank of Arizona	Interest	DenSco/Admin	Interest Income	15.19		240,091.21
NBAZ 3910	06/30/17	Deposit		National Bank of Arizona	Interest	DenSco/Admin	Interest Income	13.81		240,105.02
NBAZ 3910	07/31/17	Deposit		National Bank of Arizona	Interest	DenSco/Admin	Interest Income	14.27		240,119.29
NBAZ 3910	08/31/17	Deposit		National Bank of Arizona	Interest	DenSco/Admin	Interest Income	14.28		240,133.57
NBAZ 3910	09/29/17	Deposit		National Bank of Arizona	Interest	DenSco/Admin	Interest Income	13.36		240,146.93
NBAZ 3910	10/31/17	Deposit		National Bank of Arizona	Interest	DenSco/Admin	Interest Income	14.74		240,161.67
NBAZ 3910	11/30/17	Deposit		National Bank of Arizona	Interest	DenSco/Admin	Interest Income	13.82		240,175.49
SUBTOTAL								240,180.49	5.00	

Cash Balance as of 12/20/17: 1,393,402.30

Densco Loan Data				3rd Party Loan Data				Purchase Information				Sale Information				Settlement to Borrower	Notes
Loan No.	Address	City, State, Zip	Loan Balance as of 01/09/14	DOT	Maturity	Lender Name	Loan Amount	DOT	Acct/Note # of DOT	Purchase Date	Purchase Price	Recorded Document No.	Sale Date	Sale Price	Recorded Document No.	Settlement to Borrower	Notes
1192	8122 N 32nd Ave	Phoenix, AZ 85011	85,000	20080217677	not found	N/A	-	N/A	N/A	09/28/08	QC Deed	20080838628	07/09/15	89,900	20150197981	YES	Densco loan with a 1st purchase
2120	822 E Orange Ave	Phoenix, AZ 85014	70,000	20100841210	not found	N/A	-	N/A	N/A	03/15/10	QC Deed	20100214577	04/09/14	113,000	20140242039	YES	Densco loan with a 1st purchase
2509	196 Lehigh World (aka 908 S Power Rd #195)	Mesa, AZ 85206	62,000	20110397899	20110439262	N/A	-	N/A	N/A	05/10/11	71,400	20110437268	08/06/14	100,000	20140321123	YES	Densco loan with a 1st purchase
2672	5126 N 28th St	Scottsdale, AZ 85250	110,000	20110602821	not found	N/A	322,100	N/A	N/A	01/24/11	QC Deed	20110064232	03/03/14	164,900	20140159890	YES	Densco loan with a 1st purchase
3364	14884 N 97th Place	Scottsdale, AZ 85260	300,000	20120433620	20120392211	Active Funding Group, LLC	264,100	20120835688	20120441163	05/07/12	332,100	20120429197	08/25/15	378,000	20150623443	YES	Densco loan with a 1st purchase
3610	28802 N Grayhawk Dr #1076	Scottsdale, AZ 85255	250,000	20120664519	20120747722	Active Funding Group, LLC	476,576	20090141320	not found	09/17/12	274,100	20120861168	07/29/14	350,000	20140500857	YES	Densco loan with a 1st purchase
3736	9103 E Chandler Oak Dr	Scottsdale, AZ 85260	400,000	20120935712	not found	Bank Loan	-	N/A	N/A	07/31/09	352,000	19930489832	N/A	N/A	N/A	YES	Densco loan with a 1st purchase
3814	18202 N Cave Creek Rd #215	Phoenix, AZ 85032	30,000	20121008905	not found	N/A	-	N/A	N/A	11/09/09	QC Deed	20091033670	03/20/14	32,000	20140204968	YES	Densco loan with a 1st purchase
3817	7513 N 47th Dr	Glendale, AZ 85301	20,000	20121008901	not found	N/A	250,000	20090334620	N/A	01/28/11	17,800	20110107804	05/21/14	41,000	20140356070	YES	Densco loan with a 1st purchase
3828	1605 W Winter Dr	Phoenix, AZ 85021	300,000	20121029407	not found	Bank Loan	-	N/A	N/A	01/17/08	599,348	20080047397	N/A	N/A	N/A	YES	Densco loan with a 1st purchase
3829	702 W Wilshire Dr	Phoenix, AZ 85007	140,000	20121029408	not found	N/A	-	N/A	N/A	01/22/09	QC Deed	20090053425	05/14/15	260,000	20150343943	YES	Densco loan with a 1st purchase
3882	10721 W Laurelwood Ln	Avondale, AZ 85323	120,000	20130004682	20121138218	Active Funding Group, LLC	142,500	20130022881	20121121274	12/07/12	132,000	20130001961	10/22/14	170,000	20140704823	YES	Densco loan with a 1st purchase
3883	9555 E Rainier Dr #1004	Scottsdale, AZ 85260	120,000	20121137660	not found	Bank Loan	-	N/A	not found	11/07/03	150,000	20031016788	N/A	N/A	N/A	YES	Densco loan with a 1st purchase
3885	9545 E Rainier Dr #1020	Scottsdale, AZ 85260	1,100,000	20121137668	not found	Bank Loan	-	N/A	not found	11/22/06	225,000	20070101931	N/A	N/A	N/A	YES	Densco loan with a 1st purchase
3913	1892 E Ellis Dr	Tempe, AZ 85282	140,000	20130033595	20121185599	Active Funding Group, LLC	146,500	20130025815	20121180323	12/27/12	164,000	20130031227	12/26/14	188,000	20140660331	YES	Densco loan with a 1st purchase
3914	1740 E Benton St	Glendale, AZ 85295	150,000	20130001973	20121188602	Active Funding Group, LLC	126,000	20130050214	20121180349	07/20/12	186,000	20130049406	07/29/14	235,000	20150136247	YES	Densco loan with a 1st purchase
3926	3305 W 70th St #9	Mesa, AZ 85208	120,000	20130035615	20130007877	Active Funding Group, LLC	107,000	20130010665	20130004068	01/02/13	139,000	20130031167	07/22/14	134,000	20140268633	YES	Densco loan with a 1st purchase
3927	17204 W Warner St	Phoenix, AZ 85043	90,000	20130001974	20130007876	Active Funding Group, LLC	92,100	20130010665	20130004068	01/02/13	103,000	20130045496	07/22/14	146,000	2014035687	YES	Densco loan with a 1st purchase
3929	3016 W Laurel Ln	Phoenix, AZ 85009	80,000	20130042015	20130015520	Active Funding Group, LLC	134,000	20130009908	20130006594	01/03/13	107,000	20130045496	07/13/14	120,000	2014012693	YES	Densco loan with a 1st purchase
3933	19451 E Becker Ln #B1057	Scottsdale, AZ 85260	110,000	20130035512	20130016532	Active Funding Group, LLC	137,263	20130035820	20130006619	01/03/13	144,000	20130031174	08/19/14	136,000	20140500943	YES	Densco loan with a 1st purchase
3957	1500 N Marquette St	Mesa, AZ 85201	120,000	20130102278	20130049574	Active Funding Group, LLC	115,500	20130045832	20130045831	01/15/13	147,263	20130101835	06/01/15	170,000	20150460704	YES	Densco loan with a 1st purchase
3959	5420 W Sunnyside Dr	Glendale, AZ 85304	100,000	20130102288	20130049583	Active Funding Group, LLC	146,500	20130072244	20130071859	07/29/13	150,900	20130119450	08/19/14	185,000	20140354842	YES	Densco loan with a 1st purchase
3973	11070 E Redwood Dr	Phoenix, AZ 85326	120,000	20130120587	20130073955	Active Funding Group, LLC	220,000	20130132181	20130073956	01/29/13	239,000	20130128118	12/21/14	280,000	20140497070	YES	Densco loan with a 1st purchase
3976	2402 E Yucca St	Phoenix, AZ 85028	200,000	20130132181	20130073956	Active Funding Group, LLC	168,501	20130080662	20130080663	01/29/13	149,000	20130119372	07/29/15	194,900	20150397241	YES	Densco loan with a 1st purchase
3977	17721 W Maricopa Ave	Glendale, AZ 85303	150,000	20130120948	20130084771	Active Funding Group, LLC	176,501	20130080662	20130080663	01/29/13	178,501	20130116033	08/23/14	174,900	2014035687	YES	Densco loan with a 1st purchase
3987	18556 W Mustang Ln	Waddell, AZ 85355	150,000	20140011296	20130084771	Active Funding Group, LLC	176,501	20130080662	20130080663	01/29/13	189,000	20130118811	05/10/15	220,000	20150166108	YES	Densco loan with a 1st purchase
3984	18016 S 41st Ln	Laveen, AZ 85339	220,000	20130132181	20130092813	Active Funding Group, LLC	257,494	20130100293	20130095273	01/29/13	267,494	20130128729	08/19/14	315,500	20150166108	YES	Densco loan with a 1st purchase
3987	111 N Kenneth Pl	Chandler, AZ 85326	220,000	20130132181	20130101179	Active Funding Group, LLC	276,600	20130100294	20130095273	01/29/13	286,600	20130128724	07/10/15	345,201	20150309409	YES	Densco loan with a 1st purchase
3998	1267 E Bascom Dr	Chandler, AZ 85326	230,000	20130132181	20130101179	Active Funding Group, LLC	126,600	20130100294	20130095273	01/29/13	136,600	20130128724	07/10/15	159,900	20150309409	YES	Densco loan with a 1st purchase
3999	2673 N Sky Ln	Phoenix, AZ 85003	100,000	20130132220	20130101179	Active Funding Group, LLC	170,100	20130100294	20130095273	01/29/13	180,100	20130128724	07/10/15	199,900	20150309409	YES	Densco loan with a 1st purchase
4003	4529 E Shavano Dr	Phoenix, AZ 85003	150,000	20130132220	20130101179	Active Funding Group, LLC	144,000	20130100294	20130095273	01/29/13	154,000	20130128724	07/10/15	168,000	20150309409	YES	Densco loan with a 1st purchase
4004	7575 E Indian Bend Rd #12	Scottsdale, AZ 85250	120,000	20130132221	20130105077	Active Funding Group, LLC	166,000	20130100294	20130095273	01/29/13	176,000	20130128724	07/10/15	215,900	20150309409	YES	Densco loan with a 1st purchase
4011	18203 W 4th Ave	Waddell, AZ 85355	150,000	20130132221	20130114342	Active Funding Group, LLC	89,500	20130100294	20130100294	02/06/13	99,500	20130135453	12/29/14	117,500	2014068458	YES	Densco loan with a 1st purchase
4020	12082 W Willow Ave	El Mirage, AZ 85335	80,000	20130132221	20130132833	Active Funding Group, LLC	156,001	20130151517	20130128845	02/06/13	168,001	20130151669	12/29/14	196,000	20150000619	YES	Densco loan with a 1st purchase
4027	11106 W Jamal Ln	Avondale, AZ 85323	130,000	20130132221	20130132833	Active Funding Group, LLC	-	N/A	N/A	02/06/13	220,000	20130151669	12/29/14	N/A	N/A	YES	Densco loan with a 1st purchase
4032	10510 E Sunnyside Dr	Scottsdale, AZ 85259	1,600,000	20130146702	not found	N/A - Not built 2015	-	N/A	N/A	02/06/13	220,000	20130151669	12/29/14	N/A	N/A	YES	Densco loan with a 1st purchase
4033	10401 N 52nd St #105	Paradise Valley, AZ 852	100,000	20130194352	20130146746	Active Funding Group, LLC	119,000	20130144105	20130143382	02/13/13	144,000	20130181504	05/21/15	140,000	20150365649	YES	Densco loan with a 1st purchase
4034	11571 W Floral St	Avondale, AZ 85323	100,000	20130219459	20130148079	Active Funding Group, LLC	114,000	20130213466	20130143377	02/13/13	134,000	20130211488	12/26/14	148,500	20150301997	YES	Densco loan with a 1st purchase
4035	31940 W Flamingo St	Buckeye, AZ 85326	90,000	20130219459	20130148079	Active Funding Group, LLC	94,500	20130146746	20130143377	02/13/13	116,500	20130181470	04/03/15	129,900	20150301997	YES	Densco loan with a 1st purchase
4038	2150 E Barendse Rd #1076	Phoenix, AZ 85326	100,000	20130219459	20130148079	Active Funding Group, LLC	86,200	20130146746	20130143377	02/13/13	127,500	20130211500	02/06/15	133,000	20150301997	YES	Densco loan with a 1st purchase
4061	22261 W Moonlight Path	Buckeye, AZ 85326	80,000	20130219459	20130148079	Active Funding Group, LLC	115,500	20130185418	20130194519	02/27/13	125,500	20130209736	08/14/14	122,000	2014033428	YES	Densco loan with a 1st purchase
4069	1333 W Apollo Rd	Phoenix, AZ 85041	100,000	20130219459	20130198743	Active Funding Group, LLC	-	N/A	N/A	02/27/13	125,500	20130209736	08/14/14	135,000	20150378039	YES	Densco loan with a 1st purchase

DAVIS
EXH. NO. 535
11-10-18
Kathy S. Ogelsby CR 80178

Simus Consulting, LLC
Artemis Corporation Comptroller v. Denso Investment Corporation

Denso Investment Corporation
Analysis of Missed Loans as of 01/09/14 - Property Details

Denso Loan Data										3rd Party Loan Data				Purchase Information				Sale Information			
Loan No.	Address	City, State Zip	Loan Date	Loan Balance as of 01/09/14	DOT	Mortgage	Lender Name	Loan Amount	DOT	Acct/Mortgage # of DOT	Purchase Date	Purchase Price	Recorded Document No.	Sale Date	Sale Price	Recorded Document No.	Satisfactorily Reviewed by Denso Staff	Notes			
4077	5357 S Ramlet Trail	Gilbert, AZ 85296	03/01/13	230,000	20130219455	201309730	Active Funding Group, LLC	231,000	20130192842	not found	02/28/13	291,000	20130217217	08/29/14	265,000	20140395418	YES				
4093	2360 E Camel Ave	Mesa, AZ 85204	03/04/13	90,000	20130243592	20130201156	Active Funding Group, LLC	100,000	201302041004	20130199173	03/04/13	120,000	20130259511	07/17/15	160,000	20130397223	YES				
4109	12827 W Desert Mirage Dr	Liberal, AZ 85340	03/04/13	210,000	20130237456	20130203766	Active Funding Group, LLC	231,000	20130220175	20130199177	03/04/13	256,000	20130281979	01/16/14	305,000	20140079863	YES				
4116	6533 W Sonora St	Phoenix, AZ 85383	03/08/13	130,000	20130284398	20130219465	Active Funding Group, LLC	145,200	201302119527	20130214324	03/08/13	180,200	20130259269	05/26/15	190,000	20150458186	YES				
4118	2048 E Martin Ave	Phoenix, AZ 85043	03/11/13	60,000	20130281724	20130222359	Active Funding Group, LLC	61,500	20130223223	20130223222	03/11/13	81,400	20130273244	06/23/15	120,000	20150458186	YES				
4122	1431 E Beldisport Pkwy	Gilbert, AZ 85295	03/12/13	130,000	20130281724	20130222079	Active Funding Group, LLC	131,500	20130223670	20130223222	03/11/13	161,500	20130272958	06/16/16	260,500	20160423156	YES				
4129	2210 W Marco Polo Rd	Gilbert, AZ 85295	03/14/13	210,000	20130281724	20130223591	Active Funding Group, LLC	209,600	20130221570	20130230822	03/11/13	262,100	20130272826	11/20/14	287,000	20140778317	YES				
4130	18650 N 91st Ave #3101	Phoenix, AZ 85027	03/18/13	100,000	20130281724	20130246419	Active Funding Group, LLC	109,300	20130241199	20130240961	03/15/13	134,300	20130272130	12/29/14	157,500	20140842217	YES				
4136	14556 N 154th Ln	Phoenix, AZ 85382	03/18/13	100,000	20130281726	20130246419	Active Funding Group, LLC	114,303	20130244732	20130241900	03/18/13	139,303	20130256739	10/28/15	171,000	20150735694	YES				
4146	4627 E Red Range Way	Cave Creek, AZ 85331	03/21/13	290,000	20130261281	not found	N/A	-	N/A	N/A	03/14/13	335,000	20130261280	11/04/16	300,001	20160339832		Settled with Denso as of 01/09/14 - Property Enclosed by 2nd Party Vendor			
4152	18131 W Bush Ave	Waddell, AZ 85355	03/24/13	190,000	2013027862	20130266043	Active Funding Group, LLC	188,000	20130267159	20130266092	03/22/13	213,000	20130256764	04/05/14	275,000	20140396011	YES				
4180	7088 W Andrew Ln	Phoenix, AZ 85358	04/03/13	170,000	20130296613	not found	Active Funding Group, LLC	175,500	20130267156	20130266143	03/22/13	212,500	20130259528	04/18/14	250,000	20140271699	YES				
4183	3528 E Palmer St	Gilbert, AZ 85298	04/03/13	160,000	20130414931	not found	Artemis Ltd, LLC / Sell Whole	160,000	20130322988	20130322569	04/04/13	200,100	20130412139	05/28/14	179,000	20140349117	YES				
4201	4320 E Beldisport Ave	Hilary, AZ 85236	04/11/13	160,000	20130397201	20130333247	Active Funding Group, LLC	162,000	20130328087	20130328087	04/18/13	202,000	20130387914	02/11/14	215,000	20140113621	YES				
4227	15677 W Ripple Cir	Goodenow, AZ 85338	04/19/13	80,000	20130409705	20130360110	Active Funding Group, LLC	77,000	20130356203	20130355072	04/18/13	120,000	20130407490	02/05/15	120,000	20150077897	YES				
4228	7389 W Terra Berra Ln	Phoenix, AZ 85382	04/19/13	100,000	20130401260	20130360092	Active Funding Group, LLC	102,000	20130355076	20130356489	04/18/13	140,500	20130394128	09/17/14	161,500	20140641288	YES				
4229	436 N 159th Ave	Goodenow, AZ 85338	04/19/13	140,000	20130401261	20130360092	Active Funding Group, LLC	136,500	20130355076	20130356489	04/18/13	180,000	20130394128	09/17/14	226,500	20150308331	YES				
4231	1262 E Clifton Ave	Gilbert, AZ 85295	04/22/13	121,867	20130406970	20130371499	Active Funding Group, LLC	168,000	20130363885	20130361324	04/22/13	210,000	20130298298	12/05/13	246,000	20140003937	YES				
4241	16832 W Torma Way	Goodenow, AZ 85338	04/22/13	110,000	20130409710	20130371589	Active Funding Group, LLC	126,000	20130363885	20130365543	04/22/13	158,600	20130407307	02/21/15	169,800	20140060988	YES				
4253	4303 E Ocean Rd #201	Phoenix, AZ 85003	04/29/13	100,000	20130413642	20130371589	Active Funding Group, LLC	112,000	20130383479	20130381885	04/26/13	133,000	20130407492	03/08/16	150,000	20160152484	YES				
4280	22922 W Desert Bloom St	Buckeye, AZ 85326	05/04/13	90,000	20130473956	20130435422	Active Funding Group, LLC	91,000	20130473262	20130409268	05/03/13	125,000	20130473890	04/08/14	146,500	20160152484	YES				
4287	4743 W Golden Ln	Gilndale, AZ 85302	05/13/13	60,000	20130473956	20130435422	Active Funding Group, LLC	55,000	20130435036	20130431321	05/06/13	73,000	20130473894	04/08/14	100,000	20140232803	YES				
4289	7703 W Lamar Rd	Gilndale, AZ 85303	05/13/13	100,000	20130473956	20130435424	Active Funding Group, LLC	98,000	20130435009	20130431350	05/10/13	377,000	20130509883	04/10/14	343,300	20150460909	YES				
4307	266 S Palm St	Gilbert, AZ 85295	05/21/13	300,000	20130517934	20130467219	Artemis Ltd, LLC / Sell Whole	301,600	20130468815	20130468816	05/20/13	162,100	20130493117	06/25/15	188,000	20150460909	YES				
4308	7111 E Pointe Dr	Phoenix, AZ 85024	05/21/13	130,000	20130500620	20130467219	Active Funding Group, LLC	130,000	20130484099	20130461041	05/20/13	142,000	20130493117	06/25/15	159,000	20140266712	YES				
4313	19296 W Adams St	Buckeye, AZ 85326	05/23/13	110,000	20130500620	20130467219	Active Funding Group, LLC	125,000	20130484099	20130470286	05/23/13	144,000	20130493117	06/25/15	159,000	20140266712	YES				
4314	18169 W Saginaw Ln	Surprise, AZ 85388	05/23/13	120,000	20130500620	20130467219	Active Funding Group, LLC	125,000	20130484099	20130470286	05/23/13	144,000	20130493117	06/25/15	159,000	20140266712	YES				
4314	18169 W Saginaw Ln	Surprise, AZ 85388	05/23/13	120,000	20130500620	20130467219	Active Funding Group, LLC	125,000	20130484099	20130470286	05/23/13	144,000	20130493117	06/25/15	159,000	20140266712	YES				
4322	3354 W Monroe Dr	Phoenix, AZ 85027	05/29/13	80,000	20140635995	20130492560	Active Funding Group, LLC	84,000	20130484099	20130470286	05/29/13	104,600	20130541837	03/27/15	139,000	20150430700	YES				
4328	7111 E Pointe Dr	Phoenix, AZ 85042	05/30/13	80,000	20140114225	20130515902	Active Funding Group, LLC	54,000	20130517883	20130517592	06/04/13	160,000	20130541837	12/16/14	110,000	20140833447	YES				
4338	2945 E Dunbar Dr	Phoenix, AZ 85023	06/06/13	100,000	20130507127	20130503009	Active Funding Group, LLC	138,000	20130561286	02/02/15	151,000	20150118889	151,000	20150118889	151,000	20150118889	YES				
4342	11744 W Janelly St	Aurora, AZ 85323	06/06/13	100,000	20130507127	20130503009	Active Funding Group, LLC	103,800	20130561286	02/02/15	151,000	20150118889	151,000	20150118889	151,000	20150118889	YES				
4343	23822 W Golden Ln	Buckeye, AZ 85326	06/06/13	110,000	20130508022	20130503009	Active Funding Group, LLC	103,800	20130561286	02/02/15	151,000	20150118889	151,000	20150118889	151,000	20150118889	YES				
4344	13020 N 13th Ln	Surprise, AZ 85379	06/06/13	90,000	20130508022	20130503009	Active Funding Group, LLC	83,200	20130561286	02/02/15	151,000	20150118889	151,000	20150118889	151,000	20150118889	YES				
4351	15020 N 13th Ln	Phoenix, AZ 85027	06/07/13	140,000	20130507127	20130504204	Active Funding Group, LLC	99,000	20130535350	20130532994	06/01/13	180,000	20130561839	01/08/14	168,000	20140046703	YES				
4361	614 W Airline Dr	Phoenix, AZ 85027	06/07/13	140,000	20130507127	20130504204	Active Funding Group, LLC	99,000	20130535350	20130532994	06/01/13	180,000	20130561839	01/08/14	168,000	20140046703	YES				
4381	12231 W Pleasant Ln	Phoenix, AZ 85041	06/21/13	160,000	20130583410	20130571118	Active Funding Group, LLC	138,000	20130584654	20130584297	06/19/13	211,100	20130575809	08/15/14	219,900	20140276602	YES				
4383	9423 W Madison Way	Phoenix, AZ 85041	06/21/13	100,000	20130587788	20130571118	Active Funding Group, LLC	93,000	20130619681	20130619681	06/19/13	130,000	20130619681	05/05/14	120,000	20140173662	YES				
4384	23819 W Highland Ave	Phoenix, AZ 85382	06/21/13	110,000	20130627793	20130572671	Active Funding Group, LLC	90,000	20130564767	20130564717	06/19/13	150,000	20130619331	12/03/14	179,900	20150906286	YES				
4384	23819 W Highland Ave	Buckeye, AZ 85326	06/21/13	110,000	20130627793	20130572671	Active Funding Group, LLC	90,000	20130564767	20130564717	06/19/13	150,000	20130619331	12/03/14	179,900	20150906286	YES				
4386	21182 E Arden Dr	Gilbert, AZ 85296	06/24/13	140,000	20130607797	20130575873	Active Funding Group, LLC	120,000	20130669082	20130666752	06/20/13	179,000	20130619331	05/19/14	178,000	20140334009	YES				
4393	23209 S Sandbluff Dr	San L J, AZ 85348	06/24/13	140,000	20130607797	20130575873	Active Funding Group, LLC	120,000	20130669082	20130666752	06/20/13	179,000	20130619331	05/19/14	178,000	20140334009	YES				
4397	3002 N Tuna St #14	Scottsdale, AZ 85251	06/26/13																		

Stanton Consulting, LLC
Arizona Corporation Commission v. Denise Investment Corporation

Denise Investment Corporation
Analysis of Merged Loans as of 8/10/2014 - Property Details

Denise Loan Data				3rd Party Loan Data				Purchase Information				Sale Information				Settlement Statement in Dispute	Years
Loan No.	Address	City, State Zip	Loan Balance as of 8/10/14	DOT	Mortgage	Lender Name	Loan Amount	DOT	Ass/Notes of DOT	Purchase Date	Purchase Price	Recorded Deedbook No.	Sale Date	Sale Price	Recorded Deedbook No.		
4430	5414 S Feather Dr	Tempe, AZ 85283	170,000	2013068358	2013063404	Active Funding Group, LLC	150,000	2013063404	2013063382	07/11/13	214,000	2013068443	08/02/14	200,000	20140379643	YES	
4431	2585 S Birch Creek Dr	San Lake, AZ 85248	120,000	2013067355	2013063635	Active Funding Group, LLC	117,340	2013063724	2013063285	07/11/13	146,616	2013068685	08/31/14	175,000	20140218750	YES	
4434	2210 S Keene St	Avondale, AZ 85209	200,000	2013068333	2013064945	Active Funding Group, LLC	201,000	2013063917	2013063724	07/12/13	270,395	2013068462	08/09/14	295,000	20140119689	YES	
4438	1646 W Valencia Dr	Avondale, AZ 85319	100,000	2013071944	2013065429	Active Funding Group, LLC	84,000	2013064939	2013064766	07/16/13	121,000	2013070104	08/26/15	157,000	20140171581	YES	
4444	11979 N 154th Dr	Surprise, AZ 85378	110,000	2013071946	2013065782	Active Funding Group, LLC	105,000	2013065306	2013065136	07/17/13	149,000	2013070106	11/21/15	146,500	20130620217	YES	
4446	6024 E Weberfield Rd	Scottsdale, AZ 85254	250,000	2013077218	2013065782	Active Funding Group, LLC	200,000	2013065454	2013065192	07/17/13	322,500	2013077012	08/18/14	378,500	20140197963	YES	
4454	2733 S Avenue St	Mesa, AZ 85209	160,000	20130711854	2013065487	Active Funding Group, LLC	138,000	2013066133	2013066961	07/19/13	205,000	20130703478	07/18/14	204,000	20140478699	YES	
4459	1427 W Winding Dr	Phoenix, AZ 85045	200,000	20130740210	2013067352	Active Funding Group, LLC	168,000	2013066732	2013066428	07/22/13	248,000	20130736478	08/01/14	287,000	20140255058	YES	
4481	1312 W Marshall Ave	Glendale, AZ 85340	130,000	20130740211	20130693478	Active Funding Group, LLC	105,000	20130673468	20130674610	07/24/13	170,100	20130736475	12/01/14	145,500	20140796344	YES	
4482	10440 W Hammond Ln	Surprise, AZ 85379	100,000	20130735601	20130693522	Active Funding Group, LLC	107,200	20130687239	20130818565	07/25/13	134,100	20130734721	08/18/14	135,000	20140202373	YES	
4484	13920 N 66th Dr	Glendale, AZ 85302	80,000	20130735616	20130693522	Active Funding Group, LLC	81,360	20130687241	20130818539	07/25/13	101,200	20130699714	11/19/14	103,500	20140786370	YES	
4485	16527 W Peach Dr	Surprise, AZ 85388	100,000	20130760500	20130706913	Active Funding Group, LLC	87,000	20130707183	20130709505	07/25/13	130,500	20130759033	07/16/14	127,070	20140468761	YES	
4500	10025 W Williams St	Tolleson, AZ 85353	90,000	20130744882	20130710593	Active Funding Group, LLC	67,000	20130708610	20130705142	08/01/13	111,500	20130729732	07/13/15	130,000	20130512145	YES	
4501	2216 W Pima Cir	Mesa, AZ 85202	110,000	20130710601	not found	Active Funding Group, LLC	113,200	20130709127	not found	08/02/13	141,500	20130708984	01/05/15	145,000	2015011399	YES	
4504	39817 N Mesquite Way	Avondale, AZ 85064	150,000	2013074884	20130717351	Active Funding Group, LLC	162,000	20130738664	20130716603	08/02/13	226,600	20130739753	03/19/14	249,000	20140182602	YES	
4505	11530 W Pines Dr	Avondale, AZ 85326	110,000	20130760511	2013071735	Active Funding Group, LLC	112,800	20130723020	not found	08/05/13	191,000	20130758078	11/07/14	185,000	20140814823	YES	
4508	11530 W Pines Dr	Avondale, AZ 85326	90,000	20130760516	20130724068	Active Funding Group, LLC	78,000	20130717352	20130717384	08/06/13	115,000	20130759031	05/27/15	139,000	20140281399	YES	
4509	1561 E Main Ln	Glendale, AZ 85334	200,000	20130709448	20130728132	Active Funding Group, LLC	171,000	20130719662	20130718431	08/06/13	246,000	20130759032	03/02/14	278,000	20150142595	YES	
4512	1502 W Wood Dr	Surprise, AZ 85378	120,000	20130706518	20130728221	Active Funding Group, LLC	118,240	20130728610	20130818538	08/07/13	147,800	20130759063	05/01/14	159,000	20140287137	YES	
4513	16010 N 176th Ln	Glendale, AZ 85334	110,000	20130706518	20130728221	Active Funding Group, LLC	110,480	20130728610	20130818538	08/07/13	138,100	20130759114	08/06/14	133,000	20140380668	YES	
4516	18425 N Wilshire Ln	Glendale, AZ 85308	100,000	20130706843	20130728221	Active Funding Group, LLC	96,000	20130728610	20130818538	08/07/13	296,200	20130759114	08/06/14	306,000	20140391108	YES	
4519	23851 W Lido Ave	Buckeye, AZ 85326	120,000	20130760543	20130740033	Active Funding Group, LLC	160,560	20130734605	20130735717	08/09/13	153,000	20130759034	05/06/14	170,000	20140394628	YES	
4523	10125 E Lido Ave	Buckeye, AZ 85326	160,000	20130760543	20130740033	Active Funding Group, LLC	90,400	20130745518	20130818537	08/13/13	132,000	20130774403	02/13/14	132,500	20140127145	YES	
4524	15687 W Wyland Dr	Buckeye, AZ 85027	90,000	20130782138	20130743382	Active Funding Group, LLC	90,400	20130745518	20130818537	08/13/13	132,000	20130774403	02/13/14	142,555	20140429521	YES	
4530	1750 W Pines Dr	Phoenix, AZ 85027	100,000	20130794443	20130745614	Active Funding Group, LLC	90,400	20130745614	20130818537	08/13/13	132,000	20130774403	02/13/14	142,555	20140429521	YES	
4531	516 W Dublin St	Chandler, AZ 85225	90,000	not found	20130761581	Active Funding Group, LLC	127,900	20130762469	20130818537	08/19/13	159,849	20130790514	06/18/14	164,000	20140429521	YES	
4534	39043 S Central	Surprise, AZ 85378	120,000	20130794447	20130763549	Active Funding Group, LLC	127,900	20130762469	20130818537	08/19/13	159,849	20130790514	06/18/14	164,000	20140429521	YES	
4536	1335 S Yule St	Mesa, AZ 85204	140,000	20130794447	20130763549	Active Funding Group, LLC	137,600	20130763272	20130818537	08/19/13	172,000	20130790514	06/18/14	167,000	20140429521	YES	
4539	1335 S Yule St	Mesa, AZ 85204	130,000	20130794447	20130763549	Active Funding Group, LLC	129,500	20130763272	20130818537	08/19/13	172,000	20130790514	06/18/14	167,000	20140429521	YES	
4540	939 S Chaworth	Buckeye, AZ 85326	120,000	20130794447	20130763549	Active Funding Group, LLC	117,000	20130763272	20130818537	08/19/13	172,000	20130790514	06/18/14	167,000	20140429521	YES	
4541	31008 W Columbian Ave	Buckeye, AZ 85326	80,000	20130821743	20130773336	Active Funding Group, LLC	81,000	20130792149	20130773336	08/22/13	107,000	20130818914	08/04/14	115,000	20140518288	YES	
4544	17016 E 22nd Place	Phoenix, AZ 85048	140,000	20130859535	20130781644	Active Funding Group, LLC	117,000	20130792149	20130773336	08/22/13	178,500	20130857372	06/19/14	190,000	20140648696	YES	
4545	5150 E Broadway Rd	Phoenix, AZ 85050	59,332	20130821744	20130781644	Active Funding Group, LLC	87,000	20130777707	20130777707	08/26/13	130,000	20130818915	12/26/14	149,500	20131080125	YES	
4546	13530 N Frank Lloyd Wright Blvd #1005	Scottsdale, AZ 85260	220,000	20130821745	20130781644	Active Funding Group, LLC	175,000	20130777707	20130777707	08/26/13	267,000	20130818916	05/28/14	227,000	20140358429	YES	
4554	2027 S 101st Dr	Tolleson, AZ 85353	100,000	20130821748	20130790794	Active Funding Group, LLC	100,926	20130800378	20130800397	08/29/13	126,158	20130818732	07/24/14	127,000	20140434099	YES	
4556	8987 W Park Dr	Glendale, AZ 85305	120,000	20130821754	20130801973	Active Funding Group, LLC	126,400	20130822335	20130822335	08/29/13	138,000	20130822335	02/19/14	172,000	20140434099	YES	
4563	4625 W Park Dr	Luxem, AZ 85339	100,000	20130821755	20130801972	KIRI, LLC / Seal Wholesale F	104,800	20130801723	20130807266	09/03/13	131,000	20130849629	01/27/14	153,000	20140038118	YES	
4568	8116 E Olsen Ave	Mesa, AZ 85212	110,000	20130801161	20130814379	Active Funding Group, LLC	112,900	20130815470	not found	09/06/13	141,200	20130879155	02/14/14	145,000	20140138183	YES	
4573	11634 W Adams St	Avondale, AZ 85324	100,000	20130937033	20130834536	Active Funding Group, LLC	108,220	20130823539	not found	09/11/13	107,319	20130879159	02/19/14	149,500	20140133724	YES	
4574	23663 W St James Ave	Buckeye, AZ 85326	80,000	20130801161	20130834536	Active Funding Group, LLC	80,400	20130823539	not found	09/11/13	107,319	20130879159	02/19/14	149,500	20140133724	YES	
4576	1040 S 20th Ln	Buckeye, AZ 85326	90,000	20130863563	20130834536	Active Funding Group, LLC	84,000	20130823539	not found	09/11/13	107,319	20130879159	02/19/14	149,500	20140133724	YES	
4579	977 S Colonial Dr	Glendale, AZ 85396	140,000	20130863555	20130834536	Active Funding Group, LLC	144,000	20130834536	not found	09/11/13	118,100	20130806862	02/09/14	145,000	20150049590	YES	
4584	11309 E Pearl Ave	Mesa, AZ 85212	90,000	20130878213	20130834536	Active Funding Group, LLC	142,407	20130842640	not found	09/16/13	178,000	20130877139	02/01/14	190,000	20140386762	YES	
4585	3154 W Via Mariona Dr	Phoenix, AZ 85027	100,000	20130872549	20130837990	General Equity, LLC	106,857	20130842641	not found	09/16/13	133,600	20130869098	04/01/14	155,000	20140238821	YES	

**Simon Consulting, LLC
Arizona Corporate Commission v. Densco Investment Corporation**

**Densco Investment Corporation
Analysis of Merged Loans as of 01/09/14 - Property Details**

Loan No.	Address	City, State Zip	Loan Date	Loan Balance as of 01/09/14	DOT	Mortgage	Lender Name	Loan Amount	DOT	Ass/Pledge of DOT	Purchase Date	Purchase Price	Recorded Deedbook No.	Sale Date	Sale Price	Recorded Deedbook No.	Settlement Statement in Disclosure	Notes
4589	16739 W Navajo St	Glendale, AZ 85338	09/19/13	160,000	2013085350	20130844106	Arden Ltd. LLC / Sell Whole	175,207	20130844176	20130940919	09/18/13	219,000	20130854822	04/08/14	259,900	20140231762		
4591	126 S Hamlet	Mesa, AZ 85208	09/20/13	120,000	20130872574	20130847328	Arden Ltd. LLC / Sell Whole	119,287	20130849163	20130940916	09/19/13	149,100	20130867632	07/10/14	160,000	20140206553		
4592	2716 S Millham	Mesa, AZ 85209	09/20/13	110,000	20130867311	20130847380	Arden Ltd. LLC / Sell Whole	121,040	20130849145	20130941701	09/19/13	151,300	20130858578	07/21/14	183,000	20140067897		
4598	11603 W Olechuk Ave	Tolleson, AZ 85353	09/23/13	100,000	20130872376	20130850692	Arden Ltd. LLC / Sell Whole	103,487	20130846812	20140028154	09/20/13	129,600	20130868850	04/03/14	143,000	20140222249		
4599	1629 S 83th Dr	Tolleson, AZ 85353	09/23/13	90,000	20130883344	20130850693	Arden Ltd. LLC / Sell Whole	92,607	20130846811	20130940920	09/20/13	116,000	20130879942	04/18/14	142,500	20140234416		
4604	107 E Porter Dr	Phoenix, AZ 85024	09/25/13	50,000	20130939561	20130857843	General Equity, LLC	178,407	20130858878	not found	09/23/13	223,000	20150309209	N/A	N/A	N/A		Transferred to the Receiver
4607	1942 S Peterson #252	Surprise, AZ 85379	09/27/13	100,000	20130854917	20130866506	General Equity, LLC	102,407	20130882403	not found	09/28/13	128,000	20130976602	04/10/14	156,000	20140264870		
4611	14904 W Port Royale Ln	Peoria, AZ 85396	09/27/13	100,000	20130906706	20130876478	Arden Ltd. LLC / Sell Whole	107,280	20130882201	not found	09/30/13	154,100	20130904843	12/15/14	177,500	20150051844		
4618	15835 N 47th St	Phoenix, AZ 85027	10/01/13	220,000	20130906440	20130873113	Active Funding Group, LLC	227,000	20130873587	20130874235	10/01/13	295,801	20130904843	05/08/14	299,900	20140311933	YES	
4619	17740 W Villa Theresa Dr	Glendale, AZ 85308	10/01/13	90,000	20130904452	20130853441	Active Funding Group, LLC	90,500	20130873435	20130878866	10/02/13	113,051	20130901665	07/16/14	132,000	20140417233	YES	
4624	13143 E Arrow Dr	Peoria, AZ 85306	10/04/13	210,000	20130904453	20130887822	Active Funding Group, LLC	209,000	20130884544	20130884144	10/03/13	261,100	20130904513	07/09/14	270,000	20140456574	YES	
4625	114 E Valley View Dr	Scottsdale, AZ 85042	10/04/13	149,641	20130904453	20130887820	Active Funding Group, LLC	125,500	20130884294	20130884144	10/03/13	157,000	20130904513	07/10/15	184,000	20150174099	YES	
4626	12614 N 62nd St	Scottsdale, AZ 85254	10/04/13	150,000	20130904461	20130887820	Active Funding Group, LLC	224,000	20130884530	20130883555	10/04/13	280,200	20130918164	12/19/13	320,000	20140004721	YES	
4627	10769 W Rendon Dr	Sum, AZ 85373	10/07/13	150,000	20130904465	20130887820	Active Funding Group, LLC	151,000	20130887823	20130887338	10/04/13	188,951	20130908050	11/05/14	180,000	20140359858	YES	
4628	1732 E Obispo Ave	Phoenix, AZ 85027	10/07/13	150,000	20130904465	20130887823	Active Funding Group, LLC	148,800	20130887823	20130887917	10/04/13	197,000	20130972333	04/17/14	215,000	20140280494	YES	
4628	4702 N Brookview Ter	Litchfield, AZ 85340	10/11/13	160,000	20130930962	2013085387	Active Funding Group, LLC	157,500	20130901729	20130901489	10/19/13	133,500	20130929155	06/27/15	163,000	20150309660	YES	
4637	18742 W Pioneer St	Tolleson, AZ 85353	10/11/13	100,000	20130930967	2013085389	Active Funding Group, LLC	98,400	20130908701	20130905723	10/11/13	123,000	20130917072	07/28/15	154,900	20150612941	YES	
4642	11954 W Rainbow Dr	Avondale, AZ 85323	10/15/13	100,000	20130930967	2013091708	Active Funding Group, LLC	95,200	20130908701	20130905723	10/11/13	119,000	20130909406	10/03/14	133,000	20140665634	YES	
4643	842 E Sheffield Ave	Wickenburg, AZ 85379	10/15/13	90,000	20130930967	2013091708	Active Funding Group, LLC	100,800	20130919316	20140019536	10/15/13	126,000	20130925641	02/13/14	144,800	20140631629		
4644	18146 W Pioneer Ave	Wickenburg, AZ 85379	10/16/13	100,000	20130930967	2013091708	Active Funding Group, LLC	117,280	20130919316	20140019536	10/15/13	146,000	20130926743	02/26/14	164,000	20150352588		
4645	14869 W Caribbean Ln	Phoenix, AZ 85339	10/17/13	110,000	20130926469	20130921560	Arden Ltd. LLC / Sell Whole	115,200	20130927027	20140028200	10/17/13	144,000	20130927027	05/06/14	153,500	20140316742		
4649	3014 W Rose Garden Ln	Laveen, AZ 85339	10/17/13	110,000	20130926469	20130921560	Arden Ltd. LLC / Sell Whole	94,400	20130927027	20140028200	10/17/13	118,000	20130927027	05/06/14	130,000	20140316742		
4652	4119 W Valley View Dr	Glendale, AZ 85308	10/22/13	100,000	20130926469	20130921560	Arden Ltd. LLC / Sell Whole	111,500	20130927027	20140028200	10/22/13	132,100	20130927027	05/06/14	140,000	20140316742		
4654	4906 W Anderson Dr	Glendale, AZ 85308	10/22/13	120,000	20130926469	20130921560	Arden Ltd. LLC / Sell Whole	118,400	20130927027	20140028200	10/22/13	148,000	20130927027	05/06/14	165,000	20140316742		
4659	4728 W Carson Rd	Phoenix, AZ 85339	10/23/13	120,000	20130926469	20130921560	Arden Ltd. LLC / Sell Whole	128,000	20130927027	20140028200	10/23/13	160,100	20130927027	05/06/14	170,000	20140316742		
4662	5247 E Maudslowe Dr	Scottsdale, AZ 85357	10/24/13	180,000	20130926469	20130921560	Arden Ltd. LLC / Sell Whole	182,800	20130927027	20140028200	10/24/13	229,100	20130927027	05/06/14	270,000	20140316742		
4663	978 N 83th Place	Scottsdale, AZ 85357	10/24/13	120,000	20130926469	20130921560	Arden Ltd. LLC / Sell Whole	128,000	20130927027	20140028200	10/24/13	160,100	20130927027	05/06/14	170,000	20140316742		
4665	632 S St Paul	Scottsdale, AZ 85354	10/24/13	260,000	20130926469	20130921560	Arden Ltd. LLC / Sell Whole	264,800	20130927027	20140028200	10/24/13	328,000	20130927027	05/06/14	330,000	20140316742		
4669	17602 N 60th St	Phoenix, AZ 85065	10/27/13	220,000	20130926469	20130921560	Arden Ltd. LLC / Sell Whole	224,800	20130927027	20140028200	10/27/13	281,000	20130927027	05/06/14	299,900	20140316742		
4670	22346 W Gibson Ln	Buckeye, AZ 85326	10/27/13	120,000	20130926469	20130921560	Arden Ltd. LLC / Sell Whole	118,200	20130927027	20140028200	10/27/13	144,000	20130927027	05/06/14	160,000	20140316742		
4671	9357 E Flinn Ave	Mesa, AZ 85212	10/27/13	120,000	20130926469	20130921560	Arden Ltd. LLC / Sell Whole	123,600	20130927027	20140028200	10/27/13	157,000	20130927027	05/06/14	180,000	20140316742		
4672	9357 E Flinn Ave	Mesa, AZ 85212	10/27/13	120,000	20130926469	20130921560	Arden Ltd. LLC / Sell Whole	123,600	20130927027	20140028200	10/27/13	157,000	20130927027	05/06/14	180,000	20140316742		
4673	791 E Gary Dr	Glendale, AZ 85308	11/05/13	140,000	20130926469	20130921560	Arden Ltd. LLC / Sell Whole	140,000	20130927027	20140028200	11/05/13	175,000	20130927027	05/06/14	200,000	20140316742		
4687	7030 W Portia Dr	Glendale, AZ 85308	11/06/13	130,000	20130926469	20130921560	Arden Ltd. LLC / Sell Whole	132,500	20130927027	20140028200	11/06/13	167,000	20130927027	05/06/14	170,000	20140316742		
4688	9832 E Main Ave	Surprise, AZ 85378	11/06/13	170,000	20130926469	20130921560	Arden Ltd. LLC / Sell Whole	170,000	20130927027	20140028200	11/06/13	218,500	20130927027	05/06/14	249,000	20140316742	YES	
4689	17661 W Maricopa Ave	Glendale, AZ 85308	11/07/13	110,000	20130926469	20130921560	Arden Ltd. LLC / Sell Whole	110,000	20130927027	20140028200	11/07/13	137,800	20130927027	05/06/14	151,500	20140316742	YES	
4703	14345 W Governor Ave	Goodyear, AZ 85338	11/13/13	150,000	20130926469	20130921560	Arden Ltd. LLC / Sell Whole	150,000	20130927027	20140028200	11/13/13	180,000	20130927027	05/06/14	200,000	20140316742	YES	
4710	25510 W Whymann St	Buckeye, AZ 85326	11/18/13	90,000	20130926469	20130921560	Arden Ltd. LLC / Sell Whole	90,000	20130927027	20140028200	11/18/13	105,000	20130927027	05/06/14	115,900	20140316742		
4711	1697 S 23rd Tr Dr	Buckeye, AZ 85326	11/18/13	80,000	20130926469	20130921560	Arden Ltd. LLC / Sell Whole	84,100	20130927027	20140028200	11/18/13	105,000	20130927027	05/06/14	115,900	20140316742		
4713	2507 W Bent Tree Dr	Phoenix, AZ 85085	11/19/13	160,000	20130926469	20130921560	Arden Ltd. LLC / Sell Whole	160,000	20130927027	20140028200	11/19/13	190,000	20130927027	05/06/14	225,900	20140316742		
4718	10834 E Arcadia Way	Mesa, AZ 85208	11/21/13	75,000	20130926469	20130921560	Arden Ltd. LLC / Sell Whole	79,700	20130927027	20140028200	11/21/13	99,700	20130927027	05/06/14	114,500	20140316742		
4719	523 W Sandcastle Way	Chandler, AZ 85225	11/21/13	90,000	20130926469	20130921560	Arden Ltd. LLC / Sell Whole	90,000	20130927027	20140028200	11/21/13	119,000	20130927027	05/06/14	132,000	20140316742		
4722	1820 S 106th Ln	Tolleson, AZ 85353	11/22/13	150,000	20130926469	20130921560	Arden Ltd. LLC / Sell Whole	150,000	20130927027	20140028200	11/22/13	180,000	20130927027	05/06/14	210,000	20140316742		
4727	2380 W Pioneer St	Buckeye, AZ 85326	11/23/13	110,000	20130926469	20130921560	Arden Ltd. LLC / Sell Whole	110,000	20130927027	20140028200	11/23/13	130,000	20130927027	05/06/14	150,000	20140316742		
4729	18742 W Governor Ave	Peoria, AZ 85345	12/04/13	117,500	20130926469	20130921560	Arden Ltd. LLC / Sell Whole	117,500	20130927027	20140028200	12/04/13	140,000	20130927027	05/06/14	160,000	20140316742		

Stinson Consulting, LLC
Arizona Corporation Commission v. DenSico Investment Corporation

DenSico Investment Corporation
Analysis of Managed Loans as of 01/09/14 - Property Details

DenSico Loan Data										3rd Party Loan Data										Purchase Information					Sale Information						
Loan No.	Address	City, State Zip	Loan Date	Loan Balance as of 01/09/14	DOT	Mortgage	Center Name	Loan Amount	DOT	Ass/Notice as of DOT	Purchase Date	Purchase Price	Recorded Document No.	Sale Date	Sale Price	Recorded Document No.	Settlement Status in DenSico Property Inventory	Notes													
4731	28720 N Nobel Rd	Phoenix, AZ 85085	12/05/13	288,900	2013109792	20131038345	N/A	-	N/A	N/A	12/06/13	288,211	20131054259	06/01/14	295,000	20140391290		YES	Purchase price per D143047												
4732	5916 W Federal Rd	Phoenix, AZ 85085	12/05/13	329,000	20131038363	not found	N/A	-	N/A	N/A	12/05/13	307,000	20131038409	09/03/14	325,000	20140388539															
4737	13033 W Columbia Dr	El Mirage, AZ 85315	12/11/13	125,000	20131067281	20131072618	N/A	-	N/A	N/A	12/10/13	97,000	20131077920	06/26/14	114,500	20140450702															
4738	17732 W Desert Bloom St	Goodyear, AZ 85338	12/11/13	125,500	20131067270	20131052156	N/A	-	N/A	N/A	12/10/13	125,500	20131073494	05/05/14	153,000	20140297748															
4740	10701 N Redfish Way	Chandler, AZ 85225	12/12/13	158,100	20131094673	20131055846	N/A	-	N/A	N/A	12/11/13	153,100	20131094183	04/17/14	177,500	20140289122															
4753	4749 N Coates Ave	Phoenix, AZ 85037	12/18/13	152,500	2014001213	20131068845	N/A	-	N/A	N/A	12/17/13	152,500	20140010417	04/22/14	174,500	20140319629															
4754	3450 W Coates Dr	Phoenix, AZ 85033	12/18/13	154,000	20131087594	20131068845	N/A	-	N/A	N/A	12/17/13	151,000	20131088688	04/14/14	184,500	20140279655															
4755	40320 N High Noon Way	Phoenix, AZ 85068	12/26/13	244,200	20131091635	20131068728	N/A	-	N/A	N/A	12/24/13	238,200	20131056687	12/16/15	275,000	20150918755															
4776	1225 N 36th St #211	Phoenix, AZ 85024	12/26/13	113,100	20140012116	20131087247	N/A	-	N/A	N/A	12/24/13	113,100	20140010076	03/26/14	132,000	20140241170															
4777	11119 E Butler Dr	Phoenix, AZ 85024	12/26/13	236,100	2014006264	20131087212	N/A	-	N/A	N/A	12/24/13	236,100	20140009997	05/20/14	252,000	20140340941															
4779	4073 S Wayne Pl	Chandler, AZ 85249	12/27/13	226,700	20140012115	20131091792	N/A	-	N/A	N/A	12/26/13	226,700	20140010664	09/15/14	285,900	20140621389															
4780	3308 W Apollo Rd	Phoenix, AZ 85041	12/27/13	128,100	not found	20131091784	N/A	-	N/A	N/A									Sold to 3rd party as Two Sides (20140072144), never owned by Mortgage												
4783	16222 W Miami St	Goodyear, AZ 85338	12/30/13	120,000	not found	20131093465	N/A	-	N/A	N/A									Sold to 3rd party as Two Sides (20140189800), never owned by Mortgage												
4785	9316 S Southfield Dr	Gilbert, AZ 85233	12/31/13	154,300	not found	20140004736	N/A	-	N/A	N/A									Sold to 3rd party as Two Sides (20140023171), never owned by Mortgage												
4789	6033 S 13th Dr	Phoenix, AZ 85041	01/02/14	113,901	not found	20140005687	N/A	-	N/A	N/A									Sold to 3rd party as Two Sides (20140014460), never owned by Mortgage												
4790	6923 E Lakewood Ave	Mesa, AZ 85209	01/02/14	173,600	not found	20140005690	N/A	-	N/A	N/A									Sold to 3rd party as Two Sides (20140034107), never owned by Mortgage												
4791	1211 W Steele Dr	Chandler, AZ 85225	01/02/14	139,200	20140029060	20140005693	N/A	-	N/A	N/A	01/02/14	139,200	20140023999	05/06/14	178,000	20140348211															
4795	5526 N Redfish Cir	Glendale, AZ 85340	01/06/14	166,000	not found	20140009149	N/A	-	N/A	N/A									Sold to 3rd party as Two Sides (20140079135), never owned by Mortgage												
4796	6134 W Chandler Oak Rd	Glendale, AZ 85304	01/06/14	168,000	20140040485	20140009350	N/A	-	N/A	N/A	01/09/14	168,000	20140034598	08/29/14	205,800	20140579727															
4797	6341 S Kimberlee Way	Chandler, AZ 85249	01/06/14	186,000	not found	20140009351	N/A	-	N/A	N/A									Sold to 3rd party as Two Sides (20140050511), never owned by Mortgage												

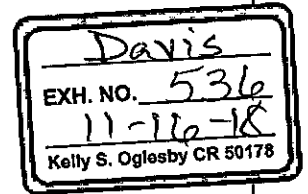
TOTAL: 28,954,541

23,296,728

34,482,670

34,841,477

Sources:
QuickBooks company file for DenSico Investment Corporation.
Miscellaneous public records research resources to determine purchase history of Managed loans including the Maricopa County Assessor (<http://assessor.maricopa.gov/>), Maricopa County Recorder (<https://recorder.maricopa.gov/indeedstate/>), and Zillow.com.
DenSico Investment Corporation loan files.



1 **GUTTILLA MURPHY ANDERSON**

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8 Attorneys for the Receiver

9 IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

10 IN AND FOR MARICOPA COUNTY

11 ARIZONA CORPORATION)
12 COMMISSION,)

13 Plaintiff,)

14 v.)

15 DENSCO INVESTMENT)
16 CORPORATION, an Arizona)
17 corporation,)

18 Defendant.)

Cause No. CV2016-014142

PETITION NO. 56

PETITION TO APPROVE SECOND
INTERIM DISTRIBUTION TO
CREDITORS

(Assigned to the Honorable Teresa
Sanders)

19 Peter S. Davis, as the court appointed Receiver, respectfully petitions the Court to
20 approve a second interim distribution of \$2,500,000.07 to the approved creditors of DenSco
21 Investment Corporation ("DenSco Creditors") as follows:

1. On August 18, 2016, this Court entered its *Order Appointing Receiver*, which
appointed Peter S. Davis as Receiver of DenSco Investment Corporation ("Receivership
Order").

2. On March 28, 2017, the Court entered its *Order Re: Petition No. 19 – Order Establishing Procedures for the Adjudication of Claims* (“Claims Order”) which, among other things, established the procedures for the solicitation and adjudication of creditor claims against DenSco.

3. On October 27, 2017, the Court entered its *Order Re: Petition No. 37*, which approved one hundred and thirteen (113) creditor claims in a collective total amount of \$31,446,001.79 and approved individual claim amounts for each of the DenSco Creditors.

4. On December 13, 2017, the Court entered its *Amended Order Re Petition No. 41* which approved an interim distribution of \$4,500,000.03 to the DenSco Creditors.

5. The Receiver has paid the approved distributions to the DenSco Creditors, except, as set forth in Petition No. 55, *Petition to Approve Interim Distribution to Brinkman Family Trust and Nihad Hafiz*, the interim distributions to two DenSco creditors [The Brinkman Family Trust and Nihad Hafiz] were not paid pending the resolution of these creditors’ claims in an unrelated Probate matter¹.

6. The Receiver is now prepared to recommend that the Court approve a second interim distribution of \$2,500,000.07 to the DenSco Creditors.

7. The Receiver recommends that each of the DenSco Creditors, as set forth below, is paid the following amount which is equal to an additional 7.95014% of each of the

¹ Petition No. 55 filed March 20, 2018, seeks to approve payment of an initial interim distribution to The Brinkman Family Trust and Nihad Hafiz as the issues delaying payment of an interim distribution has been resolved.

1 approved DenSco Creditors claims. Specifically, the Receiver recommends that the DenSco
2 Creditors are paid in a second interim distribution the following amounts:

3	• William & Helene Alber Family Trust	\$ 3,107.23
4	• Brinkman Family Trust	\$ 19,433.67
5	• Craig & Tomie Brown Living Trust	\$ 23,189.22
6	• Desert Classic Investments, LLC (c/o Steven Bunger)	\$ 60,088.53
7	• Steven G. & Mary E. Bunger Estate	\$ 42,346.40
8	• Anthony Burdett – IRA	\$ 36,393.00
9	• Kennen Burkhardt	\$ 7,508.66
10	• Kennen Burkhardt – IRA	\$ 31,388.10
11	• Warren & Fay Bush	\$ 12,093.20
12	• Mary Butler – IRA	\$ 22,051.45
13	• Van Butler	\$ 14,522.56
14	• Van Butler – IRA	\$ 22,051.45
15	• Thomas & Sara Byrne 2008 Living Trust	\$ 11,616.28
16	• Gretchen P. Carrick Trust	\$ 11,443.94
17	• Erin P. Carrick Trust (c/o Gretchen Carrick)	\$ 10,582.22
18	• Averill Cate, Jr. & Mary Kris McIlwaine	\$ 5,392.45
19	• Arden & Nina Chittick Family Trust	\$ 20,200.42
20	• Chittick Family Trust	
21	(c/o Eldon & Carlene Chittick)	\$ 38,890.82

1	• Cohen Revocable Trust	\$ 11,527.70
2	• Dori Ann Davis Living Trust	\$ 17,228.08
3	• Glen Davis	\$ 37,000.89
4	• Glen Davis – IRA	\$ 17,567.02
5	• Samantha Davis	\$ 2,721.73
6	• Jack Davis	\$ 5,962.60
7	• Scott D. Detota	\$ 9,600.43
8	• Amy Lee Dirks – IRA	\$ 6,039.82
9	• Bradley Mark Dirks – IRA	\$ 13,947.52
10	• Non Lethal Defense, Inc. (c/o Dave Dubay)	\$ 4,611.08
11	• Dupper Living Trust	\$ 42,020.54
12	• Todd F. Einck Trust	\$ 9,155.15
13	• Stacy Grant – IRA	\$ 7,047.55
14	• Russ Griswold	\$ 4,611.08
15	• Russ Griswold – IRA	\$ 7,610.11
16	• Michael & Diana Gumbert Trust	\$ 36,888.63
17	• Nihad Hafiz	\$ 23,055.40
18	• Robert & Elizabeth Hahn Family Trust	\$ 20,716.58
19	• Ralph L. Hey	\$ 4,294.38
20	• Dale & Kathy Hickman	\$ 53,527.61
21		

1	• Craig & Samantha Hood	\$ 78,938.62
2	• Doris & Levester Howze	\$ 3,688.86
3	• Bill Hughes	\$ 5,763.85
4	• Bill Hughes – IRA	\$ 27,622.18
5	• Judy Hughes – IRA	\$ 12,027.64
6	• Indieke Revocable Trust	\$ 292,795.57
7	• James K. Jetton	\$ 3,804.32
8	• Ralph Kaiser – IRA	\$ 20,701.85
9	• Mary Kent	\$ 20,211.32
10	• Paul A. Kent Family Trust	\$ 11,481.01
11	• Robert Z. Koehler – IRA	\$ 14,018.91
12	• LeRoy Kopel Revocable Living Trust	\$ 4,147.05
13	• LeRoy Kopel – IRA	\$ 12,585.80
14	• Robert F. Lawson	\$ 7,594.62
15	• Wayne J. Ledet – IRA	\$ 20,870.22
16	• Wayne J. Ledet – Roth IRA	\$ 7,502.40
17	• Wayne J. Ledet Revocable Trust	\$ 23,191.03
18	• Terry & Lil Lee	\$ 4,611.08
19	• The Lee Group, Inc. (c/o Terry & Lil Lee)	\$ 13,833.24
20	• Lillian Lent – Roth IRA	\$ 3,155.07
21		

1	• Manuel A. Lent – IRA	\$ 7,500.39
2	• William & W. Jean Locke	\$ 8,727.56
3	• BLL Capital, LLC (c/o Barry Luchtel)	\$ 6,916.62
4	• LJI Capital, LLC (c/o Landon Luchtel)	\$ 8,268.14
5	• Jim McArdle	\$ 24,465.19
6	• James & Lesley McCoy Trust	\$ 18,444.32
7	• Caro McDowell Revocable Trust	\$ 14,368.55
8	• The Marvin G. Miller & Patricia S. Miller 1989 Trust	\$ 79,194.65
9	• Kaylene Moss – IRA	\$ 20,565.27
10	• Moss Family Trust	\$ 7,268.91
11	• Muscat Family Trust	\$ 23,055.40
12	• Brian & Janice Odenthal	\$ 10,684.75
13	• Brian Odenthal – IRA	\$ 5,369.56
14	• Jolene Page	\$ 139,685.13
15	• Valerie Paxton	\$ 45,998.06
16	• Marlene Pearce – IRA	\$ 7,929.27
17	• Jeff Phalen – IRA	\$ 30,287.45
18	• Phalen Family Trust	\$ 41,454.65
19	• Preston Revocable Living Trust	\$ 7,324.12
20	• Pete Rzonca	\$ 11,210.67
21		

1	• JoAnn Sanders	\$ 5,141.93
2	• Schloz Family 1998 Trust	\$ 8,604.61
3	• Mary Schloz	\$ 8,978.82
4	• Stanley Schloz	\$ 9,024.35
5	• GB 12, LLC (c/o Stanley Schloz)	\$ 6,837.12
6	• Annette Scroggin – IRA	\$ 12,000.87
7	• Annette Scroggin – Roth IRA	\$ 3,846.58
8	• Michael Scroggin	\$ 6,916.62
9	• Michael Scroggin – IRA	\$ 29,681.60
10	• Michael Scroggin - Roth IRA	\$ 6,850.37
11	• William Stewart Sherriff	\$ 6,866.37
12	• Saltire, LLC (c/o William Stewart Sherriff)	\$ 6,866.37
13	• Gary E. Siegford & Corrina C. Esvelt-Siegford	\$ 54,069.28
14	• Gary D. & Judith E. Siegford	\$ 23,732.48
15	• Branson & Sandra Smith Trust	\$ 16,051.33
16	• Branson Smith – IRA	\$ 18,911.64
17	• Donald E. & Lucinda Sterling	\$ 1,888.16
18	• Nancy Swirtz	\$ 5,043.00
19	• Long Time Holdings, LLC (c/o William Swirtz)	\$ 75,117.04
20	• Coralee Thompson	\$ 107,164.17
21		

1	• Gary L. Thompson	\$ 94,549.60
2	• James Trainor	\$ 25,886.78
3	• Stephen D. Tuttle	\$ 6,748.48
4	• Wade Underwood	\$ 7,474.00
5	• Laurie A. Weiskopf – IRA	\$ 3,739.70
6	• Thomas D. Weiskopf – IRA	\$ 1,154.72
7	• Carol J. Wellman	\$ 6,279.33
8	• Carol J. Wellman – Roth IRA	\$ 3,238.55
9	• Wellman Family Living Trust	\$ 5,105.26
10	• Brian & Carla Wenig Family Trust	\$ 8,470.83
11	• Mark & Debbie Wenig	\$ 19,139.35
12	• Angels Investments, LLC (c/o Yusuf Yildiz)	\$ 14,260.16
13	• Michael Zones	\$ 21,495.75
14	• Leslie Jones (c/o Michael Zones)	\$ 15,741.27
15	• Leslie Jones – IRA (c/o Michael Zones)	\$ 18,426.78

16 8. The Receiver has recommended that \$2,500,000.07 should be made
17 immediately available for distribution to the DenSco Creditors because the Receiver believes
18 the remaining funds of the receivership, approximately \$1,000,000 and the prospect of
19 additional monetary recoveries in the future will enable the continued administration of the
20
21

1 receivership case while making a meaningful second interim distribution to the DenSco
2 Creditors of the assets recovered by the Receiver.

3 9. If this proposed second distribution is approved by the Court, the DenSco
4 Creditors will have received recoveries totaling \$7,000,000.10 representing a 22.26038%
5 recovery on each DenSco Creditors claim.

6 WHEREFORE, the Receiver respectfully requests that the Court enter an order
7 approving second interim distribution in the amounts set forth above to the DenSco Creditors.

8 Respectfully submitted this 13th day of April, 2018.

9 GUTTILLA MURPHY ANDERSON, P.C.

10 /s/Ryan W. Anderson
11 Ryan W. Anderson
12 Attorneys for the Receiver

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21
2359-001(319221)

Guttilla Murphy Anderson, P.C.
Patrick M. Murphy (Ariz. No. 002964)
5415 E. High St., Suite 200
Phoenix, Arizona 85054
Email: pmurphy@gamlaw.com
Phone: (480) 304-8300
Fax: (480) 304-8301

Attorneys for the Receiver

IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

IN AND FOR MARICOPA COUNTY

ARIZONA CORPORATION	)	Cause No. CV2016-014142
COMMISSION,)	
)	
Plaintiff,	)	PETITION NO. 64
)	
v.	)	PETITION FOR ORDER APPROVING
	)	SETTLEMENT AGREEMENT
DENSCO INVESTMENT	)	BETWEEN THE RECEIVER OF
CORPORATION, an Arizona	)	DENSCO INVESTMENT
corporation,	)	CORPORATION AND MICHELLE R.
	)	MENAGED
Defendant.)	
	)	(Assigned to the Honorable Teresa
	)	Sanders)
)	
)	

Peter S. Davis, as the court appointed Receiver, respectfully petitions the Court as follows:

- On August 18, 2016, this Court entered its *Order Appointing Receiver*, which appointed Peter S. Davis as Receiver of DenSco Investment Corporation ("Receivership Order").
- The Receivership Order empowers the Receiver to investigate, and if necessary, litigate claims of DenSco Investment Corporation ("DenSco").

Guttilla Murphy Anderson, P.C.
5415 E. High Street, Suite 200
Phoenix, AZ 85054
(480) 304-8300

1 **Charter Oak Loan**

2 3. During his investigation the Receiver discovered that the books and records of
3 DenSco reflected a loan of \$400,000 to Michelle Menaged ("Menaged"), purportedly secured
4 by a single family residence located at 9103 E. Charter Oak Drive, Scottsdale, Arizona, and
5 legally described as Lot 16, Scottsdale Mountain View Estates Unit II, according to the plat
6 Book 348 of Maps, Page 16 and thereafter Affidavit of Correction recorded in Document No.
7 92-104379, Records of Maricopa County, Arizona ("Property"). Menaged is the fee title
8 owner of the Property.

9 4. In connection with the above loan, on October 16, 2012, DenSco recorded a
10 Deed of Trust and Assignment of Rents with the Maricopa County Recorder's Office as
11 Document No. 2012-0935712 ("Deed of Trust") which was purportedly signed by Menaged
12 and secured a promissory note in the original principal amount of \$400,000 from DenSco to
13 Menaged ("Note") with a second position lien on the Property.

14 5. The Note is in default and on December 5, 2016, the Receiver recorded a
15 Notice of Trustee's Sale regarding DenSco's interest in the Note and Deed of Trust ("Trustee
16 Sale") which sale has been continued from time to time by the Receiver.

17 6. Menaged denies that any such loan was made to her by DenSco or that she
18 signed the Deed of Trust or the Note. The Receiver disputes that claim and further asserts
19 that \$555,288 of DenSco funds that were wrongfully taken by Menaged's son, Scott
20 Menaged, were subsequently transferred to Michelle Menaged or paid for her benefit and
21

1 therefore at a minimum DenSco has an equitable lien in the Property of at least the amount of
2 the Note.

3 7. On March 16, 2017, Menaged filed a complaint in Superior Court seeking
4 among other things a declaration that the Deed of Trust is invalid. By stipulation between
5 Menaged and the Receiver this complaint was consolidated into the Receivership Action and
6 is now pending before this Court ("Menaged Complaint").

7 **Settlement Agreement between the Receiver and Menaged**

8 8. The Receiver and Menaged have entered into a written settlement agreement
9 ("Settlement Agreement") to resolve the claims against each other regarding the Property,
10 Deed of Trust and Note. A copy of the Settlement Agreement is attached hereto as **Exhibit**
11 **"A"**.

12 9. Pursuant to the terms of the Settlement Agreement, The Receiver has agreed to
13 cancel the pending Trustee Sale and Menaged is required to list the Property for sale with a
14 licensed and qualified broker for a sale price of not less than \$700,000, provided the listing
15 price may be reduced with the written approval of the Receiver. Upon the sale of the
16 Property, Menaged has agreed that the Receiver will be paid the sum of \$35,000 from the
17 proceeds generated from the sale of the Property in settlement of all of the Receiver's claims
18 arising from the Deed of Trust or the Note.

19 10. The Receiver has agreed to forebear from enforcing the Note and Deed of Trust
20 for 180 days following the approval of the Receiver Court of the Settlement Agreement. In
21 addition, upon payment of the settlement amount, the Receiver shall mark the Note paid in

1 full and deliver it to Menaged and Menaged will cause the Menaged Complaint to be
2 dismissed with prejudice.

3 11. Because the first position loan, and senior secured position on the Property held
4 by Wells Fargo Bank, is also in default and the bank is threatening to seek a lift stay from this
5 Court and pursue foreclosure of its lien, the Receiver believes that it is in the best interests of
6 the receivership estate to conclude this matter in a prompt manner. For this reason and in
7 consideration of the usual risks of litigation and in order to avoid further costs to the
8 receivership estate, the Receiver recommends that the Court approve the attached Settlement
9 Agreement.

10 WHEREFORE, the Receiver respectfully requests that the Court enter an order
11 approving the Settlement Agreement between the Receiver and Menaged attached as Exhibit
12 "A".

13 Respectfully submitted this 11th day of October, 2018.

14 GUTTILLA MURPHY ANDERSON, P.C.

15 /s/Patrick M. Murphy
16 Patrick M. Murphy
17 Attorneys for the Receiver
18
19
20
21

2359-001(347227)

SETTLEMENT AGREEMENT

This Settlement Agreement, made and entered into effective October 2, 2018, by and between Peter S. Davis as the court appointed receiver of DenSco Investment Company ("Receiver"), and Michelle R. Menaged ("Menaged").

Recitals

WHEREAS on or about August 18, 2016, the Receiver was appointed by the Arizona Superior Court for Maricopa County, pursuant to an *Order Appointing Receiver* in Cause No. CV2016-014142, as the Receiver of DenSco Investment Corporation ("DenSco"), an Arizona corporation;

WHEREAS Menaged has legal title to that certain single family residence located at 9103 E. Charter Oak Drive, Scottsdale Arizona, and legally described as Lot 16, Scottsdale Mountain View Estates Unit II, according to the plat Book 348 of Maps, Page 16, and thereafter Affidavit of Correction recorded in Document No. 92-104379, Records of Maricopa County, Arizona ("Property");

WHEREAS on October 16, 2012, DenSco caused to be recorded a *Deed of Trust and Assignment of Rents* with the Maricopa County Recorder as Document No. 2012-0935712 ("Deed of Trust") purportedly signed by Menaged which secured a promissory note in the original principal amount of \$400,000 from DenSco to Menaged ("Note") with a second position lien on the Property;

WHEREAS the Note is in default and on December 5, 2016, the Receiver recorded a Notice a Trustee's Sale regarding DenSco's interest in the Note and Deed of Trust ("Trustee Sale"), which sale has been continued from time to time by the Receiver;

WHEREAS Menaged denies that any such loan was made to her by DenSco or that she signed the Deed of Trust or the Note and has filed in the Receivership Action a complaint seeking a judgment declaring that the Deed of Trust is void ("Menaged Complaint"); and

WHEREAS the Receiver and Menaged, without admitting the contentions of the opposing party, desire to resolve their respective claims against each other regarding the Property, Deed of Trust and Note as more fully described herein.

Agreement

NOW, THEREFORE, it is mutually agreed that:

1. Upon execution of this Agreement:
 - a. The Receiver shall cancel the Trustee Sale; and
 - b. Menaged shall list the Property for sale with a licensed and qualified broker for a sale price of not less than \$700,000, provided the listing price may be reduced with the written approval of the Receiver.
2. Menaged shall, from the proceeds generated from the sale of the Property, pay to the Receiver the sum of \$35,000 ("Settlement Amount") in settlement of all claims that the

Receiver may have relating to or arising from the Deed of Trust or Note. Menaged may, but is not obligated to, pay the Settlement Amount prior to the sale of the Property from other sources. Menaged may enter into a contract for the sale of the Property for any sale price as long as the net sale proceeds generated by the sale of the Property are sufficient to fund a payment to the Receiver of the Settlement Amount and the sale agreement and all escrow instructions are approved by the Receiver. Upon closing of the sale of the Property, the Settlement Amount shall be paid to the Receiver. Menaged shall execute all documents and escrow instructions that the Receiver or the escrow agent may reasonably require to effect this payment to the Receiver and the Receiver shall deposit with the escrow office a release of the Deed of Trust.

3. The Receiver shall forbear from enforcing the Note and Deed of Trust for 180 days following the approval of the Receivership Court of this Agreement as provided hereafter. Unless the Parties otherwise agree in writing, if the Property has not been sold and the Receiver paid the Settlement Amount within 180 days following the approval of the Receivership Court, the Receiver may proceed with the foreclosure of the Deed of Trust, in which case Menaged waives any objection to the sale and any claim as to the invalidity of the Deed of Trust or the Note; provided that any amounts received by the Receiver in excess of the Settlement Amount together with the costs of the trustee's sale and any subsequent sale of the Property, shall be paid to Menaged.

4. The Receiver shall, within thirty days after the execution of this Agreement, file a petition in the Receivership Action seeking the approval of this Agreement. The provisions contained herein are conditioned upon the approval of the Agreement by the Court in the Receivership Action and the Agreement shall not become effective until and unless so approved.

5. Effective upon payment of the Settlement Amount set forth in paragraph 2 above:

a. The Receiver shall mark the Note paid in full and shall deliver same to Menaged.

b. Menaged shall cause the Menaged Complaint to be dismissed with prejudice.

c. The Receiver, on his own behalf and on behalf of his attorneys, employees, partners, agents, predecessors, successors, assigns, assignors, and legal representatives, releases and forever discharges Michelle Menaged and her attorneys, employees, agents, predecessors, successors, assigns, assignors, executors, administrators, and legal representatives from any and all claims arising from the Deed of Trust or Note, except claims relating to enforcement of rights, duties, or obligations under this Agreement.

d. Michelle Menaged hereby, on her own behalf and on behalf of her attorneys, employees, partners, agents, predecessors, successors, assigns, assignors, and legal representatives, releases and forever discharges the Receiver and Receiver's attorneys, employees, agents, predecessors, successors, assigns, assignors, executors, administrators, and legal representatives from any and all claims arising from the Deed of Trust or Note, except claims relating to enforcement of rights, duties, or obligations under this Agreement.

6. Each Party hereto shall be responsible for the payment of its own costs, attorneys' fees and all other expenses incurred in connection with the Menaged Complaint, the Deed of Trust and the Note. If any Party commences an action against the other Party to enforce or

interpret any of the terms of this Agreement, the losing or defaulting Party shall pay to the prevailing Party as determined by the Receivership Court all costs and expenses, including reasonable attorneys' fees and disbursements, incurred in connection with the prosecution or defense of such action.

7. This Agreement contains the entire agreement and understanding among the Parties concerning the subject hereof and supersedes and replaces all prior negotiations, agreements and proposed agreements, written or oral, relating thereto. Each of the Parties hereto acknowledges that no other Party, nor any agent or attorney of any Party, has made any promise, representation, or warranty whatsoever, express or implied, not contained herein concerning the subject matter hereof, to induce it to execute this Agreement and acknowledges that this Agreement has not been executed in reliance on any promise, representation or warranty not contained herein. This Agreement shall not be amended, modified or supplemented at any time unless by a writing executed by the Parties hereto.

8. The Parties acknowledge that they have had the opportunity to consult with and obtain the advice of counsel prior to entering this Agreement, and have entered this Agreement voluntarily and free from coercion, duress or undue influence.

9. This Agreement shall be governed by and construed in accordance with the laws of the state of Arizona applicable to contracts executed and intended to be performed entirely within the state of Arizona by residents of the state of Arizona. Any action at law, suit in equity or judicial proceeding for the enforcement or interpretation of this Agreement or any provision therefore shall be instituted only in the Receivership Court.

10. This Agreement may be signed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

11. The execution of this Agreement is not to be construed as an admission of liability by either Party, or an acknowledgement by either Party that the other Party's claims have any basis, but is a compromise and settlement of disputed claims.

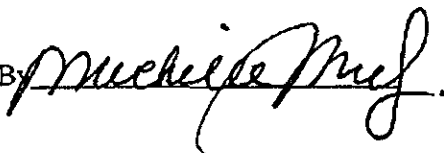
IN WITNESS WHEREOF, we have hereunto set our hands on the day, month and year above written.

Peter S. Davis, as Receiver

By 

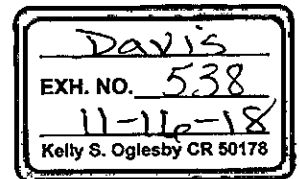
Dated: 10/04/18

Michelle R. Menaged

By 

Dated: 10-2-18

From: Robert Koehler
To: Ryan Anderson
Subject: Re: DenSco Investment Corporation- RLS Capital
Date: Monday, August 22, 2016 9:30:00 AM
Attachments: [dltr.pdf](#)



Attached is the letter left for me by Mr. Chittick. This was provided to me by the Chittick Family after Denny's death.

Robert Koehler

On Mon, Aug 22, 2016 at 9:10 AM, Ryan Anderson <randerson@gamlaw.com> wrote:

David/Robert,

Thanks for the responses, I haven't even opened the spreadsheet, but we are told that Robert was given a letter from Mr. Chittick about DenSco issues before his death. Is this true?, If so, please send me a pdf of the letter.

Thanks!

Ryan W. Anderson

Guttilla Murphy Anderson

City North

5415 E. High St., Suite 200

Phoenix, AZ 85054

(480) 304-8300

(480) 304-8301 (facsimile)

randerson@gamlaw.com

www.guttillamurphyanderson.com

From: David Knapper [mailto:dlk@knapperlaw.com]
Sent: Monday, August 22, 2016 10:41 AM
To: Ryan Anderson
Cc: Robert Koehler
Subject: FW: DenSco Investment Corporation- RLS Capital
Importance: High

Ryan –

- 1) Robert just e-mailed you the Spreadsheet;
- 2) This e-mail confirms you can meet and confer w/Robert w/out my involvement – so no worries about ex parte communications

- Dave -

--

David L. Knapper, Esq.

Law Offices of David L. Knapper

1599 East Orangewood Avenue, Suite 125

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(602) 256-0432 fax

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From: David Knapper
Sent: Monday, August 22, 2016 10:27 AM
To: 'Ryan Anderson' <randerson@gamlaw.com>
Cc: 'Robert Koehler' <rzkoehler@gmail.com>
Subject: RE: DenSco Investment Corporation- RLS Capital

Importance: High

Gotcha, Ryan. Robert – for starters, please e-mail Ryan, ASAP, the “master DenSco Spreadsheet” he mentions below.

I’m available tomorrow/Tuesday to get together w/Ryan if: (a) Robert wants me in attendance, and (b) Robert is available tomorrow/Tuesday.

- Dave -

--

David L. Knapper, Esq.

Law Offices of David L. Knapper

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(602) 256-0432 fax

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From: Ryan Anderson [<mailto:randerson@gamlaw.com>]

Sent: Sunday, August 21, 2016 12:31 PM

To: David Knapper <dlk@knapperlaw.com>

Cc: 'pdavis@simonconsulting.net' <pdavis@simonconsulting.net>; Robert Koehler <rzkoehler@gmail.com>

Subject: RE: DenSco Investment Corporation- RLS Capital

David,

Thanks for your response. I think these two issues are pretty much linked.

All we know is that Mr. David Beauchamp advised that Mr. Koehler has the master DenSco Spreadsheet that list all the assets/loans of DenSco and that Mr. Koehler has been thrust into this position over overseeing the loan portfolio on behalf of DenSco.

Perhaps the best way to approach this is have Mr. Koehler e-mail to me the spreadsheet and we set a in face meeting [with counsel] to transition the work that Mr. Koehler was doing to the Receiver. We'd want to take this meeting as soon as possible. We are told that there are something like 3-6 closings tomorrow.

Let me know.

Ryan

Ryan W. Anderson

Guttilla Murphy Anderson

City North

5415 E. High St., Suite 200

Phoenix, AZ 85054

(480) 304-8300

(480) 304-8301 (facsimile)

randerson@gamlaw.com

www.guttillamurphyanderson.com

From: David Knapper [<mailto:dlk@knapperlaw.com>]

Sent: Saturday, August 20, 2016 2:30 PM
To: Ryan Anderson
Cc: 'pdavis@simonconsulting.net'; Robert Koehler
Subject: RE: DenSco Investment Corporation- RLS Capital

Thanks for asking, Ryan. If you can keep your initial communications w/Mr. Koehler limited/restricted to just a turn-over of hard copies and computer stored information, I'm AOK w/your communicating w/Mr. Koehler on an exparte/direct basis. But, if there's something more than just coordinating a turn-over of this information, I want to be involved. Mr. Koehler is a good guy. If he can be of assistance in your getting a handle on things/a lay of the land, I'm sure he shall. - Dave -

-

David L. Knapper, Esq.

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From: Ryan Anderson [<mailto:randerson@gamlaw.com>]
Sent: Saturday, August 20, 2016 11:29 AM
To: David Knapper <dlk@knapperlaw.com>
Cc: 'pdavis@simonconsulting.net' <pdavis@simonconsulting.net>; rzkoehler@gmail.com
Subject: DenSco Investment Corporation- RLS Capital

David,

My client [Peter S. Davis] has just been appointed the Receiver of DenSco Investment Corporation. Attached is a copy of the Receivership Order entered in the Maricopa County

Superior Court.

We've been advised by DenSco Attorney David Beauchamp to contact Robert Koehler of RLS Capital Inc. because apparently Mr. Koehler has been working on behalf of DenSco to close certain real estate transactions and Mr. Koehler has possession of critical DenSco records including a "master" spreadsheet that may detail the real estate assets, loan information and even current investor information of DenSco.

While the Receiver and I have been in this case about 36 hours, we are being made aware of pending real estate transactions and other emergency business operations that we need to get critical information about and while sadly this entire case stems from the sudden and unexpected death of DenSco's sole principal and Mr. Koehler's friend Denny Chittick, we believe Mr. Koehler has essentially been thrust into the position of administering DenSco's real estate investments.

Once I learned that Mr. Koehler was a principal of RLS Capital Inc., I wanted to make sure that before we reached out to him directly via phone [I have cc'd Mr. Koehler on this e-mail using an e-mail address that was provided by Mr. Beauchamp] that I send you this communication, given my knowledge of your representation of RLS Capital Inc. in other cases.

Please let me know if there are any problems with direct communications with Mr. Koehler and what is the best way to communicate with him.

Thanks!

Never a dull moment...eh?

Ryan W. Anderson

Guttilla Murphy Anderson

City North

5415 E. High St., Suite 200

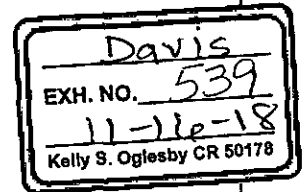
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11 Attorneys for Plaintiff

12 IN THE SUPERIOR COURT OF THE STATE OF ARIZONA
13 IN AND FOR THE COUNTY OF MARICOPA

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

17 Plaintiff,

18 v.

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

23 Defendants.

No. CV2017-013832

**PLAINTIFF'S FOURTH
DISCLOSURE STATEMENT**

24 Pursuant to Rule 26.1(d)(2), Plaintiff Peter S. Davis, as the court-appointed
25 receiver of DenSco Investment Corporation (the "Receiver"), makes the following
26 disclosures. Changes from the Receiver's Third Disclosure Statement are identified
27 below in section IX through underlining.

I. FACTUAL BASIS OF CLAIMS

28 1. Defendant David G. Beauchamp is an attorney who describes himself as
practicing primarily in the areas of corporate law, securities, venture capital and private
equity transactions.

1 **A. Beauchamp's Representation of DenSco While Affiliated with**
2 **Quarles & Brady**

3 2. Beauchamp has testified that he began representing DenSco in 2003.

4 3. In 2003, Beauchamp was a partner of the law firm Quarles & Brady LLP.

5 4. DenSco retained Beauchamp through Denny Chittick, DenSco's sole
6 shareholder, president and director, and only employee.

7 5. Beauchamp has testified that DenSco retained him "in connection with a
8 securities offering" and that he prepare[d] a private offering memorandum "to be
9 distributed to investors of DenSco in compliance with Arizona and federal security [sic]
10 laws."

11 6. Beauchamp advised DenSco that it was appropriate for DenSco to raise
12 funds continuously using private offering memoranda that were designed to remain in
13 effect for two years.

14 7. DenSco followed Beauchamp's advice, and did so throughout
15 Beauchamp's representation of DenSco. As Beauchamp and Clark Hill admit in their
16 initial disclosure statement (at 4), "Over the years, Mr. Chittick showed himself to be a
17 trustworthy and savvy businessman, and a good client. . . . Despite complaining about
18 the cost of legal services, Mr. Chittick appeared to follow Mr. Beauchamp's advice and
19 provided information when asked for it."

20 8. DenSco issued a private offering memorandum in June 2003 that it used
21 to solicit investments in promissory notes issued by DenSco to investors.

22 9. Beauchamp periodically reviewed DenSco's website, including the
23 quarterly newsletters DenSco published through the website.

24 10. Beauchamp knew that DenSco, through Chittick, had informed current
25 and potential investors in a March 2003 newsletter that: (i) Chittick was "working with
26 lawyers on updating DenSco's [private offering] memorandum"; (ii) he believed
27 DenSco was "required to update [the memorandum] every two years with [DenSco's]
28

1 previous two years activity"; and (iii) he would send the updated memorandum when
2 completed to each current investor and new investors.

3 11. Beauchamp also knew that DenSco, through Chittick, had informed
4 current and potential investors in a June 2003 newsletter that DenSco had completed its
5 2003 private offering memorandum. In that newsletter, Chittick stated that he had
6 "spent more time than I care to remember with the lawyers going page by page through
7 it. Despite all the 'legal speak', it does cover in detail the last two years," and that he
8 planned to "spend a considerable amount of time to try to raise money with this in
9 hand."

10 **B. Beauchamp's Representation of DenSco While Affiliated with**
11 **Gammage & Burnham**

12 12. In 2004, Beauchamp joined the law firm Gammage & Burnham, PLLC.

13 13. DenSco became a client of Gammage & Burnham when Beauchamp
14 joined that firm.

15 14. While at Gammage & Burnham, Beauchamp caused a "general corporate"
16 file to be opened.

17 15. DenSco issued a private offering memorandum in June or July 2005 (the
18 "2005 POM") that it used to solicit investments in promissory notes issued by DenSco
19 to investors.

20 16. The 2005 POM was prepared by Beauchamp and possibly other attorneys
21 at Gammage & Burnham whose names are not currently known to the Receiver.

22 17. Beauchamp has testified that DenSco relied on him to prepare the 2005
23 POM for distribution "to investors of DenSco in compliance with Arizona and federal
24 security [sic] laws."

25 **1. The 2007 POM**

26 18. DenSco issued a private offering memorandum dated June 1, 2007 (the
27 "2007 POM") that it used to solicit investments in promissory notes issued by DenSco
28 to investors.

1 19. The 2007 POM was prepared by Beauchamp and possibly other attorneys
2 at Gammage & Burnham whose names are not currently known to the Receiver.

3 20. Beauchamp has testified that DenSco relied on him to prepare the 2007
4 POM for distribution "to investors of DenSco in compliance with Arizona and federal
5 security [sic] laws" and to provide DenSco with "recommendations for amended or
6 additional [private offering memoranda] in keeping with the investments being made or
7 contemplated by DenSco."

8 21. Beauchamp began working on the 2007 POM in early May 2007, after a
9 May 1, 2007 telephone call and a May 3, 2007 meeting with Chittick.

10 22. Beauchamp completed his work on the 2007 POM in approximately thirty
11 days.

12 23. During his May 3, 2007 meeting with Chittick, Beauchamp learned that
13 DenSco wanted to increase the amount of the planned securities offering to \$50 million
14 from the \$25 million that had been offered through the 2005 POM.

15 24. Beauchamp also learned during that meeting that as of that date, 90% of
16 the promissory notes DenSco had issued to investors were two-year notes.

17 25. On May 7, 2007, Beauchamp sent Chittick a letter to confirm that DenSco
18 had retained Gammage & Burnham to prepare the 2007 POM. It stated, in part,
19 "DenSco will be our client with respect to our assistance to prepare the 2007 Private
20 Offering documents. As we have discussed, Rick Carney of Quarles & Brady will do
21 the necessary Blue Sky work and your accountant will update the Tax Consequences
22 section in the offering documents."

23 26. On May 9, 2007, Beauchamp sent Chittick by email a draft of the 2007
24 POM, in which he posed questions to Chittick about DenSco's past and current
25 operations.

26 27. On May 9, 2007, Chittick sent Beauchamp by email a marked-up copy of
27 the draft POM with responses to some of Beauchamp's questions.
28

1 28. On May 15, 2007, Beauchamp told Chittick by email he would be
2 sending him an "Officer's and Director's certificate that we need for the POM. It is a
3 new form (since your last POM) that our malpractice carrier requires for any POM that
4 we have to prepare. It is a standard document that other firms are also using to have the
5 Principals of the issuer verify the information in the POM and agree to hold the law
6 firm harmless if there is a misrepresentation."

7 29. Chittick stated by email that he had "no problem with such a document.
8 [A]fter working on it like we have, [I] feel quite comfortable that it's true and correct!"

9 30. On May 16, 2007, Chittick sent Beauchamp an email asking about the
10 status of the memorandum.

11 31. Beauchamp replied the same day by email that he planned to have a
12 revised draft to him by May 17, 2007 and "[t]hen we can finalize the numbers on
13 May 30 so you can be ready to print on June 1."

14 32. On May 17, 2007, Chittick sent Beauchamp by email comments on the
15 draft 2007 POM he had received from Dave Preston, DenSco's accountant.

16 33. Through a May 17, 2007 email to Chittick, Beauchamp told him he
17 needed a signed copy of the Officer's and Director's Certificate "for our files before we
18 release the final POM." Chittick responded by email that he had signed the Certificate
19 and sent it to Beauchamp by fax and mail.

20 34. On May 17, 2007, Beauchamp caused a revised draft of the 2007 POM to
21 be sent to Chittick by email.

22 35. On May 21, 2007, Chittick sent Beauchamp by email additional revisions
23 to the draft 2007 POM he had received from Preston.

24 36. On May 25, 2007, Beauchamp asked Chittick to obtain an email from
25 Preston for "our files that he has reviewed and approved the tax section, as currently
26 modified."
27
28

1 37. Through an email exchange on June 1, 2007, Beauchamp reviewed and
2 approved Chittick's final changes to the 2007 POM, advising Chittick about how
3 DenSco should distribute the document to current and potential investors.

4 38. Beauchamp told Carney by email in June 2007 that Gammage &
5 Burnham had "updated DenSco's POM, subscription documents and investor
6 questionnaires, as well as its loan documents to be used with borrowers. This update
7 was part of our preparation for a new POM for DenSco, because the last one was two
8 years old and needed to be updated with the more recent prior experience information."

9 39. Beauchamp also told Carney by email that "[t]he terms of the offering are
10 the same, but we did increase the maximum offering amount due to the ongoing roll-
11 over of the existing investors every 6 months or so. The intent was merely to do an
12 update to the disclosure so that it stays current like we did a couple of years ago."

13 40. As issued by DenSco, the 2007 POM offered to sell investors promissory
14 notes with the following durations and interest rates: six months at 8%; one year at
15 10%; and two to five years at 12%. The 2007 POM stated that the notes are "paid
16 'interest only' during the terms, with principal payable only at maturity," and investors
17 having the ability to "have interest paid monthly, quarterly, or at maturity."

18 41. As issued by DenSco, the 2007 POM:

19 a. Described DenSco as being "engaged primarily in the
20 business of . . . funding Foreclosure Specialists, who purchase houses through
21 the preforeclosure process, and at foreclosure sales."

22 b. Represented that DenSco's "primary focus is to lend money
23 to qualified borrowers who can fulfill their loan obligations on highly marketable
24 properties with sufficient equity."

25 c. Represented that each loan would "be secured by its
26 underlying real property."

27 d. Represented that DenSco "will attempt to maintain a diverse
28 portfolio of Trust Deeds and loans by seeking a large borrowing base," with its

1 current "base of borrowers exceed[ing] 200 approved and qualified borrowers,"
2 and a plan "that the base of borrowers eventually will exceed 500."

3 e. Represented that DenSco "intends to maintain general loan-
4 to-value guidelines that currently range from 50 percent to 65 percent, (but it is
5 not intended to exceed 70%), to help protect the Company's portfolio of loans.
6 Further, all loans are relatively short term."

7 f. Represented that "[b]ecause of these varying degrees of
8 diversification, the relatively short duration of each of the loans, and
9 management's knowledge of the Phoenix metropolitan market, [DenSco]
10 anticipates that it will not experience a significant amount of losses."

11 42. As issued by DenSco, the 2007 POM contained a "Prior Performance"
12 section which made the following representations:

13 a. Since 2001, DenSco had raised \$11,970,000 through the
14 sale of promissory notes to new and existing investors with terms of between six
15 months and five years, and "had never defaulted on either interest or principal
16 for any of such notes."

17 b. With respect to the real estate loans DenSco makes to
18 Foreclosure Specialists using capital raised from its investors, DenSco "has
19 endeavored to maintain a large and diverse base of borrowers as well as a
20 diverse selection of properties for its loans to the borrowers."

21 c. "All real estate loans funded by [DenSco] have been and
22 will be secured through first position trust deeds."

23 d. "The loan to value ratio of [DenSco's] overall portfolio has
24 averaged less than 70% and [DenSco] intends to maintain a loan to value ratio of
25 50% to 65%."

26 e. "All secured loans made by the Company have been paid in
27 accordance with their respective terms and it has sustained no losses on its
28 portfolio."

1 43. As issued by DenSco, the 2007 POM was a "continuous offering" which
2 would remain in effect for two years (or until June 1, 2009) "unless [DenSco] changes
3 its operations . . . in any material respect prior to the expiration of the two year offering
4 period" or terminated the offering before that date. It stated that "[i]n order to continue
5 offering the Notes during this period, [DenSco] will need to update this Memorandum
6 from time to time," and that "[i]f [DenSco] changes its operations . . . in any material
7 respect, [it] will update the Memorandum as necessary to provide correct information to
8 investors."

9 44. Between June 2007 and June 2009, DenSco did not update the 2007
10 POM.

11 45. The Receiver is not aware of any facts establishing that between June
12 2007 and April 2009 (when DenSco initiated the process of preparing a new private
13 offering memorandum) Beauchamp advised DenSco to consider whether an update to
14 the 2007 POM was warranted.

15 46. In June 2007, Beauchamp corresponded with Carney by email to ensure
16 that appropriate federal and state securities filings were made.

17 47. Chittick thereafter periodically checked with Carney and Beauchamp by
18 email to ensure DenSco was complying with the securities laws in states in which
19 DenSco solicited investments.

20 2. Revision of DenSco's Standard Loan Documentation

21 48. During their May 3, 2007 meeting, Chittick asked Beauchamp to review
22 and revise the documents DenSco used to make and secure its loans to Foreclosure
23 Specialists.

24 49. Beauchamp asked Gammage & Burnham attorney Kevin Merritt to take
25 the lead in making those revisions but remained involved in reviewing and discussing
26 them with Chittick.

27 50. Chittick told Beauchamp and Merritt that DenSco used a Receipt and
28 Mortgage (signed only by a borrower) to serve as evidence that DenSco had paid

1 directly to a trustee the proceeds of a loan a borrower had obtained from DenSco to buy
2 property from the trustee at a trustee's sale. Chittick told them that because there was
3 often a delay in a trustee recording a trustee's deed after a trustee's sale, DenSco
4 recorded its Receipt and Mortgage immediately after a trustee's sale had been
5 completed to establish its lien rights. Once a trustee's deed was recorded, DenSco
6 would record its Deed of Trust and Assignment of Rents.

7 51. Merritt prepared for DenSco's use revised forms of a Receipt and
8 Mortgage, Note Secured by Deed of Trust, Deed of Trust and Assignment of Rents, and
9 a Continuing Personal Guaranty.

10 52. Beauchamp knew in June 2007 that questions had been raised by the
11 Maricopa County Recorder's Office about the validity of DenSco's Receipt and
12 Mortgage and that Merritt had suggested that DenSco could address those concerns by
13 changing its procedures to require each trustee to sign the Receipt and Mortgage.

14 53. Beauchamp knew that DenSco did not change its procedures.

15 54. Beauchamp, who periodically reviewed and discussed with Chittick
16 DenSco's lending practices, explicitly or implicitly assured Chittick that DenSco's
17 lending practices and loan documents would ensure that DenSco had a first lien position
18 on the real property acquired with its loans.

19 **C. Beauchamp's Representation of DenSco While Affiliated with Bryan**
20 **Cave**

21 55. Beauchamp left Gammage & Burnham in March 2008 to join the law
22 firm Bryan Cave LLP.

23 56. When Beauchamp moved to Bryan Cave, DenSco became a client of that
24 firm.

25 57. DenSco asked that the following DenSco files be transferred from
26 Gammage & Burnham to Bryan Cave after Beauchamp joined Bryan Cave: (i) "2001
27 Private Offering"; (ii) "2003 Private Offering"; (iii) "2005 Private Offering"; (iv) "2007
28 Private Offering"; and (v) "Corporate General."

1 58. During May and June 2008, Beauchamp prepared for DenSco's use a
2 form of demand letter DenSco could use to seek to enforce a continuing personal
3 guaranty.

4 59. In February 2010, Beauchamp established a new "matter" in Bryan
5 Cave's accounting and filing systems to assist DenSco with garnishments. DenSco was
6 identified as Bryan Cave's client.

7 60. In April 2011, Beauchamp responded to a request from Chittick for a
8 referral for a friend in a criminal matter.

9 61. In April 2011, Beauchamp advised DenSco on collection procedures.

10 62. In May and June 2011, Beauchamp discussed with Chittick his or
11 DenSco's possible participation in a to-be-formed title insurance company. Beauchamp
12 established a new matter in Bryan Cave's accounting and filing systems for DenSco,
13 described as "Formation of affiliate entity with partners." DenSco was identified as
14 Bryan Cave's client. Bryan Cave attorney Andrew Gleason provided Chittick with
15 comments on a draft operating agreement in June 2011. Bryan Cave performed no
16 further work on the matter.

17 63. In June 2012, Chittick communicated with Beauchamp regarding his
18 interview by the FBI and response to a related document subpoena.

19 64. In April 2013, Beauchamp represented DenSco in settling a threatened
20 personal injury claim.

21 **1. The 2009 POM**

22 65. DenSco issued a private offering memorandum in July 2009 (the "2009
23 POM") that it used to solicit investments in promissory notes issued by DenSco to
24 investors.

25 66. The 2009 POM was prepared by Beauchamp and Bryan Cave attorneys
26 Ray Burgan, Logan Miller, and Nancy Pohl.

27 67. Beauchamp has testified that DenSco relied on him to prepare the 2009
28 POM for distribution "to investors of DenSco in compliance with Arizona and federal

1 security [sic] laws” and to provide DenSco with “recommendations for amended or
2 additional [private offering memoranda]” in keeping with the investments being made
3 or contemplated by DenSco.”

4 68. Chittick sent Beauchamp an email on April 6, 2009 which initiated the
5 process of the 2009 POM’s preparation. He wrote: “[I] can’t believe it’s time to do an
6 update again. [I]t’s been 2 yrs. [S]hould we do one? [S]till need to? [A]nything major
7 changed?”

8 69. Beauchamp responded the same day by email, saying “[g]iven the
9 economy and real estate collapse, it is pretty important that we do an update.”

10 70. Beauchamp completed his work on the 2009 POM in approximately
11 ninety days.

12 71. Beauchamp and Chittick met on April 9, 2009.

13 72. Beauchamp caused a new matter to be established in Bryan Cave’s
14 accounting and filing systems for the preparation of the 2009 POM, which identified
15 DenSco as Bryan Cave’s client.

16 73. On May 15, 2009, Beauchamp sent Chittick by email a draft of the 2009
17 POM, in which he posed questions to Chittick about DenSco’s past and current
18 operations.

19 74. On May 17, 2009, Chittick sent Beauchamp by email a marked-up copy
20 of the draft POM with responses to some of Beauchamp’s questions.

21 75. On May 18, 2009, Beauchamp directed Burgan to review DenSco’s
22 newsletters to “see if anything in [them] flags an issue that we should discuss.”

23 76. On June 30, 2009, Beauchamp and Chittick discussed by email finalizing
24 the 2009 POM in July so that information regarding DenSco’s loans through the end of
25 June could be included.

26 77. On July 6, 2009, Beauchamp sent a revised draft of the 2009 POM to
27 Chittick by email.

28

1 78. On July 6, 2009, Beauchamp sent Chittick by email revisions to an
2 associated subscription agreement and purchaser questionnaire.

3 79. After receiving Chittick's revisions, Beauchamp caused a revised draft of
4 the 2009 POM to be sent to Chittick by email on July 8 and 9, 2009.

5 80. The document was finalized on July 10, 2009.

6 81. As issued by DenSco, the 2009 POM offered to sell investors promissory
7 notes with the following durations and interest rates: six months at 8%; one year at
8 10%; and two to five years at 12%. The 2009 POM stated that the notes are "paid
9 'interest only' during the terms, with principal payable only at maturity," and investors
10 having the ability to "have interest paid monthly, quarterly, or at maturity."

11 82. As issued by DenSco, the 2009 POM:

12 a. Described DenSco as being "engaged primarily in the
13 business of . . . funding Foreclosure Specialists, who purchase houses through
14 the preforeclosure process and at foreclosure sales."

15 b. Represented that DenSco's "primary focus is to lend money
16 to qualified borrowers who can fulfill their loan obligations on highly marketable
17 properties with sufficient equity."

18 c. Represented that each loan would "be secured by its
19 underlying real property."

20 d. Represented that DenSco "will attempt to maintain a diverse
21 portfolio of Trust Deeds and loans by seeking a large borrowing base," with its
22 current "base of borrowers exceed[ing] 200 approved and qualified borrowers,"
23 and a plan "that the base of borrowers eventually will exceed 500."

24 e. Represented that DenSco "intends to maintain general loan-
25 to-value guidelines that currently range from 50 percent to 65 percent, (but it is
26 not intended to exceed 70%), to help protect the Company's portfolio of loans.
27 Further, all loans are relatively short term."
28

1 f. Represented that "[b]ecause of these varying degrees of
2 diversification, the relatively short duration of each of the loans, and
3 management's knowledge of the Phoenix metropolitan market, [DenSco]
4 anticipates that it will not experience a significant amount of losses."

5 83. As issued by DenSco, the 2009 POM contained a "Prior Performance"
6 section which made the following representations:

7 a. Since 2001, DenSco had raised \$17,100,000 through the
8 sale of promissory notes to new and existing investors with terms of between six
9 months and five years, and "had never defaulted on either interest or principal
10 for any of such notes."

11 b. With respect to the real estate loans DenSco makes to
12 Foreclosure Specialists using capital raised from investors, DenSco "has
13 endeavored to maintain a large and diverse base of borrowers as well as a
14 diverse selection of properties for its loans to the borrowers."

15 c. "However, in response to the more recent challenging
16 conditions in the real estate market, [DenSco] has focused on maintaining
17 relationships with borrowers that have a proven track record with a good
18 payment history and performance."

19 d. Despite that focus, DenSco "continues to strive to achieve a
20 diverse borrower base by attempting to ensure that one borrower will not
21 comprise more than ten percent (10%) of the total portfolio."

22 e. "All real estate loans funded by [DenSco] have been and are
23 intended to be secured through first position trust deeds."

24 f. "The loan to value ratio of [DenSco's] overall portfolio has
25 averaged less than 70% and [DenSco] intends to maintain a loan to value ratio of
26 50% to 65%."

1 g. "Despite any losses incurred by the Company from its
2 borrowers, no Noteholder has sustained any diminished return or loss on their
3 investment in a Note from [DenSco]."

4 84. The "Prior Performance" section also described the circumstances relating
5 to and resulting losses for loans made in 2006, 2007, 2008 and the first six months of
6 2009.

7 85. As issued by DenSco, the 2009 POM was a "continuous offering" which
8 would remain in effect for two years (or until July 1, 2011) "unless [DenSco] changes
9 its operations . . . in any material respect prior to the expiration of the two year offering
10 period" or terminated the offering before that date. It stated that "[i]n order to continue
11 offering the Notes during this period, [DenSco] will need to update this Memorandum
12 from time to time," and that "[i]f [DenSco] changes its operations . . . in any material
13 respect, [it] will update the Memorandum as necessary to provide correct information to
14 investors."

15 86. Between July 2009 and July 2011, DenSco did not update the 2009 POM.

16 87. The Receiver is not aware of any facts establishing that between July
17 2009 and April 2011 (when DenSco initiated the process of preparing a new private
18 offering memorandum) Beauchamp advised DenSco to consider whether an update to
19 the 2009 POM was warranted.

20 88. In July, September and December 2009, Beauchamp corresponded with
21 Carney by email to ensure that appropriate federal and state securities filings were
22 made.

23 89. During 2010, Bryan Cave opened a "Blue Sky Issues" matter to be
24 established in Bryan Cave's accounting and filing systems for work the firm performed
25 to assist DenSco in making appropriate federal and state securities filings. DenSco was
26 identified as Bryan Cave's client.

1 90. During 2010, Chittick continued to periodically check with Beauchamp
2 and Carney by email to ensure DenSco was complying with the securities laws in states
3 and countries in which DenSco solicited investments.

4 91. During 2009 and 2010, Beauchamp provided DenSco with other
5 securities law advice.

6 **2. Advice re State Licensing in 2009 and 2010**

7 92. During April 2009, Beauchamp and Burgan reviewed DenSco's lending
8 procedures and advised DenSco on whether DenSco was subject to the supervision of
9 the Arizona Department of Financial Institutions and required to be licensed.

10 93. Beauchamp and Burgan advised Chittick by email that "DenSco's
11 operations as we understand them can be shown to exclude DenSco and you from being
12 subject to the Department's current licensing requirements."

13 94. Chittick accepted their advice and followed it.

14 95. In May 2010, Beauchamp reviewed and analyzed proposed new licensing
15 regulations and conferred with Chittick about them.

16 96. In June 2010, Beauchamp, Miller and Bryan Cave attorney Michael
17 Dvoren analyzed proposed new licensing regulations.

18 97. Chittick stated by email that he was prepared to have DenSco and himself
19 subject to regulation by the Arizona Department of Financial Institutions.

20 98. At Beauchamp's direction, Dvoren presented arguments to a
21 representative of the Arizona Department of Financial Institutions as to why DenSco
22 was not subject to the Department's regulation and oversight. Those arguments were
23 memorialized in emails that Dvoren sent to the Arizona Department of Financial
24 Institutions and a representative of the Arizona Attorney General's Office.

25 99. Relying on Beauchamp's advice, Chittick did not seek to have DenSco
26 become subject to regulation by the Arizona Department of Financial Institutions.

1 **3. The 2011 POM**

2 100. DenSco issued a private offering memorandum in July 2011 (the "2011
3 POM") that it used to solicit investments in promissory notes issued by DenSco to
4 investors.

5 101. The 2011 POM was prepared by Beauchamp and Bryan Cave attorneys
6 Gus Schneider and Jonathan E. Stern.

7 102. Beauchamp has testified that DenSco relied on him to prepare the 2011
8 POM for distribution "to investors of DenSco in compliance with Arizona and federal
9 security [sic] laws" and to provide DenSco with "recommendations for amended or
10 additional [private offering memoranda]" in keeping with the investments being made
11 or contemplated by DenSco."

12 103. Chittick sent Beauchamp emails on March 11, 2011 and April 1, 2011
13 which initiated the process of the 2011 POM's preparation.

14 104. Beauchamp completed his work on the 2011 POM in approximately
15 ninety days.

16 105. Beauchamp and Chittick met on April 13, 2011. During that meeting,
17 Chittick told Beauchamp that Warren Bush, an investor, was willing to review the draft
18 2011 POM before it was finalized.

19 106. Beauchamp caused a new matter to be established in Bryan Cave's
20 accounting and filing systems for the preparation of the 2011 POM which identified
21 DenSco as Bryan Cave's client.

22 107. On May 3, 2011, Schneider sent Chittick an email at Beauchamp's
23 request reporting on Bryan Cave's conclusion that if the funds DenSco received from
24 investors exceeded \$25 million, DenSco would not be subject to additional regulation,
25 but could be subject to rules then being developed under the Dodd-Frank Wall Street
26 Reform and Consumer Act.

27 108. Chittick responded by email saying that DenSco "just went over 25
28 million in [February], now approaching 30."

1 109. On May 25, 2011, Beauchamp directed Schneider to send a preliminary
2 draft of the 2011 POM to Chittick by email in which questions were posed about
3 DenSco's past and current operations, but noted that Beauchamp was still making
4 revisions to the draft.

5 110. Chittick responded by email saying he wanted to wait for Beauchamp's
6 draft.

7 111. On June 6, 2011, Chittick sent Beauchamp an email asking when he
8 would receive a draft.

9 112. On June 11, 2011, Beauchamp sent Chittick a draft of the 2011 POM.
10 His transmittal email stated, in part, that the draft had "notes in brackets of additional
11 information or support we need in our file. Pursuant to our internal compliance
12 procedures to comply with the new regulations and requirements, we needed to set up a
13 due diligence file for the offering. This file is to support each of the statements in the
14 POM. Unfortunately, it took longer to review the POM and to identify what we had
15 and what is still needed."

16 113. Chittick sent Beauchamp an email later that day with his "changes or
17 inputs on comments where you were seeking feedback." He also noted that he sent the
18 draft to Bush.

19 114. On June 12, 2011, Chittick sent Beauchamp by email Bush's comments
20 and his responses to those comments.

21 115. Beauchamp, Chittick and Bush exchanged subsequent emails.

22 116. On June 15, 2011, Schneider sent Chittick by email a revised draft of the
23 2011 POM which incorporated Chittick's changes.

24 117. On June 30, 2011, Beauchamp received by email DenSco's most recent
25 newsletter in which Chittick wrote: "We hit \$25 million and then blew through 26 and
26 arrived at \$26.9 for the quarter. I'm soon reaching the point where I believe I will stop
27 soliciting new investors. I'll always accept additional investment from my current
28

1 investors. I need to be able to manage the business on my terms and time and I'm
2 reaching the point where I'll need to put a cap on things."

3 118. On June 30, 2011, Beauchamp sent Chittick an email asking for
4 information Bryan Cave wanted for its due diligence file, including "prior
5 performance" information. He also noted he needed to "prepare and send you the
6 Officer's Certificate confirming that all of the information in the POM is true and
7 correct to the best of your ability and belief."

8 119. On July 11, 2011, Chittick sent Beauchamp a revised draft of the 2011
9 POM in which he supplied information requested by Beauchamp. His transmittal email
10 stated, in part: "Ok [I]'m done. [I] don't want to look at this thing for another 2 years!"

11 120. Beauchamp responded by email that day, saying he would not be able to
12 review the draft until July 13, 2011 and answering a question from Chittick about how
13 DenSco could distribute the POM to potential investors.

14 121. On July 18, 2011, Beauchamp sent Chittick an email saying he had not
15 yet had time to review the draft 2011 POM but would do so by the end of the day or the
16 following morning.

17 122. Beauchamp then sent an email to his secretary, asking her to prepare a
18 blackline comparing Chittick's revisions to the draft he had been sent, noting that "[w]e
19 have to give final approval and I want to double-check what has been changed."

20 123. On July 19, 2011, Beauchamp sent Chittick revisions to the 2011 POM
21 and gave further instruction to Chittick about how DenSco could distribute the POM to
22 potential investors.

23 124. The 2011 POM was finalized on July 19, 2011.

24 125. As issued by DenSco, the 2011 POM offered to sell investors promissory
25 notes with the following durations and interest rates: six months at 8%; one year at
26 10%; and two to five years at 12%. It stated that the notes are "paid 'interest only'
27 during the terms, with principal payable only at maturity," and investors having the
28 ability to "have interest paid monthly, quarterly, or at maturity."

1 126. As issued by DenSco, the 2011 POM:

2 a. Described DenSco as being “engaged primarily in the
3 business of funding Foreclosure Specialists, who purchase houses through the
4 preforeclosure process, and at foreclosure sales.”

5 b. Represented that DenSco’s “primary focus is to lend money
6 to qualified borrowers who can fulfill their loan obligations on highly marketable
7 properties with sufficient equity.”

8 c. Represented that each loan would “be secured by its
9 underlying real property.”

10 d. Represented that DenSco “will attempt to maintain a diverse
11 portfolio of Trust Deeds and loans by seeking a large borrowing base, with its
12 current “base of borrowers exceed[ing] 150 approved and qualified borrowers,”
13 and a plan “that the base of borrowers will exceed 250.”

14 e. Represented that DenSco “intends to maintain general loan-
15 to-value guidelines that currently range from 50 percent to 65 percent, (but it is
16 not intended to exceed 70%), to help protect the Company’s portfolio of loans.
17 Further, all loans are relatively short term.”

18 f. Represented that “[b]ecause of these varying degrees of
19 diversification, the relatively short duration of each of the loans, and
20 management’s knowledge of the Phoenix metropolitan market, [DenSco’s]
21 management anticipates that it will not experience a significant amount of
22 losses.”

23 127. As issued by DenSco, the 2011 POM contained a “Prior Performance”
24 section which made the following representations:

25 a. Since 2001, DenSco had raised \$25,900,000 through the
26 sale of promissory notes to new and existing investors with terms of between six
27 months and five years, and “has never defaulted on either interest or principal for
28 any of such notes.”

1 b. With respect to the real estate loans DenSco makes to
2 foreclosure specialists using capital raised from investors, DenSco “has
3 endeavored to maintain a large and diverse base of borrowers as well as a
4 diverse selection of properties for its loans to the borrowers.”

5 c. “However, in response to the more recent challenging
6 conditions in the real estate market, [DenSco] has focused on maintaining
7 relationships with borrowers that have a proven track record with a good
8 payment history and performance.”

9 d. Despite that focus, DenSco “continues to strive to achieve a
10 diverse borrower base by attempting to ensure that one borrower will not
11 comprise more than 10 to 15 percent of the total portfolio.”

12 e. “All real estate loans funded by [DenSco] have been and are
13 intended to be secured through first position trust deeds.”

14 f. “The loan to value ratio of [DenSco’s] overall portfolio has
15 averaged less than 70% and [DenSco] intends to maintain a loan to value ratio of
16 50% to 65%.”

17 g. “Despite any losses incurred by the Company from its
18 borrowers, no Noteholder has sustained any diminished return or loss on their
19 investment in a Note from [DenSco].”

20 128. The “Prior Performance” section also described the circumstances relating
21 to and resulting losses for loans made during the years 2006 through 2010 and the first
22 six months of 2011.

23 129. As issued by DenSco, the 2011 POM was a “continuous offering” which
24 would remain in effect for two years (or until July 1, 2013) “unless [DenSco] changes
25 its operations . . . in any material respect prior to the expiration of the two year offering
26 period” or terminated the offering before that date. It stated that “[i]n order to continue
27 offering the Notes during this period, [DenSco] will need to update this Memorandum
28 from time to time,” and that “[i]f [DenSco] changes its operations . . . in any material

1 respect, [it] will update the Memorandum as necessary to provide correct information to
2 investors.”

3 130. Between July 2011 and July 2013, DenSco did not update the 2011 POM.

4 131. The Receiver is not aware of any facts establishing that between July
5 2011 and May 2013 (when DenSco initiated, but never completed, the process of
6 preparing a new private offering memorandum) Beauchamp advised DenSco to
7 consider whether an update to the 2011 POM was warranted.

8 132. Chittick distributed the 2011 POM to DenSco’s investors through a
9 July 19, 2011 email (copied to Beauchamp) which stated, in part: “Yes in time for your
10 summer reading! Did you ever finish the last one I sent you? I update this
11 memorandum every two years. I work with David Beauchamp (securities attorney) to
12 review all the statues [sic] and laws in Arizona as it pertains to my business and all the
13 states that I have investors in. This is to ensure that I’m filing all the forms and
14 following all the rules”

15 133. After the 2011 POM was issued, Chittick continued to periodically check
16 with Beauchamp and Carney by email to ensure DenSco was complying with the
17 securities laws in states in which DenSco solicited investments.

18 134. During 2011, Beauchamp provided DenSco with other securities law
19 advice.

20 **4. Response to 2011 ADFI Complaint Investigation**

21 135. On August 12, 2011, Chittick sent Beauchamp a letter DenSco had
22 received from the Arizona Department of Financial Institutions regarding an
23 investigation by the Department as to whether DenSco was subject to mortgage broker
24 regulations and required to be licensed and supervised by the Department.

25 136. Beauchamp caused a new matter in Bryan Cave’s accounting and filing
26 systems to be opened captioned AZ Practice Review which identified DenSco as the
27 firm’s client.
28

1 137. On August 22, 2011, Beauchamp sent a letter to the Department which
2 asserted that DenSco was not subject to regulation by the Department.

3 138. In September 2011, Beauchamp told Chittick and Dennis Dahlberg by
4 email that “the applicable rules for DenSco are very fact driven” and it was necessary to
5 “explicitly follow the rules, including the reasons behind the rules.” Dahlberg was then
6 one of DenSco’s borrowers who had contacted Beauchamp for legal advice about how
7 to establish a hard money lending business similar to DenSco.

8 **5. Preliminary Steps to Prepare a 2013 POM**

9 139. On March 17, 2013, Chittick sent Beauchamp an email proposing to meet
10 in April to begin working on an updated private offering memorandum.

11 140. Beauchamp has testified that DenSco relied on him to provide DenSco
12 with “recommendations for amended or additional [private offering memoranda] in
13 keeping with the investments being made or contemplated by DenSco.”

14 141. On May 1, 2013, Chittick sent another email to Beauchamp which stated:
15 “it’s the year we have to do the update on the memorandum, when do you want to
16 start?”

17 142. Beauchamp responded by email that day and scheduled a meeting for
18 May 9, 2013.

19 143. Although Bryan Cave’s file reflects that it was Chittick who initiated the
20 process of preparing a new POM in 2013, Beauchamp and Clark Hill claim in their
21 initial disclosure statement (at 5) that it was Mr. Beauchamp who “advised DenSco that
22 it needed to update its 2011 POM given the passage of time and changes in the scope of
23 DenSco’s fund raising.”

24 144. Before the May 9 meeting, Beauchamp prepared or caused to be prepared
25 a draft private offering memorandum dated “May __, 2013” (the “draft 2013 POM”).

26 145. The draft 2013 POM was, with the exception of the title page, a duplicate
27 of the draft of the 2011 POM Schneider had sent to Chittick on June 15, 2011.
28

1 146. During the May 9 meeting, Beauchamp took a few notes and apparently
2 underlined or circled a few passages in the draft 2013 POM.

3 147. Beauchamp's notes reflect that he learned during the meeting that DenSco
4 had as of that date raised over \$50 million from 75 to 80 investors who collectively held
5 114 accounts.

6 148. Beauchamp caused a new matter to be established in Bryan Cave's
7 accounting and filing systems for the preparation of a 2013 POM which identified
8 DenSco as Bryan Cave's client.

9 149. When the matter was opened, Bryan Cave established a "due diligence"
10 file for a 2013 POM.

11 150. According to Bryan Cave's billing statement, the only work Beauchamp
12 performed during May 2013 on the draft 2013 POM was for less than thirty minutes of
13 "[w]ork on issues and follow-up" on May 10 and less than thirty minutes of "[w]ork on
14 issues and information for Private Offering Memorandum" on May 31, 2013.

15 151. Information the Receiver has received in response to a subpoena served
16 on Bryan Cave suggests that on or shortly after June 4, 2013, Beauchamp was informed
17 by Bryan Cave's management committee that the firm wanted to end its relationship
18 with him and that he would need to find a new law firm where he could practice law.

19 152. On June 10, 2013, Beauchamp sent an email to Ken Henderson, an
20 attorney in Bryan Cave's New York City office, copied to William Seabaugh, an
21 attorney in Bryan Cave's St. Louis office.

22 153. Beauchamp's email stated, in part: DenSco "is a client which makes high
23 interest loans (18% with no other fees) secured by first lien position against real estate.
24 . . . DenSco has previously had aggregate investor loans outstanding at approximately
25 \$16 to \$18 million from its investors. We are starting the process to update and renew
26 DenSco's private offering memo (renew it every two years) and we have now been
27 advised that DenSco now has almost \$47 million in aggregate investor loans
28 outstanding."

1 154. Beauchamp said he was seeking “guidance or direction” as to whether
2 DenSco, with close to \$50 million of investor funds, was subject to certain federal
3 securities acts and regulations.

4 155. Henderson suggested by email that Beauchamp confer with Robert
5 Pedersen, an attorney in Bryan Cave’s New York City office, and Elizabeth Sipes, an
6 attorney in Bryan Cave’s Denver office.

7 156. Beauchamp sent an email to Pedersen on June 10, 2013 that restated the
8 information and questions he had included in his email to Henderson.

9 157. On June 10, 2013, Beauchamp sent an email to Mark Weakley, an
10 attorney in Bryan Cave’s Boulder, Colorado office, which restated the information and
11 questions he had included in his email to Henderson. Weakley responded by email that
12 day, saying he could help on issues relating to the Investment Company Act and
13 Investment Advisers Act.

14 158. On June 11, 2013, Beauchamp sent an email to Chittick which stated:
15 “How many investors hold notes from DenSco? We are trying to determine what
16 exclusions DenSco could qualify for with respect to the other applicable federal
17 statutes. I do not have that number in my notes.”

18 159. Chittick responded by email that day, telling Beauchamp DenSco had 114
19 individual accounts, held by approximately 80 families.

20 160. While awaiting a response to his email to Pedersen, Beauchamp received
21 an email from Chittick on June 14, 2013.

22 161. Chittick’s email, which was copied to Yomtov “Scott” Menaged, said, in
23 part: “I have a borrower, to which I’ve done a ton of business with, million[s] in loans
24 and hundreds of loans for several years[.] [H]e’s getting sued along with me. . . . Easy
25 Investments[] has his attorney working on it[.] [I]’m okay to piggy back with his
26 attorney to fight it[.] Easy Investments [is] willing to pay the legal fees to fight it. I
27 just wanted you to be aware of it, and talk to his attorney, [whose] contact info is
28 below.”

1 162. Chittick's email included a forwarded email from Menaged which
2 provided contact information for his attorney, Jeffrey J. Goulder.

3 163. Copies of a summons, the first four pages of a complaint, certificate of
4 compulsory arbitration, and lis pendens were attached to the email.

5 164. Menaged responded to the email by telling Beauchamp in an email to
6 "bill me for your services and utilize my attorney for anything you may need."

7 165. The complaint, filed in Maricopa County Superior Court, was filed by
8 Freo Arizona LLC against DenSco, Easy Investments, LLC, Active Funding Group,
9 LLC and other defendants.

10 166. According to the excerpt of the complaint that Beauchamp received, Freo
11 had acquired a foreclosed home at a trustee's sale and filed its lawsuit to establish that it
12 owned the property free and clear of liens asserted by Active Funding Group and
13 DenSco.

14 167. The complaint put Beauchamp on notice that DenSco was alleged not to
15 be in first position on at least one of its loans.

16 168. The complaint expressly alleged that Menaged, through Easy
17 Investments, had "attempted to encumber the property with deeds of trust to Active
18 [Funding Group] and DenSco."

19 169. Beauchamp knew from this allegation that Menaged, whom Chittick had
20 described as one of DenSco's major borrowers, was accused of obtaining loans from
21 both DenSco and Active Funding Group, each intended to be secured by the same
22 property.

23 170. The complaint and other documents Beauchamp received identified by
24 street address and legal description the home at issue; they also identified the names of
25 the former owners.

26 171. After reviewing these documents, Beauchamp sent an email to Chittick
27 which said "We will need to disclose this in POM."
28

1 172. Bryan Cave's billing records reflect that Beauchamp billed DenSco for 30
2 minutes of time on June 14, 2013 devoted to "[e]mail to D. Chittick regarding need to
3 disclose pending litigation in Private Offering Memorandum; review email from D.
4 Chittick; review requirements."

5 173. Although Bryan Cave's file reflects that Beauchamp did nothing more to
6 investigate the facts disclosed in the *Freo* complaint and whether they were indicative
7 of a broader breakdown in DenSco's underwriting practices leading to
8 misrepresentations to its investors, in answering the Complaint, Beauchamp and Clark
9 Hill claimed he in fact did so.

10 174. If Beauchamp had sought to review records available through the
11 Maricopa County Recorder's website relating to the property described in the *Freo*
12 lawsuit, he would have found within minutes: (i) a Deed of Trust and Security
13 Agreement With Assignment of Rents given by Easy Investments in favor of Active
14 Funding Group, that Menaged had signed on March 25, 2013; and (ii) a Deed of Trust
15 and Assignment of Rents given by Easy Investments in favor of DenSco, that Menaged
16 had signed on April 2, 2013. Both signatures were witnessed by a notary public.

17 175. No such documents were found in Bryan Cave's "due diligence" file.

18 176. The documents that Beauchamp could have easily obtained from the
19 Maricopa County Recorder's website confirmed the allegation in the *Freo* complaint
20 that DenSco was not in first position on a loan it had made to Easy Investments.

21 177. Those documents also showed that Menaged had purposefully borrowed
22 money, first from Active Funding and then from DenSco, using the same property as
23 security, since he had personally signed both the Active Funding deed of trust and the
24 DenSco deed of trust before a notary.

25 178. Beauchamp and Clark Hill claim in their initial disclosure statement (at 6-
26 7), that after reviewing the *Freo* complaint, "Beauchamp . . . advised Mr. Chittick, as he
27 had done previously, that Mr. Chittick needed to fund DenSco's loans directly to the
28 trustee or escrow company conducting the sale, rather than provide loan funds directly

1 to the borrower, to ensure that DenSco's deed of trust was protected. Mr. Chittick
2 explained to Mr. Beauchamp that this was an isolated incident with a borrower,
3 Menaged, whom Mr. Chittick described in his email as someone he had 'done a ton of
4 business with . . . hundreds of loans for several years"

5 179. The Receiver's counsel has not found any records in Bryan Cave's files
6 reflecting that Beauchamp gave such advice to Chittick before June 2013.

7 180. The Receiver's counsel has not found any records in Bryan Cave's files
8 reflecting that Beauchamp gave such advice to Chittick in June 2013.

9 181. On June 17, 2013, Beauchamp received an email from Pedersen.
10 Pedersen noted that he had reviewed DenSco's website, and had asked Randy Wang, an
11 attorney in Bryan Cave's St. Louis office, whether DenSco was in compliance with the
12 Securities Act of 1933. Pedersen wrote: "Randy questioned whether in the DenSco
13 Investment Corp. case, the existence of, and/or statements made on, the DenSco
14 [website] which I had brought to his attention, made the transaction exemption
15 unavailable to DenSco. In any event you may wish to discuss further with Randy."

16 182. Beauchamp then printed information from DenSco's website, which
17 included a section captioned "Investor Requirements" that purported to provide an
18 "abbreviated description" of "legal definitions" found in the 2011 POM and related
19 subscription agreement, including a definition of accredited investor.

20 183. The information Beauchamp downloaded on June 17, 2013 also included
21 DenSco's "Lending Guidelines," the second line of which was "First Position ONLY!"

22 184. Beauchamp knew or should have known from the *Freo* lawsuit he had
23 reviewed three days beforehand that the representation that DenSco's loans were in
24 "First Position ONLY!" was untrue.

25 185. Beauchamp wrote an email to Wang on June 17, 2013, which stated:
26 "With respect to the client's statements on its website, I was not aware that the client
27 had added his personal description of what is an eligible 'accredited investor' to the
28 DenSco website. I will have him take it down. I also have a call into him to ask when

1 he added that language. Previously, his website was just for potential borrowers and for
2 existing investors. It included his view of the real estate lending market and explained
3 the status of the properties that DenSco had commenced or might have to commence a
4 Trustee Sale to take ownership of the security for a loan. Given his 'layman's
5 description of an accredited investor' on the website, does that constitute general
6 solicitation, which will cause the offering to no longer qualify under Regulation D? If
7 so, can we discuss what we need to tell him that he needs to do to resolve the loss of his
8 exempt security status?"

9 186. Beauchamp's notes reflect that he spoke to Wang on June 17, 2013.

10 187. Beauchamp's notes also reflect that he spoke to Chittick on June 17,
11 2013.

12 188. After talking to Chittick, Beauchamp sent an email to Wang on June 17,
13 2013, which stated, in part: "I talked to Denny Chittick, the owner of DenSco. Denny
14 has already had the website modified. Denny also reviewed the list of his investors
15 (there are only 114 individual investors from approx 80 families). All of his investors
16 were either family or friends (or verified referrals from family or friends). . . .
17 According to his note schedule, Denny has approximately 60 investor notes that are
18 scheduled to expire in the next six months, so he would prefer to not be shut down and
19 have to return all of that investment money to his investors until he could commence
20 operations again."

21 189. Beauchamp received an email from Chittick late in the day on June 17,
22 2013, through which Chittick forwarded his email exchange with a vendor confirming
23 that information regarding interest rates offered for promissory notes and the entire
24 "Investor Requirements" section had been removed from DenSco's website.

25 190. Beauchamp spoke to Wang on June 18, 2013. His notes reflect that Wang
26 "does not have a clean path for the private placement" and that he and Beauchamp
27 discussed a number of "judgment calls" which were described in Beauchamp's notes as
28 follows: (i) "whether website constitutes 'General Solicitation' – probably yes"; (ii)

1 “would a waiver of Right of Rescission be helpful – probably not → that just resolves
2 the individual claim + not the offering itself”; (iii) “would starting a new company be
3 helpful – probably not – still would be integrated offering.” Beauchamp’s notes
4 concluded by stating “Randy does not have a solution” and a list of the names of other
5 Bryan Cave attorneys Beauchamp should contact.

6 191. On June 20, 2013, Beauchamp sent an email to Bryan Cave attorneys
7 Henderson, Wang, Robert Endicott in the firm’s St. Louis office, and Garth Jensen in
8 the firm’s Denver office.

9 192. Beauchamp’s email stated, in part: DenSco “is a client which makes high
10 interest loans (18% with no other fees) secured by first lien position against Arizona
11 real estate. . . . As part of our due diligence for this offering, we reviewed the client’s
12 website. On its website, the client lists several pieces of information concerning
13 Arizona real estate, but the client has also added Denny Chittick’s personal description
14 of who or what is an eligible ‘accredited investor.’ In addition, the website also
15 referenced the interest rate paid by DenSco to its investors. After we advised the client
16 that this could be deemed to be “general solicitation” in violation of Regulation D, the
17 client immediately took down these references from its website. . . . Randy and I are
18 concerned that if this information on the website is deemed to constitute ‘general
19 solicitation’ then the offering will no longer qualify under Regulation D. . . . According
20 to his note schedule, Denny has approximately 60 investor notes that are scheduled to
21 expire in the next 6 months (and to probably be rolled over into new notes), so he
22 would prefer to not be shut down and to have to return all of that investment money to
23 his investors until he could commence operations again. Issue: Does anyone have any
24 suggestion or thoughts that we can advise the client (short of closing down its business
25 for six months) that he needs to do to resolve the loss of his exempt security status?”

26 193. Henderson and Wang responded to Beauchamp’s email on June 20, 2013,
27 discussing when the “‘JOBS Act’ requirement that the SEC eliminate the general
28

1 solicitation requirement for all accredited investors offerings [would] become
2 effective[.]”

3 194. On June 25, 2013, Beauchamp sent an email to Sipes which stated, in
4 part: “Attached is the previous POM for the client which has only had the date
5 changed. We stopped the updating when we were told that the investments from the
6 investors had jumped to approximately \$47.5 million. Given that significant increase, I
7 have been asking for help to determine what other federal or state laws might be
8 applicable. Bob Pederson of NY has said that the Trust Indenture Act will not be
9 applicable so long as the client is under the Regulation D, Rule 506 exemption. The
10 other big issues [that] have waited for your help to discern [is] if we need to comply
11 with the Investment Advisors Act of 1940 and the Registered Investment Advisors
12 requirements.”

13 195. Beauchamp spoke to Sipes on June 27, 2013. Beauchamp’s notes reflect
14 that Sipes told him the 2011 POM had incorrectly referenced an exemption under the
15 Investment Company Act, that she was considering other issues, and that she would
16 follow up by email.

17 196. Beauchamp spoke to Chittick on June 27, 2013. Beauchamp’s notes
18 reflect that he shared with Chittick the information he had received from Sipes.

19 197. Chittick sent Beauchamp an email on June 27, 2013 to again confirm that
20 the requested changes to the website had been completed. He added, “Oh ya I just took
21 in another 1.1 million yesterday.”

22 198. By its terms, the 2011 POM expired on July 1, 2013. Although Bryan
23 Cave’s file reflects that Beauchamp had not, as of that date, prepared a draft of a new
24 private offering memorandum, in answering the Complaint, Beauchamp and Clark Hill
25 claimed he in fact did so.

26 199. Although Beauchamp knew Chittick was continuing to solicit investments
27 based on the 2011 POM, and knew that between July 1, 2013 and December 31, 2013
28 approximately 60 DenSco investors were expected to “roll over” their investments by

1 receiving new promissory notes from DenSco, Beauchamp did not, on or before July 1,
2 2013, advise DenSco to stop soliciting investments or issuing promissory notes until a
3 new private offering memorandum had been prepared and issued by DenSco, nor did he
4 issue such an instruction after July 1, 2013.

5 200. On July 1, 2013, Beauchamp received an email from Sipes which stated,
6 in part, that she didn't believe DenSco would be considered an investment advisor
7 under the Investment Company Act or the Investment Advisers Act and did not believe
8 DenSco needed to limit the number of accredited investors to whom it offered
9 promissory notes.

10 201. On July 10, 2013, Beauchamp forwarded to Chittick a news report that
11 the SEC had just decided to end the ban on general solicitation.

12 202. Bryan Cave's billing statements reflect that between July 12, 2013 and
13 July 31, 2013, Beauchamp recorded time to "revise disclosure in Private Offering
14 Memorandum" and "[w]ork on and revise Private Offering Memorandum" and had
15 additional time entries to "[w]ork on revisions to Private Offering Memorandum" or
16 "[w]ork on issues for Private Offering Memorandum."

17 203. But the only document in Bryan Cave's file that reflects any revisions
18 Beauchamp made to the draft of the 2013 POM is a draft containing several of his
19 handwritten edits. They included a note on the cover of the draft to "revise to new
20 version for B/L purposes," but no blacklined draft of the 2013 POM was found in
21 Bryan Cave's file.

22 204. In their initial disclosure statement (at 5), Beauchamp and Clark Hill
23 claim that Beauchamp "began drafting revisions to the 2011 POM" but "was never able
24 to finalize the 2013 POM" because of Chittick. They allege that "[a]lthough Mr.
25 Beauchamp asked for updated investment, loan and financial information regarding
26 DenSco, Mr. Chittick stalled on providing the information, preferring to wait until after
27 he scaled down the amount outstanding to investors."
28

1 205. The Receiver's counsel has not found any records in Bryan Cave's files
2 reflecting such requests or "stalling" tactics by Chittick.

3 206. The corporate journal Chittick maintained for 2013 (the "2013 Corporate
4 Journal") does not reflect any entries by Chittick about requests from Beauchamp for
5 information or his declination to provide that information.

6 207. The only reference in the 2013 Corporate Journal to the preparation of the
7 2013 POM is a June 17, 2013 entry which stated: "I am going back and forth with
8 David about how to circumvent this 50 million issue on size." That entry is consistent
9 with Beauchamp's communications of the same date as to whether DenSco had
10 engaged in general solicitation, an issue which, as noted above, was resolved on
11 July 10, 2013.

12 208. Beauchamp and Clark Hill also claim in their initial disclosure statement
13 (at 5) that with respect to the unfinished draft 2013 POM "Beauchamp repeatedly
14 advised DenSco that an update was necessary irrespective of DenSco's plans regarding
15 the outstanding amount of its offerings, but Mr. Chittick continued to delay."

16 209. The Receiver's counsel has not found any documents in Bryan Cave's
17 files to support this claim.

18 210. The 2013 Corporate Journal does not reflect any entries by Chittick
19 reflecting that Beauchamp gave such advice.

20 211. Bryan Cave's billing records reflect that the only work Beauchamp
21 performed on the draft 2013 POM during August 2013 was to exchange emails on
22 August 6, 2013 with Jensen asking for a form subscription agreement to comply with
23 changes to Rule 506.

24 212. Beauchamp's notes reflect that he left a voicemail message for Chittick
25 on August 26, 2013 regarding "need to work on the latest version of POM that Denny
26 has w/ the prior experience charts. Need to discuss timing and update."

27 213. Beauchamp's notes reflect that he spoke to Chittick on August 26, 2013
28 and that he "explained delay w/ POM," discussed the "need to get copy of Denny's

1 latest POM & make changes to it,” and discussed that “BC will be sending a letter to
2 Denny & letting Denny decide if he wants files kept at BC or moved to CH.”

3 214. In their initial disclosure statement (at 7) Beauchamp and Clark Hill claim
4 that “[p]rior to his departure [from Bryan Cave], Mr. Beauchamp had repeatedly made
5 clear to DenSco and Mr. Chittick that they needed to update DenSco’s POM.”

6 215. The Receiver’s counsel has not found any documents in Bryan Cave’s
7 files to support this claim.

8 216. The 2013 Corporate Journal does not have any entries by Chittick
9 reflecting that he received such advice from Beauchamp.

10 217. On August 30, 2013, Beauchamp sent Chittick by email a letter that he
11 and Bryan Cave attorney Jay Zweig had signed, informing DenSco that Beauchamp
12 would be leaving Bryan Cave effective August 31, 2013, and that Beauchamp would be
13 joining Defendant Clark Hill PLC. The letter contained a form by which DenSco could
14 instruct Bryan Cave to retain or transfer to Clark Hill the files it had maintained for
15 DenSco.

16 218. When Beauchamp left Bryan Cave in August 2013, the “due diligence”
17 file for the draft 2013 POM contained only three documents: (1) a June 18, 2013 article
18 captioned “Determining whether a company is an investment company”; (2) a printout
19 from DenSco’s website dated June 17, 2013; and (3) a July 28, 2010 article captioned
20 “Private Fund Investors Advisors Registration Act of 2010: New Law Changes
21 Regulatory Framework for Alternative Investment Advisors.”

22 **D. Beauchamp’s Representation of DenSco While Affiliated with**
23 **Clark Hill**

24 219. On September 11 and 12, 2013, Beauchamp exchanged emails with
25 Chittick about taking steps to have certain DenSco files transferred from Bryan Cave to
26 Clark Hill: “AZ Practice Review”; “Blue Sky Issues”; “Garnishments”; “General
27 Corporate”; and “2011 and 2013 Private Offering.”

1 **1. DenSco Retained Clark Hill in September 2013**

2 220. On September 12, 2013, Beauchamp sent Chittick an engagement letter,
3 which Chittick signed and returned that day.

4 221. The letter, which was captioned "Representation of DenSco Investment
5 Corporation," stated that it would "serve[] to record the terms of [Clark Hill's]
6 engagement to represent DenSco Investment Corporation (the 'Client'), with regard to
7 the legal matters transferred to Clark Hill PLC from Bryan Cave LLP."

8 222. Clark Hill's engagement letter made clear that Clark Hill viewed DenSco
9 as its client, and had not agreed to also represent Chittick. The letter stated that it was
10 "supplemented by our Standard Terms of Engagement for Legal Services, attached,
11 which are incorporated in this letter and apply to this matter and the other matter(s) for
12 which you engage us."

13 223. The "Standard Terms of Engagement for Legal Services" included a
14 section called "Whom We Represent." That section stated: "The . . . entity whom we
15 represent is the . . . entity identified in our engagement letter and does not include any
16 . . . employees, officers, directors, shareholders of a corporation . . . unless our
17 engagement letter expressly provides otherwise."

18 224. Despite the plain wording of the engagement letter, which limited Clark
19 Hill's representation to DenSco and disclaimed any separate representation of Chittick,
20 Beauchamp and Clark Hill claim in their initial disclosure statement (at 3) that "Chittick
21 understood that Mr. Beauchamp, as an incident to Mr. Beauchamp's representation of
22 DenSco, was also representing Mr. Chittick in his capacity as president of DenSco."

23 225. The Receiver's counsel has not found any documents in Clark Hill's file
24 amending its engagement letter to extend the firm's representation of DenSco to Mr.
25 Chittick in his capacity as president of DenSco.
26
27
28

1 **2. Beauchamp Opened a Matter to Finish the Draft 2013 POM in**
2 **September 2013 But Failed to Take Any Steps to Complete the**
3 **Draft Before the End of 2013.**

4 226. On September 13, 2013, Beauchamp took steps to open a new matter for
5 DenSco in Clark Hill's accounting and filing systems that was mis-identified as "2003
6 Private Offering Memorandum." Beauchamp's notes stated that the file was being
7 opened to "[f]inish 2013 POM for client. Started POM update at Bryan Cave."

8 227. Clark Hill's billing records do not reflect that Beauchamp performed any
9 work to finish the draft 2013 POM during September, October, or November 2013, or
10 that he attempted to contact Chittick about finishing the POM.

11 228. In their initial disclosure statement (at 7), Beauchamp and Clark Hill
12 blame Chittick, saying that after Chittick signed Clark Hill's engagement letter and
13 directed Bryan Cave to transfer certain files to Clark Hill in September 2013, "Mr.
14 Beauchamp never heard from Mr. Chittick regarding the unfinished 2013 POM, or any
15 other matter, until December 2013."

16 229. The only time entry in Clark Hill's billing records for the month of
17 December 2013 relating to finishing the draft 2013 POM is a twelve-minute entry by
18 Beauchamp on December 18, 2013 to "review email; telephone conversation with D.
19 Chittick; review POM."

20 230. Chittick's December 18, 2013 email to Beauchamp stated, in part, "since
21 you've moved, we've never finished the update on the memorandum. Warren is asking
22 where it is." The Receiver assumes Chittick was referring to Warren Bush, an investor
23 who had reviewed and commented on a draft of the 2011 POM.

24 231. The December 18, 2013 email went on to state: "[I]'ve got two of my
25 best borrowers moving to F[L][.] [T]hey are begging me to look at lending in FL. [I]
26 don't know anything about the market there, but [I] trust these guys. [I]'ve done 20
27 million with them over the past 5 yrs. [I]s it easy to find out the challenges, issues, etc
28 with me lending there?"

1 232. Beauchamp did not send Chittick a response to that email. He did,
2 however, forward the e-mail to Clark Hill attorney Daniel Schenck, asking “[w]ill you
3 have time to do the research for Florida or should I find someone else?”

4 233. Beauchamp also made an 18-minute time entry on December 18, 2013 to
5 “[r]eview email and outline Florida research.”

6 234. The Receiver has not found any notes in Clark Hill’s files made by
7 Beauchamp that summarized his December 18, 2013 call with Chittick.

8 235. Beauchamp apparently asked Chittick during their call to send him a copy
9 of the 2011 POM, since Chittick emailed Beauchamp an electronic copy of the final
10 2011 POM on December 18, 2013.

11 236. In a responsive email sent on December 18, 2013, Beauchamp thanked
12 him, but said nothing about steps he would take to complete the work he began at Bryan
13 Cave to prepare a 2013 POM.

14 237. Between December 20, 2013 and December 23, 2013, both Beauchamp
15 and Schenck recorded time to conducting research and analysis on “Florida broker
16 issues,” “hard money regulatory lender requirements in Florida,” and “Florida lending
17 licenses.”

18 238. On December 23, 2018, Beauchamp recorded 42 minutes of time to
19 “[r]eview Florida research from D. Schenck; discuss research and follow up with D.
20 Schenck; email to D. Chittick.”

21 239. On December 24, 2018, Beauchamp sent Chittick an email which stated:
22 “Happy Holidays! Quick Status: Based on a review of the Florida statutes, you would
23 be considered a ‘Mortgage Lender’ which requires a license in Florida. The Florida
24 government office that regulates ‘Mortgage Lender’ [sic] has been difficult to reach, but
25 we will try again on Thursday. I want to confirm if you might be able to qualify for a
26 limited license to operate in Florida and check a few other questions.”

27 240. On December 26 and 30, 2013, Beauchamp and Schenck recorded time to
28 obtaining information from the Florida Office of Financial Regulation and other

1 information relevant to Chittick's December 18, 2013 inquiry about expanding
2 DenSco's lending operations to Florida.

3 241. In their initial disclosure statement (at 7), Beauchamp and Clark Hill
4 describe a December 2013 telephone conversation between Beauchamp and Chittick
5 that is at odds with Clark Hill's file, including its billing statement. They claim that

6 In December 2013, Mr. Chittick contacted Mr. Beauchamp for the first time in
7 months. He told Mr. Beauchamp over the phone that he had run into an issue
8 with some of his loans with Menaged, and specifically, that properties securing a
9 few DenSco loans were each subject to a second deed of trust competing for
10 priority with DenSco's deed of trust. Mr. Beauchamp reminded Mr. Chittick
11 that he still needed to update DenSco's private offering memorandum. After
12 briefly discussing the allegedly limited double lien issue, Mr. Chittick
13 emphasized to Mr. Beauchamp that Mr. Chittick wanted to avoid litigation with
14 other lenders. Mr. Chittick, however, did not request any advice or help.
15 Accordingly, Mr. Beauchamp suggested that Mr. Chittick develop and document
16 a plan to resolve the double liens, and nothing more came of the conversation.

17 242. The Receiver's counsel has not found any documents in Bryan Cave's
18 files to support this claim.

19 243. The 2013 Corporate Journal does not have any entries by Chittick
20 reflecting that he had such a conversation with Beauchamp.

21 244. The Receiver's claims are based on what Clark Hill's files reveal about
22 Beauchamp's conduct during the last six months of 2013.

23 245. In December 2013, Beauchamp knew that the 2011 POM had expired by
24 its own terms more than four months earlier, on July 1, 2013.

25 246. Beauchamp knew that as of December 18, 2013, neither he nor DenSco
26 had taken any meaningful steps to prepare a draft of a new private offering
27 memorandum.

28

1 247. Beauchamp knew that between July 1, 2013 and December 31, 2013
2 approximately 60 DenSco investors had likely “rolled over” their investments by
3 receiving new promissory notes from DenSco based on the 2011 POM.

4 248. Beauchamp did not instruct DenSco to stop soliciting investments or
5 issuing promissory notes until a new private offering memorandum had been prepared
6 and issued by DenSco.

7 249. Beauchamp knew that he had failed to properly represent DenSco by,
8 among other things: (i) ensuring that DenSco complied with its obligations to maintain
9 continuously updated disclosures while it was offering securities; (ii) ensuring that the
10 company issued a private offering memorandum on or before July 1, 2013, as it had
11 represented it would do; (iii) establishing and following a process to conduct
12 appropriate due diligence in connection with each POM; (iv) establishing and following
13 a process to update due diligence and disclosures continuously as long as the POM was
14 in use; and/or (v) instructing DenSco to stop taking investments after July 2013 until
15 appropriate updated disclosures were made.

16 250. The consequences of Beauchamp’s negligence became abundantly clear
17 to him during the first week of January 2014.

18 **3. Events During the Week of January 5, 2014.**

19 251. On Sunday, January 5, 2014, Beauchamp received an email from Chittick
20 asking if he had time to meet with him during the coming week.

21 **a. The January 6, 2014 Demand Letter**

22 252. On Monday, January 6, 2014, Beauchamp received an email from
23 Chittick which stated: “read the first two pages, then give me a call.” Attached to the
24 email was a three-page demand letter from Bryan Cave attorney Robert J. Miller;
25 Exhibit A, a list of 52 properties; and two subordination agreements.

26 253. The letter was written on behalf of Azben Limited, LLC; Geared Equity,
27 LLC; and 50780, LLC (the “Lienholders”). It asserted that Geared Equity, 50780, and
28 Sell Wholesale Funding, LLC (the “Lenders”) had each loaned money to Arizona

1 Home Foreclosures, LLC and Easy Investments, LLC, and that the loans Sell
2 Wholesale Funding had made were subsequently assigned to Azben.

3 254. Exhibit A to the letter identified, with reference to specific loan numbers
4 and street addresses, 52 loans that the Lenders had made to Easy Investments and
5 Arizona Home Foreclosures to acquire foreclosed homes at trustee sales.

6 255. The letter asserted that the Lenders' loans had been made by "certified
7 funds delivered directly to the trustee" and secured by "promptly recorded deeds of
8 trust confirming a senior lien position on each of the Properties."

9 256. The letter went on to assert that DenSco had "engaged in a practice of
10 recording a 'mortgage' on each of the [52 properties] on around the same time as the
11 Lenders were recording their senior deeds of trust" and that each such mortgage falsely
12 stated that DenSco had "provided purchase money funding" and that its "loans are
13 'evidenced by a check payable' to the trustee for each of the Properties."

14 257. The letter asserted that DenSco could not claim to be in a senior lien
15 position on those properties "since in each and every instance, only the Lenders
16 provided the applicable trustee with certified funds supporting the Borrower's purchase
17 money acquisition for each of the Properties."

18 258. The letter demanded that DenSco sign subordination agreements
19 acknowledging that it did not have a first position lien on any of the 52 properties, and
20 said that if DenSco refused to do so, the Lienholders would assert claims against
21 DenSco for fraud and conspiracy to defraud; negligent misrepresentation; and wrongful
22 recordation pursuant to A.R.S. § 33-420.

23 259. The letter included "two forms of subordination agreement – one form
24 document applies to the Azben loans and the other form applies to the loans of Geared
25 Equity, LLC and 50780, LLC." A footnote stated that "[p]roperty addresses and other
26 'form' information will need to be included in each subordination agreement. My firm
27 will only commence preparing a subordination agreement for each loan when written
28

1 confirmation is provided that DenSco has unconditionally agreed to execute each
2 subordination agreement in the form enclosed herein.”

3 260. Beauchamp spoke to Chittick by telephone on January 6, 2014.
4 Beauchamp’s notes from that call state that Chittick told him DenSco’s “largest
5 borrower” – who Beauchamp knew or should have known from the *Freo* lawsuit he had
6 received in June 2013 was Menaged – “had a guy working in his office and was getting
7 2 loans on each property,” and that Chittick and Menaged “had already fixed about 6
8 loans.” The notes reflect that Beauchamp planned to meet with Chittick on Thursday,
9 January 9, 2014.

10 261. Clark Hill’s billing records reflect that Beauchamp billed 2.4 hours on
11 January 6, 2014 to “[r]eview, work on and respond to several emails; review statutory
12 references; telephone conversation with office of D. Chittick; telephone conversation
13 with D. Chittick regarding demand letter, issues, background information and
14 requirements; review notes and statute requirements; review documents.”

15 262. Clark Hill’s billing records do not reflect that Beauchamp conferred with
16 any other attorneys at Clark Hill on January 6, 2014 about the demand letter.

17 263. Beauchamp recognized, or should have recognized, that the claims made
18 in the demand letter affected a material portion of DenSco’s loan portfolio. He knew
19 from the 2011 POM that DenSco’s average loan amount was \$116,000, so that
20 DenSco’s potential exposure for the unsecured or under-secured loans DenSco had
21 made to Menaged’s entities to acquire the 52 properties in the demand letter was likely
22 to be approximately \$6 million or more, or approximately 13% of the \$47 million that
23 Beauchamp understood DenSco had raised from investors as of June 2013.

24 264. Beauchamp recognized, or should have recognized, in light of the
25 allegations in the *Freo* lawsuit he had received the previous June and the claims made
26 in the demand letter, that Easy Investments and Arizona Home Foreclosures had
27 purposefully obtained, for each of the 52 properties, a loan from one of the Lenders,
28

1 and had then obtained a second loan from DenSco that was supposed to be secured by
2 the same property.

3 **b. Chittick's January 7, 2014 Email**

4 265. On Tuesday, January 7, 2014, Beauchamp received an email from
5 Chittick, copied to Menaged, which contained information relevant to the demand letter
6 and said that Chittick was bringing Menaged to the planned January 9, 2014 meeting.

7 266. Chittick's email said that DenSco had, since 2007, loaned \$50 million to
8 "a few different LLC's" controlled by Menaged. Beauchamp knew or should have
9 known that those companies included Easy Investments (a defendant in the June 2013
10 *Freo* lawsuit) and Arizona Home Foreclosures.

11 267. Chittick's email said that "[b]ecause of our long term relationship, when
12 [Menaged] needed money, [I] would wire the money to his account and he would pay
13 the trustee," Menaged would sign a Mortgage that referenced the payment to the
14 trustee, and Chittick would cause the Mortgage to be recorded.

15 268. Chittick attached to his email a form of Mortgage, Deed of Trust, and
16 Note Secured by Deed of Trust that he routinely used in making loans to Menaged,
17 which Chittick described as "docs you have reviewed and have been reviewed by a guy
18 at your last law firm, maybe two firms ago in 2007."

19 269. Chittick's statement put Beauchamp on notice that Chittick had allowed
20 the fraud committed by Easy Investments and Arizona Home Foreclosures to occur,
21 because he had not paid loan proceeds directly to each trustee, and had instead wired
22 funds directly to Menaged, trusting him to use those funds to pay the trustees.

23 270. Beauchamp and Clark Hill claim in their initial disclosure statement (at 6-
24 7) that Beauchamp had advised Chittick, before June 2013 and again in June 2013 after
25 Beauchamp reviewed the *Freo* lawsuit, that "Mr. Chittick needed to fund DenSco's
26 loans directly to the trustee or escrow company conducting the sale, rather than provide
27 loan funds directly to the borrower, to ensure that DenSco's deed of trust was
28 protected."

1 271. As noted above, the Receiver's counsel has not identified any documents
2 in Bryan Cave's files that support their claim.

3 272. And the Receiver's counsel has not found any documents in Clark Hill's
4 files which reflect that Beauchamp, after reviewing Chittick's January 7, 2014 email,
5 advised Chittick that DenSco should have funded its loans directly to a trustee or
6 escrow company, and not provided funds directly to Menaged or any other borrower.

7 273. Chittick's January 7, 2014 statement also put Beauchamp on notice that
8 DenSco's investment disclosures were materially false and misleading and that
9 DenSco's ongoing reliance on the false and misleading disclosures to raise funds from
10 investors exposed DenSco and Chittick to civil and criminal liability.

11 274. Chittick's email went on to say that Menaged had told him in November
12 2013 that DenSco had been defrauded by Menaged's "cousin," who allegedly worked
13 with Menaged in managing Easy Investments and Arizona Home Foreclosures.
14 Menaged claimed that his "cousin" had "receiv[ed] the funds from [DenSco], then
15 request[ed] them from . . . other lenders [who] cut a cashiers check for the agreed upon
16 loan amount . . . [took] it to the trustee and . . . then record[ed] a [deed of trust]
17 immediately."

18 275. Chittick explained that "sometimes" DenSco had recorded its mortgage
19 before another lender's deed of trust was recorded, but in other cases it had not.

20 276. According to Chittick, "[t]he cousin absconded with the funds.
21 [Menaged] figured this out in mid November. He came to me and told me what was
22 happening. He said he talked to the other lenders and they agreed that this was a mess,
23 and as long as they got their interest and were being paid off they wouldn't foreclose,
24 sue or anything else."

25 277. Chittick went on to describe the "plan" that he and Menaged had been
26 executing since November: to "sell off the properties and pay off both liens with
27 interest and make everyone whole." He acknowledged that there were "short falls" on
28 each property, representing the difference between the value of the property and the

1 combined amount of the two loans, and that “[c]oming up with the short fall on all these
2 houses is a challenge, but we believe it is doable. Our plan is a combination of
3 injecting capital and extending cheaper money.”

4 278. Chittick described the basic terms of the agreement with the “other
5 lenders” as including the following: (1) “all lenders will be paid their interest, except
6 [DenSco], I’m allowing [its] interest to accrue”; and (2) DenSco is “extending
7 [Menaged] a million dollars against a home at 3%.”

8 279. Chittick claimed that he and Menaged had “already cleared up about 10%
9 of the total \$’s in question” with the “other lenders.”

10 280. As for the “gentleman who handed me the paperwork” – a reference to a
11 person affiliated with one of the three entities identified in the demand letter – Chittick
12 wrote that he “believes because he physically paid the trustee that he is in first position,
13 but agrees it’s messy. [H]e wants me to subordinate to him, no matter who recorded
14 first. [W]e have paid off one of his loans, you’ll see on this list Pratt – paid in full, I’ve
15 attached the hud-1 and you can see that it shows me in first position versus his belief.
16 [N]ow that’s one title agent[’]s opinion, [I] understand that’s not settling [a] legal
17 dispute on who’s in first or second.”

18 281. Chittick went on to state: “I know that [I] can’t sign the subordination
19 [agreement] because that goes against everything that [I] tell [DenSco’s] investors.”

20 282. He also wrote that “there are several other lenders waiting to see what [I]
21 do[.] [I]f I sign with this group, they want to have me sign for them too.”

22 283. Chittick concluded his email by stating “[w]hat we need is an agreement
23 that as long as the other lenders are being paid their interest and payoffs continue to
24 come . . . that no one initiates foreclosure for obvious reasons, which will give us time
25 to execute our plan.”
26
27
28

c. Actions Taken by Beauchamp After Receiving Chittick's Emails

284. Clark Hill's billing records reflect that Beauchamp billed 1.8 hours on January 7, 2014 to "[r]eview legislative history for purchase money security interest; review documents and follow-up information" and "telephone conversation with office of D. Chittick," which was a reference to having left a voicemail message for Chittick.

285. Clark Hill's billing records reflect that Beauchamp billed 1.7 hours on January 8, 2014 to "[r]eview information from D. Chittick; review and outline follow-up questions; prepare for meeting; review lien dispute information."

286. Clark Hill's billing records do not reflect that Beauchamp conferred with any other attorneys at Clark Hill on January 7 or 8, 2014 about the demand letter or Chittick's email.

287. After reviewing Chittick's email, Beauchamp recognized, or should have recognized, that DenSco had, since November 2013, utilized investor funds in ways directly contrary to the use of proceeds promised investors in the 2011 POM.

288. After reviewing Chittick's email, Beauchamp recognized, or should have recognized, that DenSco had raised investor funds during the last four months of 2013, through roll overs of expiring promissory notes and the issuance of new promissory notes, by means of a materially false and misleading offering document, concealing material liabilities of DenSco and falsely promising to use the proceeds to invest in first position real estate loans, and that DenSco was using those funds to execute Chittick's and Menaged's "plan."

289. After reviewing Chittick's email, Beauchamp recognized, or should have recognized, that the scope of DenSco's exposure to the fraud involving Menaged was far greater than the 52 properties identified in the demand letter, since it included the "other lenders" with whom Menaged had reached an informal agreement in November 2013.

1 290. After reviewing Chittick's email, Beauchamp recognized, or should have
2 recognized, that Chittick had breached his fiduciary duties to DenSco by utilizing lax
3 and completely inadequate lending practices and lending such a substantial portion of
4 DenSco's funds to a single borrower.

5 291. In the course of "reviewing documents" and "review[ing] lien dispute
6 information," Beauchamp recognized, or should have recognized, that Menaged's story
7 about his "cousin" having perpetrated the fraud was untrue.

8 292. The first of the subordination agreements attached to the demand letter
9 identified, by reference to the instrument number assigned by the Maricopa County
10 Recorder (2013-0832534), the Mortgage DenSco had recorded on September 16, 2013
11 on the property at issue. The subordination agreement also identified, by reference to a
12 recorded instrument number (2013-0833010), the deed of trust that Sell Wholesale
13 Funding, LLC had recorded on September 16, 2013 for the same property.

14 293. In January 2014, the Maricopa County Recorder's Office had a free
15 "Recorded Document Search" function. The same tool is available today.

16 294. If Beauchamp had used that tool, or otherwise performed customary due
17 diligence, two brief searches would have shown that the DenSco Mortgage (2013-
18 0832534) was signed by Menaged before a notary on September 16, 2013, and that
19 Menaged also signed the Sell Wholesale Funding deed of trust (2013-0833010) before a
20 notary on September 16, 2013. Those searches would also have identified the property
21 in question as 977 S. Colonial Drive in Gilbert, Arizona.

22 295. Those two documents show that Menaged, not his "cousin," had secured
23 both loans.

24 296. The second of the subordination agreements attached to the demand letter
25 identified, by reference to a recorded instrument number (2013-0717135), the Mortgage
26 DenSco had recorded on August 6, 2013 on the property at issue. The subordination
27 agreement also identified, by reference to a recorded instrument number (2013-
28

1 0721399), the deed of trust that Geared Equity, LLC had recorded on August 7, 2013
2 for the same property.

3 297. If Beauchamp had used the Recorded Document Search tool or otherwise
4 performed customary due diligence, two brief searches would have shown that the
5 DenSco Mortgage (2013-0717135) was signed by Menaged before a notary on
6 August 6, 2013, and that Menaged also signed the Sell Wholesale Funding deed of trust
7 (2013-0721399) before a notary on August 6, 2013. Those searches would have
8 identified the property in question as 39817 Messner Way in Anthem, Arizona.

9 298. Those two documents show that Menaged, not his "cousin," had secured
10 both loans.

11 299. If Beauchamp had used the information in the settlement statement
12 attached to Chittick's email to investigate Chittick's claim that DenSco was in first
13 position with respect to the "Pratt" property, he could have used the Recorded
14 Document Search tool, or otherwise performed customary due diligence, to see if
15 Chittick was correct.

16 300. A few brief searches would have confirmed Chittick's claim that DenSco
17 was the first to record: DenSco's Mortgage was recorded on September 18, 2013 as
18 instrument number 2013-0837513, while Geared Equity's deed of trust was recorded on
19 September 19, 2013 as instrument number 2013-0842640.

20 301. But those two documents would also have shown that Menaged signed
21 each document before a notary on September 17, 2013, making clear that Menaged, not
22 his "cousin," had secured both loans.

23 302. As for the remaining 49 properties on Exhibit A to the demand letter,
24 Beauchamp could have, either by himself, or through a paralegal, quickly discovered
25 that in each case, Menaged, and not his "cousin," had signed the documents at issue.

26 303. This could have been done by using a free search function on the
27 Maricopa County Assessor's Office website that allows anyone to search for property
28 records using a street address (such as those given in Exhibit A to the demand letter), or

1 other means of customary due diligence. The Assessor's website provides a link to a
2 recorded instrument on the Maricopa County Recorder's Office website for each
3 property, and that information could have in turn been used to quickly locate both the
4 deed of trust recorded by the Lenders and DenSco's competing Mortgage by using the
5 Recorded Document Search tool.

6 304. Such a search, which would take less than five minutes for each property,
7 would produce records showing that for each of the 49 properties, Menaged had signed
8 both a DenSco Mortgage and another lender's deed of trust before a notary, providing
9 further evidence that Menaged, not his "cousin," had secured all of the loans in
10 question, and had purposefully defrauded DenSco.

11 **d. Beauchamp's January 9, 2014 Meeting With Chittick**
12 **and Menaged**

13 305. Clark Hill's billing records reflect that Beauchamp billed 4.3 hours on
14 January 9, 2014 to "[p]repare for and meeting with D. Chittick and S. Menages [sic];
15 review and work on notes from meeting and outline follow-up; review and respond to
16 several emails; review documents and information."

17 306. Beauchamp's notes from the January 9, 2014 meeting reflect that Chittick
18 and Menaged confirmed that DenSco faced exposure from both the Lienholders
19 identified in the January 6, 2014 demand letter and other lenders, including Active
20 Funding Group.

21 307. According to Beauchamp's notes, the number of loans made by DenSco
22 that were not in first position and were either unsecured or under-secured was between
23 100 and 125. Based on that information and the 2011 POM's average loan amount of
24 \$116,000, Beauchamp knew or should have known that DenSco's loans to Menaged
25 represented a potential loss of between \$11.6 and \$14.5 million, or between 25% and
26 30% of the \$47 million that Beauchamp understood DenSco had raised as of June 2013.

27 308. Beauchamp's notes from the January 9, 2014 meeting also reflect that no
28 one knew exactly what happened to the massive amount of money that DenSco had

1 loaned Menaged. The notes state: "What happened to the money? -- Will pursue
2 something or his cousin → but trying to determine where the money has gone."

3 309. Beauchamp's notes from the January 9, 2014 meeting also reflect that,
4 although the money DenSco previously loaned Menaged was missing, Beauchamp,
5 Chittick, and Menaged discussed how to implement Chittick's and Menaged's plan to
6 jointly raise additional funds to pay off the senior lenders on the double-encumbered
7 properties within a ninety-day period.

8 310. Menaged has testified that during the January 9, 2014 meeting, Chittick
9 stated that he did not intend to disclose the situation to investors, and Beauchamp
10 deferred to Chittick on the issue.

11 311. The Receiver is not aware of any written evidence that between January 6
12 and January 9, 2014, Beauchamp advised Chittick that:

13 a. DenSco's sale of new promissory notes to investors after July 2013
14 exposed DenSco and Chittick to civil and criminal liability;

15 b. DenSco should not have issued those notes without first issuing an
16 appropriate disclosure document;

17 c. DenSco should immediately cease selling new securities to
18 investors until complete disclosures could be made;

19 d. DenSco's use of the proceeds from such securities to implement
20 Chittick's "plan" with Menaged would be a fraud on the investors in such
21 securities;

22 e. DenSco should immediately cease doing business with Menaged
23 based on the implausibility of the "cousin" story and the readily available public
24 records discussed above;

25 f. At a minimum, DenSco should not have any further business
26 dealings with Menaged until it had investigated the true facts of the alleged fraud
27 by Menaged's "cousin";
28

1 g. After discovering the true facts about Menaged's dealings with
2 DenSco (whether through a review of public records or some other
3 investigation), DenSco should rescind all lending agreements it had made with
4 Menaged since November 2013 on the grounds of fraud in the inducement, and
5 seek to enforce its remedies for all other loans that Menaged had obtained
6 through fraud; and

7 h. DenSco had to assess the impact of the fraud on DenSco's
8 financial position, and if that assessment resulted in a finding that DenSco was
9 insolvent or in the zone of insolvency, DenSco had to consider duties owed to its
10 investors and other creditors in making all business decisions.

11 312. DenSco was indisputably insolvent in January 2014, as Chittick's
12 statements to Beauchamp at the time made clear and as the Receiver was able to
13 determine after reviewing DenSco's QuickBooks records.

14 313. Evidence of Chittick's long professional relationship with Beauchamp
15 and numerous instances of Chittick following Beauchamp's legal advice establish that
16 if Beauchamp had properly advised DenSco during the first week of January 2014,
17 Chittick would have caused DenSco to: (i) terminate its relationship with Menaged and
18 his companies; (ii) cease raising investor funds based on false and misleading
19 disclosures; (iii) cease misdirecting investor funds to implement Chittick's and
20 Menaged's "plan"; (iv) pursue its remedies against Menaged and his companies; and
21 (v) explore whether DenSco could survive as a going concern or would have to
22 liquidate.

23 314. In their initial disclosure statement (at 4 and 11), Beauchamp and Clark
24 Hill admit that Chittick was a "trustworthy client" who followed Beauchamp's advice.

25 315. Beauchamp and Clark Hill also claim in their initial disclosure statement
26 (at 10-11) that Beauchamp allegedly advised Chittick "during his January 9, 2014
27 meeting with Mr. Chittick" and repeatedly thereafter that:
28

1 (a) DenSco was not permitted to take new money without full disclosure to the
2 investor lending the money; (b) DenSco was not permitted to roll over existing
3 investments without full disclosure to the investor rolling over the money; and
4 (c) DenSco needed to update its POM and make full disclosure to all its
5 investors.

6
7 316. But the Receiver's counsel has not found any document in Clark Hill's
8 files reflecting that Beauchamp gave this advice to Chittick on January 9, 2014 or that
9 he gave it after that date, other than belated statements that DenSco needed to update its
10 POM and make certain disclosures to investors.

11 317. Chittick's entry for January 9, 2014 in a corporate journal he maintained
12 during 2014 (the "2014 Corporate Journal") does not reflect that Beauchamp gave
13 Chittick the advice he and Clark Hill now claim was given on that date. The entry
14 states, in part: "Scott and I met with David. He never read my email. We spent two
15 hours. . . . He's going to contact the lawyer tomorrow and let us know."

16 318. Beauchamp and Clark Hill also claim in their initial disclosure statement
17 (at 11) that "Mr. Chittick assured Mr. Beauchamp repeatedly that he was making the
18 requisite disclosures to investors on an as needed basis, and that he had informed a
19 select group of investors as to the double lien issue and the proposed workout."

20 319. The Receiver's counsel has not found any document in Clark Hill's files
21 supporting that claim.

22 320. No entries in the 2014 Corporate Journal support that claim.

23 **e. Beauchamp and Clark Hill's January 10, 2014 Decision**
24 **to Help Chittick Breach his Fiduciary Duties.**

25 321. Beauchamp and Clark Hill failed to properly advise DenSco and instead
26 breached fiduciary duties they owed DenSco by aiding and abetting Chittick in
27 committing further breaches of duties he owed DenSco and its investors.

1 322. Beauchamp knew from the January 9, 2014 meeting that Chittick
2 intended to breach fiduciary duties owed DenSco and its investors by: (i) accepting
3 without questioning Menaged's explanation that his "cousin" was responsible for the
4 fraud committed by Easy Investments and Arizona Home Foreclosures; (ii) failing to
5 investigate the true facts of the fraud; (iii) failing to assess the impact of the fraud on
6 DenSco's financial position; (iv) failing to consider DenSco's obligations to its
7 investors and other creditors; (v) committing DenSco to loan millions more to Menaged
8 and his companies without conducting such an investigation and assessment;
9 (vi) accepting and soliciting funds from investors based on false and misleading
10 disclosures; and (vii) effectively misappropriating investor funds by spending them to
11 implement his "plan" with Menaged, rather than in accordance with the use of proceeds
12 promised to investors in the POMs.

13 323. Despite that knowledge, on January 10, 2014, Beauchamp opened a "new
14 matter" in Clark Hill's accounting and filing systems captioned "work-out of lien issue"
15 to enable and implement the "plan" Chittick and Menaged had developed.

16 324. On January 14, 2014, Beauchamp opened a "new matter" in Clark Hill's
17 accounting and file systems captioned "business matters."

18 325. In opening the "work-out of lien" matter, and in taking the actions
19 described below, Beauchamp failed to recognize that DenSco, not Chittick, was Clark
20 Hill's client, and that in light of Chittick's past and planned breaches of fiduciary duty,
21 Beauchamp could not simultaneously represent DenSco and Chittick.

22 326. Beauchamp never addressed that conflict, nor did he recognize his duty to
23 inform Chittick that he owed duties to DenSco and could not also represent Chittick's
24 interests. Indeed, as late as August 2016, Beauchamp testified that "[d]uring my
25 involvement with Mr. Chittick and DenSco, I understand that Mr. Chittick considered
26 that I was his counsel as well as counsel for DenSco, even though all billings were
27 tendered to and paid by DenSco."
28

1 **4. On and After January 10, 2014, Beauchamp Advised Chittick**
2 **That DenSco Could Solicit, Accept and Use Investor Funds to**
3 **Fund the Workout Plan**

3 327. Beauchamp's handwritten notes from a call with Chittick on Friday,
4 January 10, 2014 state, in part, "Need to get back up plan in place. Denny does not
5 want to talk to his investors until he is ready – will not take long."

6 328. Chittick's entry for that date in a corporate journal he maintained during
7 2014 (the "2014 Corporate Journal") states, in part, "at 5pm Dave called, said they
8 would give us time to clean it up. I talked to Scott; he is going to try to bring in money.
9 I can raise money according to Dave."

10 329. On Sunday, January 12, 2014, Chittick sent Beauchamp an email which
11 stated, in part, "I've spent the day contacting every investor that has told me they want
12 to give me more money. I don't have an answer on specifically how much I can raise;
13 I'll know that in a day or two." He went on to say that between new money, current
14 cash on hand, and pending real estate closings, he would have between \$5 and \$10
15 million in the next ten days. His email summarized the outline of the plan he and
16 Menaged had discussed the previous Friday, which included, for the group of lenders
17 represented by Bryan Cave: (i) identifying all properties in which another party claimed
18 an interest; (ii) providing that information to an escrow agent; (iii) buying out the other
19 parties as cash was put into escrow; and (iv) memorializing the arrangement through a
20 term sheet and a written contract. "[I]f both Scott and I can raise enough money, we
21 should be able to have this all done in 30 days easy, less than three weeks would be my
22 goal." As for the other lenders, Chittick stated that the plan was to pay them off as
23 Menaged was able to raise additional capital. Chittick concluded the email by stating,
24 "that's my plan, shoot holes in it."

25 330. Beauchamp responded in an email sent later that day which stated, in part,
26 "[y]ou should feel very honored that you could raise that amount of money that quickly.
27 I will outline a few thoughts tomorrow and get back to you."
28

1 331. Relying on Beauchamp's advice, between January 9, 2014 and June 30,
2 2016, Chittick caused DenSco to solicit and accept investor funds. DenSco did so by:
3 (i) issuing promissory notes to nine new investors who paid DenSco \$4,365,110; (ii)
4 issuing promissory notes to 26 existing investors who paid DenSco \$9,421,106; and
5 (iii) issuing promissory notes to three new investors for the transfer of \$2,550,000 from
6 existing investors; (iv) issuing a promissory note to one existing investor for the transfer
7 of \$300,000 of previously invested funds; and (v) issuing new promissory notes to as
8 many as 82 existing investors to "roll over" expiring promissory notes they had
9 previously purchased. The Receiver's preliminary analysis of those investments is
10 summarized in the chart (numbered RECEIVER_001328-001331) attached as

11 **Appendix B.**

12 332. DenSco's active solicitation and receipt of investor funds after January 9,
13 2014 is documented in DenSco's investor files and entries Chittick made in the 2014
14 Corporate Journal.

15 333. For example, Chittick's January 14, 2014 entry in the 2014 Corporate
16 Journal states, in part: "I deposited . . . \$150k from Jolene Page, 40k from Carol
17 Wellman. I talked to Marv[;] he's going to do 400k."

18 334. Chittick's January 15, 2014 entry in the 2014 Corporate Journal reads, in
19 part: "I've got 300k in from the Miller's."

20 335. Chittick's January 21, 2014 entry in the 2014 Corporate Journal reads, in
21 part: "I raise[d] a million more from Bunger. I might get a few hundred k from Kirk."

22 336. Chittick's January 22, 2014 entry in the 2014 Corporate Journal reads, in
23 part: "Steve wired in \$500k more."

24 337. Chittick's January 27, 2014 entry in the 2014 Corporate Journal reads, in
25 part: "I'm trying to raise some more money so that I can payoff more of these damn
26 loans from [the Lienholders identified in the January 6, 2014 demand letter]."

1 338. Chittick's January 28, 2014 entry in the 2014 Corporate Journal reads, in
2 part: "I'm taking in 750k from an old borrower out of Utah, then John Schreiber called
3 and wants to get me \$400k or so."

4 339. Chittick's January 29, 2014 entry in the 2014 Corporate Journal reads, in
5 part: "Kirk sent me \$600k more too. I'll be getting \$400k in from the guys in UT."

6 340. Chittick's January 31, 2014 entry in the 2014 Corporate Journal reads, in
7 part: "I had 400k come in from Ryan in UT. I've got funds to knock off some more
8 [double-encumbered loans] next week."

9 **5. Beauchamp and Clark Hill Negotiated and Drafted a**
10 **Nondisclosure Agreement and Term Sheet During the**
11 **Week of January 12, 2014**

12 341. During the week of January 12, 2014, Beauchamp prepared a
13 nondisclosure agreement and a term sheet. Beauchamp negotiated with Menaged's
14 attorney, Jeff Goulder, over the term sheet.

15 342. Beauchamp also communicated with Miller, who withdrew from
16 representing his clients on January 16, 2014 because of a conflict issue raised by
17 Beauchamp and the scope of the consent DenSco would give Bryan Cave, with
18 Beauchamp insisting that it would be limited to "non-litigation" conflicts.

19 343. Chittick (for DenSco) and Menaged signed the nondisclosure agreement
20 and term sheet on Friday, January 17, 2014. The term sheet contemplated that DenSco
21 would advance additional funds to Menaged, some of which would be used to pay off
22 (by February 28, 2014) the loans held by the lenders represented by Bryan Cave. The
23 term sheet also outlined the elements of a Forbearance Agreement and a process to
24 resolve the claims of the other competing lenders.

25 **6. During January 2014, Beauchamp and Clark Hill Reviewed**
26 **DenSco's Lending Practices and Negligently Advised DenSco**
27 **About How It Should Document Additional Loans to Menaged**

28 344. Beauchamp and Clark Hill also advised Chittick on practices DenSco
should follow in lending additional funds to Menaged.

1 345. Chittick first asked for Beauchamp's advice through an email sent on the
2 evening of January 9, 2014, after he, Beauchamp and Menaged had met.

3 346. Chittick wrote: "If [I] [obtain] a cashier's check and take it to the trustee
4 myself, [I] don['t] get a receipt that DenSco [p]aid for it. [I] get a receipt saying that X
5 property was paid for, for X \$'s vested in borrower's name. [DenSco's] name doesn't
6 appear on it. [O]ther than having a cashier's check receipt saying [DenSco] made a
7 check out for it, there isn't anything from the trustee saying that it was [DenSco's]
8 check. [I] could wire [Menaged] the money, he could produce a cashier's check that
9 says remitter is DenSco and it would have the exact same [e]ffect as if [I] got [a]
10 cashier's check that said [DenSco's] the remitter. . . . [P]ut aside the logistics for a
11 second, what proof or what guarantee is there by me cutting the check and handing it to
12 [S]uzy at the trustee[']s office rather than my borrowers? [I] know [I] must be missing
13 something."

14 347. Beauchamp responded by email the same day: "Let me see what the
15 other lenders got from the Trustee and we can make a better decision. There is either
16 another way to do it or someone described a procedure that does not work."

17 348. Approximately a week later, on January 17, 2014, as the term sheet was
18 being finalized, Beauchamp sent an email to Clark Hill attorney Daniel Schenck which
19 stated, in part: "We also need to talk to [Clark Hill attorney] Bob Anderson about the
20 procedures used by DenSco to refute research from Bob Miller or to change DenSco's
21 procedures."

22 349. Later that day, Beauchamp sent Anderson an email in which he forwarded
23 "the demand letter from Bryan Cave asserting the claim from the other lenders. If this
24 claim has any merit, we need to advise DenSco to change its internal procedures."

25 350. Beauchamp's statements about "refut[ing]" the allegations in the demand
26 letter and questioning whether "this claim has any merit" demonstrate that he had not,
27 as of January 17, 2014, taken any steps to investigate the veracity of Menaged's
28

1 “cousin” story or Chittick’s claim that DenSco was in first position on some of the
2 properties at issue.

3 351. No documents in Clark Hill’s file suggest that Beauchamp, Schenck,
4 Anderson or any other attorney at Clark Hill attempted to conduct such a basic,
5 essential investigation, including taking the simple steps described above to utilize the
6 Recorded Document Search tool or otherwise exercising customary due diligence.

7 352. Beauchamp and Clark Hill eventually advised DenSco that in making
8 additional loans to Menaged it could rely on a photograph of a cashier’s check and a
9 receipt (furnished by Menaged) that had purportedly been signed by the trustee.

10 353. Although Beauchamp and Clark Hill claim in their initial disclosure
11 statement (at 16) that Beauchamp “repeatedly reminded Mr. Chittick that he needed to
12 fund loans directly to a trustee or escrow company, rather than to a borrower,” the
13 Receiver’s counsel has not identified any documents in Clark Hill’s file to support that
14 claim. To the contrary, the file reflects that Beauchamp and Clark Hill advised DenSco
15 to continue providing Menaged with loan proceeds.

16 354. Those procedures were deficient, however. As Menaged has testified, the
17 uniform practice of other “hard money” lenders who loaned to Foreclosure Specialists
18 was to pay the trustee directly, and then to receive directly from the trustee the
19 documents proving the trustee’s sale had been concluded.

20 355. Those deficient procedures allowed Menaged to perpetrate a second fraud
21 on DenSco.

22 7. Beauchamp Failed to Investigate the Lobo Property Fraud

23 356. While Beauchamp was negotiating the Term Sheet and he, Schenck and
24 Anderson were evaluating DenSco’s lending procedures, Beauchamp failed to pursue
25 information presented to him about another instance of a fraud Menaged had
26 perpetrated against DenSco.

1 357. On January 13, 2014, Beauchamp had a telephone call with Miller about
2 the demand letter that Miller had sent on behalf of Azben Limited, Geared Equity, and
3 50780, LLC.

4 358. Beauchamp's notes from that call state, in part: "Lobo Property (Cardon
5 Loan) → rescission \$100,000 was given back to someone and is gone."

6 359. The reference to the "Lobo Property" was to one of the properties listed in
7 Exhibit A to the demand letter as a loan that Sell Wholesale Funding had made to
8 Arizona Home Foreclosures to acquire property at 10125 E. Lobo Avenue in Mesa,
9 Arizona, the rights to which had been assigned to Azben Limited.

10 360. The reference to "Cardon Loan" was a reference to Craig Cardon, whom
11 Beauchamp knew to be one of the managers of Azben Limited.

12 361. On January 16, 2014, after Miller had told Beauchamp he was
13 withdrawing from representing Azben Limited, Geared Equity and 50780, LLC,
14 Chittick sent an email to Cardon; Daniel Diethelm, a manager of Geared Equity; and
15 Lynn Hoebing, a manager of 50780, LLC.

16 362. Chittick referenced Miller's withdrawal, forwarded a signed copy of the
17 Nondisclosure Agreement, stated that he and Menaged were close to finalizing the
18 Term Sheet, noted that four payoffs had been made that day, and that more were
19 planned for the following week. He stated that his "whole goal is to get you paid your
20 principle [sic] and interest on these loans."

21 363. Chittick forwarded the email to Beauchamp, who responded with an
22 email that stated "good email."

23 364. On the following day, January 17, 2014, Chittick sent Beauchamp a draft
24 email he planned to send to Cardon, Diethelm and Hoebing, asking Beauchamp "can I
25 send this email?" The draft email reported that the Term Sheet with Menaged had been
26 finalized, but that Chittick was not sure what effect Miller's withdrawal would have on
27 his ongoing discussions with Cardon, Diethelm and Hoebing. The email noted
28

1 additional planned closings and reaffirmed Chittick's "commitment in getting you paid
2 off as quickly as possible."

3 365. Beauchamp responded by email that day saying that "[a] litigation
4 attorney would tell you not to send it, because certain parts might be construed to work
5 against you. However, I agree with every word you said and I think it is merely
6 following up what you agreed to do. So, send it."

7 366. Chittick followed Beauchamp's advice and sent the email.

8 367. Diethelm responded to Chittick's email that day, stating in a responsive
9 email: "We did not ask for a plan, we asked for subordination. Please see our demand
10 letter. . . To the extent your actions force us to retain new counsel, we shall
11 communicate with your counsel once new representation is engaged."

12 368. Chittick forwarded the email to Beauchamp by email that day, asking
13 "can [I] respond or no?"

14 369. Beauchamp responded by email that day: "Try: 'Your counsel advised
15 our counsel that if a subordination was not possible, that you wanted to see how this
16 could be resolved in the next 45 days. We have worked diligently toward that despite
17 [Menaged's] limited availability. If you are to be paid off before you could get a
18 hearing in court with respect to any litigation, why not explore that first.'"

19 370. Chittick followed Beauchamp's advice, sending Beauchamp an email that
20 day which said: "Ok[.] [I] sent that."

21 371. Cardon responded to Chittick by email that day: "As we discussed in our
22 meeting, Lobo is in default as there is no collateral due to rescission. It needs to be paid
23 off immediately. Please advise."

24 372. Chittick responded to Cardon by email that day: "Yes [I] remember you
25 mentioning that property and the issue[.] [T]hat is one we will work getting resolved
26 quickly." He wrote a second email which said "[I] will have that property paid off by
27 the end of next week."

28

1 373. Cardon responded to Chittick by email that day: "Having Lobo continue
2 to be delayed does not work for us. Our loans are all cross defaulted. Causing all your
3 remaining loans to be in default appears to be our only recourse for ensuring Lobo's
4 repayment. In fact, each time we receive repayment of a loan other than Lobo, we step
5 closer to that eventuality."

6 374. Chittick forward this email exchange to Beauchamp that day and he and
7 Beauchamp exchanged emails that day about Cardon's reference to a cross default.
8 Beauchamp wrote: "I have read his comments to be based on the Lobo (?) property and
9 supposedly not having a valid lien, because the borrower does not own it."

10 375. Nothing in Clark Hill's file reflects that Beauchamp ever asked Chittick
11 for information or documents that would shed light on Cardon's statement that "there is
12 no collateral due to rescission."

13 376. Nothing in Clark Hill's file reflects that Beauchamp ever sought to
14 independently determine whether DenSco held a valid lien on the Lobo property and/or
15 whether it had been lost through a rescission.

16 377. Had Beauchamp conducted minimal research, using the Recorded
17 Document Search tool on the Maricopa County Recorder's website or otherwise
18 conducting customary due diligence, he would have learned that on August 14, 2013,
19 Menaged signed a DenSco Mortgage (Instrument No. 2013-0743366) for Arizona
20 Home Foreclosures for a \$160,000 loan that was allegedly used to acquire the Lobo
21 property at a trustee's sale on August 13, 2013.

22 378. Beauchamp would have also learned that on August 14, 2013, Menaged
23 signed a Sell Wholesale Funding deed of trust (Instrument No. 2013-0753967) to secure
24 a \$160,560 loan that was allegedly used to acquire the Lobo property at the same
25 August 13, 2013 trustee's sale.

26 379. Beauchamp would have also learned that although a Trustee's deed was
27 recorded on August 27, 2013 (Instrument No. 2013-0778625) in favor of Arizona
28 Home Foreclosures, it was rescinded three days later, on August 30, 2013 (Instrument

1 No. 2013-0792791), leaving both DenSco and Sell Wholesale Funding without any
2 collateral to secure their respective loans of \$160,000 and \$160,560 to Arizona Home
3 Foreclosures.

4 380. Had Beauchamp conducted basic due diligence, he would have learned
5 that by acceding to demands that DenSco pay in full monies owed to Azben Limited for
6 the Lobo loan, Chittick was causing DenSco to pay off a loan another lender (Sell
7 Wholesale Funding) had made to Arizona Home Foreclosures, after suffering a
8 complete loss on the loan DenSco had made to Arizona Home Foreclosures for the
9 same property.

10 **8. In Negotiating the Forbearance Agreement, Beauchamp**
11 **Sought to Advance Chittick's Interests to the Detriment of**
DenSco and its Investors

12 381. During the first week of February, Beauchamp negotiated with Goulder
13 over the terms of a Forbearance Agreement.

14 382. Beauchamp's communications with Chittick and Goulder suggest that
15 Beauchamp anticipated DenSco would, eventually, disclose the Forbearance Agreement
16 to its investors.

17 383. They also confirm that Chittick followed Beauchamp's advice when
18 given.

19 384. They also reflect that Beauchamp was looking out for Chittick's interests,
20 even though Chittick's interests were in conflict with the interests of DenSco and its
21 investors.

22 385. For example, in a February 4, 2014 email to Chittick, Beauchamp wrote:
23 "[Goulder] has you waiving many, many rights that are standard in a forbearance
24 agreement. . . . BOTTOM LINE: [HIS] CHANGES ARE . . . SUBSTANTIVE
25 CHANGES THAT CLEARLY TRANSFER RISK TO YOU AND YOUR
26 INVESTORS. . . . [I]f even a portion of these changes are allowed to remain, we can no
27 longer describe this as an industry standard 'forbearance' agreement in the description
28 that you HAVE to provide to your investors."

1 386. But later that day, Beauchamp wrote to Chittick: "Before we all get into a
2 room, you and I need to make sure we have a clear understanding of what you can do
3 and what you cannot do without going to all of your investors for approval. We have a
4 deal that works for you and your investors and is fair to [Menaged]. Now [Goulder] is
5 trying to better the deal for [Menaged]. But you already have been more than generous
6 trying to help [Menaged] out of [Menaged's] problem. Again, this goes back to
7 [Goulder] not acknowledging that this is [Menaged's] problem and instead insisting that
8 this is your problem because you did not make sure that [Menaged] handled the loans
9 properly and that you did not take the necessary actions so that DenSco had a first lien
10 on each property. . . . [Goulder] is trying to have you think that you have significant
11 responsibility for creating this problem as opposed to this being created by [Menaged's]
12 cousin working for [Menaged]. . . . [Goulder] is trying to make you feel that you are
13 guilty so you have to assume a significant responsibility in the agreement to share
14 [Menaged's] problem, but nobody stole the money from you. You can help and have
15 helped [Menaged], but you cannot OBLIGATE DenSco to further help [Menaged],
16 because that would breach your fiduciary duty to your investors."

17 387. And in an email Beauchamp sent to Goulder on Friday, February 7, 2014
18 Beauchamp wrote: "Based on your previous changes, the Forbearance Agreement
19 would be prima facia evidence that Denny Chittick had committed securities fraud
20 because the loan documents he had [Menaged] sign did not comply with DenSco's
21 representations to DenSco's investors in its securities offering documents.
22 Unfortunately, this agreement needs to not only protect [Menaged] from having this
23 agreement used as evidence of fraud against him in litigation, the agreement needs to
24 comply with Denny's fiduciary obligation to his investors as well as not become
25 evidence to be used against Denny for securities fraud. . . . We wanted the document to
26 set forth the necessary facts for Denny to satisfy his securities obligations to his
27 investors (including that the original loans had to have been written and secured by a
28 first lien on real property and that the workout agreed to by Denny complied with his

1 workout authorization) without having [Menaged] admit to facts that could cause
2 trouble to him. . . .To try to balance the respective interests, I have inserted sections
3 from the loan documents into the Forbearance Agreement. Referencing the language of
4 the Loan Documents is needed to satisfy Denny's fiduciary obligations, but I have also
5 modified the other provisions so that the Borrower is not admitting that it was required
6 to provide first lien position in connection with the loans."

7 388. Chittick's February 7, 2014 entry in the 2014 Corporate Journal states, in
8 part, "I was on the phone with David and [Menaged] off and on trying to find middle
9 ground in this crap to make this agreement final. Now [D]avid is telling me I have to
10 tell my investors."

11 389. In an email exchange on Sunday, February 9, 2014 Beauchamp told
12 Chittick "[p]lease understand that you are limited in what risk or liability you can
13 assume. Your fiduciary duty to your investors makes this a difficult balancing act."

14 390. Chittick's response was that he "trusts that we are in balance and I have
15 even more confidence that [Menaged] and I can solve this problem without issue and
16 we never have to use the document that we've worked so long on getting completed."

17 391. Beauchamp responded: "Your point is understood. If possible, please
18 recognize and understand that you will 'use' the document even if you and [Menaged]
19 never refer to it again. It has to have the necessary and essential terms to protect you
20 from potential litigation from investors and third parties."

21 392. Beauchamp's improper efforts to protect Chittick's interests, and worse,
22 to help Chittick deceive investors and thereby breach his fiduciary duties to DenSco,
23 continued into the following week.

24 393. In his notes from a February 11, 2014 call with Chittick, which touched
25 on the status of Chittick's and Menaged's plan to pay off loans on the double-escrowed
26 properties, Beauchamp wrote "'Material Disclosure' – exceeds 10% of the overall
27 portfolio." But in his discussions with Chittick about requests from Goulder for further
28 concessions, including an agreement not to pursue civil claims for fraud, Beauchamp's

1 focus was on protecting Chittick's interests, including protecting him from a potential
2 investor claim.

3 394. In a February 14, 2014 email to Chittick, Beauchamp wrote: "[Goulder]
4 clearly thinks he can force you to agree to accept a watered down agreement and give
5 up substantial rights that you should not have to give up. Unfortunately, it is not your
6 money. It is your investors' money. So you have a fiduciary duty. . . . [Menaged] is the
7 one responsible for this and not you. He failed to put out the proper protection systems
8 in place so his cousin could not do what his cousin did. . . . [Menaged's] actions to
9 comply with the terms of this agreement will have a big effect on whether or not you
10 have to deal with a third party lawsuit filed against you in court. In this situation, you
11 can have an action brought against you by any of the other lenders, and/or by any of
12 your investors. . . . In addition, you could also face an action by the SEC or by the
13 Securities Division of the ACC if an investor is able to convince someone in a
14 prosecutor's office that you somehow assisted [Menaged] to cover up this fraud or you
15 were guilty of gross negligence by failing to perform adequate due diligence (on behalf
16 of your investors' money) to determine what was going on. . . . [Y]our duty and
17 obligation is not to be fair to [Menaged], but to completely protect the rights of your
18 investors. I am sorry if [Menaged] is hurt through this, but [Menaged's] hurt will give
19 [Menaged] the necessary incentive to go after his cousin. Your job is to protect the
20 money that your investors have loaned to DenSco."

21 395. Beauchamp advised Chittick not to make any further concessions.
22 Beauchamp then sought input from bankruptcy lawyers within Clark Hill about the
23 risks DenSco faced if Chittick were to agree to the concessions Goulder sought with
24 respect to a potential civil fraud claim.

25 396. Chittick ultimately followed Beauchamp's advice, and the concessions
26 sought by Goulder were not included in the final Forbearance Agreement.

27 397. On February 20, 2014, Beauchamp met with Chittick, Menaged and
28 Goulder to discuss the Forbearance Agreement. As Chittick described the meeting in

1 the DenSco journal, Beauchamp and Goulder “were no better in person then they were
2 in email. David lost his temper more than once. We went back and forth for 3 hours.
3 We broke up and came together, finally we are down to one point about the release.
4 The lawyers are trying to word it to make each other happy.”

5 398. It appears from Chittick’s February 20, 2014 entry in the 2014 Corporate
6 Journal that this meeting was the first time Beauchamp learned of the full extent of
7 DenSco’s exposure to Menaged. Chittick wrote: “I told David the dollars today, he
8 about shit a brick. I explained to him how I got there and how far we have come and
9 how much better we are today then in November. Though I’m not sure he understands
10 that. My balance sheet isn’t looking much better, but it will start to swing in the right
11 direction in the next 30 days. I’m more concerned about telling my investors and their
12 reaction to the problem. I have to tell them and hope they stick with me. If I get a run
13 on the bank I’m in deep shit. I won’t be able to fund new deals, I won’t be able to
14 payoff investors and won’t be able to support [Menaged]. The whole thing crators.”

15 399. Beauchamp’s notes from that day contain a summary of DenSco’s
16 exposure to Menaged. They state: “Approx. \$31 MM outstanding to [Menaged’s]
17 entities – total fund up to \$62-63 MM. Problem loans down to about \$17 MM for 122
18 loans.”

19 400. Beauchamp’s notes also reflect that he discussed with Chittick on
20 February 21, 2014 DenSco’s upcoming annual meeting, which was scheduled for
21 March 8. He wrote: “cannot be ready to tell everything.”

22 401. Beauchamp’s notes went on to reflect his thoughts about what might
23 eventually be disclosed to investors. He wrote: “What to put into notice to the
24 investors. [E]xplain concentration to Scott to help Scott package homes to sell to a
25 Hedge Fund in \$5M groups. [T]he problem was discovered but to resolve the loans with
26 double leverage came up with a plan, but that required DenSco to make higher
27 leveraged loans. DenSco also made advances on new homes purchased.”
28

1 402. Beauchamp's notes also show that he knew the workout plan was
2 increasing the loan-to-value ratios on many of DenSco's loans far above what DenSco
3 had disclosed to investors in any previous POM. For example, he wrote: "30 loans are
4 now at 95% LTV."

5 403. Chittick's February 21, 2014 entry in the 2014 Corporate Journal has a
6 consistent summary of the advice he received from Beauchamp: "I talked to Dave, he
7 found out what we already suspected; there is no way we can give what [Menaged]
8 wants. I'm not sure where this will lead us. We talked about telling my investors; we
9 are going to put that off as long as possible so that we can improve the situation as
10 much as possible. We've got another 15 more that are closing next few weeks. We
11 could be close to under a 100 problem loans within a month. I just have to keep telling
12 myself I'm doing the right thing to fix it, no matter how much anxiety I have over this
13 issue."

14 404. During the last week of February 2014, discussions with Goulder on the
15 Forbearance Agreement ended after Goulder sent Beauchamp a revised draft on
16 February 25, 2014.

17 405. Chittick sent Beauchamp an email that day describing his ongoing
18 discussions with Menaged about taking a different approach to the double encumbrance
19 problem by having DenSco advance additional monies to Menaged so that Menaged
20 could sell homes more quickly: "[H]e's throwing out all sorts of ideas in how this can
21 be done. [I] would be willing to release the UCC if he was able to secure the funds and
22 use them to pay some of these loans. [W]e've got about 3 more ideas, but what both of
23 us are really concerned about is that when [I] tell my investors the situation, they
24 request their money back. [I] want to be able to say, this was the problem, we've
25 eliminated this much of the problem and this is what is left. [I] want to be able to say
26 what is left is as small as possible."

1 406. Beauchamp responded by saying “[g]ood ideas and probably something
2 we need to work on” in light of the breakdown of discussions on the Forbearance
3 Agreement.

4 407. Chittick sent Beauchamp an email the following day, February 26, 2014
5 describing his continuing discussions with Menaged. He wrote: “[W]hat if [Menaged]
6 just starts selling everything . . . [I] take losses[.] [A]long with the several million that
7 [Menaged’s] going to bring in from outside sources, we wipe the whole thing out in,
8 name a time frame, 90 days. [T]o secure the loss, [Menaged] signs a promissory note
9 with terms of repayment. [W]hat happens? [I] take a huge hit to my books, but [I] get
10 the money back in my hands. [I]’m no longer in violation of anything with my
11 investors. [I]’m in possession of money that now [I] can put to work with new loans
12 that are actually paying me interest versus right now that [I]’m having no interest
13 coming in. [O]r I can return the money to investors if I can’t put it to work. [F]rom a
14 P/L standpoint it looks horrible, but at least [I] have the majority of the money back
15 except maybe 2-4 million. [Menaged] agrees to pay me interest and principle [sic] back
16 every month for whatever I write off[,] which fills in that hole. [I] put the money I get
17 back to work and make money on it, that fills the hole. [I] [would] rather take the loss
18 short term now, and get working on trying to make the money work th[a]n drag this
19 thing out over a year or more. . . . [I] don’t have anything in my docs that say I have to
20 be profitable. [I] see this is a negative year obviously, but [I]’ll be profitable next year;
21 the problem is gone[.] [Menaged] will be paying me back interest and principle [sic]
22 for the loss that I took. [N]ow I know there are 100 legal things here, but now I’m
23 thinking this is the best way to get the problem solved from a fiduciary standpoint. . . .
24 [I] know this may sound crazy, but [I] can’t come up with anything else that will bring
25 an end to this situation quickly. [T]ime is crucial. [L]et me know your thoughts.”

26 408. Beauchamp’s email response was: “Good ideas. Can we talk later today
27 to clarify a few things?” Beauchamp also told Clark Hill attorney Bill Price, who
28 emailed him to say that the release provision in Goulder’s latest draft of the

1 Forbearance Agreement was unacceptable, that “[t]here is another possibility to resolve
2 this,” on which Beauchamp would be focusing his attention.

3 409. Chittick’s DenSco entry in the 2014 Corporate Journal for February 26,
4 2014 contains a consistent summary of his discussions with Menaged and Beauchamp:
5 “We’ve decided it’s better to sell these properties as quickly as possible, take the losses
6 and move on. [Menaged] will sign a promissory note, it frees up from paying interest, I
7 take a big hit, . . . and we move on. It will take me 2 years to get back to profitability
8 I’m guessing. This may allow me not to do what David wants me to do, I don’t know. I
9 never got to talk to him. But what we are doing isn’t going to work fast enough and
10 we’ll have a big hill to climb in the end. I’m just so sick over this I can’t function.”

11 410. Beauchamp’s notes reflect that he discussed the proposed new plan with
12 Chittick the following day, February 27, 2014. They state, in part: “Denny explained
13 procedure and Denny is taking all of the shortfall. [Menaged] wants this resolved.
14 Denny wants this resolved because Denny is losing money to make payments to his
15 investors if DenSco is not getting paid interest from [Menaged]. Denny willing to take
16 loss this year -- so DenSco can return cash to investors and reduce interest obligation.
17 How to write this up for investors -- discussed. Do we still need Forbearance Agmt. -
18 yes but will be less problematic. Will need Forbearance Agmt. to explain procedures
19 and protect Denny for future revisions. Will need multiple advance not (unsecured) so
20 DenSco can advance cash on house w/ double loans to be sold.”

21 411. Chittick’s entry in the 2014 Corporate Journal for that day is consistent
22 with Beauchamp’s notes. It states, in part: “I talked to [Menaged] again, he agreed to
23 everything this morning on how to work this out. I talked to David, he’s thinks its fine.
24 So we are done. . . . [N]ow we just need to get this signed and start working towards
25 selling these houses.”

26 412. Beauchamp had a telephone conversation with Chittick on March 3, 2014.
27 Chittick’s entry in the 2014 Corporate Journal that day says, in part: “David called me
28 telling me of ad lib info to scare me about dealing with [Menaged]. I can’t control what

1 others are saying in the lawyer community. I have to get this done so that I have
2 something in writing and do the best deal that I can do.”

3 413. Chittick sent Beauchamp an email on March 4, 2014 in apparent response
4 to that conversation. It stated, in part: “About what you said, I have no idea of the
5 timing of that person you [mentioned] as to when he spoke to [Goulder] about our
6 situation. I don’t doubt perhaps that he was positioning himself in some way; seems
7 logical for him to think that way. However, now that [Menaged] has agreed to sign the
8 terms sheet that we originally agreed to, allowing you to write it, he says he’s not going
9 to have [Goulder] review because [Goulder] already told him not to sign anything. Plus
10 he’s signing the promissory note which also confirms the situation . . . in not so many
11 words. But the fraud occurred and he’s taking responsibility for it. . . . You probably
12 have the only chance in your career to write an agreement without conflicting counsel.
13 You can write it to our liking and in our best interests. We CYA as broad as the Grand
14 Canyon. I think that is pretty advantageous.”

15 414. Beauchamp’s response was: “Your thoughts make sense, but we still
16 need an agreement that works.”

17 415. Beauchamp sent Chittick a draft of the Forbearance Agreement on
18 March 10, 2014.

19 416. Chittick gave him comments that day, one of which reflected Chittick’s
20 and Menaged’s request to modify the draft’s confidentiality provision. As Chittick
21 described it in an email to Beauchamp: “Only time I can disclose info is if I’m legally
22 required by investors. He wants me to not say a word unless I’m legally required to,
23 because the reputation with his investors and buyers, clients etc. could be harmed.”

24 417. In his email response, Beauchamp wrote: “The confidentiality change is a
25 problem, because who makes the decision if the disclosure is required? I had language
26 that you could disclose if such disclosure is reasonably needed to be disclosed to your
27 investors or if a governmental agency requires such disclosure (after you give
28 [Menaged] notice and an opportunity to get the agency to change its mind). Those are

1 standard confidentiality exceptions. I will look at them again to see if there is anything
2 we can do to make it tighter.”

3 418. Beauchamp’s notes reflect that he had a telephone conference with both
4 Chittick and Menaged on March 11, 2014 to discuss the release and confidentiality
5 provisions of the Forbearance Agreement, as well as the terms of a \$ 1 million
6 “workout loan.”

7 419. While there is nothing in Beauchamp’s notes reflecting a discussion with
8 Chittick on that day about investor disclosures, the entry Chittick made in the 2014
9 Corporate Journal for March 11, 2014 states, in part: “David changed and said now I
10 have to tell my investors. [Menaged] and I are going to try to fix this mess in 30 days
11 and that way it will be a minor issue.”

12 420. Beauchamp’s notes reflect that he had a telephone conference with both
13 Chittick and Menaged on March 12, 2014 to discuss the release and confidentiality
14 provisions of the Forbearance Agreement.

15 421. On March 13, 2014, Beauchamp conferred with Chittick about the
16 security for the loans DenSco would be advancing to Menaged. He also revised the
17 confidentiality section of the Forbearance Agreement, sending the section to Chittick in
18 an email which stated, in part: “I have done a complete re-write of the Confidentiality
19 section. . . . In order to comply with the specific securities disclosure requirements, I
20 left ____ (blank) the amount of time for [Menaged] to be able to review and comment
21 upon the proposed disclosure (suggest 48 hours) and I did not give him the right to
22 disapprove and block what you can or cannot disclose. DenSco and you as the
23 promoter of DenSco’s offering have to make the decisions as to what is to be disclosed
24 or not. With respect to timing, we are already very late in providing information to
25 your investors about this problem and the resulting material changes to your
26 business plan. We cannot give [Menaged] and his attorney any time to cause
27 further delay in getting this Forbearance Agreement finished and the necessary
28 disclosure prepared and circulated.” (Emphasis in original.)

1 422. Between March 14 and March 20, 2014, Beauchamp communicated with
2 Chittick about revisions to the Forbearance Agreement, relying on Chittick to convey
3 drafts to Menaged and communicating with Menaged through Chittick.

4 423. One of the topics Beauchamp discussed with Chittick was his plans to
5 loan funds to Menaged and the impact of those loans, including loans up to 120% of
6 value. Beauchamp stated that he "completely agree[s] that [the proposed lending plan]
7 makes a lot of sense, but I am concerned about the disclosure to your investors."

8 424. Chittick's entry in the 2014 Corporate Journal for March 20, 2014 stated,
9 in part: "[Menaged] finally agreed to [the] agreement. That's done. I have to do some
10 numbers to fill in the blanks, but otherwise it's ready to be signed. I have no idea if it
11 will ever be used, but David assured me I'm in a good position."

12 **9. The Execution of the Forbearance Agreement**

13 425. The Forbearance Agreement was signed by Chittick (for DenSco) and
14 Menaged (for himself and his entities) on April 16, 2014.

15 426. Under the Forbearance Agreement, Menaged agreed to pay off the loans
16 of DenSco and other lenders by, inter alia, (i) liquidating various assets, (ii) renting or
17 selling real estate assets, (iii) attempting to recover the missing funds that his cousin
18 allegedly stole, and (iv) obtaining \$4.2 million in outside financing. In turn, DenSco
19 agreed to, inter alia, (i) increase its loans to Menaged on certain properties up to 120%
20 of the loan-to-value ratio, (ii) loan Menaged up to \$5 million more, at 18% interest,
21 (iii) loan Menaged up to \$1 million more, at 3% interest, and (iv) defer the collection of
22 interest on loans that Menaged had already defaulted on.

23 427. The Forbearance Agreement included a schedule of the loans DenSco had
24 made to Menaged, members of his family, Easy Investments, and Arizona Home
25 Foreclosures, including loans DenSco made between December 2013 and April 15,
26 2014. Those loans totaled \$37,456,620.47, well over half of the aggregate amounts
27 DenSco had raised from investors.
28

1 428. The confidentiality provision in the Forbearance Agreement permitted
2 DenSco to disclose information "as may be necessary for [DenSco] to disclose to
3 [DenSco's] current or future investors" subject to the following limitations: "[DenSco]
4 agrees to use its good faith efforts to limit such disclosure as much as legally possible
5 pursuant to the applicable SEC Regulation D disclosure rules, which limitation is
6 intended to have [DenSco] only describe: 1. the multiple Loans secured by the same
7 Properties which created the Loans Defaults; 2. the work-out plan pursuant to this
8 Agreement in connection with the steps to be taken to resolve the Loans Defaults;
9 3. the work-out plan shall also include disclosing the previous additional advances that
10 [DenSco] has made and the additional advances that are intended to be made by
11 [DenSco] to Borrower pursuant to this Agreement in connection with increases in the
12 loan amount of certain specific Loans (up to 120% of the LTV of the applicable
13 Property being used as security for that Loan), the additional advances pursuant to both
14 the Additional Loan and the Additional Funds Loan; and 4. the cumulative effect that
15 all of such additional advances to Borrower will have on [DenSco's] business plan that
16 [DenSco] has previously disclosed to its investors in [DenSco's] private offering
17 documents and which [DenSco] committed to follow, including the overall LTV loan
18 ratios for all of [DenSco's] outstanding loans to its borrowers in the aggregate and the
19 concentration of all of [DenSco's] outstanding loans among all of its borrowers.
20 Further, [DenSco] will use its good faith efforts not to include the names of Borrower,
21 Guarantor, or New Guarantor in [DenSco's] disclosure material. [DenSco] will also
22 provide Borrower with a copy of the applicable disclosure prior to dissemination to
23 [DenSco's] investors and allow Borrower to have 48 hours to review and comment
24 upon such disclosure."

25 429. Errors in the Forbearance Agreement and related documents with respect
26 to certain loan amounts were discovered on April 18, 2014, and an amendment to the
27 Forbearance Agreement and the related documents had to be prepared. Those
28 documents were not signed by Chittick and Menaged until June 18, 2014.

1 **10. Beauchamp's Limited Work on Preparing a Private Offering**
2 **Memorandum and Subsequent Events**

3 430. Chittick's entry in the 2014 Corporate Journal for April 16, 2014 reflected
4 the signing of the Forbearance Agreement and concludes: "I'll send it up to David and
5 then he and I can start on the memorandum."

6 431. Beauchamp's notes show that he had a call with Chittick on April 24,
7 2014. Those notes reflect that Beauchamp knew that DenSco's total loans to Menaged
8 were approximately \$36 million in principal, with a \$5 million note (of which
9 approximately \$1.78 million was principal), and a \$1 million note (of which
10 approximately \$915,000 was principal). Under the heading "POM update" he noted
11 that 186 loans were double-encumbered when the workout started, which was down to
12 94 loans, representing \$12.3 million of principal, as of that date, which was down from
13 a previous balance of approximately \$25 million.

14 432. That same day, Chittick sent Beauchamp by email another copy of the
15 2011 private offering memorandum.

16 433. It appears from the Clark Hill file that Beauchamp gave a printed copy of
17 the memorandum to Schenck with a handwritten note asking him to mark up the
18 memorandum and add "updates/forbearance, etc."

19 434. Beauchamp's handwritten notes and documents in the file reflect that
20 some research was done on May 13, 2014 on "Dodd Frank and regulation."

21 435. On May 14, 2014, Schenck sent Beauchamp by email a redline of a draft
22 private offering memorandum and a separate document with comments, some of which
23 were for Beauchamp's attention. Schenck's email concluded by asking Beauchamp to
24 "let me know what changes you prefer before this draft is sent to Denny." His time
25 entry describes the document as a "first draft."

26 436. The document with comments contained, in the "Prior Performance"
27 section, a discussion of the terms of the Forbearance Agreement, with limited
28 information about the circumstances that gave rise to it and a narrative that accepted, as

1 accurate and reliable, Menaged's "cousin" story: "According to the Foreclosure
2 Debtors, an agent of the Foreclosure Debtors had secured the Outside Loans without the
3 Foreclosure Debtors' knowledge."

4 437. Clark Hill's time records reflect that Beauchamp billed 30 minutes of
5 time to "review revisions to POM and work on same."

6 438. But there is nothing in the Clark Hill file to reflect that Beauchamp
7 actually made any revisions to this first draft.

8 439. Neither the Clark Hill file nor Clark Hill's billing statement reflect that
9 Beauchamp ever sent the draft POM to Chittick or discussed it with him.

10 440. Beauchamp and Clark Hill nevertheless claim in their initial disclosure
11 statement (at 15) that

12 Mr. Chittick . . . refused to provide the necessary information to complete
13 the POM and refused to approve the description of the workout or the
14 double lien issue. . . .

15 In May 2014, Mr. Beauchamp handed Mr. Chittick a physical copy
16 of the draft POM and asked him what Mr. Chittick's specific issues were
17 with the disclosure. Mr. Chittick responded that there was nothing wrong
18 with the disclosure, he was simply not ready to make any kind of
19 disclosures to his investors at this stage. Mr. Beauchamp again explained
20 that Mr. Chittick had no choice in the matter and that he had a fiduciary
21 duty to his investors to make these disclosures. Mr. Chittick would not
22 budge. Faced with an intransigent client who was now acting contrary to
23 the advice Mr. Beauchamp was providing, and with concerns that Mr.
24 Chittick may not have been providing any disclosures to anyone since
25 January 2014, Mr. Beauchamp informed Mr. Chittick that Beauchamp
26 and Clark Hill could not and would not represent DenSco any longer. Mr.
27 Beauchamp also told Chittick that he would need to retain new securities
28 counsel, not only to provide the proper disclosure to DenSco's investors,

1 but to protect DenSco's rights under the forbearance agreement. Mr.
2 Chittick suggested that he has already started that process and was
3 speaking with someone else.

4 441. The Receiver's counsel has not found any document in Clark Hill's files
5 supporting that claim.

6 442. No entries in the 2014 Corporate Journal support that claim.

7 443. In the absence of such written evidence, a reasonable inference for the
8 Receiver (and a jury) to draw is that Beauchamp instead told Chittick he could continue
9 operating DenSco, and take in or roll over investor funds, while delaying the issuance
10 of a private offering memorandum until Chittick had completed his efforts to work
11 through the consequences of Menaged's initial fraud.

12 444. The Clark Hill files do not contain a copy of a letter or email that was sent
13 to DenSco terminating its representation of DenSco in connection with finishing the
14 2013 POM or any other matters for which Clark Hill had agreed to represent DenSco.

15 445. In May, June, July and August 2014, Beauchamp sent Chittick billing
16 statements for work performed for DenSco through transmittal letters that stated:
17 "Thank you again for allowing Clark Hill and me to provide legal services to DenSco
18 Investment Corporation. If you have any question or if we can assist you with any
19 other matter(s), please let me know."

20 446. Chittick's entry in the 2014 Corporate Journal for July 2, 2014 states, in
21 part: "We are making progress, just too damn slow, but I'm sure much quicker than
22 David expected us to do."

23 447. Chittick's entry in the 2014 Corporate Journal for July 25, 2014 states, in
24 part: "My time is running out on updating my private placement memorandum and
25 notifying my investors."

26 448. Chittick's entry in the 2014 Corporate Journal for July 31, 2014 states, in
27 part: "It's all going in the right direction, just not sure if it's going fast enough. As
28 long as David doesn't bug me, I feel like we are doing the right thing."

1 449. On March 13, 2015, Beauchamp sent Chittick an email which stated, in
2 part: "I would like to meet for coffee or lunch (at no charge to you) so we can sit down
3 and talk about how things have progressed for you since last year. I would also like to
4 listen to you about your concerns, and frustration with how the forbearance settlement
5 and the documentation process was handled. I have thought back to it a lot and I have
6 second guessed myself concerning several steps in the overall process, but I wanted to
7 protect you as much as I could. When I felt that your frustration had reached a very
8 high level, I stopped calling you about how things were going so that you did not feel I
9 was just trying to add more attorney's fees. I planned to call you after about 30 days,
10 but then I let it slip all of last year because I kept putting it off. I even have tried to
11 write you several different emails, but I kept erasing them before I could send them. I
12 acknowledge that you were justifiably frustrated and upset with the expense and how
13 the other lenders (and [Menaged] at times) seemed to go against you as you were trying
14 to get things resolved last year for [Menaged]. I have tried to let time pass so that we
15 can discuss if you are willing to move beyond everything that happened and still work
16 with me. If not, I would like you to know that I still respect you, what you have done
17 and would still like to consider you a friend. You stood up for [Menaged] when he
18 needed it and I truly believe it was more than just a business decision on your part.
19 Hopefully, you will respond to this email and we can try to talk and catch up."

20 450. Chittick responded "[s]ure, give me some options on when to meet."

21 451. Chittick forwarded Beauchamp's email to Menaged, who wrote,
22 "[s]chedule coffee in 18 months when our balance is close to nothing."

23 452. Chittick responded: "I figure it's a miracle he left me alone this long!"

24 453. In his entry that day in the corporate journal Chittick maintained for 2015
25 (the "2015 Corporate Journal"), Chittick wrote: "I got an email from Dave my attorney
26 wanting to meet. He gave me a year to straighten stuff out. We'll see what pressure
27 I'm under to report now."

28 454. Chittick had lunch with Beauchamp on March 24, 2015.

1 455. Chittick's entry in the 2015 Corporate Journal for that date states: "I had
2 lunch with Dave Beauchamp. I was nervous he was going to put a lot of pressure on
3 me. However, he was thrilled to know where we were at and I told him by April 15th,
4 we'll be down to 16 properties with seconds on them, and by the end of June we hope
5 to have all the retail houses sold by then and just doing wholesale. He said he would
6 give me 90 days. I just hope we can sell them all by then and darn near be done with it.
7 I'm going to slow down the whole memorandum process too. Give us as much time as
8 possible to get things in better order."

9 456. Chittick's entry in the 2015 Corporate Journal for June 18, 2015 states, in
10 part: "[Menaged] tried to enlarge the wholesale number saying, well I'm paying down
11 the workout, I can use that for the wholesale. I'm not letting him. That number needs to
12 start dropping! I have to get his number falling, or it's going to be hell with Dave."

13 **11. Response to 2016 ADFI Investigation**

14 457. In March 2016, Chittick asked Beauchamp to help DenSco respond to
15 another investigation by the Arizona Department of Financial Institutions. Beauchamp
16 worked on the matter during March, April, May and June 2016, billing his time to a
17 "General" matter he had established in January 2013.

18 **12. Chittick's Suicide**

19 458. Chittick committed suicide on July 28, 2016.

20 459. Shortly before his death, Chittick wrote an "Investor" letter that was never
21 sent to DenSco's investors but was among the business records obtained by the
22 Receiver. Among the statements in that letter are the following: "Why didn't I let all of
23 you know what was going on at any point? It was pure fear. . . . I have 100 investors. I
24 had no idea what everyone would do or want to do or how many would just sue,
25 justifiably. I also feared that there would be a classic run on the bank. . . I truly believe
26 we had a plan that would allow me to continue to operate, my investors would receive
27 their interest and redemptions as a normal course of business, and the rest of my
28

1 portfolio was performing. Dave blessed this course of action. We signed this workout
2 agreement and began executing it.”

3 460. The letter also stated: “Going back to December of 2013, . . . [Menaged]
4 knew he had to make money to help cover the deficit [that] would be created by the
5 double encumbered properties and shortage that would be created at the time of
6 disposition. He wanted time to still fund him buying properties at auction and flipping
7 them, wholesaling them, etc. I talked to Dave about this in January [2014] and he was
8 in agreement with it as long as I received copies of checks and receipts showing that I
9 was paying the trustee.”

10 461. The Receiver is unaware of any evidence that Chittick or Beauchamp
11 informed the investors, prior to Chittick’s suicide, of the fraud perpetrated by Menaged
12 in 2013 or the workout plan crafted by Chittick, Menaged, and Beauchamp in 2014.
13 Indeed, in the years following 2014, investors in DenSco continued to sign subscription
14 agreements prepared by DenSco which referred to the 2009 POM but did not refer to
15 any updated disclosures.

16 462. Chittick also wrote a detailed letter to his sister, Shawna Heuer (aka
17 Iggy), shortly before his death. He wrote: “[Beauchamp] let me get the workout
18 signed[,] not tell the investors[,] and try to fix the problem. That was a huge mistake.
19 . . . Dave did a workout agreement with [Menaged], we were executing to it and making
20 headway, yet Dave never made me tell the investors. . . . I talked Dave my attorney into
21 allowing me to continue without notifying my investors. Shame on him. He shouldn’t
22 have allowed me. He even told me once I was doing the right thing.”

23 463. The letter also stated: “Dave, my lawyer, negotiated the work out
24 agreement and endorsed the plan. Then when [Menaged] said hey, let me buy some
25 foreclosures, flip them, wholesale them, etc. so I can make money. All the other
26 lenders wouldn’t lend to him. I needed him to make money now more than ever before.
27 We went to Dave, and he gave some constraints on how we were to operate. I have all
28 the documentation. I received copies of checks made out to trustees, receipts from the

1 trustees. I had all my docs signed. I recorded my mortgages. I had evidence of
2 insurance, and I did everything.”

3 13. Events After Chittick’s Death

4 464. After Chittick’s death, Clark Hill undertook the representation of the
5 Chittick Estate, initiating a probate proceeding on August 4, 2016.

6 465. Beauchamp then arranged for his former partners at Gammage &
7 Burnham, James Polese and Kevin Merritt, to represent the Estate. Although Clark Hill
8 withdrew from representing the Estate, Beauchamp remained in close contact with
9 Polese and Merritt, sharing information and discussing strategy.

10 466. After Chittick’s death, Beauchamp, in coordination with Heuer, Polese
11 and Merritt, managed the day-to-day operations of DenSco.

12 467. Beauchamp opened a “Business Wind Down” file to which he charged his
13 time.

14 468. After Chittick’s death, Beauchamp communicated with investors,
15 representatives of the the Securities Division of the Arizona Corporation Commission
16 (the “ACC”), and the Receiver.

17 469. Beauchamp, who had received and reviewed Chittick’s pre-suicide
18 writings and the allegations Chittick made in them about Beauchamp’s conduct,
19 purposefully withheld information about his role, misrepresented facts, and sought to
20 steer the ongoing investigation into DenSco’s demise away from an examination of his
21 negligence and role in assisting Chittick to breach his fiduciary duties.

22 470. For example, in the first email Beauchamp sent to DenSco investors on
23 August 3, 2016, Beauchamp wrote: “[T]he problem with DenSco’s Troubled Loans
24 developed over time and it will take some time to understand those Troubled Loans
25 [and] how those loans came into existence. . . . If whoever is in charge of DenSco does
26 not work with the Investors, then DenSco will either be put into bankruptcy or have a
27 Receiver appointed, which will incur costs on behalf of the Investors and that will
28 significantly reduce what will be available to return to the Investors. For example, one

1 of the recent reports concerning liquidation of companies owing money to investors
2 indicated that the costs associated with a bankruptcy or a Receiver can reduce the
3 amount to be paid to investors by almost half or even a much more significant
4 reduction. . . . [W]e would like to keep DenSco out of a protracted bankruptcy or a
5 contentious Receivership proceeding. As indicated above, various studies have shown
6 that the third party costs and legal and other professional fees and costs and the inherent
7 delays in bankruptcy and/or Receivership proceedings can consume more than 35% of
8 the available money that should or would otherwise be available to be returned to
9 Investors.”

10 471. On August 17, 2016, the ACC filed an action in Maricopa County
11 Superior Court seeking, among other things, the appointment of a receiver for DenSco
12 (the “Receivership Court”).

13 472. The Receiver was appointed on August 18, 2016.

14 473. Beauchamp communicated with Polese and Merritt about the selection of
15 a receiver who would be unlikely to pursue litigation against individuals and entities
16 who had contributed to DenSco’s losses, such as the claims now being pursued against
17 Beauchamp and Clark Hill in this action.

18 474. Beauchamp did not disclose to the ACC or the Receiver information in
19 his possession about Chittick’s lax lending practices that allowed the first Menaged
20 fraud to occur, the circumstances leading to the Forbearance Agreement, the changes to
21 DenSco’s lending practices DenSco had adopted in January 2014 based on Clark Hill’s
22 advice, and related matters.

23 475. Beauchamp sent other reports to investors which highlighted Menaged’s
24 role in defrauding DenSco but did not disclose information in Beauchamp’s possession
25 about Chittick’s lax lending practices that allowed the first Menaged fraud to occur, the
26 circumstances leading to the Forbearance Agreement, the changes to DenSco’s lending
27 practices DenSco had adopted in January 2014 based on Clark Hill’s advice, and related
28 matters.

1 476. Beauchamp sought to prevent information relating to his conduct from
2 being discovered by supporting the Estate's position that a "joint privilege" existed
3 which allegedly arose from Beauchamp's representation of both DenSco and Chittick.

4 477. Beauchamp made certain written statements about his representation of
5 DenSco after Chittick died which are inconsistent with the facts described above or
6 which are unsupported by any documents in Bryan Cave's or Clark Hill's files.

7 478. For example, on August 15, 2016, ACC investigator Gary Clapper sent
8 Beauchamp an email which stated, in part: "Can you please get a copy of the
9 forbearance agreement. Since the offering document is updated every two years can
10 you please get copies of all of them."

11 479. Beauchamp responded: "I only have access to some of DenSco's files.
12 Despite my requests, Denny Chittick did not request for all of DenSco's previous files
13 to be transferred to me. In addition, Denny stopped our efforts to do an updated
14 offering memorandum in 2013, so the initial work on that was never finished. Denny
15 also did not engage us to prepare an amendment to the offering document or to prepare
16 a new disclosure document despite several conversations about that issue."

17 480. In an August 17, 2016 declaration he gave at the request of Gammage &
18 Burnham in the receivership action, Beauchamp stated that "[i]n late 2014 or 2015, I
19 ended my formal relationship with Mr. Chittick and DenSco."

20 481. In an August 21, 2016 email to investor Rob Brinkman, Beauchamp first
21 wrote that "my law firm started preparing the 2013 POM, but we were put on hold.
22 After the Forbearance Agreement was signed by Scott Menaged, we started to amend
23 the 2013 draft POM, but we stopped and withdrew as securities counsel for DenSco.
24 Denny was supposed to get other counsel and finish the POM in 2014, but I do not
25 know if that did happen." In a follow-up email to Brinkman, he wrote that "[t]he 2013
26 POM was never finalized due to attorney client protected issues that I have been
27 instructed not to discuss."

28

1 482. In a February 8, 2017 email to the Receiver's counsel, Beauchamp made
2 the following unsolicited statement: "Please note that my previous reference to
3 'securities work' was for work done PRIOR to when my firm terminated doing any
4 securities or other legal work for DenSco when Denny Chittick refused to send the
5 amended Private Offering Memorandum to his investors. The amended Private
6 Offering Memorandum that we wanted to be sent described the Forbearance Agreement
7 and the changes to the lending criteria and security ratios that DenSco was to follow
8 when making its loans to Borrowers. I believe that we terminated our representation in
9 approximately July 2014."

10 **14. Actions Taken by the Receiver**

11 483. After his appointment, the Receiver took possession of and analyzed
12 DenSco's books and records, issuing a preliminary report on September 19, 2016.

13 484. On December 9, 2016, the Receiver filed a notice of claim in the probate
14 court against the Estate of Denny Chittick, asserting, inter alia, claims that Chittick had
15 breached fiduciary duties owed DenSco.

16 485. The Estate issued a notice of disallowance of the claim on February 3,
17 2017.

18 486. On December 23, 2016, the Receiver issued a status report. That report
19 contains, among other things, the Receiver's conclusion that DenSco was insolvent in
20 January 2014.

21 487. The Receiver monitored and took part in a bankruptcy proceeding that
22 Menaged initiated. Among other things, the Receiver's counsel conducted an
23 examination of Menaged, and the Receiver filed an adversary complaint and a
24 complaint to determine nondischargeability.

25 488. On March 17, 2017, the Receiver filed a petition with the Receivership
26 Court seeking to retain special counsel to investigate potential claims against
27 Beauchamp and Clark Hill. The petition was granted on April 27, 2017.
28

1 489. On June 22, 2017, Clark Hill submitted two proofs of claim to the
2 Receiver, seeking \$53,820.00 for work performed between June 1, 2016 and August 17,
3 2016, and \$23,046.00 for work performed between August 18, 2016 and September 30,
4 2016. Clark Hill claimed that "In 2016 and earlier, the Firm represented DenSco
5 Investment Corporation," providing "general business advice and representation," and
6 that "[a]fter the death of DenSco's principal, in July 2016, the Firm transitioned the
7 subject matter of its work to advice and guidance to DenSco to assist in winding down
8 its business."

9 490. On September 14, 2017, the Receiver filed a petition with the
10 Receivership Court seeking to file this action. The petition was granted on October 10,
11 2017.

12 491. On September 25, 2017, the Receiver filed in the Receivership Court
13 Petition No. 37 – Petition for Approval of Receiver's Final Recommendations
14 Approving Claims in DenSco Receivership, in which the Receiver recommended that
15 Clark Hill's claims be denied "because the Receiver has determined that Clark Hill had
16 a conflict of interest that precluded it from performing the legal services without
17 violating fiduciary duties to DenSco. Despite providing Clark Hill with notice of the
18 Receiver's recommendation of the denial of its two claims and a copy of the Claims
19 Report, Clark Hill failed to object or respond to the Receiver's recommendation that
20 their two non-investor claims submitted by Clark Hill be denied." The Petition was
21 granted on October 27, 2017.

22 492. This action was filed on October 16, 2017.

23 493. On December 22, 2017, the Receiver issued a status report describing the
24 status of the receivership.

25 **II. LEGAL BASIS FOR CLAIMS**

26 **A. Count One (Legal Malpractice)**

27 The Receiver asserts that Defendants were negligent. To sustain that claim, the
28 Receiver "must prove the existence of a duty, breach of duty, that the defendant's

1 negligence was the actual and proximate cause of injury, and the ‘nature and extent’ of
2 damages.” *Glaze v. Larsen*, 207 Ariz. 26, 29, ¶ 12, 83 P.3d 26, 29 (2004) (citing
3 *Phillips v. Clancy*, 152 Ariz. 415, 418, 733 P.2d 300, 303 (App. 1986)). That
4 Defendants owed a duty to DenSco is undisputed, established by, *inter alia*, the
5 engagement letter Clark Hill issued in September 2013. The Receiver will establish,
6 through expert testimony, that Defendants fell below the standard of care by, *inter alia*,
7 (i) failing to properly advise DenSco during the first week of January 2014 after
8 learning of the first Menaged fraud and Chittick’s plans to continue doing business with
9 Menaged; and (ii) negligently advising DenSco during January 2014 about the
10 procedures DenSco should employ in documenting the loans DenSco made to Menaged
11 after discovering the first Menaged fraud. The Receiver will establish that, but for
12 Defendants’ negligence, DenSco would not have suffered losses on the loans DenSco
13 made to Menaged through the Forbearance Agreement as well as the “non-workout”
14 loans that DenSco made to Menaged, and that those losses were reasonably foreseeable
15 to Beauchamp and others at Clark Hill.

16 The Receiver alternatively asserts that Defendants breached fiduciary duties they
17 owed DenSco. “[T]he essential elements of legal malpractice based on breach of
18 fiduciary duty include the following: (1) an attorney-client relationship; (2) breach of
19 the attorney’s fiduciary duty to the client; (3) causation, both actual and proximate; and
20 (4) damages suffered by the client.” *Cecala v. Newman*, 532 F. Supp. 2d 1118, 1135
21 (D. Ariz. 2007) (internal citations omitted). The Receiver will establish through expert
22 testimony that Defendants breached their duty of loyalty to their only client, DenSco,
23 by taking actions after January 9, 2014 that were intended to advance Chittick’s rather
24 than DenSco’s interests, and by failing to take actions that would have advanced
25 DenSco’s interests. The Receiver will establish that, but for Defendants’ breach of
26 fiduciary duty, DenSco would not have suffered losses on the loans DenSco made to
27 Menaged through the Forbearance Agreement as well as the “non-workout” loans that
28

1 DenSco made to Menaged, and that those losses were reasonably foreseeable to
2 Beauchamp and others at Clark Hill.

3 In addition to the loan losses DenSco suffered as a result of Defendants' breach
4 of fiduciary duty, DenSco also seeks an order requiring Clark Hill to disgorge fees it
5 received from DenSco for work performed after Clark Hill breached its fiduciary duties.
6 DenSco relies on Restatement (Third) of the Law Governing Lawyers § 37, which
7 states: "A lawyer engaging in clear and serious violation of duty to a client may be
8 required to forfeit some or all of the lawyer's compensation for the matter.
9 Considerations relevant to the question of forfeiture include the gravity and timing of
10 the violation, its willfulness, its effect on the value of the lawyer's work for the client,
11 any other threatened or actual harm to the client, and the adequacy of other remedies."
12 The Receiver relied on § 37 in denying Clark Hill's proofs of claim.

13 **B. Count Two (Aiding and Abetting Breach of Fiduciary Duty)**

14 The Receiver asserts that Defendants aided and abetted Chittick in breaching
15 fiduciary duties Chittick owed DenSco. Arizona recognizes that "lawyers have no
16 special privilege against civil suit" and are "subject to liability to a client or nonclient
17 when a nonlawyer would be in similar circumstances" including claims for aiding and
18 abetting. *Chalpin v. Snyder*, 220 Ariz. 413, 424, ¶¶ 44-45, 207 P.3d 666, 677 (2008)
19 (internal citations omitted).
20

21 To sustain this claim, the Receiver must establish that: "(1) [Chittick breached a
22 fiduciary duty he owed DenSco] causing injury to [DenSco]; (2) [Defendants] knew
23 [Chittick] breached a duty; (3) [Defendants] substantially assisted or encouraged
24 [Chittick] in the breach; and (4) a causal relationship exists between the assistance or
25 encouragement and [Chittick's] breach." *Security Title Agency, Inc. v. Pope*, 219 Ariz.
26 480, 491, ¶ 44, 200 P. 3d 977, 988 (App. 2008).

27 "[T]he duties of a director or officer of a corporation are implied by law."
28 *Dooley v. O'Brian*, 226 Ariz. 149, 154, ¶ 18, 244 P.3d 586, 591 (App. 2010). Chittick,

1 as DenSco's only director and officer, had a fiduciary duty "to use [his] ability to
2 control the corporation in a fair, just, and equitable manner. . . ." *Jones v. J.F.*
3 *Ahmanson & Co.*, 1 Cal. 3d 93, 101, 460 P.2d 464, 471 (1969). *See also* A.R.S. § 10-
4 830 (duties of directors); A.R.S. § 10-842 (duties of officers). Those fiduciary duties
5 "can apply even to creditors when a corporation enters the zone of insolvency, without
6 regard to the terms of the underlying contracts." *Dooley*, 226 Ariz. at 154, ¶ 18, 244
7 P.3d at 591. "Once a corporation becomes insolvent, the creditors join the class of
8 persons to whom directors owe a fiduciary duty to maximize the economic value of the
9 firm for *all* of the firm's creditors." *Dawson v. Withycombe*, 216 Ariz. 84, 107, ¶71,
10 163 P.3d 1034, 1057 (2008). As set forth above, Chittick breached his duties as an
11 officer and director of DenSco.

12 Defendants' knowledge of Chittick's breaches of fiduciary duty can be inferred
13 from the circumstances. *Pope*, 219 Ariz. at 491, ¶ 45, 200 P. 3d at 988. Indeed, some
14 courts have held that "[c]onstructive knowledge is adequate when the aider and abettor
15 has maintained a long-term or in-depth relationship with the fiduciary." *Chem-Age*
16 *Industries, Inc. v. Glover*, 652 N.W. 2d 756, 775 (S.D. 2002) (internal citation omitted).

17 Causation "requires proof of a causal connection between the defendant's
18 assistance or encouragement and the primary tortfeasor's commission of the tort,
19 although 'but for' causation is not required." *Pope*, 219 Ariz. at 491, ¶ 47, 200 P.3d at
20 988. "The test is whether the assistance makes it 'easier' for the violation to occur, not
21 whether the assistance was necessary." *Wells Fargo Bank v. Ariz. Laborers, Teamsters*
22 *& Cement Masons Local No. 395 Pension Trust Fund*, 201 Ariz. 474, 485, ¶ 31, 38
23 P.3d 12, 23 (2002). *Cf. Granewich v. Harding*, 329 Or. 47, 59, 985 P.2d 788, 800
24 (1999) (allegation that lawyer for corporate client took actions "outside the scope of any
25 legitimate employment on behalf of the corporation" sufficient to allege substantial
26 assistance in aiding and abetting non-client corporate constituent's breach of fiduciary
27 duties).

1 **C. Punitive Damages**

2 The Receiver seeks punitive damages. To recover punitive damages, the
3 Receiver must “prove by clear and convincing evidence that the defendant engaged in
4 aggravated and outrageous conduct with an ‘evil mind.’ A defendant acts with the
5 requisite evil mind when he intends to injure or defraud, or deliberately interferes with
6 rights of others, ‘consciously disregarding the unjustifiable substantial risk of
7 significant harm to them.’ Important factors to consider when deciding whether a
8 defendant acted with an evil mind include (1) the reprehensibility of defendant’s
9 conduct and the severity of the harm likely to result, (2) any harm that has occurred,
10 (3) the duration of the misconduct, (4) the defendant’s awareness of the harm or risk of
11 harm, and (5) any concealment of it.” *Hyatt Regency Phoenix Hotel Co. v. Winston &*
12 *Strawn*, 184 Ariz. 120, 132, 907 P.2d 506 (App. 1995) (citations omitted).

13 Punitive damages are appropriately awarded when, as here, an attorney breaches
14 fiduciary duties, acts out of self-interest, and attempts to conceal his misconduct. *See,*
15 *e.g., Elliott v. Videan*, 164 Ariz. 113, 791 P.2d 639 (App. 1989) (punitive damages were
16 appropriate where attorney had conflict of interest, concealed it from client, and acted
17 to benefit at client’s expense); *Asphalt Engineers v. Galusha*, 160 Ariz. 134, 770 P.2d
18 1180 (App. 1989) (affirming award of punitive damages against attorney who breached
19 ethical duties to his client and concealed his misconduct).

20 “[Clark Hill] can be vicariously liable in punitive damages for acts that its
21 partner [Beauchamp] performed in the ordinary course of the partnership’s business.”
22 *Hyatt Regency*, 184 Ariz. at 130, 907 P.2d at 130.

23 **III. ANTICIPATED TRIAL WITNESSES**

24 The Receiver has not yet determined which witnesses he will call at the trial of
25 this matter.
26
27
28

1 **IV. PERSONS WHO MAY HAVE RELEVANT KNOWLEDGE OR**
2 **INFORMATION**

3 **A. Persons Affiliated With DenSco**

4 1. **Shawna Chittick Heuer** (c/o James Polese, Gammage &
5 Burnham, PLC, Two N. Central Avenue, 15th Floor, Phoenix, AZ 85004; (602) 256-
6 0566): Ms. Heuer is Denny Chittick's sister. On August 4, 2016, she was appointed as
7 the Personal Representative of Denny Chittick's Estate. She is believed to have
8 knowledge of DenSco's business operations, books and records, and written
9 communications she received from Mr. Chittick at or around the time of his death.

10 2. **Kurt Johnson** (3317 E. Bell Road, Suite 101-265, Phoenix, AZ
11 85032; (602) 505-8117): Mr. Johnson is an attorney who provided certain legal
12 services to DenSco and is believed to have knowledge of those services.

13 3. **Robert Koehler** (RLS Capital, Inc., 4455 E Camelback Road,
14 Suite D135, Phoenix, AZ 85018; (480) 945-2799): Mr. Koehler was described in the
15 July 2011 POM as having entered into a written agreement with Chittick pursuant to
16 which he was a signatory on DenSco's bank account, was to have received on a weekly
17 basis "an updated spreadsheet of all properties currently being used as collateral for a
18 loan" and, on a monthly basis, "a spreadsheet of all the investors and what is owed to
19 them, and receives the monthly statements for all investors." Mr. Koehler was an
20 investor in DenSco. After Mr. Chittick's death and at the request of Ms. Heuer, Mr.
21 Koehler conducted a preliminary analysis of DenSco's loan portfolio. He is believed to
22 have knowledge of DenSco's business operations, books and records, and written
23 communications he received from Mr. Chittick at or around the time of his death.

24 4. **David Preston**: (Preston CPA, P.C., 1949 E. Broadway Road,
25 Suite 101, Tempe, AZ 85282; (480) 820-4419): Mr. Preston is a Certified Public
26 Accountant and an investor in DenSco. He provided professional services to DenSco.
27 He commented on the 2007 POM. He communicated with David Beauchamp after
28 Chittick's death in 2016. He is believed to have knowledge of his dealings with Denny

1 Chittick, the professional services he provided to DenSco, his investment in DenSco,
2 his participation in the preparation of the 2007 POM, and his dealings with Mr.
3 Beauchamp.

4 **B. DenSco Investors**

5 1. **William and Helene Alber** (1551 W. Grand Canyon Drive,
6 Chandler, AZ 85248; wkalber@cox.net; (480) 200-8045): Mr. and Mrs. Alber are
7 believed to have knowledge of their communications with Mr. Chittick, investments in
8 DenSco through the Alber Family Trust, and their communications with Mr.
9 Beauchamp after Mr. Chittick's death.

10 2. **Angels Investments, LLC** c/o Yusuf Yildiz (1609 W. 17th Street,
11 Tempe, AZ 85281; yusif@comsiscomputer.com; 480-258-8171): Mr. Yildiz is
12 believed to have knowledge of his communications with Mr. Chittick, the company's
13 investments in DenSco, and his communications with Mr. Beauchamp after Mr.
14 Chittick's death.

15 3. **BLL Capital, LLC** c/o Barry Luchtel (5550 Wild Rose Lane,
16 Suite 400, West Des Moines, IA 50266; (480)256-2274; (515) 225-0300): Mr. Luchtel
17 is believed to have knowledge of his communications with Mr. Chittick, the company's
18 investments in DenSco, and his communications with Mr. Beauchamp after Mr.
19 Chittick's death.

20 4. **Robert Brinkman** (15001 S. 5th Avenue, Phoenix, AZ 85045;
21 rbrinkman@cox.net; (480) 460-8646): Mr. Brinkman is believed to have knowledge of
22 his communications with Mr. Chittick, investments in DenSco individually and through
23 the Brinkman Family Trust, and his communications with Mr. Beauchamp after Mr.
24 Chittick's death.

25 5. **Craig and Tomie Brown** (6135 W. Trovita Place, Chandler, AZ
26 85226; Trovita@gmail.com; (480)287-4622): Mr. and Mrs. Brown are believed to have
27 knowledge of their communications with Mr. Chittick, their investments in DenSco
28

1 individually and through their trust, and their communications with Mr. Beauchamp
2 after Mr. Chittick's death.

3 6. **Steven G. and Mary E. Bunger** (6134 W. Trovita Place,
4 Chandler, AZ 85226; steve@bunger.me; (480) 961-4002): Mr. and Mrs. Bunger are
5 believed to have knowledge of their communications with Mr. Chittick, investments in
6 DenSco through the Bunger Estate, and their communications with Mr. Beauchamp
7 after Mr. Chittick's death.

8 7. **Anthony Burdett** (1623 Common Drive, El Paso, TX 79936-
9 5235; Burdett.anthony@gmail.com; (915) 373-1850): Mr. Burdett is believed to have
10 knowledge of his communications with Mr. Chittick, his investments in DenSco
11 through his IRA, and his communications with Mr. Beauchamp after Mr. Chittick's
12 death.

13 8. **Kennen Burkhardt** (2030 S. Minnewawa Avenue, Fresno, CA
14 93727; KennenL@yahoo.com; (515) 537-5494; (949) 361-4335): Mr. Burkhardt is
15 believed to have knowledge of his communications with Mr. Chittick, his investments
16 in DenSco individually and through his IRA, and his communications with Mr.
17 Beauchamp after Mr. Chittick's death.

18 9. **Warren V. and Fay L. Bush** (P.O. Box 92080, Albuquerque, NM
19 87199-2080; wbush1120@comcast.net; (505) 856-7398; (505) 264-0773): Mr. and
20 Mrs. Bush are believed to have knowledge of their communications with Mr. Chittick,
21 their investments in DenSco, their involvement in the preparation of the 2011 POM,
22 and their communications with Mr. Beauchamp after Mr. Chittick's death.

23 10. **Mary L. Butler** (62 Cypress Court, Durango, CO 81301): Ms.
24 Butler is believed to have knowledge of her communications with Mr. Chittick, her
25 investments in DenSco through her IRA, and her communications with Mr. Beauchamp
26 after Mr. Chittick's death.

27 11. **Van H. Butler** (62 Cypress Court, Durrango, CO 81301;
28 butlerv@yahoo.com; (970) 749-9025): Mr. Butler is believed to have knowledge of his

1 communications with Mr. Chittick, his investments in DenSco individually and through
2 his IRA, and his communications with Mr. Beauchamp after Mr. Chittick's death.

3 12. **Thomas and Sara Byrne** (72 Commonwealth Avenue, San
4 Francisco, CA 94118; thomasbyrne11@gmail.com; (415) 990-4676): Mr. and Mrs.
5 Byrne are believed to have knowledge of their communications with Mr. Chittick, their
6 investments in DenSco through their trust, and their communications with Mr.
7 Beauchamp after Mr. Chittick's death.

8 13. **Erin P. Carrick Trust** c/o Gretchen P. Carrick (1404 W.
9 Lakeshore Drive, Whitefish, MT 59937; epcarrick@gmail.com; (541) 729-1990): Ms.
10 Carrick is believed to have knowledge of her communications with Mr. Chittick, her
11 investments in DenSco through the Trust, and her communications with Mr.
12 Beauchamp after Mr. Chittick's death.

13 14. **Gretchen P. Carrick** (P.O. Box 773656, Eagle River, AK 99577;
14 carricks3@ak.net; (541) 729-6878): Ms. Carrick is believed to have knowledge of her
15 communications with Mr. Chittick, her investments in DenSco through her Trust, and
16 her communications with Mr. Beauchamp after Mr. Chittick's death.

17 15. **Averill Cate, Jr. and Mary Kris McIlwaine** (3661 N. Campbell
18 Avenue, Suite 372, Tucson, AZ 85719; acatejr@gmail.com; (520) 370-6997): Mr. Cate
19 and Ms. McIlwaine are believed to have knowledge of their communications with Mr.
20 Chittick, their investments in DenSco, and their communications with Mr. Beauchamp
21 after Mr. Chittick's death.

22 16. **Arden and Nina Chittick** (8028 F 53rd Avenue West, Mukilteo,
23 WA 98275; artnina@hotmail.com; (425) 205-8997): Mr. and Mrs. Chittick are
24 believed to have knowledge of their communications with Denny Chittick, their
25 investments in DenSco, and their communications with Mr. Beauchamp after Mr.
26 Chittick's death.

27 17. **Eldon and Charlene Chittick** (5869 W. Heine Road, Coeur
28 d'Alene, ID 83814; moandsam@yahoo.com; (208) 765-2702): Mr. and Mrs. Chittick

1 are believed to have knowledge of their communications with Denny Chittick, their
2 investments in DenSco through the Chittick Family Trust, and their communications
3 with Mr. Beauchamp after Mr. Chittick's death.

4 18. **Eileen Cohen** (1419 Peerless Place, Apt. 116, Los Angeles, CA
5 90035): Ms. Cohen is believed to have knowledge of her communications with Mr.
6 Chittick, her investments in DenSco, and her communications with Mr. Beauchamp
7 after Mr. Chittick's death.

8 19. **Herbert I. Cohen** (1419 Peerless Place, Apt. 116, Los Angeles,
9 CA 90035; (623) 866-3221): Mr. Cohen is believed to have knowledge of his
10 communications with Mr. Chittick, his investments in DenSco through his Trust, and
11 his communications with Mr. Beauchamp after Mr. Chittick's death.

12 20. **Dori Ann Davis** (5346 E. Herrera Road, Phoenix, AZ 85054;
13 doriann@cox.net; (602) 300-9740): Ms. Davis is believed to have knowledge of her
14 communications with Mr. Chittick, investments in DenSco through her Trust, and her
15 communications with Mr. Beauchamp after Mr. Chittick's death.

16 21. **Glen P. Davis** (5346 E. Herrera Road, Phoenix, AZ 85054;
17 glenbo@cox.net; (602) 692-5862): Mr. Davis is believed to have knowledge of his
18 communications with Mr. Chittick, his investments in DenSco through his IRA, and his
19 communications with Mr. Beauchamp after Mr. Chittick's death.

20 22. **Jack J. Davis** (543 West Avenue, Rifle, CO 81650;
21 jackdavisdds@hotmail.com; (970) 625-1391): Mr. Davis is believed to have
22 knowledge of his communications with Mr. Chittick, his investments in DenSco, and
23 his communications with Mr. Beauchamp after Mr. Chittick's death.

24 23. **Samantha Davis** c/o Jack J. Davis (contact information to be
25 added): Ms. Davis is believed to have knowledge of her communications with Mr.
26 Chittick, her investments in DenSco, and her communications with Mr. Beauchamp
27 after Mr. Chittick's death.
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2 24. **Desert Classic Investments, LLC** c/o Steven G. Bunger (6134 W.
3 Trovita Place, Chandler, AZ 85226; steve@bunger.me; (602) 531-3100): Mr. Bunger
4 is believed to have knowledge of his communications with Mr. Chittick, the company's
5 investments in DenSco, and his communications with Mr. Beauchamp after Mr.
6 Chittick's death.

7 25. **Scott D. Detota** (1220 Ridgewood Land, Lake Villa, IL 60046
8 sdetota99@yahoo.com; (847) 736-0160): Mr. Detota is believed to have knowledge of
9 his communications with Mr. Chittick, his investments in DenSco, and his
10 communications with Mr. Beauchamp after Mr. Chittick's death.

11 26. **Amy Lee Dirks** (82 N. Acacia Drive, Gilbert, AZ 85233;
12 amydirks@hotmail.com; (480) 414-5552): Ms. Dirks is believed to have knowledge of
13 her communications with Mr. Chittick, her investments in DenSco through her IRA,
14 and her communications with Mr. Beauchamp after Mr. Chittick's death.

15 27. **Bradley Mark Dirks** (82 N. Acacia Drive, Gilbert, AZ 85233;
16 (602) 206-3041): Mr. Dirks is believed to have knowledge of his communications with
17 Mr. Chittick, his investments in DenSco through his IRA, and his communications with
18 Mr. Beauchamp after Mr. Chittick's death.

19 28. **Dave DuBay** (contact information to be added): Mr. DuBay is
20 believed to have knowledge of his communications with Mr. Chittick, his investments
21 in DenSco, and his communications with Mr. Beauchamp after Mr. Chittick's death.

22 29. **Ross H. Dupper** (6133 W. Victoria Place, Chandler, AZ 85261;
23 rdupper@rhdupper.com; (602) 768-8515): Mr. Dupper is believed to have knowledge
24 of his communications with Mr. Chittick, his investments in DenSco through his Trust,
25 and his communications with Mr. Beauchamp after Mr. Chittick's death.

26 30. **Todd F. Einick** (4757 E. Greenway Road, Suite 107B-107,
27 Phoenix, AZ 85032; switchback62@hotmail.com; (480) 202-6752): Mr. Einick is
28 believed to have knowledge of his communications with Mr. Chittick, investments in

1 DenSco through the Trust, and his communications with Mr. Beauchamp after Mr.
2 Chittick's death.

3 31. **Yusef Fielding** (contact information to be added): Mr. Fielding is
4 believed to have knowledge of his communications with Mr. Chittick, his investments
5 in DenSco, and his communications with Mr. Beauchamp after Mr. Chittick's death.

6 32. **Fischer Family Holdings** (contact information to be added): Mr.
7 or Mrs. Fischer is believed to have knowledge of their communications with Mr.
8 Chittick, their investments in DenSco, and their communications with Mr. Beauchamp
9 after Mr. Chittick's death.

10 33. **GB 12, LLC** c/o Stanley Schloz (10050 E. Sonoran Vista Circle,
11 Scottsdale, AZ 85255; smschloz@msn.com; (480) 694-8868): Mr. Schloz is believed
12 to have knowledge of his communications with Mr. Chittick, the company's
13 investments in DenSco, and his communications with Mr. Beauchamp after Mr.
14 Chittick's death.

15 34. **Stacy B. Grant** (2601 La Frontera Blvd., Round Rock, TX 78681;
16 (602) 499-9966): Ms. Grant is believed to have knowledge of her communications with
17 Mr. Chittick, her investments in DenSco through her IRA, and her communications
18 with Mr. Beauchamp after Mr. Chittick's death.

19 35. **Russell T. Griswold** (10 Suncrest Terrace, Onenta, NY 13820;
20 rgriswold3@stny.rr.com; (607) 437-3882): Mr. Griswold is believed to have
21 knowledge of his communications with Mr. Chittick, his investments in DenSco
22 through his IRA, and his communications with Mr. Beauchamp after Mr. Chittick's
23 death.

24 36. **Michael and Diana Gumbert** (607 Hurst Creek Road, Lakeview,
25 TX 78734; anthjen@yahoo.com (480) 250-6063): Mr. and Mrs. Gumbert are believed
26 to have knowledge of their communications with Mr. Chittick, their investments in
27 DenSco through their Trust, and their communications with Mr. Beauchamp after Mr.
28 Chittick's death.

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2 37. **Nihad Hafiz** (23 Rae's Creek Lane, Coto de Caza, CA 92679;
3 nihad@yahoo.com; (949) 246-8135): Mr. Hafiz is believed to have knowledge of his
4 communications with Mr. Chittick, his investments in DenSco, and his communications
5 with Mr. Beauchamp after Mr. Chittick's death.

6 38. **Robert B. and Elizabeth A. Hahn** (15239 E. Redrock Drive,
7 Fountain Hills, AZ 85268; hahnaz2@cox.net; (602) 769-8385): Mr. and Mrs. Hahn are
8 believed to have knowledge of their communications with Mr. Chittick, their
9 investments in DenSco through the Trust, and their communications with Mr.
10 Beauchamp after Mr. Chittick's death.

11 39. **Ralph L. Hey** (P.O. Box 62, Westcliffe, CO 82152;
12 hey.ralph01@gmail.com; (719) 207-1313): Mr. Hey is believed to have knowledge of
13 his communications with Mr. Chittick, his investments in DenSco, and his
14 communications with Mr. Beauchamp after Mr. Chittick's death.

15 40. **Dale W. and Kathy L. Hickman** (5477 W. Heine Road, Coeur d'
16 Alene, ID 83814; hikthestik@aol.com; (208) 215-6378): Mr. and Mrs. Hickman are
17 believed to have knowledge of their communications with Mr. Chittick, their
18 investments in DenSco, and their communications with Mr. Beauchamp after Mr.
19 Chittick's death.

20 41. **Craig and Samantha Hood** (8420 E. Cactus Wren Road,
21 Scottsdale, AZ 85250; greeraz@gmail.com; (602) 317-3753): Mr. and Mrs. Hood are
22 believed to have knowledge of their communications with Mr. Chittick, their
23 investments in DenSco, and their communications with Mr. Beauchamp after Mr.
24 Chittick's death.

25 42. **Doris and Levester Howze** (2864 E. Preston Street, Mesa, AZ
26 85213; dhowze@cox.net; (602) 568-0119): Ms. Howze and Mr. Howze are believed to
27 have knowledge of their communications with Mr. Chittick, their investments in
28 DenSco, and their communications with Mr. Beauchamp after Mr. Chittick's death.

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2 43. **Bill Bryan Hughes** (23114 N. Pedregosa Drive, Sun City West,
3 AZ 85375; jbhok@yahoo.com; (480) 244-8863): Mr. Hughes is believed to have
4 knowledge of his communications with Mr. Chittick, his investments in DenSco
5 through his IRA, and his communications with Mr. Beauchamp after Mr. Chittick's
6 death.

7 44. **Judy Kay Hughes** (23114 N. Pedregosa Drive, Sun City West, AZ
8 85375; jbhok@yahoo.com; (480) 244-8864): Ms. Hughes is believed to have
9 knowledge of her communications with Mr. Chittick, her investments in DenSco
10 through her IRA, and her communications with Mr. Beauchamp after Mr. Chittick's
11 death.

12 45. **Brian Imdieke** (6173 W. Victoria Place, Chandler, AZ 85226;
13 b-imdieke@cox.net; bji6173@gmail.com; (480) 694-7850): Mr. Imdieke is believed to
14 have knowledge of his communications with Mr. Chittick, his investments in DenSco
15 through his Trust, and his communications with Mr. Beauchamp after Mr. Chittick's
16 death.

17 46. **James K. Jetton and Debora I. Pekker-Jetton** (9213 SW 21st
18 Street, Oklahoma City, OK 73128; jkjetto@yahoo.com; (904) 610-4213): Mr. and Mrs.
19 Jetton are believed to have knowledge of their communications with Mr. Chittick, their
20 investments in DenSco, and their communications with Mr. Beauchamp after Mr.
21 Chittick's death.

22 47. **Leslie W. Jones** (2176 E. Gazania Lane, Tucson, AZ 85719): Ms.
23 Jones is believed to have knowledge of her communications with Mr. Chittick, her
24 investments in DenSco through her IRA, and her communications with Mr. Beauchamp
25 after Mr. Chittick's death.

26 48. **Ralph Kaiser** (3319 E. Piro Street, Phoenix, AZ 85044;
27 ralph@kaisertile.com; (602) 697-3189): Mr. Kaiser is believed to have knowledge of
28 his communications with Mr. Chittick, his investments in DenSco through his IRA, and
his communications with Mr. Beauchamp after Mr. Chittick's death.

1 49. **Mary Kent** (30 Laurel Court, Paramus, NJ 07652;
2 mbencekent@yahoo.com; (201) 845-6147): Ms. Kent is believed to have knowledge of
3 her communications with Mr. Chittick, her investments in DenSco, and her
4 communications with Mr. Beauchamp after Mr. Chittick's death.

5 50. **Paul A. Kent** (23 E. 15th Street, Tempe, AZ 85281;
6 paul_a_kent@yahoo.com; (480) 213-7231): Mr. Kent is believed to have knowledge of
7 his communications with Mr. Chittick, investments in DenSco through the Family
8 Trust, and his communications with Mr. Beauchamp after Mr. Chittick's death.

9 51. **Robert Z. Koehler** (5433 E. Osborn Road, Phoenix, AZ 85018;
10 rzkoehler@yahoo.com; (602) 330-4624): Mr. Koehler is believed to have knowledge
11 of his communications with Mr. Chittick, his investments in DenSco through his IRA,
12 and his communications with Mr. Beauchamp after Mr. Chittick's death.

13 52. **Jemma Kopel** (5304 S. Marine Drive, Tempe, AZ 85283;
14 jemmakopel@hotmail.com; (480) 696-0888): Ms. Kopel is believed to have
15 knowledge of her communications with Mr. Chittick, her investments in DenSco, and
16 her communications with Mr. Beauchamp after Mr. Chittick's death.

17 53. **LeRoy Kopel** (5304 S. Marine Drive, Tempe, AZ 85283;
18 lkopel22@hotmail.com; (480) 839-3787): Mr. Kopel is believed to have knowledge of
19 his communications with Mr. Chittick, his investments in DenSco through his IRA and
20 his Trust, and his communications with Mr. Beauchamp after Mr. Chittick's death.

21 54. **Robert F. Lawson** (400 Alta Vista Court, Danville, CA 94506;
22 robertflawson@gmail.com; (480) 221-9893): Mr. Lawson is believed to have
23 knowledge of his communications with Mr. Chittick, his investments in DenSco, and
24 his communications with Mr. Beauchamp after Mr. Chittick's death.

25 55. **Wayne J. Ledet** (16751 SW 23rd Street, El Reno, OK 73036;
26 uaaflyor767@yahoo.com; (405) 824-3754): Mr. Ledet is believed to have knowledge of
27 his communications with Mr. Chittick, investments in DenSco through the Family
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1 Trust, his IRA and his Roth IRA, and his communications with Mr. Beauchamp after
2 Mr. Chittick's death.

3 **56. The Lee Group, Inc.** c/o Terry and Lil Lee (6541 N. Paseo
4 Tamayo, Tucson, AZ 85750; terryleeaz@comcast.net; (520) 907-3828): Mr. and Mrs.
5 Lee are believed to have knowledge of their communications with Mr. Chittick, the
6 company's investments in DenSco, and their communications with Mr. Beauchamp
7 after Mr. Chittick's death.

8 **57. Terry and Lil Lee** (6541 N. Paseo Tamayo, Tucson, AZ 85750;
9 terryleeaz@comcast.net; (520) 907-3828): Mr. and Mrs. Lee are believed to have
10 knowledge of their communications with Mr. Chittick, their investments in DenSco,
11 and their communications with Mr. Beauchamp after Mr. Chittick's death.

12 **58. Lillian Lent** (4145 E. Blue Ridge Place, Chandler, AZ 85249;
13 (480) 813-7151): Ms. Lent is believed to have knowledge of her communications with
14 Mr. Chittick, her investments in DenSco through her Roth IRA, and her
15 communications with Mr. Beauchamp after Mr. Chittick's death.

16 **59. Manual A. Lent** (4145 E. Blue Ridge Place, Chandler, AZ 85249;
17 (480) 225-9538): Mr. Lent is believed to have knowledge of his communications with
18 Mr. Chittick, his investments in DenSco through her IRA, and his communications with
19 Mr. Beauchamp after Mr. Chittick's death.

20 **60. William Lent** (contact information to be added): Mr. Lent is
21 believed to have knowledge of his communications with Mr. Chittick, his investments
22 in DenSco through his IRA, and his communications with Mr. Beauchamp after Mr.
23 Chittick's death

24 **61. LJL Capital, LLC** c/o Landon Luchtel (5550 Wild Rose Lane,
25 Suite 400, West Des Moines, IA 50266; (515) 225-2800): Mr. Luchtel is believed to
26 have knowledge of his communications with Mr. Chittick, the company's investments
27 in DenSco, and his communications with Mr. Beauchamp after Mr. Chittick's death.
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2 **62. W. Jean Locke** (12163 Country Meadows Lane, Silverdale, WA
3 98383; billandjean54@centurytel.net; (360) 638-1002): Ms. Locke is believed to have
4 knowledge of her communications with Mr. Chittick, her investments in DenSco, and
5 her communications with Mr. Beauchamp after Mr. Chittick's death.

6 **63. Long Time Holdings, LLC** c/o William Swirtz (6054 W. Trovita
7 Place, Chandler, AZ 85226; Bill.Swirtz@apollogrp.edu; (602) 315-8080): Mr. Swirtz
8 is believed to have knowledge of his communications with Mr. Chittick, the company's
9 investments in DenSco, and his communications with Mr. Beauchamp after Mr.
10 Chittick's death.

11 **64. Jim P. McArdle** (750 E. McLellan, Phoenix, AZ 85014;
12 jim@abdc-az.com; (602) 509-8635): Mr. McArdle is believed to have knowledge of
13 his communications with Mr. Chittick, his investments in DenSco, and his
14 communications with Mr. Beauchamp after Mr. Chittick's death.

15 **65. James and Lesley McCoy** (727 E. Verde Lane, Tempe, AZ
16 85284; (602) 390-2506): Mr. and Mrs. McCoy are believed to have knowledge of their
17 communications with Mr. Chittick, investments in DenSco through the Trust, and their
18 communications with Mr. Beauchamp after Mr. Chittick's death.

19 **66. Caro McDowell** (9010 E. Range Ride Trail, Mesa, AZ 85207;
20 kayell121@cs.com; (480) 380-2062): Ms. McDowell is believed to have knowledge of
21 her communications with Mr. Chittick, her investments in DenSco through her Trust,
22 and her communications with Mr. Beauchamp after Mr. Chittick's death.

23 **67. Marvin G. Miller and Patricia S. Miller** (701 E. Front Street
24 #602, Coeur d'Alene, ID 83814; patsmiller@verizon.net; (208) 818-6735 Marvin; (208)
25 818-6734 Pat): Mr. and Mrs. Miller are believed to have knowledge of their
26 communications with Mr. Chittick, investments in DenSco through the Family Trust,
27 and their communications with Mr. Beauchamp after Mr. Chittick's death.

28 **68. Marian Minchuck** (contact information to be added): Ms.
Minchuck is believed to have knowledge of her communications with Mr. Chittick, her

1 investments in DenSco, and her communications with Mr. Beauchamp after Mr.
2 Chittick's death.

3 69. **Kaylene Moss** (2524 E. Silverwood Drive, Phoenix, AZ 85048;
4 kayleen.moss@avnet.com; (602) 692-6934; (480) 759-7811): Ms. Moss is believed to
5 have knowledge of her communications with Mr. Chittick, her investments in DenSco
6 through her IRA, and her communications with Mr. Beauchamp after Mr. Chittick's
7 death.

8 70. **Moss Family Trust** (2524 E. Silverwood Drive, Phoenix, AZ
9 85048; kayleen.moss@avnet.com; (602) 692-6934; (480) 759-7811): Mr. or Mrs. Moss
10 is believed to have knowledge of their communications with Mr. Chittick, investments
11 in DenSco through the Trust, and their communications with Mr. Beauchamp after Mr.
12 Chittick's death.

13 71. **Muscat Family** c/o Vince I. Muscat (14827 S. 20th Street,
14 Phoenix, AZ 85048; vimusat@gmail.com; (480) 460-5007): Mr. or Mrs. Muscat is
15 believed to have knowledge of their communications with Mr. Chittick, investments in
16 DenSco through the Trust, and their communications with Mr. Beauchamp after Mr.
17 Chittick's death.

18 72. **Non Lethal Defense, Inc.** c/o Dave Dubay (6921 Trevett Lane,
19 Casper, WY 82604): Mr. Dubay is believed to have knowledge of his communications
20 with Mr. Chittick, the company's investments in DenSco, and his communications
21 with Mr. Beauchamp after Mr. Chittick's death.

22 73. **Brian and Janice Odenthal** (1929 Canyon Drive, Coeur d'Alene,
23 ID 83815; bjodenthal@frontier.com; (208) 755-5499): Mr. and Mrs. Odenthal are
24 believed to have knowledge of their communications with Mr. Chittick, their
25 investments in DenSco through their IRA, and their communications with Mr.
26 Beauchamp after Mr. Chittick's death.

27 74. **Valerie J. Paxton** (1243 E. Glenhaven Drive, Phoenix, AZ 85048;
28 vpaxto@q.com; (602) 999-4339): Ms. Paxton is believed to have knowledge of her

1 communications with Mr. Chittick, her investments in DenSco, and her
2 communications with Mr. Beauchamp after Mr. Chittick's death.

3 **75. Marlene Pearce** (94 Acacia Drive, Gilbert, AZ 85233;
4 pearces@mailhaven.com; (480) 600-0955): Ms. Pearce is believed to have knowledge
5 of her communications with Mr. Chittick, her investments in DenSco through her IRA,
6 and her communications with Mr. Beauchamp after Mr. Chittick's death.

7 **76. Jeff Phalen** (11764 N. Adobe Village Place, Marana, AZ 85658;
8 jphalen00@aol.com; (520) 909-1018): Mr. Phalen is believed to have knowledge of his
9 communications with Mr. Chittick, his investments in DenSco individually and through
10 the Phalen Family Trust and his IRA, and his communications with Mr. Beauchamp
11 after Mr. Chittick's death.

12 **77. Kevin Potempa** (P.O. Box 5156, Scottsdale, AZ 85261; (480)
13 5120-0362): Mr. Potempa is believed to have knowledge of his communications with
14 Mr. Chittick, his investments in DenSco, and his communications with Mr. Beauchamp
15 after Mr. Chittick's death.

16 **78. Preston Revocable Living Trust** c/o David M. Preston (9010 E.
17 Range Rider Trail, Mesa, AZ 85207; dave@prestoncpa.biz; (602) 369-4418): The
18 Trustee is believed to have knowledge of his or her communications with Denny
19 Chittick, the Trust's investments in DenSco, and his or her communications with Mr.
20 Beauchamp after Mr. Chittick's death.

21 **79. Peter and Kay Rzonca** (140 E. Rio Salado Parkway #603, Tempe,
22 AZ 85281; krzonca1@cox.net; (602) 743-1801): Mr. and Mrs. Rzonca are believed to
23 have knowledge of their communications with Mr. Chittick, their investments in
24 DenSco, and their communications with Mr. Beauchamp after Mr. Chittick's death.

25 **80. Saltire, LLC** c/o William Stewart Sheriff (155 108th Avenue,
26 Suite 400, Bellevue, WA 98004; stewart.sherriff@cox.net; (602) 330-7776): Mr.
27 Sheriff is believed to have knowledge of his communications with Mr. Chittick, the
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1 company's investments in DenSco, and his communications with Mr. Beauchamp after
2 Mr. Chittick's death.

3 81. **JoAnn Sanders** (780 E. Gregory Lane, Coeur d'Alene, ID 83815;
4 (406) 461-4462): Ms. Sanders is believed to have knowledge of her communications
5 with Mr. Chittick, her investments in DenSco, and her communications with Mr.
6 Beauchamp after Mr. Chittick's death.

7 82. **Satellite LLC** (contact information to be added): A Member of
8 Satellite LLC is believed to have knowledge of its communications with Mr. Chittick,
9 its investments in DenSco, and its communications with Mr. Beauchamp after Mr.
10 Chittick's death.

11 83. **Mary I. Schloz** (10050 E. Sonoran Vista Circle, Scottsdale, AZ
12 85255; smschloz@msn.com; (480) 694-8868): Ms Schloz is believed to have
13 knowledge of her communications with Mr. Chittick, her investments in DenSco
14 individually and through the Family Trust, and her communications with Mr.
15 Beauchamp after Mr. Chittick's death.

16 84. **Stanley Schloz** (10050 E. Sonoran Vista Circle, Scottsdale, AZ
17 85255; smschloz@msn.com; (480) 694-8868): Mr. Schloz is believed to have
18 knowledge of his communications with Mr. Chittick, his investments in DenSco
19 individually, through his IRA, and the Family Trust, and his communications with Mr.
20 Beauchamp after Mr. Chittick's death.

21 85. **Annette M. Scroggin** (124 Abby Lane, LaPorte, IN 46350;
22 mscroggin@me.com; (219) 608-2552): Ms. Scroggin is believed to have knowledge of
23 her communications with Mr. Chittick, her investments in DenSco through her IRAs,
24 and her communications with Mr. Beauchamp after Mr. Chittick's death.

25 86. **Michael Scroggin** (124 Abby Lane, LaPorte, IN 46350;
26 mscroggin@me.com; (219) 608-2552): Mr. Scroggin is believed to have knowledge of
27 his communications with Mr. Chittick, his investments in DenSco through his IRAs,
28 and his communications with Mr. Beauchamp after Mr. Chittick's death.

1 87. **William Stewart Sheriff** (155 108th Avenue, Suite 400, Bellevue,
2 WA 98004; stewart.sheriff@cox.net; (602) 330-7776): Mr. Sheriff is believed to have
3 knowledge of his communications with Mr. Chittick, his investments in DenSco, and
4 his communications with Mr. Beauchamp after Mr. Chittick's death.

5 88. **Gary E Siegford and Corrina C. Esvelt-Siegford** (11917 Hidden
6 Valley Road, Rathdrum, ID 83858; gsiegford@msn.com; (208) 661-1842): Mr. and
7 Mrs. Siegford are believed to have knowledge of their communications with Mr.
8 Chittick, their investments in DenSco, and their communications with Mr. Beauchamp
9 after Mr. Chittick's death.

10 89. **Gary D. and Judith Siegford** (212 Ironwood Drive, Suite D,
11 PMB #313, Coeur d'Alene, ID 83814): Mr. and Mrs. Siegford are believed to have
12 knowledge of their communications with Mr. Chittick, their investments in DenSco
13 through the Trust, and their communications with Mr. Beauchamp after Mr. Chittick's
14 death.

15 90. **Carsyn P. Smith** c/o Deanna M. Smith (4901 E. Tomahawk Trail,
16 Paradise Valley, AZ 85253; dmsmith99@me.com; (602) 432-4227): Ms. Smith is
17 believed to have knowledge of her communications with Mr. Chittick, her investments
18 in DenSco, and her communications with Mr. Beauchamp after Mr. Chittick's death.

19 91. **McKenna Smith** c/o Deanna M. Smith (4901 E. Tomahawk Trail,
20 Paradise Valley, AZ 85253): Ms. Smith is believed to have knowledge of her
21 communications with Mr. Chittick, her investments in DenSco, and her
22 communications with Mr. Beauchamp after Mr. Chittick's death.

23 92. **Branson and Sandra Smith** (9261 E. Northview Court, Tucson,
24 AZ 85749; aztonysmith@aol.com; (520) 299-9791): Mr. or Mrs. Smith is believed to
25 have knowledge of their communications with Mr. Chittick, investments in DenSco
26 through the Trust and their IRA, and their communications with Mr. Beauchamp after
27 Mr. Chittick's death.
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2 93. **Tom Smith** (4901 E. Tomahawk Trail, Paradise Valley, AZ
3 85253): Mr. Smith is believed to have knowledge of his communications with Mr.
4 Chittick, his investments in DenSco individually and through his IRA, and his
5 communications with Mr. Beauchamp after Mr. Chittick's death.

6 94. **Tony Smith** (9261 E. Northview Court, Tucson, AZ 85749): Mr.
7 Smith is believed to have knowledge of his communications with Mr. Chittick, his
8 investments in DenSco, and his communications with Mr. Beauchamp after Mr.
9 Chittick's death.

10 95. **Donald E. and Lucinda Sterling** (2101 Bonnie Drive, Payette, ID
11 83661; don-cindy@cableone.net; (208) 401-6156): Mr. and Mrs. Sterling are believed
12 to have knowledge of their communications with Mr. Chittick, their investments in
13 DenSco, and their communications with Mr. Beauchamp after Mr. Chittick's death.

14 96. **Bill Swirtz** (6054 W. Trovita Place, Chandler, AZ 85226;
15 Bill.Swirtz@apollogrp.edu; (602) 315-8080): Mr. Swirtz is believed to have
16 knowledge of his communications with Mr. Chittick, his investments in DenSco, and
17 his communications with Mr. Beauchamp after Mr. Chittick's death.

18 97. **Nancy Swirtz** (6054 W. Trovita Place, Chandler, AZ 85226): Ms.
19 Swirtz is believed to have knowledge of her communications with Mr. Chittick, her
20 investments in DenSco, and her communications with Mr. Beauchamp after Mr.
21 Chittick's death.

22 98. **Coralee Thompson** (23233 N. Pima Road #113-240, Scottsdale,
23 AZ 85255; thompseg2@cox.net; (480) 993-8080): Ms. Thompson is believed to have
24 knowledge of her communications with Mr. Chittick, her investments in DenSco, and
25 her communications with Mr. Beauchamp after Mr. Chittick's death.

26 99. **Gary L. Thompson** (23233 N. Pima Road #113-240, Scottsdale,
27 AZ 85255; thompseg2@cox.net; (480) 993-8080): Mr. Thompson is believed to have
28 knowledge of his communications with Mr. Chittick, his investments in DenSco, and
his communications with Mr. Beauchamp after Mr. Chittick's death.

1 100. **James A. Trainor** (6113 S. Greensferry Road, Coeur d'Alene, ID
2 83814; jimmy@flytrapproductions.com; (208) 676-8072): Mr. Trainor is believed to
3 have knowledge of his communications with Mr. Chittick, his investments in DenSco,
4 and his communications with Mr. Beauchamp after Mr. Chittick's death.

5 101. **Stephen Tuttle** (6428 E. Evans Drive, Scottsdale, AZ 85254;
6 steve@taser.com; (602) 451-8529): Mr. Tuttle is believed to have knowledge of his
7 communications with Mr. Chittick, his investments in DenSco, and his communications
8 with Mr. Beauchamp after Mr. Chittick's death.

9 102. **Wade A. Underwood** (P.O. Box 1311, Sisters, OR 97759;
10 wunderwood@boxer.com; (480) 227-4658): Mr. Underwood is believed to have
11 knowledge of his communications with Mr. Chittick, his investments in DenSco, and
12 his communications with Mr. Beauchamp after Mr. Chittick's death.

13 103. **Jolene Page Walker** (8620 N. 52nd Street, Paradise Valley, AZ
14 85253; jwalker113@cox.net; (480) 220-5200): Ms. Walker is believed to have
15 knowledge of her communications with Mr. Chittick, her investments in DenSco, and
16 her communications with Mr. Beauchamp after Mr. Chittick's death.

17 104. **Laurie A. Weiskopf** (P.O. Box 161097, Big Sky, MT 59716-
18 1000): Ms. Weiskopf is believed to have knowledge of her communications with Mr.
19 Chittick, her investments in DenSco through her IRA, and her communications with
20 Mr. Beauchamp after Mr. Chittick's death.

21 105. **Thomas D. Weiskopf** (P.O. Box 161097, Big Sky, MT 59716-
22 1000): Mr. Weiskopf is believed to have knowledge of his communications with Mr.
23 Chittick, his investments in DenSco through his IRA, and his communications with Mr.
24 Beauchamp after Mr. Chittick's death.

25 106. **Carol J. Wellman** (12119 Whitley Manor Drive, Chesterfield, VA
26 23838; mikewellman1@comcast.net; (804) 338-3006): Ms. Wellman is believed to
27 have knowledge of her communications with Mr. Chittick, her investments in DenSco
28

1 through her IRA's, and her communications with Mr. Beauchamp after Mr. Chittick's
2 death.

3 **107. Wellman Family Trust** (12119 Whitley Manor Drive,
4 Chesterfield, VA 23838; mikewellman1@comcast.net; (804) 338-3006): A Trustee of
5 the Wellman Family Trust is believed to have knowledge of its communications with
6 Mr. Chittick, its investments in DenSco, and its communications with Mr. Beauchamp
7 after Mr. Chittick's death.

8 **108. Brian and Carla Wenig** (19 E. Canterbury Court, Phoenix, AZ
9 85022; bwenig@cox.net; (602) 300-5665 Brian; (602) 703-7313 Carla): Mr. and Mrs.
10 Wenig are believed to have knowledge of their communications with Mr. Chittick, their
11 investments in DenSco through the Trust, and their communications with Mr.
12 Beauchamp after Mr. Chittick's death.

13 **109. Mark and Debbie Wenig** (4445 E. Desert Willow Drive, Phoenix,
14 AZ 85044; mwenig@insight.com; (480) 227-7777): Mr. and Mrs. Wenig are believed
15 to have knowledge of their communications with Mr. Chittick, their investments in
16 DenSco, and their communications with Mr. Beauchamp after Mr. Chittick's death.

17 **110. Yusuf Yuldiz** (1609 W. 17th Street, Tempe, AZ 85281; (480) 258-
18 8171): Mr. Yuldiz is believed to have knowledge of his communications with Mr.
19 Chittick, his investments in DenSco, and his communications with Mr. Beauchamp
20 after Mr. Chittick's death.

21 **111. Leslie Jones c/o Michael Zones** (8 Briarcliff Drive, Huntington,
22 WV 25704; czj528@hotmail.com; (304) 429-6741 ext. 2712): Mr. Zones is believed to
23 have knowledge of his communications with Mr. Chittick, his investments in DenSco,
24 and his communications with Mr. Beauchamp after Mr. Chittick's death.

25 **112. Michael Zones** (8 Briarcliff Drive, Huntington, WV 25704;
26 czj528@hotmail.com; (304) 429-6741 ext. 2712): Mr. Zones is believed to have
27 knowledge of his communications with Mr. Chittick, his investments in DenSco, and
28 his communications with Mr. Beauchamp after Mr. Chittick's death.

1 **C. DenSco Borrowers and Persons Affiliated With Them**

2 1. **Luigi Amoroso** (contact information to be added): Mr. Amoroso
3 worked with Menaged in bidding on and acquiring properties subject to foreclosure.

4 2. **Veronica Castro** (contact information to be added): Ms. Castro
5 was Scott Menaged's assistant and has knowledge of deeds, mortgages and other
6 instruments signed by Menaged during 2013 that she notarized.

7 3. **Jeffrey C. Goulder** (Stinson Leonard Street LLP, 1850 N. Central
8 Avenue, Suite 1200, Phoenix, AZ 85004; (602) 212-8531): Mr. Goulder is an attorney
9 who represented Scott Menaged in connection with the Term Sheet and Forbearance
10 Agreement. He is believed to have knowledge of those agreements and his
11 communications with Mr. Beauchamp regarding them.

12 4. **Cody Jess** (Schian Walker PLC, 1850 N. Central Avenue,
13 Suite 900, Phoenix, AZ 85004; (602) 277-1501): Mr. Jess is an attorney who
14 represented Scott Menaged in a bankruptcy proceeding. He is believed to have
15 knowledge of that proceeding and of his communications with Mr. Beauchamp relating
16 to that proceeding.

17 5. **Scott Menaged** (c/o Molly Patricia Brizgys, 2210 S. Mill Avenue,
18 Suite 7A, Tempe, AZ 85282; (602) 460-9013): Mr. Menaged has knowledge of his
19 dealings with Mr. Chittick and Mr. Beauchamp.

20 **D. Current or Former Clark Hill Attorneys and Employees**

21 1. **Robert Anderson** (c/o John DeWulf, Coppersmith Brockelman,
22 PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr.
23 Anderson is an attorney who was involved in Clark Hill's representation of DenSco.

24 2. **David Beauchamp** (c/o John DeWulf, Coppersmith Brockelman,
25 PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr.
26 Beauchamp is an attorney who was involved in Clark Hill's representation of DenSco.

27 3. **Lindsay Grove** (c/o John DeWulf, Coppersmith Brockelman,
28 PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Ms.

1 Grove is a legal assistant who worked with David Beauchamp during the relevant time
2 period and is believed to have knowledge of certain documents received or sent by Mr.
3 Beauchamp.

4 **4. Ryan Lorenz** (c/o John DeWulf, Coppersmith Brockelman, PLC,
5 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr.
6 Lorenz submitted proofs of claim to the Receiver in June 2017 and gave an affidavit in
7 support of those proofs of claim which summarized certain work Clark Hill performed
8 during its representation of DenSco.

9 **5. Darra Lynn Rayndon** (c/o John DeWulf, Coppersmith
10 Brockelman, PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602)
11 224-0999): Ms. Rayndon is an attorney who initiated a probate proceeding on
12 August 4, 2016 in which she and Clark Hill represented Shawna Chittick Heuer in her
13 capacity as the Personal Representative of Denny Chittick's Estate. She is believed to
14 have knowledge of any discussions within Clark Hill that may have occurred regarding
15 conflicts of interest arising from the firm's separate representation of DenSco.

16 **6. Daniel Schenck** (c/o John DeWulf, Coppersmith Brockelman,
17 PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr.
18 Schenck is an attorney who was involved in Clark Hill's representation of DenSco.

19 **7. Michelle M. Tran** (c/o John DeWulf, Coppersmith Brockelman,
20 PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Ms.
21 Tran is an attorney who initiated a probate proceeding on August 4, 2016 in which she
22 and Clark Hill represented Shawna Chittick Heuer in her capacity as the Personal
23 Representative of Denny Chittick's Estate. She is believed to have knowledge of any
24 discussions within Clark Hill that may have occurred regarding conflicts of interest
25 arising from the firm's separate representation of DenSco.
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27
28

1 **E. Current or Former Bryan Cave Attorneys**

2 1. **Ray Burgan** (Zenfinity Capital LLC, 14850 N. Scottsdale Road,
3 No. 295, Scottsdale, Arizona, 85254; (480) 292-8111): Mr. Burgan is an attorney who
4 was formerly associated with Bryan Cave and is believed to have knowledge of work
5 he performed for DenSco and David Beauchamp's representation of DenSco while
6 Beauchamp was affiliated with Bryan Cave.

7 2. **Michael Dvoren** (Jaburg & Wilk PC, 3200 N. Central Avenue,
8 Suite 2000, Phoenix, Arizona 85012; (602) 248-1000): Mr. Dvoren is an attorney who
9 was formerly associated with Bryan Cave and is believed to have knowledge of work
10 he performed for DenSco and David Beauchamp's representation of DenSco while
11 Beauchamp was affiliated with Bryan Cave.

12 3. **Robert Endicott** (Bryan Cave LLP, One Metropolitan Square, 211
13 North Broadway, Suite 3600, St. Louis, MO 63102; (314) 259-2000): Mr. Endicott is
14 an attorney who is believed to have knowledge of his communications with David
15 Beauchamp in the summer of 2013 regarding DenSco.

16 4. **Kenneth L. Henderson** (Bryan Cave LLP, 1290 Avenue of the
17 Americas, New York, NY, 10104; (212) 541-2000): Mr. Henderson is an attorney who
18 is believed to have knowledge of his communications with David Beauchamp in the
19 summer of 2013 regarding DenSco.

20 5. **Garth Jensen** (Sherman & Howard L.L.C., 633 Seventeenth
21 Street, Suite 3000, Denver, CO 80202; (303) 297-2900): Mr. Jensen is an attorney who
22 was formerly associated with Bryan Cave and is believed to have knowledge of his
23 communications with David Beauchamp in the summer of 2013 regarding DenSco.

24 6. **Logan Miller** (Apollo Education Group, Inc., 4025 S. Riverpoint
25 Parkway, Phoenix, AZ 85040; (800) 990-2765): Mr. Miller is an attorney who was
26 formerly associated with Bryan Cave and is believed to have knowledge of work he
27 performed for DenSco and David Beauchamp's representation of DenSco while
28 Beauchamp was affiliated with Bryan Cave.

1
2 7. **Robert Miller:** (Bryan Cave LLP, Two N. Central, Suite 2100,
3 Phoenix, Arizona 85004; (602) 364-7099): Mr. Miller is an attorney who
4 communicated with David Beauchamp in January 2014 in connection with the demand
5 letter described above and is believed to have knowledge of those communications.

6 8. **Robert Pedersen** (Bryan Cave LLP, 1290 Avenue of the
7 Americas, New York, NY, 10104; (212) 541-2000): Mr. Pedersen is an attorney who is
8 believed to have knowledge of his communications with David Beauchamp in the
9 summer of 2013 regarding DenSco.

10 9. **Nancy Pohl** (Gallagher & Kennedy PA, 2575 E. Camelback Road,
11 Suite 1100, Phoenix, Arizona 85016; (602) 530-8052): Ms. Pohl is an attorney who was
12 formerly associated with Bryan Cave and is believed to have knowledge of work she
13 performed for DenSco and David Beauchamp's representation of DenSco while
14 Beauchamp was affiliated with Bryan Cave.

15 10. **Gus Schneider** (Bryan Cave LLP, Two N. Central, Suite 2100,
16 Phoenix, AZ 85004; (602) 364-7099): Mr. Schneider is an attorney who is associated
17 with Bryan Cave and is believed to have knowledge of work he performed for DenSco
18 and David Beauchamp's representation of DenSco while Beauchamp was affiliated
19 with Bryan Cave.

20 11. **Elizabeth Sipes** (Bryan Cave LLP, 1700 Lincoln Street,
21 Suite 4100, Denver, CO 80203; (303) 861-7000): Ms. Sipes is an attorney who is
22 believed to have knowledge of her communications with David Beauchamp in the
23 summer of 2013 regarding DenSco.

24 12. **Jonathan Stern** (contact information not known): Mr. Stern is an
25 attorney who is associated with Bryan Cave and is believed to have knowledge of work
26 he performed for DenSco and David Beauchamp's representation of DenSco while
27 Beauchamp was affiliated with Bryan Cave.

28 13. **Randy Wang** (Bryan Cave LLP, One Metropolitan Square, 211 N.
Broadway, Suite 3600, St. Louis, MO 63102; (314) 259-2000): Mr. Wang is an

1 attorney who is believed to have knowledge of his communications with David
2 Beauchamp in the summer of 2013 regarding DenSco.

3 14. **Mark Weakley** (Bryan Cave LLP, One Boulder Plaza, 1801 13th
4 Street, Suite 300, Boulder, CO 80302; (303) 444-5955): Mr. Weakley is an attorney
5 who is believed to have knowledge of his communications with David Beauchamp in
6 the summer of 2013 regarding DenSco.

7
8 **F. Current or Former Gammage & Burnham Attorneys**

9 1. **Christopher L. Raddatz** (Gammage & Burnham, PLC, Two N.
10 Central Avenue, 15th Floor, Phoenix, AZ 85004; (602) 256-0566): Mr. Raddatz is an
11 attorney who represented the Estate of Denny Chittick and Shawna Chittick Heuer in
12 her capacity as the Personal Representative of Denny Chittick's Estate.

13 2. **Kevin R. Merritt** (Gammage & Burnham, PLC, Two N. Central
14 Avenue, 15th Floor, Phoenix, AZ 85004; (602) 256-0566): Mr. Merritt is an attorney
15 who in 2007 advised DenSco regarding its loan agreements. Beginning in August
16 2016, he represented the Estate of Denny Chittick and Shawna Chittick Heuer in her
17 capacity as the Personal Representative of Denny Chittick's Estate.

18 3. **James F. Polese** (Gammage & Burnham, PLC, Two N. Central
19 Avenue, 15th Floor, Phoenix, AZ 85004; (602) 256-0566): Mr. Polese is an attorney
20 who represented the Estate of Denny Chittick and Shawna Chittick Heuer in her
21 capacity as the Personal Representative of Denny Chittick's Estate.

22 **G. Persons Affiliated With the Arizona Corporation Commission,
Securities Division**

23 1. **Gary Clapper** (1300 W. Washington, Third Floor, Phoenix, AZ
24 85007; (602) 542-0152): Mr. Clapper is Chief Investigator, Arizona Corporation
25 Commission, Securities Division. He is believed to have knowledge of the ACC's
26 investigation of DenSco in August 2016, events leading to the ACC's filing of an
27 application for a preliminary injunction and the appointment of a receiver, and his
28 communications with Mr. Beauchamp.

1
2 2. **Wendy Coy** (1300 W. Washington, Third Floor, Phoenix, AZ
3 85007; (602) 542-0633): Ms. Coy is Director of Enforcement, Arizona Corporation
4 Commission, Securities Division. She is believed to have knowledge of the ACC's
5 investigation of DenSco in August 2016, events leading to the ACC's filing of an
6 application for a preliminary injunction and the appointment of a receiver, her
7 communications with Mr. Beauchamp.

8 **H. The Receiver, His Employees and Attorneys**

9 1. **Peter S. Davis** (c/o Colin Campbell and Geoffrey Sturr, Osborn
10 Maledon, P.A., 2929 N. Central Avenue, Suite 2100, Phoenix, AZ 85012; (602) 640-
11 9377): Mr. Davis has knowledge of work he has performed as DenSco's receiver, as
12 set forth in reports he has issued in the course of his work.

13 2. **Ryan W. Anderson** (Guttilla Murphy Anderson, 5415 E. High
14 Street, Suite 200, Phoenix, AZ 85054; (480) 304-8300): Mr. Anderson is an attorney
15 who represents the Receiver. He has knowledge of the receivership proceeding and his
16 communications with participants in that proceeding.

17 3. **Sara Beretta** (c/o Colin Campbell and Geoffrey Sturr, Osborn
18 Maledon, P.A., 2929 N. Central Avenue, Suite 2100, Phoenix, AZ 85012; (602) 640-
19 9377): Ms. Beretta is a Director of Simon Consulting and has knowledge of DenSco's
20 books and records and work performed by the Receiver, as set forth in reports he has
21 issued in the course of his work.

22 **I. Lenders Who Negotiated With Chittick and Menaged During**
23 **January 2014**

24 1. **Craig Cardon** (contact information to be added): Mr. Cardon is a
25 member of Azben Limited, LLC and is believed to have knowledge of his
26 communications with Chittick and Menaged regarding the January 6, 2014 demand
27 letter discussed above.

28 2. **Daniel Diethelm** (contact information to be added): Mr. Diethelm
is a manager of Geared Equity, LLC and is believed to have knowledge of his

1 communications with Chittick and Menaged regarding the January 6, 2014 demand
2 letter discussed above

3 3. **Lynn Hoebing** (contact information to be added): Mr. Hoebing is
4 a manager of 50780, LLC and is believed to have knowledge of his communications
5 with Chittick and Menaged regarding the January 6, 2014 demand letter discussed
6 above.

7 **J. Other Persons**

8 1. **Rick Carney** (contact information to be added): Mr. Carney was
9 formerly affiliated with Quarles & Brady and provided legal services to DenSco as
10 described above. He is believed to have knowledge of those services and his
11 communications with Denny Chittick and David Beauchamp relating to those services.

12 2. **Gregg Reichman** (believed to be c/o Andrew Abraham, Burch &
13 Cracchiolo, P.A., 702 E. Osborn Road, Suite 200, Phoenix, AZ 85014; (602) 234-
14 9917): Mr. Reichman is a current or former member of Active Funding Group, LLC.
15 He is believed to have knowledge of dealings between Active Funding Group, LLC and
16 Menaged.

17 **V. PERSONS WHO HAVE GIVEN STATEMENTS**

18 1. **David Beauchamp** (c/o John DeWulf, Coppersmith Brockelman, PLC,
19 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr.
20 Beauchamp executed a declaration dated August 17, 2016 that was submitted to the
21 court in the Receivership Proceeding in support of the Estate's Recommendations re
22 Receiver and Attorney/Client Privilege. The Estate's counsel, Gammage & Burnham,
23 is believed to be the custodian of the original declaration.

24 2. **Scott Menaged** (c/o Molly Patricia Brizgys, 2210 S. Mill Avenue,
25 Suite 7A, Tempe, AZ 85282; (602) 460-9013): Mr. Menaged gave a deposition in his
26 bankruptcy proceeding. The Receiver's counsel is the custodian of the transcript of that
27 deposition.
28

1 3. **Scott Menaged** (c/o Molly Patricia Brizgys, 2210 S. Mill Avenue,
2 Suite 7A, Tempe, AZ 85282; (602) 460-9013): On December 8, 2017, Mr. Menaged
3 was interviewed by Ken Frakes, Special Counsel to the Receiver, before a court
4 reporter. Mr. Frakes is believed to be the custodian of the transcript of that interview.

5 4. **Ryan Lorenz** (c/o John DeWulf, Coppersmith Brockelman, PLC, 2800
6 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr. Lorenz gave
7 an affidavit in support of notices of claim Clark Hill submitted to the Receiver. He is
8 believed to be the custodian of the original affidavit.

9 5. **Luigi Amoroso** (contact information to be added): Mr. Amoroso gave a
10 deposition in the receivership proceeding on December 14, 2016. The Receiver's
11 counsel is the custodian of the transcript of that deposition.

12 **VI. EXPERT WITNESSES EXPECTED TO BE CALLED AT TRIAL**

13 The Receiver will disclose the identity and opinions of expert witnesses it plans
14 to call at trial in accordance with the scheduling order that will be entered in this matter.

15 **VII. COMPUTATION AND MEASURE OF DAMAGES**

16 The Receiver anticipates relying on an expert witness to testify at trial as to
17 damages DenSco suffered as a result of Defendants' conduct.

18 The Receiver has previously disclosed to Defendants' counsel the following
19 information relating to damages and prejudgment interest:
20

21 Prejudgment interest is sought on three different types of loans that were
22 outstanding on Chittick's death, as summarized in the Receiver's December 23, 2016
23 report: (i) a \$5 million workout loan made to Menaged as part of the Forbearance
24 Agreement; (ii) a \$1 million workout loan made to Menaged as part of the Forbearance
25 Agreement; and (iii) non-workout loans that DenSco made to Menaged after DenSco
26 learned of Menaged's fraud in November 2013. As alleged in the complaint, the losses
27 DenSco suffered on those loans were the proximate result of Clark Hill's conduct.
28 Prejudgment interest is also sought on Clark Hill legal fees paid by DenSco.

1 **A. \$5 million “workout loan” to Menaged**

2 Under the Forbearance Agreement that Clark Hill drafted and advised DenSco to
3 sign, DenSco agreed to loan Menaged up to \$5 million for use in connection with the
4 sale or refinancing of any property listed in Exhibit A to the Agreement. The principal
5 balance of that loan as of December 23, 2016 was \$13,336,807.24. *See* Receiver’s
6 Report, December 23, 2016, at page 9. **Appendix C** is a schedule (numbered
7 RECEIVER_001332-001336) showing how that balance was calculated. The schedule
8 reflects that Menaged drew on this loan as early as February 2014, and made a last draw
9 on August 18, 2015. As of October 5, 2015, the principal balance of the line of credit
10 was \$13,656,807.24, and remained at this amount until Chittick’s death in July 2016.

11 The rate of prejudgment interest in this case is 10%. A.R.S. § 44-1201(A), (F).
12 Thus, a yearly calculation of prejudgment interest on DenSco’s \$13,656,807.24 loss is
13 \$1,365,680.72.

14 **B. \$1 million “workout loan” to Menaged**

15 The Forbearance Agreement also obligated DenSco to make a “new loan” to
16 Menaged of up to \$1 million as part of the “workout” that Clark Hill blessed and
17 documented. The principal balance of that loan as of December 23, 2016 was
18 \$1,002,532.55. *See* Receiver’s Report, December 23, 2016, at page 9. **Appendix D** is
19 a schedule (numbered RECEIVER_001337) showing how that balance was calculated.
20 The schedule reflects that Menaged drew on this loan as early as December 13, 2013
21 and last drew on this loan on April 30, 2014, when the principal balance was
22 \$1,002,532.55. It remained at that amount until Chittick’s July 2016 death.

23 A yearly calculation of prejudgment interest on DenSco’s \$1,002,532.55 loss is
24 \$100,253.25.

25 **C. Non-workout loans**

26 As set forth in the Receiver’s December 23, 2016 report (at page 10), as of
27 August 2016, when the Receiver was appointed, DenSco suffered losses of at least
28 \$28,332,300 because of loans made to Menaged outside of the “work out” loans

1 contemplated by the Forbearance Agreement that were not secured. **Appendix E** is a
2 schedule (numbered RECEIVER_001338-001339) showing how that amount was
3 calculated. The schedule includes two loans made on the Lobo property, one on
4 August 14, 2013 and another on January 22, 2014. They are included in this schedule
5 because DenSco categorized them as non-workout loans.

6 Had Clark Hill properly advised DenSco during the first week of January 2014,
7 DenSco would have severed its relationship with Menaged, not made any new loans to
8 Menaged, sought to rescind the initial Lobo losses, and not suffered the losses set forth
9 in the attached schedule. Alternatively, had Clark Hill properly advised DenSco about
10 documenting the non-workout loans, DenSco would not have suffered losses on the
11 loans made after the second Lobo loan.

12 A yearly calculation of prejudgment interest on DenSco's \$28,332,300.00 loss is
13 \$2,833,230.00.

14 **D. Payments to Clark Hill for Attorneys' Fees**

15 As of June 24, 2016, Clark Hill received payment from DenSco for legal fees in
16 the amount of \$163,702.45. The Receiver seeks in the complaint the return of all those
17 fees on the grounds that they were received after Clark Hill had committed a serious
18 breach of fiduciary duty. The last fee payment was on June 24, 2016.

19 A yearly calculation of prejudgment interest on the Receiver's attorney fee
20 disgorgement claim is \$16,370.25.

21 **VIII. ANTICIPATED TRIAL EXHIBITS**

22 The Receiver has not yet determined which exhibits he will offer at the trial of
23 this matter.

24 **IX. DOCUMENTS THAT MAY BE RELEVANT**

25 1. Documents maintained in the Document Depository established by the
26 Receiver pursuant to an underlying Court Order dated January 1, 2017 in the matter
27 entitled *Ariz. Corp. Comm'n v. DenSco Investment Corp.*, Maricopa County Superior
28

1 Court CV2016-014142. The most recent index is attached as **Appendix F**. Certain
2 documents relevant to the receivership are also publicly available on a website
3 maintained by the Receiver: <http://denscoreceiver1.godaddysites.com/>.

4 a. The Receiver's counsel has caused to be deposited into the
5 Depository documents received from Defendants' counsel and third parties, and
6 will continue to do so as this matter proceeds.

7 b. The Receiver's counsel will provide Defendants' counsel with
8 updated indices of documents maintained in the Document Depository as they
9 become available.

10 c. The Receiver also updates the website periodically.

11 2. The Receiver will rely on documents maintained in the Document
12 Depository and on the Receiver's website to support his claims in this action, as well as
13 publicly available documents such as the recorded instruments referenced in the factual
14 narrative above.

15 3. The Receiver's counsel plans to compile, number, and produce to
16 Defendants' counsel certain documents it has obtained from the Depository, the
17 Receiver's website, and other publicly available documents that the Receiver may
18 designate as trial exhibits.

19 a. The Receiver's March 27, 2018 production included documents
20 numbered RECEIVER_000001- 001345.

21 i. The March 27, 2018 production included copies of the
22 DenSco Corporate Journals for 2013, 2014, 2015 and 2016, which have
23 been numbered RECEIVER_000001-000164. They replaced copies of
24 those documents that were produced on September 5, 2017 and which
25 were incorrectly numbered DIC0011918-0012081.

26 ii. The March 27, 2018 production included publicly available
27 documents, such as the recorded instruments referenced in the factual
28 narrative above (RECEIVER_000165-RECEIVER_001345).

b. The Receiver's May 15, 2018 production included documents numbered RECEIVER_001325-RECEIVER_001497.

c. Accompanying this disclosure statement are documents numbered
RECEIVER 001498-RECEIVER 001548.

d. Other documents from the Document Depository, the Receiver's website, or publicly available sources that the Receiver may designate as trial exhibits will be numbered and produced through one or more supplemental disclosure statements.

DATED this 11 day of July, 2018.

~~OSBORN MALEDON, P.A.~~

B

Colin F. Campbell
Geoffrey M.T. Sturr
Joshua M. Whitaker
2929 N. Central Avenue, Suite 2100
Phoenix, Arizona 85012-2793

Attorneys for Plaintiff

COPY of the foregoing mailed
this 11th day of July, 2018, to:

John E. DeWulf
Coppersmith Brockelman PLC
2800 N Central Ave., Suite 1900
Phoenix, AZ 85004
jdewulf@cblawyers.com

Attorneys for Defendants

Debra Huss
7659775

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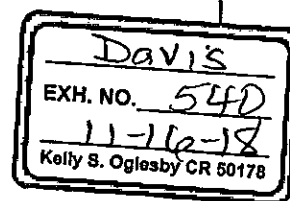
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IN THE SUPERIOR COURT OF THE STATE OF ARIZONA
IN AND FOR THE COUNTY OF MARICOPA

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

**PLAINTIFF'S ~~FOURTH~~ FIFTH
DISCLOSURE STATEMENT**

Pursuant to Rule 26.1(d)(226.1(a), Plaintiff Peter S. Davis, as the court-
appointed receiver of DenSco Investment Corporation (the "Receiver"), makes the
following disclosures. Changes from the Receiver's ~~Third~~ Fourth Disclosure Statement
are identified below in section ~~IX~~ through underlining in the mark-up attached as
Appendix F.

On August 18, 2016, the Receiver was appointed to serve as the Receiver for
DenSco Investment Corporation ("DenSco") under an order entered by the Maricopa
County Superior Court in Arizona Corporation Commission v. DenSco Investment
Corporation, CV2016-014142 (the "Receivership Court"). After the Receiver and his

1 staff had reviewed DenSco's books and records and files maintained by DenSco's
2 former legal counsel, Clark Hill PLC and Clark Hill partner David Beauchamp, the
3 Receiver concluded that DenSco might have claims against Clark Hill and Beauchamp.
4 On March 31, 2017, the Receiver filed a petition with the Receivership Court seeking
5 permission to retain special counsel to investigate those potential claims. The petition
6 was granted on April 27, 2017. After special counsel completed its investigation, the
7 Receiver filed a petition asking the Receivership Court to authorize the Receiver to file,
8 through special counsel, a complaint against Clark Hill and Beauchamp. That petition
9 was granted on October 9, 2017. The Receiver, through special counsel, initiated this
10 lawsuit on October 16, 2017 by filing a complaint which asserted claims against Clark
11 Hill and Beauchamp for legal malpractice and aiding and abetting breach of fiduciary
12 duty.

13 The Receiver has relied on special counsel to pursue those claims against Clark
14 Hill and Beauchamp and to prepare this and previous disclosure statements.

15 **I. FACTUAL BASIS OF CLAIMS**

16 The following numbered paragraphs disclose the primary facts on which the
17 Receiver's claims against Clark Hill and Beauchamp are based. At trial, the Receiver
18 may also rely on facts disclosed through depositions that have been taken in this action,
19 the defendants' disclosure statements and discovery responses, and facts contained in
20 the documents that have been identified in Sections VIII (anticipated trial exhibits) and
21 IX (documents that may be relevant) of this disclosure statement.

22 **A. Background Facts for the Period April 2001 to September 2011**

23 **1. DenSco's Formation and Operations Through 2003**

- 24 1. DenSco was established in April 2001 as an Arizona corporation.
- 25 2. Denny Chittick formed DenSco to make short-term loans to companies
26 buying or investing in real estate. DenSco used money raised from investors to make
27 those loans.

1 3. Chittick was DenSco's sole shareholder, president and director, and its
2 only employee.

3 2. Beauchamp Was DenSco's Securities Lawyer

4 a. DenSco First Hired Beauchamp in 2003 to Advise the
5 Company on Securities Law Issues.

6 4. 1. Defendant David G. Beauchamp is an attorney who. He describes
7 himself as practicing primarily in the areas of corporate law, securities, venture capital
8 and private equity transactions.

9 A. ~~Beauchamp's Representation of DenSco While Affiliated with~~
10 ~~Quarles & Brady~~

11 5. 2. Beauchamp has testified that he began representing DenSco in 2003. 3.
12 In 2003, Beauchamp, when he was a partner of the law firm Quarles & Brady
13 LLP.

14 4. DenSco retained Beauchamp through Denny Chittick, DenSco's sole shareholder,
15 president and director, and only employee.

16 5. Beauchamp has testified that DenSco retained him "in connection with a
17 securities offering" and that he prepare[d] a private offering memorandum "to be
18 distributed to investors of DenSco in compliance with Arizona and federal security [sic]
19 laws."

20 6. Beauchamp advised DenSco that it was appropriate for DenSco to raise
21 funds continuously using private offering memoranda that were designed to remain in
22 effect for two years.

23 7. DenSco followed Beauchamp's advice, and did so throughout Beauchamp's
24 representation of DenSco. As Beauchamp and Clark Hill admit in their initial
25 disclosure statement (at 4), "Over the years, Mr. Chittick showed himself to be a
26 trustworthy and savvy businessman, and a good client. . . . Despite complaining about
27 the cost of legal services, Mr. Chittick appeared to follow Mr. Beauchamp's advice and
28 provided information when asked for it."

18. DenSeco issued a private offering memorandum in June 2003 that it used to solicit
2 investments in promissory notes issued by DenSeco to investors.

3 9. — Beauchamp periodically reviewed DenSeco's website, including the
4 quarterly newsletters DenSeco published through the website.

5 10. — Beauchamp knew that DenSeco, through Chittick, had informed current
6 and potential investors in a March 2003 newsletter that: (i) Chittick was "working with
7 lawyers on updating DenSeco's [private offering] memorandum"; (ii) he believed
8 DenSeco was "required to update [the memorandum] every two years with [DenSeco's]
9 previous two years activity"; and (iii) he would send the updated memorandum when
10 completed to each current investor and new investors.

11 11. — Beauchamp also knew that DenSeco, through Chittick, had informed
12 current and potential investors in a June 2003 newsletter that DenSeco had completed its
13 2003 private offering memorandum. In that newsletter, Chittick stated that he had
14 "spent more time than I care to remember with the lawyers going page by page through
15 it. Despite all the 'legal speak', it does cover in detail the last two years," and that he
16 planned to "spend a considerable amount of time to try to raise money with this in
17 hand."

18 **B. — Beauchamp's Representation of DenSeco While Affiliated with**
19 **Gammage & Burnham**

20 6. 12. In 2004, Beauchamp joined left Quarles & Brady to join the law firm
21 Gammage & Burnham, PLLC, where he continued to represent DenSeco.

22 7. 13. DenSeco became a client of In 2008, Beauchamp left Gammage &
23 Burnham when Beauchamp joined that firm. to join the law firm Bryan Cave LLP,
24 where he continued to represent DenSeco.

25 14. — While at Gammage & Burnham, Beauchamp caused a "general corporate"
26 file to be opened.

1 15. — DenSco issued a private offering memorandum in June or July 2005 (the
2 “2005 POM”) that it used to solicit investments in promissory notes issued by DenSco
3 to investors.

4 16 The 2005 POM was prepared by Beauchamp and possibly other attorneys at Gammage
5 & Burnham whose names are not currently known to the Receiver.

6 17. — Beauchamp has testified that DenSco relied on him to prepare the 2005
7 POM for distribution “to investors of DenSco in compliance with Arizona and federal
8 security [sic] laws.”

9 1. — **The 2007 POM**

10 18. — DenSco issued a private offering memorandum dated June 1, 2007 (the
11 “2007 POM”) that it used to solicit investments in promissory notes issued by DenSco
12 to investors.

13 19. — The 2007 POM was prepared by Beauchamp and possibly other attorneys
14 at Gammage & Burnham whose names are not currently known to the Receiver.

15 8. 20. Beauchamp has testified that DenSco relied on him to prepare the 2007
16 POM private offering memoranda for distribution “to investors of DenSco in
17 compliance with Arizona and federal security [sic] laws” and to provide DenSco with
18 “recommendations for amended or additional [private offering memoranda] in keeping
19 with the investments being made or contemplated by DenSco.”

20 **b. Beauchamp Prepared Private Offering Memoranda that**
21 **DenSco Issued to Investors in 2003, 2005, 2007, 2009,**
22 **and 2011 to Sell Promissory Notes.**

23 9. DenSco issued private offering memoranda in 2003, 2005, 2009, and
24 2011, which DenSco used to sell promissory notes to investors.

25 10. Beauchamp prepared each private offering memorandum (“POM”),
26 sometimes working with other attorneys.

27 a. The 2009 POM was prepared by Beauchamp with assistance from
28 Bryan Cave attorneys Ray Burgan, Logan Miller, and Nancy Pohl.

1 b. The 2011 POM was prepared by Beauchamp with assistance from
2 Bryan Cave attorneys Gus Schneider and Jonathan E. Stern.

3 11. The process of preparing POMs in 2007, 2009 and 2011 took between
4 one and three months.

5 21-a. Beauchamp began working on the 2007 a POM in early May 2007,
6 after a May 1, 2007 telephone call and a May 3, 2007 meeting with Chittick,
7 and completed his work in approximately thirty days.

8 b. Beauchamp began working on a POM in April 2009, after an
9 April 9, 2009 meeting with Chittick, and completed his work in approximately
10 ninety days.

11 c. Beauchamp began working on a POM in April 2011, after an April
12 13, 2011 meeting with Chittick, and completed his work in approximately ninety
13 days.

14 12. Beauchamp knew that Chittick told his investors that he had retained legal
15 counsel to prepare DenSco's POMs, and that Chittick had identified him as the
16 Company's securities attorney who helped prepare those POMs. For example, Chittick
17 distributed a POM in 2011 to DenSco's investors through a July 19, 2011 email. The
18 email was sent to all of DenSco's investors and Beauchamp. Chittick's transmittal
19 email stated, in part: "I update this memorandum every two years. I work with David
20 Beauchamp (securities attorney) to review all the statues [sic] and laws in Arizona as it
21 pertains to my business and all the states that I have investors in. This is to ensure that
22 I'm filing all the forms and following all the rules"

23 c. The Terms of the POMs Beauchamp Prepared

24 (1) DenSco Sold Promissory Notes

25 ~~22. Beauchamp completed his work on the 2007 POM in approximately thirty days.~~
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1 23. During his May 3, 2007 meeting with Chittick, Beauchamp learned that
2 DenSeo wanted to increase the amount of the planned securities offering to \$50 million
3 from the \$25 million that had been offered through the 2005 POM.

4 24. Beauchamp also learned during that meeting that as of that date, 90% of the promissory
5 notes DenSeo had issued to investors were two year notes.

6
7
8 25. On May 7, 2007, Beauchamp sent Chittick a letter to confirm that DenSeo had retained
9 Gammage & Burnham to prepare the 2007 POM. It stated, in part, "DenSeo will be our
10 client with respect to our assistance to prepare the 2007 Private Offering documents.
11 As we have discussed, Rick Carney of Quarles & Brady will do the necessary Blue Sky
12 work and your accountant will update the Tax Consequences section in the offering
13 documents."

14 26. On May 9, 2007, Beauchamp sent Chittick by email a draft of the 2007
15 POM, in which he posed questions to Chittick about DenSeo's past and current
16 operations.

17 27. On May 9, 2007, Chittick sent Beauchamp by email a marked up copy of
18 the draft POM with responses to some of Beauchamp's questions.

19 28. On May 15, 2007, Beauchamp told Chittick by email he would be
20 sending him an "Officer's and Director's certificate that we need for the POM. It is a
21 new form (since your last POM) that our malpractice carrier requires for any POM that
22 we have to prepare. It is a standard document that other firms are also using to have the
23 Principals of the issuer verify the information in the POM and agree to hold the law
24 firm harmless if there is a misrepresentation."

25 29. Chittick stated by email that he had "no problem with such a document.
26 [A]fter working on it like we have, [I] feel quite comfortable that it's true and correct!"

27 30. On May 16, 2007, Chittick sent Beauchamp an email asking about the
28 status of the memorandum.

1 31. — Beauchamp replied the same day by email that he planned to have a
2 revised draft to him by May 17, 2007 and “[t]hen we can finalize the numbers on
3 May 30 so you can be ready to print on June 1.”

4 32. — On May 17, 2007, Chittick sent Beauchamp by email comments on the
5 draft 2007 POM he had received from Dave Preston, DenSeco’s accountant.

6 33. — Through a May 17, 2007 email to Chittick, Beauchamp told him he
7 needed a signed copy of the Officer’s and Director’s Certificate “for our files before we
8 release the final POM.” Chittick responded by email that he had signed the Certificate
9 and sent it to Beauchamp by fax and mail.

10 34. — On May 17, 2007, Beauchamp caused a revised draft of the 2007 POM to
11 be sent to Chittick by email.

12 35. — On May 21, 2007, Chittick sent Beauchamp by email additional revisions
13 to the draft 2007 POM he had received from Preston.

14 36. — On May 25, 2007, Beauchamp asked Chittick to obtain an email from
15 Preston for “our files that he has reviewed and approved the tax section, as currently
16 modified.”

17 37. — Through an email exchange on June 1, 2007, Beauchamp reviewed and
18 approved Chittick’s final changes to the 2007 POM, advising Chittick about how
19 DenSeco should distribute the document to current and potential investors.

20 38. — Beauchamp told Carney by email in June 2007 that Gammage & Burnham had
21 “updated DenSeco’s POM, subscription documents and investor questionnaires, as well
22 as its loan documents to be used with borrowers. This update was part of our
23 preparation for a new POM for DenSeco, because the last one was two years old and
24 needed to be updated with the more recent prior experience information.”

25 39. — Beauchamp also told Carney by email that “[t]he terms of the offering are the same, but
26 we did increase the maximum offering amount due to the ongoing roll-over of the
27 existing investors every 6 months or so. The intent was merely to do an update to the
28 disclosure so that it stays current like we did a couple of years ago.”

1 13. ~~40. As issued by DenSeco, the 2007 POM In the POMs it issued in 2007,~~
2 ~~2009 and 2011, DenSeco offered to sell investors promissory notes of \$50,000 or more~~
3 ~~with the following durations and interest rates: six months at 8%; one year at 10%; and~~
4 ~~two to five years at 12%. The 2007 POM stated that the notes are were "paid 'interest~~
5 ~~only' during the terms, with principal payable only at maturity," and investors having "~~
6 ~~Investors had the ability to "have interest paid monthly, quarterly, or at maturity."~~

7 ~~41. — As issued by DenSeco, the 2007 POM:~~

8 ~~a. — Described DenSeco as being "engaged primarily in the~~
9 ~~business of . . . funding Foreclosure Specialists, who purchase houses through~~
10 ~~the preforeclosure process, and at foreclosure sales."~~

11 ~~b. — Represented that DenSeco's "primary focus is to lend money~~
12 ~~to qualified borrowers who can fulfill their loan obligations on highly marketable~~
13 ~~properties with sufficient equity."~~

14 ~~c. — Represented that each loan would "be secured by its~~
15 ~~underlying real property."~~

16 14. ~~Represented that DenSeco "will~~ Each POM stated that "[a]lthough the
17 ~~Company intends to use its good faith efforts to accommodate written requests from an~~
18 ~~investor to prepay any Note prior to maturity and the Company has in fact been able to~~
19 ~~satisfy such requests in a timely manner with interest paid in full, the Company has no~~
20 ~~obligation to do so and the investor has no right to require the Company to redeem the~~
21 ~~Note prior to maturity."~~

22 15. ~~By completing and signing a Subscription Agreement, investors specified~~
23 ~~the amount of the promissory note they wished to purchase, the term of the note, and~~
24 ~~how they wished to be paid interest.~~

25 16. ~~The files that Beauchamp maintained, and the billing statements Bryan~~
26 ~~Cave issued to DenSeco, reflect that Beauchamp prepared a form of Subscription~~
27 ~~Agreement in 2007 and 2009, but did not do so when he prepared a POM for DenSeco in~~
28 ~~2011. There is no reference in those files and billing statements to any actions that~~

1 Beauchamp took when DenSco issued a POM in 2011, or at any time thereafter, to
2 ensure that DenSco was using an appropriate Subscription Agreement for the
3 promissory notes DenSco sold during and after July 2011.

4 17. DenSco's investor files reflect that during the two years the 2011 POM
5 was in effect, Chittick used a Subscription Agreement that Beauchamp had prepared in
6 2009 and which referenced the 2009 POM. Those files also reflect that Chittick
7 continued to use the 2009 Subscription Agreement to sell promissory notes after the
8 2011 POM expired in July 2013.

9 18. d. Beauchamp knew that the vast majority of DenSco's investors
10 purchased two-year promissory notes. For example, Beauchamp's notes reflect that
11 Chittick told him during a May 3, 2007 meeting that ~~attempt to maintain a diverse~~
12 ~~portfolio of Trust Deeds and loans by seeking a large borrowing base,~~ with its current
13 ~~"base of borrowers exceed[ing] 200 approved and qualified borrowers," and a plan~~
14 ~~"that the base of borrowers eventually will exceed 500."~~ 90% of the promissory notes
15 DenSco had issued to investors were two-year notes.

16 19. Beauchamp also knew that the vast majority of DenSco's investors did
17 not redeem their promissory notes when those notes matured, and instead "rolled over"
18 their investments by executing a subscription agreement and buying a new promissory
19 note when a previous promissory note matured. As Beauchamp wrote in a June 15,
20 2007 e-mail to Richard Carney, who was then doing "Blue Sky" work for DenSco,
21 "DenSco has regular sales of roll-over investments" and an "ongoing roll-over of the
22 existing investors every 6 months or so."

23 (2) The Promissory Notes Were Represented to Be
24 Safe, Secure Investments

25 20. In the POMs it issued in 2007, 2009 and 2011, DenSco made a number of
26 representations about its business practices that were intended to give existing and
27 potential investors the impression that the promissory notes sold by DenSco were safe,
28 secure investments.

1 21. For example, the POM that DenSco issued in 2011 stated that:

2 a. DenSco had sold promissory notes worth \$25.9 million to
3 new and existing investors since 2001, and “ha[d] never defaulted on either
4 interest or principal” on any of those notes.

5 b. “All real estate loans funded by [DenSco] have been and are
6 intended to be secured through first position trust deeds.”

7 c. DenSco would “attempt to maintain a diverse [loan]
8 portfolio . . . by seeking a large borrowing base” and by “attempting to ensure
9 that one borrower will not comprise more than 10 to 15 percent of the total
10 portfolio.”

11 d. e.Represented that DenSeo “intends DenSco “intend[ed] to
12 maintain general loan-to-value guidelines that currently range from 50 percent to
13 65 percent, (but it is not intended to exceed 70%), to help protect the Company’s
14 portfolio of loans. Further, all loans are relatively short term.”

15 e. f.Represented that “[b]ecause “Because of these varying
16 degrees of diversification, the relatively short duration of each of the loans, and
17 management’s knowledge of the Phoenix metropolitan market, [DenSco’s]
18 management anticipates that it will not experience a significant amount of
19 losses.”

20 f. DenSco’s “objective is to have sufficient cash coming in
21 from Trust Deed payoffs to be able to redeem all Notes as they come due and
22 maintain reserves without any need to sell assets or issue new Notes to repay the
23 earlier maturing Notes.”

24 22. 42.As The POMs DenSco issued by DenSeo to existing and potential
25 investors in 2007, the 2007 POM contained 2009 and 2011 each included a “Prior
26 Performance” section which made the following representations: summarized the dollar
27 value of promissory notes sold in preceding years, the number of loans made in each
28

1 year, the value of those loans, the value of the property securing those loans, and losses
2 incurred in each of those years.

3 23. The Prior Performance section in each POM concluded with a statement
4 that was intended to give existing and potential investors the impression that the
5 promissory notes sold by DenSco were safe, secure investments: "Each and every
6 Noteholder has been paid the interest and principle due to that Noteholder in
7 accordance with the respective terms of the Noteholder's Notes. Despite any losses
8 incurred by the Company from its borrowers, no Noteholder has sustained any
9 diminished return or loss on their investment in a Note from [DenSco]."

10 (3) The 2007, 2009 and 2011 POMs Were Each in
11 Effect for Two Years, But Were Never Updated
12 by DenSco, And Beauchamp Did Not Advise
13 DenSco To Do So.

14 24. Each POM that DenSco issued to existing and potential investors in 2007,
15 2009 and 2011 stated that DenSco "intends to offer [promissory notes for sale] on a
16 continuous basis until the earlier of (a) the sale of the maximum offering," which was
17 \$50 million, "or (b) two years from the date of this memorandum." They went on to
18 state that DenSco "reserves the right to amend, modify and/or terminate this offering."

19 25. DenSco's records do not reflect that it ever told existing and potential
20 investors that "the maximum offering proceeds" offered through the 2007, 2009 and
21 2011 POMs had been raised, or that it had terminated any of those offerings.

22 26. As a result, the POM that was dated June 1, 2007 expired on June 1,
23 2009; the POM that was dated July 1, 2009 expired on July 1, 2011; and the POM that
24 was dated July 1, 2011 expired on July 1, 2013.

25 a. Since 2001, DenSco had raised \$11,970,000 through the sale of promissory
26 notes to new and existing investors with terms of between six months and five
27 years, and "had never defaulted on either interest or principal for any of such
28 notes."

1 b. — With respect to the real estate loans DenSeco makes to
2 Foreclosure Specialists using capital raised from its investors, DenSeco “has
3 endeavored to maintain a large and diverse base of borrowers as well as a
4 diverse selection of properties for its loans to the borrowers.”

5 e. — “All real estate loans funded by [DenSeco] have been and will be secured through
6 first position trust deeds.”

7 d. — “The loan to value ratio of [DenSeco’s] overall portfolio has
8 averaged less than 70% and [DenSeco] intends to maintain a loan to value ratio of
9 50% to 65%.”

10 e. — “All secured loans made by the Company have been paid in
11 accordance with their respective terms and it has sustained no losses on its
12 portfolio.”

13 27. 43. As issued by DenSeco, the 2007 POM was a “continuous offering”
14 which would remain in effect for two years (or until June 1, 2009) “unless [DenSeco]
15 changes its operations . . . in any material respect prior to the expiration of the two year
16 offering period” or terminated the offering before that date. It The POMs DenSeco
17 issued to existing and potential investors in 2007, 2009 and 2011 each stated that “[i]n
18 order to continue offering the Notes during this [two-year] period, [DenSeco] will need
19 to update this Memorandum from time to time,” and that “[i]f [DenSeco] changes its
20 operations . . . in any material respect, [it] will update the Memorandum as necessary to
21 provide correct information to investors.” Each POM went on to state that

22 Keeping the information in the Memorandum current will cause the
23 Company to incur additional costs. A failure to update this Memorandum
24 as required could result in the Company being subject to a claim under
25 Section 10b-5 of the Security Act for employing a manipulative or deceptive
26 practice in the sale of securities, subjecting [DenSeco], and possibly the
27 management of [DenSeco], to claims from regulators and investors. In
28 addition, an investor might seek to have the sale of the Notes hereunder
rescinded which would have a serious adverse effect on [DenSeco’s]
operations. (Emphasis added.)

27 28. DenSeco’s records do not reflect that DenSeco ever took steps to “[k]eep[]
28 the information in the [POMs DenSeco issued in 2007, 2009 and 2011] current” by

1 issuing updates to those POMs during the two-year period each of those POMs was in
2 effect.

3 29. The files that Beauchamp maintained, and the billing statements issued to
4 DenSco by his respective law firms, do not reflect that Beauchamp ever advised
5 DenSco to "[k]eep[]" the information in the [POMs DenSco issued in 2007, 2009 and
6 2011] current" by issuing updates to those POMs during the two-year period each of
7 those POMs was in effect.

8 30. Each POM that DenSco issued in 2007, 2009 and 2011 prominently
9 warned potential purchasers of DenSco's promissory notes that "NO PERSON HAS
10 BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY
11 REPRESENTATIONS CONCERNING THE COMPANY OTHER THAN AS
12 CONTAINED IN THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM
13 AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR
14 REPRESENTATIONS MUST NOT BE RELIED UPON."

15 (4) In Preparing the 2011 POM, Beauchamp Failed
16 to Investigate a "Red Flag" About DenSco's
17 Lending Practices.

18 31. The Prior Performance section of the POM DenSco issued in 2011
19 concluded with the same positive statement about DenSco's lending activities and the
20 absence of losses on promissory notes that was made in earlier POMs:

21 Since inception through June 30, 2011, [DenSco] has participated in
22 2622 loans, with an average amount of \$116,000, with the highest loan being
23 \$800,000 and lowest being \$12,000. The aggregate amount of loans funded is
24 \$306,786,893 with property valued totaling \$470,411,170. . . These loans
25 have borne interest rates of 18% per annum. The interest rate paid to
26 noteholders has ranged from 8% to 12% per annum through such date. Each
27 and every Noteholder has been paid the interest and principle due to that
28 Noteholder in accordance with the respective terms of the Noteholder's Notes.
Despite any losses incurred by the Company from its borrowers, no
Noteholder has sustained any diminished return or loss on their investment in
a Note from [DenSco]."

1 32. But the information disclosed in the 2011 POM's Prior Performance
2 section clearly raised a "red flag" about DenSco's lending activities. Among the
3 information disclosed in that section was the following.

<i>Year</i>	<i>Notes Sold</i>	<i>Loans Made</i>	<i>Yearly Loan Amount</i>
2001	\$500,000	37	\$8,378,000
2002	\$930,000	69	\$5,685,000
2003	\$1,550,000	124	\$11,673,000
2004	\$2,450,000	185	\$19,907,000
2005	\$2,670,000	236	\$34,955,100
2006	\$2,800,000	215	\$34,468,100
2007	\$2,400,000	272	\$42,579,634
2008	\$3,000,000	304	\$38,864,660
2009	\$2,100,000	412	\$41,114,707
2010	\$2,800,000	390	\$37,973,097
2011 (to 6/30/11)	\$4,700,000	378	\$36,187,995

12 33. This information raised a red flag because Chittick was DenSco's sole
13 employee. In addition to selling promissory notes, making interest payments, and
14 issuing statements to investors, Chittick was the only person who was conducting due
15 diligence and underwriting and documenting DenSco's loans. He was also responsible
16 for collecting loan payments and ensuring compliance with loan agreements.

17 34. Since 2009, when the previous POM had been issued, Chittick made more
18 than one loan a day: 412 in 2009; 390 in 2010; and 378 in just the first six months of
19 2011.

20 35. A reasonable securities lawyer would have questioned whether Chittick
21 could humanly make so many loans, and whether he was competently managing
22 DenSco's lending activities.

23 36. A reasonable securities lawyer would have conducted a due diligence
24 inquiry about DenSco's lending practices and the 2011 POM's representations that
25 "[a]ll real estate loans funded by [DenSco] have been and are intended to be secured
26 through first position trust deeds," and that DenSco was, in fact, "attempting to ensure

1 that one borrower will not comprise more than 10 to 15 percent of the total portfolio,
2 among other representations.

3 37. Any concerns about DenSco's lending practices would have been
4 heightened by the increased amount of money Chittick had raised in the first half of
5 2011 (\$1.9 million more than the \$2.8 million that had been raised in all of 2010), and
6 the overall amount of money DenSco had raised since 2001 through the sale of
7 promissory notes (\$26.9 million as of June 30, 2011).

8 38. Bryan Cave had a mandatory due diligence procedure in place at the time
9 Beauchamp was working on the 2011 POM. As Beauchamp told Chittick in a June 11,
10 2011 email, he was required by Bryan Cave's "internal compliance procedures to
11 comply with the new regulations and requirements" to "set up a due diligence file" that
12 would "support each of the statements in the POM."

13 39. But the files that Beauchamp maintained, and the billing statements Bryan
14 Cave issued to DenSco, do not reflect that Beauchamp ever conducted any due
15 diligence on DenSco's lending practices in 2011.

16 40. Beauchamp overlooked this red flag and would later overlook other red
17 flags.

18 **3. Beauchamp Also Advised DenSco About Its Lending Practices.**

19 41. In addition to preparing DenSco's POMs and advising DenSco on
20 securities law matters, Beauchamp advised DenSco about its lending practices.

21 42. As Beauchamp wrote in a June 15, 2007 email to Richard Carney, he and
22 others at Gammage & Burnham had "updated DenSco's . . . loan documents to be used
23 with borrowers."

24 44. Between June 2007 and June 2009, DenSco did not update the 2007
25 POM.

26 45. The Receiver is not aware of any facts establishing that between June
27 2007 and April 2009 (when DenSco initiated the process of preparing a new private
28

1 offering memorandum) ~~Beauchamp~~ advised DenSco to consider whether an update to
2 the 2007 POM was warranted.

3 46. ~~In June 2007, Beauchamp corresponded with Carney by email to ensure~~
4 ~~that appropriate federal and state securities filings were made.~~

5 47. ~~Chittick thereafter periodically checked with Carney and Beauchamp by~~
6 ~~email to ensure DenSco was complying with the securities laws in states in which~~
7 ~~DenSco solicited investments.~~

8 2. ~~Revision of DenSco's Standard Loan Documentation~~

9 43. 48. ~~During their May 3, 2007 meeting, The files that Beauchamp~~
10 ~~maintained from his time at Gammage & Burnham reflect that he had a meeting with~~
11 ~~Chittick on May 3, 2007, during which Chittick asked Beauchamp to review and revise~~
12 ~~the documents DenSco used to make and secure its loans to Foreclosure Specialists.~~

13 44. 49. ~~Beauchamp asked At Beauchamp's request, Gammage & Burnham~~
14 ~~attorney Kevin Merritt to take took the lead in making those revisions, but Beauchamp~~
15 ~~remained involved in reviewing the revisions and discussing them with Chittick.~~

16 45. Chittick told Beauchamp and Merritt that DenSco used a Receipt and
17 Mortgage ~~(signed, which only by a the borrower) signed,~~ to serve as evidence that
18 DenSco had paid directly to a ~~trustee-Trustee~~ the proceeds of a loan a borrower had
19 obtained from DenSco to buy property from the ~~trustee-Trustee~~ at a ~~trustee's-Trustee's~~
20 sale.

21 46. 50. ~~Chittick told them Beauchamp and Merritt that because there was~~
22 ~~often a delay in a trustee-Trustee recording a trustee's-Trustee's deed after a trustee's~~
23 ~~sale, DenSco recorded its Receipt and Mortgage immediately after a trustee's-Trustee's~~
24 ~~sale had been completed to establish its lien rights. Once a trustee's-aTrustee's deed~~
25 ~~was recorded, DenSco would record its Deed of Trust and Assignment of Rents.~~

26 47. 51. ~~In May and June 2007, Merritt prepared for DenSco's use revised~~
27 ~~forms of a Receipt and Mortgage, Note Secured by Deed of Trust, Deed of Trust and~~
28

1 Assignment of Rents, and a Continuing Personal Guaranty, which Beauchamp
2 received.

3 48. The revised Receipt and Mortgage, like the previous form, was to be
4 signed by the borrower only, and not the Trustee. The operative language included the
5 following terms:

6 The undersigned borrower ("Borrower") acknowledges receipt of the proceeds
7 of a loan from DenSco Investment Corporation ("Lender") in the sum of \$____,
8 as evidenced by check payable to _____ ("Trustee"). The loan was made to
9 Borrower to purchase the Real Property legally described as: Lot____,
10 Subdivision____, according to Book____ of Maps, Page____, in the plat record
11 in the Recorder's Office of Maricopa County. Address:_____. At a
12 trustee's sale conducted by Trustee, which took place on____, 200____, Borrower
13 became the successful purchaser with the highest bid, and the loan is intended to
14 fund all or a part of the purchase price bid by Borrower at such trustee's sale.
15 (Emphasis added.)

16 49. As revised by Merritt, the Receipt and Mortgage contemplated that
17 DenSco would: (1) issue a check payable to the Trustee; and (2) employ some means to
18 confirm that the check had been used by the borrower to purchase the property from the
19 Trustee at a Trustee's sale.

20 50. Beauchamp has testified in an interrogatory answer that he "prepared all
21 of DenSco's offering documents" and "reviewed and commented on" DenSco's loan
22 documents, including the Receipt and Mortgage."

23 51. Beauchamp also testified that he "set out the proper method and
24 procedures for funding a loan" in the POMs, which he said were "disclosed to
25 DenSco's investors [as] the processes and procedures DenSco used to protect the
26 investments made in the company." He identified two specific representations made in
27 the POMs that DenSco issued in 2007, 2009 and 2011. According to Beauchamp, those
28 POMs

a. "describe that DenSco 'intends to directly . . . or indirectly . . .
perform due diligence to verify certain information in connection with funding a
Trust Deed'" and

1 b. "explain that '[p]rior to purchasing a Trust Deed or funding a
2 direct loan, the Company intends to have an officer, employee or an authorized
3 representative conduct a due diligence review by interviewing its owners,
4 verifying the documentation and performing limited credit investigations as are
5 deemed appropriate by the Company and visiting the subject property in a timely
6 manner.'"

7 52. After identifying those representations, Beauchamp linked them to the
8 Receipt and Mortgage, testifying: "Further, every mortgage evidencing a property
9 purchase made with a DenSco loan stated that the check purchasing the property was
10 made to the Trustee."

11 4. In 2009 and 2010, Beauchamp Advised DenSco About Whether
12 DenSco Should be Regulated by the Arizona Department of
13 Financial Institutions, and in 2010 and 2011 Worked to
14 Prevent the Department from Regulating DenSco.

15 52. — ~~Beauchamp knew in June 2007 that questions had been raised by the~~
16 ~~Maricopa County Recorder's Office about the validity of DenSco's Receipt and~~
17 ~~Mortgage and that Merritt had suggested that DenSco could address these concerns by~~
18 ~~changing its procedures to require each trustee to sign the Receipt and Mortgage.~~

19 53. — ~~Beauchamp knew that DenSco did not change its procedures.~~
20 ~~Beauchamp, who periodically reviewed and discussed with Chittick DenSco's lending~~
21 ~~practices, explicitly or implicitly assured Chittick that DenSco's lending practices and~~
22 ~~loan documents would ensure that DenSco had a first lien position on the real property~~
23 ~~acquired with its loans.~~

24 C. ~~Beauchamp's Representation of DenSco While Affiliated with Bryan~~
25 ~~Cave~~

26 54. ~~Beauchamp left Gammage & Burnham in March 2008 to join the law firm Bryan Cave~~
27 ~~LLP.~~

28 56. ~~When Beauchamp moved to Bryan Cave, DenSco became a client of that firm.~~

1 57. — DenSeo asked that the following DenSeo files be transferred from
2 Gammage & Burnham to Bryan Cave after Beauchamp joined Bryan Cave: (i) "2001
3 Private Offering"; (ii) "2003 Private Offering"; (iii) "2005 Private Offering"; (iv) "2007
4 Private Offering"; and (v) "Corporate General."

5 58. — During May and June 2008, Beauchamp prepared for DenSeo's use a
6 form of demand letter DenSeo could use to seek to enforce a continuing personal
7 guaranty.

8 59. — In February 2010, Beauchamp established a new "matter" in Bryan Cave's accounting
9 and filing systems to assist DenSeo with garnishments. DenSeo was identified as
10 Bryan Cave's client.

11 60. — In April 2011, Beauchamp responded to a request from Chittick for a
12 referral for a friend in a criminal matter.

13 61. — In April 2011, Beauchamp advised DenSeo on collection procedures.
14 62. — In May and June 2011, Beauchamp discussed with Chittick his or DenSeo's possible
15 participation in a to-be-formed title insurance company. Beauchamp established a new
16 matter in Bryan Cave's accounting and filing systems for DenSeo, described as
17 "Formation of affiliate entity with partners." DenSeo was identified as Bryan Cave's
18 client. Bryan Cave attorney Andrew Gleason provided Chittick with comments on a
19 draft operating agreement in June 2011. Bryan Cave performed no further work on the
20 matter.

21 63. — In June 2012, Chittick communicated with Beauchamp regarding his
22 interview by the FBI and response to a related document subpoena.

23 64. — In April 2013, Beauchamp represented DenSeo in settling a threatened
24 personal injury claim.

25 1. — **The 2009 POM**
26
27
28

1 65. — DenSeo issued a private offering memorandum in July 2009 (the “2009
2 POM”) that it used to solicit investments in promissory notes issued by DenSeo to
3 investors.

466 The 2009 POM was prepared by Beauchamp and Bryan Cave attorneys Ray Burgan,
5 Logan Miller, and Nancy Pohl.

6 67. — Beauchamp has testified that DenSeo relied on him to prepare the 2009
7 POM for distribution “to investors of DenSeo in compliance with Arizona and federal
8 security [sic] laws” and to provide DenSeo with “recommendations for amended or
9 additional [private offering memoranda]” in keeping with the investments being made
10 or contemplated by DenSeo.”

11 68. — Chittick sent Beauchamp an email on April 6, 2009 which initiated the
12 process of the 2009 POM’s preparation. He wrote: “[I] can’t believe it’s time to do an
13 update again. [I]t’s been 2 yrs. [S]hould we do one? [S]till need to? [A]nything major
14 changed?”

15 69. — Beauchamp responded the same day by email, saying “[g]iven the
16 economy and real estate collapse, it is pretty important that we do an update.”

1776 Beauchamp completed his work on the 2009 POM in approximately ninety days.

18 71. — Beauchamp and Chittick met on April 9, 2009.

1972 Beauchamp caused a new matter to be established in Bryan Cave’s accounting and
20 filing systems for the preparation of the 2009 POM, which identified DenSeo as Bryan
21 Cave’s client.

22 73. — On May 15, 2009, Beauchamp sent Chittick by email a draft of the 2009
23 POM, in which he posed questions to Chittick about DenSeo’s past and current
24 operations.

25 74. — On May 17, 2009, Chittick sent Beauchamp by email a marked-up copy
26 of the draft POM with responses to some of Beauchamp’s questions.

27 75. — On May 18, 2009, Beauchamp directed Burgan to review DenSeo’s
28 newsletters to “see if anything in [them] flags an issue that we should discuss.”

1 76. — On June 30, 2009, Beauchamp and Chittick discussed by email finalizing
2 the 2009 POM in July so that information regarding DenSeco's loans through the end of
3 June could be included.

4 77. — On July 6, 2009, Beauchamp sent a revised draft of the 2009 POM to
5 Chittick by email.

6 78. — On July 6, 2009, Beauchamp sent Chittick by email revisions to an
7 associated subscription agreement and purchaser questionnaire.

8 79. — After receiving Chittick's revisions, Beauchamp caused a revised draft of
9 the 2009 POM to be sent to Chittick by email on July 8 and 9, 2009.

10 80. — The document was finalized on July 10, 2009.

11 81. — As issued by DenSeco, the 2009 POM offered to sell investors promissory
12 notes with the following durations and interest rates: six months at 8%; one year at
13 10%; and two to five years at 12%. The 2009 POM stated that the notes are "paid
14 'interest only' during the terms, with principal payable only at maturity," and investors
15 having the ability to "have interest paid monthly, quarterly, or at maturity."

16 82. — As issued by DenSeco, the 2009 POM:

17 a. — Described DenSeco as being "engaged primarily in the
18 business of . . . funding Foreclosure Specialists, who purchase houses through
19 the preforeclosure process and at foreclosure sales."

20 b. — Represented that DenSeco's "primary focus is to lend money
21 to qualified borrowers who can fulfill their loan obligations on highly marketable
22 properties with sufficient equity."

23 c. — Represented that each loan would "be secured by its
24 underlying real property."

25 d. — Represented that DenSeco "will attempt to maintain a diverse
26 portfolio of Trust Deeds and loans by seeking a large borrowing base," with its
27 current "base of borrowers exceed[ing] 200 approved and qualified borrowers,"
28 and a plan "that the base of borrowers eventually will exceed 500."

1 e. — Represented that DenSeco “intends to maintain general loan-
2 to-value guidelines that currently range from 50 percent to 65 percent, (but it is
3 not intended to exceed 70%), to help protect the Company’s portfolio of loans.
4 Further, all loans are relatively short term.”

5 f. — Represented that “[b]ecause of these varying degrees of
6 diversification, the relatively short duration of each of the loans, and
7 management’s knowledge of the Phoenix metropolitan market, [DenSeco]
8 anticipates that it will not experience a significant amount of losses.”

9 83. — As issued by DenSeco, the 2009 POM contained a “Prior Performance”
10 section which made the following representations:

11 a. — Since 2001, DenSeco had raised \$17,100,000 through the
12 sale of promissory notes to new and existing investors with terms of between six
13 months and five years, and “had never defaulted on either interest or principal
14 for any of such notes.”

15 b. — With respect to the real estate loans DenSeco makes to
16 Foreclosure Specialists using capital raised from investors, DenSeco “has
17 endeavored to maintain a large and diverse base of borrowers as well as a
18 diverse selection of properties for its loans to the borrowers.”

19 c. — “However, in response to the more recent challenging
20 conditions in the real estate market, [DenSeco] has focused on maintaining
21 relationships with borrowers that have a proven track record with a good
22 payment history and performance.”

23 d. — Despite that focus, DenSeco “continues to strive to achieve a
24 diverse borrower base by attempting to ensure that one borrower will not
25 comprise more than ten percent (10%) of the total portfolio.”

26 e. — “All real estate loans funded by [DenSeco] have been and are
27 intended to be secured through first position trust deeds.”
28

1 f. —“The loan to value ratio of [DenSeo’s] overall portfolio has
2 averaged less than 70% and [DenSeo] intends to maintain a loan to value ratio of
3 50% to 65%.”

4 g. —“Despite any losses incurred by the Company from its borrowers, no Noteholder
5 has sustained any diminished return or loss on their investment in a Note from
6 [DenSeo].”

7 84. — The “Prior Performance” section also described the circumstances relating
8 to and resulting losses for loans made in 2006, 2007, 2008 and the first six months of
9 2009.

10 85. — As issued by DenSeo, the 2009 POM was a “continuous offering” which
11 would remain in effect for two years (or until July 1, 2011) “unless [DenSeo] changes
12 its operations . . . in any material respect prior to the expiration of the two year offering
13 period” or terminated the offering before that date. It stated that “[i]n order to continue
14 offering the Notes during this period, [DenSeo] will need to update this Memorandum
15 from time to time,” and that “[i]f [DenSeo] changes its operations . . . in any material
16 respect, [it] will update the Memorandum as necessary to provide correct information to
17 investors.”

18 86. — Between July 2009 and July 2011, DenSeo did not update the 2009 POM.
19 87. The Receiver is not aware of any facts establishing that between July 2009 and April
20 2011 (when DenSeo initiated the process of preparing a new private offering
21 memorandum) Beauchamp advised DenSeo to consider whether an update to the 2009
22 POM was warranted.

23 88. — In July, September and December 2009, Beauchamp corresponded with
24 Carney by email to ensure that appropriate federal and state securities filings were
25 made.

26 89. — During 2010, Bryan Cave opened a “Blue Sky Issues” matter to be
27 established in Bryan Cave’s accounting and filing systems for work the firm performed
28

1 to assist DenSco in making appropriate federal and state securities filings. DenSco was
2 identified as Bryan Cave's client.

3 90. During 2010, Chittick continued to periodically check with Beauchamp
4 and Carney by email to ensure DenSco was complying with the securities laws in states
5 and countries in which DenSco solicited investments.

6 91. During 2009 and 2010, Beauchamp provided DenSco with other
7 securities law advice.

8 2. Advice re State Licensing in 2009 and 2010

9 53. 92. During April 2009, Beauchamp and Burgan reviewed DenSco's
10 lending procedures and advised DenSco on whether DenSco was subject to the
11 supervision of Beauchamp also advised DenSco about whether it was subject to
12 regulation by the Arizona Department of Financial Institutions and required to be
13 licensed ("ADFI"); such regulation would have included periodic audits of DenSco's
14 lending practices. He then represented DenSco in fending off the ADFI's efforts to
15 regulate DenSco.

16 54. During April 2009, when Beauchamp was a partner of Bryan Cave,
17 Beauchamp and Bryan Cave attorney Ray Burgan reviewed DenSco's lending
18 procedures and advised DenSco as to whether DenSco was subject to ADFI supervision
19 and required to be licensed.

20 55. 93. Beauchamp and Burgan advised Chittick by email that "DenSco's
21 operations as we understand them can be shown to exclude DenSco and you from being
22 subject to [the Department's ADFI's] current licensing requirements."

23 56. 94. Chittick accepted their advice and followed it.

24 57. 95. In May 2010, Beauchamp reviewed and analyzed proposed new
25 licensing regulations and conferred with Chittick about them.

26 58. 96. In June 2010, Beauchamp, Miller, and Bryan Cave attorney attorneys
27 Logan Miller and Michael Dvoren further analyzed those proposed new licensing
28 regulations.

1 59. 97. Chittick stated by email that he was prepared to have DenSco and
2 himself subject to regulation by the Arizona Department of Financial Institutions ADFI.

3 60. But based on Beauchamp's advice, Chittick did not cause DenSco to be
4 regulated by the ADFI and took active steps to resist such regulation.

5 61. 98. At Beauchamp's direction, in June 2010, Dvoren presented arguments
6 to a representative of the Arizona Department of Financial Institutions ADFI as to why
7 DenSco was not subject to the Department's regulation and oversight. Those
8 arguments were memorialized in emails that Dvoren sent to the Arizona Department of
9 Financial Institutions and a representative of representatives of the ADFI and the
10 Arizona Attorney General's Office.

11 ~~99. Relying on Beauchamp's advice, Chittick did not seek to have DenSco become subject~~
12 ~~to regulation by the Arizona Department of Financial Institutions.~~

13 **3. — The 2011 POM**

14 ~~100. — DenSco issued a private offering memorandum in July 2011 (the "2011~~
15 ~~POM") that it used to solicit investments in promissory notes issued by DenSco to~~
16 ~~investors.~~

17 ~~101. — The 2011 POM was prepared by Beauchamp and Bryan Cave attorneys Gus~~
18 ~~Schneider and Jonathan E. Stern.~~

19 ~~102. — Beauchamp has testified that DenSco relied on him to prepare the 2011~~
20 ~~POM for distribution "to investors of DenSco in compliance with Arizona and federal~~
21 ~~security [sic] laws" and to provide DenSco with "recommendations for amended or~~
22 ~~additional [private offering memoranda]" in keeping with the investments being made~~
23 ~~or contemplated by DenSco."~~

24 ~~103. — Chittick sent Beauchamp emails on March 11, 2011 and April 1, 2011~~
25 ~~which initiated the process of the 2011 POM's preparation.~~

26 ~~104. — Beauchamp completed his work on the 2011 POM in approximately ninety days.~~

1 ~~105. — Beauchamp and Chittick met on April 13, 2011. During that meeting,~~
2 ~~Chittick told Beauchamp that Warren Bush, an investor, was willing to review the draft~~
3 ~~2011 POM before it was finalized.~~

4 ~~106. — Beauchamp caused a new matter to be established in Bryan Cave's~~
5 ~~accounting and filing systems for the preparation of the 2011 POM which identified~~
6 ~~DenSeco as Bryan Cave's client.~~

7 ~~107. — On May 3, 2011, Schneider sent Chittick an email at Beauchamp's~~
8 ~~request reporting on Bryan Cave's conclusion that if the funds DenSeco received from~~
9 ~~investors exceeded \$25 million, DenSeco would not be subject to additional regulation,~~
10 ~~but could be subject to rules then being developed under the Dodd Frank Wall Street~~
11 ~~Reform and Consumer Act.~~

12 ~~108. — Chittick responded by email saying that DenSeco "just went over 25~~
13 ~~million in [February], now approaching 30."~~

14 ~~109. — On May 25, 2011, Beauchamp directed Schneider to send a preliminary~~
15 ~~draft of the 2011 POM to Chittick by email in which questions were posed about~~
16 ~~DenSeco's past and current operations, but noted that Beauchamp was still making~~
17 ~~revisions to the draft.~~

18 ~~110. — Chittick responded by email saying he wanted to wait for Beauchamp's~~
19 ~~draft.~~

20 ~~111. — On June 6, 2011, Chittick sent Beauchamp an email asking when he~~
21 ~~would receive a draft.~~

22 ~~112. — On June 11, 2011, Beauchamp sent Chittick a draft of the 2011 POM. His~~
23 ~~transmittal email stated, in part, that the draft had "notes in brackets of additional~~
24 ~~information or support we need in our file. Pursuant to our internal compliance~~
25 ~~procedures to comply with the new regulations and requirements, we needed to set up a~~
26 ~~due diligence file for the offering. This file is to support each of the statements in the~~
27 ~~POM. Unfortunately, it took longer to review the POM and to identify what we had~~
28 ~~and what is still needed."~~

1 113. Chittick sent Beauchamp an email later that day with his "changes or
2 inputs on comments where you were seeking feedback." He also noted that he sent the
3 draft to Bush.

4 62. Beauchamp's and Dvoren's arguments were apparently successful, as the
5 ADFI did not take further steps in 2010 to regulate DenSco.

6 63. 135.114. On June On August 12, 2011, Chittick sent Beauchamp by
7 email Bush's comments and his responses to those comments, a letter DenSco had
8 received from the ADFI

9 115. Beauchamp, Chittick and Bush exchanged subsequent emails.

10 116. On June 15, 2011, Schneider sent Chittick by email a revised draft of the
11 2011 POM which incorporated Chittick's changes.

12 117. On June 30, 2011, Beauchamp received by email DenSco's most recent
13 newsletter in which Chittick wrote: "We hit \$25 million and then blew through 26 and
14 arrived at \$26.9 for the quarter. I'm soon reaching the point where I believe I will stop
15 soliciting new investors. I'll always accept additional investment from my current
16 investors. I need to be able to manage the business on my terms and time and I'm
17 reaching the point where I'll need to put a cap on things."

18 118. On June 30, 2011, Beauchamp sent Chittick an email asking for
19 information Bryan Cave wanted for its due diligence file, including "prior
20 performance" information. He also noted he needed to "prepare and send you the
21 Officer's Certificate confirming that all of the information in the POM is true and
22 correct to the best of your ability and belief."

23 119. On July 11, 2011, Chittick sent Beauchamp a revised draft of the 2011 POM in
24 which he supplied information requested by Beauchamp. His transmittal email stated,
25 in part: "Ok [I]'m done. [I] don't want to look at this thing for another 2 years!"

26 120. Beauchamp responded by email that day, saying he would not be able to
27 review the draft until July 13, 2011 and answering a question from Chittick about how
28 DenSco could distribute the POM to potential investors.

1 121. On July 18, 2011, Beauchamp sent Chittick an email saying he had not
2 yet had time to review the draft 2011 POM but would do so by the end of the day or the
3 following morning.

4 122. Beauchamp then sent an email to his secretary, asking her to prepare a
5 blackline comparing Chittick's revisions to the draft he had been sent, noting that "[w]e
6 have to give final approval and I want to double-check what has been changed."

7 123. On July 19, 2011, Beauchamp sent Chittick revisions to the 2011 POM
8 and gave further instruction to Chittick about how DenSeco could distribute the POM to
9 potential investors.

10 124. The 2011 POM was finalized on July 19, 2011.

11 125. As issued by DenSeco, the 2011 POM offered to sell investors promissory
12 notes with the following durations and interest rates: six months at 8%; one year at
13 10%; and two to five years at 12%. It stated that the notes are "paid 'interest only'
14 during the terms, with principal payable only at maturity," and investors having the
15 ability to "have interest paid monthly, quarterly, or at maturity."

16 126. As issued by DenSeco, the 2011 POM:

17 a. Described DenSeco as being "engaged primarily in the
18 business of funding Foreclosure Specialists, who purchase houses through the
19 preforeclosure process, and at foreclosure sales."

20 b. Represented that DenSeco's "primary focus is to lend money
21 to qualified borrowers who can fulfill their loan obligations on highly marketable
22 properties with sufficient equity."

23 c. Represented that each loan would "be secured by its
24 underlying real property."

25 d. Represented that DenSeco "will attempt to maintain a diverse
26 portfolio of Trust Deeds and loans by seeking a large borrowing base, with its
27 current "base of borrowers exceed[ing] 150 approved and qualified borrowers,"
28 and a plan "that the base of borrowers will exceed 250."

1 e. — Represented that DenSeco “intends to maintain general loan-
2 to value guidelines that currently range from 50 percent to 65 percent, (but it is
3 not intended to exceed 70%), to help protect the Company’s portfolio of loans.
4 Further, all loans are relatively short term.”

5 f. — Represented that “[b]ecause of these varying degrees of
6 diversification, the relatively short duration of each of the loans, and
7 management’s knowledge of the Phoenix metropolitan market, [DenSeco’s]
8 management anticipates that it will not experience a significant amount of
9 losses.”

10 127. — As issued by DenSeco, the 2011 POM contained a “Prior Performance”
11 section which made the following representations:

12 a. — Since 2001, DenSeco had raised \$25,900,000 through the sale of promissory
13 notes to new and existing investors with terms of between six months and five
14 years, and “has never defaulted on either interest or principal for any of such
15 notes.”

16 b. — With respect to the real estate loans DenSeco makes to
17 foreclosure specialists using capital raised from investors, DenSeco “has
18 endeavored to maintain a large and diverse base of borrowers as well as a
19 diverse selection of properties for its loans to the borrowers.”

20 c. — “However, in response to the more recent challenging
21 conditions in the real estate market, [DenSeco] has focused on maintaining
22 relationships with borrowers that have a proven track record with a good
23 payment history and performance.”

24 d. — Despite that focus, DenSeco “continues to strive to achieve a diverse borrower
25 base by attempting to ensure that one borrower will not comprise more than 10
26 to 15 percent of the total portfolio.”

27 e. — “All real estate loans funded by [DenSeco] have been and are intended to be
28 secured through first position trust deeds.”

1 f. ~~“The loan to value ratio of [DenSeco’s] overall portfolio has~~
2 ~~averaged less than 70% and [DenSeco] intends to maintain a loan to value ratio of~~
3 ~~50% to 65%.”~~

4 g. ~~“Despite any losses incurred by the Company from its borrowers, no Noteholder~~
5 ~~has sustained any diminished return or loss on their investment in a Note from~~
6 ~~[DenSeco].”~~

7 ~~128. The “Prior Performance” section also described the circumstances relating to and~~
8 ~~resulting losses for loans made during the years 2006 through 2010 and the first six~~
9 ~~months of 2011.~~

10 ~~129. As issued by DenSeco, the 2011 POM was a “continuous offering” which~~
11 ~~would remain in effect for two years (or until July 1, 2013) “unless [DenSeco] changes~~
12 ~~its operations . . . in any material respect prior to the expiration of the two year offering~~
13 ~~period” or terminated the offering before that date. It stated that “[i]n order to continue~~
14 ~~offering the Notes during this period, [DenSeco] will need to update this Memorandum~~
15 ~~from time to time,” and that “[i]f [DenSeco] changes its operations . . . in any material~~
16 ~~respect, [it] will update the Memorandum as necessary to provide correct information to~~
17 ~~investors.”~~

18 ~~130. Between July 2011 and July 2013, DenSeco did not update the 2011 POM.~~

19 ~~131. The Receiver is not aware of any facts establishing that between July~~
20 ~~2011 and May 2013 (when DenSeco initiated, but never completed, the process of~~
21 ~~preparing a new private offering memorandum) Beauchamp advised DenSeco to~~
22 ~~consider whether an update to the 2011 POM was warranted.~~

23 ~~132. Chittick distributed the 2011 POM to DenSeco’s investors through a July 19,~~
24 ~~2011 email (copied to Beauchamp) which stated, in part: “Yes in time for your summer~~
25 ~~reading! Did you ever finish the last one I sent you? I update this memorandum every~~
26 ~~two years. I work with David Beauchamp (securities attorney) to review all the statutes~~
27 ~~[sic] and laws in Arizona as it pertains to my business and all the states that I have~~
28

1 investors in. This is to ensure that I'm filing all the forms and following all the rules --
2 .”

3 133. After the 2011 POM was issued, Chittick continued to periodically check
4 with Beauchamp and Carney by email to ensure DenSco was complying with the
5 securities laws in states in which DenSco solicited investments.

6 134. During 2011, Beauchamp provided DenSco with other securities law
7 advice.

8 4. Response to 2011 ADFI Complaint Investigation

9 On August 12, 2011, Chittick sent Beauchamp a letter DenSco had received
10 from the Arizona Department of Financial Institutions regarding an investigation by the
11 Department as to whether DenSco was subject to mortgage broker regulations and
12 required to be licensed and supervised by the Department.

13 136. Beauchamp caused a new matter in Bryan Cave's accounting and filing systems to be
14 opened captioned AZ Practice Review which identified DenSco as the firm's client.

15 64. 137. On August 22, 2011, Beauchamp sent a letter to the Department
16 which asserted that DenSco was not subject to regulation by the Department. ADFI.

17 65. Those arguments were apparently successful, as the ADFI did not take
18 further steps in 2011 to regulate DenSco.

19 5. Beauchamp Consistently Identified DenSco As His Client

20 66. Files maintained by DenSco, Gammage & Burnham and Bryan Cave
21 reflect that while Beauchamp was affiliated with Gammage & Burnham and Bryan
22 Cave, he consistently identified DenSco as his client, and never stated in an engagement
23 letter that he represented Chittick individually.

24 67. For example, on May 7, 2007, Beauchamp sent Chittick a letter to
25 confirm that DenSco had retained Gammage & Burnham to prepare the 2007 POM
26 which stated, in part, "As we have previously done, DenSco Investment Corporation
27

1 ("DenSco") will continue to be the client for this matter. If that is not consistent with
2 your understanding, please advise me immediately."

3 68. On April 10, 2008, Beauchamp sent Chittick a letter to confirm that
4 Bryan Cave had been retained "to provide legal services to DenSco Investment
5 Corporation in connection with [its] general business matters and such future matters
6 that we mutually agree to undertake."

7 69. On April 14, 2009, Beauchamp sent Chittick a letter to confirm that
8 Bryan Cave had been retained "to provide legal services to DenSco Investment
9 Corporation in connection with updating [its] Confidential Private Offering
10 Memorandum for 2009."

11 70. During 2010, Beauchamp caused a "Blue Sky Issues" matter to be
12 established in Bryan Cave's accounting and filing system which identified DenSco as
13 the firm's client.

14 71. On May 3, 2011, Beauchamp sent Chittick a letter to confirm that Bryan
15 Cave had been retained "to provide legal services to DenSco Investment Corporation in
16 connection with the updating of [its] Confidential Private Offering Memorandum for
17 2011."

18 72. In May and June 2011, Beauchamp discussed with Chittick his or
19 DenSco's possible participation in a to-be-formed title insurance company. Beauchamp
20 established a new matter in Bryan Cave's accounting and filing systems for DenSco,
21 described as "Formation of affiliate entity with partners." DenSco was identified as
22 Bryan Cave's client.

23 73. In August 2011, Beauchamp caused a new matter in Bryan Cave's
24 accounting and filing systems to be opened, captioned AZ Practice Review, which
25 identified DenSco as the firm's client.

26 **B. Events That Occurred in the Four Months Before Beauchamp Joined**
27 **Clark Hill in September 2013.**

1 74. The POM that DenSco issued in July 2011 expired on July 1, 2013.
2 DenSco did not issue a POM in July 2013, or at any time after July 2013, to replace the
3 POM that expired on July 1, 2013.

4 75. Between May 9 and July 1, 2013, Beauchamp took some preliminary
5 steps to prepare a new POM but did not begin drafting a new POM. He also failed to
6 conduct the due diligence that a reasonable securities lawyer would have undertaken.
7 He failed to investigate red flags about DenSco's lending practices when they were
8 brought to his attention.

9 1. Beauchamp Was Asked to Leave Bryan Cave in June 2013
10 and Left the Firm in August 2013.

11 76. One apparent reason for Beauchamp's inattention to DenSco's need for a
12 new POM was that he spent the summer months looking for a new job.

13 77. Information the Receiver has received in response to a subpoena served
14 on Bryan Cave suggests that on or shortly after June 4, 2013, Beauchamp was informed
15 by Bryan Cave's management committee that the firm wanted to end its relationship
16 with Beauchamp and that he would need to find a new law firm where he could practice
17 law.

18 78. Bryan Cave's decision understandably was not well received by
19 Beauchamp. As he wrote in a January 15, 2014 email to his former partner Bob Miller
20 explaining why he did not wish to attend a meeting at Bryan Cave's offices, "[m]y last
21 few months [at Bryan Cave] were more than a little difficult and I do not want to go
22 back to that."

23 79. Beauchamp finalized the terms of his employment by Clark Hill by mid-
24 to late-August 2013.

25 80. Beauchamp's notes reflect that he spoke to Chittick on August 26, 2013
26 and told him that "BC will be sending a letter to Denny & letting Denny decide if he
27 wants files kept at BC or moved to CH."

1 81. On August 30, 2013, Beauchamp sent Chittick by email a letter that he
2 and Jay Zweig, the managing partner of Bryan Cave's Phoenix office, both signed,
3 informing DenSco that Beauchamp would be leaving Bryan Cave effective August 31,
4 2013, and that Beauchamp would be joining Clark Hill.

5 ~~138. In September 2011, Beauchamp told Chittick and Dennis Dahlberg by~~
6 ~~email that "the applicable rules for DenSco are very fact driven" and it was necessary to~~
7 ~~"explicitly follow the rules, including the reasons behind the rules." Dahlberg was then~~
8 ~~one of DenSco's borrowers who had contacted Beauchamp for legal advice about how~~
9 ~~to establish a hard money lending business similar to DenSco.~~

10 5. Preliminary Steps 2. During the Month of May 2013,
11 Beauchamp Performed Minimal Work to Prepare a 2013
12 POM New POM.

13 82. The files that Beauchamp maintained at Bryan Cave and Bryan Cave's
14 billing statements reflect that Chittick had to prompt Beauchamp to start working on a
15 new POM in 2013.

16 ~~139.a. On March 17, 2013, Chittick sent Beauchamp an email proposing~~
17 ~~to meet in April to begin working on an updated private offering memorandum.~~

18 ~~140. Beauchamp has testified that DenSco relied on him to provide DenSco~~
19 ~~with "recommendations for amended or additional [private offering memoranda] in~~
20 ~~keeping with the investments being made or contemplated by DenSco."~~

21 ~~141.b. On May 1, 2013, Chittick sent another email to Beauchamp which~~
22 ~~stated: "it's the year we have to do the update on the memorandum, when do you~~
23 ~~want to start?"~~

24 ~~142.c. Beauchamp responded by email that day and scheduled a meeting~~
25 ~~for May 9, 2013.~~

26 83. 143. Although Bryan Cave's file reflects that it was Chittick who initiated
27 the process of preparing a new POM in 2013, Beauchamp and Clark Hill claim in their
28 Despite those documents, Beauchamp claims in Defendants' initial disclosure statement

1 (at 5) that it was Mr. Beauchamp who he, rather than Chittick, was the one who started
2 the process of preparing a new POM in 2013 when he "advised DenSco that it needed
3 to update its 2011 POM given the passage of time and changes in the scope of
4 DenSco's fund raising."

5 84. Beauchamp caused a new matter to be established in Bryan Cave's
6 accounting and filing systems for the preparation of a 2013 POM which identified
7 DenSco as Bryan Cave's client.

8 85. When the matter was opened, Bryan Cave established a "due diligence"
9 file for a 2013 POM.

10 86. 144. Before the May 9, 2013 meeting, Beauchamp prepared or caused to
11 be prepared a draft private offering memorandum dated "May __, 2013" (the "draft
12 2013 POM").

13 87. The draft 2013 POM was, with With the exception of the title page, the
14 draft 2013 POM was a duplicate of 145. the a preliminary draft of the 2011 POM,
15 which Bryan Cave attorney Gus Schneider had sent to Chittick on June 15, 2011 at
16 Beauchamp's direction, when Schneider and Beauchamp were working on the 2011
17 POM.

18 88. 146. During the May 9 meeting, Beauchamp took a few notes and
19 apparently underlined or circled a few passages in the draft 2013 POM.

20 89. 147. Beauchamp's notes reflect that he learned Chittick told him during
21 the meeting that DenSco had as of that date raised over \$50 million from 75 to 80
22 investors who collectively held 114 accounts.

23 148. Beauchamp caused a new matter to be established in Bryan Cave's
24 accounting and filing systems for the preparation of a 2013 POM which identified
25 DenSco as Bryan Cave's client.

26 149. When the matter was opened, Bryan Cave established a "due diligence"
27 file for a 2013 POM.

1 90. Beauchamp stopped working on the draft 2013 POM after learning how
2 much money DenSco had raised since the 2011 POM. As he would later tell Bryan
3 Cave partner Elizabeth Sipes through a June 25, 2013 email: "We stopped the updating
4 when we were told that the investments from the investors had jumped to
5 approximately \$47.5 million. Given that significant increase, I have been asking for
6 help to determine what other federal or state laws might be applicable."

7 91. 150. According to Bryan Cave's billing statement, the only work
8 Beauchamp performed during May 2013 on the draft 2013 POM was for less than thirty
9 minutes of "[w]ork on issues and follow-up" on May 10 and less than thirty minutes of
10 "[w]ork on issues and information for Private Offering Memorandum" on May 31,
11 2013.

12 3. During June 2013, Beauchamp Learned From Another Bryan
13 Cave Lawyer That DenSco's Website Violated Federal
14 Securities Laws.

15 92. Although Beauchamp learned on May 9, 2013 that DenSco had nearly
16 \$50 million of investor loans and told his Bryan Cave colleagues that he stopped
17 working on the draft 2013 POM when he learned of that fact so that he could
18 investigate what federal or state laws were implicated by the substantial increase in
19 DenSco's sales of promissory notes, Beauchamp waited until June 10, 2013 before
20 seeking assistance from other Bryan Cave attorneys.

21 152.151. — Information the Receiver has received in response to a
22 subpoena served on Bryan Cave suggests that on or shortly after June 4, 2013,
23 Beauchamp was informed by Bryan Cave's management committee that the firm
24 wanted to end its relationship with him and that he would need to find a new law
25 firm where he could practice law. On June 10, 2013, Beauchamp sent an
26 email to Ken Henderson, an attorney in Bryan Cave's New York City office,
27 copied to William Seabaugh, an attorney in Bryan Cave's St. Louis office.
28

1 ~~153.~~Beauchamp's b. His email stated, in part: DenSco "is a client which
2 makes high interest loans (18% with no other fees) secured by first lien position
3 against real estate. . . . DenSco has previously had aggregate investor loans
4 outstanding at approximately \$16 to \$18 million from its investors. We are
5 starting the process to update and renew DenSco's private offering memo (renew
6 it every two years) and we have now been advised that DenSco now has almost
7 \$47 million in aggregate investor loans outstanding."

8 ~~154.~~c. Beauchamp said he was seeking "guidance or direction" as to
9 whether DenSco, with close to \$50 million of investor funds, was subject to
10 certain federal securities acts and regulations.

11 ~~155.~~d. Henderson suggested by email that Beauchamp confer with Robert
12 Pedersen, an attorney in Bryan Cave's New York City office, and Elizabeth
13 Sipes, an attorney in Bryan Cave's Denver office.

14 ~~156.~~ Beauchamp sent an email to Pedersen on June 10, 2013 that restated the
15 information and questions he had included in his email to Henderson.

16 ~~157.~~ On June 10, 2013, Beauchamp sent an email to Mark Weakley, an
17 attorney in Bryan Cave's Boulder, Colorado office, which restated the information and
18 questions he had included in his email to Henderson. Weakley responded by email that
19 day, saying he could help on issues relating to the Investment Company Act and
20 Investment Advisers Act.

21 93. ~~158.~~ On June 11, 2013, Beauchamp sent an email to Chittick which stated:
22 "How many investors hold notes from DenSco? We are trying to determine what
23 exclusions DenSco could qualify for with respect to the other applicable federal
24 statutes. I do not have that number in my notes."

25 94. ~~159.~~ Chittick responded by email that day, telling Beauchamp DenSco had
26 114 individual accounts, held by approximately 80 families.

27 ~~160.~~ While awaiting a response to his email to Pedersen, Beauchamp received an
28 email from Chittick on June 14, 2013.

1 161. ~~Chittick's email, which was copied to Yomtov "Scott" Menaged, said, in~~
2 ~~part: "I have a borrower, to which I've done a ton of business with, million[s] in loans~~
3 ~~and hundreds of loans for several years[.] [H]e's getting sued along with me. . . . Easy~~
4 ~~Investments[] has his attorney working on it[.] [I]m okay to piggy back with his~~
5 ~~attorney to fight it[.] Easy Investments [is] willing to pay the legal fees to fight it. I~~
6 ~~just wanted you to be aware of it, and talk to his attorney, [whose] contact info is~~
7 ~~below."~~

8 162. ~~Chittick's email included a forwarded email from Menaged which~~
9 ~~provided contact information for his attorney, Jeffrey J. Goulder.~~

10 163. ~~Copies of a summons, the first four pages of a complaint, certificate of~~
11 ~~compulsory arbitration, and lis pendens were attached to the email.~~

12 164. ~~Menaged responded to the email by telling Beauchamp in an email to~~
13 ~~"bill me for your services and utilize my attorney for anything you may need."~~

14 165. ~~The complaint, filed in Maricopa County Superior Court, was filed by Free~~
15 ~~Arizona LLC against DenSeo, Easy Investments, LLC, Active Funding Group, LLC~~
16 ~~and other defendants.~~

17 166. ~~According to the excerpt of the complaint that Beauchamp received, Free had~~
18 ~~acquired a foreclosed home at a trustee's sale and filed its lawsuit to establish that it~~
19 ~~owned the property free and clear of liens asserted by Active Funding Group and~~
20 ~~DenSeo.~~

21 167. ~~The complaint put Beauchamp on notice that DenSeo was alleged not to be in~~
22 ~~first position on at least one of its loans.~~

23 168. ~~The complaint expressly alleged that Menaged, through Easy Investments, had~~
24 ~~"attempted to encumber the property with deeds of trust to Active [Funding Group] and~~
25 ~~DenSeo."~~

26 169. ~~Beauchamp knew from this allegation that Menaged, whom Chittick had~~
27 ~~described as one of DenSeo's major borrowers, was accused of obtaining loans from~~
28

1 both DenSeco and Active Funding Group, each intended to be secured by the same
2 property.

3 170. — The complaint and other documents Beauchamp received identified by street
4 address and legal description the home at issue; they also identified the names of the
5 former owners.

6 171. — After reviewing these documents, Beauchamp sent an email to Chittick which
7 said "We will need to disclose this in POM."

8 172. — Bryan Cave's billing records reflect that Beauchamp billed DenSeco for 30
9 minutes of time on June 14, 2013 devoted to "[e]mail to D. Chittick regarding need to
10 disclose pending litigation in Private Offering Memorandum; review email from D.
11 Chittick; review requirements."

12 173. — Although Bryan Cave's file reflects that Beauchamp did nothing more to
13 investigate the facts disclosed in the *Freco* complaint and whether they were indicative
14 of a broader breakdown in DenSeco's underwriting practices leading to
15 misrepresentations to its investors, in answering the Complaint, Beauchamp and Clark
16 Hill claimed he in fact did so.

17 174. — If Beauchamp had sought to review records available through the Maricopa
18 County Recorder's website relating to the property described in the *Freco* lawsuit, he
19 would have found within minutes: (i) a Deed of Trust and Security Agreement With
20 Assignment of Rents given by Easy Investments in favor of Active Funding Group, that
21 Menaged had signed on March 25, 2013; and (ii) a Deed of Trust and Assignment of
22 Rents given by Easy Investments in favor of DenSeco, that Menaged had signed on
23 April 2, 2013. Both signatures were witnessed by a notary public.

24 175. — No such documents were found in Bryan Cave's "due diligence" file.

25 176. — The documents that Beauchamp could have easily obtained from the Maricopa
26 County Recorder's website confirmed the allegation in the *Freco* complaint that DenSeco
27 was not in first position on a loan it had made to Easy Investments.
28

1 ~~177. Those documents also showed that Menaged had purposefully borrowed~~
2 ~~money, first from Active Funding and then from DenSco, using the same property as~~
3 ~~security, since he had personally signed both the Active Funding deed of trust and the~~
4 ~~DenSco deed of trust before a notary.~~

5 ~~178. — Beauchamp and Clark Hill claim in their initial disclosure statement (at 6-7), that~~
6 ~~after reviewing the *Free* complaint, “Beauchamp . . . advised Mr. Chittick, as he had~~
7 ~~done previously, that Mr. Chittick needed to fund DenSco’s loans directly to the trustee~~
8 ~~or escrow company conducting the sale, rather than provide loan funds directly to the~~
9 ~~borrower, to ensure that DenSco’s deed of trust was protected. Mr. Chittick explained~~
10 ~~to Mr. Beauchamp that this was an isolated incident with a borrower, Menaged, whom~~
11 ~~Mr. Chittick described in his email as someone he had ‘done a ton of business with . . .~~
12 ~~hundreds of loans for several years’”~~

13 ~~179. — The Receiver’s counsel has not found any records in Bryan Cave’s files~~
14 ~~reflecting that Beauchamp gave such advice to Chittick before June 2013.~~

15 ~~180. The Receiver’s counsel has not found any records in Bryan Cave’s files~~
16 ~~reflecting that Beauchamp gave such advice to Chittick in June 2013.~~

17 95. ~~181.~~ On June 17, 2013, Beauchamp received an email from Pedersen.
18 Pedersen noted that he had reviewed DenSco’s website, and had asked Randy Wang, an
19 attorney in Bryan Cave’s St. Louis office, whether DenSco was in compliance with the
20 Securities Act of 1933. Pedersen wrote: “Randy questioned whether in the DenSco
21 Investment Corp. case, the existence of, and/or statements made on, the DenSco
22 [website] which I had brought to his attention, made the transaction exemption
23 unavailable to DenSco. In any event you may wish to discuss further with Randy.”

24 96. ~~182.~~ Beauchamp then printed information from DenSco’s website, which
25 included a section captioned “Investor Requirements” that purported to provide an
26 “abbreviated description” of “legal definitions” found in the 2011 POM and related
27 subscription agreement, including a definition of accredited investor.
28

1 ~~183.~~ The information Beauchamp downloaded on June 17, 2013 also included
2 DenSco's "Lending Guidelines," the second line of which was "First Position ONLY!"

3 97. ~~Although Beauchamp had been representing DenSco since 2003, and his~~
4 ~~files reflect that he regularly reviewed DenSco's website, it was another Bryan Cave~~
5 ~~lawyer, with no prior involvement in Bryan Cave's representation, who immediately~~
6 ~~identified this significant issue.~~

7 ~~184.~~ Beauchamp knew or should have known from the *Free* lawsuit he had
8 reviewed three days beforehand that the representation that DenSco's loans were in
9 "First Position ONLY!" was untrue.

10 98. ~~185.~~ Beauchamp wrote an email to Wang on June 17, 2013, which stated:
11 "With respect to the client's statements on its website, I was not aware that the client
12 had added his personal description of what is an eligible 'accredited investor' to the
13 DenSco website. I will have him take it down. I also have a call into him to ask when
14 he added that language. Previously, his website was just for potential borrowers and for
15 existing investors. It included his view of the real estate lending market and explained
16 the status of the properties that DenSco had commenced or might have to commence a
17 Trustee Sale to take ownership of the security for a loan. Given his 'layman's
18 description of an accredited investor' on the website, does that constitute general
19 solicitation, which will cause the offering to no longer qualify under Regulation D? If
20 so, can we discuss what we need to tell him that he needs to do to resolve the loss of his
21 exempt security status?"

22 99. ~~186.~~ Beauchamp's notes reflect that he spoke to Wang on June 17, 2013.

23 100. ~~187.~~ Beauchamp's notes also reflect that he spoke to Chittick on June 17,
24 2013.

25 101. ~~188.~~ After talking to Chittick, Beauchamp sent an email to Wang on June
26 17, 2013, which stated, in part: "I talked to Denny Chittick, the owner of DenSco.
27 Denny has already had the website modified. Denny also reviewed the list of his
28 investors (there are only 114 individual investors from approx 80 families). All of his

1 investors were either family or friends (or verified referrals from family or friends). . . .
2 According to his note schedule, Denny has approximately 60 investor notes that are
3 scheduled to expire in the next six months, so he would prefer to not be shut down and
4 have to return all of that investment money to his investors until he could commence
5 operations again."

6 102. ~~189.~~Beauchamp received an email from Chittick late in the day on June
7 17, 2013, through which Chittick forwarded his email exchange with a vendor
8 confirming that information regarding interest rates offered for promissory notes and
9 the entire "Investor Requirements" section had been removed from DenSco's website.

10 103. ~~190.~~Beauchamp spoke to Wang on June 18, 2013. His notes reflect that
11 Wang "does not have a clean path for the private placement" and that he and
12 Beauchamp discussed a number of "judgment calls" which were described in
13 Beauchamp's notes as follows: (i) "whether website constitutes 'General Solicitation' –
14 probably yes"; (ii) "would a waiver of Right of Rescission be helpful – probably not →
15 that just resolves the individual claim + not the offering itself"; (iii) "would starting a
16 new company be helpful – probably not – still would be integrated offering."
17 Beauchamp's notes concluded by stating "Randy does not have a solution" and a list of
18 the names of other Bryan Cave attorneys Beauchamp should contact.

19 104. ~~191.~~On June 20, 2013, Beauchamp sent an email to Bryan Cave attorneys
20 Henderson, Wang, Robert Endicott in the firm's St. Louis office, and Garth Jensen in
21 the firm's Denver office. Beauchamp's email stated, in part:

22 ~~192.~~Beauchamp's email stated, in part: ~~DenSco~~ DenSco "is a client which
23 makes high interest loans (18% with no other fees) secured by first lien position
24 against Arizona real estate. . . . As part of our due diligence for this offering, we
25 reviewed the client's website. On its website, the client lists several pieces of
26 information concerning Arizona real estate, but the client has also added Denny
27 Chittick's personal description of who or what is an eligible 'accredited
28 investor.' In addition, the website also referenced the interest rate paid by
DenSco to its investors. *After we advised the client that this could be deemed
to be "general solicitation" in violation of Regulation D, the client immediately
took down these references from its website. . . . Randy and I are concerned that
if this information on the website is deemed to constitute 'general solicitation'
then the offering will no longer qualify under Regulation D. . . . According to his
note schedule, Denny has approximately 60 investor notes that are scheduled*

1 *to expire in the next 6 months (and to probably be rolled over into new notes),*
2 *so he would prefer to not be shut down and to have to return all of that*
3 *investment money to his investors until he could commence operations again.*
4 Issue: Does anyone have any suggestion or thoughts that we can advise the
5 client (short of closing down its business for six months) that he needs to do to
6 resolve the loss of his exempt security status?" (Emphasis added.)

7 105. 193. Henderson and Wang responded to Beauchamp's email on June 20,
8 2013, discussing when the "'JOBS Act' requirement that the SEC eliminate the general
9 solicitation requirement for all accredited investors offerings [would] become
10 effective[.]"

11 106. 194. On June 25, 2013, Beauchamp sent an email to Sipes which stated, in
12 part: "Attached is the previous POM for the client which has only had the date
13 changed. We stopped the updating when we were told that the investments from the
14 investors had jumped to approximately \$47.5 million. Given that significant increase, I
15 have been asking for help to determine what other federal or state laws might be
16 applicable. Bob Pederson of NY has said that the Trust Indenture Act will not be
17 applicable so long as the client is under the Regulation D, Rule 506 exemption. The
18 other big issues [that] have waited for your help to discern [is] if we need to comply
19 with the Investment Advisors Act of 1940 and the Registered Investment Advisors
20 requirements."

21 107. 195. Beauchamp spoke to Sipes on June 27, 2013. Beauchamp's notes
22 reflect that Sipes told him the 2011 POM had incorrectly referenced an exemption
23 under the Investment Company Act, that she was considering other issues, and that she
24 would follow up by email.

25 108. 196. Beauchamp spoke to Chittick on June 27, 2013. Beauchamp's notes
26 reflect that he shared with Chittick the information he had received from Sipes.

27 109. 197. Chittick sent Beauchamp an email on June 27, 2013 to again confirm
28 that the requested changes to the website had been completed. He added, "Oh ya I just
took in another 1.1 million yesterday."

1498. ~~By its terms, the 2011 POM expired on July 1, 2013. Although Bryan Cave's~~
2 ~~file reflects that Beauchamp had not, as of that date, prepared a draft of a new private~~
3 ~~offering memorandum, in answering the Complaint, Beauchamp and Clark Hill claimed~~
4 ~~he in fact did so.~~

5199. ~~Although Beauchamp knew Chittick was continuing to solicit investments based on~~
6 ~~the 2011 POM, and knew that between July 1, 2013 and December 31, 2013~~
7 ~~approximately 60 DenSeo investors were expected to "roll over" their investments by~~
8 ~~receiving new promissory notes from DenSeo, Beauchamp did not, on or before July 1,~~
9 ~~2013, advise DenSeo to stop soliciting investments or issuing promissory notes until a~~
10 ~~new private offering memorandum had been prepared and issued by DenSeo, nor did he~~
11 ~~issue such an instruction after July 1, 2013.~~

12 4. During June 2013, Beauchamp Learned That Representations
13 Made In the 2011 POM About DenSeo's Lending Practices
14 Were Materially Misleading But Failed to Conduct any
15 Investigation Of DenSeo's Lending Practices.

15 110. Beauchamp received an email from Chittick on June 14, 2013.

16 111. Chittick's email, which was copied to Yomtov "Scott" Menaged, said, in
17 part: "I have a borrower, to which I've done a ton of business with, million[s] in loans
18 and hundreds of loans for several years[.] [H]e's getting sued along with me. . . . Easy
19 Investments[] has his attorney working on it[.] [I]'m okay to piggy back with his
20 attorney to fight it[.] Easy Investments [is] willing to pay the legal fees to fight it. I
21 just wanted you to be aware of it, and talk to his attorney, [whose] contact info is
22 below."

23 112. Chittick's email included a forwarded email from Menaged which
24 provided contact information for his attorney, Jeffrey J. Goulder.

25 113. Copies of a summons, the first four pages of a complaint, a certificate of
26 compulsory arbitration, and a lis pendens were attached to the email.

27 114. Menaged responded to the email by telling Beauchamp in an email to
28 "bill me for your services and utilize my attorney for anything you may need."

1 115. The complaint and other documents Beauchamp received identified by
2 street address and legal description of the foreclosed home at issue in the lawsuit; they
3 also identified the names of the former owners.

4 116. After reviewing these documents, Beauchamp sent an email to Chittick on
5 June 14, 2013 which said “We will need to disclose this in POM.” (Emphasis added.)

6 117. Bryan Cave’s billing records reflect that Beauchamp billed DenSco for 30
7 minutes of time on June 14, 2013 devoted to “[e]mail to D. Chittick regarding need to
8 disclose pending litigation in Private Offering Memorandum; review email from D.
9 Chittick; review requirements.”

10 118. The complaint had been filed in Maricopa County Superior Court by Freo
11 Arizona, LLC against DenSco; Easy Investments, LLC; Active Funding Group, LLC;
12 Ocwen Loan Servicing, LLC; and another defendant.

13 119. According to the excerpt of the complaint that Beauchamp received,

14 a. A home in Peoria, Arizona was to be sold at a trustee’s sale,

15 b. Freo claimed to have purchased the home on March 18, 2013,

16 before the date of the scheduled trustee’s sale, by paying Ocwen Loan Servicing
17 the payoff amount for the mortgage, and that the sale was documented in a
18 warranty deed that had been recorded with the Maricopa County Recorder’s
19 Office.

20 c. Ocwen failed to timely instruct the trustee to cancel the trustee’s
21 sale.

22 d. On March 22, 2013, Easy Investments acquired the property at a
23 trustee’s sale, and then “attempted to encumber the property with deeds of trust
24 to Active [Funding Group] and DenSco.” (Emphasis added.)

25 e. Freo filed its lawsuit to establish that it owned the property free
26 and clear of liens asserted by Active Funding Group and DenSco.

27 120. The Freo complaint put Beauchamp on notice that DenSco’s ’s 2011
28 POM was materially misleading because DenSco was not following the “proper method

1 and procedures for funding a loan” which, according to Beauchamp’s interrogatory
2 answers, were described in the 2011 POM as including ““due diligence to verify certain
3 information in connection with funding a Trust Deed”” and ““conduct[ing] a due
4 diligence review by . . . verifying the documentation.””

5 121. It was apparent from the *Freo* complaint that Chittick had not conducted
6 any due diligence before loaning money to Easy Investments to acquire this particular
7 home, since the property had been sold, according to public records, five days before a
8 trustee’s sale. Under such circumstances, the loan funded by DenSco could not have
9 been a loan “intended to be secured through [a] first position trust deed[],” as DenSco
10 had represented in the 2011 POM.

11 122. It was also apparent from the *Freo* complaint that Chittick had not
12 exercised appropriate care in loaning money to Easy Investments, since *Freo* alleged
13 that Easy Investments had “attempted to encumber the property with deeds of trust to
14 Active [Funding Group] and DenSco.” That allegation called into question both the
15 due diligence Chittick had employed in selecting Easy Investments as a borrower and
16 the practices Chittick followed in funding loans made by DenSco.

17 123. Although the files Beauchamp maintained and Bryan Cave’s billing
18 records reflect that the only actions Beauchamp took after receiving Chittick’s June 14,
19 2013 email were to spend 30 minutes to “review email from D. Chittick” and to send
20 “[e]mail to D. Chittick regarding need to disclose pending litigation in Private Offering
21 Memorandum,” Beauchamp claims in Defendants’ initial disclosure statement (at 6-7)
22 that he did more than that.

23 124. Beauchamp claims that after reviewing the *Freo* complaint, he “advised
24 Mr. Chittick . . . that Mr. Chittick needed to fund DenSco’s loans directly to the trustee
25 or escrow company conducting the sale, rather than provide loan funds directly to the
26 borrower, to ensure that DenSco’s deed of trust was protected.” This is an admission
27 by Beauchamp that he knew in June 2013 that the 2011 POM was materially
28 misleading.

1 125. Beauchamp goes on to say in Defendants' initial disclosure statement that
2 "Mr. Chittick explained to Mr. Beauchamp that this was an isolated incident with a
3 borrower, Menaged, whom Mr. Chittick described in his email as someone he had
4 'done a ton of business with . . . hundreds of loans for several years'"

5 126. If a jury believes that Beauchamp actually had this discussion with
6 Chittick, despite the absence of any email, note or billing record to support
7 Beauchamp's claim, it should conclude that Beauchamp decided not to take any steps to
8 investigate Chittick's admission that DenSco had lax lending practices, or was
9 preoccupied with his efforts to find a new law firm and did not take the time to do so.

10 127. An investigation into DenSco's lending practices was needed because:
11 a. the volume of DenSco's lending that Chittick was managing by
12 himself (a missed red flag when the 2011 POM was prepared), had significantly
13 increased, with the total amount of funds DenSco had received from investors
14 approaching \$50 million;

15 b. the allegations in the *Freo* lawsuit evidenced a lack of due
16 diligence on DenSco's part in deciding to fund the loan in question;

17 c. the allegations in the *Freo* lawsuit called into question whether
18 Menaged, whom Chittick described as one of DenSco's major borrowers, was a
19 reliable and trustworthy person.

20 d. Chittick's admission that he had given funds directly to Easy
21 Investments necessarily meant DenSco was not complying with the terms of the
22 Receipt and Mortgage which, as Beauchamp has noted in his interrogatory
23 answers, "stated that the check purchasing the property was made to the
24 Trustee."

25 e. Beauchamp knew on June 17, 2013, when he downloaded and
26 reviewed DenSco's website, that DenSco was representing to existing and
27 potential investors that it followed "Lending Guidelines" under which it would
28 be in "First Position ONLY!"

1 f. Beauchamp knew that DenSco would be actively selling
2 promissory notes in the latter half of 2013, since he knew, and told his Bryan
3 Cave colleagues on June 20, 2013, that “[a]ccording to [Chittick’s] note
4 schedule, [DenSco] has approximately 60 investor notes that are scheduled to
5 expire in the next 6 months (and to probably be rolled over into new notes).”

6 g. Beauchamp knew that DenSco was actively selling promissory
7 notes based on the 2011 POM. On June 27, 2013, for example, Chittick told him
8 by email “Oh ya I just took in another 1.1 million yesterday.”

9 128. Beauchamp did not conduct an investigation of the allegations in the *Freo*
10 lawsuit regarding DenSco’s lending practices, or of DenSco’s lending practices
11 generally, in June 2013 (before the 2011 POM expired on July 1, 2013) or at any time
12 thereafter.

13 129. If Beauchamp had investigated the allegations in the *Freo* complaint, he
14 would have found within minutes, by reviewing records available through the Maricopa
15 County Recorder’s website relating to the property described in the *Freo* lawsuit: (i) a
16 Deed of Trust and Security Agreement With Assignment of Rents given by Easy
17 Investments in favor of Active Funding Group, that Menaged had signed on March 25,
18 2013; and (ii) a Deed of Trust and Assignment of Rents given by Easy Investments in
19 favor of DenSco, that Menaged had signed on April 2, 2013. Both signatures were
20 witnessed by the same notary public.

21 130. Those documents confirmed the allegation in the *Freo* complaint that
22 DenSco was not in first position on a loan it had made to Easy Investments.

23 131. Those documents also showed that Menaged had purposefully borrowed
24 money, first from Active Funding and then from DenSco, using the same property as
25 security, since he had personally signed both the Active Funding deed of trust and the
26 DenSco deed of trust before a notary.

27 5. During July and August 2013, Beauchamp Took Minimal
28 Steps to Prepare a New POM.

1 132. After failing to do any investigation of the allegations in the *Freo* lawsuit
2 or of DenSco's lending practices generally, an apparently distracted Beauchamp took
3 minimal steps in July and August 2013 to prepare a new POM.

4 133. 200. On July 1, 2013, Beauchamp received an email from Sipes which
5 stated, in part, that she didn't believe DenSco would be considered an investment
6 advisor under the Investment Company Act or the Investment Advisers Act and did not
7 believe DenSco needed to limit the number of accredited investors to whom it offered
8 promissory notes.

9 134. 201. On July 10, 2013, Beauchamp forwarded to Chittick a news report
10 that the SEC had just decided to end the ban on general solicitation.

11 135. 202. Bryan Cave's billing statements reflect that between July 12, 2013
12 and July 31, 2013, Beauchamp recorded time to "revise disclosure in Private Offering
13 Memorandum" and "[w]ork on and revise Private Offering Memorandum" and had
14 additional time entries to "[w]ork on revisions to Private Offering Memorandum" or
15 "[w]ork on issues for Private Offering Memorandum."

16 136. 203. But the only document in Bryan Cave's file that reflects any revisions
17 Beauchamp made to the draft of the a 2013 POM is a draft containing several of his
18 handwritten edits. They included a note on the cover of the draft to "revise to new
19 version for B/L purposes," but no blacklined draft of the a 2013 POM was found exists
20 in Bryan Cave's file.

21 137. Bryan Cave's billing records reflect that the only work Beauchamp
22 performed on the draft 2013 POM during August 2013 was to exchange emails on
23 August 6, 2013 with Jensen asking for a form subscription agreement to comply with
24 changes to Rule 506.

25 138. When Beauchamp left Bryan Cave in August 2013, the "due diligence"
26 file for the draft 2013 POM contained only three documents: (1) a June 18, 2013 article
27 captioned "Determining whether a company is an investment company"; (2) a printout
28 from DenSco's website dated June 17, 2013; and (3) a July 28, 2010 article captioned

1 "Private Fund Investors Advisors Registration Act of 2010: New Law Changes
2 Regulatory Framework for Alternative Investment Advisors."

3 139. Beauchamp's notes reflect that he left a voicemail message for Chittick
4 on August 26, 2013 regarding "need to work on the latest version of POM that Denny
5 has w/ the prior experience charts. Need to discuss timing and update."

6 140. His notes go on to reflect that he spoke to Chittick on August 26, 2013
7 and that he "explained delay w/ POM," discussed the "need to get copy of Denny's
8 latest POM & make changes to it," and discussed that "BC will be sending a letter to
9 Denny & letting Denny decide if he wants files kept at BC or moved to CH."

10 6. Beauchamp Now Claims That Chittick Was Responsible for
11 His Failure to Prepare a New POM Before He Left Bryan
12 Cave, But His Claim is at Odds With the Documentary Record.

13 141. 204. In their In Defendants' initial disclosure statement (at 5), Beauchamp
14 and Clark Hill claim that Beauchamp "began drafting revisions to the 2011 POM" but
15 claims that he "was never able to finalize the 2013 POM" because of Chittick. They
16 allege He says that "[a]lthough Mr. Beauchamp [he] asked for updated investment, loan
17 and financial information regarding DenSco, Mr. Chittick stalled on providing the
18 information, preferring to wait until after he scaled down the amount outstanding to
19 investors."

20 142. 205. The Receiver's counsel has not found any records in Bryan Cave's
21 files reflecting such requests or But Beauchamp's claim has absolutely no support in the
22 documentary record, and is at odds with that record. Not only is there nothing
23 "stalling" tactics by Chittick, in Bryan Cave's files reflecting that Beauchamp asked
24 Chittick for information that was not provided or that Chittick engaged in "stalling"
25 tactics by Chittick, but the files reflect that Chittick promptly gave Beauchamp the
26 information he requested, and followed Beauchamp's advice, such as when Chittick
27 promptly changed DenSco's website after Beauchamp told him to do so.
28

1 143. ~~206.~~ Moreover, the corporate journal Chittick maintained for 2013
2 (the "2013 Corporate Journal") does not reflect any entries by Chittick about requests
3 from Beauchamp for information or his declination to provide that information.

4 144. ~~207.~~ The only reference in the 2013 Corporate Journal to the preparation
5 of the 2013 POM is a June 17, 2013 entry which stated: "I am going back and forth
6 with David about how to circumvent this 50 million issue on size." That entry is
7 consistent with Beauchamp's communications of the same date as to whether DenSco
8 had engaged in general solicitation, an issue which, as noted above, was resolved on
9 July 10, 2013.

10 ~~208.~~ Beauchamp and Clark Hill also claim in their initial disclosure statement
11 (at 5) that with respect to the unfinished draft 2013 POM "Beauchamp repeatedly
12 advised DenSco that an update was necessary irrespective of DenSco's plans regarding
13 the outstanding amount of its offerings, but Mr. Chittick continued to delay."

14 ~~209.~~ The Receiver's counsel has not found any documents in Bryan Cave's
15 files to support this claim.

16 ~~210.~~ The 2013 Corporate Journal does not reflect any entries by Chittick
17 reflecting that Beauchamp gave such advice.

18 7. A Distracted Beauchamp, After Failing to Prepare a
19 New POM by July 1, 2013, Did Not Advise DenSco to
20 Stop Selling Promissory Notes Until a New POM Was
21 Issued.

22 ~~211.~~ Bryan Cave's billing records reflect that the only work Beauchamp
23 performed on the draft 2013 POM during August 2013 was to exchange emails on
24 August 6, 2013 with Jensen asking for a form subscription agreement to comply with
25 changes to Rule 506.

26 ~~212.~~ Beauchamp's notes reflect that he left a voicemail message for Chittick
27 on August 26, 2013 regarding "need to work on the latest version of POM that Denny
28 has w/ the prior experience charts. Need to discuss timing and update."

1213. ~~Beauchamp's notes reflect that he spoke to Chittick on August 26, 2013 and that he~~
2 ~~"explained delay w/ POM," discussed the "need to get copy of Denny's latest POM &~~
3 ~~make changes to it," and discussed that "BC will be sending a letter to Denny & letting~~
4 ~~Denny decide if he wants files kept at BC or moved to CH."~~

5 145. By its terms, the 2011 POM expired on July 1, 2013.

6 146. There is no evidence in the documentary record that Beauchamp, with one
7 foot out Bryan Cave's door, ever advised DenSco that it could not sell any new
8 promissory notes after July 1, 2013 until it issued a new POM, and Beauchamp does not
9 claim that he did so.

10 147. Beauchamp, preoccupied with finding a new law firm where he could
11 continue to practice law, failed to give that advice, even though he knew, as he told his
12 Bryan Cave colleagues in a June 20, 2013 email, that DenSco had "approximately 60
13 investor notes that are scheduled to expire in the next 6 months (and to probably be
14 rolled over into new notes)."

15 148. ~~214. In their~~ And while Beauchamp claims in Defendants' initial
16 disclosure statement (at 7) Beauchamp and Clark Hill claim that "[p]rior to his
17 departure ["] from Bryan Cave], Mr. Beauchamp had, he "repeatedly made clear to
18 DenSco and Mr. Chittick that they needed to update DenSco's POM." there is no
19 documentary support for that claim.

20 149. Even if a jury believes that Beauchamp actually gave that advice, despite
21 the absence of any supporting documents, the advice fell short of an explicit instruction
22 that no sales could be made until a new POM was prepared. Without that instruction,
23 Chittick was effectively told that DenSco could indefinitely delay "updating" its POM
24 while continuing to sell promissory notes.

1 8. Because of Beauchamp's Inattention, Chittick Caused DenSco
2 to Sell Approximately \$3.3 Million of Promissory Notes Before
3 Beauchamp Left Bryan Cave.

4 150. Because Beauchamp failed to prepare a new POM by July 1, 2013 and
5 failed to tell Chittick that DenSco could not sell promissory notes until a new POM was
6 issued, Chittick caused DenSco, during July and August 2013, to sell promissory notes
7 to some of the "approximately 60 investor[s]" whose notes Beauchamp knew were
8 "scheduled to expire in the next 6 months (and to probably be rolled over into new
9 notes)."

10 151. In each case, an investor who had purchased a two-year promissory note
11 in 2011, which expired in July or August 2013, purchased a new two-year promissory
12 note. Those sales, which total \$2,337,653.47, are summarized in the following chart.

<u>Investor</u>	<u>Amount</u>	<u>Date</u>
<u>Jeff Phalen</u>	<u>\$100,000</u>	<u>7/1/13</u>
<u>Gary Thompson</u>	<u>\$250,000</u>	<u>7/3/13</u>
<u>Kaylene Moss</u>	<u>\$10,000</u>	<u>7/12/13</u>
<u>Branson & Sandra Smith</u>	<u>\$250,000</u>	<u>7/13/13</u>
<u>Ralph Kaiser IRA</u>	<u>\$170,653.47</u>	<u>7/17/13</u>
<u>Jimmy Trainor</u>	<u>\$122,000</u>	<u>7/22/13</u>
<u>Russ Grisswold IRA</u>	<u>\$50,000</u>	<u>7/24/13</u>
<u>William Alber</u>	<u>\$60,000</u>	<u>7/28/13</u>
<u>Carol Wellman</u>	<u>\$50,000</u>	<u>7/28/13</u>
<u>Tom Smith</u>	<u>\$400,000</u>	<u>8/2/13</u>
<u>GE Seigford</u>	<u>\$70,000</u>	<u>8/2/13</u>
<u>GE Seigford</u>	<u>\$40,000</u>	<u>8/2/13</u>
<u>Carvyn Smith</u>	<u>\$10,000</u>	<u>8/2/13</u>
<u>McKenna Smith</u>	<u>\$10,000</u>	<u>8/3/13</u>
<u>Gary Thompson</u>	<u>\$145,000</u>	<u>8/3/13</u>

Carol & Mike Wellman	\$25,000	8/5/13
Stacy Grant IRA	\$75,000	8/8/15
GE Seigford	\$50,000	8/18/15
Tom Smith	\$400,000	8/24/15
Dale Hickman	\$50,000	8/30/15

152. In addition to these "rollover" promissory note sales, Chittick caused DenSco to sell \$926,567 of new promissory notes to existing and new investors during July and August 2013. Those sales are summarized in the following chart.

Investor	Amount	Date	Maturity
Laurie Weiskopf	\$100,000	7/10/13	7/10/15
Carol McDowell	\$100,000	7/3/13	7/3/15
Kevin Potempa	\$100,000	7/29/13	1/26/16
Wayne Ledet	\$30,567	8/23/13	8/23/15
Tom Smith	\$500,000	8/26/13	2/26/15
Kirk Fischer	\$70,000	8/26/13	8/26/18
Carsyn Smith	\$8,000	8/26/13	8/26/15
McKenna Smith	\$8,000	8/26/13	8/26/15
Averill Cate	\$10,000	8/29/13	8/29/14

C. Facts Regarding Clark Hill's Representation of DenSco in 2013

1. In September 2013, Beauchamp Brought DenSco to Clark Hill as a New Client and Clark Hill Agreed to Prepare a New POM.

215. The Receiver's counsel has not found any documents in Bryan Cave's files to support this claim.

216. The 2013 Corporate Journal does not have any entries by Chittick reflecting that he received such advice from Beauchamp.

1217. On August 30, 2013, Beauchamp sent Chittick by email a letter that he and
2 Bryan Cave attorney Jay Zweig had signed, informing DenSco that Beauchamp would
3 be leaving Bryan Cave effective August 31, 2013, and that Beauchamp would be
4 joining Defendant Clark Hill PLC. The letter contained a form by which DenSco could
5 instruct Bryan Cave to retain or transfer to Clark Hill the files it had maintained for
6 DenSco.

7 218. When Beauchamp left Bryan Cave in August 2013, the "due diligence"
8 file for the draft 2013 POM contained only three documents: (1) a June 18, 2013 article
9 captioned "Determining whether a company is an investment company"; (2) a printout
10 from DenSco's website dated June 17, 2013; and (3) a July 28, 2010 article captioned
11 "Private Fund Investors Advisors Registration Act of 2010: New Law Changes
12 Regulatory Framework for Alternative Investment Advisors."

13 **D. Beauchamp's Representation of DenSco While Affiliated with**
14 **Clark Hill**

15 153. 219. On September 11 and 12, 2013, Beauchamp exchanged emails with
16 Chittick about taking steps to have certain DenSco files transferred from Bryan Cave to
17 Clark Hill: "AZ Practice Review"; "Blue Sky Issues"; "Garnishments"; "General
18 Corporate"; and "2011 and 2013 Private Offering."

19 **1. DenSco Retained Clark Hill in September 2013**

20 154. 220. On September 12, 2013, Beauchamp sent Chittick an engagement
21 letter, which Chittick signed and returned that day.

22 155. 221. The letter, which was captioned "Representation of DenSco
23 Investment Corporation," stated that it would "serve[] to record the terms of [Clark
24 Hill's] engagement to represent DenSco Investment Corporation (the 'Client'), with
25 regard to the legal matters transferred to Clark Hill PLC from Bryan Cave LLP."

26 156. Clark Hill's engagement letter, like those Beauchamp had sent DenSco
27 when he was at Gammage & Burnham and Bryan Cave, identified DenSco as Clark
28 Hill's client.

1 157. 222. But Clark Hill's engagement letter went further, and expressly stated
2 that Clark Hill was representing only DenSco, and was not representing Chittick in any
3 capacity. Clark Hill's engagement letter made clear that Clark Hill viewed DenSco as
4 its client, and had not agreed to also represent Chittick.

5 a. The letter stated that it was "supplemented by our Standard Terms
6 of Engagement for Legal Services, attached, which are incorporated in this letter
7 and apply to this matter and the other matter(s) for which you engage us."

8 b. 223. The "Standard Terms of Engagement for Legal Services"
9 included a section called "Whom We Represent." That section stated: "The . . .
10 entity whom we represent is the . . . entity identified in our engagement letter
11 and does not include any . . . employees, officers, directors, shareholders of a
12 corporation . . . unless our engagement letter expressly provides otherwise."

13 158. 224. Despite the plain wording of the engagement letter, which limited
14 Clark Hill's representation to DenSco and disclaimed any separate representation of
15 Chittick, Beauchamp and Clark Hill claim Even though this engagement letter clearly
16 and expressly stated that Clark Hill represented only DenSco and was not also
17 representing Chittick, Clark Hill and Beauchamp say in their initial disclosure statement
18 (at 3) that "Chittick understood that Mr. Beauchamp, as an incident to Mr.
19 Beauchamp's representation of DenSco, was also representing Mr. Chittick in his
20 capacity as president of DenSco."

21 225. The Receiver's counsel has not found any documents in Clark Hill's file
22 amending its engagement letter to extend the firm's representation of DenSco to Mr.
23 Chittick in his capacity as president of DenSco.

24 **2. Beauchamp Opened a Matter to Finish the Draft 2013 POM in**
25 **September 2013 But Failed to Take Any Steps to Complete the**
26 **Draft Before the End of 2013.**

26 159. 226. On September 13, 2013, Beauchamp took steps to open a new matter
27 for DenSco in Clark Hill's accounting and filing systems that was mis-identified as
28

1 "2003 Private Offering Memorandum." Beauchamp's notes stated that the file was
2 being opened to "[f]inish 2013 POM for client. Started POM update at Bryan Cave."

3 160. Beauchamp opened this file, obligating Clark Hill to provide securities
4 advice to DenSco and to diligently and promptly "finish [the] 2013 POM," knowing
5 that the 2011 POM had expired on July 1, 2013, no new POM had been issued, and that
6 as of June 20, 2013, "[a]ccording to [Chittick's] note schedule, [DenSco] ha[d]
7 approximately 60 investor notes that are scheduled to expire in the next 6 months (and
8 to probably be rolled over into new notes)."

9 2. According to Clark Hill's Records the Firm Did No Work
10 Whatsoever on a New POM During the Months of September,
11 October, November and December 2013.

12 161. 227. Clark Hill's billing records do not reflect that Beauchamp Clark
13 Hill's records show that neither Beauchamp nor any other Clark Hill attorney
14 performed any work to finish the draft 2013 on a new POM during September, October,
15 or November 2013, or that he attempted to contact Chittick about finishing the POM.

16 162. The records also show that neither Beauchamp nor any other Clark Hill
17 attorney even attempted to contact Chittick about the new POM.

18 a. On December 18, 2013, Chittick Asked Beauchamp By
19 Email Why the New POM Had Not Been Finished.

20 19228. In their initial disclosure statement (at 7), Beauchamp and Clark Hill blame
21 Chittick, saying that after Chittick signed Clark Hill's engagement letter and directed
22 Bryan Cave to transfer certain files to Clark Hill in September 2013, "Mr. Beauchamp
23 never heard from Mr. Chittick regarding the unfinished 2013 POM, or any other matter,
24 until December 2013."

25 163. 229. The only The first time entry in Clark Hill's billing records for the
26 month of December 2013 relating to finishing the draft 2013 a new POM is a twelve-
27 minute entry by Beauchamp on December 18, 2013 to "review email; telephone
28 conversation with D. Chittick; review POM."

1 164. 230. Chittick's The email referenced in that time entry is an email that
2 Chittick sent to Beauchamp on December 18, 2013-email to Beauchamp stated, in part,
3 saying "since you've moved, we've never finished the update on the memorandum.
4 Warren is asking where it is."¹ The Receiver assumes Chittick was referring to Warren
5 Bush, an investor who had reviewed and commented on a draft of the 2011 POM.

6 165. Beauchamp did not send Chittick a response to that email.

7 166. There are not any notes in Clark Hill's files made by Beauchamp that
8 summarized his December 18, 2013 call with Chittick.

9 167. Beauchamp apparently asked Chittick during that call to send him a copy
10 of the 2011 POM, since Chittick emailed Beauchamp an electronic copy of the final
11 2011 POM during the late morning of December 18, 2013. Beauchamp promptly
12 responded, saying simply "[t]hank you. Have a wonderful holiday season."

13 168. Beauchamp forward Chittick's e-mail to his secretary that afternoon,
14 asking her to "put this on our system for DenSco Investment Corporation/2013 POM."

15 b. Clark Hill Claims That Beauchamp Learned During the
16 December 18, 2013 Call With Chittick About Problems
17 in DenSco's Loan Portfolio but Clark Hill Did Nothing to
18 Investigate Those Problems Nor Did It Begin Preparing
19 a New POM.

20 169. In their initial disclosure statement (at 7), Clark Hill and Beauchamp
21 make claims about Beauchamp's December 18, 2013 telephone call with Chittick that
22 are at odds with Clark Hill's file, including its billing statement. They allege that
23 Chittick told Beauchamp "he had run into an issue with some of his loans with
24 Menaged, and specifically, that properties securing a few DenSco loans were each
25 subject to a second deed of trust competing for priority with DenSco's deed of trust."

26 170. Clark Hill and Beauchamp claim that, "[a]fter briefly discussing the
27 allegedly limited double lien issue, Mr. Chittick emphasized to Mr. Beauchamp that

28 Chittick was apparently referring to Warren Bush, an investor who had reviewed
and commented on a draft of the 2011 POM, and had communicated with Beauchamp
about that draft.

1 Mr. Chittick wanted to avoid litigation with other lenders. Mr. Chittick, however, did
2 not request any advice or help. Accordingly, Mr. Beauchamp suggested that Mr.
3 Chittick develop and document a plan to resolve the double liens, and nothing more
4 came of the conversation."

5 171. Lastly, Clark Hill and Beauchamp claim that during the telephone
6 conversation "Mr. Beauchamp reminded Mr. Chittick that he still needed to update
7 DenSco's private offering memorandum."

8 172. No document in Clark Hill's file, such as the handwritten notes that
9 Beauchamp consistently and regularly kept to record his telephone conversations and
10 meetings with Chittick, exists.

11 173. The 2013 Corporate Journal does not have any entries by Chittick
12 reflecting that he had such a conversation with Beauchamp in December 2013.

13 174. If a jury were to believe Beauchamp's claim that he had such a
14 conversation with Chittick on December 18, 2013, despite the lack of evidence, it could
15 only conclude that Clark Hill and Beauchamp were negligent by:

16 a. Failing to immediately investigate the information Beauchamp
17 received about the Menaged loan problem, since Clark Hill had an affirmative
18 duty to diligently and timely prepare a new POM, having agreed to do so in
19 September 2013; and

20 b. Failing to expressly instruct Chittick that DenSco could not sell
21 any promissory notes, since the 2011 POM had expired and a new POM had not
22 yet been issued.

23 i. By merely "reminding" Chittick that DenSco needed to
24 "update" the 2011 POM, knowing that one-half of its investors would be
25 "rolling over" promissory notes during the last six months of 2013,
26 Beauchamp effectively advised Chittick that DenSco could indefinitely
27 delay "updating" the 2011 POM while continuing to sell promissory
28 notes.

1 3. Although Clark Hill Did Nothing in December 2013 to Prepare
2 a New POM and Investigate Problems in DenSco's Loan
3 Portfolio, It Devoted Time That Month to Advising DenSco
4 About Possibly Expanding its Business to Florida.

5 175. 231. The In Chittick's December 18, 2013 email went on to state to
6 Beauchamp, Chittick wrote, after asking about the status of Clark Hill's work on a new
7 POM, about his plans to expand DenSco's business to Florida. He wrote: "[I]'ve got
8 two of my best borrowers moving to F[L][.] [T]hey are begging me to look at lending
9 in FL. [I] don't know anything about the market there, but [I] trust these guys. [I]'ve
10 done 20 million with them over the past 5 yrs. [I]s it easy to find out the challenges,
11 issues, etc with me lending there?"

12 176. 232. While Beauchamp did not send Chittick a response to that email. He
13 did, however, forward the nothing in response to Chittick's question about the status of
14 a new POM, he immediately forwarded Chittick's e-mail to Clark Hill attorney Daniel
15 Schenck, asking "[w]ill you have time to do the research for Florida or should I find
16 someone else?"

17 177. 233. Beauchamp also made an 18-minute time entry on December 18,
18 2013 to "[r]eview email and outline Florida research."

19 234. The Receiver has not found any notes in Clark Hill's files made by
20 Beauchamp that summarized his December 18, 2013 call with Chittick.

21 235. Beauchamp apparently asked Chittick during their call to send him a copy of the
22 2011 POM, since Chittick emailed Beauchamp an electronic copy of the final 2011
23 POM on December 18, 2013.

24 236. In a responsive email sent on December 18, 2013, Beauchamp thanked
25 him, but said nothing about steps he would take to complete the work he began at Bryan
26 Cave to prepare a 2013 POM.

27 178. 237. Between December 20, 2013 and December 23, 2013, both
28 Beauchamp and Schenck recorded time to conducting research and analysis on "Florida

1 broker issues,” “hard money regulatory lender requirements in Florida,” and “Florida
2 lending licenses.”

3 179. 238. On December 23, 2018~~2013~~, Beauchamp recorded 42 minutes of
4 time to “[r]eview Florida research from D. Schenck; discuss research and follow up
5 with D. Schenck; email to D. Chittick.”

6 180. 239. On Christmas Eve, December 24, 2018~~2013~~, Beauchamp sent
7 Chittick an email which stated: “Happy Holidays! Quick Status: Based on a review of
8 the Florida statutes, you would be considered a ‘Mortgage Lender’ which requires a
9 license in Florida. The Florida government office that regulates ‘Mortgage Lender’
10 [sic] has been difficult to reach, but we will try again on Thursday. I want to confirm if
11 you might be able to qualify for a limited license to operate in Florida and check a few
12 other questions.”

13 181. 240. On December 26 and 30, 2013, Beauchamp and Schenck recorded
14 time to obtaining information from the Florida Office of Financial Regulation and other
15 information relevant to Chittick’s December 18, 2013 inquiry about expanding
16 DenSco’s lending operations to Florida.

17 ~~41. In their initial disclosure statement (at 7), Beauchamp and Clark Hill describe a~~
18 ~~December 2013 telephone conversation between Beauchamp and Chittick that is at~~
19 ~~odds with Clark Hill’s file, including its billing statement. They claim that~~

20 ~~In December 2013, Mr. Chittick contacted Mr. Beauchamp for the first time in~~
21 ~~months. He told Mr. Beauchamp over the phone that he had run into an issue~~
22 ~~with some of his loans with Menaged, and specifically, that properties securing a~~
23 ~~few DenSco loans were each subject to a second deed of trust competing for~~
24 ~~priority with DenSco’s deed of trust. Mr. Beauchamp reminded Mr. Chittick~~
25 ~~that he still needed to update DenSco’s private offering memorandum. After~~
26 ~~briefly discussing the allegedly limited double lien issue, Mr. Chittick~~
27 ~~emphasized to Mr. Beauchamp that Mr. Chittick wanted to avoid litigation with~~
28 ~~other lenders. Mr. Chittick, however, did not request any advice or help.~~

1 Accordingly, Mr. Beauchamp suggested that Mr. Chittick develop and document
2 a plan to resolve the double liens, and nothing more came of the conversation.

3 242. The Receiver's counsel has not found any documents in Bryan Cave's
4 files to support this claim.

5 243. The 2013 Corporate Journal does not have any entries by Chittick reflecting that
6 he had such a conversation with Beauchamp.

7 244. The Receiver's claims are based on what Clark Hill's files reveal about
8 Beauchamp's conduct during the last six months of 2013.

9 245. In December 2013, Beauchamp knew that the 2011 POM had expired by
10 its own terms more than four months earlier, on July 1, 2013.

11 246. Beauchamp knew that as of December 18, 2013, neither he nor DenSeo
12 had taken any meaningful steps to prepare a draft of a new private offering
13 memorandum.

14 247. Beauchamp knew that between July 1, 2013 and December 31, 2013
15 approximately 60 DenSeo investors had likely "rolled over" their investments by
16 receiving new promissory notes from DenSeo based on the 2011 POM.

17 248. Beauchamp did not instruct DenSeo to stop soliciting investments or
18 issuing promissory notes until a new private offering memorandum had been prepared
19 and issued by DenSeo.

20 249. Beauchamp knew that he had failed to properly represent DenSeo by,
21 among other things: (i) ensuring that DenSeo complied with its obligations to maintain
22 continuously updated disclosures while it was offering securities; (ii) ensuring that the
23 company issued a private offering memorandum on or before July 1, 2013, as it had
24 represented it would do; (iii) establishing and following a process to conduct
25 appropriate due diligence in connection with each POM; (iv) establishing and following
26 a process to update due diligence and disclosures continuously as long as the POM was
27 in use; and/or (v) instructing DenSeo to stop taking investments after July 2013 until
28 appropriate updated disclosures were made.

1 250. ~~The consequences of Beauchamp's negligence became abundantly clear~~
2 ~~to him during the first week of January 2014.~~

3 **3. Events During the Week of January 5, 2014.**

4 **4. Clark Hill Blames Chittick for Its Failure to Prepare a New**
5 **POM in 2013.**

6 182. In their initial disclosure statement (at 7), Clark Hill and Beauchamp
7 blame Chittick for their failure to do anything to prepare a new POM, which Clark Hill
8 agreed to undertake in early September 2013. They say that after Chittick signed Clark
9 Hill's engagement letter on September 12, 2013 and directed Bryan Cave to transfer
10 certain files to Clark Hill, "Mr. Beauchamp never heard from Mr. Chittick regarding the
11 unfinished 2013 POM, or any other matter, until December 2013."

12 183. When he was deposed, Beauchamp offered a new excuse for Clark Hill's
13 failure to do any work on a new POM. He testified that Clark Hill did nothing to
14 prepare a new POM for DenSco because Chittick instructed him, as a condition of
15 signing Clark Hill's engagement letter, that Clark Hill not do any work on a new POM
16 "until I'm ready to go," and Beauchamp agreed.

17 184. Beauchamp did not include this material limitation on Clark Hill's
18 representation in the engagement letter he asked DenSco to sign.

19 185. When Clark Hill agreed to abide by Chittick's request, neither
20 Beauchamp nor any other Clark Hill attorney separately advised Chittick that DenSco
21 could not sell any promissory notes until it authorized Clark Hill to prepare a new POM
22 and DenSco had issued the POM.

23 **5. Clark Hill Was Negligent By Failing to Instruct DenSco That it**
24 **Could Not Sell Any Promissory Notes Until a New POM Was**
25 **Issued, and Aided and Abetted Chittick to Breach Fiduciary**
26 **Duties He Owed DenSco by Following Chittick's Instructions**
27 **to Not Prepare a New POM for DenSco, Knowing DenSco Was**
28 **Continuing its Business Operations and Selling Rollover**
Promissory Notes.

27 186. Clark Hill was negligent by never advising Chittick that DenSco could
28 not sell any promissory notes until it had issued a new POM.

1 187. The evidence that will be presented to a jury will establish that if Clark
2 Hill had done so, DenSco would have followed that advice and worked diligently with
3 Clark Hill to prepare a new POM so that it could resume selling promissory notes.

4 a. Among other evidence is Clark Hill and Beauchamp's admission
5 in their initial disclosure statement (at 4), that "[o]ver the years, Mr. Chittick
6 showed himself to be a trustworthy and savvy businessman, and a good client.
7 ... Despite complaining about the cost of legal services, Mr. Chittick appeared
8 to follow Mr. Beauchamp's advice and provided information when asked for it."

9 b. Moreover, approximately six weeks before Clark Hill was retained,
10 DenSco had immediately followed Bryan Cave's advice to modify its website,
11 and Bryan Cave's files reflect that Chittick was prepared to cause DenSco to
12 refund all investor loans if that was necessary to correct the "general
13 solicitation" problem Bryan Cave had identified.

14 188. Beauchamp, by testifying that Clark Hill did not work on a new POM in
15 2013 because Chittick conditioned DenSco's execution of the firm's engagement letter
16 on Clark Hill's agreement to not perform any work on a new POM until Chittick was
17 "ready to go" -- when he and Clark Hill knew that one-half of DenSco's investors
18 would "roll over" their investments and purchase new promissory notes during the last
19 six months of 2013 --has admitted that from the moment DenSco retained Clark Hill in
20 September 2013, Clark Hill aided and abetted Chittick in breaching fiduciary duties
21 Chittick owed DenSco,

22 189. Between September and December 2013, Clark Hill substantially assisted
23 Chittick in breaching his fiduciary duties to DenSco by:

24 a. accepting DenSco as a client for purposes of preparing a new
25 POM, and then abiding by Chittick's instruction to not do any work on that
26 POM, knowing DenSco was continuing its business operations, including the
27 sale of promissory notes;

1 b. failing to appropriately advise DenSco about, and investigate facts
2 regarding, DenSco's loan portfolio because Chittick was allegedly "dealing"
3 with those problems; and

4 c. advising Chittick that DenSco could indefinitely delay the issuance
5 of an "update" to the 2011 POM,

6 190. The ongoing sale of "roll over" and new promissory notes was necessary
7 for DenSco to continue its business operations, and Clark Hill enabled DenSco to
8 obtain investor funds for a four-month period without making adequate disclosures to
9 those investors, exposing DenSco to substantial liability to its investors.

10 6. During the First Four Months of Clark Hill's Representation
11 of DenSco, the Firm Aided and Abetted Chittick's Breach of
12 Fiduciary Duty to DenSco When He Caused DenSco to Sell
13 Approximately \$8.5. Million of Promissory Notes in Violation
14 of the Securities Laws

15 191. As a result of Clark Hill's and Beauchamp's conduct, Chittick caused
16 DenSco between September and December 2013 to sell promissory notes to some of the
17 "approximately 60 investor[s]" whose promissory notes Beauchamp knew were
18 "scheduled to expire [during the last six months of 2013] (and to probably be rolled
19 over into new notes)."

20 192. In each case, an investor who had purchased a two-year promissory note
21 in 2011, which expired in September, October, November or December 2013,
22 purchased a new two-year promissory note. Those sales, which total \$4,148,162.79, are
23 summarized in the following chart.

Investor	Amount	Date
Van Butler	\$50,000	9/1/13
Arden & Nina Chittick	\$100,000	9/1/13
Carvyn Smith	\$10,000	9/2/13
Michael & Diana Gumbert	\$100,000	9/8/13
Kaylene Moss	\$10,000	9/8/13

1	<u>McKenna Smith</u>	<u>\$10,000</u>	<u>9/8/13</u>
2	<u>Glen Davis</u>	<u>\$20,000</u>	<u>9/12/13</u>
3	<u>Averill Cate, Jr.</u>	<u>\$10,000</u>	<u>9/13/13</u>
4	<u>Craig Brown</u>	<u>\$25,000</u>	<u>9/20/13</u>
5	<u>Judy & Gary Siegford</u>	<u>\$40,000</u>	<u>9/20/13</u>
6	<u>Bill & Jean Locke</u>	<u>\$15,000</u>	<u>9/25/13</u>
7	<u>Bill & Jean Locke</u>	<u>\$30,000</u>	<u>9/25/13</u>
8	<u>Ralph Hey</u>	<u>\$60,000</u>	<u>9/29/13</u>
9	<u>Michael & Diana Gumbert</u>	<u>\$100,000</u>	<u>9/30/13</u>
10	<u>Mary Kent</u>	<u>\$100,000</u>	<u>10/1/13</u>
11	<u>Jim McArdle</u>	<u>\$100,000</u>	<u>10/3/13</u>
12	<u>Caro McDowell</u>	<u>\$100,000</u>	<u>10/7/13</u>
13	<u>Jeff Phalen</u>	<u>\$20,000</u>	<u>10/14/13</u>
14	<u>Jeff Phalen</u>	<u>\$20,000</u>	<u>10/14/13</u>
15	<u>Jeff Phalen - IRA</u>	<u>\$200,000</u>	<u>10/18/13</u>
16	<u>Brian Indieke</u>	<u>\$250,000</u>	<u>10/19/13</u>
17	<u>Bill Hughes - IRA</u>	<u>\$314,700</u>	<u>10/24/13</u>
18	<u>Judy Hughes - IRA</u>	<u>\$14,300</u>	<u>10/24/13</u>
19	<u>Manual A. Lent - IRA</u>	<u>\$40,000</u>	<u>10/25/13</u>
20	<u>Dave Preston</u>	<u>\$60,000</u>	<u>10/26/13</u>
21	<u>Michael & Diana Gumbert</u>	<u>\$100,000</u>	<u>11/1/13</u>
22	<u>Jolene Page</u>	<u>\$50,000</u>	<u>11/1/13</u>
23	<u>Stanley Scholz - IRA</u>	<u>\$50,000</u>	<u>11/5/13</u>
24	<u>Wade Underwood</u>	<u>\$50,000</u>	<u>11/5/13</u>
25	<u>Paul A. Kent</u>	<u>\$12,161.79</u>	<u>11/9/13</u>
26	<u>Scott D. Detola</u>	<u>\$50,000</u>	<u>11/14/13</u>
27	<u>Tom Smith</u>	<u>\$800,000</u>	<u>11/21/13</u>
28			

Mary Kent	\$100,000	11/21/13
Les Jones	\$100,000	11/21/13
Vince & Sherry Muscat	\$200,000	11/23/13
Lillian Lent - IRA	\$17,000	11/25/13
Jolene Page	\$50,000	12/1/13
Gary Thompson	\$20,000	12/4/13
Kennen Burkhardt	\$150,000	12/15/13
Mo & Sam Chittick	\$50,000	12/20/13
Jolene Page	\$200,000	12/22/13
Brian Imdieke	\$250,000	12/23/13

193. In addition to these "rollover" promissory note sales, Chittick caused DenSco to sell \$4,029,066.71 of new promissory notes to existing and new investors during September, October, November and December 2013. Those sales are summarized in the following chart ²

Investor	Amount	Date
Ralph Hey	\$15,000	9/6/13
Marvin & Pat Miller	\$900,000	9/9/13
Marvin & Pat Miller	\$100,000	9/9/13
Marvin & Pat Miller	\$706,000	9/10/13
Ross Dupper	\$800,000	9/13/13
Jeff Phalen - IRA	\$150,000	9/17/13
Michael Zones	\$500,000	9/24/13
Erin Carriek - Trust	\$200,066.71	9/27/13
Averill Cate	\$10,000	10/15/13

² Each note was a two-year note, except those marked with an *, which were one-year notes, and the note marked with **, which matured on 3/31/14.

Jemma Kopel	\$100,000	11/14/13
Averill Cate	\$10,000	11/15/13*
Brian Odenthal - IRA	\$8,000	12/1/13
Averill Cate	\$10,000	12/15/13*
Brian & Janice Odenthal	\$20,000	12/19/13
Steven Bunker	\$500,000	12/20/13**

D. Facts Regarding Clark Hill's Representation of DenSco During 2014

1. Clark Hill Learned During the First Week of January 2014 That DenSco Had Suffered a Substantial Loan Loss Because of Chittick's Mismanagement and Failure to Follow the Lending Procedures DenSco Had Told Its Investors It Would Follow.

194. 251. On Sunday, January 5, 2014, Beauchamp received an email from Chittick asking if he had time to meet with him during the coming week.

a. The On January 6, 2014, Beauchamp Received a Demand Letter That Called into Question 52 Loans DenSco Had Made to Menaged.

195. 252. On Monday, January 6, 2014, Beauchamp received an email from Chittick which stated: "read the first two pages, then give me a call." Attached to the email was a three-page demand letter from Bryan Cave attorney Robert J. Miller; Exhibit A, a list of 52 properties; and two subordination agreements.

196. 253. The letter was written on behalf of Azben Limited, LLC; Geared Equity, LLC; and 50780, LLC (the "Lienholders"). It asserted that Geared Equity, 50780, and Sell Wholesale Funding, LLC (the "Lenders") had each loaned money to Arizona Home Foreclosures, LLC and Easy Investments, LLC, and that the loans Sell Wholesale Funding had made were subsequently assigned to Azben.

197. 254. Exhibit A to the letter identified, with reference to specific loan numbers and street addresses, 52 loans that the Lenders had made to Easy Investments and Arizona Home Foreclosures to acquire foreclosed 52 homes at trustee sales.

1 198. 255. The letter asserted that the Lenders' loans had been made by
2 "certified funds delivered directly to the trustee" and secured by "promptly recorded
3 deeds of trust confirming a senior lien position on each of the Properties."

4 199. 256. The letter went on to assert that DenSco had "engaged in a practice of
5 recording a 'mortgage' on each of the [52 properties] on around the same time as the
6 Lenders were recording their senior deeds of trust" and that *each such mortgage falsely*
7 *stated that DenSco had "provided purchase money funding" and that its "loans are*
8 *'evidenced by a check payable' to the trustee for each of the Properties.*" (Emphasis
9 added.)

10 200. 257. The letter asserted that DenSco could not claim to be in a senior lien
11 position on those properties "since in each and every instance, only the Lenders
12 provided the applicable trustee with certified funds supporting the Borrower's purchase
13 money acquisition for each of the Properties."

14 201. 258. The letter demanded that DenSco sign subordination agreements
15 acknowledging that it did not have a first position lien on any of the 52 properties, and
16 said that if DenSco refused to do so, the Lienholders would assert claims against
17 DenSco for fraud and conspiracy to defraud; negligent misrepresentation; and wrongful
18 recordation pursuant to A.R.S. § 33-420.

19 202. 259. The letter included "two forms of subordination agreement – one
20 form document applies to the Azben loans and the other form applies to the loans of
21 Geared Equity, LLC and 50780, LLC." A footnote stated that "[p]roperty addresses
22 and other 'form' information will need to be included in each subordination agreement.
23 My firm will only commence preparing a subordination agreement for each loan when
24 written confirmation is provided that DenSco has unconditionally agreed to execute
25 each subordination agreement in the form enclosed herein."

26 b. On January 6, 2014, Beauchamp Reviewed the Demand
27 Letter, Which Provided Clear Evidence That Chittick
28 Had Breached His Fiduciary Duties to DenSco and
 Exposed DenSco to Substantial Financial Loss.

1 203. ~~260.~~ Beauchamp spoke to Chittick by telephone ~~on January 6 that day,~~
2 ~~2014 after receiving the letter.~~ Beauchamp's notes from that call state that Chittick told
3 him DenSco's "largest borrower" – who Beauchamp knew or should have known from
4 the *Freo* lawsuit he had received in June 2013 was Menaged – "had a guy working in
5 his office and was getting 2 loans on each property," and that Chittick and Menaged
6 "had already fixed about 6 loans." The notes reflect that Beauchamp planned to meet
7 with Chittick on Thursday, January 9, 2014.

8 204. ~~261.~~ Clark Hill's billing records reflect that Beauchamp billed 2.4 hours
9 on January 6, 2014 to "[r]eview, work on and respond to several emails; review
10 statutory references; telephone conversation with office of D. Chittick [a reference to
11 having left a voice-mail message for Chittick, since he worked alone from his home
12 office]; telephone conversation with D. Chittick regarding demand letter, issues,
13 background information and requirements; review notes and statute requirements;
14 review documents."

15 ~~262.~~ Clark Hill's billing records do not reflect that Beauchamp conferred with
16 any other attorneys at Clark Hill on January 6, 2014 about the demand letter.

17 205. From the demand letter alone, Beauchamp knew that:

18 a. Chittick had failed to follow the lending procedures called for by
19 the Receipt and Mortgage document Beauchamp had approved in 2007. That
20 document called for DenSco's borrower to present a "check payable to
21 ('Trustee')" to the Trustee. It was evident from the demand letter that DenSco
22 had not done so. DenSco could not have issued 52 checks payable to Trustees,
23 since the letter asserted that the Lenders had issued checks to the Trustees when
24 they acquired those 52 properties.

25 b. DenSco's borrowers, Arizona Home Foreclosures and Easy
26 Investments – which were both owned by Menaged – had obtained 52 loans
27 from the Lenders and 52 loans from DenSco, that were to be secured by the
28 same 52 properties. If, as the Lenders claimed, they had actually paid a Trustee

1 for each property, DenSco had effectively made 52 unsecured loans and the
2 disposition of those monies was unknown.

3 c. 263. Beauchamp recognized, or should have recognized, that the
4 claims made in the demand letter affected a material portion of DenSco's loan
5 portfolio. He The potential financial impact on DenSco was substantial.
6 Beauchamp knew from the 2011 POM that DenSco's average loan amount was
7 \$116,000, so that DenSco's potential exposure for the unsecured or under-
8 secured loans DenSco had made to Menaged's entities to acquire the 52
9 properties in the demand letter was likely to be approximately losses from the 52
10 loans, if the loan proceeds could not be traced and recovered, was \$6 million or
11 more, or approximately 13% of the \$47 million that Beauchamp understood
12 DenSco had raised from investors as of June 2013.

13 ~~264. — Beauchamp recognized, or should have recognized, in light of the allegations in~~
14 ~~the *Freo* lawsuit he had received the previous June and the claims made in the demand~~
15 ~~letter, that Easy Investments and Arizona Home Foreclosures had purposefully~~
16 ~~obtained, for each of the 52 properties, a loan from one of the Lenders, and had then~~
17 ~~obtained a second loan from DenSco that was supposed to be secured by the same~~
18 ~~property.~~

19 **b. — Chittick's January 7, 2014 Email**

20 206. Beauchamp could have easily conducted a limited investigation to
21 evaluate the claims in the demand letter that the Lenders were in first position on each
22 of the 52 properties, or to assess the information he had received during his telephone
23 call with Chittick that "a guy working in [Menaged's] office . . . was getting 2 loans on
24 each property."

25 207. Beauchamp could have done so by searching for publicly recorded
26 documents that were identified in the two subordination agreements attached to the
27 demand letter.
28

1 a. The first of those subordination agreements identified, by reference
2 to the instrument number assigned by the Maricopa County Recorder (2013-
3 0832534), the Mortgage DenSco had recorded on September 16, 2013 on the
4 property at issue. The subordination agreement also identified, by reference to a
5 recorded instrument number (2013-0833010), the deed of trust that Sell
6 Wholesale Funding, LLC had recorded on September 16, 2013 for the same
7 property.

8 b. In January 2014, the Maricopa County Recorder's Office had a
9 free "Recorded Document Search" function. The same tool is available today.

10 c. If Beauchamp had used that tool, two brief searches would have
11 shown that the DenSco Mortgage (2013-0832534) was signed by Menaged
12 before a notary on September 16, 2013, and that Menaged also signed the Sell
13 Wholesale Funding deed of trust (2013-0833010) before a notary on
14 September 16, 2013. Those searches would also have identified the property in
15 question as 977 S. Colonial Drive in Gilbert, Arizona.

16 d. Those two documents show that Menaged, not "a guy in his
17 office," had secured both loans.

18 e. The second of the subordination agreements attached to the
19 demand letter identified, by reference to a recorded instrument number (2013-
20 0717135), the Mortgage DenSco had recorded on August 6, 2013 on the
21 property at issue. The subordination agreement also identified, by reference to a
22 recorded instrument number (2013-0721399), the deed of trust that Geared
23 Equity, LLC had recorded on August 7, 2013 for the same property.

24 f. If Beauchamp had used the Recorded Document Search tool, two
25 brief searches would have shown that the DenSco Mortgage (2013-0717135)
26 was signed by Menaged before a notary on August 6, 2013, and that Menaged
27 also signed the Sell Wholesale Funding deed of trust (2013-0721399) before a
28

1 notary on August 6, 2013. Those searches would have identified the property in
2 question as 39817 Messner Way in Anthem, Arizona.

3 g. Those two documents show that Menaged, not "a guy in his
4 office," had secured both loans.

5 208. As for the remaining 49 properties on Exhibit A to the demand letter,
6 Beauchamp could have, either by himself, or through a paralegal, quickly discovered
7 that in each case, Menaged, and not "a guy in his office," had signed the documents at
8 issue.

9 a. This could have been done by using a free search function on the
10 Maricopa County Assessor's Office website that allows anyone to search for
11 property records using a street address (such as those given in Exhibit A to the
12 demand letter), or other means of customary due diligence. The Assessor's
13 website provides a link to a recorded instrument on the Maricopa County
14 Recorder's Office website for each property, and that information could have in
15 turn been used to quickly locate both the deed of trust recorded by the Lenders
16 and DenSco's competing Mortgage by using the Recorded Document Search
17 tool.

18 b. Such a search, which would take less than five minutes for each
19 property, would produce records showing that for each of the 49 properties,
20 Menaged had signed both a DenSco Mortgage and another lender's deed of trust
21 before a notary, providing further evidence that Menaged, not "some guy in his
22 office," had secured all of the loans in question, and had purposefully defrauded
23 DenSco.

24 c. On January 7, 2014, Clark Hill Received an Email From
25 Chittick in Which He Admitted That He Had Grossly
26 Mismanaged DenSco's Loan Portfolio, Failed to Comply
27 With the Lending Practices Disclosed in the 2011 POM,
28 and Caused Densco to Suffer Substantial Losses.

1 209 265. On Tuesday, January 7, 2014, Beauchamp received an email from
2 Chittick, copied to Menaged, which contained information relevant to the demand letter
3 and said that Chittick was bringing Menaged to the planned January 9, 2014 meeting.

4 210 266. Chittick's email said that DenSco had, since 2007, loaned \$50 million
5 to "a few different LLC's" controlled by Menaged. Beauchamp knew or should have
6 known that those companies included the two entities identified in the demand letter:
7 Easy Investments (a defendant in the June 2013 *Freo* lawsuit) and Arizona Home
8 Foreclosures.

9 211 267. Chittick's email said that "[b]ecause of our long term relationship,
10 *when [Menaged] needed money, [I] would wire the money to his account and he*
11 *would pay the trustee,"*" (emphasis added). Menaged would sign a Mortgage that
12 referenced the payment to the trustee, and Chittick would cause the Mortgage to be
13 recorded.

14 212 268. Chittick attached to his email a form of Mortgage, Deed of Trust, and
15 Note Secured by Deed of Trust that he routinely used in making loans to Menaged,
16 which Chittick described as "docs you have reviewed and have been reviewed by a guy
17 at your last law firm, maybe two firms ago in 2007."

18 ~~269. Chittick's statement put Beauchamp on notice that Chittick had allowed~~
19 ~~the fraud committed by Easy Investments and Arizona Home Foreclosures to occur,~~
20 ~~because he had not paid loan proceeds directly to each trustee, and had instead wired~~
21 ~~funds directly to Menaged, trusting him to use those funds to pay the trustees.~~

22 ~~70. Beauchamp and Clark Hill claim in their initial disclosure statement (at 6-7) that~~
23 ~~Beauchamp had advised Chittick, before June 2013 and again in June 2013 after~~
24 ~~Beauchamp reviewed the *Freo* lawsuit, that "Mr. Chittick needed to fund DenSco's~~
25 ~~loans directly to the trustee or escrow company conducting the sale, rather than provide~~
26 ~~loan funds directly to the borrower, to ensure that DenSco's deed of trust was~~
27 ~~protected."~~

1 271. ~~As noted above, the Receiver's counsel has not identified any documents~~
2 ~~in Bryan Cave's files that support their claim.~~

3 272. ~~And the Receiver's counsel has not found any documents in Clark Hill's~~
4 ~~files which reflect that Beauchamp, after reviewing Chittick's January 7, 2014 email,~~
5 ~~advised Chittick that DenSco should have funded its loans directly to a trustee or~~
6 ~~escrow company, and not provided funds directly to Menaged or any other borrower.~~

7 273. ~~Chittick's January 7, 2014 statement also put Beauchamp on notice that~~
8 ~~DenSco's investment disclosures were materially false and misleading and that~~
9 ~~DenSco's ongoing reliance on the false and misleading disclosures to raise funds from~~
10 ~~investors exposed DenSco and Chittick to civil and criminal liability.~~

11 213. Chittick's email confirmed what was evident from the demand letter, and
12 brought home the red flags Beauchamp had missed when he prepared the 2011 POM
13 and when he reviewed the *Freo* lawsuit six months earlier:

14 a. Chittick had been grossly negligent in managing DenSco's loan
15 portfolio, by not complying with the terms of the Mortgage, which called for
16 DenSco to issue a check payable to the Trustee, and instead wiring money to
17 Menaged, trusting Menaged to actually use those funds to pay a Trustee.

18 b. Chittick's admitted practice of giving DenSco's funds directly to
19 Menaged, rather than paying them directly to a Trustee through a check made
20 payable to the Trustee, made the statements in the 2011 POM about DenSco's
21 lending practices materially misleading.

22 214. Chittick's reference to "docs you have reviewed and have been reviewed
23 by a guy at your last law firm, maybe two firms ago in 2007" suggested that Chittick
24 might blame Beauchamp for the problems DenSco now faced because of DenSco's use
25 of those documents.

26 215. 274. Chittick's email went on to say that Menaged had told him in
27 November 2013 that DenSco had been defrauded by Menaged's "cousin," who
28 allegedly worked with Menaged in managing Easy Investments and Arizona Home

1 Foreclosures. Menaged claimed that his "cousin" had "receiv[ed] the funds from
2 [DenSco], then request[ed] them from . . . other lenders [who] cut a cashiers check for
3 the agreed upon loan amount . . . [took] it to the trustee and . . . then record[ed] a [deed
4 of trust] immediately."

5 216. 275.Chittick explained that "sometimes" DenSco had recorded its
6 mortgage before another lender's deed of trust was recorded, but in other cases it had
7 not.

8 217. 276.According to Chittick, "[t]he cousin absconded with the funds.
9 [Menaged] figured this out in mid November. He came to me and told me what was
10 happening. He said he talked to the other lenders and they agreed that this was a mess,
11 and as long as they got their interest and were being paid off they wouldn't foreclose,
12 sue or anything else."

13 218. 277.Chittick went on to describe the "plan" that he and Menaged had
14 been executing since November: to "sell off the properties and pay off both liens with
15 interest and make everyone whole." He acknowledged that there were "short falls" on
16 each property, representing the difference between the value of the property and the
17 combined amount of the two loans, and that "[c]oming up with the short fall on all these
18 houses is a challenge, but we believe it is doable. Our plan is a combination of
19 injecting capital and extending cheaper money."

20 219. 278.Chittick described the basic terms of the agreement with the "other
21 lenders" as including the following: (1) "all lenders will be paid their interest, except
22 [DenSco], I'm allowing [its] interest to accrue"; and (2) DenSco is "extending
23 [Menaged] a million dollars against a home at 3%."

24 220. 279.Chittick claimed that he and Menaged had "already cleared up about
25 10% of the total \$'s in question" with the "other lenders."

26 221. 280.As for the "gentleman who handed me the paperwork" – a reference
27 to a person affiliated with one of the three entities identified in the demand letter –
28 Chittick wrote that he "believes because he physically paid the trustee that he is in first

1 position, but agrees it's messy. [H]e wants me to subordinate to him, no matter who
2 recorded first. [W]e have paid off one of his loans, you'll see on this list Pratt – paid in
3 full, I've attached the hud-1 and you can see that it shows me in first position versus his
4 belief. [N]ow that's one title agent[']s opinion, [I] understand that's not settling [a]
5 legal dispute on who's in first or second."

6 222. 281. Chittick went on to state: *"I know that [I] can't sign the*
7 *subordination [agreement] because that goes against everything that [I] tell*
8 *[DenSco's] investors."* (Emphasis added.)

9 223. 282. He also wrote that "there are several other lenders waiting to see what
10 [I] do[.] [I]f I sign with this group, they want to have me sign for them too."

11 224. 283. Chittick concluded his email by stating "[w]hat we need is an
12 agreement that as long as the other lenders are being paid their interest and payoffs
13 continue to come . . . that no one initiates foreclosure for obvious reasons, which will
14 give us time to execute our plan."

15 e. ~~Actions Taken by Beauchamp After Receiving Chittick's~~
16 ~~Emails~~

17 d. On January 7 and 8, 2014, Beauchamp Reviewed the
18 Demand Letter and Chittick's January 6, 2014 Email,
Including a Review of "Lien Dispute Information."

19 225. 284. Clark Hill's billing records reflect that Beauchamp billed 1.8 hours
20 on January 7, 2014 to "[r]eview legislative history for purchase money security interest;
21 review documents and follow-up information" and "telephone conversation with office
22 of D. Chittick," which was a reference to having left a voicemail message for Chittick.

23 226. 285. Clark Hill's billing records reflect that Beauchamp billed 1.7 hours
24 on January 8, 2014 to "[r]eview information from D. Chittick; review and outline
25 follow-up questions; prepare for meeting; review lien dispute information."

26 ~~286. Clark Hill's billing records do not reflect that Beauchamp conferred with any~~
27 ~~other attorneys at Clark Hill on January 7 or 8, 2014 about the demand letter or~~
28 ~~Chittick's email.~~

1 287. ~~After reviewing Chittick's email, Beauchamp recognized, or should have~~
2 ~~recognized, that DenSco had, since November 2013, utilized investor funds in ways~~
3 ~~directly contrary to the use of proceeds promised investors in the 2011 POM.~~

4 288. ~~After reviewing Chittick's email, Beauchamp recognized, or should have~~
5 ~~recognized, that DenSco had raised investor funds during the last four months of 2013,~~
6 ~~through roll overs of expiring promissory notes and the issuance of new promissory~~
7 ~~notes, by means of a materially false and misleading offering document, concealing~~
8 ~~material liabilities of DenSco and falsely promising to use the proceeds to invest in first~~
9 ~~position real estate loans, and that DenSco was using those funds to execute Chittick's~~
10 ~~and Menaged's "plan."~~

11 227. As of January 8, 2014, Beauchamp knew that:

12 a. Chittick had breached fiduciary duties he owed DenSco by causing
13 it to sell promissory notes to investors during the four months that had passed
14 since DenSco's September 2013 retention of Clark Hill without first issuing the
15 new POM that Clark Hill had been retained to prepare, but had not prepared at
16 Chittick's instruction;

17 b. Chittick had breached fiduciary duties he owed DenSco through
18 grossly negligent lending practices;

19 289. ~~After reviewing Chittick's email, Beauchamp recognized, or should~~
20 ~~have recognized, that c. the scope of DenSco's financial exposure to the fraud~~
21 ~~involving Menaged was far greater than the 52 properties identified in the~~
22 ~~demand letter, since it included the "other lenders" with whom Menaged had~~
23 ~~reached an informal agreement in November 2013;~~

24 d. Investors who had purchased promissory notes since Clark Hill's
25 September 2013 retention had not been told of the *Freo* lawsuit; DenSco's
26 grossly deficient lending practices; DenSco's concentration of loans made to one
27 borrower, Menaged; DenSco's November 2013 discovery of the fraud allegedly
28 perpetrated by Menaged's "cousin"; and Chittick's plan to help Menaged by

1 "injecting capital" to pay off the loans of other lenders on properties that
2 Menaged's companies had allegedly purchased with DenSco's funds, allowing
3 interest on DenSco's loans to accrue, and lending Menaged \$1 million at 3%
4 interest.

5 e. Chittick was unwilling to cause DenSco to accept the losses his
6 gross negligence had caused by signing the subordination agreements attached to
7 the demand letter, "because that goes against everything that [he] tell[s]
8 [DenSco's] investors," or to make any disclosure to DenSco's investors while he
9 and Menaged pursued their plan.

10 228. Beauchamp also knew from his January 6 review of the demand letter and
11 the hours he had devoted on January 7 and 8 to analyzing Chittick's email and other
12 information he had received from Chittick, that Menaged's "cousin" story was
13 implausible and that by accepting the story without investigation and planning to
14 continue DenSco's lending relationship with Menaged, Chittick was breaching his
15 fiduciary duties to DenSco.

16 229. In addition to the information provided in the subordination agreements
17 and the list of the other 52 properties identified in the demand letter, Beauchamp should
18 have also reviewed the information attached to Chittick's January 6, 2014 email
19 regarding a loan for which Chittick claimed DenSco was in first position.

20 ~~290. After reviewing Chittick's email, Beauchamp recognized, or should have~~
21 ~~recognized, that Chittick had breached his fiduciary duties to DenSco by utilizing lax~~
22 ~~and completely inadequate lending practices and lending such a substantial portion of~~
23 ~~DenSco's funds to a single borrower.~~

24 ~~291. In the course of "reviewing documents" and "review[ing] lien dispute~~
25 ~~information," Beauchamp recognized, or should have recognized, that Menaged's story~~
26 ~~about his "cousin" having perpetrated the fraud was untrue.~~

27 ~~292. The first of the subordination agreements attached to the demand letter~~
28 ~~identified, by reference to the instrument number assigned by the Maricopa County~~

1 Recorder (2013-0832534), the Mortgage DenSeco had recorded on September 16, 2013
2 on the property at issue. The subordination agreement also identified, by reference to a
3 recorded instrument number (2013-0833010), the deed of trust that Sell Wholesale
4 Funding, LLC had recorded on September 16, 2013 for the same property.

5 293. In January 2014, the Maricopa County Recorder's Office had a free
6 "Recorded Document Search" function. The same tool is available today.

7 294. If Beauchamp had used that tool, or otherwise performed customary due
8 diligence, two brief searches would have shown that the DenSeco Mortgage (2013-
9 0832534) was signed by Menaged before a notary on September 16, 2013, and that
10 Menaged also signed the Sell Wholesale Funding deed of trust (2013-0833010) before a
11 notary on September 16, 2013. Those searches would also have identified the property
12 in question as 977 S. Colonial Drive in Gilbert, Arizona.

13 295. Those two documents show that Menaged, not his "cousin," had secured both
14 loans.

15 296. The second of the subordination agreements attached to the demand letter
16 identified, by reference to a recorded instrument number (2013-0717135), the Mortgage
17 DenSeco had recorded on August 6, 2013 on the property at issue. The subordination
18 agreement also identified, by reference to a recorded instrument number (2013-
19 0721399), the deed of trust that Geared Equity, LLC had recorded on August 7, 2013
20 for the same property.

21 297. If Beauchamp had used the Recorded Document Search tool or otherwise
22 performed customary due diligence, two brief searches would have shown that the
23 DenSeco Mortgage (2013-0717135) was signed by Menaged before a notary on
24 August 6, 2013, and that Menaged also signed the Sell Wholesale Funding deed of trust
25 (2013-0721399) before a notary on August 6, 2013. Those searches would have
26 identified the property in question as 39817 Messner Way in Anthem, Arizona.

27 298. Those two documents show that Menaged, not his "cousin," had secured both loans.

28

1 230. 299-If Beauchamp had used the information in the settlement statement
2 attached to Chittick's email to investigate Chittick's claim that DenSco was in first
3 position with respect to the "Pratt" property, he could have used the Recorded
4 Document Search tool, ~~or otherwise performed customary due diligence, to see if~~
5 ~~Chittick was correct on the website maintained by Maricopa County Recorder's Office.~~

6 231. 300-A few brief searches would have confirmed Chittick's claim that
7 DenSco was the first to record: DenSco's Mortgage was recorded on September 18,
8 2013 as instrument number 2013-0837513, while Geared Equity's deed of trust was
9 recorded on September 19, 2013 as instrument number 2013-0842640.

10 232. 301-But those two documents would also have shown that Menaged
11 signed each document before a notary on September 17, 2013, making clear that
12 Menaged, not his "cousin," had secured both loans.

13 ~~302. As for the remaining 49 properties on Exhibit A to the demand letter,~~
14 ~~Beauchamp could have, either by himself, or through a paralegal, quickly discovered~~
15 ~~that in each case, Menaged, and not his "cousin," had signed the documents at issue.~~

16 ~~303. This could have been done by using a free search function on the~~
17 ~~Maricopa County Assessor's Office website that allows anyone to search for property~~
18 ~~records using a street address (such as those given in Exhibit A to the demand letter), or~~
19 ~~other means of customary due diligence. The Assessor's website provides a link to a~~
20 ~~recorded instrument on the Maricopa County Recorder's Office website for each~~
21 ~~property, and that information could have in turn been used to quickly locate both the~~
22 ~~deed of trust recorded by the Lenders and DenSco's competing Mortgage by using the~~
23 ~~Recorded Document Search tool.~~

24 ~~304. Such a search, which would take less than five minutes for each property, would~~
25 ~~produce records showing that for each of the 49 properties, Menaged had signed both a~~
26 ~~DenSco Mortgage and another lender's deed of trust before a notary, providing further~~
27 ~~evidence that Menaged, not his "cousin," had secured all of the loans in question, and~~
28 ~~had purposefully defrauded DenSco.~~

1 d. ~~Beauchamp's January 9, 2014 Meeting With Chittick~~
2 ~~and Menaged~~

3 305. ~~Clark Hill's billing records reflect that Beauchamp billed 4.3 hours on~~
4 ~~January 9, 2014 to "[p]repare for and meeting with D. Chittick and S. Menages [sic];~~
5 ~~review and work on notes from meeting and outline follow-up; review and respond to~~
6 ~~several emails; review documents and information."~~

7 306. ~~Beauchamp's notes from the January 9, 2014 meeting reflect that Chittick~~
8 ~~and Menaged confirmed that DenSeo faced exposure from both the Lienholders~~
9 ~~identified in the January 6, 2014 demand letter and other lenders, including Active~~
10 ~~Funding Group.~~

11 307. ~~According to Beauchamp's notes, the number of loans made by DenSeo~~
12 ~~that were not in first position and were either unsecured or under-secured was between~~
13 ~~100 and 125. Based on that information and the 2011 POM's average loan amount of~~
14 ~~\$116,000, Beauchamp knew or should have known that DenSeo's loans to Menaged~~
15 ~~represented a potential loss of between \$11.6 and \$14.5 million, or between 25% and~~
16 ~~30% of the \$47 million that Beauchamp understood DenSeo had raised as of June 2013.~~

17 308. ~~Beauchamp's notes from the January 9, 2014 meeting also reflect that no one~~
18 ~~knew exactly what happened to the massive amount of money that DenSeo had loaned~~
19 ~~Menaged. The notes state: "What happened to the money? Will pursue something or~~
20 ~~his cousin -> but trying to determine where the money has gone."~~

21 ~~Beauchamp's notes from the January 9, 2014 meeting also reflect that, although the money~~
22 ~~DenSeo previously loaned Menaged was missing, 309. Beauchamp, Chittick, and~~
23 ~~Menaged discussed how to implement Chittick's and Menaged's plan to jointly raise~~
24 ~~additional funds to pay off the senior lenders on the double-encumbered properties~~
25 ~~within a ninety-day period.~~

26 310. ~~Menaged has testified that during the January 9, 2014 meeting, Chittick~~
27 ~~stated that he did not intend to disclose the situation to investors, and Beauchamp~~
28 ~~deferred to Chittick on the issue.~~

1 311. ~~The Receiver is not aware of any written evidence that between January 6~~
2 ~~and January 9, 2014, Beauchamp advised Chittick that:~~

3 a. ~~DenSco's sale of new promissory notes to investors after July 2013~~
4 ~~exposed DenSco and Chittick to civil and criminal liability;~~

5 b. ~~DenSco should not have issued those notes without first issuing an~~
6 ~~appropriate disclosure document;~~

7 c. ~~DenSco should immediately cease selling new securities to~~
8 ~~investors until complete disclosures could be made;~~

9 d. ~~DenSco's use of the proceeds from such securities to implement~~
10 ~~Chittick's "plan" with Menaged would be a fraud on the investors in such~~
11 ~~securities;~~

12 233. Moreover, because the demand letter claimed that Geared Equity had
13 delivered funds to the Trustee, and Chittick had admitted he had not, the question
14 remained as to where DenSco's funds had gone and whether they could be recovered.

15 2. Clark Hill Failed to Properly Advise DenSco.

16 a. After Receiving the Demand Letter and Chittick's
17 January 6 Email, Beauchamp Should Have Insisted on
18 Meeting with Chittick Alone So That He Could Advise
19 Chittick of the Actions He Was Required to Take to
20 Protect DenSco From Further Harm, But Beauchamp
21 Failed to Do So.

22 234. Beauchamp, as DenSco's attorney, should have recognized that he had an
23 obligation to meet privately with Chittick, without Menaged present, to confirm
24 relevant facts, and advise Chittick, as DenSco's President, of the actions DenSco
25 needed to take and the consequences to DenSco if it failed to do so.

26 235. While the specific actions Beauchamp should have taken on January 8,
27 2014 is the subject of expert testimony, which will be disclosed in accordance with the
28 scheduling order that has been entered in this case, the Receiver anticipates that those
actions would have included the following:

1 a. Telling Chittick he should not bring Menaged to their scheduled
2 January 9, 2014 meeting;

3 b. Telling Chittick that DenSco's sale of promissory notes since
4 July 1, 2013 to investors exposed DenSco and Chittick to civil and criminal
5 liability;

6 c. Telling Chittick that DenSco should not have sold any notes
7 without first issuing a new POM and should not use the proceeds of sales made
8 since July 1, 2013 until the investors who bought those notes had been given a
9 new POM and afforded an opportunity to rescind those transactions;

10 d. Telling Chittick that DenSco could not sell any new promissory
11 notes until Clark Hill was able to conduct an adequate investigation of DenSco's
12 lending practices and other material information and a new POM had been
13 issued;

14 e. Telling Chittick that DenSco should immediately cease doing
15 business with Menaged based on the implausibility of the "cousin" story and the
16 readily available public records discussed above;

17 f. ~~At~~ Telling Chittick that, at a minimum, DenSco should not have
18 any further business dealings with Menaged until it had investigated the true
19 facts of the alleged fraud by Menaged's "cousin";

20 g. ~~After~~ Telling Chittick that after discovering the true facts about
21 Menaged's dealings with DenSco (whether through a review of public records or
22 some other investigation), DenSco should rescind all lending agreements it had
23 made with Menaged since November 2013 on the grounds of fraud in the
24 inducement, and seek to enforce its remedies for all other loans that Menaged
25 had obtained through fraud; and

26 h. Telling Chittick that DenSco had to assess the impact of the fraud
27 on DenSco's financial position, and if that assessment resulted in a finding that
28

1 DenSco was insolvent or in the zone of insolvency, DenSco had to consider
2 duties owed to its investors and other creditors in making all business decisions.³

3 312. ~~DenSco was indisputably insolvent in January 2014, as Chittick's~~
4 ~~statements to Beauchamp at the time made clear and as the Receiver was able to~~
5 ~~determine after reviewing DenSco's QuickBooks records.~~

6 236. This advice should have been documented in writing.

7 237. If Chittick declined to follow the advice, Beauchamp should have
8 threatened to withdraw from representing DenSco, which may have caused Chittick to
9 relent and follow the advice.

10 238. Beauchamp did not tell Chittick he should not bring Menaged to the
11 planned January 9, 2014 meeting and did not give the advice described above.

12 239. The Receiver intends to offer evidence at trial establishing that if
13 Beauchamp had taken these actions, Chittick would have caused DenSco to follow that
14 advice.

15 240. 313-Evidence of Chittick's long professional relationship with
16 Beauchamp and numerous instances of Chittick following Beauchamp's legal advice
17 establish that if Beauchamp had properly advised DenSco during the first week of
18 January 2014, Chittick would have caused DenSco to: (i) terminate its relationship with
19 Menaged and his companies stop selling promissory notes; (ii) cease raising investor
20 funds based on false and misleading disclosures; (iii) cease misdirecting investor funds
21 to implement Chittick's and Menaged's "plan"; (iv) terminate its relationship with
22 Menaged and his companies; (iii) pursue its remedies against Menaged and his
23 companies; and (v) explore whether DenSco could survive as a going concern or
24 would have to liquidate. In their initial disclosure statement (at 4 and 11), Beauchamp
25

26
27 ³ DenSco was indisputably insolvent in January 2014, as Chittick's statements to
28 Beauchamp at the time made clear and as the Receiver was able to determine after
reviewing DenSco's QuickBooks records.

1 and Clark Hill admit that Chittick was a "trustworthy client" who Such evidence
2 includes:

3 ~~followed Beauchamp's advice. 315. Beauchamp and Clark Hill also claim in their initial~~
4 ~~disclosure statement (at 10-11) that Beauchamp allegedly advised Chittick "during his~~
5 ~~January 9, 2014 meeting with Mr. Chittick" and repeatedly thereafter that:~~

6 (a) ~~DenSeco was not permitted to take new money without full disclosure to the~~
7 ~~investor lending the money; (b) DenSeco was not permitted to roll over existing~~
8 ~~investments without full disclosure to the investor rolling over the money; and~~
9 (c) ~~DenSeco needed to update its POM and make full disclosure to all its~~
10 ~~investors.~~

11 316. ~~But the Receiver's counsel has not found any document in Clark Hill's~~
12 ~~files reflecting that Beauchamp gave this advice to Chittick on January 9, 2014 or that~~
13 ~~he gave it after that date, other than belated statements that DenSeco needed to update its~~
14 ~~POM and make certain disclosures to investors.~~

15 317. ~~Chittick's entry for January 9, 2014 in a corporate journal he maintained during~~
16 ~~2014 (the "2014 Corporate Journal") does not reflect that Beauchamp gave Chittick the~~
17 ~~advice he and Clark Hill now claim was given on that date. The entry states, in part:~~
18 ~~"Scott and I met with David. He never read my email. We spent two hours. . . . He's~~
19 ~~going to contact the lawyer tomorrow and let us know."~~

20 318. ~~Beauchamp and Clark Hill also claim in their initial disclosure statement (at 11)~~
21 ~~that "Mr. Chittick assured Mr. Beauchamp repeatedly that he was making the requisite~~
22 ~~disclosures to investors on an as needed basis, and that he had informed a select group~~
23 ~~of investors as to the double lien issue and the proposed workout."~~

24 319. ~~The Receiver's counsel has not found any document in Clark Hill's files~~
25 ~~supporting that claim.~~

26 320. ~~No entries in the 2014 Corporate Journal support that claim.~~

27 **e. Beauchamp and Clark Hill's January 10, 2014 Decision**
28 **to Help Chittick Breach his Fiduciary Duties.**

1 314.a. Clark Hill and Beauchamp's admission in their initial disclosure
2 statement (at 4). that "[o]ver the years, Mr. Chittick showed himself to be a
3 trustworthy and savvy businessman, and a good client. . . . Despite complaining
4 about the cost of legal services, Mr. Chittick appeared to follow Mr.
5 Beauchamp's advice and provided information when asked for it."

6 b. Moreover, only six months earlier, DenSco had immediately
7 followed Bryan Cave's June 2013 advice to modify its website, and Bryan
8 Cave's files reflect that Chittick was prepared to cause DenSco to refund all
9 investor loans if that was necessary to correct the "general solicitation" problem
10 Bryan Cave had identified.

11 3. During the January 9, 2014 Meeting with Chittick and
12 Menaged, Beauchamp Learned That DenSco Faced an Even
13 Larger Financial Exposure as a Result of Chittick's
14 Mismanagement Than the Exposure Presented by the Demand
15 Letter, And Chittick Wanted to Try to Cover Up His
16 Mismanagement By Pursuing a "Work Out" Plan With
17 Menaged.

18 241. Clark Hill's billing records reflect that Beauchamp billed 4.3 hours on
19 January 9, 2014 to "[p]repare for and meeting with D. Chittick and S. Menages [sic];
20 review and work on notes from meeting and outline follow-up; review and respond to
21 several emails; review documents and information."

22 242. Beauchamp's notes from the January 9, 2014 meeting reflect that Chittick
23 and Menaged confirmed that DenSco faced exposure from both the Lienholders
24 identified in the January 6, 2014 demand letter and other lenders, including Active
25 Funding Group.

26 243. According to Beauchamp's notes, the number of loans made by DenSco
27 that were not in first position and were either unsecured or under-secured was between
28 100 and 125. Based on that information and the 2011 POM's average loan amount of
 \$116,000, Beauchamp knew or should have known that DenSco's loans to Menaged

1 represented a potential loss of between \$11.6 and \$14.5 million, or between 25% and
2 30% of the \$47 million that Beauchamp understood DenSco had raised as of June 2013.

3 244. Beauchamp's notes from the January 9, 2014 meeting also reflect that
4 Chittick did not know what had happened to as much as \$14.5 million that DenSco had
5 loaned to Menaged, and that Chittick was not taking any meaningful steps to investigate
6 the loss and seek to recover those funds. The notes state: "What happened to the
7 money? -- Will pursue something or his cousin → but trying to determine where the
8 money has gone."

9 245. Beauchamp's notes from the January 9, 2014 meeting also reflect that,
10 although the money DenSco previously loaned Menaged was missing and Chittick had
11 taken no steps to investigate the circumstances under which the loan losses had
12 occurred and their impact on DenSco, Chittick and Menaged had agreed to pursue a
13 "work out" of the loan losses caused by Chittick's gross mismanagement of DenSco's
14 lending practices.

15 4. After the January 9, 2014 Meeting, Clark Hill Helped Chittick
16 Breach Fiduciary Duties He Owed to DenSco and Negligently
17 Advised DenSco About the Practices It Should Follow in
18 Continuing to Loan Money to Menaged.

19 246. After the January 9, 2014 meeting, Clark Hill helped Chittick breach
20 fiduciary duties he owed DenSco by negotiating a "Forbearance Agreement" that was
21 not in DenSco's interest and was instead intended to cover up Chittick's
22 mismanagement of DenSco's lending practices and protect Chittick from potential
23 claims by DenSco's investors.

24 247. Clark Hill also helped Chittick breach fiduciary duties by advising
25 Chittick that DenSco could continue to raise money from investors while Chittick was
26 implementing his "work out" plan, and that DenSco could indefinitely delay issuing a
27 new POM until Chittick felt comfortable doing so.

28 248. These actions served Chittick's interests, who hoped to "fix" the problem
created by his mismanagement and delay telling his investors about the problem until

1 he had minimized the financial harm and delay or avoid making disclosures to
2 DenSco's investors about the Forbearance Agreement and how it came to be put in
3 place.

4 249. Clark Hill and Beauchamp, on the other hand, having failed to properly
5 advise Chittick in September 2013 that it could not sell promissory notes without first
6 issuing a new POM, and having agreed with Chittick to indefinitely delay work on the
7 POM, similarly saw the Forbearance Agreement as an opportunity to cover up their
8 negligence and potentially mitigate their exposure.

9 250. 321. Beauchamp and At the same time that it was drafting the Forbearance
10 Agreement, which obligated DenSco to continue loaning money to Menaged, Clark Hill
11 failed to properly advise DenSco and instead breached fiduciary duties they owed
12 DenSco by aiding and abetting Chittick in committing further breaches of duties he
13 owed DenSco and its investors about how the loans should be made.

14
15 5. Clark Hill Aided and Abetted Chittick's Breach of Fiduciary
16 Duties Owed DenSco by Negotiating and Documenting a
17 Forbearance Agreement Between January and April 2014
18 That Was Not in DenSco's Interests and Was Intended by
19 Clark Hill to Cover Up Chittick's Mismanagement of DenSco's
20 Lending Practices and Protect Chittick From Claims by
21 DenSco's Investors.

22 322. Beauchamp knew from the January 9, 2014 meeting that Chittick
23 intended to breach fiduciary duties owed DenSco and its investors by: (i) accepting
24 without questioning Menaged's explanation that his "cousin" was responsible for the
25 fraud committed by Easy Investments and Arizona Home Foreclosures; (ii) failing to
26 investigate the true facts of the fraud; (iii) failing to assess the impact of the fraud on
27 DenSco's financial position; (iv) failing to consider DenSco's obligations to its
28 investors and other creditors; (v) committing DenSco to loan millions more to Menaged
and his companies without conducting such an investigation and assessment;
(vi) accepting and soliciting funds from investors based on false and misleading

1 disclosures; and (vii) effectively misappropriating investor funds by spending them to
2 implement his "plan" with Menaged, rather than in accordance with the use of proceeds
3 promised to investors in the POMs.

4 251. ~~323.~~ Despite that knowledge, on On January 10, 2014, Beauchamp opened
5 a "new matter" for DenSco in Clark Hill's accounting and filing systems captioned that
6 was called "work-out of lien issue" to enable and implement the "work out" plan"
7 Chittick and Menaged had developed.⁴

8 ~~324.~~ On January 14, 2014, Beauchamp opened a "new matter" in Clark Hill's
9 accounting and file systems captioned "business matters."

10 ~~325.~~ In opening the "work out of lien" matter, and in taking the actions
11 described below, Beauchamp failed to recognize that DenSco, not Chittick, was Clark
12 Hill's client, and that in light of Chittick's past and planned breaches of fiduciary duty,
13 Beauchamp could not simultaneously represent DenSco and Chittick.

14 ~~326.~~ Beauchamp never addressed that conflict, nor did he recognize his duty to
15 inform Chittick that he owed duties to DenSco and could not also represent Chittick's
16 interests. Indeed, as late as August 2016, Beauchamp testified that "[d]uring my
17 involvement with Mr. Chittick and DenSco, I understand that Mr. Chittick considered
18 that I was his counsel as well as counsel for DenSco, even though all billings were
19 tendered to and paid by DenSco."

20 **~~4. On and After January 10, 2014, Beauchamp Advised Chittick~~**
21 **~~That DenSco Could Solicit, Accept and Use Investor Funds to~~**
22 **~~Fund the Workout Plan~~**

23 ~~327.~~ Beauchamp's handwritten notes from a call with Chittick on Friday,
24 January 10, 2014 state, in part, "Need to get back up plan in place. Denny does not
25 want to talk to his investors until he is ready — will not take long."

26
27 ⁴ A few days later, on January 14, 2014, Beauchamp opened a "new matter" for
28 DenSco in Clark Hill's accounting and file systems that was called "business matters."

1328. Chittick's entry for that date in a corporate journal he maintained during 2014
2 (the "2014 Corporate Journal") states, in part, "at 5pm Dave called, said they would
3 give us time to clean it up. I talked to Scott; he is going to try to bring in money. I can
4 raise money according to Dave."

5329. On Sunday, January 12, 2014, Chittick sent Beauchamp an email which stated,
6 in part, "I've spent the day contacting every investor that has told me they want to give
7 me more money. I don't have an answer on specifically how much I can raise; I'll
8 know that in a day or two." He went on to say that between new money, current cash
9 on hand, and pending real estate closings, he would have between \$5 and \$10 million in
10 the next ten days. His email summarized the outline of the plan he and Menaged had
11 discussed the previous Friday, which included, for the group of lenders represented by
12 Bryan Cave: (i) identifying all properties in which another party claimed an interest; (ii)
13 providing that information to an escrow agent; (iii) buying out the other parties as cash
14 was put into escrow; and (iv) memorializing the arrangement through a term sheet and a
15 written contract. "[I]f both Scott and I can raise enough money, we should be able to
16 have this all done in 30 days easy, less than three weeks would be my goal." As for the
17 other lenders, Chittick stated that the plan was to pay them off as Menaged was able to
18 raise additional capital. Chittick concluded the email by stating, "that's my plan, shoot
19 holes in it."

20330. Beauchamp responded in an email sent later that day which stated, in part,
21 "[y]ou should feel very honored that you could raise that amount of money that quickly.
22 I will outline a few thoughts tomorrow and get back to you."

23 331. Relying on Beauchamp's advice, between January 9, 2014 and June 30,
24 2016, Chittick caused DenSeco to solicit and accept investor funds. DenSeco did so by:
25 (i) issuing promissory notes to nine new investors who paid DenSeco \$4,365,110; (ii)
26 issuing promissory notes to 26 existing investors who paid DenSeco \$9,421,106; and
27 (iii) issuing promissory notes to three new investors for the transfer of \$2,550,000 from
28 existing investors; (iv) issuing a promissory note to one existing investor for the transfer

1 of \$300,000 of previously invested funds; and (v) issuing new promissory notes to as
2 many as 82 existing investors to "roll over" expiring promissory notes they had
3 previously purchased. The Receiver's preliminary analysis of those investments is
4 summarized in the chart (numbered RECEIVER_001328-001331) attached as
5 **Appendix B.**

6 332. ~~DenSeco's active solicitation and receipt of investor funds after January 9,~~
7 ~~2014 is documented in DenSeco's investor files and entries Chittick made in the 2014~~
8 ~~Corporate Journal.~~

9 333. ~~For example, Chittick's January 14, 2014 entry in the 2014 Corporate Journal~~
10 ~~states, in part: "I deposited . . . \$150k from Jolene Page, 40k from Carol Wellman. I~~
11 ~~talked to Marv[;] he's going to do 400k."~~

12 334. ~~Chittick's January 15, 2014 entry in the 2014 Corporate Journal reads, in~~
13 ~~part: "I've got 300k in from the Miller's."~~

14 335. ~~Chittick's January 21, 2014 entry in the 2014 Corporate Journal reads, in~~
15 ~~part: "I raise[d] a million more from Bunger. I might get a few hundred k from Kirk."~~

16 336. ~~Chittick's January 22, 2014 entry in the 2014 Corporate Journal reads, in~~
17 ~~part: "Steve wired in \$500k more."~~

18 337. ~~Chittick's January 27, 2014 entry in the 2014 Corporate Journal reads, in~~
19 ~~part: "I'm trying to raise some more money so that I can payoff more of these damn~~
20 ~~loans from [the Lienholders identified in the January 6, 2014 demand letter]."~~

21 338. ~~Chittick's January 28, 2014 entry in the 2014 Corporate Journal reads, in~~
22 ~~part: "I'm taking in 750k from an old borrower out of Utah, then John Schreiber called~~
23 ~~and wants to get me \$400k or so."~~

24 339. ~~Chittick's January 29, 2014 entry in the 2014 Corporate Journal reads, in~~
25 ~~part: "Kirk sent me \$600k more too. I'll be getting \$400k in from the guys in UT."~~

26 340. ~~Chittick's January 31, 2014 entry in the 2014 Corporate Journal reads, in~~
27 ~~part: "I had 400k come in from Ryan in UT. I've got funds to knock off some more~~
28 ~~[double encumbered loans] next week."~~

1 252. Over the next three months, Beauchamp helped negotiate and finalize a
2 Forbearance Agreement that was not in DenSco's interests and was, as Beauchamp said
3 multiple times in writing, intended to protect Chittick from potential claims by his
4 investors by making it appear that the loan losses DenSco faced were caused by
5 Menaged, rather than by Chittick's gross mismanagement of DenSco's lending
6 practices, and that Chittick had taken appropriate steps to protect DenSco's interests.

7 ~~5. Beauchamp and Clark Hill Negotiated and Drafted a. In~~
8 ~~January 2014, Beauchamp Negotiated the Terms of a~~
9 ~~Nondisclosure Agreement and Term Sheet During the~~
 ~~Week of January 12, 2014.~~

10 253. 341. During the week of January 12, 2014, Beauchamp prepared a
11 nondisclosure agreement and a term sheet. Beauchamp negotiated with Menaged's
12 attorney, Jeff Goulder, over the term sheet.

13 254. 342. Beauchamp also communicated with Bryan Cave attorney Bob
14 Miller, who withdrew from representing his clients on January 16, 2014 because of a
15 conflict issue raised by Beauchamp and the scope of the consent DenSco would give
16 Bryan Cave, ~~with Beauchamp insisting that it would be limited to "non-litigation"~~
17 ~~conflicts.~~

18 255. 343. Chittick (for DenSco) and Menaged signed the nondisclosure
19 agreement and term sheet on Friday, January 17, 2014. The term sheet contemplated
20 that DenSco would advance additional funds to Menaged, some of which would be
21 used to pay off (by February 28, 2014) the loans held by the lenders represented by
22 Bryan Cave. The term sheet also outlined the elements of a Forbearance Agreement
23 and a process to resolve the claims of the other competing lenders.

24 ~~6. During January 2014, Beauchamp and Clark Hill Reviewed~~
25 ~~DenSco's Lending Practices and Negligently Advised DenSco~~
 ~~About How It Should Document Additional Loans to Menaged~~

26 ~~344. Beauchamp and Clark Hill also advised Chittick on practices DenSco~~
27 ~~should follow in lending additional funds to Menaged.~~
28

1345. Chittick first asked for Beauchamp's advice through an email sent on the evening of January 9, 2014, after he, Beauchamp and Menaged had met.

3346. Chittick wrote: "If [I] [obtain] a cashier's check and take it to the trustee myself, [I] don[']t get a receipt that DenSeco [p]aid for it. [I] get a receipt saying that X property was paid for, for X \$'s vested in borrower's name. [DenSeco's] name doesn't appear on it. [O]ther than having a cashier's check receipt saying [DenSeco] made a check out for it, there isn't anything from the trustee saying that it was [DenSeco's] check. [I] could wire [Menaged] the money, he could produce a cashier's check that says remitter is DenSeco and it would have the exact same [e]ffect as if [I] got [a] cashier's check that said [DenSeco's] the remitter. . . . [P]ut aside the logistics for a second, what proof or what guarantee is there by me cutting the check and handing it to [S]uzy at the trustee[']s office rather than my borrowers? [I] know [I] must be missing something."

13347. Beauchamp responded by email the same day: "Let me see what the other lenders got from the Trustee and we can make a better decision. There is either another way to do it or someone described a procedure that does not work."

348. Approximately a week later, on January 17, 2014, as the term sheet was being finalized, Beauchamp sent an email to Clark Hill attorney Daniel Schenck which stated, in part: "We also need to talk to [Clark Hill attorney] Bob Anderson about the procedures used by DenSeco to refute research from Bob Miller or to change DenSeco's procedures."

21349. Later that day, Beauchamp sent Anderson an email in which he forwarded "the demand letter from Bryan Cave asserting the claim from the other lenders. If this claim has any merit, we need to advise DenSeco to change its internal procedures."

24350. Beauchamp's statements about "refut[ing]" the allegations in the demand letter and questioning whether "this claim has any merit" demonstrate that he had not, as of January 17, 2014, taken any steps to investigate the veracity of Menaged's "cousin" story or Chittick's claim that DenSeco was in first position on some of the properties at issue.

1351. ~~No documents in Clark Hill's file suggest that Beauchamp, Schenek, Anderson~~
2 ~~or any other attorney at Clark Hill attempted to conduct such a basic, essential~~
3 ~~investigation, including taking the simple steps described above to utilize the Recorded~~
4 ~~Document Search tool or otherwise exercising customary due diligence.~~

5 352. ~~Beauchamp and Clark Hill eventually advised DenSeco that in making~~
6 ~~additional loans to Menaged it could rely on a photograph of a cashier's check and a~~
7 ~~receipt (furnished by Menaged) that had purportedly been signed by the trustee.~~

8 353. ~~Although Beauchamp and Clark Hill claim in their initial disclosure~~
9 ~~statement (at 16) that Beauchamp "repeatedly reminded Mr. Chittick that he needed to~~
10 ~~fund loans directly to a trustee or escrow company, rather than to a borrower," the~~
11 ~~Receiver's counsel has not identified any documents in Clark Hill's file to support that~~
12 ~~claim. To the contrary, the file reflects that Beauchamp and Clark Hill advised DenSeco~~
13 ~~to continue providing Menaged with loan proceeds.~~

14 354. ~~Those procedures were deficient, however. As Menaged has testified, the~~
15 ~~uniform practice of other "hard money" lenders who loaned to Foreclosure Specialists~~
16 ~~was to pay the trustee directly, and then to receive directly from the trustee the~~
17 ~~documents proving the trustee's sale had been concluded.~~

18 355. ~~Those deficient procedures allowed Menaged to perpetrate a second fraud~~
19 ~~on DenSeco.~~

20 **7. ~~Beauchamp Failed to Investigate the Lobo Property Fraud~~**

21 356. ~~While Beauchamp was negotiating the Term Sheet and he, Schenek and~~
22 ~~Anderson were evaluating DenSeco's lending procedures, Beauchamp failed to pursue~~
23 ~~information presented to him about another instance of a fraud Menaged had~~
24 ~~perpetrated against DenSeco.~~

25 357. ~~On January 13, 2014, Beauchamp had a telephone call with Miller about~~
26 ~~the demand letter that Miller had sent on behalf of Azben Limited, Geared Equity, and~~
27 ~~50780, LLC.~~
28

1 358. ~~Beauchamp's notes from that call state, in part: "Lobo Property (Cardon~~
2 ~~Loan) → reseission \$100,000 was given back to someone and is gone."~~

3 359. ~~The reference to the "Lobo Property" was to one of the properties listed in~~
4 ~~Exhibit A to the demand letter as a loan that Sell Wholesale Funding had made to~~
5 ~~Arizona Home Foreclosures to acquire property at 10125 E. Lobo Avenue in Mesa,~~
6 ~~Arizona, the rights to which had been assigned to Azben Limited.~~

7 360. ~~The reference to "Cardon Loan" was a reference to Craig Cardon, whom~~
8 ~~Beauchamp knew to be one of the managers of Azben Limited.~~

9 361. ~~On January 16, 2014, after Miller had told Beauchamp he was~~
10 ~~withdrawing from representing Azben Limited, Geared Equity and 50780, LLC,~~
11 ~~Chittick sent an email to Cardon; Daniel Diethelm, a manager of Geared Equity; and~~
12 ~~Lynn Hoebing, a manager of 50780, LLC.~~

13 362. ~~Chittick referenced Miller's withdrawal, forwarded a signed copy of the~~
14 ~~Nondisclosure Agreement, stated that he and Menaged were close to finalizing the~~
15 ~~Term Sheet, noted that four payoffs had been made that day, and that more were~~
16 ~~planned for the following week. He stated that his "whole goal is to get you paid your~~
17 ~~principle [sic] and interest on these loans."~~

18 363. ~~Chittick forwarded the email to Beauchamp, who responded with an~~
19 ~~email that stated "good email."~~

20 364. ~~On the following day, January 17, 2014, Chittick sent Beauchamp a draft~~
21 ~~email he planned to send to Cardon, Diethelm and Hoebing, asking Beauchamp "can I~~
22 ~~send this email?" The draft email reported that the Term Sheet with Menaged had been~~
23 ~~finalized, but that Chittick was not sure what effect Miller's withdrawal would have on~~
24 ~~his ongoing discussions with Cardon, Diethelm and Hoebing. The email noted~~
25 ~~additional planned closings and reaffirmed Chittick's "commitment in getting you paid~~
26 ~~off as quickly as possible."~~

27 365. ~~Beauchamp responded by email that day saying that "[a] litigation~~
28 ~~attorney would tell you not to send it, because certain parts might be construed to work~~

1 against you. However, I agree with every word you said and I think it is merely
2 following up what you agreed to do. So, send it."

3 366. Chittick followed Beauchamp's advice and sent the email.

4 367. Diethelm responded to Chittick's email that day, stating in a responsive
5 email: "We did not ask for a plan, we asked for subordination. Please see our demand
6 letter. . . . To the extent your actions force us to retain new counsel, we shall
7 communicate with your counsel once new representation is engaged."

8 368. Chittick forwarded the email to Beauchamp by email that day, asking
9 "can [I] respond or no?"

10 369. Beauchamp responded by email that day: "Try: 'Your counsel advised
11 our counsel that if a subordination was not possible, that you wanted to see how this
12 could be resolved in the next 45 days. We have worked diligently toward that despite
13 [Menaged's] limited availability. If you are to be paid off before you could get a
14 hearing in court with respect to any litigation, why not explore that first.'"

15 370. Chittick followed Beauchamp's advice, sending Beauchamp an email that
16 day which said: "Ok[.] [I] sent that."

17 371. Cardon responded to Chittick by email that day: "As we discussed in our
18 meeting, Lobo is in default as there is no collateral due to rescission. It needs to be paid
19 off immediately. Please advise."

20 372. Chittick responded to Cardon by email that day: "Yes [I] remember you
21 mentioning that property and the issue[.] [T]hat is one we will work getting resolved
22 quickly." He wrote a second email which said "[I] will have that property paid off by
23 the end of next week."

24 373. Cardon responded to Chittick by email that day: "Having Lobo continue
25 to be delayed does not work for us. Our loans are all cross defaulted. Causing all your
26 remaining loans to be in default appears to be our only recourse for ensuring Lobo's
27 repayment. In fact, each time we receive repayment of a loan other than Lobo, we step
28 closer to that eventuality."

1 374.—~~Chittick forward this email exchange to Beauchamp that day and he and~~
2 ~~Beauchamp exchanged emails that day about Cardon's reference to a cross default.~~
3 ~~Beauchamp wrote: "I have read his comments to be based on the Lobo (?) property and~~
4 ~~supposedly not having a valid lien, because the borrower does not own it."~~

5 375.—~~Nothing in Clark Hill's file reflects that Beauchamp ever asked Chittick~~
6 ~~for information or documents that would shed light on Cardon's statement that "there is~~
7 ~~no collateral due to rescission."~~

8 376.—~~Nothing in Clark Hill's file reflects that Beauchamp ever sought to~~
9 ~~independently determine whether DenSec held a valid lien on the Lobo property and/or~~
10 ~~whether it had been lost through a rescission.~~

11 377.—~~Had Beauchamp conducted minimal research, using the Recorded~~
12 ~~Document Search tool on the Maricopa County Recorder's website or otherwise~~
13 ~~conducting customary due diligence, he would have learned that on August 14, 2013,~~
14 ~~Menaged signed a DenSec Mortgage (Instrument No. 2013-0743366) for Arizona~~
15 ~~Home Foreclosures for a \$160,000 loan that was allegedly used to acquire the Lobo~~
16 ~~property at a trustee's sale on August 13, 2013.~~

17 378.—~~Beauchamp would have also learned that on August 14, 2013, Menaged~~
18 ~~signed a Sell Wholesale Funding deed of trust (Instrument No. 2013-0753967) to secure~~
19 ~~a \$160,560 loan that was allegedly used to acquire the Lobo property at the same~~
20 ~~August 13, 2013 trustee's sale.~~

21 379.—~~Beauchamp would have also learned that although a Trustee's deed was~~
22 ~~recorded on August 27, 2013 (Instrument No. 2013-0778625) in favor of Arizona~~
23 ~~Home Foreclosures, it was rescinded three days later, on August 30, 2013 (Instrument~~
24 ~~No. 2013-0792791), leaving both DenSec and Sell Wholesale Funding without any~~
25 ~~collateral to secure their respective loans of \$160,000 and \$160,560 to Arizona Home~~
26 ~~Foreclosures.~~

27 380.—~~Had Beauchamp conducted basic due diligence, he would have learned~~
28 ~~that by acceding to demands that DenSec pay in full monies owed to Azben Limited for~~

1 the Lobo loan, Chittick was causing DenSco to pay off a loan another lender (Sell
2 Wholesale Funding) had made to Arizona Home Foreclosures, after suffering a
3 complete loss on the loan DenSco had made to Arizona Home Foreclosures for the
4 same property.

5 **8. ~~In Negotiating the Forbearance Agreement, Beauchamp~~**
6 **~~Sought to Advance Chittick's Interests to the Detriment of~~**
7 **~~DenSco and its Investors~~**

8 **b. During February 2014, Beauchamp Negotiated the**
9 **Terms of the Forbearance Agreement With Menaged's**
10 **Counsel, Repeatedly Stating That the Agreement Was**
11 **Needed to Protect Chittick's, Rather Than DenSco's**
12 **Interests.**

13 256. ~~381.~~ During the first week of February, Beauchamp negotiated began
14 negotiating with Goulder over the terms of a Forbearance Agreement.

15 257. It is evident from Beauchamp's communications with Chittick and
16 Goulder suggest that ~~382.~~ Beauchamp anticipated DenSco would, eventually, disclose
17 the Forbearance Agreement to its investors during February 2014 that Clark Hill was
18 looking out for Chittick's interests, rather than the interests of DenSco and its investors.

19 258. One example of Clark Hill's misplaced loyalty to Chittick is a February 4,
20 2014 email that Beauchamp sent to Chittick, which said:

21 ~~383.~~ They also confirm that Chittick followed Beauchamp's advice when
22 given.

23 ~~384.~~ They also reflect that Beauchamp was looking out for Chittick's interests, even
24 though Chittick's interests were in conflict with the interests of DenSco and its
25 investors.

26 ~~385.~~ For example, in a February 4, 2014 email to Chittick, Beauchamp wrote:
27 "[Goulder] has you waiving many, many rights that are standard in a forbearance
28 agreement. . . . BOTTOM LINE: [HIS] CHANGES ARE . . . SUBSTANTIVE
CHANGES THAT CLEARLY TRANSFER RISK TO YOU AND YOUR
INVESTORS. . . . [I]f even a portion of these changes are allowed to remain, we can no

1 longer describe this as an industry standard 'forbearance' agreement in the description
2 that you HAVE to provide to your investors."

3 386. But later that day, Beauchamp wrote to Chittick: a "Before we
4 all get into a room, you and I need to make sure we have a clear understanding
5 of what you can do and what you cannot do without going to all of your
6 investors for approval. We have a deal that works for you and your investors
7 and is fair to [Menaged]. Now [Goulder] is trying to better the deal for
8 [Menaged]. But you already have been more than generous trying to help
9 [Menaged] out of [Menaged's] problem. Again, *this goes back to [Goulder] not*
10 *acknowledging that this is [Menaged's] problem and instead insisting that this*
11 *is your problem because you did not make sure that [Menaged] handled the*
12 *loans properly and that you did not take the necessary actions so that DenSco*
13 *had a first lien on each property. . . . [Goulder] is trying to have you think that*
14 *you have significant responsibility for creating this problem as opposed to this*
15 *being created by [Menaged's] cousin working for [Menaged]. . . . [Goulder] is*
16 *trying to make you feel that you are guilty so you have to assume a significant*
17 *responsibility in the agreement to share [Menaged's] problem, but nobody stole*
18 *the money from you. You can help and have helped [Menaged], but you cannot*
19 *OBLIGATE DenSco to further help [Menaged], because that would breach your*
20 *fiduciary duty to your investors."* (Emphasis added.)

21 259. 387. And in an email Beauchamp sent to Goulder on Friday, February 7,
22 2014 Beauchamp wrote: "*Based on your previous changes, the Forbearance*
23 *Agreement would be prima facie evidence that Denny Chittick had committed*
24 *securities fraud because the loan documents he had [Menaged] sign did not comply*
25 *with DenSco's representations to DenSco's investors in its securities offering*
26 *documents.* Unfortunately, this agreement needs to not only protect [Menaged] from
27 having this agreement used as evidence of fraud against him in litigation, *the*
28 *agreement needs to* comply with Denny's fiduciary obligation to his investors as well

1 as *not become evidence to be used against Denny for securities fraud*. . . . We wanted
2 the document to set forth the necessary facts for Denny to satisfy his securities
3 obligations to his investors (including that the original loans had to have been written
4 and secured by a first lien on real property and that the workout agreed to by Denny
5 complied with his workout authorization) without having [Menaged] admit to facts that
6 could cause trouble to him. . . . To try to balance the respective interests, I have inserted
7 sections from the loan documents into the Forbearance Agreement. Referencing the
8 language of the Loan Documents is needed to satisfy Denny's fiduciary obligations, but
9 I have also modified the other provisions so that the Borrower is not admitting that it
10 was required to provide first lien position in connection with the loans." (Emphasis
11 added.)

12 ~~388. Chittick's February 7, 2014 entry in the 2014 Corporate Journal states, in~~
13 ~~part, "I was on the phone with David and [Menaged] off and on trying to find middle~~
14 ~~ground in this crap to make this agreement final. Now [D]avid is telling me I have to~~
15 ~~tell my investors."~~

16 260. 389. In an email exchange on Sunday, February 9, 2014 Beauchamp told
17 Chittick "[p]lease understand that you are limited in what risk or liability you can
18 assume. Your fiduciary duty to your investors makes this a difficult balancing act."

19 261. 390. Chittick's response was that he "trusts that we are in balance and I
20 have even more confidence that [Menaged] and I can solve this problem without issue
21 and we never have to use the document that we've worked so long on getting
22 completed."

23 262. 391. Beauchamp responded: "Your point is understood. If possible,
24 please recognize and understand that *you will 'use' the document even if you and*
25 *[Menaged] never refer to it again. It has to have the necessary and essential terms to*
26 *protect you from potential litigation from investors and third parties.*" (Emphasis
27 added.)

1 392. — Beauchamp's improper efforts to protect Chittick's interests, and worse,
2 to help Chittick deceive investors and thereby breach his fiduciary duties to DenSec,
3 continued into the following week.

4 263. 393. In his notes from a February 11, 2014 call with Chittick, which
5 touched on the status of Chittick's and Menaged's plan to pay off loans on the double-
6 escrowed properties, Beauchamp wrote "'Material Disclosure' — exceeds 10% of the
7 overall portfolio." But in his discussions with Chittick about requests from Goulder for
8 further concessions, including an agreement not to pursue civil claims for fraud,
9 Beauchamp's focus was on protecting Chittick's interests, including protecting him
10 from a potential investor claim.

11 264. 394. In a February 14, 2014 email to Chittick, Beauchamp wrote:
12 "[Goulder] clearly thinks he can force you to agree to accept a watered down agreement
13 and give up substantial rights that you should not have to give up. Unfortunately, it is
14 not your money. It is your investors' money. So you have a fiduciary duty. . . .
15 ***[Menaged] is the one responsible for this and not you. (Emphasis added.)*** He failed to
16 put out the proper protection systems in place so his cousin could not do what his
17 cousin did. . . . ***[Menaged's] actions to comply with the terms of this agreement will***
18 ***have a big effect on whether or not you have to deal with a third party lawsuit filed***
19 ***against you in court. (Emphasis added.)*** In this situation, you can have an action
20 brought against you by any of the other lenders, and/or by any of your investors. . . . In
21 addition, ***you could also face an action by the SEC or by the Securities Division of the***
22 ***ACC if an investor is able to convince someone in a prosecutor's office that you***
23 ***somehow assisted [Menaged] to cover up this fraud or you were guilty of gross***
24 ***negligence by failing to perform adequate due diligence (on behalf of your investors'***
25 ***money) to determine what was going on. . . . (Emphasis added.)*** [Y]our duty and
26 obligation is not to be fair to [Menaged], but to completely protect the rights of your
27 investors. I am sorry if [Menaged] is hurt through this, but [Menaged's] hurt will give
28

1 [Menaged] the necessary incentive to go after his cousin. Your job is to protect the
2 money that your investors have loaned to DenSco.”

3 265. 395-Beauchamp advised Chittick not to make any further concessions.
4 Beauchamp then sought input from bankruptcy lawyers within Clark Hill about the
5 risks DenSco faced if Chittick were to agree to the concessions Goulder sought with
6 respect to a potential civil fraud claim.

7 266. 396-Chittick ultimately followed Beauchamp’s advice, and the
8 concessions sought by Goulder were not included in the final Forbearance Agreement.

9 267. 397-On February 20, 2014, Beauchamp met with Chittick, Menaged and
10 Goulder to discuss the Forbearance Agreement. As Chittick described the meeting in
11 the DenSco journal, Beauchamp and Goulder “were no better in person then they were
12 in email. David lost his temper more than once. We went back and forth for 3 hours.
13 We broke up and came together, finally we are down to one point about the release.
14 The lawyers are trying to word it to make each other happy.”

15 268. 398-It appears from Chittick’s February 20, 2014 entry in the 2014
16 Corporate Journal that this meeting was the first time Beauchamp learned of the full
17 extent of DenSco’s exposure to Menaged. Chittick wrote: “I told David the dollars
18 today, he about shit a brick. I explained to him how I got there and how far we have
19 come and how much better we are today then in November. Though I’m not sure he
20 understands that. My balance sheet isn’t looking much better, but it will start to swing
21 in the right direction in the next 30 days. *I’m more concerned about telling my
22 investors and their reaction to the problem. I have to tell them and hope they stick
23 with me. If I get a run on the bank I’m in deep shit. I won’t be able to fund new
24 deals, I won’t be able to payoff investors and won’t be able to support [Menaged].
25 The whole thing crators.*” (Emphasis added.)

26 269. 399-Beauchamp’s notes from that day contain a summary of DenSco’s
27 exposure to Menaged. They state: “Approx. \$31 MM outstanding to [Menaged’s]
28

1 entities – total fund up to \$62-63 MM. Problem loans down to about \$17 MM for 122
2 loans.”

3400. ~~Beauchamp’s notes also reflect that he discussed with Chittick on February 21,~~
4 ~~2014 DenSeo’s upcoming annual meeting, which was scheduled for March 8. He~~
5 ~~wrote: “cannot be ready to tell everything.”~~

6 ~~401. Beauchamp’s notes went on to reflect his thoughts about what might~~
7 ~~eventually be disclosed to investors. He wrote: “What to put into notice to the~~
8 ~~investors. [E]xplain concentration to Scott to help Scott package homes to sell to a~~
9 ~~Hedge Fund in \$5M groups. [T]he problem was discovered but to resolve the loans with~~
10 ~~double leverage came up with a plan, but that required DenSeo to make higher~~
11 ~~leveraged loans. DenSeo also made advances on new homes purchased.”~~

12 ~~402. Beauchamp’s notes also show that he knew the workout plan was~~
13 ~~increasing the loan to value ratios on many of DenSeo’s loans far above what DenSeo~~
14 ~~had disclosed to investors in any previous POM. For example, he wrote: “30 loans are~~
15 ~~now at 95% LTV.”~~

16 270 ~~403.~~ Chittick’s February 21, 2014 entry in the 2014 Corporate Journal has
17 a consistent summary of the advice he received from Beauchamp: “I talked to Dave, he
18 found out what we already suspected; there is no way we can give what [Menaged]
19 wants. I’m not sure where this will lead us. We talked about telling my investors; we
20 are going to put that off as long as possible so that we can improve the situation as
21 much as possible. We’ve got another 15 more that are closing next few weeks. We
22 could be close to under a 100 problem loans within a month. I just have to keep telling
23 myself I’m doing the right thing to fix it, no matter how much anxiety I have over this
24 issue.”

25 271 ~~404.~~ During the last week of February 2014, discussions with Goulder on
26 the Forbearance Agreement ended after Goulder sent Beauchamp a revised draft on
27 February 25, 2014.
28

1 272. 405.Chittick sent Beauchamp an email that day describing his ongoing
2 discussions with Menaged about taking a different approach to the double encumbrance
3 problem by having DenSco advance additional monies to Menaged so that Menaged
4 could sell homes more quickly: "[H]e's throwing out all sorts of ideas in how this can
5 be done. [I] would be willing to release the UCC if he was able to secure the funds and
6 use them to pay some of these loans. [W]e've got about 3 more ideas, *but what both of*
7 *us are really concerned about is that when [I] tell my investors the situation, they*
8 *request their money back. [I] want to be able to say, this was the problem, we've*
9 *eliminated this much of the problem and this is what is left. [I] want to be able to say*
10 *what is left is as small as possible.*" (Emphasis added.)

11 273. 406.Beauchamp responded by saying "[g]ood ideas and probably
12 something we need to work on" in light of the breakdown of discussions on the
13 Forbearance Agreement. (Emphasis added.)

14 274. 407.Chittick sent Beauchamp an email the following day, February 26,
15 2014 describing his continuing discussions with Menaged. He wrote: "[W]hat if
16 [Menaged] just starts selling everything . . . [I] take losses[.] [A]long with the several
17 million that [Menaged's] going to bring in from outside sources, we wipe the whole
18 thing out in, name a time frame, 90 days. [T]o secure the loss, [Menaged] signs a
19 promissory note with terms of repayment. [W]hat happens? [I] take a huge hit to my
20 books, but [I] get the money back in my hands. [I]'m no longer in violation of anything
21 with my investors. [I]'m in possession of money that now [I] can put to work with new
22 loans that are actually paying me interest versus right now that [I]'m having no interest
23 coming in. [O]r I can return the money to investors if I can't put it to work. [F]rom a
24 P/L standpoint it looks horrible, but at least [I] have the majority of the money back
25 except maybe 2-4 million. [Menaged] agrees to pay me interest and principle [sic] back
26 every month for whatever I write off[,] which fills in that hole. [I] put the money I get
27 back to work and make money on it, that fills the hole. *[I] [would] rather take the loss*
28 *short term now, and get working on trying to make the money work th[a]n drag this*

1 *thing out over a year or more. . . . [I] don't have anything in my docs that say I have*
2 *to be profitable. [I] see this is a negative year obviously, but [I]'ll be profitable next*
3 *year; the problem is gone[.] [Menaged] will be paying me back interest and principle*
4 *[sic] for the loss that I took. [N]ow I know there are 100 legal things here, but now I'm*
5 *thinking this is the best way to get the problem solved from a fiduciary standpoint. . . .*
6 *[I] know this may sound crazy, but [I] can't come up with anything else that will bring*
7 *an end to this situation quickly. [T]ime is crucial. [L]et me know your thoughts."*
8 (Emphasis added.)

9 275. 408-Beauchamp's email response was: "***Good ideas.*** Can we talk later
10 today to clarify a few things?" (Emphasis added.) Beauchamp also told Clark Hill
11 attorney Bill Price, who emailed him to say that the release provision in Goulder's latest
12 draft of the Forbearance Agreement was unacceptable, that "[t]here is another
13 possibility to resolve this," on which Beauchamp would be focusing his attention.

14 276. 409-Chittick's DenSco entry in the 2014 Corporate Journal for February
15 26, 2014 contains a consistent summary of his discussions with Menaged and
16 Beauchamp: "We've decided it's better to sell these properties as quickly as possible,
17 take the losses and move on. [Menaged] will sign a promissory note, it frees up from
18 paying interest, I take a big hit, . . . and we move on. ***It will take me 2 years to get back***
19 ***to profitability I'm guessing. This may allow me not to do what David wants me to do,***
20 ***I don't know. I never got to talk to him. But what we are doing isn't going to work***
21 ***fast enough and we'll have a big hill to climb in the end.*** (Emphasis added.) I'm just
22 so sick over this I can't function."

23 277. 410-Beauchamp's notes reflect that he discussed the proposed new plan
24 with Chittick the following day, February 27, 2014. They state, in part: "Denny
25 explained procedure and Denny is taking all of the shortfall. [Menaged] wants this
26 resolved. Denny wants this resolved because Denny is losing money to make payments
27 to his investors if DenSco is not getting paid interest from [Menaged]. Denny willing
28 to take loss this year -- so DenSco can return cash to investors and reduce interest

1 obligation. *How to write this up for investors – discussed. Do we still need*
2 *Forbearance Agmt. - yes but will be less problematic. Will need Forbearance Agmt.*
3 *to explain procedures and protect Denny for future revisions. (Emphasis addd.)* Will
4 need multiple advance not (unsecured) so DenSco can advance cash on house w/ double
5 loans to be sold.”

6 278. ~~411.~~Chittick’s entry in the 2014 Corporate Journal for that day is
7 consistent with Beauchamp’s notes. It states, in part: “I talked to [Menaged] again, he
8 agreed to everything this morning on how to work this out. I talked to David, he’s
9 thinks its fine. So we are done. . . . [N]ow we just need to get this signed and start
10 working towards selling these houses.”

11 c. During March 2014, Beauchamp Continued to Negotiate
12 the Terms of the Forbearance Agreement But Did So
13 With Menaged, Communicating With Him Through
Chittick.

14 279. ~~412.~~Beauchamp had a telephone conversation with Chittick on March 3,
15 2014. Chittick’s entry in the 2014 Corporate Journal that day says, in part: “David
16 called me telling me of ad lib info to scare me about dealing with [Menaged]. I can’t
17 control what others are saying in the lawyer community. I have to get this done so that I
18 have something in writing and do the best deal that I can do.”

19 280. ~~413.~~Chittick sent Beauchamp an email on March 4, 2014 in apparent
20 response to that conversation. It stated, in part: “About what you said, I have no idea
21 of the timing of that person you [mentioned] as to when he spoke to [Goulder] about
22 our situation. I don’t doubt perhaps that he was positioning himself in some way;
23 seems logical for him to think that way. However, *now that [Menaged] has agreed to*
24 *sign the terms sheet that we originally agreed to, allowing you to write it, he says he’s*
25 *not going to have [Goulder] review because [Goulder] already told him not to sign*
26 *anything.* Plus he’s signing the promissory note which also confirms the situation . . .
27 in not so many words. But the fraud occurred and he’s taking responsibility for it. . . .
28 *You probably have the only chance in your career to write an agreement without*

1 *conflicting counsel.* You can write it to our liking and in our best interests. *We CYA as*
2 *broad as the Grand Canyon.* I think that is pretty advantageous.” (Emphasis added.)

3 281. 414.Beauchamp’s response was: “*Your thoughts make sense*, but we still
4 need an agreement that works.” (Emphasis added.)

5 282. 415.Beauchamp sent Chittick a draft of the Forbearance Agreement on
6 March 10, 2014.

7 283. 416.Chittick gave him comments that day, one of which reflected
8 Chittick’s and Menaged’s request to modify the draft’s confidentiality provision. As
9 Chittick described it in an email to Beauchamp: “*Only time I can disclose info is if*
10 *I’m legally required by investors. He wants me to not say a word unless I’m legally*
11 *required to*, because the reputation with his investors and buyers, clients etc. could be
12 harmed.” (Emphasis added.)

13 284. 417.In his email response, Beauchamp wrote: “The confidentiality
14 change is a problem, because who makes the decision if the disclosure is required? *I*
15 *had language that you could disclose if such disclosure is reasonably needed to be*
16 *disclosed to your investors or if a governmental agency requires such disclosure*
17 *(after you give [Menaged] notice and an opportunity to get the agency to change its*
18 *mind).* Those are standard confidentiality exceptions. *I will look at them again to see*
19 *if there is anything we can do to make it tighter.*” (Emphasis added.)

20 285. 418.Beauchamp’s notes reflect that he had a telephone conference with
21 both Chittick and Menaged on March 11, 2014 to discuss the release and confidentiality
22 provisions of the Forbearance Agreement, as well as the terms of a \$ 1 million
23 “workout loan.”

24 ~~19. While there is nothing in Beauchamp’s notes reflecting a discussion with Chittick on~~
25 ~~that day about investor disclosures, the entry Chittick made in the 2014 Corporate~~
26 ~~Journal for March 11, 2014 states, in part: “David changed and said now I have to tell~~
27 ~~my investors. [Menaged] and I are going to try to fix this mess in 30 days and that way~~
28 ~~it will be a minor issue.”~~

1 286. 420. Beauchamp's notes reflect that he had a telephone conference with
2 both Chittick and Menaged on March 12, 2014 to discuss the release and confidentiality
3 provisions of the Forbearance Agreement.

4 287. 421. On March 13, 2014, Beauchamp conferred with Chittick about the
5 security for the loans DenSco would be advancing to Menaged. He also revised the
6 confidentiality section of the Forbearance Agreement, sending the section to Chittick in
7 an email which stated, in part: "*I have done a complete re-write of the Confidentiality*
8 *section. . . . In order to comply with the specific securities disclosure requirements, I*
9 *left ____ (blank) the amount of time for [Menaged] to be able to review and comment*
10 *upon the proposed disclosure (suggest 48 hours)* and I did not give him the right to
11 disapprove and block what you can or cannot disclose. DenSco and you as the
12 promoter of DenSco's offering have to make the decisions as to what is to be disclosed
13 or not. ~~With respect to timing, we are already very late in providing information to~~
14 ~~your investors about this problem and the resulting material changes to your~~
15 ~~business plan. We cannot give [Menaged] and his attorney any time to cause~~
16 ~~further delay in getting this Forbearance Agreement finished and the necessary~~
17 ~~disclosure prepared and circulated."~~ (Emphasis in original" (Emphasis added.)

18 288. 422. Between March 14 and March 20, 2014, Beauchamp communicated
19 with Chittick about revisions to the Forbearance Agreement, relying on Chittick to
20 convey drafts to Menaged and communicating with Menaged through Chittick.

21 289. 423. One of the topics Beauchamp discussed with Chittick was his plans
22 to loan funds to Menaged and the impact of those loans, including loans up to 120% of
23 value. Beauchamp stated that he "*completely agree[s] that [the proposed lending*
24 *plan] makes a lot of sense, but I am concerned about the disclosure to your*
25 *investors."* (Emphasis added.)

26 290. 424. Chittick's entry in the 2014 Corporate Journal for March 20, 2014
27 stated, in part: "[Menaged] finally agreed to [the] agreement. That's done. I have to
28 do some numbers to fill in the blanks, but otherwise it's ready to be signed. *I have no*

1 *idea if it will ever be used, but David assured me I'm in a good position."* (Emphasis
2 added.)

3 **9d. The Execution of the Forbearance Agreement Was**
4 **Signed in April 2014.**

5 291. 425. The Forbearance Agreement was signed by Chittick (for DenSco) and
6 Menaged (for himself and his entities) on April 16, 2014.

7 292. 426. Under the Forbearance Agreement, Menaged agreed to pay off the
8 loans of DenSco and other lenders by, inter alia, (i) liquidating various assets,
9 (ii) renting or selling real estate assets, (iii) attempting to recover the missing funds that
10 his cousin allegedly stole, and (iv) obtaining \$4.2 million in outside financing.

11 293. In turn, *DenSco agreed to, inter alia, (i) increase its loans to Menaged*
12 *on certain properties up to 120% of the loan-to-value ratio, (ii) loan Menaged up to*
13 *\$5 million more, at 18% interest, (iii) loan Menaged up to \$1 million more, at 3%*
14 *interest, and (iv) defer the collection of interest on loans that Menaged had already*
15 *defaulted on.*

16 294. 427. The Forbearance Agreement included a schedule of the loans DenSco
17 had made to Menaged, members of his family, Easy Investments, and Arizona Home
18 Foreclosures, including loans DenSco made between December 2013 and April 15,
19 2014. *Those loans totaled \$37,456,620.47, well over half of the aggregate amounts*
20 *DenSco had raised from investors.*

21 295. 428. The confidentiality provision in the Forbearance Agreement
22 permitted DenSco to disclose information "as may be necessary for [DenSco] to
23 disclose to [DenSco's] current or future investors" subject to the following limitations:

24 “

25 [DenSco] agrees to use its good faith efforts to limit such disclosure as much as
26 legally possible pursuant to the applicable SEC Regulation D disclosure rules,
27 which limitation is intended to have [DenSco] only describe: 1. the multiple
28 Loans secured by the same Properties which created the Loans Defaults; 2. the
work-out plan pursuant to this Agreement in connection with the steps to be
taken to resolve the Loans Defaults; 3. the work-out plan shall also include
disclosing the previous additional advances that [DenSco] has made and the
additional advances that are intended to be made by [DenSco] to Borrower

1 pursuant to this Agreement in connection with increases in the loan amount of
2 certain specific Loans (up to 120% of the LTV of the applicable Property being
3 used as security for that Loan), the additional advances pursuant to both the
4 Additional Loan and the Additional Funds Loan; and 4. the cumulative effect
5 that all of such additional advances to Borrower will have on [DenSco's]
6 business plan that [DenSco] has previously disclosed to its investors in
7 [DenSco's] private offering documents and which [DenSco] committed to
8 follow, including the overall LTV loan ratios for all of [DenSco's] outstanding
9 loans to its borrowers in the aggregate and the concentration of all of [DenSco's]
10 outstanding loans among all of its borrowers. Further, [DenSco] will use its good
11 faith efforts not to include the names of Borrower, Guarantor, or New Guarantor
12 in [DenSco's] disclosure material. [DenSco] will also provide Borrower with a
13 copy of the applicable disclosure prior to dissemination to [DenSco's] investors
14 and allow Borrower to have 48 hours to review and comment upon such
15 disclosure.²²

16 6. Clark Hill Advised Chittick That DenSco Could Continue
17 Selling Promissory Notes Without First Issuing a New POM,
18 and that DenSco Could Indefinitely Delay Issuing a New POM.

19 296. Clark Hill and Beauchamp claim in their initial disclosure statement
20 (at 10-11) that Beauchamp advised Chittick "during his January 9, 2014 meeting with
21 Mr. Chittick" and repeatedly thereafter that: (a) DenSco was not permitted to take new
22 money without full disclosure to the investor lending the money; (b) DenSco was not
23 permitted to roll over existing investments without full disclosure to the investor rolling
24 over the money; and (c) DenSco needed to update its POM and make full disclosure to
25 all its investors.

26 297. A jury will be asked to find that this claim is an after-the-fact untruth.

27 298. There are no documents, such as notes, emails or letters, which reflect
28 that Beauchamp ever gave that advice.

299. The documents in the file instead show that Beauchamp told Chittick that
DenSco could sell promissory notes, and that DenSco could put off preparing a new
POM while Chittick pursued his "work out" plan.

300. Moreover, Beauchamp admitted in his deposition that he knew Chittick
had caused DenSco to sell promissory notes but claims that he understood Chittick did
so only after making disclosures to each investor who purchased a promissory note.

301. Clark Hill and Beauchamp make a similar claim in their initial disclosure
statement (at 11) that "Mr. Chittick assured Mr. Beauchamp repeatedly that he was

1 making the requisite disclosures to investors on an as needed basis, and that he had
2 informed a select group of investors as to the double lien issue and the proposed
3 workout."

4 a. In early January 2014, Clark Hill Advised DenSco It
5 Could Sell Promissory Notes Without First Issuing a
6 New POM

7 302. Chittick's entry for January 9, 2014 in a corporate journal he maintained
8 during 2014 (the "2014 Corporate Journal") says nothing about having been instructed
9 by Beauchamp that DenSco could not sell promissory notes. The entry states, in part:
10 "Scott and I met with David. He never read my email. We spent two hours. . . . He's
11 going to contact the lawyer tomorrow and let us know."

12 303. Beauchamp's handwritten notes from a call with Chittick on Friday,
13 January 10, 2014 state, in part, "Need to get back up plan in place. *Denny does not*
14 *want to talk to his investors until he is ready* – will not take long." (Emphasis added.)

15 304. Chittick's entry for that date in the 2014 Corporate Journal states, in part,
16 "at 5pm Dave called, said they would give us time to clean it up. I talked to Scott; he is
17 going to try to bring in money. *I can raise money according to Dave.*" (Emphasis
18 added.)

19 305. On Sunday, January 12, 2014, Chittick sent Beauchamp an email which
20 stated, in part, "*I've spent the day contacting every investor that has told me they want*
21 *to give me more money. I don't have an answer on specifically how much I can*
22 *raise; I'll know that in a day or two.*" (Emphasis added.) He went on to say that
23 between new money, current cash on hand, and pending real estate closings, he would
24 have *between \$5 and \$10 million* in the next ten days. His email summarized the
25 outline of the plan he and Menaged had discussed the previous Friday, which included,
26 for the group of lenders represented by Bryan Cave: (i) identifying all properties in
27 which another party claimed an interest; (ii) providing that information to an escrow
28 agent; (iii) buying out the other parties as cash was put into escrow; and (iv)

1 memorializing the arrangement through a term sheet and a written contract. "[I]f both
2 Scott and I can raise enough money, we should be able to have this all done in 30 days
3 easy, less than three weeks would be my goal." (Emphasis added.) As for the other
4 lenders, Chittick stated that the plan was to pay them off as Menaged was able to raise
5 additional capital. Chittick concluded the email by stating, "that's my plan, shoot
6 holes in it." (Emphasis added.)

7 306. Beauchamp responded in an email sent later that day which stated, in part,
8 "[y]ou should feel very honored that you could raise that amount of money that
9 quickly. I will outline a few thoughts tomorrow and get back to you." (Emphasis
10 added.)

11 307. The "few thoughts" that Beauchamp conveyed the next day were
12 questions about the sources from whom Menaged would raise money. Beauchamp did
13 not tell Chittick that DenSco could not raise new money by selling promissory notes
14 without first issuing a new POM.

15 b. During February, March and April 2014, While the
16 Forbearance Agreement Was Negotiated, Clark Hill
17 Advised Chittick That DenSco Could Delay Issuing a
18 New POM.

19 308. After telling Chittick that DenSco could continue selling promissory notes
20 without first issuing a new POM, Beauchamp would periodically tell Chittick that a
21 new POM had to be issued to reveal information about DenSco's operations, but let
22 Chittick believe the issuance of the POM could be delayed.

23 309. In a February 4, 2014 email that Beauchamp sent to Chittick, Beauchamp
24 wrote that the Forbearance Agreement would need to be described in a document "that
25 you HAVE to provide to your investors."

26 310. Chittick's February 7, 2014 entry in the 2014 Corporate Journal states, in
27 part, "I was on the phone with David and [Menaged] off and on trying to find middle
28 ground in this crap to make this agreement final. Now [D]avid is telling me I have to
tell my investors."

1 311. Beauchamp's notes reflect that he discussed with Chittick on February 21,
2 2014 DenSco's upcoming annual meeting, which was scheduled for March 8. He
3 wrote: "*cannot be ready to tell everything.*" (Emphasis added.)

4 312. Beauchamp's notes went on to reflect his thoughts about what might
5 eventually be disclosed to investors. He wrote: "What to put into notice to the
6 investors. [E]xplain concentration to Scott to help Scott package homes to sell to a
7 Hedge Fund in \$5M groups. [T]he problem was discovered but to resolve the loans with
8 double leverage came up with a plan, but that required DenSco to make higher
9 leveraged loans. DenSco also made advances on new homes purchased."

10 313. Beauchamp's notes also show that he knew the workout plan was
11 increasing the loan-to-value ratios on many of DenSco's loans far above what DenSco
12 had disclosed to investors in any previous POM. For example, he wrote: "30 loans are
13 now at 95% LTV."

14 314. The entry Chittick made in the 2014 Corporate Journal for March 11,
15 2014 states, in part: "*David changed and said now I have to tell my investors.*
16 (Emphasis added.) [Menaged] and I are going to try to fix this mess in 30 days and that
17 way it will be a minor issue."

18 315. In a March 13, 2014 email to Chittick regarding the inclusion in the
19 Forbearance Agreement of a confidentiality provision that Menaged had sought,
20 Beauchamp wrote: With respect to timing, we are already **very late** in providing
21 information to your investors about this problem and the resulting material changes
22 to your business plan. We cannot give [Menaged] and his attorney any time to
23 cause further delay in getting this Forbearance Agreement finished and the
24 necessary disclosure prepared and circulated." (Emphasis in original.)

25 c. In May 2014, Clark Hill Made a Half-Hearted Effort to
26 Prepare a New POM and Then, at Chittick's Request,
27 Stopped Working on the New POM and Advised
28 Chittick That DenSco Could Continue to Put Off Issuing
a New POM While Chittick Pursued His "Work Out"
Plan.

1 ~~429. Errors in the Forbearance Agreement and related documents with respect~~
2 ~~to certain loan amounts were discovered on April 18, 2014, and an amendment to the~~
3 ~~Forbearance Agreement and the related documents had to be prepared. Those~~
4 ~~documents were not signed by Chittick and Menaged until June 18, 2014.~~

5 ~~40. Beauchamp's Limited Work on Preparing a Private Offering~~
6 ~~Memorandum and Subsequent Events~~

7 ~~316.~~ 430. Chittick's entry in the 2014 Corporate Journal for April 16, 2014
8 reflected the signing of the Forbearance Agreement and concludes: "I'll send it up to
9 David and then he and I can start on the memorandum."

10 ~~317.~~ 431. Beauchamp's notes show that he had a call with Chittick on April 24,
11 2014. Those notes reflect that Beauchamp knew that DenSco's total loans to Menaged
12 were approximately \$36 million in principal, with a \$5 million note (of which
13 approximately \$1.78 million was principal), and a \$1 million note (of which
14 approximately \$915,000 was principal).

15 ~~318.~~ Under the heading "POM update" he noted that 186 loans were double-
16 encumbered when the workout started, which was down to 94 loans, representing \$12.3
17 million of principal, as of that date, which was down from a previous balance of
18 approximately \$25 million.

19 ~~319.~~ 432. That same day, Chittick sent Beauchamp by email another copy of
20 the 2011 private offering memorandum.

21 ~~320.~~ 433. It appears from the Clark Hill file that Beauchamp gave a printed
22 copy of the memorandum to Schenck with a handwritten note asking him to mark up
23 the memorandum and add "updates/forbearance, etc."

24 ~~321.~~ 434. Beauchamp's handwritten notes and documents in the file reflect that
25 some research was done on May 13, 2014 on "Dodd Frank and regulation."

26 ~~322.~~ 435. On May 14, 2014, Schenck sent Beauchamp by email a redline of a
27 draft private offering memorandum and a separate document with comments, some of
28 which were for Beauchamp's attention. Schenck's email concluded by asking

1 Beauchamp to "let me know what changes you prefer before this draft is sent to
2 Denny." His time entry describes the document as a "first draft."

3 323. 436-The document with comments contained, in the "Prior Performance"
4 section, a discussion of the terms of the Forbearance Agreement, with limited
5 information about the circumstances that gave rise to it and a narrative that accepted, as
6 accurate and reliable, Menaged's "cousin" story: "According to the Foreclosure
7 Debtors, an agent of the Foreclosure Debtors had secured the Outside Loans without the
8 Foreclosure Debtors' knowledge." The draft said nothing about Chittick's gross
9 negligence in managing DenSco's lending practices by giving funds directly to
10 Menaged, rather than to a Trustee.

11 324. 437-Clark Hill's time records reflect that Beauchamp billed 30 minutes of
12 time to "review revisions to POM and work on same."

13 325. 438-But there is nothing in the Clark Hill file to reflect that Beauchamp
14 actually made any revisions to this first draft.

15 326. 439-Neither the Clark Hill file nor Clark Hill's billing statement reflect
16 that Beauchamp ever sent the draft POM to Chittick or discussed it with him.

17 ~~40. Beauchamp and Clark Hill nevertheless claim in their initial disclosure statement~~
18 ~~(at 15) that~~

19 ~~Mr. Chittick . . . refused to provide the necessary information to complete~~
20 ~~the POM and refused to approve the description of the workout or the~~
21 ~~double lien issue. . . .~~

22 ~~In May 2014, Mr. Beauchamp handed Mr. Chittick a physical copy~~
23 ~~of the draft POM and asked him what Mr. Chittick's specific issues were~~
24 ~~with the disclosure. Mr. Chittick responded that there was nothing wrong~~
25 ~~with the disclosure, he was simply not ready to make any kind of~~
26 ~~disclosures to his investors at this stage. Mr. Beauchamp again explained~~
27 ~~that Mr. Chittick had no choice in the matter and that he had a fiduciary~~
28 ~~duty to his investors to make these disclosures. Mr. Chittick would not~~

1 budge. Faced with an intransigent client who was now acting contrary to
2 the advice Mr. Beauchamp was providing, and with concerns that Mr.
3 Chittick may not have been providing any disclosures to anyone since
4 January 2014, Mr. Beauchamp informed Mr. Chittick that Beauchamp
5 and Clark Hill could not and would not represent DenSeo any longer. Mr.
6 Beauchamp also told Chittick that he would need to retain new securities
7 counsel, not only to provide the proper disclosure to DenSeo's investors,
8 but to protect DenSeo's rights under the forbearance agreement. Mr.
9 Chittick suggested that he has already started that process and was
10 speaking with someone else.

11 441. The Receiver's counsel has not found any document in Clark Hill's files
12 supporting that claim.

13 442. No entries in the 2014 Corporate Journal support that claim.

14 443. In the absence of such written evidence, a reasonable inference for the
15 Receiver (and a jury) to draw is that Beauchamp instead told Chittick he could continue
16 operating DenSeo, and take in or roll over investor funds, while delaying the issuance
17 of a private offering memorandum until Chittick had completed his efforts to work
18 through the consequences of Menaged's initial fraud.

19 444. The Clark Hill files do not contain a copy of a letter or email that was sent to
20 DenSeo terminating its representation of DenSeo in connection with finishing the 2013
21 POM or any other matters for which Clark Hill had agreed to represent DenSeo.

22 445. In May, June, July and August 2014, Beauchamp sent Chittick billing
23 statements for work performed for DenSeo through transmittal letters that stated:
24 "Thank you again for allowing Clark Hill and me to provide legal services to DenSeo
25 Investment Corporation. If you have any question or if we can assist you with any
26 other matter(s), please let me know."

27 327. Clark Hill's files show that the firm simply stopped work on a new POM
28 in mid-May 2014.

1 328. Entries by Chittick in the 2014 Corporate Journal shortly thereafter reflect
2 that Chittick had decided not to issue a new POM at that time, and to continue selling
3 promissory notes while he pursued his "work out" plan in the hope of minimizing
4 DenSco's losses before making a disclosure to investors. Clark Hill decided to abide
5 by Chittick's instruction, just as the firm had agreed in September 2013 to prepare a
6 new POM and then followed Chittick's instruction not to work on the new POM until
7 Chittick was ready to issue it.

8 ~~446. Chittick's entry in the 2014 Corporate Journal for July 2, 2014 a.~~

9 The July 2, 2014 entry states, in part: "We are making progress, just too
10 damn slow, *but I'm sure much quicker than David expected us to do.*"
11 (Emphasis added.)

12 ~~447. Chittick's entry in the 2014 Corporate Journal for b.~~ The July
13 25, 2014 entry states, in part: "My time is running out on updating my private
14 placement memorandum and notifying my investors."

15 ~~448. Chittick's entry in the 2014 Corporate Journal for c.~~ The July
16 31, 2014 states, in part: "It's all going in the right direction, just not sure if it's
17 going fast enough. *As long as David doesn't bug me, I feel like we are doing*
18 *the right thing.*" (Emphasis added.)

19 329. Clark Hill's blessing of Chittick's plan to continue pursuing a work out
20 plan without telling DenSco's investors is reflected in Beauchamp's dealings with
21 Chittick the following March.

22 330. 449. On March 13, 2015, Beauchamp sent Chittick an email which stated,
23 in part: "I would like to meet for coffee or lunch (at no charge to you) so we can sit
24 down and talk about how things have progressed for you since last year. I would also
25 like to listen to you about your concerns, and frustration with how the forbearance
26 settlement and the documentation process was handled. I have thought back to it a lot
27 and I have second guessed myself concerning several steps in the overall process, *but I*
28 *wanted to protect you as much as I could.* (Emphasis added.) *When I felt that your*

1 *frustration had reached a very high level, I stopped calling you about how things*
2 *were going so that you did not feel I was just trying to add more attorney's fees.*
3 (Emphasis added.) I planned to call you after about 30 days, but then I let it slip all of
4 last year because I kept putting it off. I even have tried to write you several different
5 emails, but I kept erasing them before I could send them. I acknowledge that you were
6 justifiably frustrated and upset with the expense and how the other lenders (and
7 [Menaged] at times) seemed to go against you as you were trying to get things resolved
8 last year for [Menaged]. I have tried to let time pass so that we can discuss if you are
9 willing to move beyond everything that happened and still work with me. If not, I
10 would like you to know that I still respect you, what you have done and would still like
11 to consider you a friend. You stood up for [Menaged] when he needed it and I truly
12 believe it was more than just a business decision on your part. Hopefully, you will
13 respond to this email and we can try to talk and catch up."

14 331. 450.Chittick responded "[s]ure, give me some options on when to meet."

15 332. 451.Chittick forwarded Beauchamp's email to Menaged, who wrote,
16 "[s]chedule coffee in 18 months when our balance is close to nothing."

17 333. 452.Chittick responded: *"I figure it's a miracle he left me alone this*
18 *long!"* (Emphasis added.)

19 334. 453-In his entry that day in the corporate journal Chittick maintained for
20 2015 (the "2015 Corporate Journal"), Chittick wrote: *"I got an email from Dave my*
21 *attorney wanting to meet. He gave me a year to straighten stuff out. We'll see what*
22 *pressure I'm under to report now."* (Emphasis added.)

23 335. 454.Chittick had lunch with Beauchamp on March 24, 2015.

24 336. 455.Chittick's entry in the 2015 Corporate Journal for that date states: "I
25 had lunch with Dave Beauchamp. I was nervous he was going to put a lot of pressure
26 on me. However, *he was thrilled to know where we were at and I told him by April*
27 *15th, we'll be down to 16 properties with seconds on them, and by the end of June we*
28 *hope to have all the retail houses sold by then and just doing wholesale. He said he*

1 *would give me 90 days.* (Emphasis added.) I just hope we can sell them all by then and
2 darn near be done with it. *I'm going to slow down the whole memorandum process*
3 *too. Give us as much time as possible to get things in better order."* (Emphasis
4 added.)

5 337. 456.Chittick's entry in the 2015 Corporate Journal for June 18, 2015
6 states, in part: "[Menaged] tried to enlarge the wholesale number saying, well I'm
7 paying down the workout, I can use that for the wholesale. I'm not letting him. That
8 number needs to start dropping! *I have to get his number falling, or it's going to be*
9 *hell with Dave."* (Emphasis added.)

10 d. With Clark Hill's Assistance, Chittick Caused DenSco to
11 Sell Approximately \$5 Million of Promissory Notes
12 Between January and May 2014 Without First Issuing a
13 New POM.

14 338. During the months of January through May 2014, DenSco sold
15 \$5,000,008.00 of new promissory notes to the following investors, which were all two-
16 year notes unless otherwise indicated.

<u>Investor</u>	<u>Amount</u>	<u>Date</u>
<u>Brian & Carla Wenig</u>	<u>\$15,000</u>	<u>1/3/14</u>
<u>Dale Hickman</u>	<u>\$150,000</u>	<u>1/13/14</u>
<u>Carol & Mike Wellman</u>	<u>\$30,000</u>	<u>1/14/14</u>
<u>Carol Wellman</u>	<u>\$10,000</u>	<u>1/14/14</u>
<u>Jolene Page</u>	<u>\$150,000</u>	<u>1/14/14</u>
<u>Marvin & Pat Miller</u>	<u>\$200,000</u>	<u>1/15/14</u>
<u>Marvin & Pat Miller</u>	<u>\$100,000</u>	<u>1/15/14</u>
<u>Mark & Debbie Wenig</u>	<u>\$50,000</u>	<u>1/24/14</u>
<u>Kirk Fischer</u>	<u>\$600,000</u>	<u>1/29/14⁵</u>
<u>Brian Lindicke</u>	<u>\$500,000</u>	<u>2/11/14⁶</u>

27
28 ⁵ Five-year note.

<u>Ryan Baughman</u>	<u>\$300,000</u>	<u>2/11/14</u>
<u>Kaylene Moss</u>	<u>\$10,000</u>	<u>3/5/14</u>
<u>Ryan Baughman</u>	<u>\$300,000</u>	<u>4/1/14</u>
<u>Wayne Ledet</u>	<u>\$30,000</u>	<u>4/7/14</u>
<u>Alexandra Bunker</u>	<u>\$850,000</u>	<u>5/1/14</u>
<u>Cassidy Bunker</u>	<u>\$850,000</u>	<u>5/1/14</u>
<u>Connor Bunker</u>	<u>\$850,000</u>	<u>5/1/14</u>
<u>Bill Hughes</u>	<u>\$6,500</u>	<u>5/1/14</u>
<u>Bill Hughes - IRA</u>	<u>\$6,500</u>	<u>5/1/14</u>

339. DenSco's sale of those promissory notes was necessary for DenSco to continue its business operations, and Clark Hill enabled DenSco to obtain investor funds during that five-month period without making adequate disclosures to those investors, exposing DenSco to substantial liability for those sales.

340. The Receiver will update this disclosure statement to identify additional promissory note sales after May 2014.

7. In Addition to Aiding and Abetting Chittick's Breach of Fiduciary Duties, Clark Hill Also Negligently Advised Chittick That DenSco Could Continue Giving Loan Proceeds to Menaged, Rather Than Paying Them Directly to a Trustee.

341. As of January 9, 2014, Clark Hill knew that Chittick had been grossly negligent in managing DenSco's lending operations by giving tens of millions of loan proceeds to Menaged, rather than paying them directly to a Trustee.

342. Clark Hill knew that this practice violated the terms of the Mortgage document Clark Hill knew DenSco routinely employed to document loans, which stated that the "The undersigned borrower ("Borrower") acknowledges receipt of the proceeds

⁶ Six-month note.

⁷ Three-month note.

1 of a loan from DenSco Investment Corporation ("Lender") in the sum of \$
2 as evidenced by check payable to: ("Trustee"). (Emphasis added.)

3 343. Clark Hill also knew that this practice was an extraordinary breach of the
4 representations in DenSco's POMs. As Beauchamp has admitted in interrogatory
5 answers, DenSco's POMs represented that DenSco employed appropriate due diligence
6 and loan procedures in making loans. An essential part of those loan procedures was
7 that "every mortgage evidencing a property purchase made with a DenSco loan stated
8 that the check purchasing the property was made to the Trustee."

9 344. Clark Hill also knew, from Beauchamp's January 9, 2014 meeting with
10 Chittick and Menaged, that Chittick's failure to follow those loan procedures had
11 exposed DenSco to a substantial potential loss of between \$11.6 and \$14.5 million, or
12 between 25% and 30% of the \$47 million that Beauchamp understood DenSco had
13 raised as of June 2013.

14 345. And Clark Hill knew that those potential losses resulted from Chittick's
15 dealings with one borrower, Scott Menaged.

16 346. After Clark Hill learned, through Beauchamp's January 9, 2014 meeting
17 with Chittick and Menaged, that Chittick intended to cause DenSco to continue loaning
18 money to Menaged, Clark Hill should have issued immediate, clear written advice to
19 Chittick that: (1) DenSco must adhere to the lending practices identified in its POMs
20 and referenced in the Mortgage – i.e., disbursing loan proceeds directly to a Trustee,
21 through a check (as the Mortgage contemplated) or a wire transfer; and (2) never
22 disbursing loan proceeds directly to Menaged (or any other borrower) under any
23 circumstances.

24 347. Clark Hill had the opportunity to give that advice when Beauchamp
25 received an email from Chittick during the evening of January 9, 2014, in which
26 Chittick posed the following question:

27 If [I] [obtain] a cashier's check and take it to the trustee myself, [I] don['t] get a
28 receipt that DenSco [paid for it. [I] get a receipt saying that X property was
paid for, for X \$'s vested in borrower's name. [DenSco's] name doesn't appear

1 on it. [O]ther than having a cashier's check receipt saying [DenSco] made a
2 check out for it, there isn't anything from the trustee saying that it was
3 [DenSco's] check. [I] could wire [Menaged] the money, he could produce a
4 cashier's check that says remitter is DenSco and it would have the exact same
5 effect as if [I] got [a] cashier's check that said [DenSco's] the remitter. . . .
6 [P]ut aside the logistics for a second, what proof or what guarantee is there by
7 me cutting the check and handing it to [Suzy at the trustee's] office rather than
8 my borrowers? [I] know [I] must be missing something. (Emphasis added.)

9 348. Clark Hill failed to tell Chittick that he could not "wire Menaged the
10 money" because: (1) doing so was contrary to representations in the POM and the terms
11 of the Mortgage; (2) doing so had previously exposed DenSco to a potential loss of
12 between \$11.6 and \$14.5 million; and (3) Menaged could not, given obvious questions
13 about the veracity of his "cousin" story, be trusted.

14 349. Beauchamp instead responded in an email that night in which he said:
15 "Let me see what the other lenders got from the Trustee and we can make a better
16 decision. There is either another way to do it or someone described a procedure that
17 does not work." (Emphasis added.)

18 350. On January 17, 2014, Beauchamp told two other lawyers at Clark Hill,
19 Dan Schenck and Bob Anderson, who specialized in real estate lending, that the firm
20 needed to review "the demand letter from Bryan Cave asserting the claim from the
21 other lenders" – i.e., that DenSco had fraudulently filed 52 Mortgage documents
22 claiming that 52 Trustees had been paid to purchase properties at a Trustee's sale when
23 no such payment had occurred -- and "[i]f this claim has any merit, [Clark Hill]
24 need[ed] to advise DenSco to change its internal procedures." But neither Beauchamp,
25 Schenck, nor Anderson undertook that analysis.

26 351. Beauchamp later advised Chittick that DenSco could continue wiring
27 money to Menaged, trusting Menaged to pay the loan proceeds to a Trustee, so long as
28 Menaged provided written confirmation that he had done so. As Chittick wrote in July
29 2016:

30 a. "Going back to December of 2013. . . . [Menaged] knew he had to
31 make money to help cover the deficit [that] would be created by the double

1 encumbered properties and shortage that would be created at the time of
2 disposition. He wanted time to still fund him buying properties at auction and
3 flipping them, wholesaling them, etc. I talked to Dave about this in January
4 [2014] and he was in agreement with it as long as I received copies of checks
5 and receipts showing that I was paying the trustee.” (Emphasis added.)

6 b. “Dave, my lawyer, negotiated the work out agreement and
7 endorsed the plan. Then when [Menaged] said hey, let me buy some
8 foreclosures, flip them, wholesale them, etc. so I can make money. All the other
9 lenders wouldn’t lend to him. I needed him to make money now more than
10 ever before. We went to Dave, and he gave some constraints on how we were
11 to operate. I have all the documentation. I received copies of checks made out
12 to trustees, receipts from the trustees. I had all my docs signed. I recorded my
13 mortgages. I had evidence of insurance, and I did everything.” (Emphasis
14 added.)

15 352. Clark Hill and Beauchamp claim in their initial disclosure statement, and
16 Beauchamp claimed when he was deposed, that Clark Hill had advised Chittick in
17 January 2014 that it should not give loan proceeds to Menaged and should instead give
18 them to a Trustee. But a jury will find that this is yet another after-the-fact untruth. No
19 documents in Clark Hill’s file – not a letter, email, note or time entry – reflect that the
20 advice was ever given. Moreover, Beauchamp’s deposition testimony that he relied on
21 Anderson to give that advice to Chittick and understood it had been given is belied by
22 Anderson’s deposition testimony, who said he had not done so.

23 353. A jury will reject Clark Hill’s claim and find that DenSco followed
24 Beauchamp’s negligent advice to Chittick that DenSco could continue its long-standing
25 practice of giving loan proceeds directly to Menaged, trusting him to use those funds
26 only to pay a Trustee for property that would be fully secured, with DenSco in first
27 position. As a result, Menaged continued to have direct access to DenSco’s funds,
28 despite the tens of millions of dollars of losses that practice had caused DenSco, which

1 put Menaged in a position to misappropriate those funds, just as he had misappropriated
2 the loan proceeds DenSco had given him in previous years.

3 354. As a direct consequence of Clark Hill's negligence, DenSco suffered
4 substantial losses.

5 355. If Clark Hill had instead advised Chittick that DenSco could never give
6 loan proceeds to Menaged and must instead independently cause those funds to be
7 delivered to a Trustee, Chittick would have followed that advice. Indeed, Chittick
8 acknowledged in his January 9, 2014 email that he "must be missing something."

9 **11.E. Response to 2016 ADFI Investigation**

10 356. 457. In March 2016, Chittick asked Beauchamp to help DenSco respond
11 to another investigation by the Arizona Department of Financial Institutions.
12 Beauchamp worked on the matter during March, April, May and June 2016, billing his
13 time to a "General" matter he had established in January 2013. As with previous
14 inquiries by ADFI, Clark Hill argued that DenSco should not be licensed and regulated
15 by ADFI, which would have included a review of DenSco's lending procedures.

16 **F. Chittick's Suicide**

17 357. 458. Chittick committed suicide on July 28, 2016.

18 358. 459. Shortly before his death, Chittick wrote an "Investor" letter that was
19 never sent to DenSco's investors but was among the business records obtained by the
20 Receiver. Among the statements in that letter are the following: "Why didn't I let all of
21 you know what was going on at any point? It was pure fear. . . . I have 100 investors. I
22 had no idea what everyone would do or want to do or how many would just sue,
23 justifiably. *I also feared that there would be a classic run on the bank. . . I truly*
24 *believe we had a plan that would allow me to continue to operate, my investors would*
25 *receive their interest and redemptions as a normal course of business, and the rest of*
26 *my portfolio was performing. Dave blessed this course of action. (Emphasis added.)*
27 We signed this workout agreement and began executing it."
28

1 359 460. The letter also stated: "Going back to December of 2013, . . .
2 [Menaged] knew he had to make money to help cover the deficit [that] would be
3 created by the double encumbered properties and shortage that would be created at the
4 time of disposition. He wanted time to still fund him buying properties at auction and
5 flipping them, wholesaling them, etc. *I talked to Dave about this in January [2014]*
6 *and he was in agreement with it as long as I received copies of checks and receipts*
7 *showing that I was paying the trustee."* (Emphasis added.)

8 461. —The Receiver is unaware of any evidence that Chittick or Beauchamp
9 informed the investors, prior to Chittick's suicide, of the fraud perpetrated by Menaged
10 in 2013 or the workout plan crafted by Chittick, Menaged, and Beauchamp in 2014.
11 Indeed, in the years following 2014, investors in DenSeco continued to sign subscription
12 agreements prepared by DenSeco which referred to the 2009 POM but did not refer to
13 any updated disclosures.

14 360 462. Chittick also wrote a detailed letter to his sister, Shawna Heuer (aka
15 Iggy), shortly before his death. He wrote: "[Beauchamp] let me get the workout
16 signed[,] not tell the investors[,] and try to fix the problem. That was a huge mistake.
17 . . . Dave did a workout agreement with [Menaged], we were executing to it and making
18 headway, yet Dave never made me tell the investors. . . . I talked Dave my attorney
19 into allowing me to continue without notifying my investors. Shame on him. He
20 shouldn't have allowed me. He even told me once I was doing the right thing."
21 (Emphasis added.)

22 361 463. The letter also stated: "*Dave, my lawyer, negotiated the work out*
23 *agreement and endorsed the plan.* (Emphasis added.) Then when [Menaged] said
24 hey, let me buy some foreclosures, flip them, wholesale them, etc. so I can make
25 money. All the other lenders wouldn't lend to him. I needed him to make money now
26 more than ever before. We went to Dave, and he gave some constraints on how we
27 were to operate. I have all the documentation. I received copies of checks made out to
28

1 trustees, receipts from the trustees. I had all my docs signed. I recorded my mortgages.
2 I had evidence of insurance, and I did everything."

3 362. This "Iggy Letter" contained detailed information about actions Chittick
4 had taken in managing DenSco's affairs, including the location of funds and how he
5 had transferred funds.

6 **43. Events G. After Chittick's Death, Clark Hill Agreed to Represent Both**
7 **DenSco and Chittick's Estate, Despite an Unconsentable Conflict.**

8 363. According to Clark Hill's billing records, Beauchamp learned of
9 Chittick's suicide on Saturday, July 30, 2016 through a telephone call with Robert
10 Koehler and Shawna Heuer. Beauchamp billed his time for that call to the "Business
11 Matters" file he had caused to be established on January 14, 2014.

12 364. Robert Koehler was identified in the 2011 POM, under the heading
13 "Contingency Plan in the Event of Death or Disability of Mr. Chittick." as the person
14 with whom Chittick had entered into a written agreement "to provide or arrange for any
15 necessary services for the Company" upon Chittick's death or disability.

16 365. According to Beauchamp's notes from his July 30, 2016 telephone
17 conversation with Koehler and Heuer, he was told that Chittick had sent him a letter
18 with instructions and a detailed letter to Koehler. Beauchamp wrote that he needed "to
19 get both letters & discuss how to deal w/ this."

20 366. On Sunday, July 31, 2016, Beauchamp exchanged emails with Koehler
21 about scheduling a meeting with Koehler and Heuer the following afternoon.

22 367. Later that day, Beauchamp exchanged emails with Heuer in which
23 Beauchamp approved an email Heuer had drafted to send to DenSco's investors which
24 stated, in part, "[a] meeting with Denny's attorney is planned for Monday, August 1st,
25 to form a course of action."

26 368. Heuer sent the e-mail to DenSco investors during the evening of July 31,
27 2016, forwarding a copy to Beauchamp, who thanked her for doing so.
28

1 369. Heuer sent Beauchamp before their August 1 meeting a copy of Chittick's
2 Investor Letter and gave him at the meeting or in a meeting the following day a copy of
3 the Iggy Letter.

4 370. During the August 1st meeting, Beauchamp agreed that Clark Hill would
5 represent DenSco, reporting to Heuer, and also represent Heuer in her capacity as the
6 personal representative of the Estate of Denny Chittick.

7 371. On August 2, 2016, Beauchamp and other Clark Hill attorneys met with
8 Heuer.

9 372. 464. After Chittick's death, Clark Hill undertook the representation of the
10 Chittick Estate, initiating On August 4, 2016, Clark Hill initiated a probate proceeding
11 on August 4, 2016 and continued to act as counsel for the Estate of Chittick until
12 August 12, 2016

13 373. Clark Hill should not have agreed to represent DenSco after Chittick's
14 death and should have instead terminated the representation because Clark Hill knew,
15 based on its own conduct since September 2013 and knowledge of Chittick's conduct,
16 that DenSco had potential claims against the firm.

17 374. Clark Hill should not have agreed to represent the Estate of Chittick
18 because Clark Hill knew, based on its knowledge of Chittick's conduct, that DenSco
19 had substantial claims against Chittick's Estate for Chittick's gross negligence in
20 managing DenSco's affairs. Indeed, in this litigation Clark Hill has identified the Estate
21 as a non-party at fault and seeks to blame Chittick for DenSco's losses. Moreover, soon
22 after his appointment, the Receiver filed a Notice of Claim in Probate Court against the
23 Estate, based in part on Chittick's gross mismanagement of DenSco and multiple
24 breaches of fiduciary duties Chittick owed DenSco.

25 375. A jury can assume that Clark Hill agreed to continue representing DenSco
26 and jointly represent the Estate of Chittick because it saw those representations as a
27 means to protect itself from liability. The firm's conduct during the months of August,
28

1 September and October 2016 provides further evidence that this was Clark Hill's
2 objective.

3 H. Between August 1 and August 18, 2016, Clark Hill Effectively Ran
4 DenSco's Day-to-Day Affairs.

5 ~~465. Beauchamp then arranged for his former partners at Gammage & Burnham, James~~
6 ~~Polese and Kevin Merritt, to represent the Estate. Although Clark Hill withdrew from~~
7 ~~representing the Estate, Beauchamp remained in close contact with Polese and Merritt,~~
8 ~~sharing information and discussing strategy.~~

9 376. 466. After Chittick's death, Beauchamp, in coordination with Heuer,
10 Polese and Merritt, managed the day-to-day operations of DenSco until the Receiver
11 was appointed on August 18, 2016.

12 377. 467. Beauchamp opened a "Business Wind Down" file to which he
13 charged his time.

14 378. 468. After Chittick's death During that time period, Beauchamp
15 communicated with investors, and representatives of the the Securities Division of the
16 Arizona Corporation Commission (the "ACC"), and the Receiver, which investigated
17 securities law violations by DenSco and initiated on August 17, 2016 a lawsuit alleging
18 that DenSco had violated securities laws and sought the appointment of a receiver.

19 379. Although Clark Hill knew that as securities counsel to DenSco it faced
20 potential claims by the ACC, DenSco's receiver, and/or DenSco's investors, it
21 continued to represent DenSco.

22 380. Clark Hill authored several communications to DenSco's investors
23 between August 1 and August 12, 2016 which failed to disclose information in Clark
24 Hill's possession about Clark Hill's role as DenSco's securities counsel; Chittick's
25 mismanagement of DenSco's lending practices; Chittick's decision to postpone the
26 issuance of a new POM while still selling promissory notes; Chittick's goals in
27 documenting the Forbearance Agreement; the actions Clark Hill had taken to assist
28

1 Chittick; and Clark Hill's negligent advice to Chittick about DenSco's continued
2 lending to Menagcd.

3 381. Clark Hill also failed to provide that information to the ACC.

4 382. The investor communications Clark Hill drafted also suggested that
5 DenSco and its investors would not be well served if a receiver were appointed. For
6 example, in the first email Beauchamp sent to DenSco investors on August 3, 2016, he
7 wrote:

8 ~~469. Beauchamp, who had received and reviewed Chittick's pre-suicide writings and~~
9 ~~the allegations Chittick made in them about Beauchamp's conduct, purposefully~~
10 ~~withheld information about his role, misrepresented facts, and sought to steer the~~
11 ~~ongoing investigation into DenSco's demise away from an examination of his~~
12 ~~negligence and role in assisting Chittick to breach his fiduciary duties.~~

13 470. For example, in the first email Beauchamp sent to DenSco investors on
14 August 3, 2016, Beauchamp wrote: "[T]he problem with DenSco's Troubled
15 Loans developed over time and it will take some time to understand those
16 Troubled Loans [and] how those loans came into existence. . . . If whoever is in
17 charge of DenSco does not work with the Investors, then DenSco will either be
18 put into bankruptcy or have a Receiver appointed, which will incur costs on
19 behalf of the Investors and that will significantly reduce what will be available to
20 return to the Investors. For example, *one of the recent reports concerning
21 liquidation of companies owing money to investors indicated that the costs
22 associated with a bankruptcy or a Receiver can reduce the amount to be paid
23 to investors by almost half or even a much more significant reduction. . . .*
24 *[W]e would like to keep DenSco out of a protracted bankruptcy or a
25 contentious Receivership proceeding.* As indicated above, various studies have
26 shown that the third party costs and legal and other professional fees and costs
27 and the inherent delays in bankruptcy and/or Receivership proceedings can
28 consume more than 35% of the available money that should or would otherwise
be available to be returned to Investors."22 (Emphasis added.)

22 I. Beginning on August 15, 2016, Clark Hill Sought to Conceal Its
23 Negligence and the Assistance It Gave Chittick in His Breach of
24 Fiduciary Duties by Falsely Claiming It Had Terminated Its
25 Representation of DenSco, and Continues to Claim, Without Any
26 Supporting Records, That It Did So.

25 383. During its investigation of potential securities law violations by DenSco,
26 the ACC sought documents from Clark Hill about the firm's work for DenSco.

1 384. It was during that investigation that Clark Hill claimed for the first time
2 that it had terminated its representation of DenSco because Chittick allegedly refused to
3 follow the firm's advice.

4 385. Clark Hill has made inconsistent claims about the alleged termination of
5 its representation of DenSco since August 2016 and continues to claim that the
6 termination occurred despite the absence of any records to support the claim, and
7 records that are inconsistent with the claim.

8 ~~471. On August 17, 2016, the ACC filed an action in Maricopa County Superior Court~~
9 ~~seeking, among other things, the appointment of a receiver for DenSco (the~~
10 ~~"Receivership Court").~~

11 ~~472. The Receiver was appointed on August 18, 2016.~~

12 ~~473. Beauchamp communicated with Polese and Merritt about the selection of~~
13 ~~a receiver who would be unlikely to pursue litigation against individuals and entities~~
14 ~~who had contributed to DenSco's losses, such as the claims now being pursued against~~
15 ~~Beauchamp and Clark Hill in this action.~~

16 ~~474. Beauchamp did not disclose to the ACC or the Receiver information in~~
17 ~~his possession about Chittick's lax lending practices that allowed the first Menaged~~
18 ~~fraud to occur, the circumstances leading to the Forbearance Agreement, the changes to~~
19 ~~DenSco's lending practices DenSco had adopted in January 2014 based on Clark Hill's~~
20 ~~advice, and related matters.~~

21 ~~475. Beauchamp sent other reports to investors which highlighted Menaged's~~
22 ~~role in defrauding DenSco but did not disclose information in Beauchamp's possession~~
23 ~~about Chittick's lax lending practices that allowed the first Menaged fraud to occur, the~~
24 ~~circumstances leading to the Forbearance Agreement, the changes to DenSco's lending~~
25 ~~practices DenSco had adopted in January 2014 based on Clark Hill's advice, and related~~
26 ~~matters.~~

1 476.— Beauchamp sought to prevent information relating to his conduct from
2 being discovered by supporting the Estate's position that a "joint privilege" existed
3 which allegedly arose from Beauchamp's representation of both DenSco and Chittick.

4 477.— Beauchamp made certain written statements about his representation of
5 DenSco after Chittick died which are inconsistent with the facts described above or
6 which are unsupported by any documents in Bryan Cave's or Clark Hill's files.

7 386. 478. For example, The claim was first made on August 15, 2016, when
8 ACC investigator Gary Clapper sent Beauchamp an email which stated, in part: "Can
9 you please get a copy of the forbearance agreement. Since the offering document is
10 updated every two years can you please get copies of all of them."

11 387. 479. Beauchamp responded: "I only have access to some of DenSco's
12 files. Despite my requests, Denny Chittick did not request for all of DenSco's previous
13 files to be transferred to me. In addition, *Denny stopped our efforts to do an updated*
14 *offering memorandum in 2013*, so the initial work on that was never finished. Denny
15 also *did not engage us to prepare an amendment to the offering document or to*
16 *prepare a new disclosure document despite several conversations about that issue.*"
17 (Emphasis added.)

18 388. 480. In an August 17, 2016 declaration he gave at the request of Gammage
19 & Burnham in the receivership action, Beauchamp stated that "*[i]n late 2014 or 2015, I*
20 *ended my formal relationship with Mr. Chittick and DenSco.*"

21 389. 481. In an August 21, 2016 email to DenSco investor Rob Brinkman,
22 Beauchamp first wrote that "*my law firm started preparing the 2013 POM, but we*
23 *were put on hold.* After the Forbearance Agreement was signed by Scott Menaged, *we*
24 *started to amend the 2013 draft POM, but we stopped and withdrew as securities*
25 *counsel for DenSco. Denny was supposed to get other counsel and finish the POM in*
26 *2014, but I do not know if that did happen.*" (Emphasis added.) In a follow-up email
27 to Brinkman, he wrote that "*[t]he 2013 POM was never finalized due to attorney client*
28 *protected issues that I have been instructed not to discuss.*" (Emphasis added.)

1 390. 482. In a February 8, 2017 email to the Receiver's counsel, Beauchamp
2 made the following unsolicited statement: "Please note that my previous reference to
3 'securities work' was for work done PRIOR to when *my firm terminated doing any*
4 *securities or other legal work for DenSco when Denny Chittick refused to send the*
5 *amended Private Offering Memorandum to his investors.* The amended Private
6 Offering Memorandum that we wanted to be sent described the Forbearance Agreement
7 and the changes to the lending criteria and security ratios that DenSco was to follow
8 when making its loans to Borrowers. *I believe that we terminated our representation*
9 *in approximately July 2014."* (Emphasis added.)

10 391. Clark Hill now claims that the firm terminated the representation in May
11 2014, stating in Defendants' initial disclosure statement (at 15) that

12 Mr. Chittick . . . refused to provide the necessary information to complete the
13 POM and refused to approve the description of the workout or the double lien
14 issue. . . .

15 In May 2014, Mr. Beauchamp handed Mr. Chittick a physical copy of the draft
16 POM and asked him what Mr. Chittick's specific issues were with the
17 disclosure. Mr. Chittick responded that there was nothing wrong with the
18 disclosure, he was simply not ready to make any kind of disclosures to his
19 investors at this stage. Mr. Beauchamp again explained that Mr. Chittick had no
20 choice in the matter and that he had a fiduciary duty to his investors to make
21 these disclosures. Mr. Chittick would not budge. Faced with an intransigent
22 client who was now acting contrary to the advice Mr. Beauchamp was
23 providing, and with concerns that Mr. Chittick may not have been providing
24 any disclosures to anyone since January 2014, Mr. Beauchamp informed Mr.
25 Chittick that Beauchamp and Clark Hill could not and would not represent
26 DenSco any longer. Mr. Beauchamp also told Chittick that he would need to
27 retain new securities counsel, not only to provide the proper disclosure to
28 DenSco's investors, but to protect DenSco's rights under the forbearance
agreement. Mr. Chittick suggested that he has already started that process and
was speaking with someone else.

23 392. But there is not a single document in Clark Hill's file to support this
24 claim, such as a termination letter that law firms commonly send when ending a client
25 relationship and especially when a law firm believes a client is disregarding advice
26 given by the firm.

1 393. Moreover, Clark Hill makes this claim despite numerous documents in its
2 files reflecting that Clark Hill never terminated the representation and continued to
3 represent DenSco after May 2014. Those documents include:

4 a. Documents generated in June 2014 which reflected work Clark
5 Hill performed to amend the Forbearance Agreement and correct errors the firm
6 had made when the Forbearance Agreement was signed in April 2014. Chittick
7 and Menaged signed those documents on June 18, 2014.

8 b. In May, June, July and August 2014, Beauchamp sent Chittick
9 billing statements for work performed for DenSco through transmittal letters that
10 stated: "Thank you again for allowing Clark Hill and me to provide legal
11 services to DenSco Investment Corporation. If you have any question or if we
12 can assist you with any other matter(s), please let me know."

13 c. As noted above, when Chittick asked Clark Hill to respond to the
14 ADFI inquiry in March 2016, Beauchamp billed his time to the "General" matter
15 Clark Hill had established in January 2014.

16 d. As noted above, after Chittick's death, Beauchamp billed his time
17 to the "Business Matters" file Clark Hill had established in January 2014.

18 **14. Actions Taken by the Receiver**

19 ~~482. After his appointment, the Receiver took possession of and analyzed DenSco's~~
20 ~~books and records, issuing a preliminary report on September 19, 2016.~~

21 ~~484. On December 9, 2016, the Receiver filed a notice of claim in the probate~~
22 ~~court against the Estate of Denny Chittick, asserting, inter alia, claims that Chittick had~~
23 ~~breached fiduciary duties owed DenSco.~~

24 ~~485. The Estate issued a notice of disallowance of the claim on February 3,~~
25 ~~2017.~~

1486. ~~On December 23, 2016, the Receiver issued a status report. That report contains,~~
2 ~~among other things, the Receiver's conclusion that DenSco was insolvent in January~~
3 ~~2014.~~

4487. ~~The Receiver monitored and took part in a bankruptcy proceeding that Menaged~~
5 ~~initiated. Among other things, the Receiver's counsel conducted an examination of~~
6 ~~Menaged, and the Receiver filed an adversary complaint and a complaint to determine~~
7 ~~nondischargeability.~~

8488. ~~On March 17, 2017, the Receiver filed a petition with the Receivership Court~~
9 ~~seeking to retain special counsel to investigate potential claims against Beauchamp and~~
10 ~~Clark Hill. The petition was granted on April 27, 2017.~~

11 489. On June 22, 2017e. On June 22, 2017, approximately six months
12 before this lawsuit was filed, Clark Hill submitted two proofs of claim to the
13 Receiver, seeking \$53,820.00 for work performed between June 1, 2016 and
14 August 17, 2016, and \$23,046.00 for work performed between August 18, 2016
15 and September 30, 2016. Clark Hill claimed in an accompanying affidavit that
16 "In *filn* 2016 and earlier, the Firm represented DenSco Investment
17 Corporation," providing "general business advice and representation," and that
18 "[a]fter the death of DenSco's principal, in July 2016, the Firm transitioned the
19 subject matter of its work to advice and guidance to DenSco to assist in winding
20 down its business." (Emphasis added.) Clark Hill did not claim then that it had
21 terminated its representation of DenSco at any previous time.

22 394. In claiming that Clark Hill had, in fact, terminated its representation of
23 DenSco in May 2014 – a claim verified by Clark Hill's General Counsel – Clark Hill
24 concealed material information it should have disclosed pursuant to Rule 26.1. It was
25 only after the Receiver's counsel served written discovery on Clark Hill that Clark Hill
26 disclosed that it did not close until May 2018 – *after* receiving the Receiver's written
27 discovery -- the files Clark Hill had opened in September 2013 to prepare a new POM
28

1 and in January 2014 for the "lien workout." The files established for DenSco's
2 "General" and "Business Matters" were never closed and remain open.

3 **J. Clark Hill Colluded With the Estate of Chittick to Prevent the**
4 **Receiver From Obtaining Material Information.**

5 395. Clark Hill did not internally consider the conflicts created by its joint
6 representation of DenSco and the Chittick Estate until an investor raised the issue on
7 August 10, 2016.

8 396. Clark Hill referred Heuer to lawyers whom Clark Hill believed would
9 aggressively protect the Estate from potential claims by investors and the Receiver –
10 Beauchamp's former colleagues at Gammage & Burnham: James Polese and Kevin
11 Merritt.

12 397. Clark Hill then began colluding with Gammage & Burnham to protect the
13 Chittick Estate and Clark Hill from the Receiver.

14 398. Among other evidence of such collusion are emails exchanged between
15 Polese, Merrick and Beauchamp about seeking the appointment of a receiver other than
16 the Receiver.

17 399. Moreover, shortly before the August 18, 2016 hearing at which the
18 Receiver was appointed, Beauchamp, with the assistance and approval of Clark Hill's
19 Assistant General Counsel, prepared a declaration for the Estate to submit to the
20 Receivership Court which Beauchamp has since acknowledged falsely stated that Clark
21 Hill had jointly represented DenSco and Chittick individually.

22 400. During the August 18, 2016 hearing, neither Beauchamp nor Clark Hill's
23 Assistant General Counsel corrected false statements by the Estate's counsel to the
24 effect that Clark Hill had jointly represented DenSco and Chittick personally.

25 401. That claim was integral to the Estate's successful effort to obtain
26 language in the Order appointing the Receiver which recognized the existence of the
27 spurious joint representation claim and materially limited the Receiver's ability to
28 promptly and efficiently obtain relevant records from Clark Hill's files.

1 402. The Estate and Clark Hill used the Order as an excuse to decline to
2 provide the Receiver with immediate access to relevant records, such as the Iggy Letter,
3 and to “slow walk” Clark Hill’s production of its files to the Receiver.

4 403. The Receiver’s counsel sent a letter demanding the immediate production
5 of the files on August 29, 2016. Clark Hill did not produce them until October 13,
6 2016, and only after making multiple demands. During this time period, Clark Hill’s
7 Office of General Counsel was actively involved and directed the firm’s response to the
8 Receiver’s demands.

9 404. In the interim, Clark Hill and the Estate continued using the false claim
10 that Clark Hill had jointly represented DenSco and Chittick personally to delay
11 providing relevant information to the Receiver.

12 405. The Estate also proposed, with Clark Hill’s implicit consent, a “common
13 interest” agreement between the Estate, DenSco (represented by Clark Hill) and the
14 Receiver, which falsely stated that because of the alleged joint representation by Clark
15 Hill of DenSco and Chittick personally, the Estate, DenSco and the Receiver had a
16 common interest in defending lawsuits that investors might pursue.

17 406. After finally receiving Clark Hill’s files in October 2016, the Receiver
18 discovered critical documents, such as the Iggy Letter, that the Estate had sought to
19 prevent the Receiver from obtaining under a claim of personal privilege. That
20 document contained information that was material to claims the Receiver later brought
21 against the Estate of Chittick. Without the document, the Receiver had been required to
22 devote substantial resources to independently discovering information contained in the
23 Iggy Letter.

24 **K. Actions Taken by the Receiver**

25 407. After his appointment, the Receiver took possession of and analyzed
26 DenSco’s books and records, issuing a preliminary report on September 19, 2016,
27 which the Receiver incorporates by reference in this disclosure statement.
28

1 408. On December 9, 2016, the Receiver filed a notice of claim in the probate
2 court against the Estate of Denny Chittick, asserting, inter alia, claims that Chittick had
3 breached fiduciary duties owed DenSco.

4 409. The Estate issued a notice of disallowance of the claim on February 3,
5 2017.

6 410. On December 23, 2016, the Receiver issued a status report, which the
7 Receiver incorporates by reference in this disclosure statement. That report contains,
8 among other things, the Receiver's conclusion that DenSco was insolvent in January
9 2014.

10 411. The Receiver monitored and took part in a bankruptcy proceeding that
11 Menaged initiated. Among other things, the Receiver's counsel conducted an
12 examination of Menaged, and the Receiver filed an adversary complaint and a
13 complaint to determine nondischargeability, and obtained a judgment against Menaged.

14 412. On June 22, 2017, Clark Hill submitted two proofs of claim to the
15 Receiver, which are discussed above.

16 413. 490. On September 14, 2017, the Receiver filed a petition with the
17 Receivership Court seeking to file this action. The petition was granted on October 10,
18 2017.

19 414. 491. On September 25, 2017, the Receiver filed in the Receivership Court
20 Petition No. 37 – Petition for Approval of Receiver's Final Recommendations
21 Approving Claims in DenSco Receivership, in which the Receiver recommended that
22 Clark Hill's claims be denied "because the Receiver has determined that Clark Hill had
23 a conflict of interest that precluded it from performing the legal services without
24 violating fiduciary duties to DenSco. Despite providing Clark Hill with notice of the
25 Receiver's recommendation of the denial of its two claims and a copy of the Claims
26 Report, Clark Hill failed to object or respond to the Receiver's recommendation that
27 their two non-investor claims submitted by Clark Hill be denied." The Petition was
28 granted on October 27, 2017.

1 415. 492: This action was filed on October 16, 2017.

2 416. 493: On December 22, 2017, the Receiver issued a status report describing
3 the status of the receivership, which the Receiver incorporates by reference in this
4 disclosure statement.

5 **II. LEGAL BASIS FOR CLAIMS**

6 **A. Count One (Legal Malpractice)**

7 The Receiver asserts that Defendants were negligent. To sustain that claim, the
8 Receiver “must prove the existence of a duty, breach of duty, that the defendant’s
9 negligence was the actual and proximate cause of injury, and the ‘nature and extent’ of
10 damages.” *Glaze v. Larsen*, 207 Ariz. 26, 29, ¶ 12, 83 P.3d 26, 29 (2004) (citing
11 *Phillips v. Clancy*, 152 Ariz. 415, 418, 733 P.2d 300, 303 (App. 1986)).

12 That Defendants owed a duty to DenSco is undisputed, established by, *inter alia*,
13 the engagement letter Clark Hill issued in September 2013.

14 The Receiver ~~will establish~~ anticipates establishing, through expert testimony,
15 that Defendants ~~Clark Hill~~ fell below the standard of care by, *inter alia*, ~~(i) failing to~~
16 ~~properly advise DenSco during the first week of January 2014 after learning of the first~~
17 ~~Menaged fraud and Chittick’s plans to continue doing business with Menaged; and (ii))~~
18 failing to advise DenSco at the outset of the representation that DenSco could not sell
19 any promissory notes without first issuing a new POM; (ii) failing to advise DenSco of
20 the consequences of having previously sold promissory notes without an adequate
21 disclosure document; (iii) accepting the responsibility of preparing a new POM and
22 then following Chittick’s instruction not to perform work on the new POM until
23 Chittick wished to do so, knowing that DenSco was continuing its business operations
24 and selling promissory notes to rollover investors and others; (iv) failing to properly
25 advise DenSco during the first week of January 2014 about the actions DenSco was
26 required to take in light of the loan losses caused by Chittick’s gross mismanagement of
27 DenSco’s lending practices and Chittick’s intent to pursue a “work out” with Menaged;
28 (v) advising DenSco that it could sell promissory notes without first issuing a new POM

1 and could continue its business operations, including the sale of promissory notes,
2 while indefinitely delaying the issuance of a new POM; (vi) negligently advising
3 DenSco during January 2014 about the procedures DenSco should employ in
4 documenting the loans DenSco made to Menaged after discovering the first Menaged
5 fraud loaning monies to Menaged; and (vii) failing to withdraw from the representation
6 of DenSco when it was apparent that Chittick intended to take actions that were harmful
7 to the interests of DenSco and its creditors, including its investors.

8 The Receiver will establish that, but for Defendants' negligence, DenSco would
9 not have sold more than \$8 million of promissory notes between September and
10 December 2013, and more than \$5 million of promissory notes between January and
11 May 2014. Without such sales, and Chittick's decision to cause DenSco to pursue the
12 Forbearance Agreement, rather than to seek to recover from Menaged the losses caused
13 by Chittick's gross mismanagement of DenSco's lending practices, DenSco would not
14 have suffered losses on the loans DenSco made to Menaged through the Forbearance
15 Agreement as well as the "non-workout" loans that DenSco made to Menaged, and that
16 these. Those losses were reasonably foreseeable to Beauchamp and others at Clark
17 Hill.

18 The Receiver alternatively asserts that Defendants Clark Hill and Beauchamp
19 breached fiduciary duties they owed DenSco. "[T]he essential elements of legal
20 malpractice based on breach of fiduciary duty include the following: (1) an attorney-
21 client relationship; (2) breach of the attorney's fiduciary duty to the client; (3)
22 causation, both actual and proximate; and (4) damages suffered by the client." *Cecala*
23 v. Newman, 532 F. Supp. 2d 1118, 1135 (D. Ariz. 2007) (internal citations omitted).

24 The Receiver will establish through expert testimony that Defendants breached
25 their duty of loyalty to their only client, DenSco, by taking actions after January 9, 2014
26 that were intended to advance Chittick's rather than DenSco's interests, and by failing
27 to take actions that would have advanced DenSco's interests. The Receiver will
28

1 establish that, but for Defendants' breach of fiduciary duty, DenSco would not have
2 suffered losses on the loans DenSco made to Menaged through the Forbearance
3 Agreement as well as the "non-workout" loans that DenSco made to Menaged, and that
4 those losses were reasonably foreseeable to Beauchamp and others at Clark Hill.

5 In addition to the loan losses DenSco suffered as a result of Defendants' breach
6 of fiduciary duty, DenSco also seeks an order requiring Clark Hill to disgorge fees it
7 received from DenSco for work performed after Clark Hill breached its fiduciary duties.
8 DenSco relies on Restatement (Third) of the Law Governing Lawyers § 37, which
9 states: "A lawyer engaging in clear and serious violation of duty to a client may be
10 required to forfeit some or all of the lawyer's compensation for the matter.
11 Considerations relevant to the question of forfeiture include the gravity and timing of
12 the violation, its willfulness, its effect on the value of the lawyer's work for the client,
13 any other threatened or actual harm to the client, and the adequacy of other remedies."
14 The Receiver relied on § 37 in denying Clark Hill's proofs of claim.

15
16 **B. Count Two (Aiding and Abetting Breach of Fiduciary Duty)**

17 The Receiver asserts that ~~Defendants Clark Hill and Beauchamp~~ aided and
18 abetted Chittick in breaching fiduciary duties Chittick owed DenSco. Arizona
19 recognizes that "lawyers have no special privilege against civil suit" and are "subject to
20 liability to a client or nonclient when a nonlawyer would be in similar circumstances"
21 including claims for aiding and abetting. *Chalpin v. Snyder*, 220 Ariz. 413, 424, ¶¶ 44-
22 45, 207 P.3d 666, 677 (2008) (internal citations omitted). It is also generally
23 recognized that "a corporate attorney may be liable . . . for aiding and assisting the
24 directors and officers in breaching their fiduciary duties." 3 William Fletcher,
25 *Cyclopedia of the Law of Private Corporations* § 839.10 (Apr. 2018 update).

26 To sustain this claim, the Receiver must establish that: "(1) [Chittick breached a
27 fiduciary duty he owed DenSco] causing injury to [DenSco]; (2) [Defendants] knew
28 [Chittick] breached a duty; (3) [Defendants] substantially assisted or encouraged

1 [Chittick] in the breach; and (4) a causal relationship exists between the assistance or
2 encouragement and [Chittick's] breach." *Security Title Agency, Inc. v. Pope*, 219 Ariz.
3 480, 491, ¶ 44, 200 P. 3d 977, 988 (App. 2008).

4 Chittick, as DenSco's only director and officer, owed fiduciary duties to
5 DenSco. "In Arizona a director of a corporation owes a fiduciary duty to the
6 corporation and its stockholders. This duty is in the nature of a trust relationship"
7 *Atkinson v. Marquart*, 112 Ariz. 304, 306, 541 P.2d 556, 558 (1975) (citations omitted).
8 These fiduciary duties are both "implied by law," *Dooley v. O'Brian*, 226 Ariz. 149,
9 154, ¶ 18, 244 P.3d 586, 591 (App. 2010), and codified by statute. *See* A.R.S. § 10-830
10 (duties of directors); A.R.S. § 10-842 (duties of officers).

11 ~~"[T]he duties of a director or officer of a corporation are implied by law."~~
12 ~~*Dooley v. O'Brian*, 226 Ariz. 149, 154, ¶ 18, 244 P.3d 586, 591 (App. 2010). Chittick,~~
13 ~~as DenSco's only director and officer, had a fiduciary duty "to use [his] ability to~~
14 ~~control the corporation in a fair, just, and equitable manner. . . ." *Jones v. J.F.*~~
15 ~~*Ahmanson & Co.*, 1 Cal. 3d 93, 101, 460 P.2d 464, 471 (1969). *See also* A.R.S. § 10-~~
16 ~~830 (duties of directors); A.R.S. § 10-842 (duties of officers). These Chittick also~~
17 ~~owed fiduciary duties to DenSco's creditors, including its investors. Under Arizona~~
18 ~~law, a director's fiduciary duties "can apply even to creditors when a corporation enters~~
19 ~~the zone of insolvency, without regard to the terms of the underlying contracts."~~
20 ~~*Dooley*, 226 Ariz. at 154, ¶ 18, 244 P.3d at 591. "Once a corporation becomes~~
21 ~~insolvent, the creditors join the class of persons to whom directors owe a fiduciary duty~~
22 ~~to maximize the economic value of the firm for *all* of the firm's creditors." *Dawson v.*~~
23 ~~*Withycombe*, 216 Ariz. 84, 107, ¶ 71, 163 P.3d 1034, 1057 (2008). As set forth above,~~
24 ~~Chittick breached his duties as an officer and director of DenSco.~~

25 Among Chittick's duties was the duty of loyalty. He was required to act in
26 "good faith" and in the manner he "reasonably believe[d] to be in the best interests of
27 the corporation." A.R.S. § 10-830(A)(1), (3); A.R.S. § 10-842(A)(1), (3). "The duty of
28 loyalty mandates that the best interest of the corporation . . . take precedence over any

1 interest possessed by a director.” Fletcher, *supra*, at § 837.60; see also *AMERCO v.*
2 *Shoen*, 184 Ariz. 150, 160, 907 P.2d 536, 546 (App. 1995) (approving jury instruction
3 to the effect that “defendants were obliged to place the corporation’s interest before
4 their own”). Loyalty therefore includes “a duty to disclose information to those who
5 have a right to know the facts.” Fletcher, *supra*, at § 837.50.

6 Chittick also owed a separate duty of care. He was required to exercise a “high
7 degree of care,” *Atkinson*, 112 Ariz. at 306, 541 P.2d at 558, including “the care an
8 ordinarily prudent person in a like position would exercise under similar
9 circumstances.” A.R.S. §§ 10-830(A)(2), 10-842(A)(2). Care includes ensuring that
10 the corporation complies with the law. See, e.g., *Big 4 Advert. Co. of Phx. v. Clingan*,
11 15 Ariz. 34, 38, 135 P. 713, 715 (1913) (“It is the duty of the board of directors to see
12 that the law’s requirements are observed.”).

13 Care also includes investigation. For example, “[t]he existence of a ‘red flag’
14 that might cause suspicion may require a director to make reasonable inquiries.”
15 Fletcher, *supra*, at § 1034.80. While the business judgment rule sometimes calls for
16 judicial deference to a director’s decision, that rule does not apply when, for instance,
17 the director fails to gather “all material information reasonably available” or is
18 “personally interested” in the decision. *Resolution Trust Corp. v. Dean*, 854 F. Supp.
19 626, 636, 644 (first quoting *Blumenthal v. Teets*, 155 Ariz. 123, 128, 745 P.2d 181, 186
20 (App. 1987); then citing *Shoen v. Shoen*, 167 Ariz. 58, 65, 804 P.2d 787, 794 (App.
21 1990)); see also Fletcher, *supra*, at § 1040 (“To gain the protection of the business
22 judgment rule, a director must have been disinterested, independent, and informed.”).
23 Even under the business judgment rule, a director still is liable for “gross negligence.”
24 *Resolution Trust Corp.*, 854 F. Supp. at 635; see also Fletcher, *supra*, at § 1040 (“[T]he
25 presumptions arising from the business judgment rule may be overcome by showing
26 irrationality or inattention on the part of corporate officers or directors.”).

27 Clark Hill knew that Chittick owed fiduciary duties to DenSco and its investors,
28 as is evidenced by numerous emails Beauchamp authored. See, e.g., Feb. 4, 2014 Email

1 from Beauchamp to Chittick, at DIC0006673 (“you cannot obligate DenSco to further
2 help Scott, because that would breach your fiduciary duty to your investors.”); Feb. 9,
3 2014 Email from Beauchamp to Chittick, at DIC0006703 (“Denny: Please understand
4 that you are limited in what risk or liability you can assume. Your fiduciary duty to
5 your investors makes this a difficult balancing act.”); Feb. 14, 2014 Email from
6 Beauchamp to Chittick, at DIC0006698 (“Unfortunately, it is not your money. It is
7 your investors’ money. So you have a fiduciary duty.”).

8 Clark Hill continues to acknowledge that Chittick owed these duties. See
9 Defendants’ Fifth Supplemental Rule 26.1 Disclosure Statement at 12-13, 15 (referring
10 to Chittick’s “fiduciary duty” to DenSco’s investors); see also Deposition of David
11 George Beauchamp, 7/19/2018, at 135:8-10 (stating that Chittick’s “fiduciary duty was
12 to DenSco and the investors”), 157:19-21 (“Q. Mr. Beauchamp, DenSco owed
13 fiduciary duties to its investors. True? A. Correct.”), 162:17-20 (“Q. You understand
14 that DenSco owed a duty of loyalty to its investors. That’s part of a fiduciary duty,
15 correct? A. Correct.”), 172:22-173:1 (“Q. . . . DenSco has a fiduciary duty to disclose
16 material facts to its investor. True? A. That is correct.”), 330:24-331:3 (“Q. . . .
17 DenSco had a fiduciary duty of loyalty and disclosure to its investors. True? A.
18 Correct.”); 337:11-15 (“Q. DenSco had a fiduciary duty of diligence to its investors,
19 True? [Objection to form.] A. It had a fiduciary duty to use sound business judgment
20 in doing the loans, yes.”).

21 Chittick breached these fiduciary duties by, *inter alia*,

- 22 • failing to acquire the manpower and resources necessary to effectively
- 23 manage DenSco’s ever-increasing loan volume;
- 24 • using lax and grossly negligent lending practices that violated the terms of
- 25 DenSco’s loan documents and representations made to investors in
- 26 DenSco’s POMs;
- 27 • instructing Clark Hill not to do any work on a new POM while causing
- 28 DenSco to continue selling promissory notes between September and

December 2013;

- failing to acknowledge that the loan losses evident from Bryan Cave's January 6, 2014 demand letter and the claims of other hard money lenders were the result of his own grossly negligent practice of disbursing loan proceeds to Menaged, contrary to the terms of the Mortgage form and representations made to investors in DenSco's POMs;
- failing to question, much less investigate, the veracity of Menaged's claim that his "cousin" had caused those losses;
- failing to investigate where the funds supposedly taken by Menaged's "cousin" had gone;
- pursuing a work out plan with Menaged that was not in the best interests of DenSco and its investors and other creditors, instead of pursuing legal remedies against Menaged;
- deciding to continue giving loan proceeds directly to Menaged, rather than a Trustee, contrary to the terms of the Mortgage form and representations made to investors in DenSco's POMs;
- causing DenSco to sell promissory notes between January and May 2014 without first issuing a new POM;
- instructing Clark Hill to not do more work on a new POM other than the limited work that Clark Hill performed in May 2014 to prepare a new POM; and
- causing DenSco to sell promissory notes between June 2014 and June 2016 without first issuing a new POM;

Defendants' knowledge of Chittick's breaches of fiduciary duty can be inferred from the circumstances. *Pope*, 219 Ariz. at 491, ¶ 45, 200 P. 3d at 988. Indeed, some courts have held that "[c]onstructive knowledge is adequate when the aider and abettor has maintained a long-term or in-depth relationship with the fiduciary." *Chem-Age Industries, Inc. v. Glover*, 652 N.W. 2d 756, 775 (S.D. 2002) (internal citation omitted).

1 The facts set forth above demonstrate Clark Hill's intimate knowledge of, and
2 participation in, Chittick's breaches of fiduciary duty.

3 Causation "requires proof of a causal connection between the defendant's
4 assistance or encouragement and the primary tortfeasor's commission of the tort,
5 although 'but for' causation is not required." *Pope*, 219 Ariz. at 491, ¶ 47, 200 P.3d
6 at 988. "The test is whether the assistance makes it 'easier' for the violation to occur,
7 not whether the assistance was necessary." *Wells Fargo Bank v. Ariz. Laborers,*
8 *Teamsters & Cement Masons Local No. 395 Pension Trust Fund*, 201 Ariz. 474, 485, ¶
9 31, 38 P.3d 12, 23 (2002). *Cf. Granewich v. Harding*, 329 Or. 47, 59, 985 P.2d 788,
10 800 (1999) (allegation that lawyer for corporate client took actions "outside the scope
11 of any legitimate employment on behalf of the corporation" sufficient to allege
12 substantial assistance in aiding and abetting non-client corporate constituent's breach of
13 fiduciary duties).

14 The facts set forth above demonstrate that Clark Hill provided substantial
15 assistance to Chittick's breaches of fiduciary duty over an extended period of time.

16 **C. Punitive Damages**

17 The Receiver seeks punitive damages. To recover punitive damages, the
18 Receiver must "prove by clear and convincing evidence that the defendant engaged in
19 aggravated and outrageous conduct with an 'evil mind.' A defendant acts with the
20 requisite evil mind when he intends to injure or defraud, or deliberately interferes with
21 rights of others, 'consciously disregarding the unjustifiable substantial risk of
22 significant harm to them.' Important factors to consider when deciding whether a
23 defendant acted with an evil mind include (1) the reprehensibility of defendant's
24 conduct and the severity of the harm likely to result, (2) any harm that has occurred,
25 (3) the duration of the misconduct, (4) the defendant's awareness of the harm or risk of
26 harm, and (5) any concealment of it." *Hyatt Regency Phoenix Hotel Co. v. Winston &*
27 *Strawn*, 184 Ariz. 120, 132, 907 P.2d 506 (App. 1995) (citations omitted).

28 Punitive damages are appropriately awarded when, as here, an attorney breaches

1 fiduciary duties, acts out of self-interest, and attempts to conceal his misconduct. *See*,
2 *e.g.*, *Elliott v. Videan*, 164 Ariz. 113, 791 P.2d 639 (App. 1989) (punitive damages were
3 appropriate where attorney had conflict of interest, concealed it from client, and acted
4 to benefit at client's expense); *Asphalt Engineers v. Galusha*, 160 Ariz. 134, 770 P.2d
5 1180 (App. 1989) (affirming award of punitive damages against attorney who breached
6 ethical duties to his client and concealed his misconduct).

7 "[Clark Hill] can be vicariously liable in punitive damages for acts that its
8 partner [Beauchamp] performed in the ordinary course of the partnership's business."
9 *Hyatt Regency*, 184 Ariz. at 130, 907 P.2d at 130.

10 The Receiver has established a prima facie case for punitive damages based on
11 Beauchamp's and Clark Hill's: (i) aiding and abetting Denny Chittick's breaches of
12 fiduciary duty to DenSco and investors of DenSco, which in turn breached duties they
13 owed DenSco; (ii) conflicts of interest; and (iii) actions taken to conceal their
14 misconduct.

15 Evidence of that prima facie case is drawn from the documents produced by
16 Clark Hill to date, Clark Hill's Rule 26.1 Initial Disclosure Statement, Beauchamp's
17 answers to interrogatories, and the depositions and exhibits thereto of Beauchamp,
18 Daniel Schenck, and Robert Anderson. Without limiting the evidence on which the
19 Receiver may rely, the evidence developed to date includes the following facts or
20 inferences drawn therefrom:

21 a. When Clark Hill undertook the representation of DenSco in
22 September 2013, it knew through Beauchamp that DenSco's 2011 POM had expired on
23 July 1, 2013 and that DenSco had not issued a new POM, even though one-half of
24 DenSco's investors held promissory notes that were due to expire, and would almost
25 certainly be renewed through the sale of new promissory notes between July and
26 December 2013. Despite that knowledge, Clark Hill and Beauchamp agreed with
27 Chittick, as a condition of opening a file to prepare a new POM, that the firm would do
28 no work on a new POM until Chittick instructed Clark Hill to do so.

1 b. As a result of Clark Hill's and Beauchamp's knowing participation
2 in this breach of fiduciary duty by Chittick, DenSco sold more than \$8 million of
3 promissory notes between September and December 2013 to investors who did not
4 receive a new POM, and were unaware of DenSco's perilous financial condition and
5 Chittick's gross mismanagement of DenSco's loan portfolio. Those investors would
6 not have purchased promissory notes if they had known those facts. Without those
7 funds, and funds DenSco raised thereafter through Clark Hill's and Beauchamp's
8 assistance, DenSco could not have continued operating.

9 c. In January 2014, Clark Hill and Beauchamp received clear,
10 unequivocal evidence that Chittick's mismanagement of DenSco's loan portfolio,
11 specifically his decision to give loaned funds directly to borrowers, rather than to a
12 Trustee, as DenSco's loan documents required and as DenSco's POMs had represented,
13 had resulted in a potential loss to DenSco of between \$11.6 and \$14.5 million, or
14 between 25% and 30% of the \$47 million that Clark Hill understood DenSco had raised
15 as of June 2013.

16 d. Clark Hill and Beauchamp knew that DenSco's interests and
17 Chittick's interests were then in conflict, and that DenSco was their only client.

18 e. Clark Hill and Beauchamp nevertheless advised Chittick that:
19 (1) he could pursue a "work out" with Menaged that was eventually documented in the
20 Forbearance Agreement which was not in DenSco's interests and was intended to
21 protect Chittick from claims by DenSco's investors; (2) DenSco could continue to sell
22 promissory notes without issuing a new POM; and (3) DenSco could continually delay
23 the issuance of a new POM while Chittick pursued this workout plan.

24 f. Clark Hill and Beauchamp acted out of their own self-interest
25 knowing that if DenSco instead terminated its relationship with Menaged and informed
26 its investors of the Chittick's mismanagement, Clark Hill and Beauchamp faced
27 potential claims by investors who had purchased \$8 million of promissory notes from
28 DenSco without adequate disclosure during the four-month period that Clark Hill and

1 Beauchamp had been advising the firm on securities law matters, but failed to advise
2 Chittick that DenSco could not sell those notes without first issuing a new POM and
3 had abided by Chittick's instruction not to prepare the new POM the firm had been
4 retained to prepare.

5 g. In January 2014, Clark Hill knew that Menaged was an unreliable
6 creditor, that Chittick had flagrantly disregarded DenSco's lending documents and
7 representations made to investors through DenSco's previous POMs by giving millions
8 of loaned funds directly to Menaged, rather than to a Trustee. Clark Hill also knew that
9 Chittick needed to continue loaning money to fund the planned "work out" and wanted
10 to continue his past practice of giving loaned funds directly to Menaged. Rather than
11 tell Chittick that his past practices were a breach of fiduciary duty and could not
12 continue, Clark Hill acquiesced in Chittick's plan to continue giving loaned funds
13 directly to Menaged, thereby exposing DenSco and its investors to even greater losses
14 than those caused by Chittick's gross mismanagement before that date.

15 h. With Clark Hill's knowing assistance, Chittick caused DenSco to
16 sell more than \$5 million of promissory notes between January and May 2014 to
17 investors who did not receive a new POM, and were unaware of DenSco's perilous
18 financial condition, Chittick's gross mismanagement of DenSco's loan portfolio, and
19 his pursuit of a "work out" with Menaged that was not in DenSco's interests and
20 exposed the company and its investors to additional financial loss. Those investors
21 would not have purchased promissory notes if they had known those facts. Without
22 those funds, and funds DenSco raised thereafter through Clark Hill's assistance,
23 DenSco could not have continued operating.

24 i. In May 2014, at Chittick's request, Clark Hill agreed to stop the
25 minimal steps it had taken to prepare a new POM and assured Chittick that DenSco
26 could continue its operations, including the sale of promissory notes, while indefinitely
27 delaying the issuance of a new POM.

1 j. Clark Hill continued to represent DenSco, awaiting his decision to
2 finally direct the firm to finish preparing a new POM. Chittick continue to operate
3 DenSco, selling still more promissory notes to investors who did not receive a new
4 POM and were not given information about DenSco's financial condition and Chittick's
5 management of the company.

6 k. After Chittick's death, Clark Hill and Beauchamp failed to
7 withdraw from representing DenSco despite their knowledge of Chittick's
8 mismanagement of DenSco and evidence that Chittick blamed Clark Hill and
9 Beauchamp for having negligently represented DenSco.

10 l. In addition to undertaking that conflicted representation, Clark Hill
11 and Beauchamp agreed to also represent the Estate of Denny Chittick, despite knowing
12 that the interests of DenSco and the Estate were adverse, because DenSco had
13 substantial claims against the Estate arising from Chittick's multiple breaches of
14 fiduciary duty he owed DenSco.

15 m. Clark Hill and Beauchamp sought to represent DenSco and the
16 Estate because it hoped to cover up evidence of its own misconduct and deter the ACC,
17 investors, or the Receiver from pursuing claims against them.

18 n. As part of their plan to protect themselves from liability, Clark Hill
19 and Beauchamp began stating, during their representation of DenSco, that they had
20 terminated their representation of DenSco because of Chittick's alleged failure to
21 follow their advice. They continued to make that claim and have done so in this
22 litigation. The Receiver believes the claims are untrue, as they are: (1) contrary to
23 Clark Hill's and Beauchamp's actual course of conduct; (2) not evidenced by any
24 document; (3) in conflict with certain documents in Clark Hill's possession, some of
25 which Clark Hill failed to disclose; and (4) inconsistent with what a reasonable law firm
26 would have done if it had, in fact, terminated the representation of a client who failed to
27 follow the firm's advice and was engaging in violations of law.

1 o. Clark Hill and Beauchamp also colluded with the Estate and its
2 counsel to conceal material information from the Receiver and/or delay his receipt of
3 that information by, among other things, making knowing false statements to the
4 Receivership Court. Clark Hill did so with the knowledge and participation of its
5 Office of General Counsel.

6 **III. ANTICIPATED TRIAL WITNESSES**

7 ~~The Receiver has not yet determined which witnesses he will call at the trial of~~
8 ~~this matter.~~ presently anticipates calling the following witnesses:

9 1. David Beauchamp (c/o John DeWulf, Coppersmith Brockelman,
10 PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr.
11 Beauchamp will testify about the facts set forth above in a manner consistent with the
12 deposition testimony he has given in this matter.

13 2. Robert Anderson (c/o John DeWulf, Coppersmith Brockelman,
14 PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999):
15 Consistent with his deposition testimony, Mr. Anderson will testify that he did not
16 undertake any effort to advise DenSco about deficiencies in its lending practices during
17 January 2014, as Mr. Beauchamp claimed in his deposition. Mr. Anderson may testify
18 on other matters addressed during his deposition.

19 3. Daniel Schenck (c/o John DeWulf, Coppersmith Brockelman,
20 PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr.
21 Schenck will testify that he did not undertake any effort to advice DenSco about
22 deficiencies in its lending practices during January 2014, as Mr. Beauchamp claimed in
23 his deposition. Mr. Schenck may testify about other matters addressed during his
24 deposition.

25 4. Mark Sifferman (c/o John DeWulf, Coppersmith Brockelman,
26 PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr.
27 Sifferman, Clark Hill's former Assistant General Counsel, will testify about his actions
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1 in reviewing and revising Beauchamp's declaration that was submitted to the
2 Receivership Court, his attendance at the August 18, 2016 hearing, and other matters
3 addressed during his deposition.

4 5. **Ed Hood** (c/o John DeWulf, Coppersmith Brockelman, PLC, 2800
5 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr. Hood, Clark
6 Hill's General Counsel, will testify about matters addressed during his deposition.

7 6. **Ryan Lorenz** (c/o John DeWulf, Coppersmith Brockelman, PLC,
8 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr.
9 Lorenz will testify about the proofs of claim he submitted to the Receiver in June 2017,
10 his accompanying affidavit, and the information contained therein.

11 **IV. PERSONS WHO MAY HAVE RELEVANT KNOWLEDGE OR**
12 **INFORMATION**

13 **A. Persons Affiliated With DenSco**

14 1. **Shawna Chittick Heuer** (c/o James Polese, Gammage &
15 Burnham, PLC, Two N. Central Avenue, 15th Floor, Phoenix, AZ 85004; (602) 256-
16 0566): Ms. Heuer is Denny Chittick's sister. ~~On August 4, 2016, she was appointed as~~
17 ~~the Personal Representative of Denny Chittick's Estate. She is believed to have~~
18 ~~knowledge of DenSco's business operations, books and records, and written~~
19 ~~communications she received from Mr. Chittick at or around the time of his death.~~ She
20 has knowledge of certain facts set forth above and matters addressed during her
21 deposition.

22 2. **Kurt Johnson** (3317 E. Bell Road, Suite 101-265, Phoenix, AZ
23 85032; (602) 505-8117): Mr. Johnson is an attorney who provided certain legal
24 services to DenSco and is believed to have knowledge of those services.

25 3. **Robert Koehler** (RLS Capital, Inc., 4455 E Camelback Road,
26 Suite D135, Phoenix, AZ 85018; (480) 945-2799): Mr. Koehler was described in the
27 July 2011 POM as having entered into a written agreement with Chittick pursuant to
28 which he was a signatory on DenSco's bank account, was to have received on a weekly

1 basis "an updated spreadsheet of all properties currently being used as collateral for a
2 loan" and, on a monthly basis, "a spreadsheet of all the investors and what is owed to
3 them, and receives the monthly statements for all investors." Mr. Koehler was an
4 investor in DenSco. After Mr. Chittick's death and at the request of Ms. Heuer, Mr.
5 Koehler conducted a preliminary analysis of DenSco's loan portfolio. He is believed to
6 have knowledge of DenSco's business operations, books and records, and written
7 communications he received from Mr. Chittick at or around the time of his death.

8 4. **David Preston:** (Preston CPA, P.C., 1949 E. Broadway Road,
9 Suite 101, Tempe, AZ 85282; (480) 820-4419): Mr. Preston is a Certified Public
10 Accountant and an investor in DenSco. He provided professional services to DenSco.
11 He commented on the 2007 POM. He communicated with David Beauchamp after
12 Chittick's death in 2016. He is believed to have knowledge of his dealings with Denny
13 Chittick, the professional services he provided to DenSco, his investment in DenSco,
14 his participation in the preparation of the 2007 POM, and his dealings with Mr.
15 Beauchamp.

16 **B. DenSco Investors**

17 1. **William and Helene Alber** (1551 W. Grand Canyon Drive,
18 Chandler, AZ 85248; wkalber@cox.net; (480) 200-8045): Mr. and Mrs. Alber are
19 believed to have knowledge of their communications with Mr. Chittick, investments in
20 DenSco through the Alber Family Trust, and their communications with Mr.
21 Beauchamp after Mr. Chittick's death.

22 2. **Angels Investments, LLC** c/o Yusuf Yildiz (1609 W. 17th Street,
23 Tempe, AZ 85281; yusif@comsiscomputer.com; 480-258-8171): Mr. Yildiz is
24 believed to have knowledge of his communications with Mr. Chittick, the company's
25 investments in DenSco, and his communications with Mr. Beauchamp after Mr.
26 Chittick's death.

27 3. **BLL Capital, LLC** c/o Barry Luchtel (5550 Wild Rose Lane,
28 Suite 400, West Des Moines, IA 50266; (480)256-2274; (515) 225-0300): Mr. Luchtel

1 is believed to have knowledge of his communications with Mr. Chittick, the company's
2 investments in DenSco, and his communications with Mr. Beauchamp after Mr.
3 Chittick's death.

4 **4. Robert Brinkman** (15001 S. 5th Avenue, Phoenix, AZ 85045;
5 rbrinkman@cox.net; (480) 460-8646): Mr. Brinkman is believed to have knowledge of
6 his communications with Mr. Chittick, investments in DenSco individually and through
7 the Brinkman Family Trust, and his communications with Mr. Beauchamp after Mr.
8 Chittick's death.

9 **5. Craig and Tomie Brown** (6135 W. Trovita Place, Chandler, AZ
10 85226; Trovita@gmail.com; (480)287-4622): Mr. and Mrs. Brown are believed to have
11 knowledge of their communications with Mr. Chittick, their investments in DenSco
12 individually and through their trust, and their communications with Mr. Beauchamp
13 after Mr. Chittick's death.

14 **6. Steven G. and Mary E. Bunger** (6134 W. Trovita Place,
15 Chandler, AZ 85226; steve@bunger.me; (480) 961-4002): Mr. and Mrs. Bunger are
16 believed to have knowledge of their communications with Mr. Chittick, investments in
17 DenSco through the Bunger Estate, and their communications with Mr. Beauchamp
18 after Mr. Chittick's death.

19 **7. Anthony Burdett** (1623 Common Drive, El Paso, TX 79936-
20 5235; Burdett.anthony@gmail.com; (915) 373-1850): Mr. Burdett is believed to have
21 knowledge of his communications with Mr. Chittick, his investments in DenSco
22 through his IRA, and his communications with Mr. Beauchamp after Mr. Chittick's
23 death.

24 **8. Kennen Burkhardt** (2030 S. Minnewawa Avenue, Fresno, CA
25 93727; KennenL@yahoo.com; (515) 537-5494; (949) 361-4335): Mr. Burkhardt is
26 believed to have knowledge of his communications with Mr. Chittick, his investments
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1 in DenSco individually and through his IRA, and his communications with Mr.
2 Beauchamp after Mr. Chittick's death.

3 9. **Warren V. and Fay L. Bush** (P.O. Box 92080, Albuquerque, NM
4 87199-2080; wbush1120@comcast.net; (505) 856-7398; (505) 264-0773): Mr. and
5 Mrs. Bush are believed to have knowledge of their communications with Mr. Chittick,
6 their investments in DenSco, their involvement in the preparation of the 2011 POM,
7 and their communications with Mr. Beauchamp after Mr. Chittick's death.

8 10. **Mary L. Butler** (62 Cypress Court, Durango, CO 81301): Ms.
9 Butler is believed to have knowledge of her communications with Mr. Chittick, her
10 investments in DenSco through her IRA, and her communications with Mr. Beauchamp
11 after Mr. Chittick's death.

12 11. **Van H. Butler** (62 Cypress Court, Durango, CO 81301;
13 butlerv@yahoo.com; (970) 749-9025): Mr. Butler is believed to have knowledge of his
14 communications with Mr. Chittick, his investments in DenSco individually and through
15 his IRA, and his communications with Mr. Beauchamp after Mr. Chittick's death.

16 12. **Thomas and Sara Byrne** (72 Commonwealth Avenue, San
17 Francisco, CA 94118; thomasbyrne11@gmail.com; (415) 990-4676): Mr. and Mrs.
18 Byrne are believed to have knowledge of their communications with Mr. Chittick, their
19 investments in DenSco through their trust, and their communications with Mr.
20 Beauchamp after Mr. Chittick's death.

21 13. **Erin P. Carrick Trust** c/o Gretchen P. Carrick (1404 W.
22 Lakeshore Drive, Whitefish, MT 59937; epcarrick@gmail.com; (541) 729-1990): Ms.
23 Carrick is believed to have knowledge of her communications with Mr. Chittick, her
24 investments in DenSco through the Trust, and her communications with Mr.
25 Beauchamp after Mr. Chittick's death.

26 14. **Gretchen P. Carrick** (P.O. Box 773656, Eagle River, AK 99577;
27 carricks3@ak.net; (541) 729-6878): Ms. Carrick is believed to have knowledge of her
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1 communications with Mr. Chittick, her investments in DenSco through her Trust, and
2 her communications with Mr. Beauchamp after Mr. Chittick's death.

3 15. **Averill Cate, Jr. and Mary Kris McIlwaine** (3661 N. Campbell
4 Avenue, Suite 372, Tucson, AZ 85719; acatejr@gmail.com; (520) 370-6997): Mr. Cate
5 and Ms. McIlwaine are believed to have knowledge of their communications with Mr.
6 Chittick, their investments in DenSco, and their communications with Mr. Beauchamp
7 after Mr. Chittick's death.

8 16. **Arden and Nina Chittick** (8028 F 53rd Avenue West, Mukilteo,
9 WA 98275; artnina@hotmail.com; (425) 205-8997): Mr. and Mrs. Chittick are
10 believed to have knowledge of their communications with Denny Chittick, their
11 investments in DenSco, and their communications with Mr. Beauchamp after Mr.
12 Chittick's death.

13 17. **Eldon and Charlene Chittick** (5869 W. Heine Road, Coeur
14 d'Alene, ID 83814; moandsam@yahoo.com; (208) 765-2702): Mr. and Mrs. Chittick
15 are believed to have knowledge of their communications with Denny Chittick, their
16 investments in DenSco through the Chittick Family Trust, and their communications
17 with Mr. Beauchamp after Mr. Chittick's death.

18 18. **Eileen Cohen** (1419 Peerless Place, Apt. 116, Los Angeles, CA
19 90035): Ms. Cohen is believed to have knowledge of her communications with Mr.
20 Chittick, her investments in DenSco, and her communications with Mr. Beauchamp
21 after Mr. Chittick's death.

22 19. **Herbert I. Cohen** (1419 Peerless Place, Apt. 116, Los Angeles,
23 CA 90035; (623) 866-3221): Mr. Cohen is believed to have knowledge of his
24 communications with Mr. Chittick, his investments in DenSco through his Trust, and
25 his communications with Mr. Beauchamp after Mr. Chittick's death.

26 20. **Dori Ann Davis** (5346 E. Herrera Road, Phoenix, AZ 85054;
27 doriann@cox.net; (602) 300-9740): Ms. Davis is believed to have knowledge of her
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1 communications with Mr. Chittick, investments in DenSco through her Trust, and her
2 communications with Mr. Beauchamp after Mr. Chittick's death.

3 21. **Glen P. Davis** (5346 E. Herrera Road, Phoenix, AZ 85054;
4 glenbo@cox.net; (602) 692-5862): Mr. Davis is believed to have knowledge of his
5 communications with Mr. Chittick, his investments in DenSco through his IRA, and his
6 communications with Mr. Beauchamp after Mr. Chittick's death.

7 22. **Jack J. Davis** (543 West Avenue, Rifle, CO 81650;
8 jackdavisdds@hotmail.com; (970) 625-1391): Mr. Davis is believed to have
9 knowledge of his communications with Mr. Chittick, his investments in DenSco, and
10 his communications with Mr. Beauchamp after Mr. Chittick's death.

11 23. **Samantha Davis** c/o Jack J. Davis (~~contact information to be~~
12 ~~added~~543 West Avenue, Rifle, CO 81650; jackdavisdds@hotmail.com; (970) 625-
13 1391): Ms. Davis is believed to have knowledge of her communications with Mr.
14 Chittick, her investments in DenSco, and her communications with Mr. Beauchamp
15 after Mr. Chittick's death.

16 24. **Desert Classic Investments, LLC** c/o Steven G. Bunger (6134 W.
17 Trovita Place, Chandler, AZ 85226; steve@bunger.me; (602) 531-3100): Mr. Bunger
18 is believed to have knowledge of his communications with Mr. Chittick, the company's
19 investments in DenSco, and his communications with Mr. Beauchamp after Mr.
20 Chittick's death.

21 25. **Scott D. Detota** (1220 Ridgewood Land, Lake Villa, IL 60046
22 sdetota99@yahoo.com; (847) 736-0160): Mr. Detota is believed to have knowledge of
23 his communications with Mr. Chittick, his investments in DenSco, and his
24 communications with Mr. Beauchamp after Mr. Chittick's death.

25 26. **Amy Lee Dirks** (82 N. Acacia Drive, Gilbert, AZ 85233;
26 amydirks@hotmail.com; (480) 414-5552): Ms. Dirks is believed to have knowledge of
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1 her communications with Mr. Chittick, her investments in DenSco through her IRA,
2 and her communications with Mr. Beauchamp after Mr. Chittick's death.

3 27. **Bradley Mark Dirks** (82 N. Acacia Drive, Gilbert, AZ 85233;
4 (602) 206-3041): Mr. Dirks is believed to have knowledge of his communications with
5 Mr. Chittick, his investments in DenSco through his IRA, and his communications with
6 Mr. Beauchamp after Mr. Chittick's death.

7 28. **Dave DuBay** (~~contact information to be added~~ 6921 Trevett Lane,
8 Casper, WY 82604; (307) 262-7708; davedubay@gmail.com): Mr. DuBay is believed
9 to have knowledge of his communications with Mr. Chittick, his investments in
10 DenSco, and his communications with Mr. Beauchamp after Mr. Chittick's death.

11 29. **Ross H. Dupper** (6133 W. Victoria Place, Chandler, AZ 85261;
12 rdupper@rhdupper.com; (602) 768-8515): Mr. Dupper is believed to have knowledge
13 of his communications with Mr. Chittick, his investments in DenSco through his Trust,
14 and his communications with Mr. Beauchamp after Mr. Chittick's death.

15 30. **Todd F. Einick** (4757 E. Greenway Road, Suite 107B-107,
16 Phoenix, AZ 85032; switchback62@hotmail.com; (480) 202-6752): Mr. Einick is
17 believed to have knowledge of his communications with Mr. Chittick, investments in
18 DenSco through the Trust, and his communications with Mr. Beauchamp after Mr.
19 Chittick's death.

20 31. **Yusef Fielding** (~~contact information to be added~~ 1609 W. 17th
21 Street, Tempe, AZ 85281; (480) 612-0666; yusef@comsiscomputer.com): Mr. Fielding
22 is believed to have knowledge of his communications with Mr. Chittick, his
23 investments in DenSco, and his communications with Mr. Beauchamp after Mr.
24 Chittick's death.

25 32. **Fischer Family Holdings** (~~contact information to be added~~ 2011
26 N. 51st Avenue, B-240, Glendale, AZ 85308; (480) 200-8730;
27 kirkjfisher@yahoo.com): Mr. or Mrs. Fischer is believed to have knowledge of their
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1 communications with Mr. Chittick, their investments in DenSco, and their
2 communications with Mr. Beauchamp after Mr. Chittick's death.

3 33. **GB 12, LLC** c/o Stanley Schloz (10050 E. Sonoran Vista Circle,
4 Scottsdale, AZ 85255; smschloz@msn.com; (480) 694-8868): Mr. Schloz is believed
5 to have knowledge of his communications with Mr. Chittick, the company's
6 investments in DenSco, and his communications with Mr. Beauchamp after Mr.
7 Chittick's death.

8 34. **Stacy B. Grant** (2601 La Frontera Blvd., Round Rock, TX 78681;
9 (602) 499-9966): Ms. Grant is believed to have knowledge of her communications with
10 Mr. Chittick, her investments in DenSco through her IRA, and her communications
11 with Mr. Beauchamp after Mr. Chittick's death.

12 35. **Russell T. Griswold** (10 Suncrest Terrace, Onenta, NY 13820;
13 rgriswold3@stny.rr.com; (607) 437-3882): Mr. Griswold is believed to have
14 knowledge of his communications with Mr. Chittick, his investments in DenSco
15 through his IRA, and his communications with Mr. Beauchamp after Mr. Chittick's
16 death.

17 36. **Michael and Diana Gumbert** (607 Hurst Creek Road, Lakeview,
18 TX 78734; anthjen@yahoo.com (480) 250-6063): Mr. and Mrs. Gumbert are believed
19 to have knowledge of their communications with Mr. Chittick, their investments in
20 DenSco through their Trust, and their communications with Mr. Beauchamp after Mr.
21 Chittick's death.

22 37. **Nihad Hafiz** (23 Rae's Creek Lane, Coto de Caza, CA 92679;
23 nihad@yahoo.com; (949) 246-8135): Mr. Hafiz is believed to have knowledge of his
24 communications with Mr. Chittick, his investments in DenSco, and his communications
25 with Mr. Beauchamp after Mr. Chittick's death.

26 38. **Robert B. and Elizabeth A. Hahn** (15239 E. Redrock Drive,
27 Fountain Hills, AZ 85268; hahnaz2@cox.net; (602) 769-8385): Mr. and Mrs. Hahn are
28

1 believed to have knowledge of their communications with Mr. Chittick, their
2 investments in DenSco through the Trust, and their communications with Mr.
3 Beauchamp after Mr. Chittick's death.

4 **39. Ralph L. Hey** (P.O. Box 62, Westcliffe, CO 82152;
5 hey.ralph01@gmail.com; (719) 207-1313): Mr. Hey is believed to have knowledge of
6 his communications with Mr. Chittick, his investments in DenSco, and his
7 communications with Mr. Beauchamp after Mr. Chittick's death.

8 **40. Dale W. and Kathy L. Hickman** (5477 W. Heine Road, Coeur d'
9 d'Alene, ID 83814; hikthestik@aol.com; (208) 215-6378): Mr. and Mrs. Hickman are
10 believed to have knowledge of their communications with Mr. Chittick, their
11 investments in DenSco, and their communications with Mr. Beauchamp after Mr.
12 Chittick's death.

13 **41. Craig and Samantha Hood** (8420 E. Cactus Wren Road,
14 Scottsdale, AZ 85250; greeraz@gmail.com; (602)317-3753): Mr. and Mrs. Hood are
15 believed to have knowledge of their communications with Mr. Chittick, their
16 investments in DenSco, and their communications with Mr. Beauchamp after Mr.
17 Chittick's death.

18 **42. Doris and Levester Howze** (2864 E. Preston Street, Mesa, AZ
19 85213; dhowze@cox.net; (602) 568-0119): Ms. Howze and Mr. Howze are believed to
20 have knowledge of their communications with Mr. Chittick, their investments in
21 DenSco, and their communications with Mr. Beauchamp after Mr. Chittick's death.

22 **43. Bill Bryan Hughes** (23114 N. Pedregosa Drive, Sun City West,
23 AZ 85375; jbhok@yahoo.com; (480) 244-8863): Mr. Hughes is believed to have
24 knowledge of his communications with Mr. Chittick, his investments in DenSco
25 through his IRA, and his communications with Mr. Beauchamp after Mr. Chittick's
26 death.

1 44. **Judy Kay Hughes** (23114 N. Pedregosa Drive, Sun City West, AZ
2 85375; jbhok@yahoo.com; (480) 244-8864): Ms. Hughes is believed to have
3 knowledge of her communications with Mr. Chittick, her investments in DenSco
4 through her IRA, and her communications with Mr. Beauchamp after Mr. Chittick's
5 death.

6 45. **Brian Imdieke** (6173 W. Victoria Place, Chandler, AZ 85226;
7 b-imdieke@cox.net; bji6173@gmail.com; (480) 694-7850): Mr. Imdieke is believed to
8 have knowledge of his communications with Mr. Chittick, his investments in DenSco
9 through his Trust, and his communications with Mr. Beauchamp after Mr. Chittick's
10 death.

11 46. **James K. Jetton and Debora I. Pekker-Jetton** (9213 SW 21st
12 Street, Oklahoma City, OK 73128; jkjetto@yahoo.com; (904) 610-4213): Mr. and Mrs.
13 Jetton are believed to have knowledge of their communications with Mr. Chittick, their
14 investments in DenSco, and their communications with Mr. Beauchamp after Mr.
15 Chittick's death.

16 47. **Leslie W. Jones** (2176 E. Gazania Lane, Tucson, AZ 85719): Ms.
17 Jones is believed to have knowledge of her communications with Mr. Chittick, her
18 investments in DenSco through her IRA, and her communications with Mr. Beauchamp
19 after Mr. Chittick's death.

20 48. **Ralph Kaiser** (3319 E. Piro Street, Phoenix, AZ 85044;
21 ralph@kaisertile.com; (602) 697-3189): Mr. Kaiser is believed to have knowledge of
22 his communications with Mr. Chittick, his investments in DenSco through his IRA, and
23 his communications with Mr. Beauchamp after Mr. Chittick's death.

24 49. **Mary Kent** (30 Laurel Court, Paramus, NJ 07652;
25 mbencekent@yahoo.com; (201) 845-6147): Ms. Kent is believed to have knowledge of
26 her communications with Mr. Chittick, her investments in DenSco, and her
27 communications with Mr. Beauchamp after Mr. Chittick's death.
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1 50. **Paul A. Kent** (23 E. 15th Street, Tempe, AZ 85281;
2 paul_a_kent@yahoo.com; (480) 213-7231): Mr. Kent is believed to have knowledge of
3 his communications with Mr. Chittick, investments in DenSco through the Family
4 Trust, and his communications with Mr. Beauchamp after Mr. Chittick's death.

5 51. **Robert Z. Koehler** (5433 E. Osborn Road, Phoenix, AZ 85018;
6 rzkoehler@yahoo.com; (602) 330-4624): Mr. Koehler is believed to have knowledge
7 of his communications with Mr. Chittick, his investments in DenSco through his IRA,
8 and his communications with Mr. Beauchamp after Mr. Chittick's death.

9 52. **Jemma Kopel** (5304 S. Marine Drive, Tempe, AZ 85283;
10 jemmakopel@hotmail.com; (480) 696-0888): Ms. Kopel is believed to have
11 knowledge of her communications with Mr. Chittick, her investments in DenSco, and
12 her communications with Mr. Beauchamp after Mr. Chittick's death.

13 53. **LeRoy Kopel** (5304 S. Marine Drive, Tempe, AZ 85283;
14 lkopel22@hotmail.com; (480) 839-3787): Mr. Kopel is believed to have knowledge of
15 his communications with Mr. Chittick, his investments in DenSco through his IRA and
16 his Trust, and his communications with Mr. Beauchamp after Mr. Chittick's death.

17 54. **Robert F. Lawson** (400 Alta Vista Court, Danville, CA 94506;
18 robertflawson@gmail.com; (480) 221-9893): Mr. Lawson is believed to have
19 knowledge of his communications with Mr. Chittick, his investments in DenSco, and
20 his communications with Mr. Beauchamp after Mr. Chittick's death.

21 55. **Wayne J. Ledet** (16751 SW 23rd Street, El Reno, OK 73036;
22 uaflyor767@yahoo.com; (405) 824-3754): Mr. Ledet is believed to have knowledge of
23 his communications with Mr. Chittick, investments in DenSco through the Family
24 Trust, his IRA and his Roth IRA, and his communications with Mr. Beauchamp after
25 Mr. Chittick's death.

26 56. **The Lee Group, Inc.** c/o Terry and Lil Lee (6541 N. Paseo
27 Tamayo, Tucson, AZ 85750; terryleeaz@comcast.net; (520) 907-3828): Mr. and Mrs.
28

1 Lee are believed to have knowledge of their communications with Mr. Chittick, the
2 company's investments in DenSco, and their communications with Mr. Beauchamp
3 after Mr. Chittick's death.

4 **57. Terry and Lil Lee** (6541 N. Paseo Tamayo, Tucson, AZ 85750;
5 terryleeaz@comcast.net; (520) 907-3828): Mr. and Mrs. Lee are believed to have
6 knowledge of their communications with Mr. Chittick, their investments in DenSco,
7 and their communications with Mr. Beauchamp after Mr. Chittick's death.

8 **58. Lillian Lent** (4145 E. Blue Ridge Place, Chandler, AZ 85249;
9 (480) 813-7151): Ms. Lent is believed to have knowledge of her communications with
10 Mr. Chittick, her investments in DenSco through her Roth IRA, and her
11 communications with Mr. Beauchamp after Mr. Chittick's death.

12 **59. Manual A. Lent** (4145 E. Blue Ridge Place, Chandler, AZ 85249;
13 (480) 225-9538): Mr. Lent is believed to have knowledge of his communications with
14 Mr. Chittick, his investments in DenSco through her IRA, and his communications with
15 Mr. Beauchamp after Mr. Chittick's death.

16 **60. William Lent** (contact information to be added): Mr. Lent is
17 believed to have knowledge of his communications with Mr. Chittick, his investments
18 in DenSco through his IRA, and his communications with Mr. Beauchamp after Mr.
19 Chittick's death

20 **61. LJL Capital, LLC** c/o Landon Luchtel (5550 Wild Rose Lane,
21 Suite 400, West Des Moines, IA 50266; (515) 225-2800): Mr. Luchtel is believed to
22 have knowledge of his communications with Mr. Chittick, the company's investments
23 in DenSco, and his communications with Mr. Beauchamp after Mr. Chittick's death.

24 **62. W. Jean Locke** (12163 Country Meadows Lane, Silverdale, WA
25 98383; billandjean54@centurytel.net; (360) 638-1002): Ms. Locke is believed to have
26 knowledge of her communications with Mr. Chittick, her investments in DenSco, and
27 her communications with Mr. Beauchamp after Mr. Chittick's death.
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2 **63. Long Time Holdings, LLC** c/o William Swirtz (6054 W. Trovita
3 Place, Chandler, AZ 85226; Bill.Swirtz@apollogrp.edu; (602) 315-8080): Mr. Swirtz
4 is believed to have knowledge of his communications with Mr. Chittick, the company's
5 investments in DenSco, and his communications with Mr. Beauchamp after Mr.
6 Chittick's death.

7 **64. Jim P. McArdle** (750 E. McLellan, Phoenix, AZ 85014;
8 jim@abdc-az.com; (602) 509-8635): Mr. McArdle is believed to have knowledge of
9 his communications with Mr. Chittick, his investments in DenSco, and his
10 communications with Mr. Beauchamp after Mr. Chittick's death.

11 **65. James and Lesley McCoy** (727 E. Verde Lane, Tempe, AZ
12 85284; (602) 390-2506): Mr. and Mrs. McCoy are believed to have knowledge of their
13 communications with Mr. Chittick, investments in DenSco through the Trust, and their
14 communications with Mr. Beauchamp after Mr. Chittick's death.

15 **66. Caro McDowell** (9010 E. Range Ride Trail, Mesa, AZ 85207;
16 kayell121@cs.com; (480) 380-2062): Ms. McDowell is believed to have knowledge of
17 her communications with Mr. Chittick, her investments in DenSco through her Trust,
18 and her communications with Mr. Beauchamp after Mr. Chittick's death.

19 **67. Marvin G. Miller and Patricia S. Miller** (701 E. Front Street
20 #602, Coeur d'Alene, ID 83814; patsmiller@verizon.net; (208) 818-6735 Marvin; (208)
21 818-6734 Pat): Mr. and Mrs. Miller are believed to have knowledge of their
22 communications with Mr. Chittick, investments in DenSco through the Family Trust,
23 and their communications with Mr. Beauchamp after Mr. Chittick's death.

24 **68. Marian Minchuck** (contact information to be added): Ms.
25 Minchuck is believed to have knowledge of her communications with Mr. Chittick, her
26 investments in DenSco, and her communications with Mr. Beauchamp after Mr.
27 Chittick's death.
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1 69. **Kaylene Moss** (2524 E. Silverwood Drive, Phoenix, AZ 85048;
2 kayleen.moss@avnet.com; (602) 692-6934; (480) 759-7811): Ms. Moss is believed to
3 have knowledge of her communications with Mr. Chittick, her investments in DenSco
4 through her IRA, and her communications with Mr. Beauchamp after Mr. Chittick's
5 death.

6 70. **Moss Family Trust** (2524 E. Silverwood Drive, Phoenix, AZ
7 85048; kayleen.moss@avnet.com; (602) 692-6934; (480) 759-7811): Mr. or Mrs. Moss
8 is believed to have knowledge of their communications with Mr. Chittick, investments
9 in DenSco through the Trust, and their communications with Mr. Beauchamp after Mr.
10 Chittick's death.

11 71. **Muscat Family c/o Vince I. Muscat** (14827 S. 20th Street,
12 Phoenix, AZ 85048; vimusat@gmail.com; (480) 460-5007): Mr. or Mrs. Muscat is
13 believed to have knowledge of their communications with Mr. Chittick, investments in
14 DenSco through the Trust, and their communications with Mr. Beauchamp after Mr.
15 Chittick's death.

16 72. **Non Lethal Defense, Inc. c/o Dave Dubay** (6921 Trevett Lane,
17 Casper, WY 82604): Mr. Dubay is believed to have knowledge of his communications
18 with Mr. Chittick, the company's investments in DenSco, and his communications
19 with Mr. Beauchamp after Mr. Chittick's death.

20 73. **Brian and Janice Odenthal** (1929 Canyon Drive, Coeur d'Alene,
21 ID 83815; bjodenthal@frontier.com; (208) 755-5499): Mr. and Mrs. Odenthal are
22 believed to have knowledge of their communications with Mr. Chittick, their
23 investments in DenSco through their IRA, and their communications with Mr.
24 Beauchamp after Mr. Chittick's death.

25 74. **Valerie J. Paxton** (1243 E. Glenhaven Drive, Phoenix, AZ 85048;
26 vpaxto@q.com; (602) 999-4339): Ms. Paxton is believed to have knowledge of her
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1 communications with Mr. Chittick, her investments in DenSco, and her
2 communications with Mr. Beauchamp after Mr. Chittick's death.

3 75. **Marlene Pearce** (94 Acacia Drive, Gilbert, AZ 85233;
4 pearces@mailhaven.com; (480) 600-0955): Ms. Pearce is believed to have knowledge
5 of her communications with Mr. Chittick, her investments in DenSco through her IRA,
6 and her communications with Mr. Beauchamp after Mr. Chittick's death.

7 76. **Jeff Phalen** (11764 N. Adobe Village Place, Marana, AZ 85658;
8 jphalen00@aol.com; (520) 909-1018): Mr. Phalen is believed to have knowledge of his
9 communications with Mr. Chittick, his investments in DenSco individually and through
10 the Phalen Family Trust and his IRA, and his communications with Mr. Beauchamp
11 after Mr. Chittick's death.

12 77. **Kevin Potempa** (P.O. Box 5156, Scottsdale, AZ 85261; (480)
13 5120-0362): Mr. Potempa is believed to have knowledge of his communications with
14 Mr. Chittick, his investments in DenSco, and his communications with Mr. Beauchamp
15 after Mr. Chittick's death.

16 78. **Preston Revocable Living Trust** c/o David M. Preston (9010 E.
17 Range Rider Trail, Mesa, AZ 85207; dave@prestoncpa.biz; (602) 369-4418): The
18 Trustee is believed to have knowledge of his or her communications with Denny
19 Chittick, the Trust's investments in DenSco, and his or her communications with Mr.
20 Beauchamp after Mr. Chittick's death.

21 79. **Peter and Kay Rzonca** (140 E. Rio Salado Parkway #603, Tempe,
22 AZ 85281; krzonca1@cox.net; (602) 743-1801): Mr. and Mrs. Rzonca are believed to
23 have knowledge of their communications with Mr. Chittick, their investments in
24 DenSco, and their communications with Mr. Beauchamp after Mr. Chittick's death.

25 80. **Saltire, LLC** c/o William Stewart Sheriff (155 108th Avenue,
26 Suite 400, Bellevue, WA 98004; stewart.sherriff@cox.net; (602) 330-7776): Mr.
27 Sheriff is believed to have knowledge of his communications with Mr. Chittick, the
28

1 company's investments in DenSco, and his communications with Mr. Beauchamp after
2 Mr. Chittick's death.

3 81. **JoAnn Sanders** (780 E. Gregory Lane, Coeur d'Alene, ID 83815;
4 (406) 461-4462): Ms. Sanders is believed to have knowledge of her communications
5 with Mr. Chittick, her investments in DenSco, and her communications with Mr.
6 Beauchamp after Mr. Chittick's death.

7 82. **Satellite LLC** (contact information to be added): A Member of
8 Satellite LLC is believed to have knowledge of its communications with Mr. Chittick,
9 its investments in DenSco, and its communications with Mr. Beauchamp after Mr.
10 Chittick's death.

11 83. **Mary I. Schloz** (10050 E. Sonoran Vista Circle, Scottsdale, AZ
12 85255; smschloz@msn.com; (480) 694-8868): Ms Schloz is believed to have
13 knowledge of her communications with Mr. Chittick, her investments in DenSco
14 individually and through the Family Trust, and her communications with Mr.
15 Beauchamp after Mr. Chittick's death.

16 84. **Stanley Schloz** (10050 E. Sonoran Vista Circle, Scottsdale, AZ
17 85255; smschloz@msn.com; (480) 694-8868): Mr. Schloz is believed to have
18 knowledge of his communications with Mr. Chittick, his investments in DenSco
19 individually, through his IRA, and the Family Trust, and his communications with Mr.
20 Beauchamp after Mr. Chittick's death.

21 85. **Annette M. Scroggin** (124 Abby Lane, LaPorte, IN 46350;
22 mscroggin@me.com; (219) 608-2552): Ms. Scroggin is believed to have knowledge of
23 her communications with Mr. Chittick, her investments in DenSco through her IRAs,
24 and her communications with Mr. Beauchamp after Mr. Chittick's death.

25 86. **Michael Scroggin** (124 Abby Lane, LaPorte, IN 46350;
26 mscroggin@me.com; (219) 608-2552): Mr. Scroggin is believed to have knowledge of
27
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1 his communications with Mr. Chittick, his investments in DenSco through his IRAs,
2 and his communications with Mr. Beauchamp after Mr. Chittick's death.

3 87. **William Stewart Sheriff** (155 108th Avenue, Suite 400, Bellevue,
4 WA 98004; stewart.sherriff@cox.net; (602) 330-7776): Mr. Sheriff is believed to have
5 knowledge of his communications with Mr. Chittick, his investments in DenSco, and
6 his communications with Mr. Beauchamp after Mr. Chittick's death.

7 88. **Gary E Siegford and Corrina C. Esvelt-Siegford** (11917 Hidden
8 Valley Road, Rathdrum, ID 83858; gsiegford@msn.com; (208) 661-1842): Mr. and
9 Mrs. Siegford are believed to have knowledge of their communications with Mr.
10 Chittick, their investments in DenSco, and their communications with Mr. Beauchamp
11 after Mr. Chittick's death.

12 89. **Gary D. and Judith Siegford** (212 Ironwood Drive, Suite D,
13 PMB #313, Coeur d'Alene, ID 83814): Mr. and Mrs. Siegford are believed to have
14 knowledge of their communications with Mr. Chittick, their investments in DenSco
15 through the Trust, and their communications with Mr. Beauchamp after Mr. Chittick's
16 death.

17 90. **Carsyn P. Smith c/o Deanna M. Smith** (4901 E. Tomahawk Trail,
18 Paradise Valley, AZ 85253; dmsmith99@me.com; (602) 432-4227): Ms. Smith is
19 believed to have knowledge of her communications with Mr. Chittick, her investments
20 in DenSco, and her communications with Mr. Beauchamp after Mr. Chittick's death.

21 91. **McKenna Smith c/o Deanna M. Smith** (4901 E. Tomahawk Trail,
22 Paradise Valley, AZ 85253): Ms. Smith is believed to have knowledge of her
23 communications with Mr. Chittick, her investments in DenSco, and her
24 communications with Mr. Beauchamp after Mr. Chittick's death.

25 92. **Branson and Sandra Smith** (9261 E. Northview Court, Tucson,
26 AZ 85749; aztonysmith@aol.com; (520) 299-9791): Mr. or Mrs. Smith is believed to
27 have knowledge of their communications with Mr. Chittick, their investments in
28

1 DenSco through the Trust and their IRA, and their communications with Mr.
2 Beauchamp after Mr. Chittick's death.

3 93. **Tom Smith** (4901 E. Tomahawk Trail, Paradise Valley, AZ
4 85253): Mr. Smith is believed to have knowledge of his communications with Mr.
5 Chittick, his investments in DenSco individually and through his IRA, and his
6 communications with Mr. Beauchamp after Mr. Chittick's death.

7 94. **Tony Smith** (9261 E. Northview Court, Tucson, AZ 85749): Mr.
8 Smith is believed to have knowledge of his communications with Mr. Chittick, his
9 investments in DenSco, and his communications with Mr. Beauchamp after Mr.
10 Chittick's death.

11 95. **Donald E. and Lucinda Sterling** (2101 Bonnie Drive, Payette, ID
12 83661; don-cindy@cableone.net; (208) 401-6156): Mr. and Mrs. Sterling are believed
13 to have knowledge of their communications with Mr. Chittick, their investments in
14 DenSco, and their communications with Mr. Beauchamp after Mr. Chittick's death.

15 96. **Bill Swirtz** (6054 W. Trovita Place, Chandler, AZ 85226;
16 Bill.Swirtz@apollogrp.edu; (602) 315-8080): Mr. Swirtz is believed to have
17 knowledge of his communications with Mr. Chittick, his investments in DenSco, and
18 his communications with Mr. Beauchamp after Mr. Chittick's death.

19 97. **Nancy Swirtz** (6054 W. Trovita Place, Chandler, AZ 85226): Ms.
20 Swirtz is believed to have knowledge of her communications with Mr. Chittick, her
21 investments in DenSco, and her communications with Mr. Beauchamp after Mr.
22 Chittick's death.

23 98. **Coralee Thompson** (23233 N. Pima Road #113-240, Scottsdale,
24 AZ 85255; thompscg2@cox.net; (480) 993-8080): Ms. Thompson is believed to have
25 knowledge of her communications with Mr. Chittick, her investments in DenSco, and
26 her communications with Mr. Beauchamp after Mr. Chittick's death.

1 99. **Gary L. Thompson** (23233 N. Pima Road #113-240, Scottsdale,
2 AZ 85255; thompscg2@cox.net; (480) 993-8080): Mr. Thompson is believed to have
3 knowledge of his communications with Mr. Chittick, his investments in DenSco, and
4 his communications with Mr. Beauchamp after Mr. Chittick's death.

5 100. **James A. Trainor** (6113 S. Greensferry Road, Coeur d'Alene, ID
6 83814; jimmy@flytrapproductions.com; (208) 676-8072): Mr. Trainor is believed to
7 have knowledge of his communications with Mr. Chittick, his investments in DenSco,
8 and his communications with Mr. Beauchamp after Mr. Chittick's death.

9 101. **Stephen Tuttle** (6428 E. Evans Drive, Scottsdale, AZ 85254;
10 steve@taser.com; (602) 451-8529): Mr. Tuttle is believed to have knowledge of his
11 communications with Mr. Chittick, his investments in DenSco, and his communications
12 with Mr. Beauchamp after Mr. Chittick's death.

13 102. **Wade A. Underwood** (P.O. Box 1311, Sisters, OR 97759;
14 wunderwood@boxer.com; (480) 227-4658): Mr. Underwood is believed to have
15 knowledge of his communications with Mr. Chittick, his investments in DenSco, and
16 his communications with Mr. Beauchamp after Mr. Chittick's death.

17 103. **Jolene Page Walker** (8620 N. 52nd Street, Paradise Valley, AZ
18 85253; jwalker113@cox.net; (480) 220-5200): Ms. Walker is believed to have
19 knowledge of her communications with Mr. Chittick, her investments in DenSco, and
20 her communications with Mr. Beauchamp after Mr. Chittick's death.

21 104. **Laurie A. Weiskopf** (P.O. Box 161097, Big Sky, MT 59716-
22 1000): Ms. Weiskopf is believed to have knowledge of her communications with Mr.
23 Chittick, her investments in DenSco through her IRA, and her communications with
24 Mr. Beauchamp after Mr. Chittick's death.

25 105. **Thomas D. Weiskopf** (P.O. Box 161097, Big Sky, MT 59716-
26 1000): Mr. Weiskopf is believed to have knowledge of his communications with Mr.
27
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1 Chittick, his investments in DenSco through his IRA, and his communications with Mr.
2 Beauchamp after Mr. Chittick's death.

3 106. **Carol J. Wellman** (12119 Whitley Manor Drive, Chesterfield, VA
4 23838; mikewellman1@comcast.net; (804) 338-3006): Ms. Wellman is believed to
5 have knowledge of her communications with Mr. Chittick, her investments in DenSco
6 through her IRA's IRAs, and her communications with Mr. Beauchamp after Mr.
7 Chittick's death.

8 107. **Wellman Family Trust** (12119 Whitley Manor Drive,
9 Chesterfield, VA 23838; mikewellman1@comcast.net; (804) 338-3006): A Trustee of
10 the Wellman Family Trust is believed to have knowledge of its communications with
11 Mr. Chittick, its investments in DenSco, and its communications with Mr. Beauchamp
12 after Mr. Chittick's death.

13 108. **Brian and Carla Wenig** (19 E. Canterbury Court, Phoenix, AZ
14 85022; bwenig@cox.net; (602) 300-5665 Brian; (602) 703-7313 Carla): Mr. and Mrs.
15 Wenig are believed to have knowledge of their communications with Mr. Chittick, their
16 investments in DenSco through the Trust, and their communications with Mr.
17 Beauchamp after Mr. Chittick's death.

18 109. **Mark and Debbie Wenig** (4445 E. Desert Willow Drive, Phoenix,
19 AZ 85044; mwenig@insight.com; (480) 227-7777): Mr. and Mrs. Wenig are believed
20 to have knowledge of their communications with Mr. Chittick, their investments in
21 DenSco, and their communications with Mr. Beauchamp after Mr. Chittick's death.

22 110. **Yusuf Yuldiz** (1609 W. 17th Street, Tempe, AZ 85281; (480) 258-
23 8171): Mr. Yuldiz is believed to have knowledge of his communications with Mr.
24 Chittick, his investments in DenSco, and his communications with Mr. Beauchamp
25 after Mr. Chittick's death.

26 111. **Leslie Jones** c/o Michael Zones (8 Briarcliff Drive, Huntington,
27 WV 25704; czj528@hotmail.com; (304) 429-6741 ext. 2712): Mr. Zones is believed to
28

1 have knowledge of his communications with Mr. Chittick, his investments in DenSco,
2 and his communications with Mr. Beauchamp after Mr. Chittick's death.

3 112. **Michael Zones** (8 Briarcliff Drive, Huntington, WV 25704;
4 czj528@hotmail.com; (304) 429-6741 ext. 2712): Mr. Zones is believed to have
5 knowledge of his communications with Mr. Chittick, his investments in DenSco, and
6 his communications with Mr. Beauchamp after Mr. Chittick's death.

7
8 **C. DenSco Borrowers and Persons Affiliated With Them**

9 1. **Luigi Amoroso** (contact information to be added): Mr. Amoroso
10 worked with Menaged in bidding on and acquiring properties subject to foreclosure.

11 2. **Veronica Castro** (contact information to be added): Ms. Castro
12 was Scott Menaged's assistant and has knowledge of deeds, mortgages and other
13 instruments signed by Menaged during 2013 that she notarized.

14 3. **Jeffrey C. Goulder** (Stinson Leonard Street LLP, 1850 N. Central
15 Avenue, Suite 1200, Phoenix, AZ 85004; (602) 212-8531): Mr. Goulder is an attorney
16 who represented Scott Menaged in connection with the Term Sheet and Forbearance
17 Agreement. He is believed to have knowledge of those agreements and his
18 communications with Mr. Beauchamp regarding them.

19 4. **Cody Jess** (Schian Walker PLC, 1850 N. Central Avenue,
20 Suite 900, Phoenix, AZ 85004; (602) 277-1501): Mr. Jess is an attorney who
21 represented Scott Menaged in a bankruptcy proceeding. He is believed to have
22 knowledge of that proceeding and of his communications with Mr. Beauchamp relating
23 to that proceeding.

24 5. **Scott Menaged** (c/o Molly Patricia Brizgys, 2210 S. Mill Avenue,
25 Suite 7A, Tempe, AZ 85282; (602) 460-9013): Mr. Menaged has knowledge of his
26 dealings with Mr. Chittick and Mr. Beauchamp.

27 **D. Current or Former Clark Hill Attorneys and Employees**
28

1 1. **Robert Anderson** (c/o John DeWulf, Coppersmith Brockelman,
2 PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr.
3 Anderson is an attorney who was involved in Clark Hill's representation of DenSco.

4 2. **David Beauchamp** (c/o John DeWulf, Coppersmith Brockelman,
5 PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr.
6 Beauchamp is an attorney who was involved in Clark Hill's representation of DenSco.

7 3. **Lindsay Grove** (c/o John DeWulf, Coppersmith Brockelman,
8 PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Ms.
9 Grove is a legal assistant who worked with David Beauchamp during the relevant time
10 period and is believed to have knowledge of certain documents received or sent by Mr.
11 Beauchamp.

12 4. **Ryan Lorenz** (c/o John DeWulf, Coppersmith Brockelman, PLC,
13 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr.
14 Lorenz submitted proofs of claim to the Receiver in June 2017 and gave an affidavit in
15 support of those proofs of claim which summarized certain work Clark Hill performed
16 during its representation of DenSco.

17 5. **Darra Lynn Rayndon** (c/o John DeWulf, Coppersmith
18 Brockelman, PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602)
19 224-0999): Ms. Rayndon is an attorney who initiated a probate proceeding on
20 August 4, 2016 in which she and Clark Hill represented Shawna Chittick Heuer in her
21 capacity as the Personal Representative of Denny Chittick's Estate. She is believed to
22 have knowledge of any discussions within Clark Hill that may have occurred regarding
23 conflicts of interest arising from the firm's separate representation of DenSco.

24 6. **Daniel Schenck** (c/o John DeWulf, Coppersmith Brockelman,
25 PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr.
26 Schenck is an attorney who was involved in Clark Hill's representation of DenSco.

1 7. **Michelle M. Tran** (c/o John DeWulf, Coppersmith Brockelman,
2 PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Ms.
3 Tran is an attorney who initiated a probate proceeding on August 4, 2016 in which she
4 and Clark Hill represented Shawna Chittick Heuer in her capacity as the Personal
5 Representative of Denny Chittick's Estate. She is believed to have knowledge of any
6 discussions within Clark Hill that may have occurred regarding conflicts of interest
7 arising from the firm's separate representation of DenSco.

8 **E. Current or Former Bryan Cave Attorneys**

9 1. **Ray Burgan** (Zenfinity Capital LLC, 14850 N. Scottsdale Road,
10 No. 295, Scottsdale, Arizona, 85254; (480) 292-8111): Mr. Burgan is an attorney who
11 was formerly associated with Bryan Cave and is believed to have knowledge of work
12 he performed for DenSco and David Beauchamp's representation of DenSco while
13 Beauchamp was affiliated with Bryan Cave.

14 2. **Michael Dvoren** (Jaburg & Wilk PC, 3200 N. Central Avenue,
15 Suite 2000, Phoenix, Arizona 85012; (602) 248-1000): Mr. Dvoren is an attorney who
16 was formerly associated with Bryan Cave and is believed to have knowledge of work
17 he performed for DenSco and David Beauchamp's representation of DenSco while
18 Beauchamp was affiliated with Bryan Cave.

19 3. **Robert Endicott** (Bryan Cave LLP, One Metropolitan Square, 211
20 North Broadway, Suite 3600, St. Louis, MO 63102; (314) 259-2000): Mr. Endicott is
21 an attorney who is believed to have knowledge of his communications with David
22 Beauchamp in the summer of 2013 regarding DenSco.

23 4. **Kenneth L. Henderson** (Bryan Cave LLP, 1290 Avenue of the
24 Americas, New York, NY, 10104; (212) 541-2000): Mr. Henderson is an attorney who
25 is believed to have knowledge of his communications with David Beauchamp in the
26 summer of 2013 regarding DenSco.

1 5. **Garth Jensen** (Sherman & Howard L.L.C., 633 Seventeenth
2 Street, Suite 3000, Denver, CO 80202; (303) 297-2900): Mr. Jensen is an attorney who
3 was formerly associated with Bryan Cave and is believed to have knowledge of his
4 communications with David Beauchamp in the summer of 2013 regarding DenSco.

5 6. **Logan Miller** (Apollo Education Group, Inc., 4025 S. Riverpoint
6 Parkway, Phoenix, AZ 85040; (800) 990-2765): Mr. Miller is an attorney who was
7 formerly associated with Bryan Cave and is believed to have knowledge of work he
8 performed for DenSco and David Beauchamp's representation of DenSco while
9 Beauchamp was affiliated with Bryan Cave.

10 7. **Robert Miller:** (Bryan Cave LLP, Two N. Central, Suite 2100,
11 Phoenix, Arizona 85004; (602) 364-7099): Mr. Miller is an attorney who
12 communicated with David Beauchamp in January 2014 in connection with the demand
13 letter described above and is believed to have knowledge of those communications.

14 8. **Robert Pedersen** (Bryan Cave LLP, 1290 Avenue of the
15 Americas, New York, NY, 10104; (212) 541-2000): Mr. Pedersen is an attorney who is
16 believed to have knowledge of his communications with David Beauchamp in the
17 summer of 2013 regarding DenSco.

18 9. **Nancy Pohl** (Gallagher & Kennedy PA, 2575 E. Camelback Road,
19 Suite 1100, Phoenix, Arizona 85016; (602) 530-8052): Ms. Pohl is an attorney who was
20 formerly associated with Bryan Cave and is believed to have knowledge of work she
21 performed for DenSco and David Beauchamp's representation of DenSco while
22 Beauchamp was affiliated with Bryan Cave.

23 10. **Gus Schneider** (Bryan Cave LLP, Two N. Central, Suite 2100,
24 Phoenix, AZ 85004; (602) 364-7099): Mr. Schneider is an attorney who is associated
25 with Bryan Cave and is believed to have knowledge of work he performed for DenSco
26 and David Beauchamp's representation of DenSco while Beauchamp was affiliated
27 with Bryan Cave.
28

1 11. **Elizabeth Sipes** (Bryan Cave LLP, 1700 Lincoln Street,
2 Suite 4100, Denver, CO 80203; (303) 861-7000): Ms. Sipes is an attorney who is
3 believed to have knowledge of her communications with David Beauchamp in the
4 summer of 2013 regarding DenSco.

5 12. **Jonathan Stern** (contact information not known): Mr. Stern is an
6 attorney who is associated with Bryan Cave and is believed to have knowledge of work
7 he performed for DenSco and David Beauchamp's representation of DenSco while
8 Beauchamp was affiliated with Bryan Cave.

9 13. **Randy Wang** (Bryan Cave LLP, One Metropolitan Square, 211 N.
10 Broadway, Suite 3600, St. Louis, MO 63102; (314) 259-2000): Mr. Wang is an
11 attorney who is believed to have knowledge of his communications with David
12 Beauchamp in the summer of 2013 regarding DenSco.

13 14. **Mark Weakley** (Bryan Cave LLP, One Boulder Plaza, 1801 13th
14 Street, Suite 300, Boulder, CO 80302; (303) 444-5955): Mr. Weakley is an attorney
15 who is believed to have knowledge of his communications with David Beauchamp in
16 the summer of 2013 regarding DenSco.

17 **F. Current or Former Gammage & Burnham Attorneys**

18 1. **Christopher L. Raddatz** (Gammage & Burnham, PLC, Two N.
19 Central Avenue, 15th Floor, Phoenix, AZ 85004; (602) 256-0566): Mr. Raddatz is an
20 attorney who represented the Estate of Denny Chittick and Shawna Chittick Heuer in
21 her capacity as the Personal Representative of Denny Chittick's Estate.

22 2. **Kevin R. Merritt** (Gammage & Burnham, PLC, Two N. Central
23 Avenue, 15th Floor, Phoenix, AZ 85004; (602) 256-0566): Mr. Merritt is an attorney
24 who in 2007 advised DenSco regarding its loan agreements. Beginning in August
25 2016, he represented the Estate of Denny Chittick and Shawna Chittick Heuer in her
26 capacity as the Personal Representative of Denny Chittick's Estate.
27
28

1 3. **James F. Polese** (Gammage & Burnham, PLC, Two N. Central
2 Avenue, 15th Floor, Phoenix, AZ 85004; (602) 256-0566): Mr. Polese is an attorney
3 who represented the Estate of Denny Chittick and Shawna Chittick Heuer in her
4 capacity as the Personal Representative of Denny Chittick's Estate.
5

6 **G. Persons Affiliated With the Arizona Corporation Commission,
7 Securities Division**

8 1. **Gary Clapper** (1300 W. Washington, Third Floor, Phoenix, AZ
9 85007; (602) 542-0152): Mr. Clapper is Chief Investigator, Arizona Corporation
10 Commission, Securities Division. He is believed to have knowledge of the ACC's
11 investigation of DenSco in August 2016, events leading to the ACC's filing of an
12 application for a preliminary injunction and the appointment of a receiver, and his
13 communications with Mr. Beauchamp.

14 2. **Wendy Coy** (1300 W. Washington, Third Floor, Phoenix, AZ
15 85007; (602) 542-0633): Ms. Coy is Director of Enforcement, Arizona Corporation
16 Commission, Securities Division. She is believed to have knowledge of the ACC's
17 investigation of DenSco in August 2016, events leading to the ACC's filing of an
18 application for a preliminary injunction and the appointment of a receiver, her
19 communications with Mr. Beauchamp.

20 **H. The Receiver, His Employees and Attorneys**

21 1. **Peter S. Davis** (c/o Colin Campbell and Geoffrey Sturr, Osborn
22 Maledon, P.A., 2929 N. Central Avenue, Suite 2100, Phoenix, AZ 85012; (602) 640-
23 9377): Mr. Davis has knowledge of work he has performed as DenSco's
24 ~~receiver~~Receiver, as set forth in reports he has issued in the course of his work.

25 2. **Ryan W. Anderson** (Guttilla Murphy Anderson, 5415 E. High
26 Street, Suite 200, Phoenix, AZ 85054; (480) 304-8300): Mr. Anderson is an attorney
27 who represents the Receiver. He has knowledge of the receivership proceeding and his
28 communications with participants in that proceeding.

1 3. **Sara Beretta** (c/o Colin Campbell and Geoffrey Sturr, Osborn
2 Maledon, P.A., 2929 N. Central Avenue, Suite 2100, Phoenix, AZ 85012; (602) 640-
3 9377): Ms. Beretta is a Director of Simon Consulting and has knowledge of DenSco's
4 books and records and work performed by the Receiver, as set forth in reports he has
5 issued in the course of his work.

6 **I. Lenders Who Negotiated With Chittick and Menaged During**
7 **January 2014**

8 1. **Craig Cardon** (contact information to be added): Mr. Cardon is a
9 member of Azben Limited, LLC and is believed to have knowledge of his
10 communications with Chittick and Menaged regarding the January 6, 2014 demand
11 letter discussed above.

12 2. **Daniel Diethelm** (contact information to be added): Mr. Diethelm
13 is a manager of Geared Equity, LLC and is believed to have knowledge of his
14 communications with Chittick and Menaged regarding the January 6, 2014 demand
15 letter discussed above

16 3. **Lynn Hoebing** (contact information to be added): Mr. Hoebing is
17 a manager of 50780, LLC and is believed to have knowledge of his communications
18 with Chittick and Menaged regarding the January 6, 2014 demand letter discussed
19 above.

20 **J. Other Persons**

21 1. **Rick Carney** (contact information to be added): Mr. Carney was
22 formerly affiliated with Quarles & Brady and provided legal services to DenSco as
23 described above. He is believed to have knowledge of those services and his
24 communications with Denny Chittick and David Beauchamp relating to those services.

25 2. **Gregg Reichman** (believed to be c/o Andrew Abraham, Burch &
26 Cracchiolo, P.A., 702 E. Osborn Road, Suite 200, Phoenix, AZ 85014; (602) 234-
27 9917): Mr. Reichman is a current or former member of Active Funding Group, LLC.
28

1 He is believed to have knowledge of dealings between Active Funding Group, LLC and
2 Menaged.

3
4 **V. PERSONS WHO HAVE GIVEN STATEMENTS**

5 1. Luigi Amoroso (contact information to be added): Mr. Amoroso gave a
6 deposition in the receivership proceeding on December 14, 2016. The Receiver's
7 counsel is the custodian of the transcript of that deposition.

8 2. Robert Anderson (c/o John DeWulf, Coppersmith Brockelman, PLC,
9 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr.
10 Anderson gave a deposition in this case, the original transcript of which is in the
11 possession of the Receiver's counsel.

12 3. 1.David Beauchamp (c/o John DeWulf, Coppersmith Brockelman, PLC,
13 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr.
14 Beauchamp executed a declaration dated August 17, 2016 that was submitted to the
15 court in the Receivership Proceeding in support of the Estate's Recommendations re
16 Receiver and Attorney/Client Privilege. The Estate's counsel, Gammage & Burnham,
17 is believed to be the custodian of the original declaration. Mr. Beauchamp has also
18 given a deposition in this case, the original transcript of which is in the possession of
19 the Receiver's counsel.

20 4. Shawna Chittick Heuer (c/o James Polese, Gammage & Burnham, PLC,
21 Two N. Central Avenue, 15th Floor, Phoenix, AZ 85004; (602) 256-0566): Ms. Heuer
22 gave a deposition in this case. Clark Hill's counsel is believed to be the custodian of
23 the original transcript of that deposition.

24 5. 2.Scott Menaged (c/o Molly Patricia Brizgys, 2210 S. Mill Avenue,
25 Suite 7A, Tempe, AZ 85282; (602) 460-9013): Mr. Menaged gave a deposition in his
26 bankruptcy proceeding. The Receiver's counsel is the custodian of the transcript of that
27 deposition.

1 6. **3.Scott Menaged** (c/o Molly Patricia Brizgys, 2210 S. Mill Avenue,
2 Suite 7A, Tempe, AZ 85282; (602) 460-9013): On December 8, 2017, Mr. Menaged
3 was interviewed by Ken Frakes, Special Counsel to the Receiver, before a court
4 reporter. Mr. Frakes is believed to be the custodian of the transcript of that interview.

5 7. **4.Ryan Lorenz** (c/o John DeWulf, Coppersmith Brockelman, PLC, 2800
6 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr. Lorenz gave
7 an affidavit in support of notices of claim Clark Hill submitted to the Receiver. He is
8 believed to be the custodian of the original affidavit.

9 5. ~~**Luigi Amoroso** (contact information to be added): Mr.~~
10 ~~Amoroso gave a deposition in the receivership proceeding on December 14, 2016. The~~
11 ~~Receiver's counsel is the custodian of the transcript of that deposition.~~

12 8. **Daniel Schenck** (c/o John DeWulf, Coppersmith Brockelman, PLC, 2800
13 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr. Schenck
14 gave a deposition in this case, the original transcript of which is in the possession of the
15 Receiver's counsel.

16 **VI. EXPERT WITNESSES EXPECTED TO BE CALLED AT TRIAL**

17 The Receiver will disclose the identity and opinions of expert witnesses it plans
18 to call at trial in accordance with the scheduling order that will be entered in this matter.

19 **VII. COMPUTATION AND MEASURE OF DAMAGES**

20 The Receiver ~~anticipates relying on an~~ will rely on expert witness testimony to
21 testify ~~at trial as to about~~ damages DenSco suffered as a result of Defendants' conduct.

22 The Receiver has previously disclosed to Defendants' counsel the following
23 preliminary information relating to damages and prejudgment interest:

24 Prejudgment interest is sought on three different types of loans that were
25 outstanding on Chittick's death, as summarized in the Receiver's December 23, 2016
26 report: (i) a \$5 million workout loan made to Menaged as part of the Forbearance
27 Agreement; (ii) a \$1 million workout loan made to Menaged as part of the Forbearance
28

1 Agreement; and (iii) non-workout loans that DenSco made to Menaged after DenSco
2 learned of Menaged's fraud in November 2013. As alleged in the complaint, the losses
3 DenSco suffered on those loans were the proximate result of Clark Hill's conduct.
4 Prejudgment interest is also sought on Clark Hill legal fees paid by DenSco.

5 **A. \$5 million "workout loan" to Menaged**

6 Under the Forbearance Agreement that Clark Hill drafted and advised DenSco to
7 sign, DenSco agreed to loan Menaged up to \$5 million for use in connection with the
8 sale or refinancing of any property listed in Exhibit A to the Agreement. The principal
9 balance of that loan as of December 23, 2016 was \$13,336,807.24. *See* Receiver's
10 Report, December 23, 2016, at page 9. **Appendix C-A** is a schedule (numbered
11 RECEIVER_001332-001336) showing how that balance was calculated. The schedule
12 reflects that Menaged drew on this loan as early as February 2014, and made a last draw
13 on August 18, 2015. As of October 5, 2015, the principal balance of the line of credit
14 was \$13,656,807.24, and remained at this amount until Chittick's death in July 2016.

15 The rate of prejudgment interest in this case is 10%. A.R.S. § 44-1201(A), (F).
16 Thus, a yearly calculation of prejudgment interest on DenSco's \$13,656,807.24 loss is
17 \$1,365,680.72.

18 **B. \$1 million "workout loan" to Menaged**

19 The Forbearance Agreement also obligated DenSco to make a "new loan" to
20 Menaged of up to \$1 million as part of the "workout" that Clark Hill blessed and
21 documented. The principal balance of that loan as of December 23, 2016 was
22 \$1,002,532.55. *See* Receiver's Report, December 23, 2016, at page 9. **Appendix D-B**
23 is a schedule (numbered RECEIVER_001337) showing how that balance was
24 calculated. The schedule reflects that Menaged drew on this loan as early as December
25 13, 2013 and last drew on this loan on April 30, 2014, when the principal balance was
26 \$1,002,532.55. It remained at that amount until Chittick's July 2016 death.

1 A yearly calculation of prejudgment interest on DenSco's \$1,002,532.55 loss is
2 \$100,253.25.

3 **C. Non-workout loans**

4 As set forth in the Receiver's December 23, 2016 report (at page 10), as of
5 August 2016, when the Receiver was appointed, DenSco suffered losses of at least
6 \$28,332,300 because of loans made to Menaged outside of the "work out" loans
7 contemplated by the Forbearance Agreement that were not secured. **Appendix E-C** is a
8 schedule (numbered RECEIVER_001338-001339) showing how that amount was
9 calculated. The schedule includes two loans made on the Lobo property, one on
10 August 14, 2013 and another on January 22, 2014. They are included in this schedule
11 because DenSco categorized them as non-workout loans.

12 Had Clark Hill properly advised DenSco during the first week of January 2014,
13 DenSco would have severed its relationship with Menaged, not made any new loans to
14 Menaged, sought to rescind the initial Lobo losses, and not suffered the losses set forth
15 in the attached schedule. Alternatively, had Clark Hill properly advised DenSco about
16 documenting the non-workout loans, DenSco would not have suffered losses on the
17 loans made after the second Lobo loan.

18 A yearly calculation of prejudgment interest on DenSco's \$28,332,300.00 loss is
19 \$2,833,230.00.

20 **D. Payments to Clark Hill for Attorneys' Fees**

21 As of June 24, 2016, Clark Hill received payment from DenSco for legal fees in
22 the amount of \$163,702.45. The Receiver seeks in the complaint the return of all those
23 fees on the grounds that they were received after Clark Hill had committed a serious
24 breach of fiduciary duty. The last fee payment was on June 24, 2016.

25 A yearly calculation of prejudgment interest on the Receiver's attorney fee
26 disgorgement claim is \$16,370.25.

27 **VIII. ANTICIPATED TRIAL EXHIBITS**
28

1 ~~The Receiver has not yet determined which exhibits he will offer at the trial of~~
2 ~~this matter.~~ A list of exhibits the Receiver presently anticipates using at trial is attached
3 as Appendix D.

4 **IX. DOCUMENTS THAT MAY BE RELEVANT**

5 1. Documents maintained in the Document Depository established by the
6 Receiver pursuant to an underlying Court Order dated January 1, 2017 in the matter
7 entitled *Ariz. Corp. Comm'n v. DenSco Investment Corp.*, Maricopa County Superior
8 Court CV2016-014142. The most recent index is attached as **Appendix FF**. Certain
9 documents relevant to the receivership are also publicly available on a website
10 maintained by the Receiver: <http://denscoreceiver1.godaddysites.com/>.

11 a. The Receiver's counsel has caused to be deposited into the
12 Depository documents received from Defendants' counsel and third parties, and
13 will continue to do so as this matter proceeds.

14 b. The Receiver's counsel will provide Defendants' counsel with
15 updated indices of documents maintained in the Document Depository as they
16 become available.

17 c. The Receiver also updates the website periodically.

18 2. The Receiver will rely on documents maintained in the Document
19 Depository and on the Receiver's website to support his claims in this action, as well as
20 publicly available documents such as the recorded instruments referenced in the factual
21 narrative above.

22 3. The Receiver's counsel plans to compile, number, and produce to
23 Defendants' counsel certain documents it has obtained from the Depository, the
24 Receiver's website, and other publicly available documents that the Receiver may
25 designate as trial exhibits.

26 a. The Receiver's March 27, 2018 production (Second Disclosure
27 Statement) included documents numbered RECEIVER_000001- 001345.
28

1 i. The March 27, 2018 production included copies of the
2 DenSco Corporate Journals for 2013, 2014, 2015 and 2016, which have
3 been numbered RECEIVER_000001-000164. They replaced copies of
4 those documents that were produced on September 5, 2017 and which
5 were incorrectly numbered DIC0011918-0012081.

6 ii. The March 27, 2018 production included publicly available
7 documents, such as the recorded instruments referenced in the factual
8 narrative above (RECEIVER_000165-RECEIVER_001345).

9 b. The Receiver's May 15, 2018 production (Third Disclosure
10 Statement) included Clark Hill' documents numbered RECEIVER_001325-
11 RECEIVER_001497.

12 ~~c. Accompanying this disclosure statement are documents numbered~~
13 ~~RECEIVER_001498-RECEIVER_001548.~~

14 c. The Receiver's July 11, 2018 production (Fourth Disclosure
15 Statement) included Clark Hill's notices of claim, which were numbered
16 RECEIVER_001498-RECEIVER_001538, and publicly recorded documents,
17 which were numbered RECEIVER_001539-RECEIVER_001548.

18 d. This November 14, 2018 production (Fifth Disclosure Statement)
19 includes documents obtained from the Document Depository numbered
20 RECEIVER_001549-RECEIVER_001711, which are provided on the
21 accompanying disc.

22 e. d. Other documents from the Document Depository, the Receiver's
23 website, or publicly available sources that the Receiver may designate as trial
24 exhibits will be numbered and produced through one or more supplemental
25 disclosure statements.

26 4. In addition to the documents set forth above, on October 30, 2018, the
27 Receiver's counsel produced to Defendants' documents evidencing communications
28

1 between the Receiver and the Estate of Chittick, which were numbered RECEIVER
2 001712-002517.

3 DATED this ____ day of ~~July~~ November, 2018.

4 OSBORN MALEDON, P.A.

6 By _____

7 Colin F. Campbell
8 Geoffrey M.T. Sturr
9 Joshua M. Whitaker
2929 N. Central Avenue, Suite 2100
Phoenix, Arizona 85012-2793

10 Attorneys for Plaintiff

11
12 COPY of the foregoing mailed and delivered
13 this ____ day of ~~July~~ November, 2018, to:

14 John E. DeWulf
15 Coppersmith Brockelman PLC
2800 N Central Ave., Suite 1900
16 Phoenix, AZ 85004
jdewulf@cblawyers.com

17 *Attorneys for Defendants*

18
19 _____
7659775
7836486
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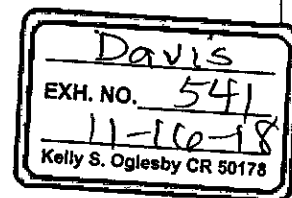
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Title	compareDocs Comparison Results
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Comparison Time	3.39 seconds
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Sources	
Original Document	[Active][#7659775] [v1] 2018-07-11 15698-3 Plaintiff's Fourth Disclosure Statement.docx
Modified Document	[Active][#7836486] [v2] 2018-11-13 15698-3 Plaintiff's Fifth Disclosure Statement v4.docx

Comparison Statistics	
Insertions	989
Deletions	254
Changes	298
Moves	330
Font Changes	0
Paragraph Style Changes	0
Character Style Changes	0
TOTAL CHANGES	1871

Word Rendering Set Markup Options	
Name	Standard
Insertions	
Deletions	
Moves / Moves	
Font Changes	
Paragraph Style Changes	
Character Style Changes	
Inserted cells	
Deleted cells	
Merged cells	
Changed lines	Mark left border.
Comments color	By Author.
Balloons	False

compareDocs Settings Used	Category	Option Selected
Open Comparison Report after Saving	General	Always
Report Type	Word	TrackChanges
Character Level	Word	False
Include Headers / Footers	Word	True
Include Footnotes / Endnotes	Word	True
Include List Numbers	Word	True
Include Tables	Word	True
Include Field Codes	Word	True
Include Moves	Word	True
Show Track Changes Toolbar	Word	True
Show Reviewing Pane	Word	False
Update Automatic Links at Open	Word	False
Summary Report	Word	End
Include Change Detail Report	Word	End
Document View	Word	Print
Remove Personal Information	Word	False
Flatten Field Codes	Word	False



1 Colin F. Campbell, No. 004955
2 Geoffrey M.T. Sturr, No. 014063
3 Joshua M. Whitaker, No. 032724
4 Osborn Maledon, P.A.
5 2929 N. Central Avenue, Suite 2100
6 Phoenix, Arizona 85012-2793
7 (602) 640-9000
8 ccampbell@omlaw.com
9 gsturr@omlaw.com
10 jwhitaker@omlaw.com

NOV 14 2018

Attorneys for Plaintiff

8 IN THE SUPERIOR COURT OF THE STATE OF ARIZONA
9 IN AND FOR THE COUNTY OF MARICOPA

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

Plaintiff,

15 v.

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

Defendants.

No. CV2017-013832

**PLAINTIFF'S FIFTH
DISCLOSURE STATEMENT**

20 Pursuant to Rule 26.1(a), Plaintiff Peter S. Davis, as the court-appointed receiver
21 of DenSco Investment Corporation (the "Receiver"), makes the following disclosures.
22 Changes from the Receiver's Fourth Disclosure Statement are identified in the mark-up
23 attached as **Appendix F**.

24 On August 18, 2016, the Receiver was appointed to serve as the Receiver for
25 DenSco Investment Corporation ("DenSco") under an order entered by the Maricopa
26 County Superior Court in *Arizona Corporation Commission v. DenSco Investment*
27 *Corporation*, CV2016-014142 (the "Receivership Court"). After the Receiver and his
28 staff had reviewed DenSco's books and records and files maintained by DenSco's

1 former legal counsel, Clark Hill PLC and Clark Hill partner David Beauchamp, the
2 Receiver concluded that DenSco might have claims against Clark Hill and Beauchamp.
3 On March 31, 2017, the Receiver filed a petition with the Receivership Court seeking
4 permission to retain special counsel to investigate those potential claims. The petition
5 was granted on April 27, 2017. After special counsel completed its investigation, the
6 Receiver filed a petition asking the Receivership Court to authorize the Receiver to file,
7 through special counsel, a complaint against Clark Hill and Beauchamp. That petition
8 was granted on October 9, 2017. The Receiver, through special counsel, initiated this
9 lawsuit on October 16, 2017 by filing a complaint which asserted claims against Clark
10 Hill and Beauchamp for legal malpractice and aiding and abetting breach of fiduciary
11 duty.

12 The Receiver has relied on special counsel to pursue those claims against Clark
13 Hill and Beauchamp and to prepare this and previous disclosure statements.

14 **I. FACTUAL BASIS OF CLAIMS**

15 The following numbered paragraphs disclose the primary facts on which the
16 Receiver's claims against Clark Hill and Beauchamp are based. At trial, the Receiver
17 may also rely on facts disclosed through depositions that have been taken in this action,
18 the defendants' disclosure statements and discovery responses, and facts contained in
19 the documents that have been identified in Sections VIII (anticipated trial exhibits) and
20 IX (documents that may be relevant) of this disclosure statement.

21 **A. Background Facts for the Period April 2001 to September 2011**

22 **1. DenSco's Formation and Operations Through 2003**

- 23 1. DenSco was established in April 2001 as an Arizona corporation.
- 24 2. Denny Chittick formed DenSco to make short-term loans to companies
25 buying or investing in real estate. DenSco used money raised from investors to make
26 those loans.
27
28

1 3. Chittick was DenSco's sole shareholder, president and director, and its
2 only employee.

3 **2. Beauchamp Was DenSco's Securities Lawyer**

4 **a. DenSco First Hired Beauchamp in 2003 to Advise the**
5 **Company on Securities Law Issues.**

6 4. David Beauchamp is an attorney. He describes himself as practicing
7 primarily in the areas of corporate law, securities, venture capital and private equity
8 transactions.

9 5. Beauchamp began representing DenSco in 2003, when he was a partner of
10 the law firm Quarles & Brady LLP.

11 6. In 2004, Beauchamp left Quarles & Brady to join the law firm Gammage
12 & Burnham, PLLC, where he continued to represent DenSco.

13 7. In 2008, Beauchamp left Gammage & Burnham to join the law firm
14 Bryan Cave LLP, where he continued to represent DenSco.

15 8. Beauchamp has testified that DenSco relied on him to prepare private
16 offering memoranda for distribution "to investors of DenSco in compliance with
17 Arizona and federal security [sic] laws" and to provide DenSco with "recommendations
18 for amended or additional [private offering memoranda] in keeping with the
19 investments being made or contemplated by DenSco."

20 **b. Beauchamp Prepared Private Offering Memoranda that**
21 **DenSco Issued to Investors in 2003, 2005, 2007, 2009,**
22 **and 2011 to Sell Promissory Notes.**

23 9. DenSco issued private offering memoranda in 2003, 2005, 2009, and
24 2011, which DenSco used to sell promissory notes to investors.

25 10. Beauchamp prepared each private offering memorandum ("POM"),
26 sometimes working with other attorneys.

27 a. The 2009 POM was prepared by Beauchamp with assistance from
28 Bryan Cave attorneys Ray Burgan, Logan Miller, and Nancy Pohl.

1 b. The 2011 POM was prepared by Beauchamp with assistance from
2 Bryan Cave attorneys Gus Schneider and Jonathan E. Stern.

3 11. The process of preparing POMs in 2007, 2009 and 2011 took between
4 one and three months.

5 a. Beauchamp began working on a POM in early May 2007, after a
6 May 3, 2007 meeting with Chittick, and completed his work in approximately
7 thirty days.

8 b. Beauchamp began working on a POM in April 2009, after an
9 April 9, 2009 meeting with Chittick, and completed his work in approximately
10 ninety days.

11 c. Beauchamp began working on a POM in April 2011, after an April
12 13, 2011 meeting with Chittick, and completed his work in approximately ninety
13 days.

14 12. Beauchamp knew that Chittick told his investors that he had retained legal
15 counsel to prepare DenSco's POMs, and that Chittick had identified him as the
16 Company's securities attorney who helped prepare those POMs. For example, Chittick
17 distributed a POM in 2011 to DenSco's investors through a July 19, 2011 email. The
18 email was sent to all of DenSco's investors and Beauchamp. Chittick's transmittal
19 email stated, in part: "I update this memorandum every two years. I work with David
20 Beauchamp (securities attorney) to review all the statues [sic] and laws in Arizona as it
21 pertains to my business and all the states that I have investors in. This is to ensure that
22 I'm filing all the forms and following all the rules"

23 **c. The Terms of the POMs Beauchamp Prepared**

24 **(1) DenSco Sold Promissory Notes**

25 13. In the POMs it issued in 2007, 2009 and 2011, DenSco offered to sell
26 investors promissory notes of \$50,000 or more with the following durations and interest
27 rates: six months at 8%; one year at 10%; and two to five years at 12%. The notes
28

1 were "paid 'interest only' during the terms, with principal payable only at maturity."
2 Investors had the ability to "have interest paid monthly, quarterly, or at maturity."

3 14. Each POM stated that "[a]lthough the Company intends to use its good
4 faith efforts to accommodate written requests from an investor to prepay any Note prior
5 to maturity and the Company has in fact been able to satisfy such requests in a timely
6 manner with interest paid in full, the Company has no obligation to do so and the
7 investor has no right to require the Company to redeem the Note prior to maturity."

8 15. By completing and signing a Subscription Agreement, investors specified
9 the amount of the promissory note they wished to purchase, the term of the note, and
10 how they wished to be paid interest.

11 16. The files that Beauchamp maintained, and the billing statements Bryan
12 Cave issued to DenSco, reflect that Beauchamp prepared a form of Subscription
13 Agreement in 2007 and 2009, but did not do so when he prepared a POM for DenSco in
14 2011. There is no reference in those files and billing statements to any actions that
15 Beauchamp took when DenSco issued a POM in 2011, or at any time thereafter, to
16 ensure that DenSco was using an appropriate Subscription Agreement for the
17 promissory notes DenSco sold during and after July 2011.

18 17. DenSco's investor files reflect that during the two years the 2011 POM
19 was in effect, Chittick used a Subscription Agreement that Beauchamp had prepared in
20 2009 and which referenced the 2009 POM. Those files also reflect that Chittick
21 continued to use the 2009 Subscription Agreement to sell promissory notes after the
22 2011 POM expired in July 2013.

23 18. Beauchamp knew that the vast majority of DenSco's investors purchased
24 two-year promissory notes. For example, Beauchamp's notes reflect that Chittick told
25 him during a May 3, 2007 meeting that 90% of the promissory notes DenSco had issued
26 to investors were two-year notes.

27 19. Beauchamp also knew that the vast majority of DenSco's investors did
28 not redeem their promissory notes when those notes matured, and instead "rolled over"

1 their investments by executing a subscription agreement and buying a new promissory
2 note when a previous promissory note matured. As Beauchamp wrote in a June 15,
3 2007 e-mail to Richard Carney, who was then doing "Blue Sky" work for DenSco,
4 "DenSco has regular sales of roll-over investments" and an "ongoing roll-over of the
5 existing investors every 6 months or so."

6 **(2) The Promissory Notes Were Represented to Be**
7 **Safe, Secure Investments**

8 20. In the POMs it issued in 2007, 2009 and 2011, DenSco made a number of
9 representations about its business practices that were intended to give existing and
10 potential investors the impression that the promissory notes sold by DenSco were safe,
11 secure investments.

12 21. For example, the POM that DenSco issued in 2011 stated that:

13 a. DenSco had sold promissory notes worth \$25.9 million to
14 new and existing investors since 2001, and "ha[d] never defaulted on either
15 interest or principal" on any of those notes.

16 b. "All real estate loans funded by [DenSco] have been and are
17 intended to be secured through first position trust deeds."

18 c. DenSco would "attempt to maintain a diverse [loan]
19 portfolio . . . by seeking a large borrowing base" and by "attempting to ensure
20 that one borrower will not comprise more than 10 to 15 percent of the total
21 portfolio."

22 d. DenSco "intend[ed] to maintain general loan-to-value
23 guidelines that currently range from 50 percent to 65 percent, (but it is not
24 intended to exceed 70%), to help protect the Company's portfolio of loans."

25 e. "Because of these varying degrees of diversification, the
26 relatively short duration of each of the loans, and management's knowledge of
27 the Phoenix metropolitan market, [DenSco's] management anticipates that it will
28 not experience a significant amount of losses."

1 f. DenSco's "objective is to have sufficient cash coming in
2 from Trust Deed payoffs to be able to redeem all Notes as they come due and
3 maintain reserves without any need to sell assets or issue new Notes to repay the
4 earlier maturing Notes."

5 22. The POMs DenSco issued to existing and potential investors in 2007,
6 2009 and 2011 each included a "Prior Performance" section which summarized the
7 dollar value of promissory notes sold in preceding years, the number of loans made in
8 each year, the value of those loans, the value of the property securing those loans, and
9 losses incurred in each of those years.

10 23. The Prior Performance section in each POM concluded with a statement
11 that was intended to give existing and potential investors the impression that the
12 promissory notes sold by DenSco were safe, secure investments: "Each and every
13 Noteholder has been paid the interest and principle due to that Noteholder in
14 accordance with the respective terms of the Noteholder's Notes. Despite any losses
15 incurred by the Company from its borrowers, no Noteholder has sustained any
16 diminished return or loss on their investment in a Note from [DenSco]."

17 **(3) The 2007, 2009 and 2011 POMs Were Each in**
18 **Effect for Two Years, But Were Never Updated**
19 **by DenSco, And Beauchamp Did Not Advise**
DenSco To Do So.

20 24. Each POM that DenSco issued to existing and potential investors in 2007,
21 2009 and 2011 stated that DenSco "intends to offer [promissory notes for sale] on a
22 continuous basis until the earlier of (a) the sale of the maximum offering," which was
23 \$50 million, "or (b) two years from the date of this memorandum." They went on to
24 state that DenSco "reserves the right to amend, modify and/or terminate this offering."

25 25. DenSco's records do not reflect that it ever told existing and potential
26 investors that "the maximum offering proceeds" offered through the 2007, 2009 and
27 2011 POMs had been raised, or that it had terminated any of those offerings.

1 26. As a result, the POM that was dated June 1, 2007 expired on June 1,
2 2009; the POM that was dated July 1, 2009 expired on July 1, 2011; and the POM that
3 was dated July 1, 2011 expired on July 1, 2013.

4 27. The POMs DenSco issued to existing and potential investors in 2007,
5 2009 and 2011 each stated that “[i]n order to continue offering the Notes during this
6 [two-year] period, [DenSco] will need to update this Memorandum from time to time.”

7 Each POM went on to state that

8 Keeping the information in the Memorandum current will cause the
9 Company to incur additional costs. *A failure to update this Memorandum*
10 *as required could result in the Company being subject to a claim under*
11 *Section 10b-5 of the Security Act for employing a manipulative or deceptive*
12 *practice in the sale of securities, subjecting [DenSco], and possibly the*
13 *management of [DenSco], to claims from regulators and investors. In*
14 *addition, an investor might seek to have the sale of the Notes hereunder*
15 *rescinded which would have a serious adverse effect on [DenSco’s]*
16 *operations. (Emphasis added.)*

17 28. DenSco’s records do not reflect that DenSco ever took steps to “[k]eep[]
18 the information in the [POMs DenSco issued in 2007, 2009 and 2011] current” by
19 issuing updates to those POMs during the two-year period each of those POMs was in
20 effect.

21 29. The files that Beauchamp maintained, and the billing statements issued to
22 DenSco by his respective law firms, do not reflect that Beauchamp ever advised
23 DenSco to “[k]eep[] the information in the [POMs DenSco issued in 2007, 2009 and
24 2011] current” by issuing updates to those POMs during the two-year period each of
25 those POMs was in effect.

26 30. Each POM that DenSco issued in 2007, 2009 and 2011 prominently
27 warned potential purchasers of DenSco’s promissory notes that “NO PERSON HAS
28 BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY
REPRESENTATIONS CONCERNING THE COMPANY OTHER THAN AS
CONTAINED IN THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM,
AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR
REPRESENTATIONS MUST NOT BE RELIED UPON.”

(4) In Preparing the 2011 POM, Beauchamp Failed to Investigate a "Red Flag" About DenSco's Lending Practices.

31. The Prior Performance section of the POM DenSco issued in 2011 concluded with the same positive statement about DenSco's lending activities and the absence of losses on promissory notes that was made in earlier POMs:

Since inception through June 30, 2011, [DenSco] has participated in 2622 loans, with an average amount of \$116,000, with the highest loan being \$800,000 and lowest being \$12,000. The aggregate amount of loans funded is \$306,786,893 with property valued totaling \$470,411,170. . . These loans have borne interest rates of 18% per annum. The interest rate paid to noteholders has ranged from 8% to 12% per annum through such date. Each and every Noteholder has been paid the interest and principle due to that Noteholder in accordance with the respective terms of the Noteholder's Notes. Despite any losses incurred by the Company from its borrowers, no Noteholder has sustained any diminished return or loss on their investment in a Note from [DenSco]."

32. But the information disclosed in the 2011 POM's Prior Performance section clearly raised a "red flag" about DenSco's lending activities. Among the information disclosed in that section was the following.

<i>Year</i>	<i>Notes Sold</i>	<i>Loans Made</i>	<i>Yearly Loan Amount</i>
2001	\$500,000	37	\$8,378,000
2002	\$930,000	69	\$5,685,000
2003	\$1,550,000	124	\$11,673,000
2004	\$2,450,000	185	\$19,907,000
2005	\$2,670,000	236	\$34,955,700
2006	\$2,800,000	215	\$34,468,100
2007	\$2,400,000	272	\$42,579,634
2008	\$3,000,000	304	\$38,864,660
2009	\$2,100,000	412	\$41,114,707
2010	\$2,800,000	390	\$37,973,097
2011 (to 6/30/11)	\$4,700,000	378	\$36,187,995

33. This information raised a red flag because Chittick was DenSco's sole employee. In addition to selling promissory notes, making interest payments, and issuing statements to investors, Chittick was the only person who was conducting due diligence and underwriting and documenting DenSco's loans. He was also responsible for collecting loan payments and ensuring compliance with loan agreements.

1 34. Since 2009, when the previous POM had been issued, Chittick made more
2 than one loan a day: 412 in 2009; 390 in 2010; and 378 in just the first six months of
3 2011.

4 35. A reasonable securities lawyer would have questioned whether Chittick
5 could humanly make so many loans, and whether he was competently managing
6 DenSco's lending activities.

7 36. A reasonable securities lawyer would have conducted a due diligence
8 inquiry about DenSco's lending practices and the 2011 POM's representations that
9 "[a]ll real estate loans funded by [DenSco] have been and are intended to be secured
10 through first position trust deeds," and that DenSco was, in fact, "attempting to ensure
11 that one borrower will not comprise more than 10 to 15 percent of the total portfolio,"
12 among other representations.

13 37. Any concerns about DenSco's lending practices would have been
14 heightened by the increased amount of money Chittick had raised in the first half of
15 2011 (\$1.9 million more than the \$2.8 million that had been raised in all of 2010), and
16 the overall amount of money DenSco had raised since 2001 through the sale of
17 promissory notes (\$26.9 million as of June 30, 2011).

18 38. Bryan Cave had a mandatory due diligence procedure in place at the time
19 Beauchamp was working on the 2011 POM. As Beauchamp told Chittick in a June 11,
20 2011 email, he was required by Bryan Cave's "internal compliance procedures to
21 comply with the new regulations and requirements" to "set up a due diligence file" that
22 would "support each of the statements in the POM."

23 39. But the files that Beauchamp maintained, and the billing statements Bryan
24 Cave issued to DenSco, do not reflect that Beauchamp ever conducted any due
25 diligence on DenSco's lending practices in 2011.

26 40. Beauchamp overlooked this red flag and would later overlook other red
27 flags.
28

1 **3. Beauchamp Also Advised DenSco About Its Lending Practices.**

2 41. In addition to preparing DenSco's POMs and advising DenSco on
3 securities law matters, Beauchamp advised DenSco about its lending practices.

4 42. As Beauchamp wrote in a June 15, 2007 email to Richard Carney, he and
5 others at Gammage & Burnham had "updated DenSco's . . . loan documents to be used
6 with borrowers."

7 43. The files that Beauchamp maintained from his time at Gammage &
8 Burnham reflect that he had a meeting with Chittick on May 3, 2007, during which
9 Chittick asked Beauchamp to review and revise the documents DenSco used to make
10 and secure its loans.

11 44. At Beauchamp's request, Gammage & Burnham attorney Kevin Merritt
12 took the lead in making those revisions, but Beauchamp remained involved in
13 reviewing the revisions and discussing them with Chittick.

14 45. Chittick told Beauchamp and Merritt that DenSco used a Receipt and
15 Mortgage, which only the borrower signed, to serve as evidence that DenSco had paid
16 directly to a Trustee the proceeds of a loan a borrower had obtained from DenSco to
17 buy property from the Trustee at a Trustee's sale.

18 46. Chittick told Beauchamp and Merritt that because there was often a delay
19 in a Trustee recording a Trustee's deed after a trustee's sale, DenSco recorded its
20 Receipt and Mortgage immediately after a Trustee's sale had been completed to
21 establish its lien rights. Once a Trustee's deed was recorded, DenSco would record its
22 Deed of Trust and Assignment of Rents.

23 47. In May and June 2007, Merritt prepared for DenSco's use revised forms
24 of a Receipt and Mortgage, Note Secured by Deed of Trust, Deed of Trust and
25 Assignment of Rents, and a Continuing Personal Guaranty, which Beauchamp received.

26 48. The revised Receipt and Mortgage, like the previous form, was to be
27 signed by the borrower only, and not the Trustee. The operative language included the
28 following terms:

1 The undersigned borrower ("Borrower") acknowledges receipt of the proceeds
2 of a loan from DenSco Investment Corporation ("Lender") in the sum of \$____,
3 *as evidenced by check payable to _____ ("Trustee").* The loan was made to
4 Borrower to purchase the Real Property legally described as: Lot _____,
5 Subdivision _____, according to Book _____ of Maps, Page _____, in the plat record
6 in the Recorder's Office of Maricopa County. Address: _____. *At a*
7 *trustee's sale conducted by Trustee, which took place on _____, 200____, Borrower*
8 *became the successful purchaser with the highest bid,* and the loan is intended to
9 fund all or a part of the purchase price bid by Borrower at such trustee's sale.
10 (Emphasis added.)

11 49. As revised by Merritt, the Receipt and Mortgage contemplated that
12 DenSco would: (1) issue a check payable to the Trustee; and (2) employ some means to
13 confirm that the check had been used by the borrower to purchase the property from the
14 Trustee at a Trustee's sale.

15 50. Beauchamp has testified in an interrogatory answer that he "prepared all
16 of DenSco's offering documents" and "reviewed and commented on" DenSco's loan
17 documents, including the Receipt and Mortgage."

18 51. Beauchamp also testified that he "set out the proper method and
19 procedures for funding a loan" in the POMs, which he said were "disclosed to
20 DenSco's investors [as] the processes and procedures DenSco used to protect the
21 investments made in the company." He identified two specific representations made in
22 the POMs that DenSco issued in 2007, 2009 and 2011. According to Beauchamp, those
23 POMs

24 a. "describe that DenSco 'intends to directly . . . or indirectly . . .
25 perform due diligence to verify certain information in connection with funding a
26 Trust Deed'" and

27 b. "explain that '[p]rior to purchasing a Trust Deed or funding a
28 direct loan, the Company intends to have an officer, employee or an authorized
representative conduct a due diligence review by interviewing its owners,
verifying the documentation and performing limited credit investigations as are
deemed appropriate by the Company and visiting the subject property in a timely
manner.'"

1 52. After identifying those representations, Beauchamp linked them to the
2 Receipt and Mortgage, testifying: "Further, every mortgage evidencing a property
3 purchase made with a DenSco loan stated that the check purchasing the property was
4 made to the Trustee."

5 **4. In 2009 and 2010, Beauchamp Advised DenSco About Whether**
6 **DenSco Should be Regulated by the Arizona Department of**
7 **Financial Institutions, and in 2010 and 2011 Worked to**
8 **Prevent the Department from Regulating DenSco.**

9 53. Beauchamp also advised DenSco about whether it was subject to
10 regulation by the Arizona Department of Financial Institutions ("ADFI"); such
11 regulation would have included periodic audits of DenSco's lending practices. He then
12 represented DenSco in fending off the ADFI's efforts to regulate DenSco.

13 54. During April 2009, when Beauchamp was a partner of Bryan Cave,
14 Beauchamp and Bryan Cave attorney Ray Burgan reviewed DenSco's lending
15 procedures and advised DenSco as to whether DenSco was subject to ADFI supervision
16 and required to be licensed.

17 55. Beauchamp and Burgan advised Chittick by email that "DenSco's
18 operations as we understand them can be shown to exclude DenSco and you from being
19 subject to [the ADFI's] current licensing requirements."

20 56. Chittick accepted their advice and followed it.

21 57. In May 2010, Beauchamp reviewed and analyzed proposed new licensing
22 regulations and conferred with Chittick about them.

23 58. In June 2010, Beauchamp and Bryan Cave attorneys Logan Miller and
24 Michael Dvoren further analyzed those proposed regulations.

25 59. Chittick stated by email that he was prepared to have DenSco and himself
26 subject to regulation by the ADFI.

27 60. But based on Beauchamp's advice, Chittick did not cause DenSco to be
28 regulated by the ADFI and took active steps to resist such regulation.

1 61. At Beauchamp's direction, in June 2010, Dvoren presented arguments to
2 a representative of the ADFI as to why DenSco was not subject to the Department's
3 regulation and oversight. Those arguments were memorialized in emails that Dvoren
4 sent to representatives of the ADFI and the Arizona Attorney General's Office.

5 62. Beauchamp's and Dvoren's arguments were apparently successful, as the
6 ADFI did not take further steps in 2010 to regulate DenSco.

7 63. On August 12, 2011, Chittick sent Beauchamp a letter DenSco had
8 received from the ADFI regarding an investigation by the Department as to whether
9 DenSco was subject to mortgage broker regulations and required to be licensed and
10 supervised by the Department.

11 64. On August 22, 2011, Beauchamp sent a letter to the Department which
12 asserted that DenSco was not subject to regulation by the ADFI.

13 65. Those arguments were apparently successful, as the ADFI did not take
14 further steps in 2011 to regulate DenSco.

15 **5. Beauchamp Consistently Identified DenSco As His Client**

16 66. Files maintained by DenSco, Gammage & Burnham and Bryan Cave
17 reflect that while Beauchamp was affiliated with Gammage & Burnham and Bryan
18 Cave he consistently identified DenSco as his client, and never stated in an engagement
19 letter that he represented Chittick individually.

20 67. For example, on May 7, 2007, Beauchamp sent Chittick a letter to
21 confirm that DenSco had retained Gammage & Burnham to prepare the 2007 POM
22 which stated, in part, "As we have previously done, DenSco Investment Corporation
23 ("DenSco") will continue to be the client for this matter. If that is not consistent with
24 your understanding, please advise me immediately."

25 68. On April 10, 2008, Beauchamp sent Chittick a letter to confirm that
26 Bryan Cave had been retained "to provide legal services to DenSco Investment
27
28

1 Corporation in connection with [its] general business matters and such future matters
2 that we mutually agree to undertake.”

3 69. On April 14, 2009, Beauchamp sent Chittick a letter to confirm that
4 Bryan Cave had been retained “to provide legal services to DenSco Investment
5 Corporation in connection with updating [its] Confidential Private Offering
6 Memorandum for 2009.”

7 70. During 2010, Beauchamp caused a “Blue Sky Issues” matter to be
8 established in Bryan Cave’s accounting and filing system which identified DenSco as
9 the firm’s client.

10 71. On May 3, 2011, Beauchamp sent Chittick a letter to confirm that Bryan
11 Cave had been retained “to provide legal services to DenSco Investment Corporation in
12 connection with the updating of [its] Confidential Private Offering Memorandum for
13 2011.”

14 72. In May and June 2011, Beauchamp discussed with Chittick his or
15 DenSco’s possible participation in a to-be-formed title insurance company. Beauchamp
16 established a new matter in Bryan Cave’s accounting and filing systems for DenSco,
17 described as “Formation of affiliate entity with partners.” DenSco was identified as
18 Bryan Cave’s client.

19 73. In August 2011, Beauchamp caused a new matter in Bryan Cave’s
20 accounting and filing systems to be opened, captioned AZ Practice Review, which
21 identified DenSco as the firm’s client.

22 **B. Events That Occurred in the Four Months Before Beauchamp Joined**
23 **Clark Hill in September 2013.**

24 74. The POM that DenSco issued in July 2011 expired on July 1, 2013.
25 DenSco did not issue a POM in July 2013, or at any time after July 2013, to replace the
26 POM that expired on July 1, 2013.

27 75. Between May 9 and July 1, 2013, Beauchamp took some preliminary
28 steps to prepare a new POM but did not begin drafting a new POM. He also failed to

1 conduct the due diligence that a reasonable securities lawyer would have undertaken.
2 He failed to investigate red flags about DenSco's lending practices when they were
3 brought to his attention.

4 **1. Beauchamp Was Asked to Leave Bryan Cave in June 2013**
5 **and Left the Firm in August 2013.**

6 76. One apparent reason for Beauchamp's inattention to DenSco's need for a
7 new POM was that he spent the summer months looking for a new job.

8 77. Information the Receiver has received in response to a subpoena served
9 on Bryan Cave suggests that on or shortly after June 4, 2013, Beauchamp was informed
10 by Bryan Cave's management committee that the firm wanted to end its relationship
11 with Beauchamp and that he would need to find a new law firm where he could practice
12 law.

13 78. Bryan Cave's decision understandably was not well received by
14 Beauchamp. As he wrote in a January 15, 2014 email to his former partner Bob Miller
15 explaining why he did not wish to attend a meeting at Bryan Cave's offices, "[m]y last
16 few months [at Bryan Cave] were more than a little difficult and I do not want to go
17 back to that."

18 79. Beauchamp finalized the terms of his employment by Clark Hill by mid-
19 to late-August 2013.

20 80. Beauchamp's notes reflect that he spoke to Chittick on August 26, 2013
21 and told him that "BC will be sending a letter to Denny & letting Denny decide if he
22 wants files kept at BC or moved to CH."

23 81. On August 30, 2013, Beauchamp sent Chittick by email a letter that he
24 and Jay Zweig, the managing partner of Bryan Cave's Phoenix office, both signed,
25 informing DenSco that Beauchamp would be leaving Bryan Cave effective August 31,
26 2013, and that Beauchamp would be joining Clark Hill.

1 **2. During the Month of May 2013, Beauchamp Performed**
2 **Minimal Work to Prepare a New POM.**

3 82. The files that Beauchamp maintained at Bryan Cave and Bryan Cave's
4 billing statements reflect that Chittick had to prompt Beauchamp to start working on a
5 new POM in 2013.

6 a. On March 17, 2013, Chittick sent Beauchamp an email proposing
7 to meet in April to begin working on an updated private offering memorandum.

8 b. On May 1, 2013, Chittick sent another email to Beauchamp which
9 stated: "it's the year we have to do the update on the memorandum, when do you
10 want to start?"

11 c. Beauchamp responded by email that day and scheduled a meeting
12 for May 9, 2013.

13 83. Despite those documents, Beauchamp claims in Defendants' initial
14 disclosure statement (at 5) that he, rather than Chittick, was the one who started the
15 process of preparing a new POM in 2013 when he "advised DenSco that it needed to
16 update its 2011 POM given the passage of time and changes in the scope of DenSco's
17 fund raising."

18 84. Beauchamp caused a new matter to be established in Bryan Cave's
19 accounting and filing systems for the preparation of a 2013 POM which identified
20 DenSco as Bryan Cave's client.

21 85. When the matter was opened, Bryan Cave established a "due diligence"
22 file for a 2013 POM.

23 86. Before the May 9, 2013 meeting, Beauchamp prepared or caused to be
24 prepared a draft private offering memorandum dated "May __, 2013" (the "draft 2013
25 POM").

26 87. With the exception of the title page, the draft 2013 POM was a duplicate
27 of a preliminary draft of the 2011 POM, which Bryan Cave attorney Gus Schneider had
28

1 sent to Chittick on June 15, 2011 at Beauchamp's direction, when Schneider and
2 Beauchamp were working on the 2011 POM.

3 88. During the May 9 meeting, Beauchamp took a few notes and apparently
4 underlined or circled a few passages in the draft 2013 POM.

5 89. Beauchamp's notes reflect that Chittick told him during the meeting that
6 DenSco had as of that date raised over \$50 million from 75 to 80 investors who
7 collectively held 114 accounts.

8 90. Beauchamp stopped working on the draft 2013 POM after learning how
9 much money DenSco had raised since the 2011 POM. As he would later tell Bryan
10 Cave partner Elizabeth Sipes through a June 25, 2013 email: "We stopped the updating
11 when we were told that the investments from the investors had jumped to
12 approximately \$47.5 million. Given that significant increase, I have been asking for
13 help to determine what other federal or state laws might be applicable."

14 91. According to Bryan Cave's billing statement, the only work Beauchamp
15 performed during May 2013 on the draft 2013 POM was for less than thirty minutes of
16 "[w]ork on issues and follow-up" on May 10 and less than thirty minutes of "[w]ork on
17 issues and information for Private Offering Memorandum" on May 31, 2013.

18 **3. During June 2013, Beauchamp Learned From Another Bryan**
19 **Cave Lawyer That DenSco's Website Violated Federal**
Securities Laws.

20 92. Although Beauchamp learned on May 9, 2013 that DenSco had nearly
21 \$50 million of investor loans and told his Bryan Cave colleagues that he stopped
22 working on the draft 2013 POM when he learned of that fact so that he could
23 investigate what federal or state laws were implicated by the substantial increase in
24 DenSco's sales of promissory notes, Beauchamp waited until June 10, 2013 before
25 seeking assistance from other Bryan Cave attorneys.
26
27
28

1 a. On June 10, 2013, Beauchamp sent an email to Ken Henderson, an
2 attorney in Bryan Cave's New York City office, copied to William Seabaugh, an
3 attorney in Bryan Cave's St. Louis office.

4 b. His email stated, in part: DenSco "is a client which makes high
5 interest loans (18% with no other fees) secured by first lien position against real
6 estate. . . . DenSco has previously had aggregate investor loans outstanding at
7 approximately \$16 to \$18 million from its investors. We are starting the process
8 to update and renew DenSco's private offering memo (renew it every two years)
9 and we have now been advised that DenSco now has almost \$47 million in
10 aggregate investor loans outstanding."

11 c. Beauchamp said he was seeking "guidance or direction" as to
12 whether DenSco, with close to \$50 million of investor funds, was subject to
13 certain federal securities acts and regulations.

14 d. Henderson suggested by email that Beauchamp confer with Robert
15 Pedersen, an attorney in Bryan Cave's New York City office, and Elizabeth
16 Sipes, an attorney in Bryan Cave's Denver office.

17 93. On June 11, 2013, Beauchamp sent an email to Chittick which stated:
18 "How many investors hold notes from DenSco? We are trying to determine what
19 exclusions DenSco could qualify for with respect to the other applicable federal
20 statutes. I do not have that number in my notes."

21 94. Chittick responded by email that day, telling Beauchamp DenSco had 114
22 individual accounts, held by approximately 80 families.

23 95. On June 17, 2013, Beauchamp received an email from Pedersen.
24 Pedersen noted that he had reviewed DenSco's website, and had asked Randy Wang, an
25 attorney in Bryan Cave's St. Louis office, whether DenSco was in compliance with the
26 Securities Act of 1933. Pedersen wrote: "Randy questioned whether in the DenSco
27 Investment Corp. case, the existence of, and/or statements made on, the DenSco
28

1 [website] which I had brought to his attention, made the transaction exemption
2 unavailable to DenSco. In any event you may wish to discuss further with Randy.”

3 96. Beauchamp then printed information from DenSco’s website, which
4 included a section captioned “Investor Requirements” that purported to provide an
5 “abbreviated description” of “legal definitions” found in the 2011 POM and related
6 subscription agreement, including a definition of accredited investor.

7 97. Although Beauchamp had been representing DenSco since 2003, and his
8 files reflect that he regularly reviewed DenSco’s website, it was another Bryan Cave
9 lawyer, with no prior involvement in Bryan Cave’s representation, who immediately
10 identified this significant issue.

11 98. Beauchamp wrote an email to Wang on June 17, 2013, which stated:
12 “With respect to the client’s statements on its website, I was not aware that the client
13 had added his personal description of what is an eligible ‘accredited investor’ to the
14 DenSco website. I will have him take it down. I also have a call into him to ask when
15 he added that language. Previously, his website was just for potential borrowers and for
16 existing investors. It included his view of the real estate lending market and explained
17 the status of the properties that DenSco had commenced or might have to commence a
18 Trustee Sale to take ownership of the security for a loan. Given his ‘layman’s
19 description of an accredited investor’ on the website, does that constitute general
20 solicitation, which will cause the offering to no longer qualify under Regulation D? If
21 so, can we discuss what we need to tell him that he needs to do to resolve the loss of his
22 exempt security status?”

23 99. Beauchamp’s notes reflect that he spoke to Wang on June 17, 2013.

24 100. Beauchamp’s notes also reflect that he spoke to Chittick on June 17,
25 2013.

26 101. After talking to Chittick, Beauchamp sent an email to Wang on June 17,
27 2013, which stated, in part: “I talked to Denny Chittick, the owner of DenSco. Denny
28 has already had the website modified. Denny also reviewed the list of his investors

1 (there are only 114 individual investors from approx 80 families). All of his investors
2 were either family or friends (or verified referrals from family or friends). . . .
3 According to his note schedule, Denny has approximately 60 investor notes that are
4 scheduled to expire in the next six months, so he would prefer to not be shut down and
5 have to return all of that investment money to his investors until he could commence
6 operations again.”

7 102. Beauchamp received an email from Chittick late in the day on June 17,
8 2013, through which Chittick forwarded his email exchange with a vendor confirming
9 that information regarding interest rates offered for promissory notes and the entire
10 “Investor Requirements” section had been removed from DenSco’s website.

11 103. Beauchamp spoke to Wang on June 18, 2013. His notes reflect that Wang
12 “does not have a clean path for the private placement” and that he and Beauchamp
13 discussed a number of “judgment calls” which were described in Beauchamp’s notes as
14 follows: (i) “whether website constitutes ‘General Solicitation’ – probably yes”; (ii)
15 “would a waiver of Right of Rescission be helpful – probably not → that just resolves
16 the individual claim + not the offering itself”; (iii) “would starting a new company be
17 helpful – probably not – still would be integrated offering.” Beauchamp’s notes
18 concluded by stating “Randy does not have a solution” and a list of the names of other
19 Bryan Cave attorneys Beauchamp should contact.

20 104. On June 20, 2013, Beauchamp sent an email to Bryan Cave attorneys
21 Henderson, Wang, Robert Endicott in the firm’s St. Louis office, and Garth Jensen in
22 the firm’s Denver office. Beauchamp’s email stated, in part:

23 DenSco “is a client which makes high interest loans (18% with no other fees)
24 secured by first lien position against Arizona real estate. . . . As part of our due
25 diligence for this offering, we reviewed the client’s website. On its website, the
26 client lists several pieces of information concerning Arizona real estate, but the
27 client has also added Denny Chittick’s personal description of who or what is an
28 eligible ‘accredited investor.’ In addition, the website also referenced the
interest rate paid by DenSco to its investors. *After we advised the client that
this could be deemed to be “general solicitation” in violation of Regulation D,
the client immediately took down these references from its website.* . . . Randy
and I are concerned that if this information on the website is deemed to
constitute ‘general solicitation’ then the offering will no longer qualify under

1 Regulation D. . . . *According to his note schedule, Denny has approximately 60*
2 *investor notes that are scheduled to expire in the next 6 months (and to*
3 *probably be rolled over into new notes), so he would prefer to not be shut down*
4 *and to have to return all of that investment money to his investors until he*
5 *could commence operations again.* Issue: Does anyone have any suggestion or
thoughts that we can advise the client (short of closing down its business for six
months) that he needs to do to resolve the loss of his exempt security status?"
(Emphasis added.)

6 105. Henderson and Wang responded to Beauchamp's email on June 20, 2013,
7 discussing when the "'JOBS Act' requirement that the SEC eliminate the general
8 solicitation requirement for all accredited investors offerings [would] become
9 effective[.]"

10 106. On June 25, 2013, Beauchamp sent an email to Sipes which stated, in
11 part: "Attached is the previous POM for the client which has only had the date
12 changed. We stopped the updating when we were told that the investments from the
13 investors had jumped to approximately \$47.5 million. Given that significant increase, I
14 have been asking for help to determine what other federal or state laws might be
15 applicable. Bob Pederson of NY has said that the Trust Indenture Act will not be
16 applicable so long as the client is under the Regulation D, Rule 506 exemption. The
17 other big issues [that] have waited for your help to discern [is] if we need to comply
18 with the Investment Advisors Act of 1940 and the Registered Investment Advisors
19 requirements."

20 107. Beauchamp spoke to Sipes on June 27, 2013. Beauchamp's notes reflect
21 that Sipes told him the 2011 POM had incorrectly referenced an exemption under the
22 Investment Company Act, that she was considering other issues, and that she would
23 follow up by email.

24 108. Beauchamp spoke to Chittick on June 27, 2013. Beauchamp's notes
25 reflect that he shared with Chittick the information he had received from Sipes.

26 109. Chittick sent Beauchamp an email on June 27, 2013 to again confirm that
27 the requested changes to the website had been completed. He added, "Oh ya I just took
28 in another 1.1 million yesterday."

1 4. **During June 2013, Beauchamp Learned That Representations**
2 **Made In the 2011 POM About DenSco's Lending Practices**
3 **Were Materially Misleading But Failed to Conduct any**
 Investigation Of DenSco's Lending Practices.

4 110. Beauchamp received an email from Chittick on June 14, 2013.

5 111. Chittick's email, which was copied to Yomtov "Scott" Menaged, said, in
6 part: "I have a borrower, to which I've done a ton of business with, million[s] in loans
7 and hundreds of loans for several years[.] [H]e's getting sued along with me. . . . Easy
8 Investments[] has his attorney working on it[.] [I]'m okay to piggy back with his
9 attorney to fight it[.] Easy Investments [is] willing to pay the legal fees to fight it. I
10 just wanted you to be aware of it, and talk to his attorney, [whose] contact info is
11 below."

12 112. Chittick's email included a forwarded email from Menaged which
13 provided contact information for his attorney, Jeffrey J. Goulder.

14 113. Copies of a summons, the first four pages of a complaint, a certificate of
15 compulsory arbitration, and a lis pendens were attached to the email.

16 114. Menaged responded to the email by telling Beauchamp in an email to
17 "bill me for your services and utilize my attorney for anything you may need."

18 115. The complaint and other documents Beauchamp received identified by
19 street address and legal description of the foreclosed home at issue in the lawsuit; they
20 also identified the names of the former owners.

21 116. After reviewing these documents, Beauchamp sent an email to Chittick on
22 June 14, 2013 which said "***We will need to disclose this in POM.***" (Emphasis added.)

23 117. Bryan Cave's billing records reflect that Beauchamp billed DenSco for 30
24 minutes of time on June 14, 2013 devoted to "[e]mail to D. Chittick regarding need to
25 disclose pending litigation in Private Offering Memorandum; review email from D.
26 Chittick; review requirements."

1 118. The complaint had been filed in Maricopa County Superior Court by Freo
2 Arizona, LLC against DenSco; Easy Investments, LLC; Active Funding Group, LLC;
3 Ocwen Loan Servicing, LLC; and another defendant.

4 119. According to the excerpt of the complaint that Beauchamp received,

5 a. A home in Peoria, Arizona was to be sold at a trustee's sale.

6 b. Freo claimed to have purchased the home on March 18, 2013,
7 before the date of the scheduled trustee's sale, by paying Ocwen Loan Servicing
8 the payoff amount for the mortgage, and that the sale was documented in a
9 warranty deed that had been recorded with the Maricopa County Recorder's
10 Office.

11 c. Ocwen failed to timely instruct the trustee to cancel the trustee's
12 sale.

13 d. On March 22, 2013, *Easy Investments* acquired the property at a
14 trustee's sale, and then "*attempted to encumber the property with deeds of trust*
15 *to Active [Funding Group] and DenSco.*" (Emphasis added.)

16 e. Freo filed its lawsuit to establish that it owned the property free
17 and clear of liens asserted by Active Funding Group and DenSco.

18 120. The *Freo* complaint put Beauchamp on notice that DenSco's 's 2011
19 POM was materially misleading because DenSco was not following the "proper method
20 and procedures for funding a loan" which, according to Beauchamp's interrogatory
21 answers, were described in the 2011 POM as including "'due diligence to verify certain
22 information in connection with funding a Trust Deed'" and "'conduct[ing] a due
23 diligence review by . . . verifying the documentation.'"

24 121. It was apparent from the *Freo* complaint that Chittick had not conducted
25 any due diligence before loaning money to Easy Investments to acquire this particular
26 home, since the property had been sold, according to public records, five days before a
27 trustee's sale. Under such circumstances, the loan funded by DenSco could not have
28

1 been a loan “intended to be secured through [a] first position trust deed[],” as DenSco
2 had represented in the 2011 POM.

3 122. It was also apparent from the *Freo* complaint that Chittick had not
4 exercised appropriate care in loaning money to Easy Investments, since Freo alleged
5 that Easy Investments had “attempted to encumber the property with deeds of trust to
6 Active [Funding Group] and DenSco.” That allegation called into question both the
7 due diligence Chittick had employed in selecting Easy Investments as a borrower and
8 the practices Chittick followed in funding loans made by DenSco.

9 123. Although the files Beauchamp maintained and Bryan Cave’s billing
10 records reflect that the only actions Beauchamp took after receiving Chittick’s June 14,
11 2013 email were to spend 30 minutes to “review email from D. Chittick” and to send
12 “[e]mail to D. Chittick regarding need to disclose pending litigation in Private Offering
13 Memorandum,” Beauchamp claims in Defendants’ initial disclosure statement (at 6-7)
14 that he did more than that.

15 124. Beauchamp claims that after reviewing the *Freo* complaint, he “advised
16 Mr. Chittick . . . that Mr. Chittick needed to fund DenSco’s loans directly to the trustee
17 or escrow company conducting the sale, rather than provide loan funds directly to the
18 borrower, to ensure that DenSco’s deed of trust was protected.” This is an admission
19 by Beauchamp that he knew in June 2013 that the 2011 POM was materially
20 misleading.

21 125. Beauchamp goes on to say in Defendants’ initial disclosure statement that
22 “Mr. Chittick explained to Mr. Beauchamp that this was an isolated incident with a
23 borrower, Menaged, whom Mr. Chittick described in his email as someone he had
24 ‘done a ton of business with . . . hundreds of loans for several years’”

25 126. If a jury believes that Beauchamp actually had this discussion with
26 Chittick, despite the absence of any email, note or billing record to support
27 Beauchamp’s claim, it should conclude that Beauchamp decided not to take any steps to
28

1 investigate Chittick's admission that DenSco had lax lending practices, or was
2 preoccupied with his efforts to find a new law firm and did not take the time to do so.

3 127. An investigation into DenSco's lending practices was needed because:

4 a. the volume of DenSco's lending that Chittick was managing by
5 himself (a missed red flag when the 2011 POM was prepared), had significantly
6 increased, with the total amount of funds DenSco had received from investors
7 approaching \$50 million;

8 b. the allegations in the *Freo* lawsuit evidenced a lack of due
9 diligence on DenSco's part in deciding to fund the loan in question;

10 c. the allegations in the *Freo* lawsuit called into question whether
11 Menaged, whom Chittick described as one of DenSco's major borrowers, was a
12 reliable and trustworthy person.

13 d. Chittick's admission that he had given funds directly to Easy
14 Investments necessarily meant DenSco was not complying with the terms of the
15 Receipt and Mortgage which, as Beauchamp has noted in his interrogatory
16 answers, "stated that the check purchasing the property was made to the
17 Trustee."

18 e. Beauchamp knew on June 17, 2013, when he downloaded and
19 reviewed DenSco's website, that DenSco was representing to existing and
20 potential investors that it followed "Lending Guidelines" under which it would
21 be in "First Position ONLY!"

22 f. Beauchamp knew that DenSco would be actively selling
23 promissory notes in the latter half of 2013, since he knew, and told his Bryan
24 Cave colleagues on June 20, 2013, that "[a]ccording to [Chittick's] note
25 schedule, [DenSco] has approximately 60 investor notes that are scheduled to
26 expire in the next 6 months (and to probably be rolled over into new notes)."

1 g. Beauchamp knew that DenSco was actively selling promissory
2 notes based on the 2011 POM. On June 27, 2013, for example, Chittick told him
3 by email "Oh ya I just took in another 1.1 million yesterday."

4 128. Beauchamp did not conduct an investigation of the allegations in the *Freo*
5 lawsuit regarding DenSco's lending practices, or of DenSco's lending practices
6 generally, in June 2013 (before the 2011 POM expired on July 1, 2013) or at any time
7 thereafter.

8 129. If Beauchamp had investigated the allegations in the *Freo* complaint, he
9 would have found within minutes, by reviewing records available through the Maricopa
10 County Recorder's website relating to the property described in the *Freo* lawsuit: (i) a
11 Deed of Trust and Security Agreement With Assignment of Rents given by Easy
12 Investments in favor of Active Funding Group, that Menaged had signed on March 25,
13 2013; and (ii) a Deed of Trust and Assignment of Rents given by Easy Investments in
14 favor of DenSco, that Menaged had signed on April 2, 2013. Both signatures were
15 witnessed by the same notary public.

16 130. Those documents confirmed the allegation in the *Freo* complaint that
17 DenSco was not in first position on a loan it had made to Easy Investments.

18 131. Those documents also showed that Menaged had purposefully borrowed
19 money, first from Active Funding and then from DenSco, using the same property as
20 security, since he had personally signed both the Active Funding deed of trust and the
21 DenSco deed of trust before a notary.

22 **5. During July and August 2013, Beauchamp Took Minimal**
23 **Steps to Prepare a New POM.**

24 132. After failing to do any investigation of the allegations in the *Freo* lawsuit
25 or of DenSco's lending practices generally, an apparently distracted Beauchamp took
26 minimal steps in July and August 2013 to prepare a new POM.

27 133. On July 1, 2013, Beauchamp received an email from Sipes which stated,
28 in part, that she didn't believe DenSco would be considered an investment advisor

1 under the Investment Company Act or the Investment Advisers Act and did not believe
2 DenSco needed to limit the number of accredited investors to whom it offered
3 promissory notes.

4 134. On July 10, 2013, Beauchamp forwarded to Chittick a news report that
5 the SEC had just decided to end the ban on general solicitation.

6 135. Bryan Cave's billing statements reflect that between July 12, 2013 and
7 July 31, 2013, Beauchamp recorded time to "revise disclosure in Private Offering
8 Memorandum" and "[w]ork on and revise Private Offering Memorandum" and had
9 additional time entries to "[w]ork on revisions to Private Offering Memorandum" or
10 "[w]ork on issues for Private Offering Memorandum."

11 136. But the only document in Bryan Cave's file that reflects any revisions
12 Beauchamp made to the draft of a 2013 POM is a draft containing several of his
13 handwritten edits. They included a note on the cover of the draft to "revise to new
14 version for B/L purposes," but no blacklined draft of a 2013 POM exists in Bryan
15 Cave's file.

16 137. Bryan Cave's billing records reflect that the only work Beauchamp
17 performed on the draft 2013 POM during August 2013 was to exchange emails on
18 August 6, 2013 with Jensen asking for a form subscription agreement to comply with
19 changes to Rule 506.

20 138. When Beauchamp left Bryan Cave in August 2013, the "due diligence"
21 file for the draft 2013 POM contained only three documents: (1) a June 18, 2013 article
22 captioned "Determining whether a company is an investment company"; (2) a printout
23 from DenSco's website dated June 17, 2013; and (3) a July 28, 2010 article captioned
24 "Private Fund Investors Advisors Registration Act of 2010: New Law Changes
25 Regulatory Framework for Alternative Investment Advisors."

26 139. Beauchamp's notes reflect that he left a voicemail message for Chittick
27 on August 26, 2013 regarding "need to work on the latest version of POM that Denny
28 has w/ the prior experience charts. Need to discuss timing and update."

1 140. His notes go on to reflect that he spoke to Chittick on August 26, 2013
2 and that he “explained delay w/ POM,” discussed the “need to get copy of Denny’s
3 latest POM & make changes to it,” and discussed that “BC will be sending a letter to
4 Denny & letting Denny decide if he wants files kept at BC or moved to CH.”

5 **6. Beauchamp Now Claims That Chittick Was Responsible for**
6 **His Failure to Prepare a New POM Before He Left Bryan**
7 **Cave, But His Claim is at Odds With the Documentary Record.**

8 141. In Defendants’ initial disclosure statement (at 5), Beauchamp claims that
9 he “was never able to finalize the 2013 POM” because of Chittick. He says that
10 “[a]lthough [he] asked for updated investment, loan and financial information regarding
11 DenSco, Mr. Chittick stalled on providing the information, preferring to wait until after
12 he scaled down the amount outstanding to investors.”

13 142. But Beauchamp’s claim has absolutely no support in the documentary
14 record, and is at odds with that record. Not only is there nothing in Bryan Cave’s files
15 reflecting that Beauchamp asked Chittick for information that was not provided or that
16 Chittick engaged in “stalling” tactics by Chittick, but the files reflect that Chittick
17 promptly gave Beauchamp the information he requested, and followed Beauchamp’s
18 advice, such as when Chittick promptly changed DenSco’s website after Beauchamp
19 told him to do so.

20 143. Moreover, the corporate journal Chittick maintained for 2013 (the “2013
21 Corporate Journal”) does not reflect any entries by Chittick about requests from
22 Beauchamp for information or his declination to provide that information.

23 144. The only reference in the 2013 Corporate Journal to the preparation of the
24 2013 POM is a June 17, 2013 entry which stated: “I am going back and forth with
25 David about how to circumvent this 50 million issue on size.” That entry is consistent
26 with Beauchamp’s communications of the same date as to whether DenSco had
27 engaged in general solicitation, an issue which, as noted above, was resolved on
28 July 10, 2013.

1 7. **A Distracted Beauchamp, After Failing to Prepare a**
2 **New POM by July 1, 2013, Did Not Advise DenSco to**
3 **Stop Selling Promissory Notes Until a New POM Was**
4 **Issued.**

5 145. By its terms, the 2011 POM expired on July 1, 2013.

6 146. There is no evidence in the documentary record that Beauchamp, with one
7 foot out Bryan Cave's door, ever advised DenSco that it could not sell any new
8 promissory notes after July 1, 2013 until it issued a new POM, and Beauchamp does not
9 claim that he did so.

10 147. Beauchamp, preoccupied with finding a new law firm where he could
11 continue to practice law, failed to give that advice, even though he knew, as he told his
12 Bryan Cave colleagues in a June 20, 2013 email, that DenSco had "approximately 60
13 investor notes that are scheduled to expire in the next 6 months (and to probably be
14 rolled over into new notes)."

15 148. And while Beauchamp claims in Defendants' initial disclosure statement
16 (at 7) that "[p]rior to his departure" from Bryan Cave, he "repeatedly made clear to
17 DenSco and Mr. Chittick that they needed to update DenSco's POM," there is no
18 documentary support for that claim.

19 149. Even if a jury believes that Beauchamp actually gave that advice, despite
20 the absence of any supporting documents, the advice fell short of an explicit instruction
21 that no sales could be made until a new POM was prepared. Without that instruction,
22 Chittick was effectively told that DenSco could indefinitely delay "updating" its POM
23 while continuing to sell promissory notes.

24 8. **Because of Beauchamp's Inattention, Chittick Caused DenSco**
25 **to Sell Approximately \$3.3 Million of Promissory Notes Before**
26 **Beauchamp Left Bryan Cave.**

27 150. Because Beauchamp failed to prepare a new POM by July 1, 2013 and
28 failed to tell Chittick that DenSco could not sell promissory notes until a new POM was
issued, Chittick caused DenSco, during July and August 2013, to sell promissory notes
to some of the "approximately 60 investor[s]" whose notes Beauchamp knew were

1 “scheduled to expire in the next 6 months (and to probably be rolled over into new
2 notes).”

3 151. In each case, an investor who had purchased a two-year promissory note
4 in 2011, which expired in July or August 2013, purchased a new two-year promissory
5 note. Those sales, which total \$2,337,653.47, are summarized in the following chart.

6

Investor	Amount	Date
Jeff Phalen	\$100,000	7/1/13
Gary Thompson	\$250,000	7/3/13
Kaylene Moss	\$10,000	7/12/13
Branson & Sandra Smith	\$250,000	7/13/13
Ralph Kaiser IRA	\$170,653.47	7/17/13
Jimmy Trainor	\$122,000	7/22/13
Russ Grisswold IRA	\$50,000	7/24/13
William Alber	\$60,000	7/28/13
Carol Wellman	\$50,000	7/28/13
Tom Smith	\$400,000	8/2/13
GE Seigford	\$70,000	8/2/13
GE Seigford	\$40,000	8/2/13
Carysn Smith	\$10,000	8/2/13
McKenna Smith	\$10,000	8/3/13
Gary Thompson	\$145,000	8/3/13
Carol & Mike Wellman	\$25,000	8/5/13
Stacy Grant IRA	\$75,000	8/8/15
GE Seigford	\$50,000	8/18/15
Tom Smith	\$400,000	8/24/15
Dale Hickman	\$50,000	8/30/15

28

1 152. In addition to these “rollover” promissory note sales, Chittick caused
2 DenSco to sell \$926,567 of new promissory notes to existing and new investors during
3 July and August 2013. Those sales are summarized in the following chart.

4

Investor	Amount	Date	Maturity
Laurie Weiskopf	\$100,000	7/10/13	7/10/15
Carol McDowell	\$100,000	7/3/13	7/3/15
Kevin Potempa	\$100,000	7/29/13	1/26/16
Wayne Ledet	\$30,567	8/23/13	8/23/15
Tom Smith	\$500,000	8/26/13	2/26/15
Kirk Fischer	\$70,000	8/26/13	8/26/18
Carsyn Smith	\$8,000	8/26/13	8/26/15
McKenna Smith	\$8,000	8/26/13	8/26/15
Averill Cate	\$10,000	8/29/13	8/29/14

15
16 **C. Facts Regarding Clark Hill’s Representation of DenSco in 2013**

17 **1. In September 2013, Beauchamp Brought DenSco to Clark Hill**
18 **as a New Client and Clark Hill Agreed to Prepare a New POM.**

19 153. On September 11 and 12, 2013, Beauchamp exchanged emails with
20 Chittick about taking steps to have certain DenSco files transferred from Bryan Cave to
21 Clark Hill: “AZ Practice Review”; “Blue Sky Issues”; “Garnishments”; “General
22 Corporate”; and “2011 and 2013 Private Offering.”

23 154. On September 12, 2013, Beauchamp sent Chittick an engagement letter,
24 which Chittick signed and returned that day.

25 155. The letter, which was captioned “Representation of DenSco Investment
26 Corporation,” stated that it would “serve[] to record the terms of [Clark Hill’s]
27 engagement to represent DenSco Investment Corporation (the ‘Client’), with regard to
28 the legal matters transferred to Clark Hill PLC from Bryan Cave LLP.”

1 156. Clark Hill's engagement letter, like those Beauchamp had sent DenSco
2 when he was at Gammage & Burnham and Bryan Cave, identified DenSco as Clark
3 Hill's client.

4 157. But Clark Hill's engagement letter went further, and expressly stated that
5 Clark Hill was representing only DenSco, and was not representing Chittick in any
6 capacity.

7 a. The letter stated that it was "supplemented by our Standard Terms
8 of Engagement for Legal Services, attached, which are incorporated in this letter
9 and apply to this matter and the other matter(s) for which you engage us."

10 b. The "Standard Terms of Engagement for Legal Services" included
11 a section called "Whom We Represent." That section stated: "The . . . entity
12 whom we represent is the . . . entity identified in our engagement letter and does
13 not include any . . . employees, officers, directors, shareholders of a corporation
14 . . . unless our engagement letter expressly provides otherwise."

15 158. Even though this engagement letter clearly and expressly stated that Clark
16 Hill represented only DenSco and was not also representing Chittick, Clark Hill and
17 Beauchamp say in their initial disclosure statement (at 3) that "Chittick understood that
18 Mr. Beauchamp, as an incident to Mr. Beauchamp's representation of DenSco, was also
19 representing Mr. Chittick in his capacity as president of DenSco."

20 159. On September 13, 2013, Beauchamp took steps to open a new matter for
21 DenSco in Clark Hill's accounting and filing systems that was mis-identified as "2003
22 Private Offering Memorandum." Beauchamp's notes stated that the file was being
23 opened to "[f]inish 2013 POM for client. Started POM update at Bryan Cave."

24 160. Beauchamp opened this file, obligating Clark Hill to provide securities
25 advice to DenSco and to diligently and promptly "finish [the] 2013 POM," knowing
26 that the 2011 POM had expired on July 1, 2013, no new POM had been issued, and that
27 as of June 20, 2013, "[a]ccording to [Chittick's] note schedule, [DenSco] ha[d]

1 approximately 60 investor notes that are scheduled to expire in the next 6 months (and
2 to probably be rolled over into new notes).”

3 **2. According to Clark Hill’s Records the Firm Did No Work**
4 **Whatsoever on a New POM During the Months of September,**
5 **October, November and December 2013.**

6 161. Clark Hill’s records show that neither Beauchamp nor any other Clark
7 Hill attorney performed *any* work on a new POM during September, October, or
8 November 2013.

9 162. The records also show that neither Beauchamp nor any other Clark Hill
10 attorney even attempted to contact Chittick about the new POM.

11 **a. On December 18, 2013, Chittick Asked Beauchamp By**
12 **Email Why the New POM Had Not Been Finished.**

13 163. The first time entry in Clark Hill’s billing records relating to a new POM
14 is a twelve-minute entry by Beauchamp on December 18, 2013 to “review email;
15 telephone conversation with D. Chittick; review POM.”

16 164. The email referenced in that time entry is an email that Chittick sent to
17 Beauchamp on December 18, 2013, saying “since you’ve moved, we’ve never finished
18 the update on the memorandum. Warren is asking where it is.”¹

19 165. Beauchamp did not send Chittick a response to that email.

20 166. There are not any notes in Clark Hill’s files made by Beauchamp that
21 summarized his December 18, 2013 call with Chittick.

22 167. Beauchamp apparently asked Chittick during that call to send him a copy
23 of the 2011 POM, since Chittick emailed Beauchamp an electronic copy of the final
24 2011 POM during the late morning of December 18, 2013. Beauchamp promptly
25 responded, saying simply “[t]hank you. Have a wonderful holiday season.”

26
27 ¹ Chittick was apparently referring to Warren Bush, an investor who had reviewed
28 and commented on a draft of the 2011 POM, and had communicated with Beauchamp
about that draft.

1 168. Beauchamp forward Chittick's e-mail to his secretary that afternoon,
2 asking her to "put this on our system for DenSco Investment Corporation/2013 POM."

3 **b. Clark Hill Claims That Beauchamp Learned During the**
4 **December 18, 2018 Call With Chittick About Problems**
5 **in DenSco' Loan Portfolio but Clark Hill Did Nothing to**
6 **Investigate Those Problems Nor Did It Begin Preparing**
7 **a New POM.**

8 169. In their initial disclosure statement (at 7), Clark Hill and Beauchamp
9 make claims about Beauchamp's December 18, 2013 telephone call with Chittick that
10 are at odds with Clark Hill's file, including its billing statement. They allege that
11 Chittick told Beauchamp "he had run into an issue with some of his loans with
12 Menaged, and specifically, that properties securing a few DenSco loans were each
13 subject to a second deed of trust competing for priority with DenSco's deed of trust."

14 170. Clark Hill and Beauchamp claim that, "[a]fter briefly discussing the
15 allegedly limited double lien issue, Mr. Chittick emphasized to Mr. Beauchamp that
16 Mr. Chittick wanted to avoid litigation with other lenders. Mr. Chittick, however, did
17 not request any advice or help. Accordingly, Mr. Beauchamp suggested that Mr.
18 Chittick develop and document a plan to resolve the double liens, and nothing more
19 came of the conversation."

20 171. Lastly, Clark Hill and Beauchamp claim that during the telephone
21 conversation "Mr. Beauchamp reminded Mr. Chittick that he still needed to update
22 DenSco's private offering memorandum."

23 172. No document in Clark Hill's file, such as the handwritten notes that
24 Beauchamp consistently and regularly kept to record his telephone conversations and
25 meetings with Chittick, exists.

26 173. The 2013 Corporate Journal does not have any entries by Chittick
27 reflecting that he had such a conversation with Beauchamp in December 2013.
28

1 174. If a jury were to believe Beauchamp's claim that he had such a
2 conversation with Chittick on December 18, 2013, despite the lack of evidence, it could
3 only conclude that Clark Hill and Beauchamp were negligent by:

4 a. Failing to immediately investigate the information Beauchamp
5 received about the Menaged loan problem, since Clark Hill had an affirmative
6 duty to diligently and timely prepare a new POM, having agreed to do so in
7 September 2013; and

8 b. Failing to expressly instruct Chittick that DenSco could not sell
9 *any* promissory notes, since the 2011 POM had expired and a new POM had not
10 yet been issued.

11 i. By merely "reminding" Chittick that DenSco needed to
12 "update" the 2011 POM, knowing that one-half of its investors would be
13 "rolling over" promissory notes during the last six months of 2013,
14 Beauchamp effectively advised Chittick that DenSco could indefinitely
15 delay "updating" the 2011 POM while continuing to sell promissory
16 notes.

17 3. **Although Clark Hill Did Nothing in December 2013 to Prepare**
18 **a New POM and Investigate Problems in DenSco's Loan**
19 **Portfolio, It Devoted Time That Month to Advising DenSco**
About Possibly Expanding its Business to Florida.

20 175. In Chittick's December 18, 2013 email to Beauchamp, Chittick wrote,
21 after asking about the status of Clark Hill's work on a new POM, about his plans to
22 expand DenSco's business to Florida. He wrote: "[I]'ve got two of my best borrowers
23 moving to F[L][.] [T]hey are begging me to look at lending in FL. [I] don't know
24 anything about the market there, but [I] trust these guys. [I]'ve done 20 million with
25 them over the past 5 yrs. [I]s it easy to find out the challenges, issues, etc with me
26 lending there?"

27 176. While Beauchamp did nothing in response to Chittick's question about
28 the status of a new POM, he immediately forwarded Chittick's e-mail to Clark Hill

1 attorney Daniel Schenck, asking “[w]ill you have time to do the research for Florida or
2 should I find someone else?”

3 177. Beauchamp also made an 18-minute time entry on December 18, 2013 to
4 “[r]eview email and outline Florida research.”

5 178. Between December 20, 2013 and December 23, 2013, both Beauchamp
6 and Schenck recorded time to conducting research and analysis on “Florida broker
7 issues,” “hard money regulatory lender requirements in Florida,” and “Florida lending
8 licenses.”

9 179. On December 23, 2013, Beauchamp recorded 42 minutes of time to
10 “[r]eview Florida research from D. Schenck; discuss research and follow up with D.
11 Schenck; email to D. Chittick.”

12 180. On Christmas Eve, December 24, 2013, Beauchamp sent Chittick an
13 email which stated: “Happy Holidays! Quick Status: Based on a review of the Florida
14 statutes, you would be considered a ‘Mortgage Lender’ which requires a license in
15 Florida. The Florida government office that regulates ‘Mortgage Lender’ [sic] has been
16 difficult to reach, but we will try again on Thursday. I want to confirm if you might be
17 able to qualify for a limited license to operate in Florida and check a few other
18 questions.”

19 181. On December 26 and 30, 2013, Beauchamp and Schenck recorded time to
20 obtaining information from the Florida Office of Financial Regulation and other
21 information relevant to Chittick’s December 18, 2013 inquiry about expanding
22 DenSco’s lending operations to Florida.

23 **4. Clark Hill Blames Chittick for Its Failure to Prepare a New**
24 **POM in 2013.**

25 182. In their initial disclosure statement (at 7), Clark Hill and Beauchamp
26 blame Chittick for their failure to do anything to prepare a new POM, which Clark Hill
27 agreed to undertake in early September 2013. They say that after Chittick signed Clark
28 Hill’s engagement letter on September 12, 2013 and directed Bryan Cave to transfer

1 certain files to Clark Hill, "Mr. Beauchamp never heard from Mr. Chittick regarding the
2 unfinished 2013 POM, or any other matter, until December 2013."

3 183. When he was deposed, Beauchamp offered a new excuse for Clark Hill's
4 failure to do any work on a new POM. He testified that Clark Hill did nothing to
5 prepare a new POM for DenSco because Chittick instructed him, as a condition of
6 signing Clark Hill's engagement letter, that Clark Hill not do any work on a new POM
7 "until I'm ready to go," and Beauchamp agreed.

8 184. Beauchamp did not include this material limitation on Clark Hill's
9 representation in the engagement letter he asked DenSco to sign.

10 185. When Clark Hill agreed to abide by Chittick's request, neither
11 Beauchamp nor any other Clark Hill attorney separately advised Chittick that DenSco
12 could not sell any promissory notes until it authorized Clark Hill to prepare a new POM
13 and DenSco had issued the POM.

14 **5. Clark Hill Was Negligent By Failing to Instruct DenSco That it**
15 **Could Not Sell Any Promissory Notes Until a New POM Was**
16 **Issued, and Aided and Abetted Chittick to Breach Fiduciary**
17 **Duties He Owed DenSco by Following Chittick's Instructions**
to Not Prepare a New POM for DenSco, Knowing DenSco Was
Continuing its Business Operations and Selling Rollover
Promissory Notes.

18 186. Clark Hill was negligent by never advising Chittick that DenSco could
19 not sell any promissory notes until it had issued a new POM.

20 187. The evidence that will be presented to a jury will establish that if Clark
21 Hill had done so, DenSco would have followed that advice and worked diligently with
22 Clark Hill to prepare a new POM so that it could resume selling promissory notes.

23 a. Among other evidence is Clark Hill and Beauchamp's admission
24 in their initial disclosure statement (at 4), that "[o]ver the years, Mr. Chittick
25 showed himself to be a trustworthy and savvy businessman, and a good client.
26 . . . Despite complaining about the cost of legal services, Mr. Chittick appeared
27 to follow Mr. Beauchamp's advice and provided information when asked for it."
28

1 b. Moreover, approximately six weeks before Clark Hill was retained,
2 DenSco had immediately followed Bryan Cave's advice to modify its website,
3 and Bryan Cave's files reflect that Chittick was prepared to cause DenSco to
4 refund all investor loans if that was necessary to correct the "general
5 solicitation" problem Bryan Cave had identified.

6 188. Beauchamp, by testifying that Clark Hill did not work on a new POM in
7 2013 because Chittick conditioned DenSco's execution of the firm's engagement letter
8 on Clark Hill's agreement to not perform any work on a new POM until Chittick was
9 "ready to go" -- when he and Clark Hill knew that one-half of DenSco's investors
10 would "roll over" their investments and purchase new promissory notes during the last
11 six months of 2013 --has admitted that from the moment DenSco retained Clark Hill in
12 September 2013, Clark Hill aided and abetted Chittick in breaching fiduciary duties
13 Chittick owed DenSco.

14 189. Between September and December 2013, Clark Hill substantially assisted
15 Chittick in breaching his fiduciary duties to DenSco by:

16 a. accepting DenSco as a client for purposes of preparing a new
17 POM, and then abiding by Chittick's instruction to not do any work on that
18 POM, knowing DenSco was continuing its business operations, including the
19 sale of promissory notes;

20 b. failing to appropriately advise DenSco about, and investigate facts
21 regarding, DenSco's loan portfolio because Chittick was allegedly "dealing"
22 with those problems; and

23 c. advising Chittick that DenSco could indefinitely delay the issuance
24 of an "update" to the 2011 POM,

25 190. The ongoing sale of "roll over" and new promissory notes was necessary
26 for DenSco to continue its business operations, and Clark Hill enabled DenSco to
27 obtain investor funds for a four-month period without making adequate disclosures to
28 those investors, exposing DenSco to substantial liability to its investors.

1 **6. During the First Four Months of Clark Hill's Representation**
2 **of DenSco, the Firm Aided and Abetted Chittick's Breach of**
3 **Fiduciary Duty to DenSco When He Caused DenSco to Sell**
4 **Approximately \$8.5. Million of Promissory Notes in Violation**
5 **of the Securities Laws**

6 191. As a result of Clark Hill's and Beauchamp's conduct, Chittick caused
7 DenSco between September and December 2013 to sell promissory notes to some of the
8 "approximately 60 investor[s]" whose promissory notes Beauchamp knew were
9 "scheduled to expire [during the last six months of 2013] (and to probably be rolled
10 over into new notes)."

11 192. In each case, an investor who had purchased a two-year promissory note
12 in 2011, which expired in September, October, November or December 2013,
13 purchased a new two-year promissory note. Those sales, which total \$4,148,162.79, are
14 summarized in the following chart.

15

Investor	Amount	Date
Van Butler	\$50,000	9/1/13
Arden & Nina Chittick	\$100,000	9/1/13
Carysn Smith	\$10,000	9/2/13
Michael & Diana Gumbert	\$100,000	9/8/13
Kaylene Moss	\$10,000	9/8/13
McKenna Smith	\$10,000	9/8/13
Glen Davis	\$20,000	9/12/13
Averill Cate, Jr.	\$10,000	9/13/13
Craig Brown	\$25,000	9/20/13
Judy & Gary Siegford	\$40,000	9/20/13
Bill & Jean Locke	\$15,000	9/25/13
Bill & Jean Locke	\$30,000	9/25/13
Ralph Hey	\$60,000	9/29/13
Michael & Diana Gumbert	\$100,000	9/30/13

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Mary Kent	\$100,000	10/1/13
Jim McArdle	\$100,000	10/3/13
Caro McDowell	\$100,000	10/7/13
Jeff Phalen	\$20,000	10/14/13
Jeff Phalen	\$20,000	10/14/13
Jeff Phalen – IRA	\$200,000	10/18/13
Brian Imdieke	\$250,000	10/19/13
Bill Hughes – IRA	\$314,700	10/24/13
Judy Hughes – IRA	\$14,300	10/24/13
Manual A. Lent – IRA	\$40,000	10/25/13
Dave Preston	\$60,000	10/26/13
Michael & Diana Gumbert	\$100,000	11/1/13
Jolene Page	\$50,000	11/1/13
Stanley Scholz – IRA	\$50,000	11/5/13
Wade Underwood	\$50,000	11/5/13
Paul A. Kent	\$112,161.79	11/9/13
Scott D. Detota	\$50,000	11/14/13
Tom Smith	\$800,000	11/21/13
Mary Kent	\$100,000	11/21/13
Les Jones	\$100,000	11/21/13
Vince & Sharry Muscat	\$200,000	11/23/13
Lillian Lent – IRA	\$17,000	11/25/13
Jolene Page	\$50,000	12/1/13
Gary Thompson	\$20,000	12/4/13
Kennen Burkhart	\$150,000	12/15/13
Mo & Sam Chittick	\$50,000	12/20/13
Jolene Page	\$200,000	12/22/13

Brian Imdieke	\$250,000	12/23/13
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193. In addition to these “rollover” promissory note sales, Chittick caused DenSco to sell \$4,029,066.71 of new promissory notes to existing and new investors during September, October, November and December 2013. Those sales are summarized in the following chart.²

Investor	Amount	Date
Ralph Hey	\$15,000	9/6/13
Marvin & Pat Miller	\$900,000	9/9/13
Marvin & Pat Miller	\$100,000	9/9/13
Marvin & Pat Miller	\$706,000	9/10/13
Ross Dupper	\$800,000	9/13/13
Jeff Phalen – IRA	\$150,000	9/17/13
Michael Zones	\$500,000	9/24/13
Erin Carrick – Trust	\$200,066.71	9/27/13
Averill Cate	\$10,000	10/15/13
Jemma Kopel	\$100,000	11/14/13
Averill Cate	\$10,000	11/15/13*
Brian Odenthal – IRA	\$8,000	12/1/13
Averill Cate	\$10,000	12/15/13*
Brian & Janice Odenthal	\$20,000	12/19/13
Steven Bunger	\$500,000	12/20/13**

D. Facts Regarding Clark Hill’s Representation of DenSco During 2014

1. Clark Hill Learned During the First Week of January 2014 That DenSco Had Suffered a Substantial Loan Loss Because of

² Each note was a two-year note, except those marked with an *, which were one-year notes, and the note marked with **, which matured on 3/31/14.

Chittick's Mismanagement and Failure to Follow the Lending Procedures DenSco Had Told Its Investors It Would Follow.

194. On Sunday, January 5, 2014, Beauchamp received an email from Chittick asking if he had time to meet with him during the coming week.

a. On January 6, 2014, Beauchamp Received a Demand Letter That Called into Question 52 Loans DenSco Had Made to Menaged.

195. On Monday, January 6, 2014, Beauchamp received an email from Chittick which stated: "read the first two pages, then give me a call." Attached to the email was a three-page demand letter from Bryan Cave attorney Robert J. Miller; Exhibit A, a list of 52 properties; and two subordination agreements.

196. The letter was written on behalf of Azben Limited, LLC; Geared Equity, LLC; and 50780, LLC (the "Lienholders"). It asserted that Geared Equity, 50780, and Sell Wholesale Funding, LLC (the "Lenders") had each loaned money to Arizona Home Foreclosures, LLC and Easy Investments, LLC, and that the loans Sell Wholesale Funding had made were subsequently assigned to Azben.

197. Exhibit A to the letter identified, with reference to specific loan numbers and street addresses, 52 loans that the Lenders had made to Easy Investments and Arizona Home Foreclosures to acquire 52 homes at trustee sales.

198. The letter asserted that the Lenders' loans had been made by "certified funds delivered directly to the trustee" and secured by "promptly recorded deeds of trust confirming a senior lien position on each of the Properties."

199. The letter went on to assert that DenSco had "engaged in a practice of recording a 'mortgage' on each of the [52 properties] on around the same time as the Lenders were recording their senior deeds of trust" and that *each such mortgage falsely stated that DenSco had "provided purchase money funding" and that its "loans are 'evidenced by a check payable' to the trustee for each of the Properties."* (Emphasis added.)

1 200. The letter asserted that DenSco could not claim to be in a senior lien
2 position on those properties “since in each and every instance, only the Lenders
3 provided the applicable trustee with certified funds supporting the Borrower’s purchase
4 money acquisition for each of the Properties.”

5 201. The letter demanded that DenSco sign subordination agreements
6 acknowledging that it did not have a first position lien on any of the 52 properties, and
7 said that if DenSco refused to do so, the Lienholders would assert claims against
8 DenSco for fraud and conspiracy to defraud; negligent misrepresentation; and wrongful
9 recordation pursuant to A.R.S. § 33-420.

10 202. The letter included “two forms of subordination agreement – one form
11 document applies to the Azben loans and the other form applies to the loans of Geared
12 Equity, LLC and 50780, LLC.” A footnote stated that “[p]roperty addresses and other
13 ‘form’ information will need to be included in each subordination agreement. My firm
14 will only commence preparing a subordination agreement for each loan when written
15 confirmation is provided that DenSco has unconditionally agreed to execute each
16 subordination agreement in the form enclosed herein.”

17 **b. On January 6, 2014, Beauchamp Reviewed the Demand**
18 **Letter, Which Provided Clear Evidence That Chittick**
19 **Had Breached His Fiduciary Duties to DenSco and**
 Exposed DenSco to Substantial Financial Loss.

20 203. Beauchamp spoke to Chittick by telephone that day, after receiving the
21 letter. Beauchamp’s notes from that call state that Chittick told him DenSco’s “largest
22 borrower” – who Beauchamp knew or should have known from the *Freo* lawsuit he had
23 received in June 2013 was Menaged – “had a guy working in his office and was getting
24 2 loans on each property,” and that Chittick and Menaged “had already fixed about 6
25 loans.” The notes reflect that Beauchamp planned to meet with Chittick on Thursday,
26 January 9, 2014.

27 204. Clark Hill’s billing records reflect that Beauchamp billed 2.4 hours on
28 January 6, 2014 to “[r]eview, work on and respond to several emails; review statutory

1 references; telephone conversation with office of D. Chittick [a reference to having left
2 a voice-mail message for Chittick, since he worked alone from his home office];
3 telephone conversation with D. Chittick regarding demand letter, issues, background
4 information and requirements; review notes and statute requirements; review
5 documents.”

6 205. From the demand letter alone, Beauchamp knew that:

7 a. Chittick had failed to follow the lending procedures called for by
8 the Receipt and Mortgage document Beauchamp had approved in 2007. That
9 document called for DenSco’s borrower to present a “check payable to _____
10 (‘Trustee’)” to the Trustee. It was evident from the demand letter that DenSco
11 had not done so. DenSco could not have issued 52 checks payable to Trustees,
12 since the letter asserted that the Lenders had issued checks to the Trustees when
13 they acquired those 52 properties.

14 b. DenSco’s borrowers, Arizona Home Foreclosures and Easy
15 Investments – which were both owned by Menaged – had obtained 52 loans
16 from the Lenders and 52 loans from DenSco, that were to be secured by the
17 same 52 properties. If, as the Lenders claimed, they had actually paid a Trustee
18 for each property, DenSco had effectively made 52 unsecured loans and the
19 disposition of those monies was unknown.

20 c. The potential financial impact on DenSco was substantial.
21 Beauchamp knew from the 2011 POM that DenSco’s average loan amount was
22 \$116,000, so that DenSco’s potential losses from the 52 loans, if the loan
23 proceeds could not be traced and recovered, was \$6 million or more, or
24 approximately 13% of the \$47 million that Beauchamp understood DenSco had
25 raised from investors as of June 2013.

26 206. Beauchamp could have easily conducted a limited investigation to
27 evaluate the claims in the demand letter that the Lenders were in first position on each
28 of the 52 properties, or to assess the information he had received during his telephone

1 call with Chittick that “a guy working in [Menaged’s] office . . . was getting 2 loans on
2 each property.”

3 207. Beauchamp could have done so by searching for publicly recorded
4 documents that were identified in the two subordination agreements attached to the
5 demand letter.

6 a. The first of those subordination agreements identified, by reference
7 to the instrument number assigned by the Maricopa County Recorder (2013-
8 0832534), the Mortgage DenSco had recorded on September 16, 2013 on the
9 property at issue. The subordination agreement also identified, by reference to a
10 recorded instrument number (2013-0833010), the deed of trust that Sell
11 Wholesale Funding, LLC had recorded on September 16, 2013 for the same
12 property.

13 b. In January 2014, the Maricopa County Recorder’s Office had a
14 free “Recorded Document Search” function. The same tool is available today.

15 c. If Beauchamp had used that tool, two brief searches would have
16 shown that the DenSco Mortgage (2013-0832534) was signed by Menaged
17 before a notary on September 16, 2013, and that Menaged also signed the Sell
18 Wholesale Funding deed of trust (2013-0833010) before a notary on
19 September 16, 2013. Those searches would also have identified the property in
20 question as 977 S. Colonial Drive in Gilbert, Arizona.

21 d. Those two documents show that Menaged, not “a guy in his
22 office,” had secured both loans.

23 e. The second of the subordination agreements attached to the
24 demand letter identified, by reference to a recorded instrument number (2013-
25 0717135), the Mortgage DenSco had recorded on August 6, 2013 on the
26 property at issue. The subordination agreement also identified, by reference to a
27 recorded instrument number (2013-0721399), the deed of trust that Geared
28 Equity, LLC had recorded on August 7, 2013 for the same property.

1 f. If Beauchamp had used the Recorded Document Search tool, two
2 brief searches would have shown that the DenSco Mortgage (2013-0717135)
3 was signed by Menaged before a notary on August 6, 2013, and that Menaged
4 also signed the Sell Wholesale Funding deed of trust (2013-0721399) before a
5 notary on August 6, 2013. Those searches would have identified the property in
6 question as 39817 Messner Way in Anthem, Arizona.

7 g. Those two documents show that Menaged, not “a guy in his
8 office,” had secured both loans.

9 208. As for the remaining 49 properties on Exhibit A to the demand letter,
10 Beauchamp could have, either by himself, or through a paralegal, quickly discovered
11 that in each case, Menaged, and not “a guy in his office,” had signed the documents at
12 issue.

13 a. This could have been done by using a free search function on the
14 Maricopa County Assessor’s Office website that allows anyone to search for
15 property records using a street address (such as those given in Exhibit A to the
16 demand letter), or other means of customary due diligence. The Assessor’s
17 website provides a link to a recorded instrument on the Maricopa County
18 Recorder’s Office website for each property, and that information could have in
19 turn been used to quickly locate both the deed of trust recorded by the Lenders
20 and DenSco’s competing Mortgage by using the Recorded Document Search
21 tool.

22 b. Such a search, which would take less than five minutes for each
23 property, would produce records showing that for each of the 49 properties,
24 Menaged had signed both a DenSco Mortgage and another lender’s deed of trust
25 before a notary, providing further evidence that Menaged, not “some guy in his
26 office,” had secured all of the loans in question, and had purposefully defrauded
27 DenSco.

c. **On January 7, 2014, Clark Hill Received an Email From Chittick in Which He Admitted That He Had Grossly Mismanaged DenSco's Loan Portfolio, Failed to Comply With the Lending Practices Disclosed in the 2011 POM, and Caused Densco to Suffer Substantial Losses.**

209. On Tuesday, January 7, 2014, Beauchamp received an email from Chittick, copied to Menaged, which contained information relevant to the demand letter and said that Chittick was bringing Menaged to the planned January 9, 2014 meeting.

210. Chittick's email said that DenSco had, since 2007, loaned \$50 million to "a few different LLC's" controlled by Menaged. Beauchamp knew or should have known that those companies included the two entities identified in the demand letter: Easy Investments (a defendant in the June 2013 *Freo* lawsuit) and Arizona Home Foreclosures.

211. Chittick's email said that "[b]ecause of our long term relationship, *when [Menaged] needed money, [I] would wire the money to his account and he would pay the trustee*" (emphasis added), Menaged would sign a Mortgage that referenced the payment to the trustee, and Chittick would cause the Mortgage to be recorded.

212. Chittick attached to his email a form of Mortgage, Deed of Trust, and Note Secured by Deed of Trust that he routinely used in making loans to Menaged, which Chittick described as "docs you have reviewed and have been reviewed by a guy at your last law firm, maybe two firms ago in 2007."

213. Chittick's email confirmed what was evident from the demand letter, and brought home the red flags Beauchamp had missed when he prepared the 2011 POM and when he reviewed the *Freo* lawsuit six months earlier:

a. Chittick had been grossly negligent in managing DenSco's loan portfolio, by not complying with the terms of the Mortgage, which called for DenSco to issue a check payable to the Trustee, and instead wiring money to Menaged, trusting Menaged to actually use those funds to pay a Trustee.

b. Chittick's admitted practice of giving DenSco's funds directly to Menaged, rather than paying them directly to a Trustee through a check made

1 payable to the Trustee, made the statements in the 2011 POM about DenSco's
2 lending practices materially misleading.

3 214. Chittick's reference to "docs you have reviewed and have been reviewed
4 by a guy at your last law firm, maybe two firms ago in 2007" suggested that Chittick
5 might blame Beauchamp for the problems DenSco now faced because of DenSco's use
6 of those documents.

7 215. Chittick's email went on to say that Menaged had told him in November
8 2013 that DenSco had been defrauded by Menaged's "cousin," who allegedly worked
9 with Menaged in managing Easy Investments and Arizona Home Foreclosures.
10 Menaged claimed that his "cousin" had "receiv[ed] the funds from [DenSco], then
11 request[ed] them from . . . other lenders [who] cut a cashiers check for the agreed upon
12 loan amount . . . [took] it to the trustee and . . . then record[ed] a [deed of trust]
13 immediately."

14 216. Chittick explained that "sometimes" DenSco had recorded its mortgage
15 before another lender's deed of trust was recorded, but in other cases it had not.

16 217. According to Chittick, "[t]he cousin absconded with the funds.
17 [Menaged] figured this out in mid November. He came to me and told me what was
18 happening. He said he talked to the other lenders and they agreed that this was a mess,
19 and as long as they got their interest and were being paid off they wouldn't foreclose,
20 sue or anything else."

21 218. Chittick went on to describe the "plan" that he and Menaged had been
22 executing since November: to "sell off the properties and pay off both liens with
23 interest and make everyone whole." He acknowledged that there were "short falls" on
24 each property, representing the difference between the value of the property and the
25 combined amount of the two loans, and that "[c]oming up with the short fall on all these
26 houses is a challenge, but we believe it is doable. Our plan is a combination of
27 injecting capital and extending cheaper money."
28

1 219. Chittick described the basic terms of the agreement with the “other
2 lenders” as including the following: (1) “all lenders will be paid their interest, except
3 [DenSco], I’m allowing [its] interest to accrue”; and (2) DenSco is “extending
4 [Menaged] a million dollars against a home at 3%.”

5 220. Chittick claimed that he and Menaged had “already cleared up about 10%
6 of the total \$’s in question” with the “other lenders.”

7 221. As for the “gentleman who handed me the paperwork” – a reference to a
8 person affiliated with one of the three entities identified in the demand letter – Chittick
9 wrote that he “believes because he physically paid the trustee that he is in first position,
10 but agrees it’s messy. [H]e wants me to subordinate to him, no matter who recorded
11 first. [W]e have paid off one of his loans, you’ll see on this list Pratt – paid in full, I’ve
12 attached the hud-1 and you can see that it shows me in first position versus his belief.
13 [N]ow that’s one title agent[’]s opinion, [I] understand that’s not settling [a] legal
14 dispute on who’s in first or second.”

15 222. Chittick went on to state: *“I know that [I] can’t sign the subordination*
16 *[agreement] because that goes against everything that [I] tell [DenSco’s] investors.”*
17 (Emphasis added.)

18 223. He also wrote that “there are several other lenders waiting to see what [I]
19 do[.] [I]f I sign with this group, they want to have me sign for them too.”

20 224. Chittick concluded his email by stating “[w]hat we need is an agreement
21 that as long as the other lenders are being paid their interest and payoffs continue to
22 come . . . that no one initiates foreclosure for obvious reasons, which will give us time
23 to execute our plan.”

24 **d. On January 7 and 8, 2014, Beauchamp Reviewed the**
25 **Demand Letter and Chittick’s January 6, 2014 Email,**
26 **Including a Review of “Lien Dispute Information.”**

27 225. Clark Hill’s billing records reflect that Beauchamp billed 1.8 hours on
28 January 7, 2014 to “[r]eview legislative history for purchase money security interest;

1 review documents and follow-up information” and “telephone conversation with office
2 of D. Chittick,” which was a reference to having left a voicemail message for Chittick.

3 226. Clark Hill’s billing records reflect that Beauchamp billed 1.7 hours on
4 January 8, 2014 to “[r]eview information from D. Chittick; review and outline follow-
5 up questions; prepare for meeting; review lien dispute information.”

6 227. As of January 8, 2014, Beauchamp knew that:

7 a. Chittick had breached fiduciary duties he owed DenSco by causing
8 it to sell promissory notes to investors during the four months that had passed
9 since DenSco’s September 2013 retention of Clark Hill without first issuing the
10 new POM that Clark Hill had been retained to prepare, but had not prepared at
11 Chittick’s instruction;

12 b. Chittick had breached fiduciary duties he owed DenSco through
13 grossly negligent lending practices;

14 c. the scope of DenSco’s financial exposure was greater than the 52
15 properties identified in the demand letter, since it included the “other lenders”
16 with whom Menaged had reached an informal agreement in November 2013;

17 d. Investors who had purchased promissory notes since Clark Hill’s
18 September 2013 retention had not been told of the *Freo* lawsuit; DenSco’s
19 grossly deficient lending practices; DenSco’s concentration of loans made to one
20 borrower, Menaged; DenSco’s November 2013 discovery of the fraud allegedly
21 perpetrated by Menaged’s “cousin”; and Chittick’s plan to help Menaged by
22 “injecting capital” to pay off the loans of other lenders on properties that
23 Menaged’s companies had allegedly purchased with DenSco’s funds, allowing
24 interest on DenSco’s loans to accrue, and lending Menaged \$1 million at 3%
25 interest.

26 e. Chittick was unwilling to cause DenSco to accept the losses his
27 gross negligence had caused by signing the subordination agreements attached to
28 the demand letter, “because that goes against everything that [he] tell[s]

1 [DenSco's] investors," or to make any disclosure to DenSco's investors while he
2 and Menaged pursued their plan.

3 228. Beauchamp also knew from his January 6 review of the demand letter and
4 the hours he had devoted on January 7 and 8 to analyzing Chittick's email and other
5 information he had received from Chittick, that Menaged's "cousin" story was
6 implausible and that by accepting the story without investigation and planning to
7 continue DenSco's lending relationship with Menaged, Chittick was breaching his
8 fiduciary duties to DenSco.

9 229. In addition to the information provided in the subordination agreements
10 and the list of the other 52 properties identified in the demand letter, Beauchamp should
11 have also reviewed the information attached to Chittick's January 6, 2014 email
12 regarding a loan for which Chittick claimed DenSco was in first position.

13 230. If Beauchamp had used the information in the settlement statement
14 attached to Chittick's email to investigate Chittick's claim that DenSco was in first
15 position with respect to the "Pratt" property, he could have used the Recorded
16 Document Search tool on the website maintained by Maricopa County Recorder's
17 Office.

18 231. A few brief searches would have confirmed Chittick's claim that DenSco
19 was the first to record: DenSco's Mortgage was recorded on September 18, 2013 as
20 instrument number 2013-0837513, while Geared Equity's deed of trust was recorded on
21 September 19, 2013 as instrument number 2013-0842640.

22 232. But those two documents would also have shown that Menaged signed
23 each document before a notary on September 17, 2013, making clear that Menaged, not
24 his "cousin," had secured both loans.

25 233. Moreover, because the demand letter claimed that Geared Equity had
26 delivered funds to the Trustee, and Chittick had admitted he had not, the question
27 remained as to where DenSco's funds had gone and whether they could be recovered.

28 **2. Clark Hill Failed to Properly Advise DenSco.**

- 1 a. **After Receiving the Demand Letter and Chittick's**
2 **January 6 Email, Beauchamp Should Have Insisted on**
3 **Meeting with Chittick Alone So That He Could Advise**
4 **Chittick of the Actions He Was Required to Take to**
 Protect DenSco From Further Harm, But Beauchamp
 Failed to Do So.

5 234. Beauchamp, as DenSco's attorney, should have recognized that he had an
6 obligation to meet privately with Chittick, without Menaged present, to confirm
7 relevant facts, and advise Chittick, as DenSco's President, of the actions DenSco
8 needed to take and the consequences to DenSco if it failed to do so.

9 235. While the specific actions Beauchamp should have taken on January 8,
10 2014 is the subject of expert testimony, which will be disclosed in accordance with the
11 scheduling order that has been entered in this case, the Receiver anticipates that those
12 actions would have included the following:

13 a. Telling Chittick he should not bring Menaged to their scheduled
14 January 9, 2014 meeting;

15 b. Telling Chittick that DenSco's sale of promissory notes since
16 July 1, 2013 to investors exposed DenSco and Chittick to civil and criminal
17 liability;

18 c. Telling Chittick that DenSco should not have sold any notes
19 without first issuing a new POM and should not use the proceeds of sales made
20 since July 1, 2013 until the investors who bought those notes had been given a
21 new POM and afforded an opportunity to rescind those transactions;

22 d. Telling Chittick that DenSco could not sell any new promissory
23 notes until Clark Hill was able to conduct an adequate investigation of DenSco's
24 lending practices and other material information and a new POM had been
25 issued;

26 e. Telling Chittick that DenSco should immediately cease doing
27 business with Menaged based on the implausibility of the "cousin" story and the
28 readily available public records discussed above;

1 f. Telling Chittick that, at a minimum, DenSco should not have any
2 further business dealings with Menaged until it had investigated the true facts of
3 the alleged fraud by Menaged's "cousin";

4 g. Telling Chittick that after discovering the true facts about
5 Menaged's dealings with DenSco (whether through a review of public records or
6 some other investigation), DenSco should rescind all lending agreements it had
7 made with Menaged since November 2013 on the grounds of fraud in the
8 inducement, and seek to enforce its remedies for all other loans that Menaged
9 had obtained through fraud; and

10 h. Telling Chittick that DenSco had to assess the impact of the fraud
11 on DenSco's financial position, and if that assessment resulted in a finding that
12 DenSco was insolvent, DenSco had to consider duties owed to its investors and
13 other creditors in making all business decisions.³

14 236. This advice should have been documented in writing.

15 237. If Chittick declined to follow the advice, Beauchamp should have
16 threatened to withdraw from representing DenSco, which may have caused Chittick to
17 relent and follow the advice.

18 238. Beauchamp did not tell Chittick he should not bring Menaged to the
19 planned January 9, 2014 meeting and did not give the advice described above.

20 239. The Receiver intends to offer evidence at trial establishing that if
21 Beauchamp had taken these actions, Chittick would have caused DenSco to follow that
22 advice.

23 240. Evidence of Chittick's long professional relationship with Beauchamp
24 and numerous instances of Chittick following Beauchamp's legal advice establish that
25 if Beauchamp had properly advised DenSco during the first week of January 2014,

26
27 ³ DenSco was indisputably insolvent in January 2014, as Chittick's statements to
28 Beauchamp at the time made clear and as the Receiver was able to determine after
reviewing DenSco's QuickBooks records.

1 Chittick would have caused DenSco to: (i) stop selling promissory notes; (ii) terminate
2 its relationship with Menaged and his companies; (iii) pursue its remedies against
3 Menaged and his companies; and (iv) explore whether DenSco could survive as a going
4 concern or would have to liquidate. Such evidence includes:

5 a. Clark Hill and Beauchamp's admission in their initial disclosure
6 statement (at 4), that "[o]ver the years, Mr. Chittick showed himself to be a
7 trustworthy and savvy businessman, and a good client. . . . Despite complaining
8 about the cost of legal services, Mr. Chittick appeared to follow Mr.
9 Beauchamp's advice and provided information when asked for it."

10 b. Moreover, only six months earlier, DenSco had immediately
11 followed Bryan Cave's June 2013 advice to modify its website, and Bryan
12 Cave's files reflect that Chittick was prepared to cause DenSco to refund all
13 investor loans if that was necessary to correct the "general solicitation" problem
14 Bryan Cave had identified.

15 **3. During the January 9, 2014 Meeting with Chittick and**
16 **Menaged, Beauchamp Learned That DenSco Faced an Even**
17 **Larger Financial Exposure as a Result of Chittick's**
18 **Mismanagement Than the Exposure Presented by the Demand**
Letter, And Chittick Wanted to Try to Cover Up His
Mismanagement By Pursuing a "Work Out" Plan With
Menaged.

19 241. Clark Hill's billing records reflect that Beauchamp billed 4.3 hours on
20 January 9, 2014 to "[p]repare for and meeting with D. Chittick and S. Menages [sic];
21 review and work on notes from meeting and outline follow-up; review and respond to
22 several emails; review documents and information."

23 242. Beauchamp's notes from the January 9, 2014 meeting reflect that Chittick
24 and Menaged confirmed that DenSco faced exposure from both the Lienholders
25 identified in the January 6, 2014 demand letter and other lenders, including Active
26 Funding Group.
27
28

1 243. According to Beauchamp's notes, the number of loans made by DenSco
2 that were not in first position and were either unsecured or under-secured was between
3 100 and 125. Based on that information and the 2011 POM's average loan amount of
4 \$116,000, Beauchamp knew or should have known that DenSco's loans to Menaged
5 represented a potential loss of between \$11.6 and \$14.5 million, or between 25% and
6 30% of the \$47 million that Beauchamp understood DenSco had raised as of June 2013.

7 244. Beauchamp's notes from the January 9, 2014 meeting also reflect that
8 Chittick did not know what had happened to as much as \$14.5 million that DenSco had
9 loaned to Menaged, and that Chittick was not taking any meaningful steps to investigate
10 the loss and seek to recover those funds. The notes state: "What happened to the
11 money? -- Will pursue something or his cousin → but trying to determine where the
12 money has gone."

13 245. Beauchamp's notes from the January 9, 2014 meeting also reflect that,
14 although the money DenSco previously loaned Menaged was missing and Chittick had
15 taken no steps to investigate the circumstances under which the loan losses had
16 occurred and their impact on DenSco, Chittick and Menaged had agreed to pursue a
17 "work out" of the loan losses caused by Chittick's gross mismanagement of DenSco's
18 lending practices.

19 **4. After the January 9, 2014 Meeting, Clark Hill Helped Chittick**
20 **Breach Fiduciary Duties He Owed to DenSco and Negligently**
21 **Advised DenSco About the Practices It Should Follow in**
 Continuing to Loan Money to Menaged.

22 246. After the January 9, 2014 meeting, Clark Hill helped Chittick breach
23 fiduciary duties he owed DenSco by negotiating a "Forbearance Agreement" that was
24 not in DenSco's interest and was instead intended to cover up Chittick's
25 mismanagement of DenSco's lending practices and protect Chittick from potential
26 claims by DenSco's investors.

27 247. Clark Hill also helped Chittick breach fiduciary duties by advising
28 Chittick that DenSco could continue to raise money from investors while Chittick was

1 implementing his “work out” plan, and that DenSco could indefinitely delay issuing a
2 new POM until Chittick felt comfortable doing so.

3 248. These actions served Chittick’s interests, who hoped to “fix” the problem
4 created by his mismanagement and delay telling his investors about the problem until
5 he had minimized the financial harm and delay or avoid making disclosures to
6 DenSco’s investors about the Forbearance Agreement and how it came to be put in
7 place.

8 249. Clark Hill and Beauchamp, on the other hand, having failed to properly
9 advise Chittick in September 2013 that it could not sell promissory notes without first
10 issuing a new POM, and having agreed with Chittick to indefinitely delay work on the
11 POM, similarly saw the Forbearance Agreement as an opportunity to cover up their
12 negligence and potentially mitigate their exposure.

13 250. At the same time that it was drafting the Forbearance Agreement, which
14 obligated DenSco to continue loaning money to Menaged, Clark Hill failed to properly
15 advise DenSco about how the loans should be made.

16
17 **5. Clark Hill Aided and Abetted Chittick’s Breach of Fiduciary**
18 **Duties Owed DenSco by Negotiating and Documenting a**
19 **Forbearance Agreement Between January and April 2014**
20 **That Was Not in DenSco’s Interests and Was Intended by**
21 **Clark Hill to Cover Up Chittick’s Mismanagement of DenSco’s**
22 **Lending Practices and Protect Chittick From Claims by**
23 **DenSco’s Investors.**

24 251. On January 10, 2014, Beauchamp opened a “new matter” for DenSco in
25 Clark Hill’s accounting and filing systems that was called “work-out of lien issue” to
26 enable and implement the “work out” plan Chittick and Menaged had developed.⁴

27 252. Over the next three months, Beauchamp helped negotiate and finalize a
28 Forbearance Agreement that was not in DenSco’s interests and was, as Beauchamp said

⁴ A few days later, on January 14, 2014, Beauchamp opened a “new matter” for DenSco in Clark Hill’s accounting and file systems that was called “business matters.”

1 multiple times in writing, intended to protect Chittick from potential claims by his
2 investors by making it appear that the loan losses DenSco faced were caused by
3 Menaged, rather than by Chittick's gross mismanagement of DenSco's lending
4 practices, and that Chittick had taken appropriate steps to protect DenSco's interests.

5 **a. In January 2014, Beauchamp Negotiated the Terms of a**
6 **Nondisclosure Agreement and Term Sheet.**

7 253. During the week of January 12, 2014, Beauchamp prepared a
8 nondisclosure agreement and a term sheet. Beauchamp negotiated with Menaged's
9 attorney, Jeff Goulder, over the term sheet.

10 254. Beauchamp also communicated with Bryan Cave attorney Bob Miller,
11 who withdrew from representing his clients on January 16, 2014 because of a conflict
12 issue raised by Beauchamp and the scope of the consent DenSco would give Bryan
13 Cave.

14 255. Chittick (for DenSco) and Menaged signed the nondisclosure agreement
15 and term sheet on Friday, January 17, 2014. The term sheet contemplated that DenSco
16 would advance additional funds to Menaged, some of which would be used to pay off
17 (by February 28, 2014) the loans held by the lenders represented by Bryan Cave. The
18 term sheet also outlined the elements of a Forbearance Agreement and a process to
19 resolve the claims of the other competing lenders.

20 **b. During February 2014, Beauchamp Negotiated the**
21 **Terms of the Forbearance Agreement With Menaged's**
22 **Counsel, Repeatedly Stating That the Agreement Was**
Needed to Protect Chittick's, Rather Than DenSco's
Interests.

23 256. During the first week of February, Beauchamp began negotiating with
24 Goulder over the terms of a Forbearance Agreement.

25 257. It is evident from Beauchamp's communications with Chittick and
26 Goulder during February 2014 that Clark Hill was looking out for Chittick's interests,
27 rather than the interests of DenSco and its investors.
28

1 258. One example of Clark Hill's misplaced loyalty to Chittick is a February 4,
2 2014 email that Beauchamp sent to Chittick, which said:

3 a. "Before we all get into a room, you and I need to make sure we
4 have a clear understanding of what you can do and what you cannot do without
5 going to all of your investors for approval. We have a deal that works for you
6 and your investors and is fair to [Menaged]. Now [Goulder] is trying to better
7 the deal for [Menaged]. But you already have been more than generous trying to
8 help [Menaged] out of [Menaged's] problem. Again, *this goes back to*
9 *[Goulder] not acknowledging that this is [Menaged's] problem and instead*
10 *insisting that this is your problem because you did not make sure that*
11 *[Menaged] handled the loans properly and that you did not take the necessary*
12 *actions so that DenSco had a first lien on each property. . . . [Goulder] is*
13 *trying to have you think that you have significant responsibility for creating*
14 *this problem as opposed to this being created by [Menaged's] cousin working*
15 *for [Menaged]. . . . [Goulder] is trying to make you feel that you are guilty so*
16 *you have to assume a significant responsibility in the agreement to share*
17 *[Menaged's] problem, but nobody stole the money from you. You can help and*
18 *have helped [Menaged], but you cannot OBLIGATE DenSco to further help*
19 *[Menaged], because that would breach your fiduciary duty to your investors."*
20 (Emphasis added.)

21 259. And in an email Beauchamp sent to Goulder on Friday, February 7, 2014
22 Beauchamp wrote: "*Based on your previous changes, the Forbearance Agreement*
23 *would be prima facie evidence that Denny Chittick had committed securities fraud*
24 *because the loan documents he had [Menaged] sign did not comply with DenSco's*
25 *representations to DenSco's investors in its securities offering documents.*
26 Unfortunately, this agreement needs to not only protect [Menaged] from having this
27 agreement used as evidence of fraud against him in litigation, *the agreement needs to*
28 *comply with Denny's fiduciary obligation to his investors as well as not become*

1 *evidence to be used against Denny for securities fraud.* . . . We wanted the document
2 to set forth the necessary facts for Denny to satisfy his securities obligations to his
3 investors (including that the original loans had to have been written and secured by a
4 first lien on real property and that the workout agreed to by Denny complied with his
5 workout authorization) without having [Menaged] admit to facts that could cause
6 trouble to him. . . . To try to balance the respective interests, I have inserted sections
7 from the loan documents into the Forbearance Agreement. Referencing the language of
8 the Loan Documents is needed to satisfy Denny's fiduciary obligations, but I have also
9 modified the other provisions so that the Borrower is not admitting that it was required
10 to provide first lien position in connection with the loans." (Emphasis added.)

11 260. In an email exchange on Sunday, February 9, 2014 Beauchamp told
12 Chittick "[p]lease understand that you are limited in what risk or liability you can
13 assume. Your fiduciary duty to your investors makes this a difficult balancing act."

14 261. Chittick's response was that he "trusts that we are in balance and I have
15 even more confidence that [Menaged] and I can solve this problem without issue and
16 we never have to use the document that we've worked so long on getting completed."

17 262. Beauchamp responded: "Your point is understood. If possible, please
18 recognize and understand that *you will 'use' the document even if you and [Menaged]*
19 *never refer to it again. It has to have the necessary and essential terms to protect you*
20 *from potential litigation from investors and third parties.*" (Emphasis added.)

21 263. In his notes from a February 11, 2014 call with Chittick, which touched
22 on the status of Chittick's and Menaged's plan to pay off loans on the double-escrowed
23 properties, Beauchamp wrote "'Material Disclosure' – exceeds 10% of the overall
24 portfolio." But in his discussions with Chittick about requests from Goulder for further
25 concessions, including an agreement not to pursue civil claims for fraud, Beauchamp's
26 focus was on protecting Chittick's interests, including protecting him from a potential
27 investor claim.

1 264. In a February 14, 2014 email to Chittick, Beauchamp wrote: “[Goulder]
2 clearly thinks he can force you to agree to accept a watered down agreement and give
3 up substantial rights that you should not have to give up. Unfortunately, it is not your
4 money. It is your investors’ money. So you have a fiduciary duty. . . . ***[Menaged] is***
5 ***the one responsible for this and not you.*** (Emphasis added.) He failed to put out the
6 proper protection systems in place so his cousin could not do what his cousin did. . . .
7 ***[Menaged’s] actions to comply with the terms of this agreement will have a big effect***
8 ***on whether or not you have to deal with a third party lawsuit filed against you in***
9 ***court.*** (Emphasis added.) In this situation, you can have an action brought against you
10 by any of the other lenders, and/or by any of your investors. . . . In addition, ***you could***
11 ***also face an action by the SEC or by the Securities Division of the ACC if an investor***
12 ***is able to convince someone in a prosecutor’s office that you*** somehow assisted
13 [Menaged] to cover up this fraud or you ***were guilty of gross negligence by failing to***
14 ***perform adequate due diligence (on behalf of your investors’ money) to determine***
15 ***what was going on.*** . . . (Emphasis added.) [Y]our duty and obligation is not to be fair
16 to [Menaged], but to completely protect the rights of your investors. I am sorry if
17 [Menaged] is hurt through this, but [Menaged’s] hurt will give [Menaged] the necessary
18 incentive to go after his cousin. Your job is to protect the money that your investors
19 have loaned to DenSco.”

20 265. Beauchamp advised Chittick not to make any further concessions.
21 Beauchamp then sought input from bankruptcy lawyers within Clark Hill about the
22 risks DenSco faced if Chittick were to agree to the concessions Goulder sought with
23 respect to a potential civil fraud claim.

24 266. Chittick ultimately followed Beauchamp’s advice, and the concessions
25 sought by Goulder were not included in the final Forbearance Agreement.

26 267. On February 20, 2014, Beauchamp met with Chittick, Menaged and
27 Goulder to discuss the Forbearance Agreement. As Chittick described the meeting in
28 the DenSco journal, Beauchamp and Goulder “were no better in person then they were

1 in email. David lost his temper more than once. We went back and forth for 3 hours.
2 We broke up and came together, finally we are down to one point about the release.
3 The lawyers are trying to word it to make each other happy.”

4 268. It appears from Chittick’s February 20, 2014 entry in the 2014 Corporate
5 Journal that this meeting was the first time Beauchamp learned of the full extent of
6 DenSco’s exposure to Menaged. Chittick wrote: “I told David the dollars today, he
7 about shit a brick. I explained to him how I got there and how far we have come and
8 how much better we are today then in November. Though I’m not sure he understands
9 that. My balance sheet isn’t looking much better, but it will start to swing in the right
10 direction in the next 30 days. *I’m more concerned about telling my investors and their*
11 *reaction to the problem. I have to tell them and hope they stick with me. If I get a run*
12 *on the bank I’m in deep shit. I won’t be able to fund new deals, I won’t be able to*
13 *payoff investors and won’t be able to support [Menaged]. The whole thing crators.”*

14 (Emphasis added.)

15 269. Beauchamp’s notes from that day contain a summary of DenSco’s
16 exposure to Menaged. They state: “Approx. \$31 MM outstanding to [Menaged’s]
17 entities – total fund up to \$62-63 MM. Problem loans down to about \$17 MM for 122
18 loans.”

19 270. Chittick’s February 21, 2014 entry in the 2014 Corporate Journal has a
20 consistent summary of the advice he received from Beauchamp: “I talked to Dave, he
21 found out what we already suspected; there is no way we can give what [Menaged]
22 wants. I’m not sure where this will lead us. We talked about telling my investors; we
23 are going to put that off as long as possible so that we can improve the situation as
24 much as possible. We’ve got another 15 more that are closing next few weeks. We
25 could be close to under a 100 problem loans within a month. I just have to keep telling
26 myself I’m doing the right thing to fix it, no matter how much anxiety I have over this
27 issue.”
28

1 271. During the last week of February 2014, discussions with Goulder on the
2 Forbearance Agreement ended after Goulder sent Beauchamp a revised draft on
3 February 25, 2014.

4 272. Chittick sent Beauchamp an email that day describing his ongoing
5 discussions with Menaged about taking a different approach to the double encumbrance
6 problem by having DenSco advance additional monies to Menaged so that Menaged
7 could sell homes more quickly: “[H]e’s throwing out all sorts of ideas in how this can
8 be done. [I] would be willing to release the UCC if he was able to secure the funds and
9 use them to pay some of these loans. [W]e’ve got about 3 more ideas, *but what both of*
10 *us are really concerned about is that when [I] tell my investors the situation, they*
11 *request their money back. [I] want to be able to say, this was the problem, we’ve*
12 *eliminated this much of the problem and this is what is left. [I] want to be able to say*
13 *what is left is as small as possible.*” (Emphasis added.)

14 273. Beauchamp responded by saying “[g]ood ideas and probably something
15 we need to work on” in light of the breakdown of discussions on the Forbearance
16 Agreement. (Emphasis added.)

17 274. Chittick sent Beauchamp an email the following day, February 26, 2014
18 describing his continuing discussions with Menaged. He wrote: “[W]hat if [Menaged]
19 just starts selling everything [I] take losses[.] [A]long with the several million that
20 [Menaged’s] going to bring in from outside sources, we wipe the whole thing out in,
21 name a time frame, 90 days. [T]o secure the loss, [Menaged] signs a promissory note
22 with terms of repayment. [W]hat happens? [I] take a huge hit to my books, but [I] get
23 the money back in my hands. [I]’m no longer in violation of anything with my
24 investors. [I]’m in possession of money that now [I] can put to work with new loans
25 that are actually paying me interest versus right now that [I]’m having no interest
26 coming in. [O]r I can return the money to investors if I can’t put it to work. [F]rom a
27 P/L standpoint it looks horrible, but at least [I] have the majority of the money back
28 except maybe 2-4 million. [Menaged] agrees to pay me interest and principle [sic] back

1 every month for whatever I write off[,] which fills in that hole. [I] put the money I get
2 back to work and make money on it, that fills the hole. *[I] [would] rather take the loss*
3 *short term now, and get working on trying to make the money work th[a]n drag this*
4 *thing out over a year or more. . . . [I] don't have anything in my docs that say I have*
5 *to be profitable. [I] see this is a negative year obviously, but [I]'ll be profitable next*
6 *year; the problem is gone[.]* [Menaged] will be paying me back interest and principle
7 [sic] for the loss that I took. [N]ow I know there are 100 legal things here, *but now I'm*
8 *thinking this is the best way to get the problem solved from a fiduciary standpoint. . . .*
9 [I] know this may sound crazy, but [I] can't come up with anything else that will bring
10 an end to this situation quickly. [T]ime is crucial. [L]et me know your thoughts."

11 (Emphasis added.)

12 275. Beauchamp's email response was: "*Good ideas.* Can we talk later today
13 to clarify a few things?" (Emphasis added.) Beauchamp also told Clark Hill attorney
14 Bill Price, who emailed him to say that the release provision in Goulder's latest draft of
15 the Forbearance Agreement was unacceptable, that "[t]here is another possibility to
16 resolve this," on which Beauchamp would be focusing his attention.

17 276. Chittick's DenSco entry in the 2014 Corporate Journal for February 26,
18 2014 contains a consistent summary of his discussions with Menaged and Beauchamp:
19 "We've decided it's better to sell these properties as quickly as possible, take the losses
20 and move on. [Menaged] will sign a promissory note, it frees up from paying interest, I
21 take a big hit, . . . and we move on. *It will take me 2 years to get back to profitability*
22 *I'm guessing. This may allow me not to do what David wants me to do, I don't know.*
23 *I never got to talk to him. But what we are doing isn't going to work fast enough and*
24 *we'll have a big hill to climb in the end.* (Emphasis added.) I'm just so sick over this I
25 can't function."

26 277. Beauchamp's notes reflect that he discussed the proposed new plan with
27 Chittick the following day, February 27, 2014. They state, in part: "Denny explained
28 procedure and Denny is taking all of the shortfall. [Menaged] wants this resolved.

1 Denny wants this resolved because Denny is losing money to make payments to his
2 investors if DenSco is not getting paid interest from [Menaged]. Denny willing to take
3 loss this year -- so DenSco can return cash to investors and reduce interest obligation.
4 *How to write this up for investors -- discussed. Do we still need Forbearance Agmt. -*
5 *yes but will be less problematic. Will need Forbearance Agmt. to explain procedures*
6 *and protect Denny for future revisions.* (Emphasis addd.) Will need multiple advance
7 not (unsecured) so DenSco can advance cash on house w/ double loans to be sold.”

8 278. Chittick’s entry in the 2014 Corporate Journal for that day is consistent
9 with Beauchamp’s notes. It states, in part: “I talked to [Menaged] again, he agreed to
10 everything this morning on how to work this out. I talked to David, he thinks its fine.
11 So we are done. . . . [N]ow we just need to get this signed and start working towards
12 selling these houses.”

13 **c. During March 2014, Beauchamp Continued to Negotiate**
14 **the Terms of the Forbearance Agreement But Did So**
15 **With Menaged, Communicating With Him Through**
16 **Chittick.**

17 279. Beauchamp had a telephone conversation with Chittick on March 3, 2014.
18 Chittick’s entry in the 2014 Corporate Journal that day says, in part: “David called me
19 telling me of ad lib info to scare me about dealing with [Menaged]. I can’t control what
20 others are saying in the lawyer community. I have to get this done so that I have
21 something in writing and do the best deal that I can do.”

22 280. Chittick sent Beauchamp an email on March 4, 2014 in apparent response
23 to that conversation. It stated, in part: “About what you said, I have no idea of the
24 timing of that person you [mentioned] as to when he spoke to [Goulder] about our
25 situation. I don’t doubt perhaps that he was positioning himself in some way; seems
26 logical for him to think that way. However, *now that [Menaged] has agreed to sign*
27 *the terms sheet that we originally agreed to, allowing you to write it, he says he’s not*
28 *going to have [Goulder] review because [Goulder] already told him not to sign*
anything. Plus he’s signing the promissory note which also confirms the situation . . .

1 in not so many words. But the fraud occurred and he's taking responsibility for it. . . .
2 *You probably have the only chance in your career to write an agreement without*
3 *conflicting counsel.* You can write it to our liking and in our best interests. *We CYA as*
4 *broad as the Grand Canyon.* I think that is pretty advantageous." (Emphasis added.)

5 281. Beauchamp's response was: "*Your thoughts make sense*, but we still
6 need an agreement that works." (Emphasis added.)

7 282. Beauchamp sent Chittick a draft of the Forbearance Agreement on
8 March 10, 2014.

9 283. Chittick gave him comments that day, one of which reflected Chittick's
10 and Menaged's request to modify the draft's confidentiality provision. As Chittick
11 described it in an email to Beauchamp: "*Only time I can disclose info is if I'm legally*
12 *required by investors. He wants me to not say a word unless I'm legally required to,*
13 because the reputation with his investors and buyers, clients etc. could be harmed."
14 (Emphasis added.)

15 284. In his email response, Beauchamp wrote: "The confidentiality change is a
16 problem, because who makes the decision if the disclosure is required? *I had language*
17 *that you could disclose if such disclosure is reasonably needed to be disclosed to your*
18 *investors or if a governmental agency requires such disclosure (after you give*
19 *[Menaged] notice and an opportunity to get the agency to change its mind).* Those
20 are standard confidentiality exceptions. *I will look at them again to see if there is*
21 *anything we can do to make it tighter.*" (Emphasis added.)

22 285. Beauchamp's notes reflect that he had a telephone conference with both
23 Chittick and Menaged on March 11, 2014 to discuss the release and confidentiality
24 provisions of the Forbearance Agreement, as well as the terms of a \$ 1 million
25 "workout loan."

26 286. Beauchamp's notes reflect that he had a telephone conference with both
27 Chittick and Menaged on March 12, 2014 to discuss the release and confidentiality
28 provisions of the Forbearance Agreement.

1 287. On March 13, 2014, Beauchamp conferred with Chittick about the
2 security for the loans DenSco would be advancing to Menaged. He also revised the
3 confidentiality section of the Forbearance Agreement, sending the section to Chittick in
4 an email which stated, in part: *“I have done a complete re-write of the Confidentiality*
5 *section. . . . In order to comply with the specific securities disclosure requirements, I*
6 *left ____ (blank) the amount of time for [Menaged] to be able to review and comment*
7 *upon the proposed disclosure (suggest 48 hours)* and I did not give him the right to
8 disapprove and block what you can or cannot disclose. DenSco and you as the
9 promoter of DenSco’s offering have to make the decisions as to what is to be disclosed
10 or not.” (Emphasis added.)

11 288. Between March 14 and March 20, 2014, Beauchamp communicated with
12 Chittick about revisions to the Forbearance Agreement, relying on Chittick to convey
13 drafts to Menaged and communicating with Menaged through Chittick.

14 289. One of the topics Beauchamp discussed with Chittick was his plans to
15 loan funds to Menaged and the impact of those loans, including loans up to 120% of
16 value. Beauchamp stated that he *“completely agree[s] that [the proposed lending*
17 *plan] makes a lot of sense, but I am concerned about the disclosure to your*
18 *investors.”* (Emphasis added.)

19 290. Chittick’s entry in the 2014 Corporate Journal for March 20, 2014 stated,
20 in part: “[Menaged] finally agreed to [the] agreement. That’s done. I have to do some
21 numbers to fill in the blanks, but otherwise it’s ready to be signed. *I have no idea if it*
22 *will ever be used, but David assured me I’m in a good position.”* (Emphasis added.)

23 **d. The Forbearance Agreement Was Signed in April 2014.**

24 291. The Forbearance Agreement was signed by Chittick (for DenSco) and
25 Menaged (for himself and his entities) on April 16, 2014.

26 292. Under the Forbearance Agreement, Menaged agreed to pay off the loans
27 of DenSco and other lenders by, inter alia, (i) liquidating various assets, (ii) renting or
28

1 selling real estate assets, (iii) attempting to recover the missing funds that his cousin
2 allegedly stole, and (iv) obtaining \$4.2 million in outside financing.

3 293. In turn, *DenSco agreed to, inter alia, (i) increase its loans to Menaged*
4 *on certain properties up to 120% of the loan-to-value ratio, (ii) loan Menaged up to*
5 *\$5 million more, at 18% interest, (iii) loan Menaged up to \$1 million more, at 3%*
6 *interest, and (iv) defer the collection of interest on loans that Menaged had already*
7 *defaulted on.*

8 294. The Forbearance Agreement included a schedule of the loans DenSco had
9 made to Menaged, members of his family, Easy Investments, and Arizona Home
10 Foreclosures, including loans DenSco made between December 2013 and April 15,
11 2014. *Those loans totaled \$37,456,620.47, well over half of the aggregate amounts*
12 *DenSco had raised from investors.*

13 295. The confidentiality provision in the Forbearance Agreement permitted
14 DenSco to disclose information “as may be necessary for [DenSco] to disclose to
15 [DenSco’s] current or future investors” subject to the following limitations:

16 [DenSco] agrees to use its good faith efforts to limit such disclosure as much as
17 legally possible pursuant to the applicable SEC Regulation D disclosure rules,
18 which limitation is intended to have [DenSco] only describe: 1. the multiple
19 Loans secured by the same Properties which created the Loans Defaults; 2. the
20 work-out plan pursuant to this Agreement in connection with the steps to be
21 taken to resolve the Loans Defaults; 3. the work-out plan shall also include
22 disclosing the previous additional advances that [DenSco] has made and the
23 additional advances that are intended to be made by [DenSco] to Borrower
24 pursuant to this Agreement in connection with increases in the loan amount of
25 certain specific Loans (up to 120% of the LTV of the applicable Property being
26 used as security for that Loan), the additional advances pursuant to both the
27 Additional Loan and the Additional Funds Loan; and 4. the cumulative effect
28 that all of such additional advances to Borrower will have on [DenSco’s]
business plan that [DenSco] has previously disclosed to its investors in
[DenSco’s] private offering documents and which [DenSco] committed to
follow, including the overall LTV loan ratios for all of [DenSco’s] outstanding
loans to its borrowers in the aggregate and the concentration of all of [DenSco’s]
outstanding loans among all of its borrowers. Further, [DenSco] will use its good
faith efforts not to include the names of Borrower, Guarantor, or New Guarantor
in [DenSco’s] disclosure material. [DenSco] will also provide Borrower with a
copy of the applicable disclosure prior to dissemination to [DenSco’s] investors
and allow Borrower to have 48 hours to review and comment upon such
disclosure.

1 **6. Clark Hill Advised Chittick That DenSco Could Continue**
2 **Selling Promissory Notes Without First Issuing a New POM,**
3 **and that DenSco Could Indefinitely Delay Issuing a New POM.**

4 296. Clark Hill and Beauchamp claim in their initial disclosure statement
5 (at 10-11) that Beauchamp advised Chittick “during his January 9, 2014 meeting with
6 Mr. Chittick” and repeatedly thereafter that: (a) DenSco was not permitted to take new
7 money without full disclosure to the investor lending the money; (b) DenSco was not
8 permitted to roll over existing investments without full disclosure to the investor rolling
9 over the money; and (c) DenSco needed to update its POM and make full disclosure to
10 all its investors.

11 297. A jury will be asked to find that this claim is an after-the-fact untruth.

12 298. There are no documents, such as notes, emails or letters, which reflect
13 that Beauchamp *ever* gave that advice.

14 299. The documents in the file instead show that Beauchamp told Chittick that
15 DenSco could sell promissory notes, and that DenSco could put off preparing a new
16 POM while Chittick pursued his “work out” plan.

17 300. Moreover, Beauchamp admitted in his deposition that he knew Chittick
18 had caused DenSco to sell promissory notes but claims that he understood Chittick did
19 so only after making disclosures to each investor who purchased a promissory note.

20 301. Clark Hill and Beauchamp make a similar claim in their initial disclosure
21 statement (at 11) that “Mr. Chittick assured Mr. Beauchamp repeatedly that he was
22 making the requisite disclosures to investors on an as needed basis, and that he had
23 informed a select group of investors as to the double lien issue and the proposed
24 workout.”

25 **a. In early January 2014, Clark Hill Advised DenSco It**
26 **Could Sell Promissory Notes Without First Issuing a**
27 **New POM**

28 302. Chittick’s entry for January 9, 2014 in a corporate journal he maintained
during 2014 (the “2014 Corporate Journal”) says nothing about having been instructed

1 by Beauchamp that DenSco could not sell promissory notes. The entry states, in part:
2 “Scott and I met with David. He never read my email. We spent two hours. . . . He’s
3 going to contact the lawyer tomorrow and let us know.”

4 303. Beauchamp’s handwritten notes from a call with Chittick on Friday,
5 January 10, 2014 state, in part, “Need to get back up plan in place. ***Denny does not***
6 ***want to talk to his investors until he is ready*** – will not take long.” (Emphasis added.)

7 304. Chittick’s entry for that date in the 2014 Corporate Journal states, in part,
8 “at 5pm Dave called, said they would give us time to clean it up. I talked to Scott; he is
9 going to try to bring in money. ***I can raise money according to Dave.***” (Emphasis
10 added.)

11 305. On Sunday, January 12, 2014, Chittick sent Beauchamp an email which
12 stated, in part, “***I’ve spent the day contacting every investor that has told me they want***
13 ***to give me more money. I don’t have an answer on specifically how much I can***
14 ***raise; I’ll know that in a day or two.***” (Emphasis added.) He went on to say that
15 between new money, current cash on hand, and pending real estate closings, he would
16 have ***between \$5 and \$10 million*** in the next ten days. His email summarized the
17 outline of the plan he and Menaged had discussed the previous Friday, which included,
18 for the group of lenders represented by Bryan Cave: (i) identifying all properties in
19 which another party claimed an interest; (ii) providing that information to an escrow
20 agent; (iii) buying out the other parties as cash was put into escrow; and (iv)
21 memorializing the arrangement through a term sheet and a written contract. “***[I]f both***
22 ***Scott and I can raise enough money***, we should be able to have this all done in 30 days
23 easy, less than three weeks would be my goal.” (Emphasis added.) As for the other
24 lenders, Chittick stated that the plan was to pay them off as Menaged was able to raise
25 additional capital. Chittick concluded the email by stating, “***that’s my plan, shoot***
26 ***holes in it.***” (Emphasis added.)

27 306. Beauchamp responded in an email sent later that day which stated, in part,
28 “***[y]ou should feel very honored that you could raise that amount of money that***

1 *quickly*. I will outline a few thoughts tomorrow and get back to you.” (Emphasis
2 added.)

3 307. The “few thoughts” that Beauchamp conveyed the next day were
4 questions about the sources from whom Menaged would raise money. Beauchamp did
5 not tell Chittick that DenSco could not raise new money by selling promissory notes
6 without first issuing a new POM.

7 **b. During February, March and April 2014, While the**
8 **Forbearance Agreement Was Negotiated, Clark Hill**
9 **Advised Chittick That DenSco Could Delay Issuing a**
10 **New POM.**

11 308. After telling Chittick that DenSco could continue selling promissory notes
12 without first issuing a new POM, Beauchamp would periodically tell Chittick that a
13 new POM had to be issued to reveal information about DenSco’s operations, but let
14 Chittick believe the issuance of the POM could be delayed.

15 309. In a February 4, 2014 email that Beauchamp sent to Chittick, Beauchamp
16 wrote that the Forbearance Agreement would need to be described in a document “that
17 you HAVE to provide to your investors.”

18 310. Chittick’s February 7, 2014 entry in the 2014 Corporate Journal states, in
19 part, “I was on the phone with David and [Menaged] off and on trying to find middle
20 ground in this crap to make this agreement final. *Now [D]avid is telling me I have to*
21 *tell my investors.*”

22 311. Beauchamp’s notes reflect that he discussed with Chittick on February 21,
23 2014 DenSco’s upcoming annual meeting, which was scheduled for March 8. He
24 wrote: “*cannot be ready to tell everything.*” (Emphasis added.)

25 312. Beauchamp’s notes went on to reflect his thoughts about what might
26 eventually be disclosed to investors. He wrote: “What to put into notice to the
27 investors. [E]xplain concentration to Scott to help Scott package homes to sell to a
28 Hedge Fund in \$5M groups. [T]he problem was discovered but to resolve the loans with

1 double leverage came up with a plan, but that required DenSco to make higher
2 leveraged loans. DenSco also made advances on new homes purchased.”

3 313. Beauchamp’s notes also show that he knew the workout plan was
4 increasing the loan-to-value ratios on many of DenSco’s loans far above what DenSco
5 had disclosed to investors in any previous POM. For example, he wrote: “30 loans are
6 now at 95% LTV.”

7 314. The entry Chittick made in the 2014 Corporate Journal for March 11,
8 2014 states, in part: “*David changed and said now I have to tell my investors.*
9 (Emphasis added.) [Menaged] and I are going to try to fix this mess in 30 days and that
10 way it will be a minor issue.”

11 315. In a March 13, 2014 email to Chittick regarding the inclusion in the
12 Forbearance Agreement of a confidentiality provision that Menaged had sought,
13 Beauchamp wrote: With respect to timing, we are already very late in providing
14 information to your **investors about this problem and the resulting material changes**
15 **to your business plan. We cannot give [Menaged] and his attorney any time to**
16 **cause further delay in getting this Forbearance Agreement finished and the**
17 **necessary disclosure prepared and circulated.”** (Emphasis in original.)

18 c. **In May 2014, Clark Hill Made a Half-Hearted Effort to**
19 **Prepare a New POM and Then, at Chittick’s Request,**
20 **Stopped Working on the New POM and Advised**
21 **Chittick That DenSco Could Continue to Put Off Issuing**
22 **a New POM While Chittick Pursued His “Work Out”**
23 **Plan.**

24 316. Chittick’s entry in the 2014 Corporate Journal for April 16, 2014 reflected
25 the signing of the Forbearance Agreement and concludes: “I’ll send it up to David and
26 then he and I can start on the memorandum.”

27 317. Beauchamp’s notes show that he had a call with Chittick on April 24,
28 2014. Those notes reflect that Beauchamp knew that DenSco’s total loans to Menaged
were approximately \$36 million in principal, with a \$5 million note (of which

1 approximately \$1.78 million was principal), and a \$1 million note (of which
2 approximately \$915,000 was principal).

3 318. Under the heading "POM update" he noted that 186 loans were double-
4 encumbered when the workout started, which was down to 94 loans, representing \$12.3
5 million of principal, as of that date, which was down from a previous balance of
6 approximately \$25 million.

7 319. That same day, Chittick sent Beauchamp by email another copy of the
8 2011 private offering memorandum.

9 320. It appears from the Clark Hill file that Beauchamp gave a printed copy of
10 the memorandum to Schenck with a handwritten note asking him to mark up the
11 memorandum and add "updates/forbearance, etc."

12 321. Beauchamp's handwritten notes and documents in the file reflect that
13 some research was done on May 13, 2014 on "Dodd Frank and regulation."

14 322. On May 14, 2014, Schenck sent Beauchamp by email a redline of a draft
15 private offering memorandum and a separate document with comments, some of which
16 were for Beauchamp's attention. Schenck's email concluded by asking Beauchamp to
17 "let me know what changes you prefer before this draft is sent to Denny." His time
18 entry describes the document as a "first draft."

19 323. The document with comments contained, in the "Prior Performance"
20 section, a discussion of the terms of the Forbearance Agreement, with limited
21 information about the circumstances that gave rise to it and a narrative that accepted, as
22 accurate and reliable, Menaged's "cousin" story: "According to the Foreclosure
23 Debtors, an agent of the Foreclosure Debtors had secured the Outside Loans without the
24 Foreclosure Debtors' knowledge." The draft said nothing about Chittick's gross
25 negligence in managing DenSco's lending practices by giving funds directly to
26 Menaged, rather than to a Trustee.

27 324. Clark Hill's time records reflect that Beauchamp billed 30 minutes of
28 time to "review revisions to POM and work on same."

1 325. But there is nothing in the Clark Hill file to reflect that Beauchamp
2 actually made any revisions to this first draft.

3 326. Neither the Clark Hill file nor Clark Hill's billing statement reflect that
4 Beauchamp ever sent the draft POM to Chittick or discussed it with him.

5 327. Clark Hill's files show that the firm simply stopped work on a new POM
6 in mid-May 2014.

7 328. Entries by Chittick in the 2014 Corporate Journal shortly thereafter reflect
8 that Chittick had decided not to issue a new POM at that time, and to continue selling
9 promissory notes while he pursued his "work out" plan in the hope of minimizing
10 DenSco's losses before making a disclosure to investors. Clark Hill decided to abide
11 by Chittick's instruction, just as the firm had agreed in September 2013 to prepare a
12 new POM and then followed Chittick's instruction not to work on the new POM until
13 Chittick was ready to issue it.

14 a. The July 2, 2014 entry states, in part: "We are making progress,
15 just too damn slow, *but I'm sure much quicker than David expected us to do.*"
16 (Emphasis added.)

17 b. The July 25, 2014 entry states, in part: "My time is running out on
18 updating my private placement memorandum and notifying my investors."

19 c. The July 31, 2014 states, in part: "It's all going in the right
20 direction, just not sure if it's going fast enough. *As long as David doesn't bug*
21 *me, I feel like we are doing the right thing.*" (Emphasis added.)

22 329. Clark Hill's blessing of Chittick's plan to continue pursuing a work out
23 plan without telling DenSco's investors is reflected in Beauchamp's dealings with
24 Chittick the following March.

25 330. On March 13, 2015, Beauchamp sent Chittick an email which stated, in
26 part: "I would like to meet for coffee or lunch (at no charge to you) so we can sit down
27 and talk about how things have progressed for you since last year. I would also like to
28 listen to you about your concerns, and frustration with how the forbearance settlement

1 and the documentation process was handled. I have thought back to it a lot and I have
2 second guessed myself concerning several steps in the overall process, *but I wanted to*
3 *protect you as much as I could.* (Emphasis added.) *When I felt that your frustration*
4 *had reached a very high level, I stopped calling you about how things were going so*
5 *that you did not feel I was just trying to add more attorney's fees.* (Emphasis added.)
6 I planned to call you after about 30 days, but then I let it slip all of last year because I
7 kept putting it off. I even have tried to write you several different emails, but I kept
8 erasing them before I could send them. I acknowledge that you were justifiably
9 frustrated and upset with the expense and how the other lenders (and [Menaged] at
10 times) seemed to go against you as you were trying to get things resolved last year for
11 [Menaged]. I have tried to let time pass so that we can discuss if you are willing to
12 move beyond everything that happened and still work with me. If not, I would like you
13 to know that I still respect you, what you have done and would still like to consider you
14 a friend. You stood up for [Menaged] when he needed it and I truly believe it was more
15 than just a business decision on your part. Hopefully, you will respond to this email and
16 we can try to talk and catch up.”

17 331. Chittick responded “[s]ure, give me some options on when to meet.”

18 332. Chittick forwarded Beauchamp’s email to Menaged, who wrote,
19 “[s]chedule coffee in 18 months when our balance is close to nothing.”

20 333. Chittick responded: *“I figure it’s a miracle he left me alone this long!”*
21 (Emphasis added.)

22 334. In his entry that day in the corporate journal Chittick maintained for 2015
23 (the “2015 Corporate Journal”), Chittick wrote: *“I got an email from Dave my*
24 *attorney wanting to meet. He gave me a year to straighten stuff out. We’ll see what*
25 *pressure I’m under to report now.”* (Emphasis added.)

26 335. Chittick had lunch with Beauchamp on March 24, 2015.

27 336. Chittick’s entry in the 2015 Corporate Journal for that date states: “I had
28 lunch with Dave Beauchamp. I was nervous he was going to put a lot of pressure on

1 me. However, *he was thrilled to know where we were at and I told him by April 15th,*
2 *we'll be down to 16 properties with seconds on them, and by the end of June we hope*
3 *to have all the retail houses sold by then and just doing wholesale. He said he would*
4 *give me 90 days.* (Emphasis added.) I just hope we can sell them all by then and darn
5 near be done with it. *I'm going to slow down the whole memorandum process too.*
6 *Give us as much time as possible to get things in better order."* (Emphasis added.)

7 337. Chittick's entry in the 2015 Corporate Journal for June 18, 2015 states, in
8 part: "[Menaged] tried to enlarge the wholesale number saying, well I'm paying down
9 the workout, I can use that for the wholesale. I'm not letting him. That number needs to
10 start dropping! *I have to get his number falling, or it's going to be hell with Dave."*
11 (Emphasis added.)

12 **d. With Clark Hill's Assistance, Chittick Caused DenSco to**
13 **Sell Approximately \$5 Million of Promissory Notes**
14 **Between January and May 2014 Without First Issuing a**
15 **New POM.**

16 338. During the months of January through May 2014, DenSco sold
17 \$5,000,008.00 of new promissory notes to the following investors, which were all two-
18 year notes unless otherwise indicated.

Investor	Amount	Date
Brian & Carla Wenig	\$15,000	1/3/14
Dale Hickman	\$150,000	1/13/14
Carol & Mike Wellman	\$30,000	1/14/14
Carol Wellman	\$10,000	1/14/14
Jolene Page	\$150,000	1/14/14
Marvin & Pat Miller	\$200,000	1/15/14
Marvin & Pat Miller	\$100,000	1/15/14
Mark & Debbie Wenig	\$50,000	1/24/14

Kirk Fischer	\$600,000	1/29/14 ⁵
Brian Imdieke	\$500,000	2/11/14 ⁶
Ryan Baughman	\$300,000	2/11/14
Kaylene Moss	\$10,000	3/5/14
Ryan Baughman	\$300,000	4/1/14 ⁷
Wayne Ledet	\$30,000	4/7/14
Alexandra Bunger	\$850,000	5/1/14
Cassidy Bunger	\$850,000	5/1/14
Connor Bunger	\$850,000	5/1/14
Bill Hughes	\$6,500	5/1/14
Bill Hughes -- IRA	\$6,500	5/1/14

339. DenSco's sale of those promissory notes was necessary for DenSco to continue its business operations, and Clark Hill enabled DenSco to obtain investor funds during that five-month period without making adequate disclosures to those investors, exposing DenSco to substantial liability for those sales.

340. The Receiver will update this disclosure statement to identify additional promissory note sales after May 2014.

7. In Addition to Aiding and Abetting Chittick's Breach of Fiduciary Duties, Clark Hill Also Negligently Advised Chittick That DenSco Could Continue Giving Loan Proceeds to Menaged, Rather Than Paying Them Directly to a Trustee.

341. As of January 9, 2014, Clark Hill knew that Chittick had been grossly negligent in managing DenSco's lending operations by giving tens of millions of loan proceeds to Menaged, rather than paying them directly to a Trustee.

⁵ Five-year note.

⁶ Six-month note.

⁷ Three-month note.

1 342. Clark Hill knew that this practice violated the terms of the Mortgage
2 document Clark Hill knew DenSco routinely employed to document loans, which stated
3 that the "The undersigned borrower ("Borrower") acknowledges receipt of the proceeds
4 of a loan from DenSco Investment Corporation ("Lender") in the sum of \$_____,
5 *as evidenced by check payable to: _____ ("Trustee").* (Emphasis added.)

6 343. Clark Hill also knew that this practice was an extraordinary breach of the
7 representations in DenSco's POMs. As Beauchamp has admitted in interrogatory
8 answers, DenSco's POMs represented that DenSco employed appropriate due diligence
9 and loan procedures in making loans. An essential part of those loan procedures was
10 that "every mortgage evidencing a property purchase made with a DenSco loan stated
11 that the check purchasing the property was made to the Trustee."

12 344. Clark Hill also knew, from Beauchamp's January 9, 2014 meeting with
13 Chittick and Menaged, that Chittick's failure to follow those loan procedures had
14 exposed DenSco to a substantial potential loss of between \$11.6 and \$14.5 million, or
15 between 25% and 30% of the \$47 million that Beauchamp understood DenSco had
16 raised as of June 2013.

17 345. And Clark Hill knew that those potential losses resulted from Chittick's
18 dealings with one borrower, Scott Menaged.

19 346. After Clark Hill learned, through Beauchamp's January 9, 2014 meeting
20 with Chittick and Menaged, that Chittick intended to cause DenSco to continue loaning
21 money to Menaged, Clark Hill should have issued immediate, clear written advice to
22 Chittick that: (1) DenSco must adhere to the lending practices identified in its POMs
23 and referenced in the Mortgage – i.e., disbursing loan proceeds directly to a Trustee,
24 through a check (as the Mortgage contemplated) or a wire transfer; and (2) never
25 disbursing loan proceeds directly to Menaged (or any other borrower) under any
26 circumstances.

1 347. Clark Hill had the opportunity to give that advice when Beauchamp
2 received an email from Chittick during the evening of January 9, 2014, in which
3 Chittick posed the following question:

4 If [I] [obtain] a cashier's check and take it to the trustee myself, [I] don[']t get a
5 receipt that DenSco [p]aid for it. [I] get a receipt saying that X property was
6 paid for, for X \$'s vested in borrower's name. [DenSco's] name doesn't appear
7 on it. [O]ther than having a cashier's check receipt saying [DenSco] made a
8 check out for it, there isn't anything from the trustee saying that it was
9 [DenSco's] check. ***[I] could wire [Menaged] the money, he could produce a
cashier's check that says remitter is DenSco and it would have the exact same
[e]ffect as if [I] got [a] cashier's check that said [DenSco's] the remitter. . . .***
[P]ut aside the logistics for a second, what proof or what guarantee is there by
me cutting the check and handing it to [S]uzy at the trustee[']s office rather than
my borrowers? [I] know [I] must be missing something. (Emphasis added.)

10 348. Clark Hill failed to tell Chittick that he could not "wire Menaged the
11 money" because: (1) doing so was contrary to representations in the POM and the terms
12 of the Mortgage; (2) doing so had previously exposed DenSco to a potential loss of
13 between \$11.6 and \$14.5 million; and (3) Menaged could not, given obvious questions
14 about the veracity of his "cousin" story, be trusted.

15 349. Beauchamp instead responded in an email that night in which he said:
16 ***"Let me see what the other lenders got from the Trustee and we can make a better***
17 ***decision.*** There is either another way to do it or someone described a procedure that
18 does not work." (Emphasis added.)

19 350. On January 17, 2014, Beauchamp told two other lawyers at Clark Hill,
20 Dan Schenck and Bob Anderson, who specialized in real estate lending, that the firm
21 needed to review "the demand letter from Bryan Cave asserting the claim from the
22 other lenders" – i.e., that DenSco had fraudulently filed 52 Mortgage documents
23 claiming that 52 Trustees had been paid to purchase properties at a Trustee's sale when
24 no such payment had occurred -- and "[i]f this claim has any merit, [Clark Hill]
25 need[ed] to advise DenSco to change its internal procedures." But neither Beauchamp,
26 Schenck, nor Anderson undertook that analysis.

27 351. Beauchamp later advised Chittick that DenSco could continue wiring
28 money to Menaged, trusting Menaged to pay the loan proceeds to a Trustee, so long as

1 Menaged provided written confirmation that he had done so. As Chittick wrote in July
2 2016:

3 a. “Going back to December of 2013, . . . [Menaged] knew he had to
4 make money to help cover the deficit [that] would be created by the double
5 encumbered properties and shortage that would be created at the time of
6 disposition. He wanted time to still fund him buying properties at auction and
7 flipping them, wholesaling them, etc. *I talked to Dave about this in January*
8 *[2014] and he was in agreement with it as long as I received copies of checks*
9 *and receipts showing that I was paying the trustee.”* (Emphasis added.)

10 b. “Dave, my lawyer, negotiated the work out agreement and
11 endorsed the plan. Then when [Menaged] said hey, let me buy some
12 foreclosures, flip them, wholesale them, etc. so I can make money. *All the other*
13 *lenders wouldn’t lend to him. I needed him to make money now more than*
14 *ever before. We went to Dave, and he gave some constraints on how we were*
15 *to operate.* I have all the documentation. I received copies of checks made out
16 to trustees, receipts from the trustees. I had all my docs signed. I recorded my
17 mortgages. I had evidence of insurance, and I did everything.” (Emphasis
18 added.)

19 352. Clark Hill and Beauchamp claim in their initial disclosure statement, and
20 Beauchamp claimed when he was deposed, that Clark Hill had advised Chittick in
21 January 2014 that it should not give loan proceeds to Menaged and should instead give
22 them to a Trustee. But a jury will find that this is yet another after-the-fact untruth. No
23 documents in Clark Hill’s file – not a letter, email, note or time entry – reflect that the
24 advice was ever given. Moreover, Beauchamp’s deposition testimony that he relied on
25 Anderson to give that advice to Chittick and understood it had been given is belied by
26 Anderson’s deposition testimony, who said he had not done so.

27 353. A jury will reject Clark Hill’s claim and find that DenSco followed
28 Beauchamp’s negligent advice to Chittick that DenSco could continue its long-standing

1 practice of giving loan proceeds directly to Menaged, trusting him to use those funds
2 only to pay a Trustee for property that would be fully secured, with DenSco in first
3 position. As a result, Menaged continued to have direct access to DenSco's funds,
4 despite the tens of millions of dollars of losses that practice had caused DenSco, which
5 put Menaged in a position to misappropriate those funds, just as he had misappropriated
6 the loan proceeds DenSco had given him in previous years.

7 354. As a direct consequence of Clark Hill's negligence, DenSco suffered
8 substantial losses.

9 355. If Clark Hill had instead advised Chittick that DenSco could never give
10 loan proceeds to Menaged and must instead independently cause those funds to be
11 delivered to a Trustee, Chittick would have followed that advice. Indeed, Chittick
12 acknowledged in his January 9, 2014 email that he "must be missing something."

13 **E. Response to 2016 ADFI Investigation**

14 356. In March 2016, Chittick asked Beauchamp to help DenSco respond to
15 another investigation by the Arizona Department of Financial Institutions. Beauchamp
16 worked on the matter during March, April, May and June 2016, billing his time to a
17 "General" matter he had established in January 2013. As with previous inquiries by
18 ADFI, Clark Hill argued that DenSco should not be licensed and regulated by ADFI,
19 which would have included a review of DenSco's lending procedures.

20 **F. Chittick's Suicide**

21 357. Chittick committed suicide on July 28, 2016.

22 358. Shortly before his death, Chittick wrote an "Investor" letter that was never
23 sent to DenSco's investors but was among the business records obtained by the
24 Receiver. Among the statements in that letter are the following: "Why didn't I let all of
25 you know what was going on at any point? It was pure fear. . . . I have 100 investors. I
26 had no idea what everyone would do or want to do or how many would just sue,
27 justifiably. *I also feared that there would be a classic run on the bank. . . I truly*
28

1 *believe we had a plan that would allow me to continue to operate, my investors would*
2 *receive their interest and redemptions as a normal course of business, and the rest of*
3 *my portfolio was performing. Dave blessed this course of action.* (Emphasis added.)

4 We signed this workout agreement and began executing it.”

5 359. The letter also stated: “Going back to December of 2013, . . . [Menaged]
6 knew he had to make money to help cover the deficit [that] would be created by the
7 double encumbered properties and shortage that would be created at the time of
8 disposition. He wanted time to still fund him buying properties at auction and flipping
9 them, wholesaling them, etc. *I talked to Dave about this in January [2014] and he*
10 *was in agreement with it as long as I received copies of checks and receipts showing*
11 *that I was paying the trustee.*” (Emphasis added.)

12 360. Chittick also wrote a detailed letter to his sister, Shawna Heuer (aka
13 Iggy), shortly before his death. He wrote: “[*Beauchamp*] *let me get the workout*
14 *signed[,] not tell the investors[,] and try to fix the problem. That was a huge mistake.*
15 . . . Dave did a workout agreement with [Menaged], we were executing to it and making
16 headway, *yet Dave never made me tell the investors. . . . I talked Dave my attorney*
17 *into allowing me to continue without notifying my investors. Shame on him. He*
18 *shouldn’t have allowed me. He even told me once I was doing the right thing.*”
19 (Emphasis added.)

20 361. The letter also stated: “*Dave, my lawyer, negotiated the work out*
21 *agreement and endorsed the plan.* (Emphasis added.) Then when [Menaged] said
22 hey, let me buy some foreclosures, flip them, wholesale them, etc. so I can make
23 money. All the other lenders wouldn’t lend to him. I needed him to make money now
24 more than ever before. We went to Dave, and he gave some constraints on how we
25 were to operate. I have all the documentation. I received copies of checks made out to
26 trustees, receipts from the trustees. I had all my docs signed. I recorded my mortgages.
27 I had evidence of insurance, and I did everything.”
28

1 362. This "Iggy Letter" contained detailed information about actions Chittick
2 had taken in managing DenSco's affairs, including the location of funds and how he
3 had transferred funds.

4 **G. After Chittick's Death, Clark Hill Agreed to Represent Both DenSco**
5 **and Chittick's Estate, Despite an Unconsentable Conflict.**

6 363. According to Clark Hill's billing records, Beauchamp learned of
7 Chittick's suicide on Saturday, July 30, 2016 through a telephone call with Robert
8 Koehler and Shawna Heuer. Beauchamp billed his time for that call to the "Business
9 Matters" file he had caused to be established on January 14, 2014.

10 364. Robert Koehler was identified in the 2011 POM, under the heading
11 "Contingency Plan in the Event of Death or Disability of Mr. Chittick," as the person
12 with whom Chittick had entered into a written agreement "to provide or arrange for any
13 necessary services for the Company" upon Chittick's death or disability.

14 365. According to Beauchamp's notes from his July 30, 2016 telephone
15 conversation with Koehler and Heuer, he was told that Chittick had sent him a letter
16 with instructions and a detailed letter to Koehler. Beauchamp wrote that he needed "to
17 get both letters & discuss how to deal w/ this."

18 366. On Sunday, July 31, 2016, Beauchamp exchanged emails with Koehler
19 about scheduling a meeting with Koehler and Heuer the following afternoon.

20 367. Later that day, Beauchamp exchanged emails with Heuer in which
21 Beauchamp approved an email Heuer had drafted to send to DenSco's investors which
22 stated, in part, "[a] meeting with Denny's attorney is planned for Monday, August 1st,
23 to form a course of action."

24 368. Heuer sent the e-mail to DenSco investors during the evening of July 31,
25 2016, forwarding a copy to Beauchamp, who thanked her for doing so.

26 369. Heuer sent Beauchamp before their August 1 meeting a copy of Chittick's
27 Investor Letter and gave him at the meeting or in a meeting the following day a copy of
28 the Iggy Letter.

1 370. During the August 1st meeting, Beauchamp agreed that Clark Hill would
2 represent DenSco, reporting to Heuer, and also represent Heuer in her capacity as the
3 personal representative of the Estate of Denny Chittick.

4 371. On August 2, 2016, Beauchamp and other Clark Hill attorneys met with
5 Heuer.

6 372. On August 4, 2016, Clark Hill initiated a probate proceeding and
7 continued to act as counsel for the Estate of Chittick until August 12, 2016

8 373. Clark Hill should not have agreed to represent DenSco after Chittick's
9 death and should have instead terminated the representation because Clark Hill knew,
10 based on its own conduct since September 2013 and knowledge of Chittick's conduct,
11 that DenSco had potential claims against the firm.

12 374. Clark Hill should not have agreed to represent the Estate of Chittick
13 because Clark Hill knew, based on its knowledge of Chittick's conduct, that DenSco
14 had substantial claims against Chittick's Estate for Chittick's gross negligence in
15 managing DenSco's affairs. Indeed, in this litigation Clark Hill has identified the Estate
16 as a non-party at fault and seeks to blame Chittick for DenSco's losses. Moreover, soon
17 after his appointment, the Receiver filed a Notice of Claim in Probate Court against the
18 Estate, based in part on Chittick's gross mismanagement of DenSco and multiple
19 breaches of fiduciary duties Chittick owed DenSco.

20 375. A jury can assume that Clark Hill agreed to continue representing DenSco
21 and jointly represent the Estate of Chittick because it saw those representations as a
22 means to protect itself from liability. The firm's conduct during the months of August,
23 September and October 2016 provides further evidence that this was Clark Hill's
24 objective.

1 **H. Between August 1 and August 18, 2016, Clark Hill Effectively Ran**
2 **DenSco's Day-to-Day Affairs.**

3 376. After Chittick's death, Beauchamp, in coordination with Heuer, managed
4 the day-to-day operations of DenSco until the Receiver was appointed on August 18,
5 2016.

6 377. Beauchamp opened a "Business Wind Down" file to which he charged his
7 time.

8 378. During that time period, Beauchamp communicated with investors and
9 representatives of the Securities Division of the Arizona Corporation Commission (the
10 "ACC"), which investigated securities law violations by DenSco and initiated on
11 August 17, 2016 a lawsuit alleging that DenSco had violated securities laws and sought
12 the appointment of a receiver.

13 379. Although Clark Hill knew that as securities counsel to DenSco it faced
14 potential claims by the ACC, DenSco's receiver, and/or DenSco's investors, it
15 continued to represent DenSco.

16 380. Clark Hill authored several communications to DenSco's investors
17 between August 1 and August 12, 2016 which failed to disclose information in Clark
18 Hill's possession about Clark Hill's role as DenSco's securities counsel; Chittick's
19 mismanagement of DenSco's lending practices; Chittick's decision to postpone the
20 issuance of a new POM while still selling promissory notes; Chittick's goals in
21 documenting the Forbearance Agreement; the actions Clark Hill had taken to assist
22 Chittick; and Clark Hill's negligent advice to Chittick about DenSco's continued
23 lending to Menaged.

24 381. Clark Hill also failed to provide that information to the ACC.

25 382. The investor communications Clark Hill drafted also suggested that
26 DenSco and its investors would not be well served if a receiver were appointed. For
27 example, in the first email Beauchamp sent to DenSco investors on August 3, 2016, he
28 wrote:

1 [T]he problem with DenSco's Troubled Loans developed over time and it will
2 take some time to understand those Troubled Loans [and] how those loans came
3 into existence. . . . If whoever is in charge of DenSco does not work with the
4 Investors, then DenSco will either be put into bankruptcy or have a Receiver
5 appointed, which will incur costs on behalf of the Investors and that will
6 significantly reduce what will be available to return to the Investors. For
7 example, *one of the recent reports concerning liquidation of companies owing*
8 *money to investors indicated that the costs associated with a bankruptcy or a*
9 *Receiver can reduce the amount to be paid to investors by almost half or even*
10 *a much more significant reduction. . . . [W]e would like to keep DenSco out of*
11 *a protracted bankruptcy or a contentious Receivership proceeding.* As
12 indicated above, various studies have shown that the third party costs and legal
13 and other professional fees and costs and the inherent delays in bankruptcy
14 and/or Receivership proceedings can consume more than 35% of the available
15 money that should or would otherwise be available to be returned to Investors.
16 (Emphasis added.)

17
18 **I. Beginning on August 15, 2016, Clark Hill Sought to Conceal Its**
19 **Negligence and the Assistance It Gave Chittick in His Breach of**
20 **Fiduciary Duties by Falsely Claiming It Had Terminated Its**
21 **Representation of DenSco, and Continues to Claim, Without Any**
22 **Supporting Records, That It Did So.**

23 383. During its investigation of potential securities law violations by DenSco,
24 the ACC sought documents from Clark Hill about the firm's work for DenSco.

25 384. It was during that investigation that Clark Hill claimed for the first time
26 that it had terminated its representation of DenSco because Chittick allegedly refused to
27 follow the firm's advice.

28 385. Clark Hill has made inconsistent claims about the alleged termination of
its representation of DenSco since August 2016 and continues to claim that the
termination occurred despite the absence of any records to support the claim, and
records that are inconsistent with the claim.

386. The claim was first made on August 15, 2016, when ACC investigator
Gary Clapper sent Beauchamp an email which stated, in part: "Can you please get a
copy of the forbearance agreement. Since the offering document is updated every two
years can you please get copies of all of them."

387. Beauchamp responded: "I only have access to some of DenSco's files.
Despite my requests, Denny Chittick did not request for all of DenSco's previous files
to be transferred to me. In addition, *Denny stopped our efforts to do an updated*

1 *offering memorandum in 2013*, so the initial work on that was never finished. Denny
2 also *did not engage us to prepare an amendment to the offering document or to*
3 *prepare a new disclosure document despite several conversations about that issue.*"
4 (Emphasis added.)

5 388. In an August 17, 2016 declaration Beauchamp stated that "*[i]n late 2014*
6 *or 2015, I ended my formal relationship with Mr. Chittick and DenSco.*"

7 389. In an August 21, 2016 email to DenSco investor Rob Brinkman,
8 Beauchamp first wrote that "*my law firm started preparing the 2013 POM, but we*
9 *were put on hold.* After the Forbearance Agreement was signed by Scott Menaged, *we*
10 *started to amend the 2013 draft POM, but we stopped and withdrew as securities*
11 *counsel for DenSco. Denny was supposed to get other counsel and finish the POM in*
12 *2014, but I do not know if that did happen.*" (Emphasis added.) In a follow-up email
13 to Brinkman, he wrote that "*[t]he 2013 POM was never finalized due to attorney client*
14 *protected issues that I have been instructed not to discuss.*" (Emphasis added.)

15 390. In a February 8, 2017 email to the Receiver's counsel, Beauchamp made
16 the following unsolicited statement: "Please note that my previous reference to
17 'securities work' was for work done PRIOR to when *my firm terminated doing any*
18 *securities or other legal work for DenSco when Denny Chittick refused to send the*
19 *amended Private Offering Memorandum to his investors.* The amended Private
20 Offering Memorandum that we wanted to be sent described the Forbearance Agreement
21 and the changes to the lending criteria and security ratios that DenSco was to follow
22 when making its loans to Borrowers. *I believe that we terminated our representation*
23 *in approximately July 2014.*" (Emphasis added.)

24 391. Clark Hill now claims that the firm terminated the representation in May
25 2014, stating in Defendants' initial disclosure statement (at 15) that

26 Mr. Chittick . . . refused to provide the necessary information to complete the
27 POM and refused to approve the description of the workout or the double lien
28 issue. . . .

1 ***In May 2014***, Mr. Beauchamp handed Mr. Chittick a physical copy of the draft
2 POM and asked him what Mr. Chittick's specific issues were with the
3 disclosure. Mr. Chittick responded that there was nothing wrong with the
4 disclosure, he was simply not ready to make any kind of disclosures to his
5 investors at this stage. Mr. Beauchamp again explained that Mr. Chittick had no
6 choice in the matter and that he had a fiduciary duty to his investors to make
7 these disclosures. Mr. Chittick would not budge. ***Faced with an intransigent***
8 ***client who was now acting contrary to the advice Mr. Beauchamp was***
9 ***providing, and with concerns that Mr. Chittick may not have been providing***
10 ***any disclosures to anyone since January 2014, Mr. Beauchamp informed Mr.***
11 ***Chittick that Beauchamp and Clark Hill could not and would not represent***
12 ***DenSco any longer.*** Mr. Beauchamp also told Chittick that he would need to
13 retain new securities counsel, not only to provide the proper disclosure to
14 DenSco's investors, but to protect DenSco's rights under the forbearance
15 agreement. Mr. Chittick suggested that he has already started that process and
16 was speaking with someone else.

17 392. But there is not a single document in Clark Hill's file to support this
18 claim, such as a termination letter that law firms commonly send when ending a client
19 relationship and especially when a law firm believes a client is disregarding advice
20 given by the firm.

21 393. Moreover, Clark Hill makes this claim despite numerous documents in its
22 files reflecting that Clark Hill never terminated the representation and continued to
23 represent DenSco after May 2014. Those documents include:

24 a. Documents generated in June 2014 which reflected work Clark
25 Hill performed to amend the Forbearance Agreement and correct errors the firm
26 had made when the Forbearance Agreement was signed in April 2014. Chittick
27 and Menaged signed those documents on June 18, 2014.

28 b. In May, June, July and August 2014, Beauchamp sent Chittick
29 billing statements for work performed for DenSco through transmittal letters that
30 stated: "Thank you again for allowing Clark Hill and me to provide legal
31 services to DenSco Investment Corporation. If you have any question or if we
32 can assist you with any other matter(s), please let me know."

33 c. As noted above, when Chittick asked Clark Hill to respond to the
34 ADFI inquiry in March 2016, Beauchamp billed his time to the "General" matter
35 Clark Hill had established in January 2014.

1 d. As noted above, after Chittick's death, Beauchamp billed his time
2 to the "Business Matters" file Clark Hill had established in January 2014.

3 e. On June 22, 2017, approximately six months before this lawsuit
4 was filed, Clark Hill submitted two proofs of claim to the Receiver, seeking
5 \$53,820.00 for work performed between June 1, 2016 and August 17, 2016, and
6 \$23,046.00 for work performed between August 18, 2016 and September 30,
7 2016. Clark Hill claimed in an accompanying affidavit that "*fi*n 2016 and
8 *earlier, the Firm represented DenSco Investment Corporation,*" providing
9 "general business advice and representation," and that "[a]fter the death of
10 DenSco's principal, in July 2016, the Firm transitioned the subject matter of its
11 work to advice and guidance to DenSco to assist in winding down its business."
12 (Emphasis added.) Clark Hill did not claim then that it had terminated its
13 representation of DenSco at any previous time.

14 394. In claiming that Clark Hill had, in fact, terminated its representation of
15 DenSco in May 2014 – a claim verified by Clark Hill's General Counsel – Clark Hill
16 concealed material information it should have disclosed pursuant to Rule 26.1. It was
17 only after the Receiver's counsel served written discovery on Clark Hill that Clark Hill
18 disclosed that it did not close until May 2018 – *after* receiving the Receiver's written
19 discovery – the files Clark Hill had opened in September 2013 to prepare a new POM
20 and in January 2014 for the "lien workout." The files established for DenSco's
21 "General" and "Business Matters" were never closed and remain open.

22 **J. Clark Hill Colluded With the Estate of Chittick to Prevent the**
23 **Receiver From Obtaining Material Information.**

24 395. Clark Hill did not internally consider the conflicts created by its joint
25 representation of DenSco and the Chittick Estate until an investor raised the issue on
26 August 10, 2016.

27 396. Clark Hill referred Heuer to lawyers whom Clark Hill believed would
28 aggressively protect the Estate from potential claims by investors and the Receiver –

1 Beauchamp's former colleagues at Gammage & Burnham: James Polese and Kevin
2 Merritt.

3 397. Clark Hill then began colluding with Gammage & Burnham to protect the
4 Chittick Estate and Clark Hill from the Receiver.

5 398. Among other evidence of such collusion are emails exchanged between
6 Polese, Merrick and Beauchamp about seeking the appointment of a receiver other than
7 the Receiver.

8 399. Moreover, shortly before the August 18, 2016 hearing at which the
9 Receiver was appointed, Beauchamp, with the assistance and approval of Clark Hill's
10 Assistant General Counsel, prepared a declaration for the Estate to submit to the
11 Receivership Court which Beauchamp has since acknowledged falsely stated that Clark
12 Hill had jointly represented DenSco and Chittick individually.

13 400. During the August 18, 2016 hearing, neither Beauchamp nor Clark Hill's
14 Assistant General Counsel corrected false statements by the Estate's counsel to the
15 effect that Clark Hill had jointly represented DenSco and Chittick personally.

16 401. That claim was integral to the Estate's successful effort to obtain
17 language in the Order appointing the Receiver which recognized the existence of the
18 spurious joint representation claim and materially limited the Receiver's ability to
19 promptly and efficiently obtain relevant records from Clark Hill's files.

20 402. The Estate and Clark Hill used the Order as an excuse to decline to
21 provide the Receiver with immediate access to relevant records, such as the Iggy Letter,
22 and to "slow walk" Clark Hill's production of its files to the Receiver.

23 403. The Receiver's counsel sent a letter demanding the immediate production
24 of the files on August 29, 2016. Clark Hill did not produce them until October 13,
25 2016, and only after making multiple demands. During this time period, Clark Hill's
26 Office of General Counsel was actively involved and directed the firm's response to the
27 Receiver's demands.

1 404. In the interim, Clark Hill and the Estate continued using the false claim
2 that Clark Hill had jointly represented DenSco and Chittick personally to delay
3 providing relevant information to the Receiver.

4 405. The Estate also proposed, with Clark Hill's implicit consent, a "common
5 interest" agreement between the Estate, DenSco (represented by Clark Hill) and the
6 Receiver, which falsely stated that because of the alleged joint representation by Clark
7 Hill of DenSco and Chittick personally, the Estate, DenSco and the Receiver had a
8 common interest in defending lawsuits that investors might pursue.

9 406. After finally receiving Clark Hill's files in October 2016, the Receiver
10 discovered critical documents, such as the Iggy Letter, that the Estate had sought to
11 prevent the Receiver from obtaining under a claim of personal privilege. That
12 document contained information that was material to claims the Receiver later brought
13 against the Estate of Chittick. Without the document, the Receiver had been required to
14 devote substantial resources to independently discovering information contained in the
15 Iggy Letter.

16 **K. Actions Taken by the Receiver**

17 407. After his appointment, the Receiver took possession of and analyzed
18 DenSco's books and records, issuing a preliminary report on September 19, 2016,
19 which the Receiver incorporates by reference in this disclosure statement.

20 408. On December 9, 2016, the Receiver filed a notice of claim in the probate
21 court against the Estate of Denny Chittick, asserting, inter alia, claims that Chittick had
22 breached fiduciary duties owed DenSco.

23 409. The Estate issued a notice of disallowance of the claim on February 3,
24 2017.

25 410. On December 23, 2016, the Receiver issued a status report, which the
26 Receiver incorporates by reference in this disclosure statement. That report contains,
27
28

1 among other things, the Receiver's conclusion that DenSco was insolvent in January
2 2014.

3 411. The Receiver monitored and took part in a bankruptcy proceeding that
4 Menaged initiated. Among other things, the Receiver's counsel conducted an
5 examination of Menaged, and the Receiver filed an adversary complaint and a
6 complaint to determine nondischargeability, and obtained a judgment against Menaged.

7 412. On June 22, 2017, Clark Hill submitted two proofs of claim to the
8 Receiver, which are discussed above.

9 413. On September 14, 2017, the Receiver filed a petition with the
10 Receivership Court seeking to file this action. The petition was granted on October 10,
11 2017.

12 414. On September 25, 2017, the Receiver filed in the Receivership Court
13 Petition No. 37 – Petition for Approval of Receiver's Final Recommendations
14 Approving Claims in DenSco Receivership, in which the Receiver recommended that
15 Clark Hill's claims be denied "because the Receiver has determined that Clark Hill had
16 a conflict of interest that precluded it from performing the legal services without
17 violating fiduciary duties to DenSco. Despite providing Clark Hill with notice of the
18 Receiver's recommendation of the denial of its two claims and a copy of the Claims
19 Report, Clark Hill failed to object or respond to the Receiver's recommendation that
20 their two non-investor claims submitted by Clark Hill be denied." The Petition was
21 granted on October 27, 2017.

22 415. This action was filed on October 16, 2017.

23 416. On December 22, 2017, the Receiver issued a status report describing the
24 status of the receivership, which the Receiver incorporates by reference in this
25 disclosure statement.

II. LEGAL BASIS FOR CLAIMS

A. Count One (Legal Malpractice)

The Receiver asserts that Defendants were negligent. To sustain that claim, the Receiver “must prove the existence of a duty, breach of duty, that the defendant’s negligence was the actual and proximate cause of injury, and the ‘nature and extent’ of damages.” *Glaze v. Larsen*, 207 Ariz. 26, 29, ¶ 12, 83 P.3d 26, 29 (2004) (citing *Phillips v. Clancy*, 152 Ariz. 415, 418, 733 P.2d 300, 303 (App. 1986)).

That Defendants owed a duty to DenSco is undisputed, established by, *inter alia*, the engagement letter Clark Hill issued in September 2013.

The Receiver anticipates establishing, through expert testimony, that Clark Hill fell below the standard of care by, *inter alia*, (i) failing to advise DenSco at the outset of the representation that DenSco could not sell any promissory notes without first issuing a new POM; (ii) failing to advise DenSco of the consequences of having previously sold promissory notes without an adequate disclosure document; (iii) accepting the responsibility of preparing a new POM and then following Chittick’s instruction not to perform work on the new POM until Chittick wished to do so, knowing that DenSco was continuing its business operations and selling promissory notes to rollover investors and others; (iv) failing to properly advise DenSco during the first week of January 2014 about the actions DenSco was required to take in light of the loan losses caused by Chittick’s gross mismanagement of DenSco’s lending practices and Chittick’s intent to pursue a “work out” with Menaged; (v) advising DenSco that it could sell promissory notes without first issuing a new POM and could continue its business operations, including the sale of promissory notes, while indefinitely delaying the issuance of a new POM; (vi) negligently advising DenSco during January 2014 about the procedures DenSco should employ in loaning monies to Menaged; and (vii) failing to withdraw from the representation of DenSco when it was apparent that Chittick intended to take actions that were harmful to the interests of DenSco and its creditors, including its investors.

1 The Receiver will establish that, but for Defendants' negligence, DenSco would
2 not have sold more than \$8 million of promissory notes between September and
3 December 2013, and more than \$5 million of promissory notes between January and
4 May 2014. Without such sales, and Chittick's decision to cause DenSco to pursue the
5 Forbearance Agreement, rather than to seek to recover from Menaged the losses caused
6 by Chittick's gross mismanagement of DenSco's lending practices, DenSco would not
7 have suffered losses on the loans DenSco made to Menaged through the Forbearance
8 Agreement as well as the "non-workout" loans that DenSco made to Menaged. Those
9 losses were reasonably foreseeable to Beauchamp and others at Clark Hill.

10 The Receiver alternatively asserts that Clark Hill and Beauchamp breached
11 fiduciary duties they owed DenSco. "[T]he essential elements of legal malpractice
12 based on breach of fiduciary duty include the following: (1) an attorney-client
13 relationship; (2) breach of the attorney's fiduciary duty to the client; (3) causation, both
14 actual and proximate; and (4) damages suffered by the client." *Cecala v. Newman*, 532
15 F. Supp. 2d 1118, 1135 (D. Ariz. 2007) (internal citations omitted).

16 The Receiver will establish through expert testimony that Defendants breached
17 their duty of loyalty to their only client, DenSco, by taking actions after January 9, 2014
18 that were intended to advance Chittick's rather than DenSco's interests, and by failing
19 to take actions that would have advanced DenSco's interests. The Receiver will
20 establish that, but for Defendants' breach of fiduciary duty, DenSco would not have
21 suffered losses on the loans DenSco made to Menaged through the Forbearance
22 Agreement as well as the "non-workout" loans that DenSco made to Menaged, and that
23 those losses were reasonably foreseeable to Beauchamp and others at Clark Hill.

24 In addition to the loan losses DenSco suffered as a result of Defendants' breach
25 of fiduciary duty, DenSco also seeks an order requiring Clark Hill to disgorge fees it
26 received from DenSco for work performed after Clark Hill breached its fiduciary duties.
27 DenSco relies on Restatement (Third) of the Law Governing Lawyers § 37, which
28

1 states: “A lawyer engaging in clear and serious violation of duty to a client may be
2 required to forfeit some or all of the lawyer’s compensation for the matter.

3 Considerations relevant to the question of forfeiture include the gravity and timing of
4 the violation, its willfulness, its effect on the value of the lawyer’s work for the client,
5 any other threatened or actual harm to the client, and the adequacy of other remedies.”

6 The Receiver relied on § 37 in denying Clark Hill’s proofs of claim.

7
8 **B. Count Two (Aiding and Abetting Breach of Fiduciary Duty)**

9 The Receiver asserts that Clark Hill and Beauchamp aided and abetted Chittick
10 in breaching fiduciary duties Chittick owed DenSco. Arizona recognizes that “lawyers
11 have no special privilege against civil suit” and are “subject to liability to a client or
12 nonclient when a nonlawyer would be in similar circumstances” including claims for
13 aiding and abetting. *Chalpin v. Snyder*, 220 Ariz. 413, 424, ¶¶ 44-45, 207 P.3d 666,
14 677 (2008) (internal citations omitted). It is also generally recognized that “a corporate
15 attorney may be liable . . . for aiding and assisting the directors and officers in
16 breaching their fiduciary duties.” 3 William Fletcher, *Cyclopedia of the Law of Private*
17 *Corporations* § 839.10 (Apr. 2018 update).

18 To sustain this claim, the Receiver must establish that: “(1) [Chittick breached a
19 fiduciary duty he owed DenSco] causing injury to [DenSco]; (2) [Defendants] knew
20 [Chittick] breached a duty; (3) [Defendants] substantially assisted or encouraged
21 [Chittick] in the breach; and (4) a causal relationship exists between the assistance or
22 encouragement and [Chittick’s] breach.” *Security Title Agency, Inc. v. Pope*, 219 Ariz.
23 480, 491, ¶ 44, 200 P. 3d 977, 988 (App. 2008).

24 Chittick, as DenSco’s only director and officer, owed fiduciary duties to
25 DenSco. “In Arizona a director of a corporation owes a fiduciary duty to the
26 corporation and its stockholders. This duty is in the nature of a trust relationship”
27 *Atkinson v. Marquart*, 112 Ariz. 304, 306, 541 P.2d 556, 558 (1975) (citations omitted).
28 These fiduciary duties are both “implied by law,” *Dooley v. O’Brian*, 226 Ariz. 149,

1 154, ¶ 18, 244 P.3d 586, 591 (App. 2010), and codified by statute. *See* A.R.S. § 10-830
2 (duties of directors); A.R.S. § 10-842 (duties of officers).

3 Chittick also owed fiduciary duties to DenSco's creditors, including its investors.
4 Under Arizona law, a director's fiduciary duties "can apply even to creditors when a
5 corporation enters the zone of insolvency, without regard to the terms of the underlying
6 contracts." *Dooley*, 226 Ariz. at 154, ¶ 18, 244 P.3d at 591. "Once a corporation
7 becomes insolvent, the creditors join the class of persons to whom directors owe a
8 fiduciary duty to maximize the economic value of the firm for *all* of the firm's
9 creditors." *Dawson v. Withycombe*, 216 Ariz. 84, 107, ¶71, 163 P.3d 1034, 1057
10 (2008).

11 Among Chittick's duties was the duty of loyalty. He was required to act in
12 "good faith" and in the manner he "reasonably believe[d] to be in the best interests of
13 the corporation." A.R.S. § 10-830(A)(1), (3); A.R.S. § 10-842(A)(1), (3). "The duty of
14 loyalty mandates that the best interest of the corporation . . . take precedence over any
15 interest possessed by a director." *Fletcher, supra*, at § 837.60; *see also AMERCO v.*
16 *Shoen*, 184 Ariz. 150, 160, 907 P.2d 536, 546 (App. 1995) (approving jury instruction
17 to the effect that "defendants were obliged to place the corporation's interest before
18 their own"). Loyalty therefore includes "a duty to disclose information to those who
19 have a right to know the facts." *Fletcher, supra*, at § 837.50.

20 Chittick also owed a separate duty of care. He was required to exercise a "high
21 degree of care," *Atkinson*, 112 Ariz. at 306, 541 P.2d at 558, including "the care an
22 ordinarily prudent person in a like position would exercise under similar
23 circumstances." A.R.S. §§ 10-830(A)(2), 10-842(A)(2). Care includes ensuring that
24 the corporation complies with the law. *See, e.g., Big 4 Advert. Co. of Phx. v. Clingan*,
25 15 Ariz. 34, 38, 135 P. 713, 715 (1913) ("It is the duty of the board of directors to see
26 that the law's requirements are observed.").

27 Care also includes investigation. For example, "[t]he existence of a 'red flag'
28 that might cause suspicion may require a director to make reasonable inquiries."

1 Fletcher, *supra*, at § 1034.80. While the business judgment rule sometimes calls for
2 judicial deference to a director's decision, that rule does not apply when, for instance,
3 the director fails to gather "all material information reasonably available" or is
4 "personally interested" in the decision. *Resolution Trust Corp. v. Dean*, 854 F. Supp.
5 626, 636, 644 (first quoting *Blumenthal v. Teets*, 155 Ariz. 123, 128, 745 P.2d 181, 186
6 (App. 1987); then citing *Shoen v. Shoen*, 167 Ariz. 58, 65, 804 P.2d 787, 794 (App.
7 1990)); *see also* Fletcher, *supra*, at § 1040 ("To gain the protection of the business
8 judgment rule, a director must have been disinterested, independent, and informed.").
9 Even under the business judgment rule, a director still is liable for "gross negligence."
10 *Resolution Trust Corp.*, 854 F. Supp. at 635; *see also* Fletcher, *supra*, at § 1040 ("[T]he
11 presumptions arising from the business judgment rule may be overcome by showing
12 irrationality or inattention on the part of corporate officers or directors.").

13 Clark Hill knew that Chittick owed fiduciary duties to DenSco and its investors,
14 as is evidenced by numerous emails Beauchamp authored. *See, e.g.*, Feb. 4, 2014 Email
15 from Beauchamp to Chittick, at DIC0006673 ("you cannot obligate DenSco to further
16 help Scott, because that would breach your fiduciary duty to your investors."); Feb. 9,
17 2014 Email from Beauchamp to Chittick, at DIC0006703 ("Denny: Please understand
18 that you are limited in what risk or liability you can assume. Your fiduciary duty to
19 your investors makes this a difficult balancing act."); Feb. 14, 2014 Email from
20 Beauchamp to Chittick, at DIC0006698 ("Unfortunately, it is not your money. It is
21 your investors' money. So you have a fiduciary duty.").

22 Clark Hill continues to acknowledge that Chittick owed these duties. *See*
23 Defendants' Fifth Supplemental Rule 26.1 Disclosure Statement at 12-13, 15 (referring
24 to Chittick's "fiduciary duty" to DenSco's investors); *see also* Deposition of David
25 George Beauchamp, 7/19/2018, at 135:8-10 (stating that Chittick's "fiduciary duty was
26 to DenSco and the investors"), 157:19-21 ("Q. Mr. Beauchamp, DenSco owed
27 fiduciary duties to its investors. True? A. Correct."), 162:17-20 ("Q. You understand
28 that DenSco owed a duty of loyalty to its investors. That's part of a fiduciary duty,

1 correct? A. Correct.”), 172:22-173:1 (“Q. . . . DenSco has a fiduciary duty to disclose
2 material facts to its investor. True? A. That is correct.”), 330:24-331:3 (“Q. . . .
3 DenSco had a fiduciary duty of loyalty and disclosure to its investors. True? A.
4 Correct.”); 337:11-15 (“Q. DenSco had a fiduciary duty of diligence to its investors.
5 True? [Objection to form.] A. It had a fiduciary duty to use sound business judgment
6 in doing the loans, yes.”).

7 Chittick breached these fiduciary duties by, *inter alia*,

- 8 • failing to acquire the manpower and resources necessary to effectively
9 manage DenSco’s ever-increasing loan volume;
- 10 • using lax and grossly negligent lending practices that violated the terms of
11 DenSco’s loan documents and representations made to investors in
12 DenSco’s POMs;
- 13 • instructing Clark Hill not to do any work on a new POM while causing
14 DenSco to continue selling promissory notes between September and
15 December 2013;
- 16 • failing to acknowledge that the loan losses evident from Bryan Cave’s
17 January 6, 2014 demand letter and the claims of other hard money lenders
18 were the result of his own grossly negligent practice of disbursing loan
19 proceeds to Menaged, contrary to the terms of the Mortgage form and
20 representations made to investors in DenSco’s POMs;
- 21 • failing to question, much less investigate, the veracity of Menaged’s
22 claim that his “cousin” had caused those losses;
- 23 • failing to investigate where the funds supposedly taken by Menaged’s
24 “cousin” had gone;
- 25 • pursuing a work out plan with Menaged that was not in the best interests
26 of DenSco and its investors and other creditors, instead of pursuing legal
27 remedies against Menaged;
- 28 • deciding to continue giving loan proceeds directly to Menaged, rather

1 than a Trustee, contrary to the terms of the Mortgage form and
2 representations made to investors in DenSco's POMs;

- 3 • causing DenSco to sell promissory notes between January and May 2014
4 without first issuing a new POM;
- 5 • instructing Clark Hill to not do more work on a new POM other than the
6 limited work that Clark Hill performed in May 2014 to prepare a new
7 POM; and
- 8 • causing DenSco to sell promissory notes between June 2014 and June
9 2016 without first issuing a new POM;

10 Defendants' knowledge of Chittick's breaches of fiduciary duty can be inferred
11 from the circumstances. *Pope*, 219 Ariz. at 491, ¶ 45, 200 P. 3d at 988. Indeed, some
12 courts have held that "[c]onstrutive knowledge is adequate when the aider and abettor
13 has maintained a long-term or in-depth relationship with the fiduciary." *Chem-Age*
14 *Industries, Inc. v. Glover*, 652 N.W. 2d 756, 775 (S.D. 2002) (internal citation omitted).
15 The facts set forth above demonstrate Clark Hill's intimate knowledge of, and
16 participation in, Chittick's breaches of fiduciary duty.

17 Causation "requires proof of a causal connection between the defendant's
18 assistance or encouragement and the primary tortfeasor's commission of the tort,
19 although 'but for' causation is not required." *Pope*, 219 Ariz. at 491, ¶ 47, 200 P.3d
20 at 988. "The test is whether the assistance makes it 'easier' for the violation to occur,
21 not whether the assistance was necessary." *Wells Fargo Bank v. Ariz. Laborers,*
22 *Teamsters & Cement Masons Local No. 395 Pension Trust Fund*, 201 Ariz. 474, 485, ¶
23 31, 38 P.3d 12, 23 (2002). *Cf. Granewich v. Harding*, 329 Or. 47, 59, 985 P.2d 788,
24 800 (1999) (allegation that lawyer for corporate client took actions "outside the scope
25 of any legitimate employment on behalf of the corporation" sufficient to allege
26 substantial assistance in aiding and abetting non-client corporate constituent's breach of
27 fiduciary duties).

28 The facts set forth above demonstrate that Clark Hill provided substantial

1 assistance to Chittick's breaches of fiduciary duty over an extended period of time.

2 C. Punitive Damages

3 The Receiver seeks punitive damages. To recover punitive damages, the
4 Receiver must "prove by clear and convincing evidence that the defendant engaged in
5 aggravated and outrageous conduct with an 'evil mind.' A defendant acts with the
6 requisite evil mind when he intends to injure or defraud, or deliberately interferes with
7 rights of others, 'consciously disregarding the unjustifiable substantial risk of
8 significant harm to them.' Important factors to consider when deciding whether a
9 defendant acted with an evil mind include (1) the reprehensibility of defendant's
10 conduct and the severity of the harm likely to result, (2) any harm that has occurred,
11 (3) the duration of the misconduct, (4) the defendant's awareness of the harm or risk of
12 harm, and (5) any concealment of it." *Hyatt Regency Phoenix Hotel Co. v. Winston &*
13 *Strawn*, 184 Ariz. 120, 132, 907 P.2d 506 (App. 1995) (citations omitted).

14 Punitive damages are appropriately awarded when, as here, an attorney breaches
15 fiduciary duties, acts out of self-interest, and attempts to conceal his misconduct. *See,*
16 *e.g., Elliott v. Videan*, 164 Ariz. 113, 791 P.2d 639 (App. 1989) (punitive damages were
17 appropriate where attorney had conflict of interest, concealed it from client, and acted
18 to benefit at client's expense); *Asphalt Engineers v. Galusha*, 160 Ariz. 134, 770 P.2d
19 1180 (App. 1989) (affirming award of punitive damages against attorney who breached
20 ethical duties to his client and concealed his misconduct).

21 "[Clark Hill] can be vicariously liable in punitive damages for acts that its
22 partner [Beauchamp] performed in the ordinary course of the partnership's business."
23 *Hyatt Regency*, 184 Ariz. at 130, 907 P.2d at 130.

24 The Receiver has established a prima facie case for punitive damages based on
25 Beauchamp's and Clark Hill's: (i) aiding and abetting Denny Chittick's breaches of
26 fiduciary duty to DenSco and investors of DenSco, which in turn breached duties they
27 owed DenSco; (ii) conflicts of interest; and (iii) actions taken to conceal their
28 misconduct.

1 Evidence of that prima facie case is drawn from the documents produced by
2 Clark Hill to date, Clark Hill's Rule 26.1 Initial Disclosure Statement, Beauchamp's
3 answers to interrogatories, and the depositions and exhibits thereto of Beauchamp,
4 Daniel Schenck, and Robert Anderson. Without limiting the evidence on which the
5 Receiver may rely, the evidence developed to date includes the following facts or
6 inferences drawn therefrom:

7 a. When Clark Hill undertook the representation of DenSco in
8 September 2013, it knew through Beauchamp that DenSco's 2011 POM had expired on
9 July 1, 2013 and that DenSco had not issued a new POM, even though one-half of
10 DenSco's investors held promissory notes that were due to expire, and would almost
11 certainly be renewed through the sale of new promissory notes between July and
12 December 2013. Despite that knowledge, Clark Hill and Beauchamp agreed with
13 Chittick, as a condition of opening a file to prepare a new POM, that the firm would do
14 no work on a new POM until Chittick instructed Clark Hill to do so.

15 b. As a result of Clark Hill's and Beauchamp's knowing participation
16 in this breach of fiduciary duty by Chittick, DenSco sold more than \$8 million of
17 promissory notes between September and December 2013 to investors who did not
18 receive a new POM, and were unaware of DenSco's perilous financial condition and
19 Chittick's gross mismanagement of DenSco's loan portfolio. Those investors would
20 not have purchased promissory notes if they had known those facts. Without those
21 funds, and funds DenSco raised thereafter through Clark Hill's and Beauchamp's
22 assistance, DenSco could not have continued operating.

23 c. In January 2014, Clark Hill and Beauchamp received clear,
24 unequivocal evidence that Chittick's mismanagement of DenSco's loan portfolio,
25 specifically his decision to give loaned funds directly to borrowers, rather than to a
26 Trustee, as DenSco's loan documents required and as DenSco's POMs had represented,
27 had resulted in a potential loss to DenSco of between \$11.6 and \$14.5 million, or
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1 between 25% and 30% of the \$47 million that Clark Hill understood DenSco had raised
2 as of June 2013.

3 d. Clark Hill and Beauchamp knew that DenSco's interests and
4 Chittick's interests were then in conflict, and that DenSco was their only client.

5 e. Clark Hill and Beauchamp nevertheless advised Chittick that:
6 (1) he could pursue a "work out" with Menaged that was eventually documented in the
7 Forbearance Agreement which was not in DenSco's interests and was intended to
8 protect Chittick from claims by DenSco's investors; (2) DenSco could continue to sell
9 promissory notes without issuing a new POM; and (3) DenSco could continually delay
10 the issuance of a new POM while Chittick pursued this workout plan.

11 f. Clark Hill and Beauchamp acted out of their own self-interest,
12 knowing that if DenSco instead terminated its relationship with Menaged and informed
13 its investors of the Chittick's mismanagement, Clark Hill and Beauchamp faced
14 potential claims by investors who had purchased \$8 million of promissory notes from
15 DenSco without adequate disclosure during the four-month period that Clark Hill and
16 Beauchamp had been advising the firm on securities law matters, but failed to advise
17 Chittick that DenSco could not sell those notes without first issuing a new POM and
18 had abided by Chittick's instruction not to prepare the new POM the firm had been
19 retained to prepare.

20 g. In January 2014, Clark Hill knew that Menaged was an unreliable
21 creditor, that Chittick had flagrantly disregarded DenSco's lending documents and
22 representations made to investors through DenSco's previous POMs by giving millions
23 of loaned funds directly to Menaged, rather than to a Trustee. Clark Hill also knew that
24 Chittick needed to continue loaning money to fund the planned "work out" and wanted
25 to continue his past practice of giving loaned funds directly to Menaged. Rather than
26 tell Chittick that his past practices were a breach of fiduciary duty and could not
27 continue, Clark Hill acquiesced in Chittick's plan to continue giving loaned funds
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1 directly to Menaged, thereby exposing DenSco and its investors to even greater losses
2 than those caused by Chittick's gross mismanagement before that date.

3 h. With Clark Hill's knowing assistance, Chittick caused DenSco to
4 sell more than \$5 million of promissory notes between January and May 2014 to
5 investors who did not receive a new POM, and were unaware of DenSco's perilous
6 financial condition, Chittick's gross mismanagement of DenSco's loan portfolio, and
7 his pursuit of a "work out" with Menaged that was not in DenSco's interests and
8 exposed the company and its investors to additional financial loss. Those investors
9 would not have purchased promissory notes if they had known those facts. Without
10 those funds, and funds DenSco raised thereafter through Clark Hill's assistance,
11 DenSco could not have continued operating.

12 i. In May 2014, at Chittick's request, Clark Hill agreed to stop the
13 minimal steps it had taken to prepare a new POM and assured Chittick that DenSco
14 could continue its operations, including the sale of promissory notes, while indefinitely
15 delaying the issuance of a new POM.

16 j. Clark Hill continued to represent DenSco, awaiting his decision to
17 finally direct the firm to finish preparing a new POM. Chittick continue to operate
18 DenSco, selling still more promissory notes to investors who did not receive a new
19 POM and were not given information about DenSco's financial condition and Chittick's
20 management of the company.

21 k. After Chittick's death, Clark Hill and Beauchamp failed to
22 withdraw from representing DenSco despite their knowledge of Chittick's
23 mismanagement of DenSco and evidence that Chittick blamed Clark Hill and
24 Beauchamp for having negligently represented DenSco.

25 l. In addition to undertaking that conflicted representation, Clark Hill
26 and Beauchamp agreed to also represent the Estate of Denny Chittick, despite knowing
27 that the interests of DenSco and the Estate were adverse, because DenSco had
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1 substantial claims against the Estate arising from Chittick's multiple breaches of
2 fiduciary duty he owed DenSco.

3 m. Clark Hill and Beauchamp sought to represent DenSco and the
4 Estate because it hoped to cover up evidence of its own misconduct and deter the ACC,
5 investors, or the Receiver from pursuing claims against them.

6 n. As part of their plan to protect themselves from liability, Clark Hill
7 and Beauchamp began stating, during their representation of DenSco, that they had
8 terminated their representation of DenSco because of Chittick's alleged failure to
9 follow their advice. They continued to make that claim and have done so in this
10 litigation. The Receiver believes the claims are untrue, as they are: (1) contrary to
11 Clark Hill's and Beauchamp's actual course of conduct; (2) not evidenced by any
12 document; (3) in conflict with certain documents in Clark Hill's possession, some of
13 which Clark Hill failed to disclose; and (4) inconsistent with what a reasonable law firm
14 would have done if it had, in fact, terminated the representation of a client who failed to
15 follow the firm's advice and was engaging in violations of law.

16 o. Clark Hill and Beauchamp also colluded with the Estate and its
17 counsel to conceal material information from the Receiver and/or delay his receipt of
18 that information by, among other things, making knowing false statements to the
19 Receivership Court. Clark Hill did so with the knowledge and participation of its
20 Office of General Counsel.

21 **III. ANTICIPATED TRIAL WITNESSES**

22 The Receiver presently anticipates calling the following witnesses:

23 1. **David Beauchamp** (c/o John DeWulf, Coppersmith Brockelman,
24 PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr.
25 Beauchamp will testify about the facts set forth above in a manner consistent with the
26 deposition testimony he has given in this matter.

1
2 **2. Robert Anderson** (c/o John DeWulf, Coppersmith Brockelman,
3 PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999):
4 Consistent with his deposition testimony, Mr. Anderson will testify that he did not
5 undertake any effort to advise DenSco about deficiencies in its lending practices during
6 January 2014, as Mr. Beauchamp claimed in his deposition. Mr. Anderson may testify
7 on other matters addressed during his deposition.

8 **3. Daniel Schenck** (c/o John DeWulf, Coppersmith Brockelman,
9 PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr.
10 Schenck will testify that he did not undertake any effort to advice DenSco about
11 deficiencies in its lending practices during January 2014, as Mr. Beauchamp claimed in
12 his deposition. Mr. Schenck may testify about other matters addressed during his
13 deposition.

14 **4. Mark Sifferman** (c/o John DeWulf, Coppersmith Brockelman,
15 PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr.
16 Sifferman, Clark Hill's former Assistant General Counsel, will testify about his actions
17 in reviewing and revising Beauchamp's declaration that was submitted to the
18 Receivership Court, his attendance at the August 18, 2016 hearing, and other matters
19 addressed during his deposition.

20 **5. Ed Hood** (c/o John DeWulf, Coppersmith Brockelman, PLC, 2800
21 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr. Hood, Clark
22 Hill's General Counsel, will testify about matters addressed during his deposition.

23 **6. Ryan Lorenz** (c/o John DeWulf, Coppersmith Brockelman, PLC,
24 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr.
25 Lorenz will testify about the proofs of claim he submitted to the Receiver in June 2017,
26 his accompanying affidavit, and the information contained therein.
27
28

1 **IV. PERSONS WHO MAY HAVE RELEVANT KNOWLEDGE OR**
2 **INFORMATION**

3 **A. Persons Affiliated With DenSco**

4 1. **Shawna Chittick Heuer** (c/o James Polese, Gammage &
5 Burnham, PLC, Two N. Central Avenue, 15th Floor, Phoenix, AZ 85004; (602) 256-
6 0566): Ms. Heuer is Denny Chittick's sister. She has knowledge of certain facts set
7 forth above and matters addressed during her deposition.

8 2. **Kurt Johnson** (3317 E. Bell Road, Suite 101-265, Phoenix, AZ
9 85032; (602) 505-8117): Mr. Johnson is an attorney who provided certain legal
10 services to DenSco and is believed to have knowledge of those services.

11 3. **Robert Koehler** (RLS Capital, Inc., 4455 E Camelback Road,
12 Suite D135, Phoenix, AZ 85018; (480) 945-2799): Mr. Koehler was described in the
13 July 2011 POM as having entered into a written agreement with Chittick pursuant to
14 which he was a signatory on DenSco's bank account, was to have received on a weekly
15 basis "an updated spreadsheet of all properties currently being used as collateral for a
16 loan" and, on a monthly basis, "a spreadsheet of all the investors and what is owed to
17 them, and receives the monthly statements for all investors." Mr. Koehler was an
18 investor in DenSco. After Mr. Chittick's death and at the request of Ms. Heuer, Mr.
19 Koehler conducted a preliminary analysis of DenSco's loan portfolio. He is believed to
20 have knowledge of DenSco's business operations, books and records, and written
21 communications he received from Mr. Chittick at or around the time of his death.

22 4. **David Preston**: (Preston CPA, P.C., 1949 E. Broadway Road,
23 Suite 101, Tempe, AZ 85282; (480) 820-4419): Mr. Preston is a Certified Public
24 Accountant and an investor in DenSco. He provided professional services to DenSco.
25 He commented on the 2007 POM. He communicated with David Beauchamp after
26 Chittick's death in 2016. He is believed to have knowledge of his dealings with Denny
27 Chittick, the professional services he provided to DenSco, his investment in DenSco,
28

1 his participation in the preparation of the 2007 POM, and his dealings with Mr.
2 Beauchamp.

3 **B. DenSco Investors**

4 1. **William and Helene Alber** (1551 W. Grand Canyon Drive,
5 Chandler, AZ 85248; wkalber@cox.net; (480) 200-8045): Mr. and Mrs. Alber are
6 believed to have knowledge of their communications with Mr. Chittick, investments in
7 DenSco through the Alber Family Trust, and their communications with Mr.
8 Beauchamp after Mr. Chittick's death.

9 2. **Angels Investments, LLC** c/o Yusuf Yildiz (1609 W. 17th Street,
10 Tempe, AZ 85281; yusif@comsiscomputer.com; 480-258-8171): Mr. Yildiz is
11 believed to have knowledge of his communications with Mr. Chittick, the company's
12 investments in DenSco, and his communications with Mr. Beauchamp after Mr.
13 Chittick's death.

14 3. **BLL Capital, LLC** c/o Barry Luchtel (5550 Wild Rose Lane,
15 Suite 400, West Des Moines, IA 50266; (480)256-2274; (515) 225-0300): Mr. Luchtel
16 is believed to have knowledge of his communications with Mr. Chittick, the company's
17 investments in DenSco, and his communications with Mr. Beauchamp after Mr.
18 Chittick's death.

19 4. **Robert Brinkman** (15001 S. 5th Avenue, Phoenix, AZ 85045;
20 rbrinkman@cox.net; (480) 460-8646): Mr. Brinkman is believed to have knowledge of
21 his communications with Mr. Chittick, investments in DenSco individually and through
22 the Brinkman Family Trust, and his communications with Mr. Beauchamp after Mr.
23 Chittick's death.

24 5. **Craig and Tomie Brown** (6135 W. Trovita Place, Chandler, AZ
25 85226; Trovita@gmail.com; (480)287-4622): Mr. and Mrs. Brown are believed to have
26 knowledge of their communications with Mr. Chittick, their investments in DenSco
27 individually and through their trust, and their communications with Mr. Beauchamp
28 after Mr. Chittick's death.

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2 **6. Steven G. and Mary E. Bunger** (6134 W. Trovita Place,
3 Chandler, AZ 85226; steve@bunger.me; (480) 961-4002): Mr. and Mrs. Bunger are
4 believed to have knowledge of their communications with Mr. Chittick, investments in
5 DenSco through the Bunger Estate, and their communications with Mr. Beauchamp
6 after Mr. Chittick's death.

7 **7. Anthony Burdett** (1623 Common Drive, El Paso, TX 79936-
8 5235; Burdett.anthony@gmail.com; (915) 373-1850): Mr. Burdett is believed to have
9 knowledge of his communications with Mr. Chittick, his investments in DenSco
10 through his IRA, and his communications with Mr. Beauchamp after Mr. Chittick's
11 death.

12 **8. Kennen Burkhardt** (2030 S. Minnewawa Avenue, Fresno, CA
13 93727; KennenL@yahoo.com; (515) 537-5494; (949) 361-4335): Mr. Burkhardt is
14 believed to have knowledge of his communications with Mr. Chittick, his investments
15 in DenSco individually and through his IRA, and his communications with Mr.
16 Beauchamp after Mr. Chittick's death.

17 **9. Warren V. and Fay L. Bush** (P.O. Box 92080, Albuquerque, NM
18 87199-2080; wbush1120@comcast.net; (505) 856-7398; (505) 264-0773): Mr. and
19 Mrs. Bush are believed to have knowledge of their communications with Mr. Chittick,
20 their investments in DenSco, their involvement in the preparation of the 2011 POM,
21 and their communications with Mr. Beauchamp after Mr. Chittick's death.

22 **10. Mary L. Butler** (62 Cypress Court, Durango, CO 81301): Ms.
23 Butler is believed to have knowledge of her communications with Mr. Chittick, her
24 investments in DenSco through her IRA, and her communications with Mr. Beauchamp
25 after Mr. Chittick's death.

26 **11. Van H. Butler** (62 Cypress Court, Durrango, CO 81301;
27 butlerv@yahoo.com; (970) 749-9025): Mr. Butler is believed to have knowledge of his
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1 communications with Mr. Chittick, his investments in DenSco individually and through
2 his IRA, and his communications with Mr. Beauchamp after Mr. Chittick's death.

3 12. **Thomas and Sara Byrne** (72 Commonwealth Avenue, San
4 Francisco, CA 94118; thomasbyrne11@gmail.com; (415) 990-4676): Mr. and Mrs.
5 Byrne are believed to have knowledge of their communications with Mr. Chittick, their
6 investments in DenSco through their trust, and their communications with Mr.
7 Beauchamp after Mr. Chittick's death.

8 13. **Erin P. Carrick Trust** c/o Gretchen P. Carrick (1404 W.
9 Lakeshore Drive, Whitefish, MT 59937; epcarrick@gmail.com; (541) 729-1990): Ms.
10 Carrick is believed to have knowledge of her communications with Mr. Chittick, her
11 investments in DenSco through the Trust, and her communications with Mr.
12 Beauchamp after Mr. Chittick's death.

13 14. **Gretchen P. Carrick** (P.O. Box 773656, Eagle River, AK 99577;
14 carricks3@ak.net; (541) 729-6878): Ms. Carrick is believed to have knowledge of her
15 communications with Mr. Chittick, her investments in DenSco through her Trust, and
16 her communications with Mr. Beauchamp after Mr. Chittick's death.

17 15. **Averill Cate, Jr. and Mary Kris McIlwaine** (3661 N. Campbell
18 Avenue, Suite 372, Tucson, AZ 85719; acatejr@gmail.com; (520) 370-6997): Mr. Cate
19 and Ms. McIlwaine are believed to have knowledge of their communications with Mr.
20 Chittick, their investments in DenSco, and their communications with Mr. Beauchamp
21 after Mr. Chittick's death.

22 16. **Arden and Nina Chittick** (8028 F 53rd Avenue West, Mukilteo,
23 WA 98275; artnina@hotmail.com; (425) 205-8997): Mr. and Mrs. Chittick are
24 believed to have knowledge of their communications with Denny Chittick, their
25 investments in DenSco, and their communications with Mr. Beauchamp after Mr.
26 Chittick's death.

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2 17. **Eldon and Charlene Chittick** (5869 W. Heine Road, Coeur
3 d'Alene, ID 83814; moandsam@yahoo.com; (208) 765-2702): Mr. and Mrs. Chittick
4 are believed to have knowledge of their communications with Denny Chittick, their
5 investments in DenSco through the Chittick Family Trust, and their communications
6 with Mr. Beauchamp after Mr. Chittick's death.

7 18. **Eileen Cohen** (1419 Peerless Place, Apt. 116, Los Angeles, CA
8 90035): Ms. Cohen is believed to have knowledge of her communications with Mr.
9 Chittick, her investments in DenSco, and her communications with Mr. Beauchamp
10 after Mr. Chittick's death.

11 19. **Herbert I. Cohen** (1419 Peerless Place, Apt. 116, Los Angeles,
12 CA 90035; (623) 866-3221): Mr. Cohen is believed to have knowledge of his
13 communications with Mr. Chittick, his investments in DenSco through his Trust, and
14 his communications with Mr. Beauchamp after Mr. Chittick's death.

15 20. **Dori Ann Davis** (5346 E. Herrera Road, Phoenix, AZ 85054;
16 doriann@cox.net; (602) 300-9740): Ms. Davis is believed to have knowledge of her
17 communications with Mr. Chittick, investments in DenSco through her Trust, and her
18 communications with Mr. Beauchamp after Mr. Chittick's death.

19 21. **Glen P. Davis** (5346 E. Herrera Road, Phoenix, AZ 85054;
20 glenbo@cox.net; (602) 692-5862): Mr. Davis is believed to have knowledge of his
21 communications with Mr. Chittick, his investments in DenSco through his IRA, and his
22 communications with Mr. Beauchamp after Mr. Chittick's death.

23 22. **Jack J. Davis** (543 West Avenue, Rifle, CO 81650;
24 jackdavisdds@hotmail.com; (970) 625-1391): Mr. Davis is believed to have
25 knowledge of his communications with Mr. Chittick, his investments in DenSco, and
26 his communications with Mr. Beauchamp after Mr. Chittick's death.

27 23. **Samantha Davis** c/o Jack J. Davis (543 West Avenue, Rifle, CO
28 81650; jackdavisdds@hotmail.com; (970) 625-1391): Ms. Davis is believed to have

1 knowledge of her communications with Mr. Chittick, her investments in DenSco, and
2 her communications with Mr. Beauchamp after Mr. Chittick's death.

3 24. **Desert Classic Investments, LLC** c/o Steven G. Bunger (6134 W.
4 Trovita Place, Chandler, AZ 85226; steve@bunger.me; (602) 531-3100): Mr. Bunger
5 is believed to have knowledge of his communications with Mr. Chittick, the company's
6 investments in DenSco, and his communications with Mr. Beauchamp after Mr.
7 Chittick's death.

8 25. **Scott D. Detota** (1220 Ridgewood Land, Lake Villa, IL 60046
9 sdetota99@yahoo.com; (847) 736-0160): Mr. Detota is believed to have knowledge of
10 his communications with Mr. Chittick, his investments in DenSco, and his
11 communications with Mr. Beauchamp after Mr. Chittick's death.

12 26. **Amy Lee Dirks** (82 N. Acacia Drive, Gilbert, AZ 85233;
13 amydirks@hotmail.com; (480) 414-5552): Ms. Dirks is believed to have knowledge of
14 her communications with Mr. Chittick, her investments in DenSco through her IRA,
15 and her communications with Mr. Beauchamp after Mr. Chittick's death.

16 27. **Bradley Mark Dirks** (82 N. Acacia Drive, Gilbert, AZ 85233;
17 (602) 206-3041): Mr. Dirks is believed to have knowledge of his communications with
18 Mr. Chittick, his investments in DenSco through his IRA, and his communications with
19 Mr. Beauchamp after Mr. Chittick's death.

20 28. **Dave DuBay** (6921 Trevett Lane, Casper, WY 82604; (307) 262-
21 7708; davedubay@gmail.com): Mr. DuBay is believed to have knowledge of his
22 communications with Mr. Chittick, his investments in DenSco, and his communications
23 with Mr. Beauchamp after Mr. Chittick's death.

24 29. **Ross H. Dupper** (6133 W. Victoria Place, Chandler, AZ 85261;
25 rdupper@rhdupper.com; (602) 768-8515): Mr. Dupper is believed to have knowledge
26 of his communications with Mr. Chittick, his investments in DenSco through his Trust,
27 and his communications with Mr. Beauchamp after Mr. Chittick's death.
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2 30. **Todd F. Einick** (4757 E. Greenway Road, Suite 107B-107,
3 Phoenix, AZ 85032; switchback62@hotmail.com; (480) 202-6752): Mr. Einick is
4 believed to have knowledge of his communications with Mr. Chittick, investments in
5 DenSco through the Trust, and his communications with Mr. Beauchamp after Mr.
6 Chittick's death.

7 31. **Yusef Fielding** (1609 W. 17th Street, Tempe, AZ 85281; (480)
8 612-0666; yusef@comsiscomputer.com): Mr. Fielding is believed to have knowledge
9 of his communications with Mr. Chittick, his investments in DenSco, and his
10 communications with Mr. Beauchamp after Mr. Chittick's death.

11 32. **Fischer Family Holdings** (2011 N. 51st Avenue, B-240, Glendale,
12 AZ 85308; (480) 200-8730; kirkjfischer@yahoo.com): Mr. or Mrs. Fischer is believed
13 to have knowledge of their communications with Mr. Chittick, their investments in
14 DenSco, and their communications with Mr. Beauchamp after Mr. Chittick's death.

15 33. **GB 12, LLC** c/o Stanley Schloz (10050 E. Sonoran Vista Circle,
16 Scottsdale, AZ 85255; smschloz@msn.com; (480) 694-8868): Mr. Schloz is believed
17 to have knowledge of his communications with Mr. Chittick, the company's
18 investments in DenSco, and his communications with Mr. Beauchamp after Mr.
19 Chittick's death.

20 34. **Stacy B. Grant** (2601 La Frontera Blvd., Round Rock, TX 78681;
21 (602) 499-9966): Ms. Grant is believed to have knowledge of her communications with
22 Mr. Chittick, her investments in DenSco through her IRA, and her communications
23 with Mr. Beauchamp after Mr. Chittick's death.

24 35. **Russell T. Griswold** (10 Suncrest Terrace, Onenta, NY 13820;
25 rgriswold3@stny.rr.com; (607) 437-3882): Mr. Griswold is believed to have
26 knowledge of his communications with Mr. Chittick, his investments in DenSco
27 through his IRA, and his communications with Mr. Beauchamp after Mr. Chittick's
28 death.

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2 36. **Michael and Diana Gumbert** (607 Hurst Creek Road, Lakeview,
3 TX 78734; anthjen@yahoo.com (480) 250-6063): Mr. and Mrs. Gumbert are believed
4 to have knowledge of their communications with Mr. Chittick, their investments in
5 DenSco through their Trust, and their communications with Mr. Beauchamp after Mr.
6 Chittick's death.

7 37. **Nihad Hafiz** (23 Rae's Creek Lane, Coto de Caza, CA 92679;
8 nihad@yahoo.com; (949) 246-8135): Mr. Hafiz is believed to have knowledge of his
9 communications with Mr. Chittick, his investments in DenSco, and his communications
10 with Mr. Beauchamp after Mr. Chittick's death.

11 38. **Robert B. and Elizabeth A. Hahn** (15239 E. Redrock Drive,
12 Fountain Hills, AZ 85268; hahnaz2@cox.net; (602) 769-8385): Mr. and Mrs. Hahn are
13 believed to have knowledge of their communications with Mr. Chittick, their
14 investments in DenSco through the Trust, and their communications with Mr.
15 Beauchamp after Mr. Chittick's death.

16 39. **Ralph L. Hey** (P.O. Box 62, Westcliffe, CO 82152;
17 hey.ralph01@gmail.com; (719) 207-1313): Mr. Hey is believed to have knowledge of
18 his communications with Mr. Chittick, his investments in DenSco, and his
19 communications with Mr. Beauchamp after Mr. Chittick's death.

20 40. **Dale W. and Kathy L. Hickman** (5477 W. Heine Road, Coeur
21 d'Alene, ID 83814; hikthestik@aol.com; (208) 215-6378): Mr. and Mrs. Hickman are
22 believed to have knowledge of their communications with Mr. Chittick, their
23 investments in DenSco, and their communications with Mr. Beauchamp after Mr.
24 Chittick's death.

25 41. **Craig and Samantha Hood** (8420 E. Cactus Wren Road,
26 Scottsdale, AZ 85250; greeraz@gmail.com; (602)317-3753): Mr. and Mrs. Hood are
27 believed to have knowledge of their communications with Mr. Chittick, their
28

1 investments in DenSco, and their communications with Mr. Beauchamp after Mr.
2 Chittick's death.

3 42. **Doris and Levester Howze** (2864 E. Preston Street, Mesa, AZ
4 85213; dhowze@cox.net; (602) 568-0119): Ms. Howze and Mr. Howze are believed to
5 have knowledge of their communications with Mr. Chittick, their investments in
6 DenSco, and their communications with Mr. Beauchamp after Mr. Chittick's death.

7 43. **Bill Bryan Hughes** (23114 N. Pedregosa Drive, Sun City West,
8 AZ 85375; jbhok@yahoo.com; (480) 244-8863): Mr. Hughes is believed to have
9 knowledge of his communications with Mr. Chittick, his investments in DenSco
10 through his IRA, and his communications with Mr. Beauchamp after Mr. Chittick's
11 death.

12 44. **Judy Kay Hughes** (23114 N. Pedregosa Drive, Sun City West, AZ
13 85375; jbhok@yahoo.com; (480) 244-8864): Ms. Hughes is believed to have
14 knowledge of her communications with Mr. Chittick, her investments in DenSco
15 through her IRA, and her communications with Mr. Beauchamp after Mr. Chittick's
16 death.

17 45. **Brian Imdieke** (6173 W. Victoria Place, Chandler, AZ 85226;
18 b-imdieke@cox.net; bji6173@gmail.com; (480) 694-7850): Mr. Imdieke is believed to
19 have knowledge of his communications with Mr. Chittick, his investments in DenSco
20 through his Trust, and his communications with Mr. Beauchamp after Mr. Chittick's
21 death.

22 46. **James K. Jetton and Debora I. Pekker-Jetton** (9213 SW 21st
23 Street, Oklahoma City, OK 73128; jkjetto@yahoo.com; (904) 610-4213): Mr. and Mrs.
24 Jetton are believed to have knowledge of their communications with Mr. Chittick, their
25 investments in DenSco, and their communications with Mr. Beauchamp after Mr.
26 Chittick's death.

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2 47. **Leslie W. Jones** (2176 E. Gazania Lane, Tucson, AZ 85719): Ms.
3 Jones is believed to have knowledge of her communications with Mr. Chittick, her
4 investments in DenSco through her IRA, and her communications with Mr. Beauchamp
5 after Mr. Chittick's death.

6 48. **Ralph Kaiser** (3319 E. Piro Street, Phoenix, AZ 85044;
7 ralph@kaisertile.com; (602) 697-3189): Mr. Kaiser is believed to have knowledge of
8 his communications with Mr. Chittick, his investments in DenSco through his IRA, and
9 his communications with Mr. Beauchamp after Mr. Chittick's death.

10 49. **Mary Kent** (30 Laurel Court, Paramus, NJ 07652;
11 mbencekent@yahoo.com; (201) 845-6147): Ms. Kent is believed to have knowledge of
12 her communications with Mr. Chittick, her investments in DenSco, and her
13 communications with Mr. Beauchamp after Mr. Chittick's death.

14 50. **Paul A. Kent** (23 E. 15th Street, Tempe, AZ 85281;
15 paul_a_kent@yahoo.com; (480) 213-7231): Mr. Kent is believed to have knowledge of
16 his communications with Mr. Chittick, investments in DenSco through the Family
17 Trust, and his communications with Mr. Beauchamp after Mr. Chittick's death.

18 51. **Robert Z. Koehler** (5433 E. Osborn Road, Phoenix, AZ 85018;
19 rzkoehler@yahoo.com; (602) 330-4624): Mr. Koehler is believed to have knowledge
20 of his communications with Mr. Chittick, his investments in DenSco through his IRA,
21 and his communications with Mr. Beauchamp after Mr. Chittick's death.

22 52. **Jemma Kopel** (5304 S. Marine Drive, Tempe, AZ 85283;
23 jemmakopel@hotmail.com; (480) 696-0888): Ms. Kopel is believed to have
24 knowledge of her communications with Mr. Chittick, her investments in DenSco, and
25 her communications with Mr. Beauchamp after Mr. Chittick's death.

26 53. **LeRoy Kopel** (5304 S. Marine Drive, Tempe, AZ 85283;
27 lkopel22@hotmail.com; (480) 839-3787): Mr. Kopel is believed to have knowledge of
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1 his communications with Mr. Chittick, his investments in DenSco through his IRA and
2 his Trust, and his communications with Mr. Beauchamp after Mr. Chittick's death.

3 54. **Robert F. Lawson** (400 Alta Vista Court, Danville, CA 94506;
4 robertflawson@gmail.com; (480) 221-9893): Mr. Lawson is believed to have
5 knowledge of his communications with Mr. Chittick, his investments in DenSco, and
6 his communications with Mr. Beauchamp after Mr. Chittick's death.

7 55. **Wayne J. Ledet** (16751 SW 23rd Street, El Reno, OK 73036;
8 uaflyor767@yahoo.com; (405) 824-3754): Mr. Ledet is believed to have knowledge of
9 his communications with Mr. Chittick, investments in DenSco through the Family
10 Trust, his IRA and his Roth IRA, and his communications with Mr. Beauchamp after
11 Mr. Chittick's death.

12 56. **The Lee Group, Inc.** c/o Terry and Lil Lee (6541 N. Paseo
13 Tamayo, Tucson, AZ 85750; terryleeaz@comcast.net; (520) 907-3828): Mr. and Mrs.
14 Lee are believed to have knowledge of their communications with Mr. Chittick, the
15 company's investments in DenSco, and their communications with Mr. Beauchamp
16 after Mr. Chittick's death.

17 57. **Terry and Lil Lee** (6541 N. Paseo Tamayo, Tucson, AZ 85750;
18 terryleeaz@comcast.net; (520) 907-3828): Mr. and Mrs. Lee are believed to have
19 knowledge of their communications with Mr. Chittick, their investments in DenSco,
20 and their communications with Mr. Beauchamp after Mr. Chittick's death.

21 58. **Lillian Lent** (4145 E. Blue Ridge Place, Chandler, AZ 85249;
22 (480) 813-7151): Ms. Lent is believed to have knowledge of her communications with
23 Mr. Chittick, her investments in DenSco through her Roth IRA, and her
24 communications with Mr. Beauchamp after Mr. Chittick's death.

25 59. **Manual A. Lent** (4145 E. Blue Ridge Place, Chandler, AZ 85249;
26 (480) 225-9538): Mr. Lent is believed to have knowledge of his communications with
27

1 Mr. Chittick, his investments in DenSco through her IRA, and his communications with
2 Mr. Beauchamp after Mr. Chittick's death.

3 60. **William Lent** (contact information to be added): Mr. Lent is
4 believed to have knowledge of his communications with Mr. Chittick, his investments
5 in DenSco through his IRA, and his communications with Mr. Beauchamp after Mr.
6 Chittick's death

7 61. **LJL Capital, LLC** c/o Landon Luchtel (5550 Wild Rose Lane,
8 Suite 400, West Des Moines, IA 50266; (515) 225-2800): Mr. Luchtel is believed to
9 have knowledge of his communications with Mr. Chittick, the company's investments
10 in DenSco, and his communications with Mr. Beauchamp after Mr. Chittick's death.

11 62. **W. Jean Locke** (12163 Country Meadows Lane, Silverdale, WA
12 98383; billandjean54@centurytel.net; (360) 638-1002): Ms. Locke is believed to have
13 knowledge of her communications with Mr. Chittick, her investments in DenSco, and
14 her communications with Mr. Beauchamp after Mr. Chittick's death.

15 63. **Long Time Holdings, LLC** c/o William Swirtz (6054 W. Trovita
16 Place, Chandler, AZ 85226; Bill.Swirtz@apollogrp.edu; (602) 315-8080): Mr. Swirtz
17 is believed to have knowledge of his communications with Mr. Chittick, the company's
18 investments in DenSco, and his communications with Mr. Beauchamp after Mr.
19 Chittick's death.

20 64. **Jim P. McArdle** (750 E. McLellan, Phoenix, AZ 85014;
21 jim@abdc-az.com; (602) 509-8635): Mr. McArdle is believed to have knowledge of
22 his communications with Mr. Chittick, his investments in DenSco, and his
23 communications with Mr. Beauchamp after Mr. Chittick's death.

24 65. **James and Lesley McCoy** (727 E. Verde Lane, Tempe, AZ
25 85284; (602) 390-2506): Mr. and Mrs. McCoy are believed to have knowledge of their
26 communications with Mr. Chittick, investments in DenSco through the Trust, and their
27 communications with Mr. Beauchamp after Mr. Chittick's death.
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1 66. **Caro McDowell** (9010 E. Range Ride Trail, Mesa, AZ 85207;
2 kayell121@cs.com; (480) 380-2062): Ms. McDowell is believed to have knowledge of
3 her communications with Mr. Chittick, her investments in DenSco through her Trust,
4 and her communications with Mr. Beauchamp after Mr. Chittick's death.

5 67. **Marvin G. Miller and Patricia S. Miller** (701 E. Front Street
6 #602, Coeur d'Alene, ID 83814; patsmiller@verizon.net; (208) 818-6735 Marvin; (208)
7 818-6734 Pat): Mr. and Mrs. Miller are believed to have knowledge of their
8 communications with Mr. Chittick, investments in DenSco through the Family Trust,
9 and their communications with Mr. Beauchamp after Mr. Chittick's death.

10 68. **Marian Minchuck** (contact information to be added): Ms.
11 Minchuck is believed to have knowledge of her communications with Mr. Chittick, her
12 investments in DenSco, and her communications with Mr. Beauchamp after Mr.
13 Chittick's death.

14 69. **Kaylene Moss** (2524 E. Silverwood Drive, Phoenix, AZ 85048;
15 kayleen.moss@avnet.com; (602) 692-6934; (480) 759-7811): Ms. Moss is believed to
16 have knowledge of her communications with Mr. Chittick, her investments in DenSco
17 through her IRA, and her communications with Mr. Beauchamp after Mr. Chittick's
18 death.

19 70. **Moss Family Trust** (2524 E. Silverwood Drive, Phoenix, AZ
20 85048; kayleen.moss@avnet.com; (602) 692-6934; (480) 759-7811): Mr. or Mrs. Moss
21 is believed to have knowledge of their communications with Mr. Chittick, investments
22 in DenSco through the Trust, and their communications with Mr. Beauchamp after Mr.
23 Chittick's death.

24 71. **Muscat Family** c/o Vince I. Muscat (14827 S. 20th Street,
25 Phoenix, AZ 85048; vimusat@gmail.com; (480) 460-5007): Mr. or Mrs. Muscat is
26 believed to have knowledge of their communications with Mr. Chittick, investments in
27
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1 DenSco through the Trust, and their communications with Mr. Beauchamp after Mr.
2 Chittick's death.

3 72. **Non Lethal Defense, Inc.** c/o Dave Dubay (6921 Trevett Lane,
4 Casper, WY 82604): Mr. Dubay is believed to have knowledge of his communications
5 with Mr. Chittick, the company's investments in DenSco, and his communications
6 with Mr. Beauchamp after Mr. Chittick's death.

7 73. **Brian and Janice Odenthal** (1929 Canyon Drive, Coeur d'Alene,
8 ID 83815; bjodenhal@frontier.com; (208) 755-5499): Mr. and Mrs. Odenthal are
9 believed to have knowledge of their communications with Mr. Chittick, their
10 investments in DenSco through their IRA, and their communications with Mr.
11 Beauchamp after Mr. Chittick's death.

12 74. **Valerie J. Paxton** (1243 E. Glenhaven Drive, Phoenix, AZ 85048;
13 vpaxto@q.com; (602) 999-4339): Ms. Paxton is believed to have knowledge of her
14 communications with Mr. Chittick, her investments in DenSco, and her
15 communications with Mr. Beauchamp after Mr. Chittick's death.

16 75. **Marlene Pearce** (94 Acacia Drive, Gilbert, AZ 85233;
17 pearces@mailhaven.com; (480) 600-0955): Ms. Pearce is believed to have knowledge
18 of her communications with Mr. Chittick, her investments in DenSco through her IRA,
19 and her communications with Mr. Beauchamp after Mr. Chittick's death.

20 76. **Jeff Phalen** (11764 N. Adobe Village Place, Marana, AZ 85658;
21 jphalen00@aol.com; (520) 909-1018): Mr. Phalen is believed to have knowledge of his
22 communications with Mr. Chittick, his investments in DenSco individually and through
23 the Phalen Family Trust and his IRA, and his communications with Mr. Beauchamp
24 after Mr. Chittick's death.

25 77. **Kevin Potempa** (P.O. Box 5156, Scottsdale, AZ 85261; (480)
26 5120-0362): Mr. Potempa is believed to have knowledge of his communications with
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1 Mr. Chittick, his investments in DenSco, and his communications with Mr. Beauchamp
2 after Mr. Chittick's death.

3 78. **Preston Revocable Living Trust** c/o David M. Preston (9010 E.
4 Range Rider Trail, Mesa, AZ 85207; dave@prestoncpa.biz; (602) 369-4418): The
5 Trustee is believed to have knowledge of his or her communications with Denny
6 Chittick, the Trust's investments in DenSco, and his or her communications with Mr.
7 Beauchamp after Mr. Chittick's death.

8 79. **Peter and Kay Rzonca** (140 E. Rio Salado Parkway #603, Tempe,
9 AZ 85281; krzonca1@cox.net; (602) 743-1801): Mr. and Mrs. Rzonca are believed to
10 have knowledge of their communications with Mr. Chittick, their investments in
11 DenSco, and their communications with Mr. Beauchamp after Mr. Chittick's death.

12 80. **Saltire, LLC** c/o William Stewart Sheriff (155 108th Avenue,
13 Suite 400, Bellevue, WA 98004; stewart.sherriff@cox.net; (602) 330-7776): Mr.
14 Sheriff is believed to have knowledge of his communications with Mr. Chittick, the
15 company's investments in DenSco, and his communications with Mr. Beauchamp after
16 Mr. Chittick's death.

17 81. **JoAnn Sanders** (780 E. Gregory Lane, Coeur d'Alene, ID 83815;
18 (406) 461-4462): Ms. Sanders is believed to have knowledge of her communications
19 with Mr. Chittick, her investments in DenSco, and her communications with Mr.
20 Beauchamp after Mr. Chittick's death.

21 82. **Satellite LLC** (contact information to be added): A Member of
22 Satellite LLC is believed to have knowledge of its communications with Mr. Chittick,
23 its investments in DenSco, and its communications with Mr. Beauchamp after Mr.
24 Chittick's death.

25 83. **Mary I. Schloz** (10050 E. Sonoran Vista Circle, Scottsdale, AZ
26 85255; smschloz@msn.com; (480) 694-8868): Ms Schloz is believed to have
27 knowledge of her communications with Mr. Chittick, her investments in DenSco
28

1 individually and through the Family Trust, and her communications with Mr.
2 Beauchamp after Mr. Chittick's death.

3 84. **Stanley Schloz** (10050 E. Sonoran Vista Circle, Scottsdale, AZ
4 85255; smschloz@msn.com; (480) 694-8868): Mr. Schloz is believed to have
5 knowledge of his communications with Mr. Chittick, his investments in DenSco
6 individually, through his IRA, and the Family Trust, and his communications with Mr.
7 Beauchamp after Mr. Chittick's death.

8 85. **Annette M. Scroggin** (124 Abby Lane, LaPorte, IN 46350;
9 mscroggin@me.com; (219) 608-2552): Ms. Scroggin is believed to have knowledge of
10 her communications with Mr. Chittick, her investments in DenSco through her IRAs,
11 and her communications with Mr. Beauchamp after Mr. Chittick's death.

12 86. **Michael Scroggin** (124 Abby Lane, LaPorte, IN 46350;
13 mscroggin@me.com; (219) 608-2552): Mr. Scroggin is believed to have knowledge of
14 his communications with Mr. Chittick, his investments in DenSco through his IRAs,
15 and his communications with Mr. Beauchamp after Mr. Chittick's death.

16 87. **William Stewart Sheriff** (155 108th Avenue, Suite 400, Bellevue,
17 WA 98004; stewart.sherriff@cox.net; (602) 330-7776): Mr. Sheriff is believed to have
18 knowledge of his communications with Mr. Chittick, his investments in DenSco, and
19 his communications with Mr. Beauchamp after Mr. Chittick's death.

20 88. **Gary E Siegford and Corrina C. Esvelt-Siegford** (11917 Hidden
21 Valley Road, Rathdrum, ID 83858; gsiegford@msn.com; (208) 661-1842): Mr. and
22 Mrs. Siegford are believed to have knowledge of their communications with Mr.
23 Chittick, their investments in DenSco, and their communications with Mr. Beauchamp
24 after Mr. Chittick's death.

25 89. **Gary D. and Judith Siegford** (212 Ironwood Drive, Suite D,
26 PMB #313, Coeur d'Alene, ID 83814): Mr. and Mrs. Siegford are believed to have
27 knowledge of their communications with Mr. Chittick, their investments in DenSco
28

1 through the Trust, and their communications with Mr. Beauchamp after Mr. Chittick's
2 death.

3 90. **Carsyn P. Smith** c/o Deanna M. Smith (4901 E. Tomahawk Trail,
4 Paradise Valley, AZ 85253; dmsmith99@me.com; (602) 432-4227): Ms. Smith is
5 believed to have knowledge of her communications with Mr. Chittick, her investments
6 in DenSco, and her communications with Mr. Beauchamp after Mr. Chittick's death.

7 91. **McKenna Smith** c/o Deanna M. Smith (4901 E. Tomahawk Trail,
8 Paradise Valley, AZ 85253): Ms. Smith is believed to have knowledge of her
9 communications with Mr. Chittick, her investments in DenSco, and her
10 communications with Mr. Beauchamp after Mr. Chittick's death.

11 92. **Branson and Sandra Smith** (9261 E. Northview Court, Tucson,
12 AZ 85749; aztonysmith@aol.com; (520) 299-9791): Mr. or Mrs. Smith is believed to
13 have knowledge of their communications with Mr. Chittick, their investments in
14 DenSco through the Trust and their IRA, and their communications with Mr.
15 Beauchamp after Mr. Chittick's death.

16 93. **Tom Smith** (4901 E. Tomahawk Trail, Paradise Valley, AZ
17 85253): Mr. Smith is believed to have knowledge of his communications with Mr.
18 Chittick, his investments in DenSco individually and through his IRA, and his
19 communications with Mr. Beauchamp after Mr. Chittick's death.

20 94. **Tony Smith** (9261 E. Northview Court, Tucson, AZ 85749): Mr.
21 Smith is believed to have knowledge of his communications with Mr. Chittick, his
22 investments in DenSco, and his communications with Mr. Beauchamp after Mr.
23 Chittick's death.

24 95. **Donald E. and Lucinda Sterling** (2101 Bonnie Drive, Payette, ID
25 83661; don-cindy@cableone.net; (208) 401-6156): Mr. and Mrs. Sterling are believed
26 to have knowledge of their communications with Mr. Chittick, their investments in
27 DenSco, and their communications with Mr. Beauchamp after Mr. Chittick's death.
28

1
2 96. **Bill Swirtz** (6054 W. Trovita Place, Chandler, AZ 85226;
3 Bill.Swirtz@apollogrp.edu; (602) 315-8080): Mr. Swirtz is believed to have
4 knowledge of his communications with Mr. Chittick, his investments in DenSco, and
5 his communications with Mr. Beauchamp after Mr. Chittick's death.

6 97. **Nancy Swirtz** (6054 W. Trovita Place, Chandler, AZ 85226): Ms.
7 Swirtz is believed to have knowledge of her communications with Mr. Chittick, her
8 investments in DenSco, and her communications with Mr. Beauchamp after Mr.
9 Chittick's death.

10 98. **Coralee Thompson** (23233 N. Pima Road #113-240, Scottsdale,
11 AZ 85255; thompscg2@cox.net; (480) 993-8080): Ms. Thompson is believed to have
12 knowledge of her communications with Mr. Chittick, her investments in DenSco, and
13 her communications with Mr. Beauchamp after Mr. Chittick's death.

14 99. **Gary L. Thompson** (23233 N. Pima Road #113-240, Scottsdale,
15 AZ 85255; thompscg2@cox.net; (480) 993-8080): Mr. Thompson is believed to have
16 knowledge of his communications with Mr. Chittick, his investments in DenSco, and
17 his communications with Mr. Beauchamp after Mr. Chittick's death.

18 100. **James A. Trainor** (6113 S. Greensferry Road, Coeur d'Alene, ID
19 83814; jimmy@flytrapproductions.com; (208) 676-8072): Mr. Trainor is believed to
20 have knowledge of his communications with Mr. Chittick, his investments in DenSco,
21 and his communications with Mr. Beauchamp after Mr. Chittick's death.

22 101. **Stephen Tuttle** (6428 E. Evans Drive, Scottsdale, AZ 85254;
23 steve@taser.com; (602) 451-8529): Mr. Tuttle is believed to have knowledge of his
24 communications with Mr. Chittick, his investments in DenSco, and his communications
25 with Mr. Beauchamp after Mr. Chittick's death.

26 102. **Wade A. Underwood** (P.O. Box 1311, Sisters, OR 97759;
27 wunderwood@boxer.com; (480) 227-4658): Mr. Underwood is believed to have
28

1 knowledge of his communications with Mr. Chittick, his investments in DenSco, and
2 his communications with Mr. Beauchamp after Mr. Chittick's death.

3 103. **Jolene Page Walker** (8620 N. 52nd Street, Paradise Valley, AZ
4 85253; jwalker113@cox.net; (480) 220-5200): Ms. Walker is believed to have
5 knowledge of her communications with Mr. Chittick, her investments in DenSco, and
6 her communications with Mr. Beauchamp after Mr. Chittick's death.

7 104. **Laurie A. Weiskopf** (P.O. Box 161097, Big Sky, MT 59716-
8 1000): Ms. Weiskopf is believed to have knowledge of her communications with Mr.
9 Chittick, her investments in DenSco through her IRA, and her communications with
10 Mr. Beauchamp after Mr. Chittick's death.

11 105. **Thomas D. Weiskopf** (P.O. Box 161097, Big Sky, MT 59716-
12 1000): Mr. Weiskopf is believed to have knowledge of his communications with Mr.
13 Chittick, his investments in DenSco through his IRA, and his communications with Mr.
14 Beauchamp after Mr. Chittick's death.

15 106. **Carol J. Wellman** (12119 Whitley Manor Drive, Chesterfield, VA
16 23838; mikewellman1@comcast.net; (804) 338-3006): Ms. Wellman is believed to
17 have knowledge of her communications with Mr. Chittick, her investments in DenSco
18 through her IRAs, and her communications with Mr. Beauchamp after Mr. Chittick's
19 death.

20 107. **Wellman Family Trust** (12119 Whitley Manor Drive,
21 Chesterfield, VA 23838; mikewellman1@comcast.net; (804) 338-3006): A Trustee of
22 the Wellman Family Trust is believed to have knowledge of its communications with
23 Mr. Chittick, its investments in DenSco, and its communications with Mr. Beauchamp
24 after Mr. Chittick's death.

25 108. **Brian and Carla Wenig** (19 E. Canterbury Court, Phoenix, AZ
26 85022; bwenig@cox.net; (602) 300-5665 Brian; (602) 703-7313 Carla): Mr. and Mrs.
27 Wenig are believed to have knowledge of their communications with Mr. Chittick, their
28

1 investments in DenSco through the Trust, and their communications with Mr.
2 Beauchamp after Mr. Chittick's death.

3 109. **Mark and Debbie Wenig** (4445 E. Desert Willow Drive, Phoenix,
4 AZ 85044; mwenig@insight.com; (480) 227-7777): Mr. and Mrs. Wenig are believed
5 to have knowledge of their communications with Mr. Chittick, their investments in
6 DenSco, and their communications with Mr. Beauchamp after Mr. Chittick's death.

7 110. **Yusuf Yuldiz** (1609 W. 17th Street, Tempe, AZ 85281; (480) 258-
8 8171): Mr. Yuldiz is believed to have knowledge of his communications with Mr.
9 Chittick, his investments in DenSco, and his communications with Mr. Beauchamp
10 after Mr. Chittick's death.

11 111. **Leslie Jones** c/o Michael Zones (8 Briarcliff Drive, Huntington,
12 WV 25704; czj528@hotmail.com; (304) 429-6741 ext. 2712): Mr. Zones is believed to
13 have knowledge of his communications with Mr. Chittick, his investments in DenSco,
14 and his communications with Mr. Beauchamp after Mr. Chittick's death.

15 112. **Michael Zones** (8 Briarcliff Drive, Huntington, WV 25704;
16 czj528@hotmail.com; (304) 429-6741 ext. 2712): Mr. Zones is believed to have
17 knowledge of his communications with Mr. Chittick, his investments in DenSco, and
18 his communications with Mr. Beauchamp after Mr. Chittick's death.

19 **C. DenSco Borrowers and Persons Affiliated With Them**

20 1. **Luigi Amoroso** (contact information to be added): Mr. Amoroso
21 worked with Menaged in bidding on and acquiring properties subject to foreclosure.

22 2. **Veronica Castro** (contact information to be added): Ms. Castro
23 was Scott Menaged's assistant and has knowledge of deeds, mortgages and other
24 instruments signed by Menaged during 2013 that she notarized.

25 3. **Jeffrey C. Goulder** (Stinson Leonard Street LLP, 1850 N. Central
26 Avenue, Suite 1200, Phoenix, AZ 85004; (602) 212-8531): Mr. Goulder is an attorney
27 who represented Scott Menaged in connection with the Term Sheet and Forbearance
28

1 Agreement. He is believed to have knowledge of those agreements and his
2 communications with Mr. Beauchamp regarding them.

3 4. **Cody Jess** (Schian Walker PLC, 1850 N. Central Avenue,
4 Suite 900, Phoenix, AZ 85004; (602) 277-1501): Mr. Jess is an attorney who
5 represented Scott Menaged in a bankruptcy proceeding. He is believed to have
6 knowledge of that proceeding and of his communications with Mr. Beauchamp relating
7 to that proceeding.

8 5. **Scott Menaged** (c/o Molly Patricia Brizgys, 2210 S. Mill Avenue,
9 Suite 7A, Tempe, AZ 85282; (602) 460-9013): Mr. Menaged has knowledge of his
10 dealings with Mr. Chittick and Mr. Beauchamp.

11 **D. Current or Former Clark Hill Attorneys and Employees**

12 1. **Robert Anderson** (c/o John DeWulf, Coppersmith Brockelman,
13 PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr.
14 Anderson is an attorney who was involved in Clark Hill's representation of DenSco.

15 2. **David Beauchamp** (c/o John DeWulf, Coppersmith Brockelman,
16 PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr.
17 Beauchamp is an attorney who was involved in Clark Hill's representation of DenSco.

18 3. **Lindsay Grove** (c/o John DeWulf, Coppersmith Brockelman,
19 PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Ms.
20 Grove is a legal assistant who worked with David Beauchamp during the relevant time
21 period and is believed to have knowledge of certain documents received or sent by Mr.
22 Beauchamp.

23 4. **Ryan Lorenz** (c/o John DeWulf, Coppersmith Brockelman, PLC,
24 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr.
25 Lorenz submitted proofs of claim to the Receiver in June 2017 and gave an affidavit in
26 support of those proofs of claim which summarized certain work Clark Hill performed
27 during its representation of DenSco.
28

1
2 **5. Darra Lynn Rayndon** (c/o John DeWulf, Coppersmith
3 Brockelman, PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602)
4 224-0999): Ms. Rayndon is an attorney who initiated a probate proceeding on
5 August 4, 2016 in which she and Clark Hill represented Shawna Chittick Heuer in her
6 capacity as the Personal Representative of Denny Chittick's Estate. She is believed to
7 have knowledge of any discussions within Clark Hill that may have occurred regarding
8 conflicts of interest arising from the firm's separate representation of DenSco.

9 **6. Daniel Schenck** (c/o John DeWulf, Coppersmith Brockelman,
10 PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr.
11 Schenck is an attorney who was involved in Clark Hill's representation of DenSco.

12 **7. Michelle M. Tran** (c/o John DeWulf, Coppersmith Brockelman,
13 PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Ms.
14 Tran is an attorney who initiated a probate proceeding on August 4, 2016 in which she
15 and Clark Hill represented Shawna Chittick Heuer in her capacity as the Personal
16 Representative of Denny Chittick's Estate. She is believed to have knowledge of any
17 discussions within Clark Hill that may have occurred regarding conflicts of interest
18 arising from the firm's separate representation of DenSco.

19 **E. Current or Former Bryan Cave Attorneys**

20 **1. Ray Burgan** (Zenfinity Capital LLC, 14850 N. Scottsdale Road,
21 No. 295, Scottsdale, Arizona, 85254; (480) 292-8111): Mr. Burgan is an attorney who
22 was formerly associated with Bryan Cave and is believed to have knowledge of work
23 he performed for DenSco and David Beauchamp's representation of DenSco while
24 Beauchamp was affiliated with Bryan Cave.

25 **2. Michael Dvoren** (Jaburg & Wilk PC, 3200 N. Central Avenue,
26 Suite 2000, Phoenix, Arizona 85012; (602) 248-1000): Mr. Dvoren is an attorney who
27 was formerly associated with Bryan Cave and is believed to have knowledge of work
28

1 he performed for DenSco and David Beauchamp's representation of DenSco while
2 Beauchamp was affiliated with Bryan Cave.

3 3. **Robert Endicott** (Bryan Cave LLP, One Metropolitan Square, 211
4 North Broadway, Suite 3600, St. Louis, MO 63102; (314) 259-2000): Mr. Endicott is
5 an attorney who is believed to have knowledge of his communications with David
6 Beauchamp in the summer of 2013 regarding DenSco.

7 4. **Kenneth L. Henderson** (Bryan Cave LLP, 1290 Avenue of the
8 Americas, New York, NY, 10104; (212) 541-2000): Mr. Henderson is an attorney who
9 is believed to have knowledge of his communications with David Beauchamp in the
10 summer of 2013 regarding DenSco.

11 5. **Garth Jensen** (Sherman & Howard L.L.C., 633 Seventeenth
12 Street, Suite 3000, Denver, CO 80202; (303) 297-2900): Mr. Jensen is an attorney who
13 was formerly associated with Bryan Cave and is believed to have knowledge of his
14 communications with David Beauchamp in the summer of 2013 regarding DenSco.

15 6. **Logan Miller** (Apollo Education Group, Inc., 4025 S. Riverpoint
16 Parkway, Phoenix, AZ 85040; (800) 990-2765): Mr. Miller is an attorney who was
17 formerly associated with Bryan Cave and is believed to have knowledge of work he
18 performed for DenSco and David Beauchamp's representation of DenSco while
19 Beauchamp was affiliated with Bryan Cave.

20 7. **Robert Miller:** (Bryan Cave LLP, Two N. Central, Suite 2100,
21 Phoenix, Arizona 85004; (602) 364-7099): Mr. Miller is an attorney who
22 communicated with David Beauchamp in January 2014 in connection with the demand
23 letter described above and is believed to have knowledge of those communications.

24 8. **Robert Pedersen** (Bryan Cave LLP, 1290 Avenue of the
25 Americas, New York, NY, 10104; (212) 541-2000): Mr. Pedersen is an attorney who is
26 believed to have knowledge of his communications with David Beauchamp in the
27 summer of 2013 regarding DenSco.
28

1 9. **Nancy Pohl** (Gallagher & Kennedy PA, 2575 E. Camelback Road,
2 Suite 1100, Phoenix, Arizona 85016; (602) 530-8052): Ms. Pohl is an attorney who was
3 formerly associated with Bryan Cave and is believed to have knowledge of work she
4 performed for DenSco and David Beauchamp's representation of DenSco while
5 Beauchamp was affiliated with Bryan Cave.

6 10. **Gus Schneider** (Bryan Cave LLP, Two N. Central, Suite 2100,
7 Phoenix, AZ 85004; (602) 364-7099): Mr. Schneider is an attorney who is associated
8 with Bryan Cave and is believed to have knowledge of work he performed for DenSco
9 and David Beauchamp's representation of DenSco while Beauchamp was affiliated
10 with Bryan Cave.

11 11. **Elizabeth Sipes** (Bryan Cave LLP, 1700 Lincoln Street,
12 Suite 4100, Denver, CO 80203; (303) 861-7000): Ms. Sipes is an attorney who is
13 believed to have knowledge of her communications with David Beauchamp in the
14 summer of 2013 regarding DenSco.

15 12. **Jonathan Stern** (contact information not known): Mr. Stern is an
16 attorney who is associated with Bryan Cave and is believed to have knowledge of work
17 he performed for DenSco and David Beauchamp's representation of DenSco while
18 Beauchamp was affiliated with Bryan Cave.

19 13. **Randy Wang** (Bryan Cave LLP, One Metropolitan Square, 211 N.
20 Broadway, Suite 3600, St. Louis, MO 63102; (314) 259-2000): Mr. Wang is an
21 attorney who is believed to have knowledge of his communications with David
22 Beauchamp in the summer of 2013 regarding DenSco.

23 14. **Mark Weakley** (Bryan Cave LLP, One Boulder Plaza, 1801 13th
24 Street, Suite 300, Boulder, CO 80302; (303) 444-5955): Mr. Weakley is an attorney
25 who is believed to have knowledge of his communications with David Beauchamp in
26 the summer of 2013 regarding DenSco.

1 **F. Current or Former Gammage & Burnham Attorneys**

2 1. **Christopher L. Raddatz** (Gammage & Burnham, PLC, Two N.
3 Central Avenue, 15th Floor, Phoenix, AZ 85004; (602) 256-0566): Mr. Raddatz is an
4 attorney who represented the Estate of Denny Chittick and Shawna Chittick Heuer in
5 her capacity as the Personal Representative of Denny Chittick's Estate.

6 2. **Kevin R. Merritt** (Gammage & Burnham, PLC, Two N. Central
7 Avenue, 15th Floor, Phoenix, AZ 85004; (602) 256-0566): Mr. Merritt is an attorney
8 who in 2007 advised DenSco regarding its loan agreements. Beginning in August
9 2016, he represented the Estate of Denny Chittick and Shawna Chittick Heuer in her
10 capacity as the Personal Representative of Denny Chittick's Estate.

11 3. **James F. Polese** (Gammage & Burnham, PLC, Two N. Central
12 Avenue, 15th Floor, Phoenix, AZ 85004; (602) 256-0566): Mr. Polese is an attorney
13 who represented the Estate of Denny Chittick and Shawna Chittick Heuer in her
14 capacity as the Personal Representative of Denny Chittick's Estate.

15 **G. Persons Affiliated With the Arizona Corporation Commission,**
16 **Securities Division**

17 1. **Gary Clapper** (1300 W. Washington, Third Floor, Phoenix, AZ
18 85007; (602) 542-0152): Mr. Clapper is Chief Investigator, Arizona Corporation
19 Commission, Securities Division. He is believed to have knowledge of the ACC's
20 investigation of DenSco in August 2016, events leading to the ACC's filing of an
21 application for a preliminary injunction and the appointment of a receiver, and his
22 communications with Mr. Beauchamp.

23 2. **Wendy Coy** (1300 W. Washington, Third Floor, Phoenix, AZ
24 85007; (602) 542-0633): Ms. Coy is Director of Enforcement, Arizona Corporation
25 Commission, Securities Division. She is believed to have knowledge of the ACC's
26 investigation of DenSco in August 2016, events leading to the ACC's filing of an
27 application for a preliminary injunction and the appointment of a receiver, her
28 communications with Mr. Beauchamp.

1 **H. The Receiver, His Employees and Attorneys**

2 1. **Peter S. Davis** (c/o Colin Campbell and Geoffrey Sturr, Osborn
3 Maledon, P.A., 2929 N. Central Avenue, Suite 2100, Phoenix, AZ 85012; (602) 640-
4 9377): Mr. Davis has knowledge of work he has performed as DenSco's Receiver, as
5 set forth in reports he has issued in the course of his work.

6 2. **Ryan W. Anderson** (Guttilla Murphy Anderson, 5415 E. High
7 Street, Suite 200, Phoenix, AZ 85054; (480) 304-8300): Mr. Anderson is an attorney
8 who represents the Receiver. He has knowledge of the receivership proceeding and his
9 communications with participants in that proceeding.

10 3. **Sara Beretta** (c/o Colin Campbell and Geoffrey Sturr, Osborn
11 Maledon, P.A., 2929 N. Central Avenue, Suite 2100, Phoenix, AZ 85012; (602) 640-
12 9377): Ms. Beretta is a Director of Simon Consulting and has knowledge of DenSco's
13 books and records and work performed by the Receiver, as set forth in reports he has
14 issued in the course of his work.

15 **I. Lenders Who Negotiated With Chittick and Menaged During**
16 **January 2014**

17 1. **Craig Cardon** (contact information to be added): Mr. Cardon is a
18 member of Azben Limited, LLC and is believed to have knowledge of his
19 communications with Chittick and Menaged regarding the January 6, 2014 demand
20 letter discussed above.

21 2. **Daniel Diethelm** (contact information to be added): Mr. Diethelm
22 is a manager of Geared Equity, LLC and is believed to have knowledge of his
23 communications with Chittick and Menaged regarding the January 6, 2014 demand
24 letter discussed above

25 3. **Lynn Hoebing** (contact information to be added): Mr. Hoebing is
26 a manager of 50780, LLC and is believed to have knowledge of his communications
27 with Chittick and Menaged regarding the January 6, 2014 demand letter discussed
28 above.

1 **J. Other Persons**

2 1. **Rick Carney** (contact information to be added): Mr. Carney was
3 formerly affiliated with Quarles & Brady and provided legal services to DenSco as
4 described above. He is believed to have knowledge of those services and his
5 communications with Denny Chittick and David Beauchamp relating to those services.

6 2. **Gregg Reichman** (believed to be c/o Andrew Abraham, Burch &
7 Cracchiolo, P.A., 702 E. Osborn Road, Suite 200, Phoenix, AZ 85014; (602) 234-
8 9917): Mr. Reichman is a current or former member of Active Funding Group, LLC.
9 He is believed to have knowledge of dealings between Active Funding Group, LLC and
10 Menaged.

11 **V. PERSONS WHO HAVE GIVEN STATEMENTS**

12 1. **Luigi Amoroso** (contact information to be added): Mr. Amoroso gave a
13 deposition in the receivership proceeding on December 14, 2016. The Receiver's
14 counsel is the custodian of the transcript of that deposition.

15 2. **Robert Anderson** (c/o John DeWulf, Coppersmith Brockelman, PLC,
16 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr.
17 Anderson gave a deposition in this case, the original transcript of which is in the
18 possession of the Receiver's counsel.

19 3. **David Beauchamp** (c/o John DeWulf, Coppersmith Brockelman, PLC,
20 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr.
21 Beauchamp executed a declaration dated August 17, 2016 that was submitted to the
22 court in the Receivership Proceeding in support of the Estate's Recommendations re
23 Receiver and Attorney/Client Privilege. The Estate's counsel, Gammage & Burnham,
24 is believed to be the custodian of the original declaration. Mr. Beauchamp has also
25 given a deposition in this case, the original transcript of which is in the possession of
26 the Receiver's counsel.

27 4. **Shawna Chittick Heuer** (c/o James Polese, Gammage & Burnham, PLC,
28 Two N. Central Avenue, 15th Floor, Phoenix, AZ 85004; (602) 256-0566): Ms. Heuer

1 gave a deposition in this case. Clark Hill's counsel is believed to be the custodian of
2 the original transcript of that deposition.

3 5. **Scott Menaged** (c/o Molly Patricia Brizgys, 2210 S. Mill Avenue,
4 Suite 7A, Tempe, AZ 85282; (602) 460-9013): Mr. Menaged gave a deposition in his
5 bankruptcy proceeding. The Receiver's counsel is the custodian of the transcript of that
6 deposition.

7 6. **Scott Menaged** (c/o Molly Patricia Brizgys, 2210 S. Mill Avenue,
8 Suite 7A, Tempe, AZ 85282; (602) 460-9013): On December 8, 2017, Mr. Menaged
9 was interviewed by Ken Frakes, Special Counsel to the Receiver, before a court
10 reporter. Mr. Frakes is believed to be the custodian of the transcript of that interview.

11 7. **Ryan Lorenz** (c/o John DeWulf, Coppersmith Brockelman, PLC, 2800
12 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr. Lorenz gave
13 an affidavit in support of notices of claim Clark Hill submitted to the Receiver. He is
14 believed to be the custodian of the original affidavit.

15 8. **Daniel Schenck** (c/o John DeWulf, Coppersmith Brockelman, PLC, 2800
16 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr. Schenck
17 gave a deposition in this case, the original transcript of which is in the possession of the
18 Receiver's counsel.

19 **VI. EXPERT WITNESSES EXPECTED TO BE CALLED AT TRIAL**

20 The Receiver will disclose the identity and opinions of expert witnesses it plans
21 to call at trial in accordance with the scheduling order that will be entered in this matter.

22 **VII. COMPUTATION AND MEASURE OF DAMAGES**

23 The Receiver will rely on expert testimony to testify about damages DenSco
24 suffered as a result of Defendants' conduct.

25 The Receiver has previously disclosed to Defendants' counsel the following
26 preliminary information relating to damages and prejudgment interest:
27
28

1 Prejudgment interest is sought on three different types of loans that were
2 outstanding on Chittick's death, as summarized in the Receiver's December 23, 2016
3 report: (i) a \$5 million workout loan made to Menaged as part of the Forbearance
4 Agreement; (ii) a \$1 million workout loan made to Menaged as part of the Forbearance
5 Agreement; and (iii) non-workout loans that DenSco made to Menaged after DenSco
6 learned of Menaged's fraud in November 2013. As alleged in the complaint, the losses
7 DenSco suffered on those loans were the proximate result of Clark Hill's conduct.
8 Prejudgment interest is also sought on Clark Hill legal fees paid by DenSco.

9 **A. \$5 million "workout loan" to Menaged**

10 Under the Forbearance Agreement that Clark Hill drafted and advised DenSco to
11 sign, DenSco agreed to loan Menaged up to \$5 million for use in connection with the
12 sale or refinancing of any property listed in Exhibit A to the Agreement. The principal
13 balance of that loan as of December 23, 2016 was \$13,336,807.24. *See* Receiver's
14 Report, December 23, 2016, at page 9. **Appendix A** is a schedule (numbered
15 RECEIVER_001332-001336) showing how that balance was calculated. The schedule
16 reflects that Menaged drew on this loan as early as February 2014, and made a last draw
17 on August 18, 2015. As of October 5, 2015, the principal balance of the line of credit
18 was \$13,656,807.24, and remained at this amount until Chittick's death in July 2016.

19 The rate of prejudgment interest in this case is 10%. A.R.S. § 44-1201(A), (F).
20 Thus, a yearly calculation of prejudgment interest on DenSco's \$13,656,807.24 loss is
21 \$1,365,680.72.

22 **B. \$1 million "workout loan" to Menaged**

23 The Forbearance Agreement also obligated DenSco to make a "new loan" to
24 Menaged of up to \$1 million as part of the "workout" that Clark Hill blessed and
25 documented. The principal balance of that loan as of December 23, 2016 was
26 \$1,002,532.55. *See* Receiver's Report, December 23, 2016, at page 9. **Appendix B** is a
27 schedule (numbered RECEIVER_001337) showing how that balance was calculated.
28

1 The schedule reflects that Menaged drew on this loan as early as December 13, 2013
2 and last drew on this loan on April 30, 2014, when the principal balance was
3 \$1,002,532.55. It remained at that amount until Chittick's July 2016 death.

4 A yearly calculation of prejudgment interest on DenSco's \$1,002,532.55 loss is
5 \$100,253.25.

6 **C. Non-workout loans**

7 As set forth in the Receiver's December 23, 2016 report (at page 10), as of
8 August 2016, when the Receiver was appointed, DenSco suffered losses of at least
9 \$28,332,300 because of loans made to Menaged outside of the "work out" loans
10 contemplated by the Forbearance Agreement that were not secured. **Appendix C** is a
11 schedule (numbered RECEIVER_001338-001339) showing how that amount was
12 calculated. The schedule includes two loans made on the Lobo property, one on
13 August 14, 2013 and another on January 22, 2014. They are included in this schedule
14 because DenSco categorized them as non-workout loans.

15 Had Clark Hill properly advised DenSco during the first week of January 2014,
16 DenSco would have severed its relationship with Menaged, not made any new loans to
17 Menaged, sought to rescind the initial Lobo losses, and not suffered the losses set forth
18 in the attached schedule. Alternatively, had Clark Hill properly advised DenSco about
19 documenting the non-workout loans, DenSco would not have suffered losses on the
20 loans made after the second Lobo loan.

21 A yearly calculation of prejudgment interest on DenSco's \$28,332,300.00 loss is
22 \$2,833,230.00.

23 **D. Payments to Clark Hill for Attorneys' Fees**

24 As of June 24, 2016, Clark Hill received payment from DenSco for legal fees in
25 the amount of \$163,702.45. The Receiver seeks in the complaint the return of all those
26 fees on the grounds that they were received after Clark Hill had committed a serious
27 breach of fiduciary duty. The last fee payment was on June 24, 2016.
28

1 A yearly calculation of prejudgment interest on the Receiver's attorney fee
2 disgorgement claim is \$16,370.25.

3 **VIII. ANTICIPATED TRIAL EXHIBITS**

4 A list of exhibits the Receiver presently anticipates using at trial is attached as
5 **Appendix D.**

6 **IX. DOCUMENTS THAT MAY BE RELEVANT**

7 1. Documents maintained in the Document Depository established by the
8 Receiver pursuant to an underlying Court Order dated January 1, 2017 in the matter
9 entitled *Ariz. Corp. Comm'n v. DenSco Investment Corp.*, Maricopa County Superior
10 Court CV2016-014142. The most recent index is attached as **Appendix E.** Certain
11 documents relevant to the receivership are also publicly available on a website
12 maintained by the Receiver: <http://denscoreceiver1.godaddysites.com/>.

13 a. The Receiver's counsel has caused to be deposited into the
14 Depository documents received from Defendants' counsel and third parties, and
15 will continue to do so as this matter proceeds.

16 b. The Receiver's counsel will provide Defendants' counsel with
17 updated indices of documents maintained in the Document Depository as they
18 become available.

19 c. The Receiver also updates the website periodically.

20 2. The Receiver will rely on documents maintained in the Document
21 Depository and on the Receiver's website to support his claims in this action, as well as
22 publicly available documents such as the recorded instruments referenced in the factual
23 narrative above.

24 3. The Receiver's counsel plans to compile, number, and produce to
25 Defendants' counsel certain documents it has obtained from the Depository, the
26 Receiver's website, and other publicly available documents that the Receiver may
27 designate as trial exhibits.
28

1 a. The Receiver's March 27, 2018 production (Second Disclosure
2 Statement) included documents numbered RECEIVER_000001- 001345.

3 i. The March 27, 2018 production included copies of the
4 DenSco Corporate Journals for 2013, 2014, 2015 and 2016, which have
5 been numbered RECEIVER_000001-000164. They replaced copies of
6 those documents that were produced on September 5, 2017 and which
7 were incorrectly numbered DIC0011918-0012081.

8 ii. The March 27, 2018 production included publicly available
9 documents, such as the recorded instruments referenced in the factual
10 narrative above (RECEIVER_000165-RECEIVER_001345).

11 b. The Receiver's May 15, 2018 production (Third Disclosure
12 Statement) included Clark Hill's documents numbered RECEIVER_001325-
13 RECEIVER_001497.

14 c. The Receiver's July 11, 2018 production (Fourth Disclosure
15 Statement) included Clark Hill's notices of claim, which were numbered
16 RECEIVER_001498-RECEIVER_001538, and publicly recorded documents,
17 which were numbered RECEIVER_001539-RECEIVER_001548.

18 d. This November 14, 2018 production (Fifth Disclosure Statement)
19 includes documents obtained from the Document Depository numbered
20 RECEIVER_001549-RECEIVER_001711, which are provided on the
21 accompanying disc.

22 e. Other documents from the Document Depository, the Receiver's
23 website, or publicly available sources that the Receiver may designate as trial
24 exhibits will be numbered and produced through one or more supplemental
25 disclosure statements.

26 4. In addition to the documents set forth above, on October 30, 2018, the
27 Receiver's counsel produced to Defendants' documents evidencing communications
28

1 between the Receiver and the Estate of Chittick, which were numbered RECEIVER_
2 001712-002517.

3 DATED this 14th day of November, 2018.

4 OSBORN MALEDON, P.A.

5
6 By Geoffrey M.T. Sturr
7 Colin F. Campbell
8 Geoffrey M.T. Sturr
9 Joshua M. Whitaker
2929 N. Central Avenue, Suite 2100
Phoenix, Arizona 85012-2793

10 Attorneys for Plaintiff

11
12 COPY of the foregoing hand delivered
13 this 14th day of November, 2018, to:

14 John E. DeWulf
15 Coppersmith Brockelman PLC
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16 Phoenix, AZ 85004
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17 *Attorneys for Defendants*

18 Debra Hues
19 7836486

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Appendix A

Simon Consulting, LLC
Arizona Corporation Commission v. DenSco Investment Corporation

DenSco Investment Corporation
\$5 Million Workout Loan - As of 07/28/16 (Date of Denny Chittick's Death)

Loan Date	Loan No.	Property Address	City, Zip	Loan Amount
02/28/14	Workout	Pay Gregg's Interest		100,000.00
03/05/14	Workout	Principal Payment		(100,000.00)
03/07/14	4505	2105 S 108th Ave	Avondale, AZ 85323	95,864.00
03/07/14	4554	2027 S 101st Dr	Tolleson, AZ 85353	79,380.98
03/07/14	4607	1942 S Emerson #252	Mesa, AZ 85210	41,382.56
03/07/14	4645	14869 W Caribbean Ln	Surprise, AZ 85379	79,252.00
03/07/14	4652	4119 W Valley View Dr	Laveen, AZ 85339	88,896.00
03/07/14	4656	4906 W Gelding Dr	Glendale, AZ 85306	69,082.27
03/07/14	4711	1697 S 233rd Ln	Buckeye, AZ 85326	67,353.16
03/10/14	4690	4119 W Grovers Ave	Glendale, AZ 85308	78,538.63
03/14/14	4578	1040 S 220th Ln	Buckeye, AZ 85326	68,127.63
03/14/14	4644	18146 W Puget Ave	Waddell, AZ 85355	63,861.07
03/14/14	4671	23846 W Gibson Ln	Buckeye, AZ 85326	92,372.15
03/21/14	4503	15456 S 47th Place	Phoenix, AZ 85044	181,653.80
03/26/14	Workout	Principal Payment		(1,715.65)
03/28/14	4446	6024 E Wethersfield Rd	Scottsdale, AZ 85254	112,625.27
03/31/14	4483	13920 W Mani Ln	Surprise, AZ 85379	38,414.70
03/31/14	4722	1820 S 106th Ln	Tolleson, AZ 85353	63,544.61
04/04/14	4431	25852 S Beech Creek dr	Sun Lakes, AZ 85248	120,000.00
04/04/14	4431	25852 S Beech Creek dr	Sun Lakes, AZ 85248	18,235.26
04/04/14	4604	707 E Potter Dr	Phoenix, AZ 85024	170,000.00
04/04/14	4604	707 E Potter Dr	Phoenix, AZ 85024	14,619.56
04/10/14	4589	16739 W Navajo St	Goodyear, AZ 85338	20,000.00
04/14/14	4287	4745 W Golden Ln	Glendale, AZ 85302	60,000.00
04/14/14	4287	4745 W Golden Ln	Glendale, AZ 85302	3,805.73
04/14/14	4585	3154 W Via Montoya Dr	Phoenix, AZ 85027	21,082.34
04/14/14	4665	635 S St Paul	Mesa, AZ 85206	27,783.84
04/14/14	4688	9832 E Olla Ave	Mesa, AZ 85212	37,589.85
04/21/14	4459	1427 W Windsong Dr	Phoenix, AZ 85045	184,645.10
04/24/14	4611	14904 W Port Royale Ln	Surprise, AZ 85379	25,930.11
04/25/14	3926	320 S 70th St #9	Mesa, AZ 85208	120,000.00
04/25/14	3926	320 S 70th St #9	Mesa, AZ 85208	35,000.00
04/25/14	3926	320 S 70th St #9	Mesa, AZ 85208	21,468.83
04/28/14	4180	7089 W Andrew Ln	Peoria, AZ 85383	170,000.00
04/28/14	4180	7089 W Andrew Ln	Peoria, AZ 85383	(4,182.39)
04/28/14	4180	7089 W Andrew Ln	Peoria, AZ 85383	4,547.94
04/30/14	4636	4705 N Brookview Terrace	Litchfield, AZ 85340	131,720.03
05/02/14	4313	19296 W Adams St	Buckeye, AZ 85326	110,000.00
05/02/14	4313	19296 W Adams St	Buckeye, AZ 85326	32,360.22
05/09/14	4519	23851 W Wier Ave	Buckeye, AZ 85326	120,000.00
05/09/14	4519	23851 W Wier Ave	Buckeye, AZ 85326	7,794.45
05/12/14	4152	18131 W Ruth Ave	Waddell, AZ 85355	190,000.00
05/12/14	4152	18131 W Ruth Ave	Waddell, AZ 85355	39,258.34
05/12/14	4689	17661 W Marconi Ave	Surprise, AZ 85388	107,140.72
05/12/14	4703	14365 W Verde Ln	Goodyear, AZ 85338	93,442.35
05/13/14	4669	12602 N 60th St	Scottsdale, AZ 85254	56,530.13
05/15/14	4383	9423 W McRae Way	Peoria, AZ 85382	100,000.00
05/15/14	4383	9423 W McRae Way	Peoria, AZ 85382	368.83
05/16/14	4434	2210 S Keene St	Mesa, AZ 85209	200,000.00
05/16/14	4434	2210 S Keene St	Mesa, AZ 85209	1,651.22

Simon Consulting, LLC
Arizona Corporation Commission v. DenSco Investment Corporation

DenSco Investment Corporation

\$5 Million Workout Loan - As of 07/28/16 (Date of Denny Chittick's Death)

Loan Date	Loan No.	Property Address	City, Zip	Loan Amount
05/16/14	4618	12602 N 60th St	Phoenix, AZ 85032	198,683.57
05/22/14	4386	2182 E Arabian Dr	Gilbert, AZ 85296	140,000.00
05/22/14	4386	2182 E Arabian Dr	Gilbert, AZ 85296	12,676.24
05/30/14	3927	7204 W Warner St	Phoenix, AZ 85043	90,000.00
05/30/14	3927	7204 W Warner St	Phoenix, AZ 85043	59,347.52
06/02/14	4546	15550 N Frank Lloyd Wright #1005	Scottsdale, AZ 85260	176,884.68
06/09/14	4430	5414 S Heather Dr	Tempe, AZ 85283	170,000.00
06/09/14	4430	5414 S Heather Dr	Tempe, AZ 85283	2,053.55
06/11/14	4397	2968 E Lynx Way	Gilbert, AZ 85298	240,000.00
06/11/14	4397	2968 E Lynx Way	Gilbert, AZ 85298	28,487.82
06/20/14	4544	17016 S 27th Place	Phoenix, AZ 85048	96,956.75
06/27/14	4417	17540 N Estrella Vista Dr	Surprise, AZ 85375	140,000.00
06/27/14	4417	17540 N Estrella Vista Dr	Surprise, AZ 85375	27,152.96
06/30/14	4136	14556 N 154th Ln	Surprise, AZ 85379	120,000.00
06/30/14	4136	14556 N 154th Ln	Surprise, AZ 85379	35,887.76
06/30/14	4530	1750 W Potter Dr	Phoenix, AZ 85027	67,811.64
07/14/14	4624	15143 E Aspen Dr	Fountain Hills, AZ 85268	191,311.29
07/17/14	4495	16527 W Post Dr	Surprise, AZ 85388	100,000.00
07/17/14	4495	16527 W Post Dr	Surprise, AZ 85388	6,475.40
07/18/14	4619	3740 W Villa Theresa Dr	Glendale, AZ 85308	73,946.52
07/22/14	4454	2733 S Ananea St	Mesa, AZ 85209	160,000.00
07/22/14	4454	2733 S Ananea St	Mesa, AZ 85209	10,543.58
07/31/14	3610	20802 N Grayhawk Dr #1076	Scottsdale, AZ 85255	250,000.00
07/31/14	3610	20802 N Grayhawk Dr #1076	Scottsdale, AZ 85255	98,873.28
07/31/14	Workout	Principal Payment		(5,988.38)
08/06/14	4541	31008 W Columbus Ave	Buckeye, AZ 85326	40,000.00
08/11/14	4481	13512 W Marshall Ave	Litchfield, AZ 85340	130,000.00
08/11/14	4481	13512 W Marshall Ave	Litchfield, AZ 85340	29,014.25
08/15/14	4061	22261 W Moonlight Path	Buckeye, AZ 85326	65,501.97
08/19/14	4003	4529 E Sharon Dr	Phoenix, AZ 85032	150,000.00
08/19/14	4003	4529 E Sharon Dr	Phoenix, AZ 85032	45,997.87
08/19/14	4003	4529 E Sharon Dr	Phoenix, AZ 85032	6,173.44
08/20/14	3933	9451 E Becker Ln #B1057	Scottsdale, AZ 85260	110,000.00
08/20/14	3933	9451 E Becker Ln #B1057	Scottsdale, AZ 85260	26,196.70
08/20/14	3933	9451 E Becker Ln #B1057	Scottsdale, AZ 85260	24,182.08
08/21/14	3975	1080 E Redwood Dr	Chandler, AZ 85286	120,000.00
08/21/14	3975	1080 E Redwood Dr	Chandler, AZ 85286	19,039.20
08/22/14	Workout	Principal Payment		(21,324.12)
08/26/14	4643	842 E Sheffield Ave	Gilbert, AZ 85296	84,030.98
08/27/14	Workout	Principal Payment		(7,977.69)
08/29/14	4381	3237 W Pleasant Ln	Phoenix, AZ 85041	120,421.77
08/29/14	Workout	Principal Payment		(23,088.43)
09/02/14	4411	5335 S Monte Vista St	Chandler, AZ 85249	244,822.86
09/04/14	Workout	Principal Payment		(78,786.68)
09/05/14	4732	5916 W Fetlock Trl	Phoenix, AZ 85085	68,759.48
09/09/14	4077	5357 S Ranger Trail	Gilbert, AZ 85296	230,000.00
09/09/14	4077	5357 S Ranger Trail	Gilbert, AZ 85296	83,002.32
09/09/14	4077	5357 S Ranger Trail	Gilbert, AZ 85296	89,534.80
09/11/14	Workout	Principal Payment		(24,052.70)
09/12/14	4393	25209 S Saddletree Dr	Sun Lakes, AZ 85248	90,794.60

Simon Consulting, LLC
Arizona Corporation Commission v. DenSco Investment Corporation

DenSco Investment Corporation

\$5 Million Workout Loan - As of 07/28/16 (Date of Denny Chittick's Death)

Loan Date	Loan No.	Property Address	City, Zip	Loan Amount
09/12/14	Workout	Principal Payment		(16,173.61)
09/19/14	4228	7389 W Tierra Buena Ln	Peoria, AZ 85382	100,000.00
09/19/14	4228	7389 W Tierra Buena Ln	Peoria, AZ 85382	27,343.88
09/23/14	3997	311 N Kenneth Pl	Chandler, AZ 85226	220,000.00
09/23/14	3997	311 N Kenneth Pl	Chandler, AZ 85226	48,302.06
09/24/14	Workout	Principal Payment		(13,530.08)
09/26/14	3987	18356 W Mission Ln	Waddell, AZ 85355	150,000.00
09/26/14	3987	18356 W Mission Ln	Waddell, AZ 85355	40,000.00
09/26/14	3987	18356 W Mission Ln	Waddell, AZ 85355	41,382.45
09/26/14	Workout	Principal Payment		(21,865.60)
09/29/14	Workout	Principal Payment		(12,657.65)
10/02/14	4409	3326 E Oriole Dr	Gilbert, AZ 85297	144,173.16
10/03/14	Workout	Principal Payment		(83,424.68)
10/10/14	Workout	Principal Payment		(31,032.87)
10/17/14	Workout	Principal Payment		(31,141.49)
10/24/14	3882	10721 W Laurelwood Ln	Avondale, AZ 85323	120,000.00
10/24/14	3882	10721 W Laurelwood Ln	Avondale, AZ 85323	39,258.48
10/24/14	Workout	Principal Payment		(46,170.85)
10/30/14	4020	12802 W Willow Ave	El Mirage, AZ 85335	80,000.00
10/30/14	4020	12802 W Willow Ave	El Mirage, AZ 85335	30,000.00
10/30/14	4020	12802 W Willow Ave	El Mirage, AZ 85335	4,251.94
10/31/14	Workout	Principal Payment		(45,740.42)
11/07/14	4627	10769 W Runion Dr	Sun City, AZ 85373	150,000.00
11/07/14	4627	10769 W Runion Dr	Sun City, AZ 85373	45,000.00
11/07/14	4627	10769 W Runion Dr	Sun City, AZ 85373	21,171.88
11/07/14	Workout	Principal Payment		(70,506.79)
11/15/14	Workout	Principal Payment		(45,105.06)
11/21/14	Workout	Principal Payment		(70,262.92)
11/24/14	4122	1431 E Bridgeport Pkwy	Gilbert, AZ 85295	210,000.00
11/24/14	4122	1431 E Bridgeport Pkwy	Gilbert, AZ 85295	48,679.35
12/03/14	4482	10440 W Hammond Ln	Tolleson, AZ 85353	40,580.05
12/03/14	Workout	Principal Payment		(23,130.04)
12/12/14	Workout	Principal Payment		(15,191.31)
12/19/14	Workout	Principal Payment		(9,595.56)
12/22/14	4129	2210 W Marco Polo Rd	Phoenix, AZ 85027	100,000.00
12/22/14	4129	2210 W Marco Polo Rd	Phoenix, AZ 85027	47,909.82
12/24/14	3976	2402 E Yucca St	Phoenix, AZ 85028	200,000.00
12/24/14	3976	2402 E Yucca St	Phoenix, AZ 85028	92,084.39
12/24/14	3976	2402 E Yucca St	Phoenix, AZ 85028	33,524.54
12/31/14	3913	1892 E Ellis Dr	Tempe, AZ 85282	140,000.00
12/31/14	3913	1892 E Ellis Dr	Tempe, AZ 85282	70,971.79
12/31/14	3913	1892 E Ellis Dr	Tempe, AZ 85282	6,135.67
01/02/15	4027	11106 W Dana Ln	Avondale, AZ 85323	130,000.00
01/02/15	4027	11106 W Dana Ln	Avondale, AZ 85323	45,000.00
01/02/15	4027	11106 W Dana Ln	Avondale, AZ 85323	76.68
01/02/15	4034	11571 W Hopi St	Avondale, AZ 85323	100,000.00
01/02/15	4034	11571 W Hopi St	Avondale, AZ 85323	48,280.94
01/02/15	4034	11571 W Hopi St	Avondale, AZ 85323	11,276.45
01/08/15	4501	2216 W Plata Cir	Mesa, AZ 85202	110,000.00
01/08/15	4501	2216 W Plata Cir	Mesa, AZ 85202	38,065.50

Simon Consulting, LLC
Arizona Corporation Commission v. DenSco Investment Corporation

DenSco Investment Corporation

\$5 Million Workout Loan - As of 07/28/16 (Date of Denny Chittick's Death)

Loan Date	Loan No.	Property Address	City, Zip	Loan Amount
01/08/15	4501	2216 W Plata Cir	Mesa, AZ 85202	13,299.35
01/30/15	4289	7703 W Lamar Rd	Glendale, AZ 85303	82,187.05
02/06/15	4227	15677 W Ripple Cir	Goodyear, AZ 85338	80,000.00
02/06/15	4227	15677 W Ripple Cir	Goodyear, AZ 85338	27,110.31
02/20/15	4038	3150 E Beardsley Rd #1076	Phoenix, AZ 85050	100,000.00
02/20/15	4038	3150 E Beardsley Rd #1076	Phoenix, AZ 85050	35,000.00
02/20/15	4038	3150 E Beardsley Rd #1076	Phoenix, AZ 85050	22,074.26
02/24/15	4342	11744 W Hadley St	Avondale, AZ 85323	100,000.00
02/24/15	4342	11744 W Hadley St	Avondale, AZ 85323	32,146.84
03/02/15	3914	3740 E Sexton St	Gilbert, AZ 85295	150,000.00
03/02/15	3914	3740 E Sexton St	Gilbert, AZ 85295	44,051.84
03/02/15	3914	3740 E Sexton St	Gilbert, AZ 85295	5,964.96
03/05/15	4509	1561 E Mia Ln	Gilbert, AZ 85298	200,000.00
03/05/15	4509	1561 E Mia Ln	Gilbert, AZ 85298	32,778.52
03/12/15	3994	9016 S 41st Ln	Laveen, AZ 85339	160,000.00
03/12/15	3994	9016 S 41st Ln	Laveen, AZ 85339	69,213.96
03/12/15	3994	9016 S 41st Ln	Laveen, AZ 85339	21,933.38
03/16/15	4625	114 E Valley View Dr	Phoenix, AZ 85042	120,000.00
03/16/15	4625	114 E Valley View Dr	Phoenix, AZ 85042	3,078.09
03/26/15	4004	7575 E Indian Bend Rd #2123	Scottsdale, AZ 85250	120,000.00
03/26/15	4004	7575 E Indian Bend Rd #2123	Scottsdale, AZ 85250	40,000.00
03/26/15	4004	7575 E Indian Bend Rd #2123	Scottsdale, AZ 85250	8,624.70
04/01/15	4410	9521 E Posada Ave	Mesa, AZ 85212	120,000.00
04/01/15	4410	9521 E Posada Ave	Mesa, AZ 85212	4,096.29
04/08/15	4035	23949 W Hadley St	Buckeye, AZ 85326	48,537.08
04/15/15	4352	3154 W Foothill Dr	Phoenix, AZ 85027	100,000.00
04/15/15	4352	3154 W Foothill Dr	Phoenix, AZ 85027	32,332.52
05/01/15	4229	436 N 159th Ave	Goodyear, AZ 85338	140,000.00
05/01/15	4229	436 N 159th Ave	Goodyear, AZ 85338	51,882.91
05/15/15	4322	3354 W Monona Dr	Phoenix, AZ 85027	80,000.00
05/15/15	4322	3354 W Monona Dr	Phoenix, AZ 85027	7,917.44
05/27/15	4438	6346 W Valencia Dr	Laveen, AZ 85339	87,823.21
05/28/15	4069	3333 W Apollo Rd	Phoenix, AZ 85041	100,000.00
05/28/15	4069	3333 W Apollo Rd	Phoenix, AZ 85041	40,000.00
05/28/15	4069	3333 W Apollo Rd	Phoenix, AZ 85041	12,879.27
05/29/15	4109	12827 W Desert Mirage Dr	Peoria, AZ 85383	130,000.00
05/29/15	4109	12827 W Desert Mirage Dr	Peoria, AZ 85383	68,254.24
05/29/15	4109	12827 W Desert Mirage Dr	Peoria, AZ 85383	26,707.15
05/29/15	4422	8224 S 74th Ave	Laveen, AZ 85339	92,551.37
05/29/15	4508	11530 W Flores Dr	El Mirage, AZ 85335	79,053.14
06/01/15	4637	8742 W Pioneer St	Tolleson, AZ 85353	92,956.23
06/02/15	3977	7771 W Marlette Ave	Glendale, AZ 85303	120,000.00
06/02/15	3977	7771 W Marlette Ave	Glendale, AZ 85303	46,867.99
06/02/15	3977	7771 W Marlette Ave	Glendale, AZ 85303	4,828.34
06/10/15	4540	839 S Chatsworth Cir	Mesa, AZ 85208	99,262.30
06/17/15	Workout	Principal Payment		(86,000.00)
06/26/15	3957	1500 N Markdale #1	Mesa, AZ 85201	120,000.00
06/26/15	3957	1500 N Markdale #1	Mesa, AZ 85201	70,000.00
06/26/15	3957	1500 N Markdale #1	Mesa, AZ 85201	28,296.67
06/26/15	4116	6332 W Sonora St	Phoenix, AZ 85043	60,000.00

Simon Consulting, LLC
Arizona Corporation Commission v. DenSco Investment Corporation

DenSco Investment Corporation
\$5 Million Workout Loan - As of 07/28/16 (Date of Denny Chittick's Death)

Loan Date	Loan No.	Property Address	City, Zip	Loan Amount
06/26/15	4116	6332 W Sonora St	Phoenix, AZ 85043	33,689.72
06/30/15	4308	711 E Potter Dr	Phoenix, AZ 85024	130,000.00
06/30/15	4308	711 E Potter Dr	Phoenix, AZ 85024	62,670.91
07/15/15	3998	2367 E Balsam Dr	Chandler, AZ 85286	230,000.00
07/15/15	3998	2367 E Balsam Dr	Chandler, AZ 85286	103,078.80
07/15/15	3998	2367 E Balsam Dr	Chandler, AZ 85286	2,820.14
07/15/15	3998	2367 E Balsam Dr	Chandler, AZ 85286	7,179.86
07/15/15	3998	2367 E Balsam Dr	Chandler, AZ 85286	24,977.14
07/16/15	4500	10025 W Williams St	Tolleson, AZ 85353	82,401.40
07/30/15	3959	5420 W Sunnyside Dr	Glendale, AZ 85304	100,000.00
07/30/15	3959	5420 W Sunnyside Dr	Glendale, AZ 85304	19,606.50
08/11/15	4343	23827 W Gibson Ln	Buckeye, AZ 85326	110,000.00
08/11/15	4343	23827 W Gibson Ln	Buckeye, AZ 85326	40,000.00
08/11/15	4343	23827 W Gibson Ln	Buckeye, AZ 85326	8,056.39
08/18/15	4093	2360 E Carmel Ave	Mesa, AZ 85204	90,000.00
08/18/15	4093	2360 E Carmel Ave	Mesa, AZ 85204	30,104.35
09/08/15	Workout	Principal Payment		(80,000.00)
09/14/15	Workout	Principal Payment		(100,000.00)
09/17/15	Workout	Principal Payment		(2,400.00)
09/21/15	Workout	Principal Payment		(100,000.00)
09/21/15	Workout	Principal Payment		(1,800.00)
09/28/15	Workout	Principal Payment		(100,000.00)
10/05/15	Workout	Principal Payment		(50,000.00)
				<u>13,656,807.24</u>

Transactions Excluded from Calculation:

03/06/14	Workout	Clark Hill, PLC	38,224.00
04/15/14	Workout	Clark Hill, PLC	30,266.00
05/15/14	Workout	Clark Hill, PLC	11,510.00
12/31/15	Workout	Interest income reallocated to principal	(400,000.00)
			Subtotal: (320,000.00)
			Adjusted Total: 13,336,807.24
			\$5 Million Workout Loan Balance Per QB: 13,336,807.24
			Difference: -

Appendix B

Simon Consulting, LLC
Arizona Corporation Commission v. DenSco Investment Corporation

DenSco Investment Corporation

\$1 Million Workout Loan - As of 07/28/16 (Date of Denny Chittick's Death)

Loan Date	Loan No.	Property Address	City, Zip	Loan Amount
12/13/13	4584	11509 E Pratt Ave	Mesa, 85212	90,000.00
12/27/13	4545	3150 E Beardsley Rd #1030	Phoenix, 85050	59,332.07
01/02/14	4233	1262 E Clifton Ave	Gilbert, 85295	121,866.92
01/02/14	4626	12614 N 62nd Street	Scottsdale, 85254	149,641.24
01/15/14	4532	516 W Dublin St	Chandler, 85225	57,589.04
01/16/14	4513	16010 N 170th Ln	Surprise, 85388	66,798.72
01/16/14	4516	18425 N 56th Lane	Glendale, 85308	57,724.34
01/16/14	4524	23687 W Wayland Dr	Buckeye, 85326	51,057.68
01/17/14	4573	11634 W Adams St	Avondale, 85323	54,718.72
01/17/14	4574	25863 W St James Ave	Buckeye, 85326	44,801.81
01/17/14	4611	14904 W Port Royale Ln	Surprise, 85379	62,346.80
01/17/14	4628	7752 E Obispo Ave	Mesa, 85212	99,290.55
04/29/14	4307	2681 S Palm St	Gilbert, 85295	34,836.09
04/30/14	4729	8742 W Grovers Ave	Peoria, 85345	52,528.57

TOTAL: 1,002,532.55

Appendix C

Simon Consulting, LLC
Arizona Corporation Commission v. DenSco Investment Corporation

DenSco Investment Corporation

Non-Workout Loans to Yomtov Scott Menaged, et al. - As of 07/28/16 (Date of Denny Chittick's Death)

Loan Date	Loan No.	Property Address	City, Zip	Loan Amount
08/14/13	4523-1	10125 E Lobo Ave	Mesa, 85209	160,000.00
01/22/14	4523-2	10125 E Lobo Ave	Mesa, 85209	50,000.00
05/20/16	8005	6013 E Egret St	Cave Creek, 85331	200,200.00
05/23/16	8008	14883 W Bloomfield Rd	Surprise, 85375	201,300.00
05/25/16	8016	9343 E Bahia Dr	Scottsdale, 85260	1,556,800.00
05/26/16	8017	9029 E McDowell Rd	Mesa, 85207	589,500.00
05/26/16	8018	25173 N 73rd Lane	Peoria, 85382	407,800.00
05/26/16	8019	5710 W Desperado Way	Phoenix, 85083	488,400.00
05/27/16	8021	7431 E Nora St	Mesa, 85207	268,500.00
05/27/16	8022	13834 N Burning Tree Pl	Phoenix, 85022	237,400.00
05/27/16	8023	10418 E Champagne Dr	Sun Lakes, 85248	271,100.00
05/27/16	8025	4106 W Saint Kateri Rd	Phoenix, 85041	234,400.00
05/31/16	8026	14850 W Robson Cir N	Goodyear, 85395	348,500.00
05/31/16	8027	4377 N 157th Lane	Goodyear, 85395	386,900.00
05/31/16	8028	11329 S Orion Dr	Goodyear, 85338	412,300.00
05/31/16	8029	914 W Whitten St	Chandler, 85225	399,100.00
05/31/16	8030	5922 W Gail Dr	Chandler, 85226	278,300.00
06/01/16	8032	9904 E Keats Ave	Mesa, 85209	251,800.00
06/01/16	8034	851 E Aberdeen Dr	Gilbert, 85298	243,100.00
06/01/16	8035	1610 W Joan de Arc Ave	Phoenix, 85029	149,300.00
06/01/16	8036	7140 E Medina Ave	Mesa, 85209	296,500.00
06/02/16	8039	7531 N Silvercrest Way	Paradise Valley, 85253	1,554,300.00
06/03/16	8040	2320 E Avenida Del Sol	Phoenix, 85024	302,500.00
06/03/16	8041	13300 E Via Linda #2056	Scottsdale, 85259	346,800.00
06/03/16	8042	13503 E Charter Oak Dr	Scottsdale, 85259	349,500.00
06/06/16	8044	6615 W Via Dona Rd	Phoenix, 85083	328,400.00
06/06/16	8045	9267 E Desert Arroyos	Scottsdale, 85255	751,800.00
06/06/16	8046	1134 W Mulberry Dr	Chandler, 85286	319,600.00
06/06/16	8047	15126 W Rounder Dr	Surprise, 85374	277,500.00
06/07/16	8048	4808 N 24th Street #421	Phoenix, 85016	305,100.00
06/07/16	8049	2513 E Mescal St	Phoenix, 85028	294,400.00
06/07/16	8050	8845 N 4th Street	Phoenix, 85020	259,400.00
06/07/16	8051	3029 W Marconi Ave	Phoenix, 85053	178,500.00
06/07/16	8052	1126 E Utopia Rd	Phoenix, 85024	149,100.00
06/07/16	8053	3901 W Angela Dr	Glendale, 85308	178,100.00
06/08/16	8054	14749 W Lucas Ln	Surprise, 85374	169,100.00
06/08/16	8055	4780 W Piute Ave	Glendale, 85308	198,300.00
06/08/16	8056	14414 N Centruy Dr	Fountain Hills, 85268	298,500.00
06/08/16	8057	3830 W Laredo St	Chandler, 85226	187,400.00
06/08/16	8058	225 W Denton Ln	Phoenix, 85013	213,800.00
06/08/16	8059	43629 N 20th Street	New River, 85087	354,400.00
06/09/16	8060	45905 N 33rd Avenue	New River, 85087	241,100.00
06/09/16	8061	12696 N 77th Avenue	Peoria, 85382	284,500.00
06/09/16	8062	6112 N 31st Court	Phoenix, 85016	634,200.00
06/09/16	8063	4150 W Willow Ave	Phoenix, 85029	179,800.00
06/09/16	8064	8108 N 33rd Drive	Phoenix, 85051	170,700.00
06/10/16	8065	2854 E Baars Crt	Gilbert, 85297	315,800.00
06/10/16	8066	10586 E Morning Star Dr	Scottsdale, 85255	309,400.00
06/10/16	8067	640 E Bird Ln	Litchfield Park, 85340	299,700.00
06/10/16	8068	7542 E Glenn Moore Rd	Scottsdale, 85255	409,500.00
06/10/16	8069	11509 E Rambelwood Ave	Mesa, 85212	257,400.00
06/13/16	8071	19713 N Rim Rd	Surprise, 85374	297,300.00

Simon Consulting, LLC
Arizona Corporation Commission v. DenSco Investment Corporation

DenSco Investment Corporation

Non-Workout Loans to Yomtov Scott Menaged, et al. - As of 07/28/16 (Date of Denny Chittick's Death)

Loan Date	Loan No.	Property Address	City, Zip	Loan Amount
06/13/16	8072	11843 N 151st Drive	Surprise, 85379	264,100.00
06/13/16	8073	3221 E Campbell Rd	Gilbert, 85234	256,700.00
06/13/16	8074	28318 N 246th Drive	Wittmann, 85361	213,200.00
06/13/16	8075	2127 N 124th Drive	Avondale, 85323	246,800.00
06/13/16	8076	1334 W Sunset Crt	Gilbert, 85233	223,100.00
06/14/16	8077	15023 N Escondido Dr	Fountain Hills, 85268	389,700.00
06/14/16	8078	6021 E Sweetwater Ave	Scottsdale, 85254	364,200.00
06/14/16	8079	7130 W Softwind Dr	Peoria, 85383	471,100.00
06/14/16	8080	16421 S 17th Drive	Phoenix, 85045	254,700.00
06/14/16	8081	2343 W Port Au Prince Ln	Phoenix, 85023	163,800.00
06/15/16	8084	4561 S Ranger Crt	Gilbert, 85297	347,900.00
06/15/16	8085	6436 S 23rd Avenue	Phoenix, 85041	181,600.00
06/15/16	8086	375 E Sagebrush St	Gilbert, 85296	280,100.00
06/15/16	8087	1951 E Ivy St	Mesa, 85203	178,300.00
06/15/16	8088	6932 E Loma Land Dr	Scottsdale, 85257	246,500.00
06/15/16	8089	1843 E Donner Dr	Phoenix, 85042	175,100.00
06/16/16	8090	7712 N Moonlight LN	Paradise Valley, 85253	1,661,200.00
06/17/16	8091	2733 W Ocaso Cir	Mesa, 85202	200,900.00
06/17/16	8092	7164 W Planada Ln	Glendale, 85310	370,100.00
06/17/16	8093	21083 W Wycliff Crt	Buckeye, 85326	253,300.00
06/17/16	8094	14342 W Evans Dr	Surprise, 85379	249,700.00
06/17/16	8095	10301 N 70th Street #234	Paradise Valley, 85253	113,800.00
06/17/16	8096	9035 E Oro Ave	Mesa, 85212	251,200.00
06/20/16	8097	28566 N 124th Drive	Peoria, 85383	418,800.00
06/20/16	8098	700 N Dobson RD #52	Chandler, 85224	411,200.00
06/20/16	8099	12805 W Redondo Dr	Litchfield Park, 85340	179,600.00
06/20/16	8100	2113 N 119th Drive	Avondale, 85323	174,500.00
06/20/16	8101	9225 S Leilan Ln	Phoenix, 85041	221,300.00
06/20/16	8102	2131 W Vineyard Rd	Phoenix, 85041	176,800.00
06/21/16	8103	3541 W Vogel Ave	Phoenix, 85051	141,800.00
06/21/16	8104	6313 N 40th Drive	Phoenix, 85019	136,800.00
06/21/16	8105	7960 E Hanover Way	Scottsdale, 85255	1,113,600.00
06/21/16	8106	5109 W Mercer Ln	Glendale, 85304	153,700.00
TOTAL:				28,332,300.00

From: SMENA98754@AOL.COM
Subject: Re: Cashiers check on pleasent
Date: February 6, 2014 at 10:52 AM
To: veronicagutierrez@live.com, dcmoney@yahoo.com

Davis
EXH. NO. 542
11-11-18
Kelly S. Oglesby CR 50178

DIC0052993

Thank you

In a message dated 2/6/2014 10:50:25 A.M. US Mountain Standard Time, veronicagutierrez@live.com writes:



Sent from my iPhone

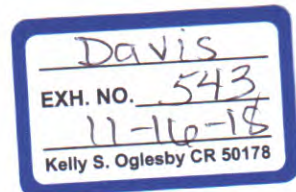
DIC0052994

From: **Scott Menaged** smena98754@aol.com

Subject:

Date: February 9, 2015 at 6:02 PM

To: Denny dcmoney@yahoo.com, Veronica Gutierrez veronicagutierrez@live.com



... laws of a specific state will consider these funds to be "abandoned" if the Cashier's Check is not cashed by a certain time

- Please cash/deposit this Cashier's Check as soon as possible to prevent this from occurring
- In most cases, the funds will be considered "abandoned" before the "Void After" Date
- * Placing a Stop Payment on a Cashier's Check
 - Stop Payment can only be placed if the Cashier's Check is lost, stolen, or destroyed
 - We may not re-issue or refund the funds after the stop payment has been placed until 90 days after the original check was issued
- * Please visit a Chase branch to report a lost, stolen, or destroyed Cashier's Check or for any other information about this item

FOR YOUR PROTECTION SAVE THIS COPY
CASHIER'S CHECK

Customer Copy
9018123445
02/09/2015
Void after 7 years

Remitter: ARIZONA HOME FORECLOSURES, LLC

Pay To The Order Of: DAVID W. COWLES, TRUSTEE
DENSCO PAYMENT 3449 E ISAIAH AVE

Drawer: JPMORGAN CHASE BANK, N.A.
NON NEGOTIABLE

282111107 NEW 01/08 881

CHASE **CASHIER'S CHECK** **9018123445** **91-122**
Date 02/09/2015 Void after 7 years

Remitter: ARIZONA HOME FORECLOSURES, LLC

Pay To The Order Of: DAVID W. COWLES, TRUSTEE
DENSCO PAYMENT 3449 E ISAIAH AVE

FOUR HUNDRED SIXTY TWO THOUSAND TWO HUNDRED NINE DOLLARS AND 00 CENTS **\$** 462,209.00 ****

Do not write outside this box

Drawer: JPMORGAN CHASE BANK, N.A.
Paula...

DIC0037682

Check is not cashed by a certain time
- Please cash/deposit this Cashier's Check as soon as possible to prevent this from occurring
- In most cases, the funds will be considered "abandoned" before the "Void After" Date
* Placing a Stop Payment on a Cashier's Check
- Stop Payment can only be placed if the Cashier's Check is lost, stolen, or destroyed
- We may not re-issue or refund the funds after the stop payment has been placed until 90 days after the original check was issued
* Please visit a Chase branch to report a lost, stolen, or destroyed Cashier's Check or for any other information about this item

FOR YOUR PROTECTION SAVE THIS COPY
CASHIER'S CHECK

Customer Copy
9018123446

02/09/2015
Void after 7 years

Remitter: ARIZONA HOME FORECLOSURES, LLC

Pay To The Order Of: DAVID W. COWLES, TRUSTEE
DENSCO PAYMENT 6888 W DALE LN.

\$ 243,909.00 ****

Drawer: JPMORGAN CHASE BANK, N.A.
NON NEGOTIABLE

CHASE

CASHIER'S CHECK

Remitter: ARIZONA HOME FORECLOSURES, LLC

Date: 02/09/2015

Pay To The Order Of: DAVID W. COWLES, TRUSTEE
DENSCO PAYMENT 6888 W DALE LN.

TWO HUNDRED FORTY THREE THOUSAND NINE HUNDRED NINE DOLLARS AND 00 CENTS

\$ 243,909.00 ***

Drawer: JPMORGAN CHASE BANK, N.A.
Paulahey
Senior Vice President

For information only. Comment has no effect on bank's payment.

JPMorgan Chase Bank, N.A.
Phoenix, AZ

⑆9018123446⑆ 1222100024⑆ 758661409⑆

- ... will consider these funds to be "abandoned"
- Please cash/deposit this Cashier's Check as soon as possible to prevent this from occurring
 - In most cases, the funds will be considered "abandoned" before the "Void After" Date
 - * Placing a Stop Payment on a Cashier's Check
 - Stop Payment can only be placed if the Cashier's Check is lost, stolen, or destroyed
 - We may not re-issue or refund the funds after the stop payment has been placed until 90 days after the original check was issued
 - * Please visit a Chase branch to report a lost, stolen, or destroyed Cashier's Check or for any other information about this item

FOR YOUR PROTECTION SAVE THIS COPY
CASHIER'S CHECK

Customer Copy
9018123447

02/09/2015
Void after 7 years

Remitter: ARIZONA HOME FORECLOSURES, LLC

To The Order Of: QUALITY LOAN SERVICING
DENSCO PAYMENT 2664 E MINTON ST.

\$** 208,613.00 **

For information only. Comment has no effect on bank's payment.

Drawer: JPMORGAN CHASE BANK, N.A.
NON NEGOTIABLE

UP TO THE LIGHT TO VIEW TRUE WATERMARK
ASE

CASHIER'S CHECK

Date 02/09/2015

9018123447
Void after 7 years

Remitter: ARIZONA HOME FORECLOSURES, LLC

he QUALITY LOAN SERVICING
DENSCO PAYMENT 2664 E MINTON ST.

HUNDRED EIGHT THOUSAND SIX HUNDRED
TEEN DOLLARS AND 00 CENTS

\$** 208,613.00 **

Do not write outside this box

Drawer: JPMORGAN CHASE BANK, N.A.

only. Comment has no effect on bank's payment.

Senior Vice President
JPMorgan Chase Bank, N.A.
Phoenix, AZ

181234470 122100031 25855105

- Cashier's Check as soon as possible to
- In most cases, the funds will be considered "abandoned" before the "Void After" Date
 - * Placing a Stop Payment on a Cashier's Check
 - Stop Payment can only be placed if the Cashier's Check is lost, stolen, or destroyed
 - We may not re-issue or refund the funds after the stop payment has been placed until 90 days after the original check was issued
 - * Please visit a Chase branch to report a lost, stolen, or destroyed Cashier's Check or for any other information about this item

FOR YOUR PROTECTION SAVE THIS COPY

CASHIER'S CHECK

Customer Copy
9018123448

02/09/2015
Void after 7 years

Remitter: ARIZONA HOME FORECLOSURES, LLC

Pay To The Order Of: DAVID W. COWLES, TRUSTEE
DENSCO PAYMENT 9637 W MISSION LN.

\$** 153,109.00 **

For information only. Comment has no effect on bank's payment.

Drawer: JPMORGAN CHASE BANK, N.A.
NON NEGOTIABLE

UP TO THE LIGHT TO VIEW TRUE WATERMARK

ASE

CASHIER'S CHECK

282111107 NEW 01/08 B

9018123448 91
12

Date 02/09/2015
Void after 7 years

Remitter: ARIZONA HOME FORECLOSURES, LLC

The DAVID W. COWLES, TRUSTEE
DENSCO PAYMENT 9637 W MISSION LN.

ONE HUNDRED FIFTY THREE THOUSAND ONE HUNDRED
DOLLARS AND 00 CENTS

\$** 153,109.00 **

Do not write outside this box

Drawer: JPMORGAN CHASE BANK, N.A.
Paula

ion only. Comment has no effect on bank's payment.

Senior Vice President
JPMorgan Chase Bank, N.A.
Phoenix, AZ



0181234481 1221000241 7586614091

- Please cash/deposit this Cashier's Check as soon as possible to prevent this from occurring
- In most cases, the funds will be considered "abandoned" before the "Void After" Date
- * Placing a Stop Payment on a Cashier's Check
- Stop Payment can only be placed if the Cashier's Check is lost, stolen, or destroyed
- We may not re-issue or refund the funds after the stop payment has been placed until 90 days after the original check was issued
- * Please visit a Chase branch to report a lost, stolen, or destroyed Cashier's Check or for any other information about this item

FOR YOUR PROTECTION SAVE THIS COPY
CASHIER'S CHECK

Customer Copy

9018123449

02/09/2015

Void after 7 years

Remitter: ARIZONA HOME FORECLOSURES, LLC

The
Of: QUALITY LOAN SERVICING
DENSCO PAYMENT 4404W CHAMA DR.

\$** 293,113.00 **

information only. Comment has no effect on bank's payment

Drawer: JPMORGAN CHASE BANK, N.A.
NON NEGOTIABLE

DIC0037686

From: SMENA98754@AOL.COM
Subject: Re: Document Delivery Notice - Order #C1500795 Ref 1: Arizona Home Foreclosu...
Date: February 9, 2015 at 5:13 PM
To: Dawn.Woods@ctt.com
Cc: Valerie@GSREInc.com, veronicacastro@live.com

You can send someone tomorrow at 11AM

FURNITURE KING
7320 W BELL RD
GLENDALE, AZ 85308
480-261-7385

In a message dated 2/9/2015 5:11:05 P.M. US Mountain Standard Time, Dawn.Woods@ctt.com writes:

Scott,

I am sorry the seller docs require a notary. I cannot just send them out. We require a Chicago Title approve Notary. I would be happy to send one of our notaries to you?

Just let me know when and where.

Dawn Woods

AVP / Branch Manager

Chicago Title Agency

6710 N. Scottsdale Road, Suite 100B

Scottsdale, AZ 85253

480-675-4985(Direct)

480-998-9298(Office)

480-998-9307 (Fax)



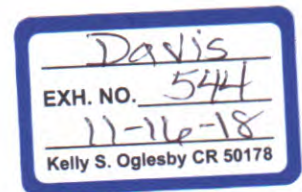
From: SMena98754@aol.com [mailto:SMena98754@aol.com]
Sent: Monday, February 09, 2015 5:08 PM
To: Woods, Dawn
Subject: Re: Document Delivery Notice - Order #C1500795 Ref 1: Arizona Home Foreclosu...

No, Please send me Docs and I will let you know when they are ready for pick up tomorrow

In a message dated 2/9/2015 5:01:32 P.M. US Mountain Standard Time, Dawn.Woods@ctt.com writes:

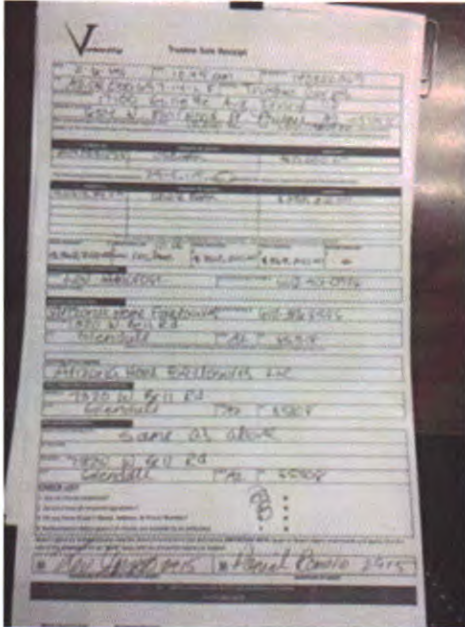
DIC0037687

From: SMENA98754@AOL.COM
Subject: Re: Receipt on Muirwood dr
Date: February 9, 2015 at 2:01 PM
To: veronicagutierrez@live.com, dcmoney@yahoo.com



Thanks

In a message dated 2/9/2015 1:47:02 P.M. US Mountain Standard Time, veronicagutierrez@live.com writes:



Sent from my iPhone

DIC0037694

DIC0037695

DIC0037696

DIC0037697

In a message dated 2/9/2015 12:31:26 P.M. US Mountain Standard Time, veronicagutierrez@live.com writes:

[illegible]

Sent from my iPhone

DIC0037698

From: SMENA98754@AOL.COM
Subject: today - we are done bidding
Date: February 9, 2015 at 11:52 AM
To: dcmoney@yahoo.com, veronicacastro@live.com

3449 E ISALAH AVE - 472,200.00 REC 20140741103

6888 W DALE LANE - 253,900.00 REC 20140741092

2664 E MINTON ST - 218,600.00 REC 20140740806

9637 W MISSION LANE - 163,100.00 REC 20140741094

4404 W CHAMA DR - 303,100.00 REC 20140738922

13300 E VIA LINDA #1015 - 384,700.00 REC 20130010802

DIC0037699

Davis
EXH. NO. 545
11-16-18
Kelly S. Oglesby CR 50178

November 3, 2014

DENSCO INVESTMENT CORPORATION
6132 W VICTORIA PL
CHANDLER, AZ 85226

Re: Account Number: XXXXXX 7509
Account Name: DENSCO INVESTMENT CORPORATION

Dear Customer:

We are writing to advise you that the above referenced savings or checking account will be restricted from all debits and credits in 21 calendar days and closed 30 calendar days from the date of this notice. If the account is a Certificate of Deposit (CD) or other time-deposit account, it will be closed at maturity. In accordance with the provisions of our Deposit Agreement and disclosures provided to you at the time your account was opened, either the bank or the customer may close the account at any time.

We are notifying you in advance so that you have an opportunity to make other banking arrangements. If you prefer, you may close your account at any time prior to the restriction date. For CD or Time Deposit accounts early withdrawal penalties may be assessed if closed prior to maturity.

Please be advised of the following:

- We recommend that you make other banking arrangements for the handling of any automatic transactions, electronic transactions, or both in order to help avoid fees.
- Please do not continue to write checks on the account or make additional deposits. Any checks presented for payment after the restriction date will be returned unpaid. Your debit card will no longer access the account once the account is closed.
- If your account is overdrawn or becomes overdrawn, a deposit of cash must be made to bring the account to a zero balance. If the account remains in a negative balance, we may report the account to the following reporting agencies, Chex Systems, Inc., Early Warning Services, LLC, or both. This may adversely impact your ability to open an account at another financial institution for up to seven years.
- We will send you a cashier's check for the account balance once the account is closed; the check will be mailed to the address that we have on file for you.
 - If the account is an interest bearing savings account or other interest bearing account, interest accrued as of the date of closure will be included in the amount of the check.

If you have other accounts with us, you may receive a separate letter from us regarding those accounts.

Please call us toll-free at 1.855.241.4049 Monday through Friday from 8 a.m. to 5 p.m. Eastern, if you have any questions regarding this matter.

Sincerely,

Closure Unit
Bank of America

♻️ Recycle Paper

Bank of America

D149685
#8604

November 3, 2014

DENSCO INVESTMENT CORPORATION
6132 W VICTORIA PL
CHANDLER, AZ 85226

Re: Account Number: XXXXXX 8555
Account Name: DENSCO INVESTMENT CORPORATION

Dear Customer:

We are writing to advise you that the above referenced savings or checking account will be restricted from all debits and credits in 21 calendar days and closed 30 calendar days from the date of this notice. If the account is a Certificate of Deposit (CD) or other time-deposit account, it will be closed at maturity. In accordance with the provisions of our Deposit Agreement and disclosures provided to you at the time your account was opened, either the bank or the customer may close the account at any time.

We are notifying you in advance so that you have an opportunity to make other banking arrangements. If you prefer, you may close your account at any time prior to the restriction date. For CD or Time Deposit accounts early withdrawal penalties may be assessed if closed prior to maturity.

Please be advised of the following:

- We recommend that you make other banking arrangements for the handling of any automatic transactions, electronic transactions, or both in order to help avoid fees.
- Please do not continue to write checks on the account or make additional deposits. Any checks presented for payment after the restriction date will be returned unpaid. Your debit card will no longer access the account once the account is closed.
- If your account is overdrawn or becomes overdrawn, a deposit of cash must be made to bring the account to a zero balance. If the account remains in a negative balance, we may report the account to the following reporting agencies, Chex Systems, Inc., Early Warning Services, LLC, or both. This may adversely impact your ability to open an account at another financial institution for up to seven years.

~~We will send you a cashier's check for the account balance once the account is closed; the check will be mailed to the address that we have on file for you.~~

- If the account is an interest bearing savings account or other interest bearing account, interest accrued as of the date of closure will be included in the amount of the check.

If you have other accounts with us, you may receive a separate letter from us regarding those accounts.

Please call us toll-free at 1.855.241.4049 Monday through Friday from 8 a.m. to 5 p.m. Eastern, if you have any questions regarding this matter.

Sincerely,

Closure Unit
Bank of America

♻️ Recycle Paper

Bank of America

D147968
#8604



DENNY J CHITTICK
6132 W VICTORIA PL
CHANDLER, AZ 85226-1278

April 9, 2014

Account number(s) ending in XXXXXXXX8095

Dear DENNY J CHITTICK:

After a careful review of the above referenced account, we have elected to close your account in accordance with the provisions of our Deposit Agreement and Disclosures provided to you at the time your account was opened. Under these terms and conditions, either the bank or the customer may close the account at any time.

Please make other banking arrangements for the handling of any regularly scheduled transactions and do not write any checks.

What you need to know

- Any checks presented for payment will be returned 'Account Closed.'
- If you have a debit card, it will no longer be valid.
- A cashier's check for any funds due to you will be mailed after all deposited items have been verified.
- If your account is overdrawn or becomes overdrawn, a deposit of cash must be made to bring the account to a zero balance.
- We may report the account to ChexSystems, Inc., Early Warning Services, LLC, or both, which are consumer reporting agencies. This may adversely impact your ability to open an account at another financial institution for up to seven years.

Questions?

If you have any questions regarding this matter, please call Risk Identification Support Center Customer Service toll-free at 1.877.240.6886 Option 2, Monday through Friday from 8 a.m. to 9 p.m., or Saturday 9 a.m. to 5 p.m. Eastern to speak with an associate.

Sincerely,

Risk Account Closure Unit

Case Ref#: 46455202

December 4, 2014

DENSCO INVESTMENT CORPORATION
6132 W VICTORIA PL
CHANDLER, AZ 85226

Regarding account number ending in: 8555
Closing balance: 1000.26

Dear , DENSCO INVESTMENT CORPORATION:

We are writing to notify you that we have elected to close your account in accordance with the provisions of our Deposit Agreement and Disclosures provided to you at the time your account was opened. Under these terms and conditions, either the bank or the customer may close the account at any time.

Please be advised of the following:

- Because the account is now closed, any checks presented for payment will be returned "Account Closed".
- Your debit card will no longer access the account.
- If your account becomes overdrawn, a deposit of cash must be made to bring the account to a zero balance. If the account remains in a negative balance we may report the account to the following reporting agencies, Chex Systems, Inc., Early Warning Services, LLC, or both. This may adversely impact your ability to open an account at another financial institution for up to seven years.
- We have enclosed a cashier's check for the positive account balance at the time the account was closed.
 - If the account was an interest bearing account, the check includes interest accrued as of the date of closure.

If you have other accounts with us, you may receive a separate letter from us regarding those accounts.

Please call us toll-free at 1.855.241.4049 Monday through Friday from 8 a.m. to 5 p.m. Eastern, if you have any questions regarding this matter.

Sincerely,

Closure Unit
Bank of America

♻️ Recycle Paper

Bank of America

D147966
#8604

December 11, 2014

DENSCO INVESTMENT CORPORATION
6132 W VICTORIA PL
CHANDLER, AZ 85226

Regarding account number ending in: 7509
Closing balance: 375.00

Dear , DENSCO INVESTMENT CORPORATION:

We are writing to notify you that we have elected to close your account in accordance with the provisions of our Deposit Agreement and Disclosures provided to you at the time your account was opened. Under these terms and conditions, either the bank or the customer may close the account at any time.

Please be advised of the following:

- Because the account is now closed, any checks presented for payment will be returned "Account Closed".
- Your debit card will no longer access the account.
- If your account becomes overdrawn, a deposit of cash must be made to bring the account to a zero balance. If the account remains in a negative balance we may report the account to the following reporting agencies, Chex Systems, Inc., Early Warning Services, LLC, or both. This may adversely impact your ability to open an account at another financial institution for up to seven years.
- We have enclosed a cashier's check for the positive account balance at the time the account was closed.
 - If the account was an interest bearing account, the check includes interest accrued as of the date of closure.

If you have other accounts with us, you may receive a separate letter from us regarding those accounts.

Please call us toll-free at 1.855.241.4049 Monday through Friday from 8 a.m. to 5 p.m. Eastern, if you have any questions regarding this matter.

Sincerely,

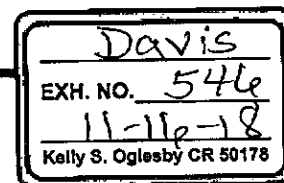
Closure Unit
Bank of America

Recycle Paper

Bank of America

D149683
#8604

From: Denny Chittick <dcmoney@yahoo.com>
Sent: Tuesday, January 21, 2014 1:51 PM
To: Scott Meanged
Subject: Re: dollars



david is beating me up about keepnig it through title for multiple of reasons, he wants us to use multiple escrow co's if that's teh bottle neck.

DenSco Investment Corp
www.denscoinvestment.com
602-469-3001 C
602-532-7737 f

From: Scott Meanged <smena98754@aol.com>
To: Denny Chittick <dcmoney@yahoo.com>
Sent: Tuesday, January 21, 2014 1:47 PM
Subject: Re: dollars

I will keep my fingers crossed! Take about 100k out if there . We bought one for a client and I will send to Debbie to close it. Will be a week close !

Sent from my iPhone

On Jan 21, 2014, at 1:36 PM, Denny Chittick <dcmoney@yahoo.com> wrote:

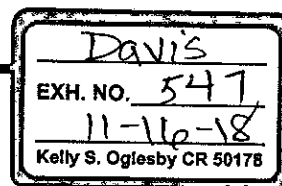
i just added up what i believe is the total owed to
dan's group, \$5.5 mil
i have 2.5 this week. i'll need a lot of payoffs!

DenSco Investment Corp
www.denscoinvestment.com

602-469-3001 C

602-532-7737 f

From: Denny Chittick <dcmoney@yahoo.com>
Sent: Friday, February 07, 2014 5:16 PM
To: Yomtov Menaged
Subject: david



i just spoke to him again. he wanted to re-emphasize the reason why the document is getting longer and looks more complicated is that in his original document, he tried to summarize the situation, that in jeff's eyes was an admittance of guilt, which can't be done on your part.

So to protect me from litigation from my investors, i have to show that i followed my documents and my disclosure to my investors. so he is quoting from my documents, DOT and Note, which he was trying to walk a fine line in the new document which he's sending me soon. so there will be no summary which would show no admittance of guilt on your party nor my willfully violating my described rules of engagement, Thus it is (showing that we both engaged the way we are supposed to, there is a dispute in lien positions, which now we are working out.

hopefully jeff agrees with what dave is trying to do.

i have four ball games for my boys this weekend, which i'm coacing two of them, and on sunday we are having my son's bday party at my house. but please call at any time and ifi don't answer, i'll get back to you quickly.

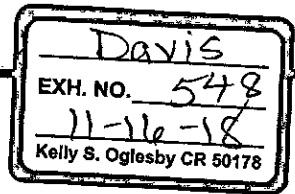
thx

dc

DenSco Investment Corp
www.denscoinvestment.com

(602-469-3001 C
602-532-7737 f

From: Denny Chittick <dcmoney@yahoo.com>
Sent: Tuesday, February 11, 2014 8:57 AM
To: Scott Menaged
Subject: Re:



12%
interest can be paid monthly , quarterly.

however, i 've not taken any new investors, so if i do, i have to disclose a lot to them, which is all about you!

i might have 500k in from someone, know soon.

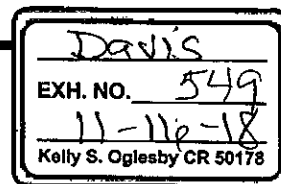
DenSco Investment Corp
www.denscoinvestment.com
602-469-3001 C
602-532-7737 f

From: Scott Menaged <smena98754@aol.com>
To: Denny <dcmoney@yahoo.com>
Sent: Tuesday, February 11, 2014 8:54 AM
Subject:

What are you paying your investors? I have a couple people I can call to see if I can get them to invest with you. They are family and the family rule is we don't so business together to keep everything good! However I know they have funds they have been looking to put somewhere

Sent from my iPhone

From: Denny Chittick <dcmoney@yahoo.com>
Sent: Friday, June 27, 2014 10:04 AM
To: Scott Menaged
Subject: Re:



no, it's my mom's meeting with my other borrowers!

DenSco Investment Corp
www.denscoinvestment.com
602-469-3001 C
602-532-7737 f

From: Scott Menaged <smena98754@aol.com>
To: Denny Chittick <dcmoney@yahoo.com>
Sent: Friday, June 27, 2014 10:01 AM
Subject: Re:

Ok hope you are not meeting with an investor who is looking for the memorandum! Haha

Sent from my iPhone

On Jun 27, 2014, at 9:57 AM, Denny Chittick <dcmoney@yahoo.com> wrote:

i hould be back here by 2pm or so.

DenSco Investment Corp
www.denscoinvestment.com
602-469-3001 C
602-532-7737 f

From: Scott Menaged <smena98754@aol.com>
To: Denny Chittick <dcmoney@yahoo.com>
Sent: Friday, June 27, 2014 9:51 AM
Subject:

What time later will you be available to go over everything for today? I

remember you saying you had somewhere to go today

Sent from my iPhone

From: Denny <dcmoney@yahoo.com>
Sent: Friday, March 13, 2015 8:52 PM
To: Scott Menaged
Subject: Re: How are You?

Davis
EXH. NO. 550
11-11e-18
Kelly S. Oglesby CR 50178

I will be as general as I can, becuz I don't want to get him on a roll

Sent from my iPad

> On Mar 13, 2015, at 8:47 PM, Scott Menaged <smena98754@aol.com> wrote:

>

> Hopefully you can show things in general terms and not specific . He

> will say no but there is no choice right now . Remember if you

> listened to him a year ago we would never be where we are now

>

> Sent from my iPhone

>

>> On Mar 13, 2015, at 8:46 PM, Denny <dcmoney@yahoo.com> wrote:

>>

>> That's what I have to find out is the timing of the need to report

>> and stay in compliance and be able to show something that isn't scary enough To start a stampede on the bank!

>>

>> Sent from my iPad

>>

>>> On Mar 13, 2015, at 8:41 PM, Scott Menaged <smena98754@aol.com> wrote:

>>>

>>> At least if u can delay the reporting a bit more till the deaiership

>>> opens we can make real headway on the workout

>>>

>>> Sent from my iPhone

>>>

>>>> On Mar 13, 2015, at 8:36 PM, Denny <dcmoney@yahoo.com> wrote:

>>>>

>>>> Ah heck they r all union, they r making killer wages!

>>>>

>>>> Sent from my iPad

>>>>

>>>>> On Mar 13, 2015, at 8:33 PM, Scott Menaged <smena98754@aol.com> wrote:

>>>>>

>>>>> They are looking for money here not politeness!

>>>>>

>>>>> Sent from my iPhone

>>>>>

>>>>>> On Mar 13, 2015, at 8:31 PM, Denny <dcmoney@yahoo.com> wrote:

>>>>>>

>>>>>> But the most polite, thanks sweetie!

>>>>>>

>>>>>> Sent from my iPad

>>>>>

>>>>>> On Mar 13, 2015, at 8:28 PM, Scott Menaged <smena98754@aol.com> wrote:

>>>>>>

>>>>>> That's my mom!

>>>>>>

>>>>>> Sent from my iPhone

>>>>>>

>>>>>>> On Mar 13, 2015, at 8:26 PM, Denny <dcmoney@yahoo.com> wrote:

>>>>>>>

>>>>>>> I used to be a bus boy as a teenager little old ladies were the

>>>>>>> most demanding and the worst tippers

>>>>>>>

>>>>>>> Sent from my iPad

>>>>>>>

>>>>>>>> On Mar 13, 2015, at 8:26 PM, Scott Menaged <smena98754@aol.com> wrote:

>>>>>>>>

>>>>>>>> Hahahaha

>>>>>>>>

>>>>>>>> Sent from my iPhone

>>>>>>>>

>>>>>>>>> On Mar 13, 2015, at 8:24 PM, Denny <dcmoney@yahoo.com> wrote:

>>>>>>>>>

>>>>>>>>> She will leave 25 cents on the coffee cup plate after lunch

>>>>>>>>>

>>>>>>>>> Sent from my iPad

>>>>>>>>>

>>>>>>>>>> On Mar 13, 2015, at 8:20 PM, Scott Menaged <smena98754@aol.com> wrote:

>>>>>>>>>>

>>>>>>>>>> My mom just tipped the bell boy 1.00 for 4 bags. I thought he was going to throw the bags out!

>>>>>>>>>>

>>>>>>>>>> Sent from my iPhone

>>>>>>>>>>

>>>>>>>>>>> On Mar 13, 2015, at 8:14 PM, Denny <dcmoney@yahoo.com> wrote:

>>>>>>>>>>>

>>>>>>>>>>>> I have some legal reporting obligations that r the real

>>>>>>>>>>>> rub, I will see what he has to say,

>>>>>>>>>>>>

>>>>>>>>>>>> Sent from my iPad

>>>>>>>>>>>>

>>>>>>>>>>>>> On Mar 13, 2015, at 8:10 PM, Scott Menaged <smena98754@aol.com> wrote:

>>>>>>>>>>>>>

>>>>>>>>>>>>>> He is not going to be happy I don't think but it is what it is and we are doing what we need to so we are out of this.

>>>>>>>>>>>>>>

>>>>>>>>>>>>>>> He probably heard about the dinner and wanted the free

>>>>>>>>>>>>>>> meal hahaha

>>>>>>>>>>>>>>>

>>>>>>>>>>>>>>> Sent from my iPhone

>>>>>>>>>>>>>>>

>>>>>>>>>>>>>>>> On Mar 13, 2015, at 8:08 PM, Denny <dcmoney@yahoo.com> wrote:

>>>>>>>>>>>>>>>>

>>>>>>>>>>>>>>>>> I figure it's a miracle he left me alone this long!

>>>>>>>>>>>>>>>>>>

>>>>>>>>>>>>>>>>

>>>>>>>>>>>>>>>