

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,

vs.

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

Defendants.

NO. CV2017-013832

TRANSCRIPT CONTAINS PORTIONS DESIGNATED CONFIDENTIAL

DEPOSITION OF STEPHEN D. TUTTLE

Phoenix, Arizona
April 12, 2019
1:09 p.m.

REPORTED BY:
KELLY SUE OGLESBY, RPR
Arizona CR No. 50178
Registered Reporting Firm R1012

STEPHEN D. TUTTLE, 4/12/2019

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882	Email from Denny Chittick to R. Brinkman and others dated 9/16/2015 (Bates Nos. CH_REC_CHI_0119454-119455)	84	84
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1 DEPOSITION OF STEPHEN D. TUTTLE, commenced at
2 1:09 p.m. on April 12, 2019, at the law offices of
3 Coppersmith Brockelman, PLC, 2800 North Central Avenue,
4 Suite 1900, Phoenix, Arizona, before KELLY SUE OGLESBY, a
5 Certified Reporter, CR No. 50178, in and for the County of
6 Maricopa, State of Arizona, pursuant to the Rules of Civil
7 Procedure.

8 * * *

9 APPEARANCES

10 FOR PLAINTIFF:

11 OSBORN MALEDON, P.A.
12 BY: MR. GEOFFREY M.T. STURR
13 2929 North Central Avenue
14 21st Floor
15 Phoenix, Arizona 85012-2793
16 gsturr@omlaw.com

17 FOR DEFENDANTS:

18 COPPERSMITH BROCKELMAN, PLC
19 BY: MR. JOHN E. DEWULF
20 2800 North Central Avenue
21 Suite 1900
22 Phoenix, Arizona 85004
23 jdewulf@cblawyers.com
24
25

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Phoenix, Arizona
April 12, 2019
1:09 p.m.

* * *

STEPHEN D. TUTTLE,
called as a witness herein, having been first duly sworn,
was examined and testified as follows:

EXAMINATION

Q. (BY MR. DeWULF) would you please state your
name for the record.

A. Stephen Tuttle. S-t-e-p-h-e-n, middle initial D
as in Dennis, Tuttle, T-u-t-t-l-e.

Q. And off the record you indicated that you would
like to be addressed as Steve --

A. I did.

Q. -- in the deposition.

Have you been deposed before, Steve?

A. I have.

Q. I will go through anyway some of the things to
keep in mind, because it may have been a while and we each
have our own style.

You are under oath to tell the truth today.

You understand that?

A. I do.

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1 Q. So what we all talk about on the record today is
2 typed down by Kelly, the court reporter --

3 A. Okay.

4 Q. -- and can be used in court proceedings.

5 Do you understand that?

6 A. I do.

7 Q. My goal is to get information from you in
8 connection with you being an investor with DenSco. And
9 I'm going to try and make my questions easily understood
10 for you, but if they are not easily understood, would you
11 tell me?

12 A. I will.

13 Q. And I will rephrase. Okay?

14 Now, if you answer the question I asked you,
15 I'll assume you understood the question I asked you.

16 Is that fair?

17 A. That's fair.

18 Q. All right. Now, I think you know these things
19 already. I'm just sensing, how you are answering
20 questions, but your answers will need to be verbal as
21 opposed to uh-huh, uh-uh, so they need to be words so she
22 can type them down, and they need to be audible so she can
23 hear them. And we will need to extend the courtesy to one
24 another to allow the other to complete speaking before the
25 other speaks, because it's very difficult to type two

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1 people speaking at the same time.

2 Is that understood?

3 A. Understood.

4 Q. Okay. So let me go through some background
5 information with you briefly. I have looked at some of
6 your bio information, and hopefully I can do this
7 efficiently.

8 You graduated from the University of Arizona,
9 correct?

10 A. Yes, sir.

11 Q. Political science?

12 A. Yes, sir.

13 Q. What year did you graduate?

14 A. '87.

15 Q. What year were you born?

16 A. '65.

17 Q. And I've seen, obviously, references to TASER.

18 Can you tell us how long you were with TASER and
19 what responsibilities you held there?

20 A. I have been with TASER as a founding member, as
21 one of the original five startup team members. My title
22 was director of government affairs, and it morphed into
23 law enforcement training, as well as communications and I
24 was the spokesman for the last 24 years. And since
25 September, my title is now Principal, TASER Conducted

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1 Electrical weapons. So over the years, I have been with
2 the company really since its inception.

3 Q. Explain again what you are doing currently for
4 them?

5 A. I am the principal, which is a misunderstood
6 word for me. I really don't know what the role is, to be
7 honest with you, but --

8 Q. Geoff and I have been doing this for years and
9 we still don't know how to describe what we do.

10 A. I consider it an avuncular role. That doesn't
11 sound very technical, but with the growth that we have had
12 to almost 1400 employees, my role is to guide the new
13 employees on the DNA of what made us successful. At the
14 same time, I've got the most experience with the TASER
15 side of the house of business, so I guide new employees as
16 well as seasoned employees, as I am an expert in risk
17 management, in law enforcement relations, as well as
18 crisis management for the company.

19 Q. I see. So a lot of what you are doing is
20 perpetuating the culture or maintaining the culture of the
21 company?

22 A. Maintaining the culture as well as product
23 knowledge and tribal knowledge, if that's still -- we can
24 still say it today, but the tribal knowledge is deep and
25 is required to do the job properly, and with so many new

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1 employees, they just don't have the seasoning, and I do.

2 Q. Where did you grow up?

3 A. Here. I'm a native.

4 Q. Where did you go to high school?

5 A. Independence High School in Glendale.

6 Q. So I have also seen a reference to an entity
7 called Axon, A-x-o-n, in your resumé. And is that related
8 to TASER in some way?

9 A. It is. We changed our company name almost two
10 years to the date.

11 Q. Okay. So TASER is now known as Axon?

12 A. Correct.

13 Q. What did you do prior to founding TASER?

14 A. I worked as a defense contractor, working in the
15 embassy in Tokyo and also near the Pentagon, doing Mark 46
16 torpedo sales and working with the various military
17 branches and contractors.

18 Prior to that I worked for Senator Slade,
19 S-l-a-d-e, Gorton, G-o-r-t-o-n, from Washington State, on
20 Capitol Hill as a legislative assistant.

21 Before that was working at the National
22 Television Broadcasting Association, and part of that,
23 working at National Federation of Independent Business.

24 Q. All right. Where do you currently reside,
25 Steve?

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1 A. In Scottsdale.

2 Q. Are you still in the same subdivision that you
3 lived -- well, I'm sorry.

4 without giving me the specific address, what
5 area of Scottsdale, generally?

6 A. The airport.

7 Q. Okay. Do you remember when you first met Denny
8 Chittick?

9 A. I would guess around 1995 would be the earliest
10 date I would have met him.

11 Q. Do you remember the circumstances?

12 A. Yes. I went down to Insight, which was a
13 business that we were working with in getting their
14 guidance on how to do a startup for the company. I went
15 down to the Tempe offices and had met him in his role
16 doing financial aspects for the company, but he was also
17 among the Tim and Eric Crown that guided us, because we
18 had a very similar startup. We had two brothers that
19 started TASER. Two brothers started Insight, and they had
20 some high-level guys, myself, kind of an equivalent to the
21 level of what Denny was at a high level for the company.

22 Q. What involvement did Denny Chittick have with
23 respect to either advising you or mentoring you or
24 consulting with you regarding TASER's startup?

25 A. With him, mostly it was running a tight ship.

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1 He was known to be, quote, tight as a banjo string, end
2 quote. He was pretty rough on us in terms of making sure
3 that we followed through with dates and deliveries and
4 follow through. He was very pragmatic when I met him at
5 first, and he seemed to be a no-nonsense guy.

6 Q. That phrase, "tight as a banjo string," did that
7 relate to his organizational ability? Did it relate to
8 his approach to money? How did you understand that to
9 mean?

10 A. At that time I really didn't know him as a
11 personal friend. I just knew him through the business,
12 and I saw how tight he was with the reins on running the
13 business at Insight, and that there was really no
14 loosey-goosey side of the business with him, and at the
15 time he just seemed to be all business when I met him.

16 Q. Did you at some point develop a friendship with
17 him?

18 A. I did, but it took a while.

19 Q. When do you think you would have gained,
20 developed a friendship with Denny Chittick?

21 A. Probably in the early 2000 period. We had met
22 at social events. We both attended entrepreneurial award
23 nights and things like that, but when we began talking
24 about investing with DenSco, he approached me as a
25 colleague, and I got to know him more as a person at that

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1 point.

2 Q. So you said you first met, you believe, in 1995,
3 and maybe --

4 A. Yeah.

5 Q. -- developed a friendship in the early 2000s.
6 Is that right?

7 A. Yeah, about 2002-ish, 2001. And then 2003, I
8 think, is when I began investing with him.

9 Q. Yeah. We are going to look at that in a moment.
10 So before you became friends, you would have
11 been business acquaintances?

12 A. Strictly business acquaintances.

13 Q. Did he stay engaged, "he" being Denny Chittick,
14 engaged in helping with TASER's foundation and creation of
15 the business after he initially met with you?

16 A. Yes, in that Insight did our fulfillment. And
17 that's a fancy word. They did a lot of our shipping
18 processes; they would loan us equipment, from laptops;
19 they would help secure contracts with FedEx and UPS and
20 Sprint. So I knew that he was fairly instrumental in
21 helping us get good business contacts as a startup,
22 without us having to reinvent the wheel and create new
23 relationships.

24 Q. What led to you becoming an investor?

25 A. He approached me and said I had a business -- or

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1 he had a business proposal that would provide a 10 or
2 12 percent return. It seemed to be a lending opportunity
3 for housing, and there was minimal risk, because he used
4 the term "I hold the paper for homes in places to be
5 refurbished."

6 And it literally was described to me as a
7 hard-money lender, which I wasn't really familiar with
8 that terminology, and I did a little bit of research and
9 saw that it was somewhat risky. When I asked him about
10 the risk, he said the risk was minimal because of -- or
11 minimized by him holding first position or holding paper
12 for these properties.

13 And he was very successful at Insight. He did
14 very well with the IPO, and then he disappeared for about
15 a year and came back, and this was his new startup, so to
16 speak. That's how I knew it, if I remember correctly.

17 Q. So when you say he did well with the IPO,
18 meaning when Insight went public, he was a shareholder and
19 he did well financially by virtue of it going public?

20 A. Correct.

21 Q. Let me go back to the comment you made a moment
22 ago in terms of the description being applied to him,
23 which is, you know, he runs a tight ship, tight as a banjo
24 string, very well-organized, keeps the reins on
25 everything.

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1 Did you continue to have that impression of him
2 during his life, or did the impression ever change with
3 respect to that aspect of his character or personality?

4 A. I never saw him waver from that ever, and I
5 always sent him congratulatory notes saying thanks for
6 keeping care of my investments.

7 And his nickname was Costco Denny. Everything
8 he did was, you know, inexpensive. I knew him when he had
9 a very small condominium and I know that he had done very
10 well with an IPO, and yet didn't move to a nicer home
11 until a number of years later. So that seemed to me to be
12 a very Spartan life.

13 When I went to his house, it was very Spartan.
14 It seemed to be a lot of Costco products, which I admired
15 because I didn't come from money myself. And I myself did
16 fairly well with an IPO, and I, too, was very strict with
17 my money.

18 So I thought I had a pretty good bond. We both
19 seemed to come from middle, lower middle class families.
20 And we were both surrounded by people that had made lots
21 of money and went berserk with money, and I experienced
22 that in my company as well.

23 So for me to see this behavior, it was always
24 consistent that he was all business, Spartan, and not a
25 lot of fluff.

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1 Q. So we have had some investors describe him as
2 being frugal.

3 would you agree with that?

4 A. Very frugal would be my determination for that.

5 Q. Modest in his lifestyle in how he spent money?

6 A. If you ever met Denny, he would show up in a
7 pair of shorts and a T-shirt. It never looked
8 inappropriate. Just like that was just Denny. But he
9 never dressed up fancy. I never saw him driving a
10 souped-up car, and I always saw him spending his money
11 very, very tightly.

12 Q. There have also been comments about how good he
13 was with numbers and calculations and financial issues.

14 would that have been what you observed as well?

15 A. That would just be speculation to me. I never
16 saw him manipulate numbers or do math. I know that sounds
17 crazy, but I have been around people that can do math in
18 their head, and that's what I would perceive as good with
19 numbers.

20 I would say he was good with keeping me informed
21 with what my investments were, because sometimes I didn't
22 understand how the investment really worked, but he would
23 say -- he would give good examples using math and kind of
24 dumb it down for me, and he made it fairly simple to me to
25 understand, during phone calls when I had concerns.

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1 Because I thought I was getting 12 percent, but it seemed
2 like it was -- it felt like 10 percent, but I wasn't doing
3 the math right per month, and it made me kind of feel like
4 an idiot, but he didn't make me feel like an idiot. He
5 seemed to use the numbers nicely to me, but I don't know
6 if he was great with numbers. He just made it easy for me
7 to understand them.

8 Q. Yeah. Let me ask it from a different
9 perspective.

10 As an investor, did you find that he was able to
11 communicate with you effectively about numbers and keep
12 track of numbers and those kinds of things?

13 A. I got statements, and they were fun to get
14 because you would see the numbers added up, and it felt
15 very real to me, like this is working great.

16 I reinvested that money. Everything would come
17 in a -- you would see like a monthly, I think it was a
18 monthly report. We would see reports on homes that he was
19 working on, and he would give a synopsis sometimes of the
20 overall economy, both overall interest rates, the Phoenix
21 housing market, so I felt like I was very well-informed.

22 Q. Did he strike you as being smart?

23 A. He struck me as being very business savvy and
24 smart, yes.

25 Q. And this aspect that you observed originally in

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1 the '90s of being organized, did he still appear to you to
2 be organized in connection with managing DenSco?

3 A. I never saw him waver from the guy that I first
4 met and knew as a colleague to the guy that I eventually
5 got to know. He never wavered for me.

6 Q. So let me go back to that time when you first
7 became an investor, Steve.

8 You did not have a lot of experience with real
9 estate and real estate financing at that time?

10 A. Not really.

11 Q. And this idea of hard-money lending, it was a
12 new concept to you?

13 A. It was a new concept to me, and I had never
14 known anybody to do hard-money lending so I didn't have
15 any personal experience with it.

16 Q. And you said he came to you, that is Denny
17 Chittick came to you, to inquire as to whether you would
18 want to be an investor in DenSco, right?

19 A. He came to me.

20 Q. All right. And when he explained to you the
21 investment, what your money was going to be used for, he
22 described it in a sense that the company would have first
23 position on the loans, secured by the property that they
24 were loaning against.

25 Is that -- is that how he described it?

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1 A. Yeah. The way that I understood it was if
2 something went awry with the lender or something, the good
3 news aspect of it was he held title to the original
4 investment, the property. So that if something went
5 wrong, you still had some type of collateral to cover
6 himself, which ultimately covered the investors. That's
7 about as far as I understood it.

8 And I felt comfortable with that, because I had
9 seen the way he operated Insight and he did very well for
10 them. And then I saw the way the returns were coming and
11 the reports, so I literally left this investment going,
12 knowing that it was a good investment to me, in my mind.
13 That's the best description I can think of.

14 Q. No. I think that's helpful. Thanks.

15 Did he talk to you, in connection with educating
16 you about DenSco, did he talk to you about the fact that
17 he would value properties against which the lien was
18 recorded to make sure that there was value in the property
19 that exceeded the amount of the loan? Did he talk to you
20 about that?

21 A. I don't remember that part of it, to be honest
22 with you. I just don't know.

23 Q. Did he ever talk to you about the work he did in
24 connection with determining the value of the properties in
25 connection with the loans he made?

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1 A. Only that he did a really good review of the
2 surrounding areas and what the comps were and that he
3 would only pick certain homes that he thought that would
4 be of good value to invest in, because at one point there
5 were a lot of flipping shows on. He said that's not what
6 this is about, just buying any home. You have to know
7 what you are getting and what it could become, and then
8 provide it to a guy that can actually turn that into
9 something of value.

10 The homes that we saw looked like middle class
11 to upper middle class homes typically, and they looked to
12 be in good areas. They didn't look like they were coming
13 from Maryvale or places where I grew up in Glendale. So I
14 felt confident in knowing some of these addresses and the
15 neighborhoods. I didn't know a lot of neighborhoods in
16 the east side, but when you would see pictures of them,
17 they would look like good builds, stucco houses,
18 relatively modern.

19 Q. Did he talk to you at all, when you initially
20 became an investor, about his borrowers or the
21 relationship he had with his borrowers?

22 A. No. He just at one time had mentioned that he
23 had a really good, either a builder or a guy that used his
24 lending and did really well with being on time and making
25 nice homes. That's about the extent of it.

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1 Q. All right. So you indicated that you probably
2 became -- having met Denny Chittick in the mid '90s, you
3 probably became a friend of his in the early 2000s,
4 correct?

5 A. Slowly.

6 Q. How did you become a friend of his?

7 A. I think there was mutual respect that we both
8 had taken companies public. And he saw the challenges
9 that I had with controversy with TASER weapons, and the
10 challenges we had with going through an SEC investigation.
11 That was -- I was at the helm managing that nightmare
12 publicly, and I think he actually -- I hope he admired
13 what I did. I always felt like he had some respect after
14 that had happened, that I had kind of been through my
15 fire, in his eyes.

16 As he is kind of typical of guys, it's tough to
17 know until you have done something unique, and I felt that
18 I kind of passed his test, so to speak, and we became a
19 little more chummy as the years went by, and then he just
20 became a little more personal.

21 I never felt like he was a dear or a deep friend
22 in any way, shape, or form. We were not best friends, but
23 we both kind of respected what we had done in our careers.
24 And I got to meet his friends and coworkers, and I knew a
25 lot of them at Insight. And I respected them as well and

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1 they all seemed to have a nice admiration for Denny.

2 And then we would attend some of his parties,
3 which were every few years I would go to them. I didn't
4 go to all of them, but I went to about four of them. And
5 his father would show up and I would get to know his dad
6 more and more. And that's how you nurture a relationship.
7 You just get to know the family a little bit better, which
8 happened over the course of many, many years. But it took
9 a long time. It wasn't something that happened overnight.

10 Q. So did you spend social time with him or was it
11 primarily communicating through emails and phone calls and
12 that kind of thing?

13 A. Primarily through emails, phone calls,
14 occasional text maybe. He was a man of few words. He cut
15 right to the chase.

16 I didn't want to bother him as well many times,
17 because he had a business to run, and I always tried to
18 respect that. And I always tried to contact him if I
19 really had an issue that I couldn't figure out myself,
20 which, like the 10 percent versus 12 percent, which it
21 gnawed at me and I needed to get it fixed. We never went
22 out for dinners. I did go to a lunch with him at with one
23 point.

24 Q. Did you say good will?

25 A. I never went to dinners with him.

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1 Q. Right.

2 A. But I did attend a lunch one time with him, and
3 I did go to his house for those parties.

4 Q. And the parties are these annual DenSco parties
5 that he would host?

6 A. Yeah. He would host those I believe yearly, and
7 I would make them maybe every three years sometimes,
8 because of my travel.

9 Q. What happened at those?

10 A. I thought they were still going, to be honest
11 with you. I didn't know if they stopped.

12 Q. No. Bad question. I'm sorry.
13 When you went to them, what did you experience?
14 What kinds of things went on during the parties?

15 A. I understand now.

16 You got Costco food. You got some plastic
17 covered vegetables and appetizers. You got probably the
18 cheapest beer around and maybe some nice Mexican beer, and
19 that was it in terms of food. And it tended to be on a
20 Saturday, I believe, in the afternoons.

21 And it was just the investors all getting
22 together. Many of us knew each other from the Insight
23 days, and it was nice to touch base with the Insight
24 people, especially the ones that, after the IPO, they
25 left, and all had done various and unique investments.

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1 For example, one created the Flagstaff rope
2 experience up in Flagstaff, and he would show up. And a
3 gentleman that I knew very well that passed away of
4 leukemia, his wife always showed up and I knew her very
5 well.

6 So it was just a nice gathering. This was not a
7 drinking environment, as Denny never drank. In fact, I
8 made the mistake of buying him a six-pack one year and was
9 kind of embarrassed that he had to give it to his dad, and
10 I gave him a t-shirt. So it was just a very informal,
11 very casual event that lasted a couple hours.

12 Q. No business aspect to it?

13 A. None. No business whatsoever.

14 Q. Did he ever explain to you why he didn't drink?

15 A. I had no idea. I didn't ask.

16 Q. A moment ago you indicated that you had kind of
17 gotten to know his friends through getting to know him.

18 Can you share with us who those friends were?

19 A. His friends were from -- that I knew were from
20 Insight. High-level, middle executive management levels,
21 very personable outgoing people. People that would joke
22 with Denny. You could tell that there was lots of
23 comradery and respect.

24 And these people had all done very well at
25 Insight, and had moved on to create other great

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1 opportunities for themselves. So it seemed to be like a
2 nice gathering of good colleagues, I guess.

3 Q. So as you observed it over the period of time
4 you knew him, you thought his closest friends were ones
5 that he had met while at Insight?

6 A. I don't know if they were his closest friends,
7 but it seemed his investors seemed to be people that had
8 done well at Insight and some other places, and then they
9 knew people, and I think that's how they got invested with
10 Denny, but I'm just guessing there.

11 Q. Sitting here today, do you remember any names of
12 his friends?

13 A. Randy Moss's wife, M-o-s-s. Randy Moss. I'm
14 sorry. I'm thinking of football. I'm embarrassed. I've
15 forgot his name. Good gosh.

16 Suddenly I'm forgetting two great names. They
17 will come to me at some point. I'm sorry.

18 Q. The last name was Moss?

19 A. Moss, M-o-s-s.

20 Q. M-o-s-s. Okay.

21 A. And the gentleman that did the Flagstaff Extreme
22 Adventures. I'm shocked I can't recall his name right
23 now.

24 Q. You knew he passed away, obviously, in July of
25 2016.

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1 You recall that, right?

2 A. I do.

3 Q. Did you feel like you had gotten to know him
4 personally beyond simply the business relationship by July
5 of 2016?

6 A. I felt I knew him relatively well to where I
7 would say he was a friend that I lost.

8 Q. How would you describe him to someone who had
9 never met him?

10 A. Denny was, to me, all business, with a tough
11 outer shell that you had to spend time to kind of crack to
12 get to know his personal side. He was adventurous. He
13 felt trustworthy to me. He felt like a good business
14 colleague, but someone that knew business really well and
15 understood it.

16 I thought he was frugal, to the point of almost
17 ridiculousness to me. I felt he was honest and I felt
18 that he was a good father, based on how he felt about his
19 children. And he also seemed to be just unique, someone
20 you couldn't quite penetrate and get all that you needed
21 to know about him, because he was just a very taciturn
22 person until you got to know him, could get him to -- coax
23 him out of the shell, so to speak.

24 Q. Do you think you got him out of his shell?

25 A. I did on occasion, regarding a divorce and his

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1 fatherhood, and the crisis that we went through at TASER,
2 because he knew how bad that would be for a public company
3 to go through something like that. So I felt that he was
4 one of the very few people that could understand the
5 challenge of an SEC investigation, and that he was very
6 respectful of what I did with it, and I felt I had earned
7 his respect.

8 And that was something of an accomplishment to
9 me personally, because I never felt I measured up to what
10 he had done at Insight, because everybody really liked him
11 at our company, as he may not be the most personable guy,
12 but he gets things done and he was a go-to guy for our
13 company.

14 Q. For your company?

15 A. Yeah, in the early days. He was really one of
16 our main conduits for understanding finances, shipping,
17 fulfillment, business relationships with groups like
18 Sprint, UPS, FedEx. Those were important relationships
19 for us, because we were able to reduce our costs and able
20 to perform while losing money for eight straight years as
21 a company, and I think his guidance was huge for us and I
22 always respected that.

23 Q. And all this work that he did with you all, did
24 he get paid for any of that work?

25 A. No, but Insight did have fulfillment for us.

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1 Q. I see.

2 A. So they were getting funding for that.

3 Q. Got it.

4 A. Initially the relationship was just we are going
5 to give you some advice, because of the similarities of
6 two brothers starting a company.

7 And I don't know how they actually made the
8 connection initially, but somehow I would always hear
9 about, well, the Crown brothers did this, and you would
10 hear the name Denny is the real go-to guy there for
11 getting information. And at one point I had to go to
12 Tempe and meet with Denny, and he was all business at that
13 time.

14 Q. It has been observed that at times he was the
15 smartest person in the room and he let you know it.

16 Did you ever experience that?

17 A. Sort of. He -- he came off as extremely
18 confident. I never called that cocky, but he was exuding
19 confidence in what he did, to me, and I never felt that as
20 false bravado in any way, shape, or form.

21 His mannerisms matched what he said. If he said
22 he was going to do something, we got the information from
23 him. I mean, there is go-to guys and then there is
24 wannabes. He was not a wannabe. So when he used
25 confidence, I felt it was earned. I didn't feel that was,

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1 you know, acting like the smartest guy in the room.

2 I'm used to some pretty high-level people in my
3 career, and I'm not the sharpest guy in the room. I
4 always appreciate a guy that was savvy with business, and
5 he seemed to be really savvy and know -- and knew what he
6 was doing.

7 Q. Were you ever able to observe, Steve, whether he
8 could take advice, that is whether he would listen to
9 people and change or modify his behavior based on input
10 from others? Did you ever gain that kind of insight from
11 him?

12 A. I didn't, because we really never had a chance
13 to correct him on things. What insight did work. If
14 anything, they had to push us to fulfill our bargain, and
15 that meant all hands on deck to come over and help
16 shipping. I had to help do that many times.

17 From the president on down, we would have to
18 package TASER weapons, because we were not keeping up with
19 all the products. So we never had a chance to say: Hey,
20 you guys are doing something wrong. It was, if anything,
21 us being shorthanded.

22 Q. I'm going to mark some documents. I know there
23 is a big stack here, but we are going to blow through a
24 lot of these. Some may refresh your memory.

25 (Deposition Exhibit No. 860 was marked for

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1 identification.)

2 Q. So, Steve, I'm showing you what's been marked as
3 Exhibit 860. Now, this is the earliest document we have
4 in the files that we have been able to locate relating to
5 you as an investor. And it shows, I think, a date of
6 May 21, '04, as being when you originally invested.

7 Now, there may be something -- I don't want
8 to -- I'm not confident we have seen everything, that we
9 have been able to get our hands on all of the historical
10 records. We have tried, but this is the first thing we
11 have seen.

12 Does this square with your memory at all when
13 you first became an investor?

14 A. Yes.

15 Q. All right. I'm going to show you -- we are not
16 going to mark this again, because this is already a depo
17 exhibit. I think you are shown as a recipient of this
18 email. It is dated April 1, 2009.

19 Do you see that?

20 A. I do.

21 Q. And toward the end of the list, sir, is your
22 name.

23 Do you see that?

24 A. Yes.

25 Q. Okay. And it says, Subject: DenSco Quarterly

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1 Update.

2 And I think this refers back to your earlier
3 testimony. You were saying you would get periodic updates
4 from Denny Chittick about things like the economy, the
5 macro, the local, what's going on in the housing industry,
6 that kind of thing.

7 Is that right?

8 A. That does square.

9 Q. And you got also a newsletter periodically or
10 sometimes you would get -- was the newsletter a monthly or
11 a quarterly? Do you recall that?

12 A. I thought it was monthly, just in my memory, but
13 it appears to be quarterly, and that makes more sense
14 probably.

15 Q. Well, I think there may have been both, but I
16 could be wrong on that. So I know that there were larger
17 kind of emails sent to folks, and then sometimes there
18 were smaller kind of monthly communication, but whatever
19 you remember, you remember.

20 I just was asking on the -- but this would be a
21 sample of something you would get from him on some
22 periodic basis that would typically give you kind of a
23 summary of what was going on in the marketplace?

24 A. This is, and then we did get monthly statements
25 like this, I believe, if memory serves me correct, too.

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1 Q. And by "this," you are referring to Exhibit 860,
2 right?

3 A. Correct.

4 Q. I think that the documents like 860 would be
5 done on a monthly basis, right?

6 A. Yes, that would be a monthly statement. And,
7 again, this is where I would get confused on the
8 10 percent versus 12 percent. When I would see 10 percent
9 of the interest, I didn't see that as 12 percent being
10 paid yearly, for example, so...

11 Q. Was that confusion because you were confusing
12 whether there were 12 months in the year versus 10?

13 A. Yep.

14 Q. I have seen the emails. We will get to them.
15 And Denny kind of gave you a hard time about that, right?
16 Or he didn't give you too hard of time. You gave yourself
17 a hard time kind of?

18 A. I felt like an idiot, yeah.

19 Q. What was his sense of humor like?

20 A. It was good.

21 Q. Yeah?

22 A. The jokes that we would have played, we were
23 kind of on par with a lot of the same humor. Again, that
24 makes you kind of friendly, too, if you have the same type
25 of humor.

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1 Q. And how would you describe that humor?

2 A. Sardonic, witty.

3 Q. All right. So, again, if you can mark this,
4 Kelly.

5 (Deposition Exhibit No. 861 was marked for
6 identification.)

7 Q. So I'm showing you 861. It is emails in
8 November of 2009. And just to summarize, it appears that
9 you were referring someone from TASER to Denny Chittick as
10 a potential investor.

11 Is that what's going on here? Do you remember
12 the name -- let me see if I can find the name of the
13 individual.

14 A. I know the name.

15 Q. Yeah. Okay.

16 And is that what's going on here, is you are
17 referring this fellow? It's Max Nerheim?

18 A. Yes, that's correct. And I had forgotten I had
19 done that.

20 Q. He references in the email to you a Dave Dubay.
21 Who is that?

22 A. Dave Dubay is a former employee of TASER at the
23 time.

24 Q. And he is kidding, so it must not have been a
25 positive thing, huh?

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1 A. Well, at that point he had been let go, so
2 that's why it was like that.

3 (Deposition Exhibit No. 862 was marked for
4 identification.)

5 Q. All right. So this is obviously a group email
6 to a whole variety of folks. It's dated 12/31/2009.

7 It is -- I will read it into the record. It
8 says: Yea 2009 is over! Though I've not heard from
9 everyone yet, it seems that all the EFT's worked as
10 planned. I wasn't too concerned, being a tech head by
11 trade, I had confidence it would work. I've updated the
12 newsletter. Then he gives a reference to a link. The
13 photos of the properties, and then he gives a reference to
14 the link. Have a great new year!

15 Did I read that correctly?

16 A. You did.

17 Q. So, Steve, the reference he makes to himself as
18 it relates to, I guess, the electronic funds transfers,
19 was he is a tech head by trade.

20 Now, obviously Insight is a tech business,
21 right?

22 A. It is very much so.

23 Q. Did you think that he was tech savvy in what you
24 could observe and what you experienced?

25 A. From what I experienced, yes.

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1 Q. And when we use that term, what does it mean to
2 you?

3 A. He was very knowledgeable about the products
4 Insight had and to leverage those tools conversely in his
5 business. And the reason I know that is that he provided
6 us some of those similar tools and records management
7 systems, you know, recommendations.

8 Q. So we are talking about software programs and
9 other electronic means of keeping track of numbers and the
10 things that DenSco would be having to relate to both loans
11 being made and money being brought in from investors?

12 A. For me it was more just about how to run a
13 business. So what was transferable from what they had
14 learned in their startup and as they were getting bigger
15 and bigger, and they were much bigger than we were, he
16 understood a lot of those systems very well and would
17 explain it to us, and said you need to prepare as you get
18 bigger. You know, these are the tools you'll need. So we
19 used him as a pretty good resource for information.

20 Q. And when he began -- left DenSco, began -- I'm
21 sorry. When he left Insight and began DenSco, did you
22 also observe that he was using a variety of software
23 programs and ways to keep on top of the numbers and
24 organizing them?

25 A. I guess so, because he had a pretty unique way

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1 of putting the newsletter out in a way to show the homes,
2 that you could hit these websites and see what he was
3 doing. That seems like child's play today, but back then
4 it was pretty unique. Not everybody was doing it back
5 then. They were sending a lot of paper products out. He
6 was always doing it electronically.

7 Q. Some of the investors have shared with us that
8 they had a high level of confidence that he was keeping
9 track of the numbers.

10 Did you ever doubt his ability to keep track of
11 the numbers of your investment at DenSco?

12 A. Never.

13 Q. He got to a point where he had a pretty large
14 amount of loans from investors and loans out to borrowers.

15 Did you ever, in the time that you were an
16 investor at DenSco, have any concern about his ability to
17 manage DenSco's business?

18 A. Never.

19 Q. Do you know if anyone ever expressed, anyone
20 among the investors, ever expressed a concern about his
21 ability to manage DenSco?

22 A. I never heard that once. I never heard a
23 disparaging word about him business-wise the entire time I
24 knew him, from his death to the very beginning.

25 Q. Did you hear positive comments about him?

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1 A. Yeah, because when you would meet with the other
2 investors, we would all say I wish all of my other
3 investments were performing like this.

4 And it didn't seem to be something of the norm
5 in that business, because we had all -- we were pretty,
6 pretty big investors in other, like, stocks and bonds and
7 things like that, and we had all gone through a technology
8 blowup.

9 And at one point I was getting burned by Baird,
10 my big firm that I had a lot of money at, and I was
11 suddenly realizing that 12 percent is an enormous return,
12 and I was, like, thankful for that, saying steady as she
13 goes. 12 percent's great. That's why I'm just going to
14 keep letting it ride.

15 And I think a lot of us felt we were -- we had a
16 nice chunk of change that was safe. That's pretty much
17 what all this sort of felt like. And that we would all --
18 I can't speak for all of them, but the ones that I knew,
19 we all felt like we were in great hands.

20 Q. When you referenced Baird, Baird is an
21 investment firm?

22 A. Yeah. That was where my primary investments
23 were kept at after we went public.

24 Q. And I have seen references to wildcatting and
25 oil and gas investments.

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1 A. Yes.

2 Q. But you didn't do that through Baird, right?

3 A. I didn't do that through Baird. I did it
4 through a different company, and it made an enormous
5 return, and then it completely blew up.

6 Q. The experience with Baird was a function of the
7 equities, the stocks and the bonds that you held, and the
8 return not being that great? Is that what you were
9 referring to?

10 A. I held a lot of technology stocks when they blew
11 up, and I had a broker that let dozens get delisted. And
12 later he explained that to me as you needed some losses to
13 balance out your gains, which I thought was rubbish. And
14 then later on I get great returns with Texakoma, which is
15 where I did my wildcatting, and then suddenly, when
16 everything has kind of gone awry, the one thing that was
17 doing well was DenSco.

18 Q. Would it be fair to say that up to the time of
19 Denny Chittick's death in 2016, you thought your
20 investment was doing well at DenSco?

21 A. I thought it was doing just straight 12 percent,
22 and that's beyond well to me. And you would see these
23 statements like this 860, and you just wished everything
24 else would stay like that investment-wise. You get the
25 ebbs and flows of stock and it's rather torturous, and

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1 then this one always held up. And you had -- to me, I had
2 the proof of this statement. Here is your money. Here is
3 what you have.

4 Q. During the entire time that you were an investor
5 with DenSco, which I think would have run roughly from
6 2004 through -- well, I know you are a claimant in the
7 DenSco receivership, so -- but while Denny Chittick was
8 still alive, through July of 2016, did you ever learn from
9 Denny Chittick that there were any problems at DenSco?

10 A. None.

11 Q. Do you know sitting here -- well, let me back
12 up.

13 Have you talked to other investors at DenSco
14 about their experience as investors?

15 A. At the meetings, I knew Kaylene Moss -- that's
16 her name -- Kaylene Moss; Paul Kent. I talked to them
17 because I knew them probably the best of the investors.
18 The rest I knew by seeing them every couple of years at
19 the parties. The two of us were shocked.

20 Q. "The two of us," you mean you and Paul Kent?

21 A. Paul and Kaylene, we were shocked at the loss of
22 Denny. And I don't think we all knew just how -- I don't
23 think we were thinking of the money being gone.

24 So initially it was, wow, I can't believe --
25 this is the behavior we ever anticipated from Denny. If

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1 you would have told me he committed suicide, I would think
2 you were smoking crack. I mean, it was a huge surprise.
3 So when we talked to one another, we were shocked at his
4 death.

5 And as it unraveled, all the information that
6 was starting to come out, it was like a nightmare, because
7 that ran so counter to what Denny did. And I think it's
8 still mind blowing today. Well, it is mind blowing.

9 Q. So prior to his death in July of 2016, you never
10 would have foreseen that happening?

11 A. Not in a million years.

12 Q. And you never would have foreseen that he would
13 have done some of the things he did in DenSco as it
14 related to losing the money and loaning without protecting
15 the company, that kind of thing?

16 A. It feels like a totally false narrative. That
17 is totally counter to what he always preached, like "I
18 hold first position." Super-ethical guy. I just -- I'm
19 stunned and still shocked. Never, never once did I see
20 this coming.

21 Q. Have you learned that since his death that he
22 was actually very -- he could be very lax and almost
23 reckless in how he lent money?

24 MR. STURR: Object to the form.

25 THE WITNESS: I -- I never saw that. But I --

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1 all I saw were numbers that kept going. I saw quarterly
2 reports that looked good. When the market was rough, he
3 kind of pivoted to apartments, then he pivoted back and
4 said, hey, the economy is moving forward again. I
5 can't -- I still can't believe this information.

6 Q. And my question -- I understand what you have
7 just said. My question wasn't very good.

8 Since Denny Chittick's death in 2016, have you
9 learned that he was at times careless and reckless with
10 regard to how he lent money?

11 A. What I'm reading is, from what I've kept up
12 with, is the loss of the first position, scrambling to
13 cover, that's about the extent of really what I know.

14 I don't really have a description for that other
15 than I can't believe he got involved in this and let it go
16 this far, and I can't believe that he worked with this
17 Scott, what I would pronounce as Menaged.

18 Like I said, it doesn't -- it just doesn't seem
19 to be an accurate description, but I guess it is. I just
20 don't know.

21 Q. We have been pronouncing that Menaged --

22 A. Menaged.

23 Q. -- because someone told us that that's the
24 way -- and we haven't spoken to him yet. We will, but --
25 that is we haven't spoken to Mr. Menaged.

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1 But did you know, I mean, sitting here today,
2 are you aware that in some instances he was taking the
3 DenSco money and wiring it directly to Mr. Menaged?

4 A. I couldn't say for a fact I knew that. I think
5 I may have read that. I don't recall.

6 Q. Among the investors with whom you have spoken
7 about, you know, in the aftermath of Denny's death about
8 what happened, has anyone shared with you how they think
9 it all happened that he was able to be put in this
10 position where -- by this Mr. Menaged?

11 A. No, we didn't go that far. At that point when I
12 saw them, it was still so fresh that we were more kind of
13 mortally wounded on his death. And I don't know what he
14 did to himself. I know he committed suicide. I know
15 there were awful circumstances with the situation, but we
16 never started speculating on what happened. It was way
17 too soon at that point.

18 Q. You earlier, in your testimony, used the word
19 sloppy and too trusting. And I think -- well, let me
20 rephrase the question.

21 You have never met Mr. Menaged, right?

22 A. Never.

23 Q. And prior to Denny Chittick's death, that name
24 never came up; you never learned about an individual named
25 Scott Menaged?

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1 A. Never knew him. He may have been at those
2 parties, but I don't remember him if he was there or not.
3 I have no clue who this guy was.

4 Q. I normally break about once every hour. And I
5 don't know. I always look in the room to see how
6 everybody is doing.

7 Let's do a break.

8 (A recess was taken from 2:03 p.m. to 2:10 p.m.)

9 (Deposition Exhibit No. 863 was marked for
10 identification.)

11 Q. So, listen, there are going to be some private
12 emails here and I understand some of this is going to be
13 painful. I've got to ask questions about it. It -- I --
14 the reason I'm asking about it is that I'm exploring your
15 relationship with Denny Chittick and the things that you
16 would have shared, you would have known about him and he
17 about you. So let me just go through this. I will do it
18 as quickly as possible.

19 863 is a series of emails between you and Denny
20 Chittick that has, as its main focus, I guess your
21 relationship with your wife and some of the challenges
22 that you had in dealing with that, right?

23 A. He was very familiar with what had happened at
24 one point.

25 Q. All right. And what year did you get divorced?

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1 A. I don't --

2 Q. I have got some records.

3 A. I don't know --

4 Q. Okay.

5 A. -- and I don't try to store that --

6 Q. Fine.

7 A. -- on purpose. If you want to recall my memory
8 of that, it's something I --

9 Q. We will see something.

10 A. -- park away on another shelf and never want to
11 remember it.

12 Q. Okay. Most people don't have the ability to do
13 that, but that's good.

14 A. I do, because if you read these, you would.

15 Q. As it relates to Denny Chittick --

16 A. Uh-huh.

17 Q. [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 [REDACTED]

21 Q. Did you know -- using 2012, maybe you don't have
22 timing in your head on his divorce either, but he got
23 divorced in 2012.

24 A. Okay.

25 [REDACTED]

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1 [REDACTED]

2 [REDACTED]

3 [REDACTED]

4 [REDACTED]

5 [REDACTED] [REDACTED]

6 Q. okay.

7 A. The dates are fuzzy, but yes.

8 Q. [REDACTED]

9 [REDACTED]

10 [REDACTED]

11 [REDACTED] [REDACTED]

12 [REDACTED] [REDACTED]

13 [REDACTED]

14 [REDACTED] [REDACTED] [REDACTED] [REDACTED]

15 [REDACTED]

16 [REDACTED]

17 [REDACTED] [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 [REDACTED] [REDACTED]

21 [REDACTED] [REDACTED] [REDACTED]

22 [REDACTED]

23 [REDACTED]

24 [REDACTED]

25 [REDACTED] [REDACTED]

STEPHEN D. TUTTLE, 4/12/2019

1 [REDACTED]
2 [REDACTED]
3 [REDACTED] [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]

9 That was a very short synopsis of what I gave
10 him, but it's very poignant for both of us. And I think
11 that was good advice back then and I think he appreciated
12 the advice, because it's pretty sober advice. It's not
13 the advice you would expect from a buddy that says, you
14 know, haha, or, you know, I took it very seriously.

15 Q. Steve, do you think that advice was given before
16 he was divorced or after he was divorced?

17 A. I believe it was given before.

18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED] [REDACTED]
23 [REDACTED]
24 [REDACTED]
25 [REDACTED]

STEPHEN D. TUTTLE, 4/12/2019

1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
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23 MR. DeWULF: Kelly, let's, for this portion of
24 the transcript, would you make a note that we want to make
25 it confidential.

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STEPHEN D. TUTTLE, 4/12/2019

1 [REDACTED]
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12 MR. STURR: John, before you move on, I'm
13 looking at this exhibit for the first time. Can I suggest
14 you withdraw it, because it's really personal information
15 about Steve, that I see, and I don't know why it's even
16 being marked. It's the kind of thing, if I were him, I
17 wouldn't want to be attached to a transcript. Unless you
18 think there is some evidentiary value in the exhibit, I
19 just suggest that you withdraw it or tear it up.

20 MR. DeWULF: If we keep it confidential, no one
21 is going to see it, right? I think it's an important part
22 of the story. To me, it's contextual for the sharing of
23 information.

24 MR. STURR: But the facts set forth in here are
25 his personal and private information. It's not as if

STEPHEN D. TUTTLE, 4/12/2019

1 Denny is saying anything about his life. I don't
2 understand why, for a non-party, you are attaching this
3 exhibit and even making it part of a record.

4 MR. DeWULF: I don't understand why you are
5 lecturing me about keeping things confidential, when in
6 fact you have published so much information on your
7 website that deals with a lot of information on the
8 investors.

9 This is a judgment I am making. I have asked it
10 be kept confidential. To me, it doesn't warrant this kind
11 of attention, but you have made a record. And I'm not in
12 any way seeking to use this information, other than to
13 provide context for trying to get to know Mr. Chittick
14 better, and I think it is helpful on that. So you may
15 disagree.

16 MR. STURR: Can I say I'm not lecturing. I'm
17 just making -- I'm not trying to make a record. I'm just
18 making a suggestion, and that's because I'm really
19 scratching my head as to why this is an exhibit, but I
20 think we have discussed that.

21 THE WITNESS: Question.

22 Q. Yeah.

23 A. Is this something that will be public?

24 Q. What I have asked Kelly to do is make it a part
25 of a confidential section so it wouldn't be made public,

STEPHEN D. TUTTLE, 4/12/2019

1 exempt for perhaps court proceeding, if we get there.

2 A. Okay. I mean, it's accurate. Okay.

3 (Deposition Exhibit No. 864 was marked for
4 identification.)

5 MR. DeWULF: So Counsel and I have agreed that
6 we are going to withdraw Exhibit 863 from the record. It
7 is a series of emails dated it looks like in March of
8 2010.

9 (An off-the-record discussion.)

10 Q. So this is, just for refreshing your memory,
11 Steve, this is dated April 30th, 2010. And if you look at
12 the first paragraph, it says, "I don't normally send out a
13 message other than quarter end, but tomorrow is unique.
14 May 1st I'll be starting my 10th year! Soon I'll be
15 running DenSco longer than when I had a real job."

16 Did I read that correctly?

17 A. You did.

18 Q. Then let's look down to that third paragraph.
19 It reads, "we've seen some dramatic ups and downs in our
20 local real estate market. I've successfully navigated
21 through the abyss, not without a few scars, but stronger
22 and smarter going forward."

23 Let me just stop there. So this is dated in
24 2010.

25 Do you remember how DenSco dealt with the

STEPHEN D. TUTTLE, 4/12/2019

1 recession and the aftermath of the recession as it related
2 to affecting the real estate market and that kind of
3 thing?

4 A. I do.

5 Q. What do you remember about that?

6 A. I remember him focusing more on apartment builds
7 or refurbishing bigger entities versus just homes, because
8 the housing market had crashed. I had just closed my home
9 at this time, and I had bought a house that was in
10 Kierland for a pretty good price because the market was
11 down.

12 So this kind of hit home in that he -- I thought
13 he had managed through a pretty tough time. And this -- I
14 remember this email, because it was at a very timely point
15 where I had bought a house. So my recollection is he did
16 a pivot, and then afterwards went right back to the
17 housing. The housing market started to come back a little
18 bit.

19 Q. And do you remember he held some properties for
20 rent for a period of time in that time?

21 A. I didn't know they were for rent from my memory,
22 but I just remember rental properties were part of that
23 aspect of it. That was a business decision he had made
24 and informed I thought either through an email or a phone
25 call and said this is where I'm going for right now.

STEPHEN D. TUTTLE, 4/12/2019

1 Q. And of course Arizona got hit hard by the
2 recession and it kind of lagged the nation in the sense of
3 feeling the aftereffects for a period of time.

4 Did you feel like he was communicating with you
5 and the other investors as to how he was going to address
6 the impact the recession had on DenSco?

7 A. At the time, I felt we were in good shape, given
8 the circumstances. And I felt if anybody can navigate it,
9 it would be Denny, and I felt that he had a good strategy.
10 And a lot of people that we had hired at that point in
11 time were afraid to buy homes and were renting, so it all
12 just sort of made sense that he was going to where the
13 business was at for that time.

14 Q. And you are answering my question. Let me just
15 ask a little bit of a different question to make sure.

16 So you have just said you think he addressed the
17 problem well, and my question more had to do with the
18 level of communication.

19 Did you feel like Denny Chittick was keeping you
20 and the other investors informed as to what he was doing
21 to address the challenges presented by the recession and
22 how it impacted DenSco?

23 A. I felt so, and felt it regularly.

24 Q. And the company was able to work its way through
25 those issues until the market started coming back?

STEPHEN D. TUTTLE, 4/12/2019

1 A. From my understanding of it, yeah. I felt that
2 it was -- made a great comeback. Not a great comeback,
3 but was back on course.

4 Q. We have learned from some of these emails or I
5 have learned that you were a triathlete and still are.
6 Right?

7 A. I am.

8 Q. And you have had bike accidents and surgeries on
9 your knees and those kinds of things, correct?

10 A. I have.

11 Q. Now, was Denny Chittick also a triathlete?

12 A. I recall him trying to get back into working
13 out, because for a while there he struggled and I think I
14 encouraged him to started running again and do something
15 for himself as an outlet.

16 Q. Did he become a runner?

17 A. Yeah. He started running, yeah.

18 Q. Was he -- to your knowledge, was he pursuing any
19 other physical activities during the time you knew him,
20 other than running at your suggestion or others?

21 A. I don't remember if he was doing anything
22 outside of that.

23 Q. If emails were to indicate that the divorce
24 issues for you were getting resolved in mid-2010 --

25 A. Yes.

STEPHEN D. TUTTLE, 4/12/2019

1 Q. -- would that be consistent with your memory?

2 A. Yes.

3 (Deposition Exhibit No. 865 was marked for
4 identification.)

5 Q. I'm just showing you this just to refresh your
6 memory.

7 (Deposition Exhibit No. 866 was marked for
8 identification.)

9 Q. So showing you 865 and 866. These are just --
10 appear to be you are forwarding to Denny Chittick videos
11 or information you thought was amusing or you were sharing
12 with him, because you guys enjoyed kind of the same sense
13 of humor?

14 A. Yes.

15 Q. And that you would do that periodically?

16 A. Yeah, probably to my detriment, as a younger guy
17 at that time.

18 (Deposition Exhibit No. 867 was marked for
19 identification.)

20 Q. So I'm showing you Exhibit 867, Steve. If you
21 look at the email in the middle of the first page --

22 A. Yeah.

23 Q. -- it's dated October 4, 2010. And it reads,
24 "Thanks Denny! I always jokingly refer to you as my hard
25 money bookie lender but I say that with affection as I

STEPHEN D. TUTTLE, 4/12/2019

1 can't believe how well this account as turned out. Thanks
2 for looking out for our money as it means a lot and you do
3 great stuff despite the silly 'bookie' analogy. Keep it
4 up as I'm sure you don't get enough thanks you along the
5 way. However, consider this a big thanks!"

6 So you are expressing your gratitude for the
7 fact that he has managed your money well and you have done
8 well by virtue of your investment in DenSco?

9 A. Yes. And I did that periodically because I
10 felt -- I truly felt that.

11 Q. And the hard-money bookie lender, explain that
12 to us?

13 A. The reason I used that language was because when
14 I did my tax returns, when I first presented DenSco to my
15 guy that does my taxes, he said: What's DenSco? And I
16 said: well, they do real estate investments.

17 And he started asking questions, and he said:
18 well, that's nothing more than a bookie, a hard-money
19 lender. And I said: well, I will have to remember that
20 and give that to him at some point, which I did.

21 (Deposition Exhibit No. 868 was marked for
22 identification.)

23 Q. Steve, I'm showing you Exhibit 868, which --

24 A. Yes.

25 Q. -- on the second page it talks about the

STEPHEN D. TUTTLE, 4/12/2019

1 forwarding of the newsletter and references to photos and
2 the website. This is dated March 31, 2011, and then you
3 are following up and thanking him for the summary of the
4 economy.

5 Do you see that?

6 A. Uh-huh. I do.

7 Q. Yes?

8 And did you typically read the information he
9 would provide you on a periodic basis about the economy?

10 A. Yeah, I did. I liked to see his take on it.

11 Q. Did he ever explain to you how he gathered that
12 information or how he did his research?

13 A. I don't recall where he got it from.

14 Q. Actually, this won't need to be marked because
15 it's already marked as an exhibit.

16 So this was an exhibit that was previously
17 marked as Exhibit 633. And you will see, Steve, that you
18 are one of the recipients of the subject, which is the --
19 or the attachment, which is the Private Offering
20 Memorandum 2011.

21 Do you see that?

22 A. I do.

23 Q. And the first sentence from Denny Chittick to
24 you and other investors is: Yes in time for your summer
25 reading! Did you ever finish the last one I sent?

STEPHEN D. TUTTLE, 4/12/2019

1 And then let's jump down one paragraph. well,
2 I'll read that second paragraph.

3 "The best news is that I am allowed to send it
4 to you electronically! Yes securities laws have finally
5 caught up with not only technology but common sense."

6 And then the next paragraph says: I update this
7 memorandum every two years. I work with David Beauchamp,
8 (securities attorney) to review all statutes and laws in
9 Arizona as it pertains to my business and all the states
10 that I have investors in. This is to ensure that I'm --
11 he says filing all of the forms and following all the
12 rules that legislators like to change from time to time.
13 After our near financial collapse there have been more
14 than usually. I also give an updated summary of the
15 number of transactions and dollars that I have completed
16 since the last update. This time, Warren Bush, a long
17 time investor, volunteered (like a 3rd grader that knows
18 the answer that no one else does) to review and give input
19 from an investors point of view. I appreciate his help
20 and his recommendations were valuable.

21 Did I read that correctly?

22 A. I believe the last word was invaluable versus
23 valuable. Yes.

24 Q. Thank you.

25 So did you know Warren Bush?

STEPHEN D. TUTTLE, 4/12/2019

1 A. I do not.

2 Q. Today you don't know who he is?

3 A. No idea.

4 Q. It also references, this paragraph references
5 David Beauchamp.

6 Do you see that?

7 A. I do.

8 Q. Did you ever meet Mr. Beauchamp?

9 A. Not that I recall.

10 Q. Okay. Do you recall, after Denny Chittick's
11 death, receiving emails from Mr. Beauchamp and Denny's
12 sister, Shawna Heuer, to inform you and other investors as
13 to what was going on at DenSco?

14 A. Yes.

15 Q. Let me ask, did you take an active role with --
16 among the investors after Denny's death in connection with
17 trying to determine what had occurred at DenSco?

18 A. Not really. I tried to follow it. Some
19 information kept coming through in bits and pieces. I
20 just kept up with the emails as much as I could.

21 Q. Did you read those emails when you received
22 them?

23 A. I did, and then they had links to websites I
24 could go to. I got locked out. Couldn't get into one for
25 quite some time. Finally got caught up on some of those.

STEPHEN D. TUTTLE, 4/12/2019

1 Q. Did you find that those emails were helpful to
2 you in terms of trying to piece together what had
3 happened?

4 A. Yeah, in dribbles and drabs. I mean, I don't
5 think anybody really knew what was going on. It seemed
6 like it was -- it seemed like a law enforcement
7 investigation, just bits and chunks.

8 Q. Were you aware of there ever being an investment
9 advisory group or investors advisory group at DenSco?

10 A. It doesn't ring a bell.

11 Q. Okay. You didn't serve on any sort of committee
12 or advisory group --

13 A. No.

14 Q. -- during the time you were an investor?

15 Okay. Do you remember ever sending any emails
16 or written communications to Mr. Beauchamp?

17 A. I may have when I was having troubles getting
18 into some website, or it may have been to another firm
19 regarding the value of what they were saying I had, but I
20 don't -- I couldn't tell you who I was emailing at the
21 time. It was from someone that had emailed my Gmail
22 account.

23 Q. Okay. Sitting here today, do you have any
24 complaints about Mr. Beauchamp or any of the things he did
25 as a lawyer for DenSco?

STEPHEN D. TUTTLE, 4/12/2019

1 A. Not that I am aware of at all.

2 Q. Any complaints about what he did after Denny's,
3 Denny Chittick's suicide in communicating with the
4 investors?

5 A. None.

6 Q. Did you know Shawna Heuer?

7 A. Is that his sister?

8 Q. Yes.

9 A. I may have met her at one of the parties, but I
10 couldn't say it with 100 percent certainty. I thought I
11 met his sister briefly.

12 Q. You had indicated earlier in your testimony that
13 you got to meet Denny's father and you spent a little bit
14 of time with him because he would come to these parties,
15 right?

16 A. I did get to know his father.

17 Q. Were there any other family members within
18 Denny's family that you got to know, other than the
19 father?

20 A. I thought the mother was at one of the parties
21 early on, and then she became ill, if I recall, and wasn't
22 attending the ones that I -- the few that I did go to.

23 Q. Did you meet any of his sisters?

24 A. I thought I met one of them. I couldn't tell
25 you which one I met.

STEPHEN D. TUTTLE, 4/12/2019

1 Q. [REDACTED]

2 [REDACTED]

3 [REDACTED] [REDACTED]

4 [REDACTED] [REDACTED]

5 [REDACTED] [REDACTED]

6 Q. So I'm going to show you this document. It's
7 been also previously marked as Exhibit 432, and it is the
8 Private Offering Memorandum.

9 Do you remember reviewing either this or other
10 private offering memoranda?

11 A. He would send out, I think it was every two
12 years, updates to what we had to sign, and I would send
13 them back to his email address or back to his house, I
14 believe.

15 I can't say with 100 percent certainty I read
16 this one. I just don't remember with 100 percent clarity
17 I read this. It wouldn't surprise me, though, because he
18 would mail out, and then he would send out reminders I
19 haven't received, you know, something that needed to be
20 signed.

21 Q. Okay. I thought that's what you were talking
22 about. So there may have been an investor document that
23 you had to fill out.

24 Do you recall that?

25 A. Yes.

STEPHEN D. TUTTLE, 4/12/2019

1 Q. And I will show you some of those in a moment.

2 This document, this Exhibit 432, was a document
3 that didn't require a signature, but it was meant to
4 educate the investors about the investment in DenSco,
5 DenSco's business, its historical performance, things like
6 that.

7 A. Yeah.

8 Q. And you can look at it. Feel free.

9 The email that we just spoke about would
10 indicate -- it's 633, would indicate that you would have
11 received a copy of this --

12 A. Yeah.

13 Q. -- 2011 POM, but do you recall it, sitting here
14 today?

15 A. Yeah, now I do.

16 Q. Okay.

17 A. Yeah.

18 Q. You probably would have received a number of
19 these since you became an investor in 2004, right?

20 A. Yeah, because I threw them out as they became,
21 like, seven years old. I had moved so many times after my
22 divorce, that I started thinning the herd. I started
23 throwing a lot of DenSco documents out that were dated.
24 These were sort of superseded to me, in my mind, so I
25 would try and keep the most recent one.

STEPHEN D. TUTTLE, 4/12/2019

1 Q. Did you read them?

2 A. I would read most of these or scan them, because
3 I always looked for opportunities where I might throw more
4 money at it again. I know there were minimums you had to
5 do. So I probably read or at least scanned it, what I
6 thought to my ability.

7 Q. Do you -- sitting here today, was there anything
8 about them that stuck out to you that you can recall?

9 A. Nothing.

10 Q. Was what you read consistent with what Denny had
11 told you about the investment and what DenSco was doing?

12 A. It all jibed as normal course of business to me.
13 I thought things were going along as normal. Even with
14 the fluctuations, we were still getting our 12 percent.
15 So despite bumps in the road, it seemed to be performing
16 so I wasn't concerned.

17 Q. So let me talk to you about your ability to get
18 information about the company if you wanted it.

19 A. Uh-huh.

20 Q. So here we are. We are looking at Exhibit 432,
21 which is obviously a formal written document, talks about
22 the business, talks about risks and those kinds of things.

23 We know that you would get a newsletter
24 periodically. Right?

25 A. Yeah.

STEPHEN D. TUTTLE, 4/12/2019

1 Q. Did you feel like if you wanted to ask questions
2 about your investment, that you could pick up a phone and
3 call Denny Chittick?

4 A. Any time. I could text, call, email. I never
5 felt limited by his information. And if you didn't get a
6 timely response, that would be pretty shocking. Sometimes
7 it was instantaneous. If I had questions, it would be
8 kind of interesting to see the timestamps. I bet they
9 were within an hour or less, when I had any concerns or
10 questions typically.

11 Q. And you could send him an email, right?

12 A. Dcmoney, if I recall correctly, was his email
13 address.

14 Q. Well, and that's reminding me.

15 what were your email addresses, so we make sure
16 for the record, what email addresses were you using? Do
17 you recall?

18 A. Probably steve@taser.com when we first started.

19 Q. Right.

20 A. And then I moved over to sdtuttle@gmail.

21 Post-divorce I tried to get everything slowly moved over
22 to all my Gmail accounts.

23 You know, when I started the business, there was
24 no -- there really was no email to speak of, and then so
25 some of us founding guys, our lives are on our email at

STEPHEN D. TUTTLE, 4/12/2019

1 work, so I started switching things over to the Gmail at
2 some point.

3 Q. All right. I think you used -- I have seen in
4 the documents you have used both as it related to
5 communications with DenSco, right?

6 A. I did.

7 Q. You would have replaced the TASER email with
8 your personal Gmail account later in the process?

9 A. Later in the process, but still if I were to
10 forward, if I were to send him a document or I would -- if
11 I would initiate a fresh one, it probably came from
12 taser.com or axon.com as we changed. Well, no. He wasn't
13 alive two years ago, so the taser.com is the one it would
14 have been forwarded from.

15 Q. Yeah. I don't think I've seen an axon.com, but
16 I have seen a taser.com.

17 A. Yeah, because we changed two years ago in April,
18 so --

19 Q. Okay.

20 A. I may not have sent him anything in the last few
21 months.

22 Q. So we just talked about your ability to
23 communicate to Denny Chittick about your investment.

24 Did you in fact sometimes call him about it or
25 write him about it to get something explained to you?

STEPHEN D. TUTTLE, 4/12/2019

1 A. I did. Typically it was email.

2 Q. Okay. Did you ever find that he was either
3 unavailable to communicate with you or unwilling to
4 communicate with you about the investment?

5 A. That was never an issue, ever.

6 Q. You were never a borrower from DenSco, right?

7 A. Borrowing, like --

8 Q. Yeah, borrowing money.

9 A. No.

10 Q. And you yourself were never a lender. You were
11 never a hard-money lender, right?

12 A. No. I didn't even know what the term was until
13 I met Denny.

14 Q. All right. You probably don't recall this, but
15 I'll ask.

16 Do you recall that the market in Phoenix started
17 becoming better in late 2010, early 2011, or do you recall
18 that?

19 A. I do recall that, because that's when I bought
20 the house and started seeing returns.

21 Q. Okay. Let me show you.

22 (Deposition Exhibit No. 869 was marked for
23 identification.)

24 Q. So I'm showing 869. Now, this is dated later.
25 This is April of 2012.

STEPHEN D. TUTTLE, 4/12/2019

1 And I'm not going to ask you about the contents
2 of it, but would this be consistent with some of the
3 communications you would receive where there would be kind
4 of a summary given to you and other investors about the
5 marketplace and what was occurring in the market?

6 A. Yes. And I was interested in these types of
7 emails, too.

8 Q. A moment ago you started saying that you do
9 recall something about the market because you were buying
10 a home?

11 A. I was. I bought it in 2010.

12 Q. 2010. Okay.

13 A. So I purchased it in March of 2010, so I had
14 been actively looking prior to that. And then I had lived
15 in Kierland before, so I wanted to see if it would recover
16 to what I had sold on my first home in Kierland. And I
17 was hoping that we would bounce back to those numbers,
18 which we are starting to do now. So, again, I'm very
19 curious on this type of information and he would supply
20 it.

21 Q. Okay. Did you ever ask for Denny's advice about
22 those kinds of things, when you should buy a home or what
23 would be good timing for that kind of thing?

24 A. I didn't at that time. Mine was out of
25 necessity. I had moved four times to apartments and

STEPHEN D. TUTTLE, 4/12/2019

1 condos and that got old. At the same time I was wise
2 enough to know that I think we had hit our bottom and I
3 wanted to get it before the prices started going back up.

4 Q. And that place that you bought in March of 2010,
5 did you keep that for a period of time?

6 A. I'm still there.

7 (Deposition Exhibit No. 870 was marked for
8 identification.)

9 Q. Just identify for the record this is an email
10 between you -- I guess there are two emails between you
11 and Denny Chittick about you sharing a video, and then him
12 asking if you could get together for lunch.

13 Does this refresh your memory?

14 A. It does, and I know the video.

15 Q. And did you go to lunch with him on occasion, do
16 you recall?

17 A. A couple of times when he came up to North
18 Scottsdale area, to the airpark area. He lived pretty far
19 away from me.

20 (Deposition Exhibit No. 871 was marked for
21 identification.)

22 [REDACTED]
23 [REDACTED]
24 [REDACTED]
25 [REDACTED]

STEPHEN D. TUTTLE, 4/12/2019

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Q. The email, the original email down at the bottom of the page references a dinner party in Coeur d'Alene.

Did you ever go to the company -- the DenSco dinner parties in Idaho?

A. No.

(Deposition Exhibit No. 872 was marked for identification.)

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Q. Could you -- the top email on this first page --

5

A. Uh-huh. Yes.

6

7

Q. -- which of these paragraphs, which is your writing and which is his writing?

8

9

10

11

12

A. The first sentence is mine. The second one is Denny's. The third is mine. The fourth is Denny's. The fifth is my sentence, and the sixth, beginning with "ya," that's Denny's. For some reason, it seems to be every other sentence.

13

14

15

Q. So when you say the first is mine, are you talking about that whole paragraph, "well hang in there," all the way to "Call me anytime my man"?

16

A. Yes.

17

18

19

Q. And then the next paragraph is his, then the next is yours, then the next is his, and then the last part is yours, did you say?

20

A. The last sentence is his.

21

Q. Okay. And the "nice work," that's yours?

22

A. That should be mine.

23

24

25

STEPHEN D. TUTTLE, 4/12/2019

1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]

12 (Deposition Exhibit No. 873 was marked for
13 identification.)

14 Q. Steve, I'm showing you Exhibit 873. Just
15 confirm for me that these are emails between you and Denny
16 Chittick in November of 2012.

17 A. I remember this.

18 Q. Do you remember at some point that DenSco had a
19 problem with its bank, Bank of America? Does that ring a
20 bell to you?

21 A. I remember an issue temporarily, but I don't
22 know if it was -- I didn't know it was Bank of America.

23 Q. And did Denny ever explain to you what the
24 problem was with the bank?

25 A. I don't remember what the issue was. I think he

STEPHEN D. TUTTLE, 4/12/2019

1 told me, though, in an email or on the phone.

2 Q. Do you remember him switching banks?

3 A. No, I don't recall that.

4 Q. I'm just curious about this. One of your series
5 of emails relates to Serbians and Croats working together
6 at TASER.

7 A. Yes.

8 Q. Could you just explain really briefly how that
9 all came about?

10 A. My father was an Episcopal minister in the
11 valley, and as a kid in Glendale, we would often have
12 migrant workers that were legalized and were looking for
13 jobs, and my dad worked with an ecumenical group that had
14 Catholics, Lutherans, Presbyterians.

15 Q. That's the Interfaith Group, right, or no?

16 A. I forgot the name of it. I just knew it was an
17 ecumenical group that would help find them jobs, so I was
18 familiar with these people coming to our house.

19 When our company began to expand, our president
20 asked: Do we know where we can get some production
21 workers? And I said: well, let me check with my dad. He
22 worked with an organization that found people jobs.

23 And when I called them, they said they would
24 send some international people over. And I thought, are
25 you serious? Because this is not a melting pot town,

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1 compared to Washington, D.C.

2 And the first guy that knocked on our door had
3 the name of Dragan, D-r-a-g-a-n, and Milan. So very
4 unusual names, and we thought they were Russian or
5 Czechoslovakian. Turned out it was a slew of Serbians and
6 Croatsians that had been involved in the Bosnian crisis and
7 had been legally given immigration status.

8 And it was quite an interesting dynamic, because
9 that's what we founded our company on. And to this day,
10 that's a very strong piece of the workforce. And we are
11 known in the North Valley as kind of the founders of
12 allowing Serbians to work there en masse. And we bussed
13 them in from local neighborhoods. They liked to live in
14 the same areas. So it's a very interesting story that's
15 only unique to Axon, I believe.

16 Q. That's unbelievable. That's a very cool story.

17 (Deposition Exhibit No. 874 was marked for
18 identification.)

19 MR. DeWULF: Off the record for a second.

20 (An off-the-record discussion.)

21 Q. Showing you 874, if you look, this is an email
22 to you, dated March 29, 2013. It says, "I've decided not
23 to take on any new investors."

24 Do you see that?

25 A. I do.

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1 Q. Do you remember this event?

2 A. I do.

3 Q. What do you remember about it?

4 A. That he was limiting the amount of cash that he
5 had. If I remember talking to him, I recall him saying
6 that he had -- you can't just take a whole bunch of cash
7 and not use it. So he was just limiting his number of
8 investors at that time. Because I was always trying to
9 help find investors for him, because it was such a good
10 investment for me at the time, and it was word of mouth,
11 as he was saying.

12 Q. Do you remember what investors you introduced to
13 him?

14 A. I tried with Max Nerheim, Milan Cerovic, one of
15 the Serbians that works for us. Probably helped him get
16 Dave Dubay at some point, or else he got to know Dave.
17 I'm not sure if I helped him with that one or not early
18 on. But I would try to find out if he ever needed
19 investors, or for me. I always thought if I had an extra
20 amount of cash, I would want to throw it there.

21 Q. Let me circle back on a question I forgot to ask
22 a moment ago.

23 [REDACTED]

24 [REDACTED] [REDACTED]

25 [REDACTED]

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1 [REDACTED]
2 [REDACTED]
3 [REDACTED] [REDACTED]
4 [REDACTED] [REDACTED]
5 [REDACTED] [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED] [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED] [REDACTED]
14 [REDACTED]
15 [REDACTED] [REDACTED]
16 [REDACTED]

17 (Deposition Exhibit No. 875 was marked for
18 identification.)

19 Q. So if you look at the second paragraph, Steve,
20 it reads, "I thought this would be as good as time as any
21 to tell you that I'm going to have to soon quit accepting
22 money from my current investors." This email is dated
23 July 31, 2013.

24 Do you recall that event?

25 A. I do.

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1 Q. Do you remember talking to Denny about that
2 subject or do you just recall the email that you got?

3 A. At that point, I just kind of let that go as it
4 seemed to be pretty clearcut that the investment
5 opportunities were done for me to throw any more money at
6 it. And I wasn't aware that he was doing IRAs at that
7 point. That was the only thing that I remember catching
8 my attention. I was like: Oh, I didn't know that there
9 were IRAs involved.

10 Q. Other than what he may have explained here, did
11 you ever learn any other reason why he chose not to take
12 any more money from his investors, current investors?

13 A. Not that I can remember.

14 Q. Was your -- for your investment, you actually
15 received an interest payment periodically, right?

16 A. I was supposed to. I never knew if I actually
17 got those at some point. It was during post-divorce, and
18 I -- and we needed to provide, like, routing numbers, I
19 believe, or something like that to him, that he may have
20 to start paying people off, like, in chunks, like small
21 increments.

22 But I remember I kept looking for it on my
23 balance statement and never really saw it. And I'm not
24 sure if I ever got those or not, now that I'm thinking
25 about it, but I think I was supposed to have been, for a

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1 brief period of time, to receive like an interest payment.
2 That your interest monthly payment, I think you were
3 supposed to receive back to my checking account. And that
4 stopped, or even if it did occur, I'm not sure, because I
5 don't think I got -- I don't remember getting any of that,
6 to be honest with you. I don't remember that.

7 Q. Well, there were at least two options, as I
8 understood it, for investors. You could either roll over
9 your money, meaning that the money, the interest that
10 would generally be paid on your principal investment,
11 which was in the form of a loan to the company, that
12 interest would just accrue within the company and he would
13 show it on a monthly basis so you would see that it was a
14 part of your account, or you could receive the interest on
15 a periodic basis.

16 Do you think you were in the latter category --

17 A. I thought --

18 Q. -- where you were receiving the interest?

19 A. I had always been the rollover guy, because I
20 wanted to just keep reinvesting it. But I thought at some
21 point maybe Denny said: I'm going to have to give some
22 money, siphon some of this off to you folks temporarily.
23 I think that it switched over to that, but I don't
24 remember getting it. I thought, well, maybe I'm one of
25 the lucky ones. I just wanted to keep it rolling over.

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1 Q. All right. We will look at some financial stuff
2 in a minute. It might be able to help.

3 A. Okay.

4 (Deposition Exhibit No. 876 was marked for
5 identification.)

6 Q. Showing you 876, just confirming that these are
7 emails that you would have sent and received from Denny
8 Chittick in September 30th, 2013.

9 A. I vaguely remember this, yeah.

10 Q. But those are your email addresses and his?

11 A. Yeah.

12 Q. And I presume those would have been exchanged?

13 A. Yes.

14 (Deposition Exhibit No. 877 was marked for
15 identification.)

16 Q. So 877 is in the form that was kept, as we
17 understand it, in the DenSco files. And it's -- earlier,
18 if you recall, you talked about having a form that you
19 would sign and send back.

20 Do you think -- as you look at these
21 subscription agreements, do you think these are the forms
22 that you were referring to that would have talked about
23 the amount of the loan?

24 A. Yes, and you had to meet minimums.

25 Q. Okay.

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1 A. Financial balance sheets. You had to be worth a
2 certain amount of money to do this.

3 Q. Okay. And so if you look through here, there
4 are places for your signature on each of the forms.

5 And is that your signature that appears on these
6 forms throughout this document?

7 A. Yes. I see six of my signatures. Those are
8 mine.

9 Q. Let me ask you kind of a general question.

10 So we talked earlier about this Menaged, this
11 Scott Menaged fellow.

12 A. Yes.

13 Q. And it looks like he would have first started
14 doing things that he shouldn't have, that is took
15 advantage of DenSco, in probably late 2012 and then it
16 continued on from there.

17 Did you ever observe with Denny Chittick that he
18 changed his personality or his outlook or in any way
19 evidenced to you a particular stress that he was
20 experiencing?

21 I'm asking you because you knew him for a long
22 time, you would have seen him somewhat socially, so we are
23 trying to piece together the history here.

24 Was there ever a time that you spent time with
25 him or saw him and you said, okay, he is a different guy

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1 or it looks like he is super stressed or anything like
2 that?

3 A. No.

4 (Deposition Exhibit No. 878 was marked for
5 identification.)

6 Q. Just confirm, if you could for the record,
7 Steve, that these are a series of emails in November of
8 2014 between you and Denny Chittick.

9 A. Correct.

10 (Deposition Exhibit No. 879 was marked for
11 identification.)

12 Q. This may refresh your memory. It may not. If
13 we look at the top of the first page -- oh, you are
14 looking at it. Why don't you look at it really quickly,
15 and then I will ask you about it.

16 A. Okay.

17 Okay. I've seen this.

18 Q. All right. Do you think you received this email
19 on or about December 27th, 2014?

20 A. Yes.

21 Q. And in this communication to you, Denny Chittick
22 is talking about a change that he is going to make in
23 2015, which includes asking the investors, take their
24 interest monthly or quarterly.

25 Do you see that?

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1 A. I do.

2 Q. And does this refresh your memory as it relates
3 to your experience in terms of when you were to get money
4 in your checking account, or wherever, from the company?

5 A. Yes, it does.

6 Q. But you don't remember whether that happened or
7 not?

8 A. I don't.

9 Q. Okay. Earlier in that paragraph, I guess what
10 would be the third paragraph, the -- well, let me just
11 read it. "I need to make another change in 2015. As in
12 past years, I've needed to make adjustments. A few years
13 ago I quit taking new investors, and then accepting new
14 money in. With the market less stressed, there are fewer
15 opportunities." Let me just stop there.

16 Did you ever discuss with him that he had fewer
17 opportunities to lend money where the market was more
18 stable?

19 A. I don't remember him doing that.

20 Q. Do you remember whether you had any
21 communication with Denny Chittick in this timeframe, other
22 than what would be in writing in the emails, about the
23 subject matter, that is?

24 A. I don't remember doing that. It might be, but I
25 don't remember.

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1 Q. Okay. I'm going to show you this just because
2 we were talking about it earlier.

3 (Deposition Exhibit No. 880 was marked for
4 identification.)

5 Q. So I'm showing you 880. Is this the email
6 exchange you were speaking about earlier, having do with
7 the calculation of interest on an annualized basis?

8 A. This is precisely the situation we were
9 discussing.

10 Q. And you are saying to him, and he corrects you,
11 and you say, "And that's why I have real brokers and a
12 hard money lender bookie to do the math"?

13 A. Correct.

14 Q. Why don't we take about a ten-minute break. I
15 want to get my documents organized, I don't want to have
16 you wait for me, and try to get these organized in a way
17 that I can move through them quickly.

18 A. Okay.

19 (A recess was taken from 3:18 p.m. to 3:27 p.m.)

20 (Deposition Exhibit No. 881 was marked for
21 identification.)

22 Q. Steve, I'm showing you Exhibit 881.

23 Could you just confirm that in those locations
24 where your signature would appear, that those are your
25 signatures?

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1 A. These are my signatures.

2 Q. And if you recall, we saw another packet earlier
3 of investments you made, and these are earlier dates,
4 correct --

5 A. Yes.

6 Q. -- than those were?

7 And again, the last document in that stack, is
8 that dated April 20th, 2004, do you see that, which
9 probably is the first investment you made in the -- in
10 DenSco?

11 A. I see the May 21st one, May 20th.

12 Q. Yeah.

13 A. Yes.

14 Q. It says right here at the top, but I think your
15 signature was probably May 20th.

16 A. Yeah, May 20th.

17 Q. 21st, I mean.

18 (Deposition Exhibit No. 882 was marked for
19 identification.)

20 Q. Showing you Exhibit 882, Steve, this is dated
21 September 16, 2015.

22 A. I remember this now.

23 Q. He says, "Last December I requested that
24 everyone take their interest either monthly or quarterly.
25 The reason for this was because I was sitting on so much

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1 underutilized cash and I felt like it was a good way to
2 reduce my cash position. I underestimated the negative
3 reaction to this! No one was rude, just disappointed
4 based on their investment plans; the compounding was
5 working the way they had planned. I would like to offer
6 to you the choice of allowing your interest to compound it
7 again. Just email me back and I'll adjust it and it will
8 be reflected on this month's statement."

9 You recall this email, you said?

10 A. I do.

11 Q. Do you recall if you did anything in response?

12 A. If I did, I would have said compound it again,
13 because I liked where it was going.

14 Q. Do you remember having any conversations with
15 other investors in this timeframe as to who might have
16 been reacting to him making the change or anything like
17 that?

18 A. No, not at all.

19 Q. You generally didn't have communications with
20 other investors during the time you were an investor in
21 DenSco, right?

22 A. Correct.

23 Q. Was there an explosion out at the TASER plant?

24 A. Yes.

25 Q. And that happened, like, in September of 2015 or

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1 so?

2 A. I don't remember the date, but we definitely had
3 one and I was the point person for it.

4 Q. You are the PR --

5 A. Spokesman.

6 Q. PR, I know, is probably not the right word for
7 that.

8 Is it spokesman?

9 A. Yeah, I was the spokesman.

10 Q. Where was the plant?

11 A. Scottsdale, Hayden and 101.

12 (Deposition Exhibit No. 883 was marked for
13 identification.)

14 Q. So this is an email to you with an attached
15 statement, and you will see that email is dated June 29,
16 2016. Denny would have passed away on July 28, 2016, so
17 roughly a month or so later. Let's look at the second
18 page together.

19 Does this seem to be a fair summary of your
20 investment history with DenSco as of June of 2016, along
21 with -- and I know these numbers, you are not going to
22 memorize the numbers, but does it appear accurate in terms
23 of the earnings on your investment and when you invested
24 and those kinds of things?

25 A. It does.

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1 Q. All right. Do you recall -- and I haven't
2 reconstructed this, and I'm sorry, but do you recall that
3 after you initially lent money as an investor, that you
4 would sometimes roll those over? In other words, that
5 loan, when it came to its maturity date, you would just
6 enter a new loan to replace the previous loan? Did that
7 occur with you at DenSco?

8 A. Yes. I would just let it roll over. Every two
9 years I think you had to sign the document, if I recall
10 correctly, and I just let it ride.

11 Q. So the original \$50,000 investment you made in
12 the form of a loan, when it got to its maturity date, you
13 would enter a new loan for 50,000. You would just
14 continue getting interest on the loan that you made to the
15 company?

16 A. Correct.

17 (Deposition Exhibit No. 884 was marked for
18 identification.)

19 Q. Looking at Exhibit 884, the communication that
20 starts about a third of the way down is to you and other
21 investors informing you of the passing of Denny Chittick.
22 Do you see that?

23 A. Yes.

24 Q. And then your -- your response email is at the
25 top of the first page, dated August 1, 2016.

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1 A. That's correct.

2 Q. I'm showing you what's previously been marked as
3 Exhibit 623. The document I have, I had highlighted, but
4 the one in my hand isn't. Here we go.

5 So if you look on what's about five pages in,
6 there is a listing of investors. You will see that.

7 A. I do.

8 Q. And then the third page of that document, 101,
9 number 101, claim number 101 on the left side.

10 Are you there?

11 A. I am.

12 Q. Okay. It shows -- I'm told that this is a
13 summary by the receiver of the filed claims on behalf of
14 the investors, and it looks like the reference to you on
15 101 is as an investor, and the amount of the claim was
16 \$137,600.06.

17 Is that a correct amount for you? Is that the
18 amount of your claim?

19 A. Yes.

20 Q. So let's go further back into that document, if
21 we could, Steve, and you will see that after that listing
22 of claims, there is a formal document that looks like
23 this.

24 Do you see this?

25 A. I do.

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1 Q. Yeah, you are there. All right. So now go to
2 page 5 of that document.

3 A. I'm here.

4 Q. All right. And if you look at the top, there is
5 an identification of investor claimants, amount claimed,
6 receiver's adjustment, and the amount approved.

7 Do you see that?

8 A. I do.

9 Q. And it identifies you as the fourth investor
10 claimant. Amount claimed is \$137,600.06. There is an
11 adjustment of \$52,715.01, with the amount approved of
12 \$84,885.05.

13 Do you read that?

14 A. I do.

15 Q. And is that consistent with your understanding
16 today, is that the amount approved as your claim is that
17 amount, that \$84,885.05?

18 A. Yeah. I disagree with it, because -- and I
19 wrote somebody on this, because they are taking out what
20 my wife got when the account was split in half, and Denny
21 just paid her out.

22 So I thought the balance, 137,600, is mine, and
23 that's what's showing in the statement on 883, and yet
24 they took out something that was paid to my wife when I
25 got divorced. So I wasn't quite understanding why that

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1 would be taken out, because that 137 is mine.

2 I never received that 52,000 as a taxable event
3 for me, so to me, I dispute that, but it was explained to
4 me that's the way it works.

5 Q. So as it sits today, the receiver has made an
6 adjustment to the amount of your claim. You don't agree
7 with it, but the amount they recognize, at least as of
8 today, is \$84,885.05?

9 A. That is correct.

10 Q. Do you recall getting a distribution at one
11 point from the receiver?

12 A. I recall two, I believe.

13 Q. Okay.

14 A. Two checks.

15 Q. Do you remember the amounts?

16 A. Maybe 8 or \$9,000 was one of them, and I forgot
17 what the other one would be.

18 Q. Was the other for about 12,000?

19 A. Yes. 12, yes.

20 Q. All right. I'm showing you what has previously
21 been marked as Exhibit 414.

22 So before his death, I understand that Denny
23 Chittick drafted various letters, one of which was a
24 letter to the investors. And Exhibit 414, and I apologize
25 for the interlineations, but the original typed version of

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1 this document was a document that I understand Denny
2 Chittick typed for the investors.

3 Have you read a letter that was written by him
4 to the investors --

5 A. Yes.

6 Q. -- before his death?

7 Okay. And did you -- as you sit here today, do
8 you recall any reactions you had to that letter at the
9 time?

10 A. Yeah. I was horrified and surprised.

11 Q. Do you remember when you would have seen it for
12 the first time?

13 A. Relatively soon after he had committed suicide.

14 Q. What was the word you just used? Shocked was
15 the word?

16 A. Horrified.

17 Q. Horrified. Why?

18 A. This was not the guy that I knew. The amount of
19 money that was involved with people, it was pretty
20 shocking to know those people lost their money. Way more
21 than I did.

22 There were -- the fact that he said he was
23 judge, jury and executioner was pretty galling. That --
24 and I was shocked that it had gotten this bad without
25 anybody having a clue.

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1 And it was so -- it was mortifying. I mean,
2 this is a guy I knew, guy I liked, and then you knew that
3 there was a lot of money that was lost probably in this
4 that we will never know all the answers because he is
5 gone. It was a pretty horrendous day.

6 Q. What do you make out of this? What do you make
7 of the suicide? Do you have any view on that?

8 A. Well, I'm frustrated and angry, not just at the
9 loss of money, but I think he could have helped us reclaim
10 it somehow or other by being around for it.

11 And I understand the shame of what he has done,
12 but I don't -- I just -- this is a mess. So I don't
13 really -- it just -- it was an awful experience to go
14 through that, and I'm sure it's worse for the people that
15 lost more money than I did.

16 Q. Can you square it in any way with the Denny
17 Chittick you knew?

18 A. Not in any way, shape, or form. I never saw
19 this coming. Worse, I was counting on that money to use
20 someday for -- it was -- this sounds frivolous, but it was
21 fun money. It wasn't something that I desperately needed.
22 It was -- it was there for me to do something unique.

23 And I thought this thing was really going to
24 grow. At 12 percent, I just kept thinking it's going to
25 double every six or seven years at that rate, and I

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1 thought this was a good way to maintain a retirement and
2 do some fun stuff with it, as opposed to just need it.

3 So it was pretty devastating to lose that. But
4 it's pretty rough when you can't read someone that well,
5 when you rely on your instincts to judge people. And I
6 have to do that in my job with reporters, and my instincts
7 failed me on this one. I just didn't see it coming. I
8 didn't have an inkling. And I don't think anybody could
9 have said this is something that Denny would have done.
10 Not the Denny that I knew.

11 Q. Has anyone shared with you their view of why
12 this all happened? Other than lawyers, family or friends,
13 has anyone been able to share with you how they might
14 explain what happened?

15 A. No. And the few people that I know that are
16 investors were too shocked to kind of put two and two
17 together. We all realized the amount of money he lost,
18 and we get it, but he had boys, I mean, that he really
19 liked, and he had investors to take care of. Whether he
20 screwed up or not, that's what's so shocking, is that he
21 is a smart guy. He could have done something, I think,
22 but who knows. I don't know.

23 Q. Well, the things that you are saying don't --
24 that is, doesn't fit in what you now know.

25 You knew him to be an honest person, right?

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1 A. Absolutely.

2 Q. And trustworthy?

3 A. I trusted him with my investments, and I don't
4 take that lightly, especially since he is not a bank. I
5 knew there was risk involved. You know, when you say
6 hard-money lender, there is risk involved, but this wasn't
7 some little scheme that lasted a year or two. This had
8 been going on for years of success.

9 And you always kind of say, well, what can
10 happen to the stock market, what can happen to my bonds,
11 and I always look at that as somewhat of a risk, for some
12 stupid reason, I never worried about this investment with
13 Denny. I had that much confidence in him.

14 Q. You always believed he knew the responsibility
15 he had to you and the other investors, right?

16 A. Absolutely.

17 Q. And you knew him to be someone who was organized
18 and precise, required that things be done right, right?

19 A. That's the way I knew him.

20 Q. All right. So let's look -- I want to look at
21 this letter. It's -- it's difficult to find locations
22 within this letter to talk about, because it's -- it just
23 goes on and on and doesn't have paragraphs.

24 It's hard, but I want to focus on the first page
25 here for a moment. And there is a discussion that begins,

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1 it's about two-thirds of the way down, there is a
2 reference to Scott Menaged with a phone number next to it.
3 See if you can find that on that page.

4 A. I see it.

5 Q. All right. And then it gives his address.

6 And then it says after that, it says: A long
7 time borrower, he was probably one of my largest borrowers
8 by dollars over the years. He was also ran a bidding
9 company and sent me many borrowers over the years. He at
10 the time had a few million of dollars (sic) with me on his
11 rentals and was still doing flips on a regular basis.

12 I'll just read through it. Scott contacted me
13 and asked if he would be interested -- I'm sorry. Let me
14 start that again.

15 Scott contacted me and asked if would be
16 interested in funding a bank of rentals to which a hedge
17 fund friend of his out of a New York -- out of New York
18 would buy once it reached 7 to 10 million. He would put
19 down 15 to 20 percent, fix them up and rent them and then
20 when he acquired the total dollar amount he would sell out
21 to this guy. That amount of money would take me over 10
22 to 15 percent threshold to any one borrower.

23 Let me stop there for a minute. He references
24 this 10 to 15 percent threshold.

25 Did you understand, when you made the

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1 investment, that he wasn't going to dedicate too great of
2 percentage of his total loans to any one borrower? Did
3 that ever come up?

4 A. I don't remember, because having read these
5 documents, I know of it, but I have read the documents.

6 Q. I understand.

7 So the next sentence reads: Again I talked to a
8 few of you investors and got a positive response, based on
9 his track record, the down payments etc, the comfort level
10 was there, I agreed. Stop reading there.

11 So he says he talked to a few of the investors,
12 presumably about this Menaged situation and the hedge fund
13 and the whole thing.

14 Did he ever speak to you about that?

15 A. No.

16 Q. And do you know if he ever spoke to anyone else
17 about that subject?

18 A. I don't.

19 Q. If he had not spoken to you and he had not
20 spoken to other investors, this would be a lie, right?

21 A. It would be a lie if he didn't speak to the
22 investors, correct.

23 Q. Right.

24 And sitting here today, are you aware of anyone
25 within the broader investment group for DenSco ever

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1 learning anything about Scott Menaged during the life of
2 their investment?

3 A. I'm not aware of that.

4 Q. All right. Then as we go down that page, Steve,
5 and I'm not going to go through it in detail, but he talks
6 about a process he followed where he would basically send
7 money to a bidding company, who would then provide money
8 to the trustee.

9 And then at the bottom of that page, he says:
10 Many of you knew this and I told you this is how I
11 operated.

12 Did he ever talk to you in any kind of detail
13 about how he would fund the loans sometimes to a bidder
14 for a trustee sale?

15 A. No.

16 Q. Do you know if he ever told anyone else that?

17 A. I don't.

18 Q. Again, if -- no one, in the time that you have
19 been an investor or since Denny Chittick's death, has ever
20 informed you that they had learned any of this detail from
21 him, right?

22 A. No.

23 Q. Let's go to the next page. Going down about
24 halfway down that second page, there is a number on the
25 left side. It says around 50 million. It's almost

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1 halfway down.

2 A. Uh-huh. I see it.

3 Q. Are you there?

4 Again, this is a discussion of adding more loans
5 on to the numbers he already had on the hedge fund
6 portfolio. Let me -- after the 50 million, I'm going to
7 read: It was only going to be for a few more months and
8 he had been spotless with payments of interest and I
9 checked all the values of the properties, visited some of
10 them, everything seemed to be in order. I agreed to the
11 increase. We talked again in the fall and he was telling
12 me I would be cashed out of these by year end. I again
13 spoke with a few of you saying that I might be returning
14 some funds. The plan was all working out fine, the rest
15 of the business was doing fantastic and I wasn't
16 concerned.

17 Did he ever speak to you, that is Denny Chittick
18 ever speak to you about returning some of your funds as it
19 related to loans to Scott Menaged?

20 A. No.

21 Q. Do you know if he ever spoke to anyone of the
22 investment group about returning their funds based on
23 doing deals with Menaged?

24 A. No.

25 Q. There is -- he goes on and talks about a lie

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1 that Scott Menaged told him about putting his cousin in
2 charge of Menaged's business.

3 Have you ever heard that story about? Does that
4 ring a bell?

5 A. Not until this information came out.

6 Q. Okay. You have heard it within the context of
7 this litigation?

8 A. I recall it.

9 Q. Okay. But while Denny Chittick was still alive,
10 did he ever share with you any problems he had? I know
11 you said he never mentioned Menaged, so it's -- he never
12 talked to you about a cousin being in charge of a Menaged
13 entity or anything like that, right?

14 A. I never heard of this guy before, or the cousin.

15 Q. Understand.

16 The -- if we go down to this third page, I'm
17 almost through with this document, about three-quarters of
18 the way down there is some underlining. There is a
19 reference to an entity called AFG. The long name is
20 Active Funding Group.

21 Did that entity ever come up, that you can
22 recall, during the time you were an investor, before Denny
23 Chittick's death?

24 A. Not at all. Never even heard of it.

25 Q. Okay. It talks about trying to deal with these

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1 competing loans.

2 Did you ever learn during the time you were an
3 investor that DenSco was put in a situation where they had
4 loans competing with another lender on the same
5 properties?

6 A. No.

7 Q. He references in this letter that he was worried
8 that one of his investors might come after him if they
9 learned about information, such as this double-liening
10 issue.

11 Are you aware of any investor being sideways
12 with Denny Chittick or ever threatening him during the
13 time you were an investor?

14 A. No, not at all.

15 Q. Do you recall -- Strike that.

16 Did you ever have any communications with Dave
17 Preston, who was the accountant for DenSco?

18 A. Not that I recall.

19 Q. Did you ever have any communications with a guy
20 named Robert Koehler, K-o-e-h-l-e-r?

21 A. Not that I know of.

22 Q. Let's go to the last page of this letter, if we
23 could, Steve. About halfway down on that last page, there
24 is a sentence that reads "The guilt, embarrassment, and
25 humility."

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1 A. I'm there.

2 Q. Are you there?

3 It says, "The guilt, embarrassment, and humility
4 any other adjective you can add in there is over
5 whelming."

6 As you knew Denny Chittick, do you think that
7 the suicide is just a result of the guilt and humility
8 that he -- or the shame of the experience, or can you
9 even, sitting here today, even explain what happened?

10 That's a poor question, but using his words,
11 does it in any way give you insight into what led him to
12 do what he did?

13 A. I get it. I mean, I understand what he is
14 saying there, and I would imagine the guilt,
15 embarrassment, and humility would be right up there world
16 class, but, I mean, this is -- I think this was a guy that
17 so many people trusted and that was so sharp
18 business-wise, that perhaps he really felt this.

19 And I think he just may have felt he let so many
20 people down, not just let them down, but destroyed people
21 probably. I don't know. I have never been in that
22 situation, but it still doesn't make sense that he would
23 go that far, to me.

24 Q. In looking back, we know that obviously someone
25 choosing to commit suicide, it's a mental, psychological

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1 thing we may or may not be able to explain. I mean, it's
2 obviously a challenge, but is there -- did you ever see in
3 him any mental or psychological weakness? Any inability
4 to deal with bad circumstances?

5 A. He dealt with a pretty rough start for Insight.
6 I mean, that was not an easy business to start up. And
7 having to start up TASER and Axon, that steels you pretty
8 good. I went through the IPO. That's tough. You get
9 vetted pretty hard for that.

10 I didn't see any weakness or any mental issues
11 that I would be concerned about. My instincts told me he
12 was a little bit of an odd duck in that he was quiet and
13 all business, but that was Denny, too. And what you see
14 is what you got.

15 And I just can't explain how it went that far,
16 but, again, I wouldn't want to be able to explain someone
17 else's suicide. I don't know how --

18 Q. Does it make you wonder if you actually ever
19 knew him?

20 A. Yeah, because I didn't see that. And I didn't
21 see the -- if you read what he is saying, he got caught
22 with his pants down and didn't do the right thing, I
23 think, at some point, and stop the hemorrhaging.

24 And it was bad, but to me, there is always an
25 out. There is a way to fix things. Even if it hurts you,

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1 you got to fix it. And I didn't -- again, that's not an
2 aspect. I didn't -- I didn't see that, so, no, maybe I
3 didn't know him.

4 Q. Any explanation as to why he wouldn't have come
5 to people like you for help?

6 A. He was very private. It took a while to get to
7 this relationship with him. But there were a lot of good
8 friends in there that he had and a lot of good trusted
9 business people I think he could have relied upon, but at
10 the same time, those are also his investors, so I guess he
11 is kind of, as he said, caught between a rock and a hard
12 place, but I don't know.

13 Q. Has it been expressed to you by others that
14 perhaps they didn't know the true Denny Chittick, in the
15 aftermath, looking back?

16 A. I haven't heard anybody say it quite like that,
17 but the people that I have talked to have all said none of
18 us saw this coming. This was not something any of us,
19 that I have spoken to, was even a fleeting thought. I
20 mean, this is so far removed from what we thought of him
21 and the business and where it was going and his ethics,
22 that it was -- it's maddening.

23 Q. Do you have any idea how this guy Menaged could
24 have manipulated him like he did?

25 A. I don't, because Denny was pretty sharp, and he

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1 just ran such a clean business that he talked about. At
2 the same time, I mean, anybody can be duped. But I didn't
3 see it, again, I didn't see that coming and I don't know
4 who this guy is. I don't know who he was.

5 Q. Let me ask just a couple of questions.

6 You were never part of the MOM group, right,
7 M-O-M?

8 A. No. I didn't even know what that was.

9 MR. DeWULF: No further questions. Thank you
10 for your time.

11

12 EXAMINATION

13

14 Q. (BY MR. STURR) Steve, I have got a couple
15 questions for you before I let you go.

16 A. Yes.

17 Q. Back to your -- you have been talking today
18 about the Insight days, the early days when you were
19 founding TASER and working with Denny and others at
20 Insight to get guidance. I think you talked about Denny
21 running a tight ship.

22 In the conversations you had with Denny about
23 starting the business, running the business, did those
24 conversations ever touch on complying with law and how to
25 run a business in a legal and proper way?

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1 A. No, I don't remember that coming up
2 specifically.

3 Q. Okay.

4 A. It was more of here is what you have to do to be
5 successful. You got to do it -- well, I take it back.
6 You have to do it right. Cross your T's, dot your I's.
7 This is going back a ways.

8 You also learn a little bit about someone's work
9 ethic. He was a machine when it came to working long
10 hours. Didn't play around at work. Didn't really joke
11 around at work. He was pretty -- pretty all business
12 during that time.

13 Q. Okay.

14 A. I don't know if that would revolve around
15 anything legality-wise.

16 Q. Let me move forward. I'm going to ask you about
17 a doc -- just to make it easier, I'm going to show it to
18 you. This is a document that Mr. Dewulf showed you,
19 Exhibit 633. It's an email that you received in July of
20 2011.

21 There is a reference in the third paragraph to
22 David Beauchamp, and a statement that he updates the
23 memorandum and works with Mr. Beauchamp and will review
24 statutes and laws.

25 Mr. Dewulf asked you if you knew or met

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1 Mr. Beauchamp. I want to ask you slightly different
2 question.

3 Did Denny ever talk to you about using a lawyer
4 or relying on lawyers in the business, that you can
5 recall?

6 A. Only in emails where he mentioned it. You know,
7 "I have to get these things approved," so to speak.
8 That's about the only memory I have of that.

9 Q. Was it your impression that Denny was working
10 with lawyers for DenSco as he was operating the company?

11 A. Yes.

12 Q. Okay. And it was your impression he was trying
13 to act within the law?

14 A. Yes.

15 Q. Okay. There was a question that Mr. DeWulf was
16 asking you. He showed you Exhibit -- I just want to, just
17 to refresh your memory, he showed you this Private
18 Offering Memorandum, Exhibit --

19 A. Uh-huh.

20 Q. -- 432.

21 A. Yes.

22 Q. That's the July Private Offering Memorandum. I
23 want to ask you a quick question about Exhibit 876. This
24 was an email exchange you had with Denny in September of
25 2013, and the first line of the email is: Sent 15K to

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1 you.

2 A. Uh-huh.

3 Q. Now, this was a time in which you were making a
4 new investment into DenSco, is that correct?

5 A. Yes. I wanted to beef up where I was at
6 previously, since I lost half in the divorce, and I wanted
7 to get -- refresh it, so to speak.

8 Q. And it appears that you had this email exchange
9 with Denny in late September of 2013, correct?

10 A. Yes.

11 Q. Okay. And then if I look at Exhibit 781, which
12 was a compilation of subscription agreements you sign,
13 signed rather, on page D13625 of that document, can you
14 just take a quick look at that?

15 MR. STURR: I'm sorry, John. I'm not meaning to
16 get ahead of you.

17 MR. DeWULF: That's fine. I'll catch up. I
18 don't want to slow you down.

19 Q. Can you confirm, Steve, this is the subscription
20 agreement you signed on the \$15,000 investment you made at
21 that time?

22 A. Correct.

23 Q. Okay. Do you recall receiving anything from
24 Denny about the state of the business or something like a
25 Private Offering Memorandum before you made that

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1 investment?

2 A. I don't remember. He would always mail, mail
3 envelopes of stuff, and just we would go through it and
4 sign it. I don't remember if it had a memorandum in
5 there.

6 Q. If you had received something like Exhibit 446,
7 this private offering -- 432, the Private Offering
8 Memorandum, do you think you would have read it before you
9 made the investment?

10 A. Yeah, I scan it to see if it's any different
11 from the previous. What I particularly look for are the
12 numbers --

13 Q. Okay.

14 A. -- like the 15 percent, sorry, the 12 percent.
15 I would scan these and look at various sections that were
16 important, like what minimums were, but it seemed to be
17 pretty standard that we had done over the years.

18 Q. If the document -- if you had received a
19 document like that and if the document described the
20 business of DenSco in ways that were different than what
21 you understood how the company was operating, would that
22 have made a difference to you before you decided to
23 invest?

24 MR. DeWULF: Object to form.

25 Q. For example, if the document said something

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1 different about what you understood about the first-lien
2 position that Denny had told you about when you first
3 invested, would that have made a difference to you?

4 A. It would have made me probably ask a question on
5 why are we in the second or third or whatever position.

6 Q. So it would have prompted you to ask more
7 questions of Denny about the state of affairs?

8 A. Yes.

9 MR. STURR: I thank that's all I have. Thank
10 you.

11 MR. DeWULF: All right. Thanks for coming down.

12 MR. STURR: Do you want to --

13 MR. DeWULF: Yeah, let's, while we are thinking
14 about it.

15 Steve, Kelly obviously has typed down what we
16 have said today and that will be typed in a booklet, a
17 transcript, and you have the opportunity either to read
18 through the questions and answers -- you may have done
19 this before --

20 THE WITNESS: I have.

21 MR. DeWULF: -- and check it for its accuracy
22 and then you can correct things, or you can assume that
23 what's been typed down is accurate, an accurate portrayal
24 of what we've said.

25 THE WITNESS: Okay.

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1 MR. DeWULF: Totally up you to. So whichever
2 you choose, we will accommodate you.

3 If you want to what we call waive signature, you
4 just assume it's been typed correctly, then you will
5 indicate that. If you wish to look at the final
6 transcript typed out so you can look at it, we can do that
7 as well.

8 THE WITNESS: I'd like to take a look at it just
9 to make sure it's good.

10 MR. DeWULF: Okay. So we will work with you and
11 her and work something out.

12 THE WITNESS: Okay.

13 (4:10 p.m.)

14

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STEPHEN D. TUTTLE

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1 BE IT KNOWN that the foregoing proceeding was
2 taken before me; that the witness before testifying was
3 duly sworn by me to testify to the whole truth; that the
4 questions propounded to the witness and the answers of the
5 witness thereto were taken down by me in shorthand and
thereafter reduced to typewriting under my direction; that
the foregoing is a true and correct transcript of all
proceedings had upon the taking of said deposition, all
done to the best of my skill and ability.

6 I CERTIFY that I am in no way related to any of
7 the parties hereto nor am I in any way interested in the
outcome hereof.

8
9 [X] Review and signature was requested.
[] Review and signature was waived.
[] Review and signature was not requested.

10
11 I CERTIFY that I have complied with the ethical
12 obligations in ACJA Sections 7-206(F)(3) and
7-206-(J)(1)(g)(1) and (2).

13
14 Kelly Sue Oglesby
15 Kelly Sue Oglesby
Arizona Certified Reporter No. 50178

4/24/2019

Date

16
17 I CERTIFY that JD Reporting, Inc. has complied
18 with the ethical obligations in ACJA Sections
7-206(J)(1)(g)(1) and (6).

19
20 JD REPORTING, INC.
21 Arizona Registered Reporting Firm R1012

4/24/2019

Date