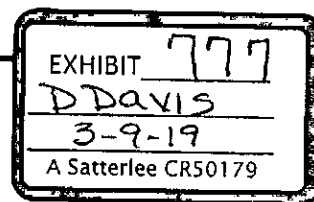


Message

From: Denny Chittick [dcmoney@yahoo.com]
Sent: 3/20/2011 6:31:45 PM
To: Glen Davis [glenbo@cox.net]
Subject: Re: DenSco Dinner Party



you and mark and i plan to have lunch not this week but next.
dc

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602-469-3001
602-532-7737 f

From: Glen Davis <glenbo@cox.net>
To: Denny Chittick <dcmoney@yahoo.com>; ranashadc@yahoo.com
Cc: Doriann Davis <doriann@cox.net>
Sent: Sun, March 20, 2011 6:12:30 PM
Subject: RE: DenSco Dinner Party

Thank for hosting another winner. We enjoyed ourselves as always!

Let's get together soon!

Regards,

Glen

From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Friday, March 18, 2011 1:51 PM
To: Manuel Lent; Tony Smith; James Lesley McCoy; Dave Preston; Vince Muscat; Craig Tomie; Coralee Thompson; Donald W Kimble; Mark Wenig; Glen P Davis; Stanley L Schloz; Jim Jan McArdle; Warren Fay Bush; Marion Minchuk; Robert Liz Hahn; Paul A Kent
Subject: DenSco Dinner Party

I'm looking forward to seeing you all here tomorrow at 3pm. Please bring an appetite! For the newbies, this is casual! My mom will be dressed up but that's just her.

I've also invited a few of my best borrowers, they are refusing to wear the purple twirly hats i bought for them, so you'll have to figure out who they are, or ask me. Better yet, find Warren, he'll have

them cornered!

See you tomorrow.

thx

dc

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602-532-7737 f

Message

From: Denny Chittick [dcmoney@yahoo.com]
Sent: 6/4/2011 4:47:17 PM
To: Dori Ann Davis [doriann@cox.net]
Subject: Re: DenSco Statement May 2011

sounds great, i'll wait by the mail box. hope you are enjoying your new digs!

thx

dc

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602-532-7737 f

From: Dori Ann Davis <doriann@cox.net>
To: Denny Chittick <dcmoney@yahoo.com>
Sent: Sat, June 4, 2011 1:34:41 PM
Subject: RE: DenSco Statement May 2011

Yes – same as last investment.

Will send Nasha a note via fb.

Hope you guys are doing well.

da

From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Wednesday, June 01, 2011 8:08 AM
To: Dori Ann Davis
Subject: Re: DenSco Statement May 2011

ok great, i'll let you know when i get it. did you want it to accrue like your other investment?

not quite ready for golf. coordinate with the social director and we can get out for an evening.

thx

dc

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From: Dori Ann Davis <doriann@cox.net>
To: Denny Chittick <dcmoney@yahoo.com>
Sent: Wed, June 1, 2011 6:29:17 AM
Subject: RE: DenSco Statement May 2011

Hi Denny – I'm going to send you a check for 25. You should get it this week in the mail.

Da

P.S. The 4 of us need to plan an outing. How is your shoulder? Ready for a foursome of golf?

From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Tuesday, May 31, 2011 7:06 AM
To: Doriann@cox.net
Subject: DenSco Statement May 2011

Investors: Dori Ann

Please find attached your monthly statement.

Thanks,

dc

No virus found in this message.

Checked by AVG - www.avg.com

Version: 10.0.1375 / Virus Database: 1509/3672 - Release Date: 05/31/11

No virus found in this message.

Checked by AVG - www.avg.com

Version: 10.0.1375 / Virus Database: 1511/3674 - Release Date: 06/01/11

Message

From: Denny Chittick [dcmoney@yahoo.com]
Sent: 8/8/2011 5:34:32 PM
To: Bigbutt [rchittick@bidazforeclosures.com]
Subject: Fw: dinner on the 13th

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----- Forwarded Message -----

From: "Davis, Dori Ann" <Doriann.Davis@honeywell.com>
To: Denny Chittick <dcmoney@yahoo.com>; Glen Davis <glenbo@cox.net>
Sent: Monday, August 8, 2011 4:37 PM
Subject: RE: dinner on the 13th

It's a plan

From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Sunday, August 07, 2011 6:47 PM
To: Glen Davis; Davis, Dori Ann
Subject: Re: dinner on the 13th

lets make the 3rd, and we are good!
thx
dc

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602-532-7737 f

From: Glen Davis <glenbo@cox.net>
To: "Davis, Dori Ann" <Doriann.Davis@honeywell.com>; Denny Chittick <dcmoney@yahoo.com>
Sent: Sunday, August 7, 2011 5:19 PM
Subject: Re: dinner on the 13th

Sweethearts all, whenever Doriann says I can dine with you, I'm ready. You book it, I'll ship it.

.....g

----- Denny Chittick <dcmoney@yahoo.com> wrote:
> sweatheart, we are out of town the next two weekends, 20th and 27th. then back for the duration!
dc

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>

>From: "Davis, Dori Ann" <Doriann.Davis@honeywell.com>
>To: Denny Chittick <dcmoney@yahoo.com>; Glen Davis <glenbo@cox.net>
>Sent: Thursday, August 4, 2011 8:22 PM
>Subject: RE: dinner on the 13th
>
>
>Maybe the weekend of the 27th?
>
>Sweetheart – how does this look to you?
>
>From: Denny Chittick [mailto:dcmoney@yahoo.com]
>Sent: Tuesday, August 02, 2011 8:08 AM
>To: Davis, Dori Ann
>Subject: dinner on the 13th
>
>we need to change that date, what new date might work for you?
>thx
>dc
>
>
>DenSco Investment Corp
>www.denscoinvestment.com/
>602-469-3001
>602-532-7737 f
>
>

Message

From: Denny Chittick [dcmoney@yahoo.com]
Sent: 9/10/2011 2:57:54 PM
To: Davis, Dori Ann [Doriann.Davis@honeywell.com]; glenbo@cox.net
Subject: Re: Healthcare

great, we'll be there, i don't have a to wear pants do i?

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602-469-3001
602-532-7737 f

From: "Davis, Dori Ann" <Doriann.Davis@honeywell.com>
To: dcmoney@yahoo.com; glenbo@cox.net
Sent: Saturday, September 10, 2011 2:19 PM
Subject: Re: Healthcare

Just changed reservations for 630 up at the north scottsdale location. See u around 530 at our place.

Da

From: dcmoney@yahoo.com [mailto:dcmoney@yahoo.com]
Sent: Saturday, September 10, 2011 07:46 AM
To: Glen Davis <glenbo@cox.net>; Davis, Dori Ann
Subject: RE: Healthcare

We can do that. I willl make plane reservations

-- Sent from my Palm Pre

On Sep 10, 2011 2:28 AM, Glen Davis <glenbo@cox.net> wrote:

The other choice would be to go to the one up north and you guys could stop in b4 or after and see the new place. Just throwing that out there.

Regards,

Glen

From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Friday, September 09, 2011 3:17 PM
To: Davis, Dori Ann; Glen Davis
Subject: Re: Healthcare

perfect, we'll be there!

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From: "Davis, Dori Ann" <Doriann.Davis@honeywell.com>
To: Glen Davis <glenbo@cox.net>; dcmoney@yahoo.com
Sent: Friday, September 9, 2011 2:27 PM
Subject: RE: Healthcare

I think we should go to the South Scottsdale one - <http://www.mastrosrestaurants.com/>

6991 E. Camelback Rd., Scottsdale

The other locations are way up our way...

Want to say 6:30 p.m.? I've gone ahead and made us reservations. If you need me to push this out, let me know.

See you tomorrow!

da

From: Glen Davis [mailto:glenbo@cox.net]
Sent: Thursday, September 08, 2011 10:07 PM
To: Davis, Dori Ann; dcmoney@yahoo.com
Subject: RE: Healthcare

Think Flemings and Ruth's Chris had a baby....and the baby made a really pricey, tender fillet!

Regards,

Glen

From: Davis, Dori Ann [mailto:Doriann.Davis@honeywell.com]
Sent: Thursday, September 08, 2011 4:06 PM
To: Denny Chittick; Glen Davis
Subject: RE: Healthcare

Wow - that is good eats!!!

From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Thursday, September 08, 2011 2:11 PM
To: Glen Davis; Davis, Dori Ann
Subject: Re: Healthcare

i have a gift card for a restaurant called mastro's, never heard of it.
see if that will work!

dc

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602-532-7737 f

From: Denny Chittick <dcmoney@yahoo.com>
To: Glen Davis <glenbo@cox.net>
Sent: Friday, September 18, 2009 10:32 PM
Subject: RE: Healthcare

this guy has annoyed me on espn, i'm surprised as hell at what he says.

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602-532-7737 f

--- On Fri, 9/18/09, Glen Davis <glenbo@cox.net> wrote:

From: Glen Davis <glenbo@cox.net>
Subject: RE: Healthcare
To: "Mark Wenig" <mark.wenig@gmail.com>, paul_a_kent@yahoo.com, "Denny Chittick" <dcmoney@yahoo.com>, "Davis, Dori Ann" <Doriann.Davis@honeywell.com>
Date: Friday, September 18, 2009, 8:08 PM

Yes, that is one person's view. If we're exchanging single anecdotal items that support our cause, here you go
http://www.youtube.com/watch?v=834u4NcyHuU&feature=player_embedded

From: Mark Wenig [mailto:mark.wenig@gmail.com]
Sent: Friday, September 18, 2009 12:05 PM
To: Glen Davis; paul_a_kent@yahoo.com; Denny Chittick
Subject: Healthcare

Another good article from a doctor, trying to shed more light than heat.

http://www.msnbc.msn.com/id/32898477/ns/health-health_care/

It's funny that the whole healthcare debate largely misses the point about quality and prevention.

Legitimate points are made by those who oppose reform regarding government spending, taxation, and the role of government. But over the mid/long term anything short of massive reform for pure cost control reasons makes these arguments moot -- unless we think eliminating the VA and Medicare is on the table, which seems improbable for both financial and moral reasons.

No virus found in this incoming message.

Checked by AVG - www.avg.com

Version: 8.5.409 / Virus Database: 270.13.104/2379 - Release Date: 09/17/09 15:55:00

Message

From: Denny [dcmoney@yahoo.com]
Sent: 5/1/2015 6:13:49 AM
To: Dori Ann Davis [doriann@cox.net]
Subject: Re: DenSco Statement April

U guys pick a date, or better u, iam pretty free Wednesday Thursday and every other weekend

Sent from my iPad

On May 1, 2015, at 6:00 AM, Dori Ann Davis <doriann@cox.net> wrote:

Good morning Denny,

Good to see you yesterday. Let's do lunch/dinner when schedules permit. Best to email me at work so that I can check that calendar.

da

From: Denny Chittick [<mailto:dennychittick@cox.net>]
Sent: Wednesday, April 29, 2015 10:22 PM
To: Doriann@cox.net
Subject: DenSco Statement April

Investors: Dori Ann

Please find attached your monthly statement.

The worst month of the year is over! It's really just one day I hate.

Now the heat is on the way!

Thanks,

dc

No virus found in this message.

Checked by AVG - www.avg.com

Version: 2013.0.3495 / Virus Database: 4311/9647 - Release Date: 04/28/15

Message

From: Dcmoney [dcmoney@yahoo.com]
Sent: 9/29/2015 9:53:22 AM
To: Davis, Dori Ann [Doriann.Davis@honeywell.com]
Subject: Re: i do better email

Received!

On Sep 29, 2015, at 9.43 AM, Davis, Dori Ann <Doriann.Davis@honeywell.com> wrote:

Just sent you an outlook invite. Not sure if you use Outlook. Scheduled us for Oct 23 at 11:30. Location TBD...

From: Dori Ann Davis [<mailto:doriann@cox.net>]
Sent: Tuesday, September 29, 2015 5:10 AM
To: Davis, Dori Ann
Subject: FW: i do better email

From: Denny Chittick [<mailto:dcmoney@yahoo.com>]
Sent: Monday, September 28, 2015 8:21 PM
To: Dori Ann Davis
Subject: i do better email

here arehte date i'm available
13, 14, 16, 19, 20,21,23,26,27,28,30

you choose where and when. i prefer to meet at
11:30, so i'm back by 1:30 which is wire cut off
time.

thx
dc

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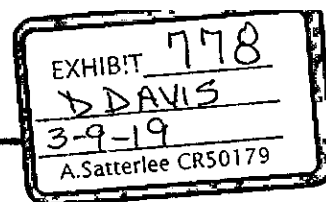
No virus found in this message.

Checked by AVG - www.avg.com

Version: 2013.0.3532 / Virus Database: 4311/10705 - Release Date: 09/26/15

Message

From: Denny [dcmoney@yahoo.com]
Sent: 3/11/2012 8:53:18 PM
To: Glen Davis [glenbo@cox.net]
Subject: Re: Message about DenSco Investment Corp



There were a lot of people here! 65 plus 17 kids, we'll catch up another time. I hope you r surviving with your sister.

Sent from my iPad

On Mar 11, 2012, at 9:01 PM, "Glen Davis" <glenbo@cox.net> wrote:

Sorry I had to miss it. I'd have MUCH preferred to be there, believe me. Was it a house rocked?

Regards,

Glen

From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Friday, March 09, 2012 7:13 AM
To: Glen Davis
Cc: doriann@cox.net
Subject: Re: Message about DenSco Investment Corp

that's better than 60/40!
food and fun will be here if you can make it!
dc

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From: Glen Davis <glenbo@cox.net>
To: dcmoney@yahoo.com
Cc: doriann@cox.net
Sent: Friday, March 9, 2012 6:55 AM
Subject: RE: Message about DenSco Investment Corp

Warning lights. We may have an afternoon thing with my sister (Dementia.. I've told you about her I think). As of right now, we are down to 50/50. Sorry for the late notice, but wanted to warn ya.

I hope we'll see you Sat!

Regards,

Glen

From: Denny Chittick [mailto:info@mailva.evite.com]
Sent: Sunday, March 04, 2012 11:50 AM
To: glenbo@cox.net
Subject: Message about DenSco Investment Corp

DenSco Investment Corp

Hosted by Denny Chittick

Please let me know if you are coming or not! It won't hurt my feelings if you aren't coming. i just need to know you are coming so you have food when you get here! thx dc

View This Invitation

or paste this link into your browser: <http://new.evite.com/services/links/KEE2524TDO>

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No virus found in this message.

Checked by AVG - www.avg.com

Version: 2012.0.1913 / Virus Database: 2114/4853 - Release Date 03/05/12

No virus found in this message.

Checked by AVG - www.avg.com

Version: 2012.0.1913 / Virus Database: 2114/4859 - Release Date: 03/08/12

Message

From: Denny Chittick [dennychittick@cox.net]
Sent: 1/31/2014 2:52:17 PM
To: 'Doriann@cox.net' [Doriann@cox.net]
BCC: 'dcmoney@yahoo.com' [dcmoney@yahoo.com]
Subject: DenSco Statement January
Attachments: Statement_80.pdf

Investors: Dori Ann

Please find attached your monthly statement.

For those of you that like to plan, the DenSco Dinner Party will be March 8th.

I hope you can make it!

Thanks,

dc

Message

From: Denny [dcmoney@yahoo.com]
Sent: 3/11/2014 5:29:57 AM
To: Dori Ann Davis [doriann@cox.net]
CC: Glen Davis [glenpdavis@gmail.com]
Subject: Re: Nice party!

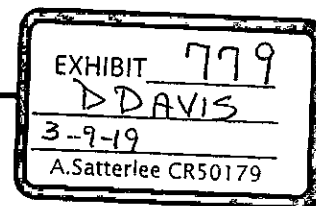
We will set a dinner date some time maybe we will invite glen!

Sent from my iPad

> On Mar 11, 2014, at 4:44 AM, "Dori Ann Davis" <doriann@cox.net> wrote:
>
> :) And loved the Thai food! Your parents looked great.
>
> Wish there was more time to catch up.
>
> Take care,
>
> da
>
> -----Original Message-----
> From: Denny [mailto:dcmoney@yahoo.com]
> Sent: Sunday, March 09, 2014 10:35 PM
> To: Glen Davis
> Cc: Dori Ann Davis
> Subject: Re: Nice party!
>
> Thx u glad u could make it, we will see u soon, go coyotes!
>
> Sent from my iPad
>
>> On Mar 9, 2014, at 10:17 PM, Glen Davis <glenpdavis@gmail.com> wrote:
>>
>> Good to see ya! Nice event. Thanks!
>>
>> Regards,
>>
>> Glen
>> (Sent on the run. Please excuse errors. Thank you.)
> -----
> No virus found in this message.
> Checked by AVG - www.avg.com
> Version: 2013.0.3462 / Virus Database: 3722/7171 - Release Date: 03/09/14
>

Message

From: Dcmoney [dcmoney@yahoo.com]
Sent: 8/13/2012 3:30:55 PM
To: Davis, Dori Ann [Doriann.Davis@honeywell.com]
CC: Glen Davis [glenbo@cox.net]; glenpdavis@gmail.com
Subject: Re: Dinner with Denny



Perfect

On Aug 13, 2012, at 3:29 PM, "Davis, Dori Ann" <Doriann.Davis@honeywell.com> wrote:

5.00 p.m.

616 S Forest Ave <image001.png>
Tempe, AZ 85281

<http://www.phoeniciacafe.com/>

<image002.png>

From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Monday, August 13, 2012 3:15 PM
To: Glen Davis; Davis, Dori Ann
Cc: glenpdavis@gmail.com
Subject: Re: Dinner with Denny

5 or 5:30?

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From: Glen Davis <glenbo@cox.net>
To: dcmoney@yahoo.com; "Davis, Dori Ann" <Doriann.Davis@honeywell.com>
Cc: glenpdavis@gmail.com
Sent: Monday, August 13, 2012 3:13 PM
Subject: Re: Dinner with Denny

I can do anything. My first thought was Cafe Phoenicia on University. Amazing hummus and Arabic food, but I'm open to anything.

Best Regards,

Glen

-----Original message-----

From: Dcmoney <dcmoney@yahoo.com>
To: "Davis, Dori Ann" <Doriann.Davis@honeywell.com>
Cc: Glen Davis <glenpdavis@gmail.com>, "Glen Davis" <glenbo@cox.net> <glenbo@cox.net>
Sent: Mon, Aug 13, 2012 20:39:45 GMT+00.00
Subject: Re: Dinner with Denny

I will let glen pick my choice was Caribbean Spice!

On Aug 13, 2012, at 1:29 PM, "Davis, Dori Ann" <Doriann.Davis@honeywell.com> wrote:

Suggestions? Glen and I will be right near where you live, so we can dine anywhere in the vicinity. Assume you and Ranasha know the good eats locations. Glen - you might know some.

da

From: Denny Chittick [<mailto:dcmoney@yahoo.com>]
Sent: Wednesday, August 08, 2012 1:46 PM
To: Davis, Dori Ann; Glen Davis; Glen Davis (glenbo@cox.net)
Subject: Re: Dinner with Denny

yes that will be great, name the place for tender belly!

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From: "Davis, Dori Ann" <Doriann.Davis@honeywell.com>
To: Glen Davis <glenpdavis@gmail.com>; "Glen Davis (glenbo@cox.net)" <glenbo@cox.net>; "dcmoney@yahoo.com" <dcmoney@yahoo.com>
Sent: Wednesday, August 8, 2012 1:04 PM
Subject: Dinner with Denny

When: Wednesday, August 15, 2012 5:00 PM-6:30 PM (UTC-07:00) Arizona.
Where: TBD

Note: The GMT offset above does not reflect daylight saving time adjustments.

~~*~*~*~*~*~*~*

Hi Denny - Would Wed from 5-6:30 work for you and Ranasha? We can meet in your neck of the woods as I'll be coming from a dr's appt and Glen will be coming from The Farm. Anyone have suggestions on where to go?

da

Message

From: Denny Chittick [dennychittick@cox.net]
Sent: 8/31/2012 6:34:04 PM
To: Dori Ann Davis [doriann@cox.net]
Subject: Re: DenSco Statement August

thx, i felt bad not talking to you aobut stuff. but the timing wasn't right, had to tell the family first.
next dinner i'll fill you in. stress is over! i'm in the best place i've been in years!
thx ofr your kind words.
go tell Glen to climb up in the attic!
thx
dc

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From: Dori Ann Davis <doriann@cox.net>
To: 'Denny Chittick' <dennychittick@cox.net>
Sent: Friday, August 31, 2012 6:25 PM
Subject: RE: DenSco Statement August

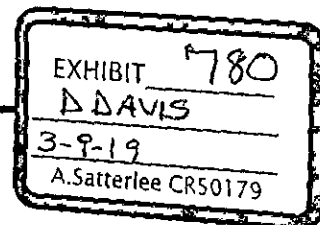
So sorry to be reading this.. My heart goes out to you both. Even if your ducks are in order and you have a plan, it's a major life change and with that comes stress.
Just know I'm thinking of you
da

From: Denny Chittick [mailto:dennychittick@cox.net]
Sent: Friday, August 31, 2012 9:03 AM
To: Doriann@cox.net
Subject: DenSco Statement August

Investors: Dori Ann
Please find attached your monthly statement.
By the time you read this, sadly I will be signing my divorce papers.
Not to worry, I have a prenup, there will be no change in the business what so ever
Just a few days a week, it might be a little quieter around the house.
Thanks,
dc

Message

From: Denny Chittick [dennychittick@cox.net]
Sent: 4/2/2013 2:48:42 PM
To: Davis, Dori Ann [Doriann.Davis@honeywell.com]
Subject: Re: DenSco Statement February



ok sounds good

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From: "Davis, Dori Ann" <Doriann.Davis@honeywell.com>
To: Denny Chittick <dennychittick@cox.net>; Glen Davis <gdavis@truecloud.com>
Cc: Dori Ann Davis <doriann@cox.net>
Sent: Tuesday, April 2, 2013 2:38 PM
Subject: RE: DenSco Statement February

So - we're on...this Sunday at 9:00 AM. Location - TBD. Still trying to decide where. Stay tuned.

From: Denny Chittick [mailto:dennychittick@cox.net]
Sent: Wednesday, March 27, 2013 4:59 PM
To: Davis, Dori Ann
Subject: Re: DenSco Statement February

you pick, i don't care how far i have to drive, i like driving now!

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From: "Davis, Dori Ann" <Doriann.Davis@honeywell.com>
To: Denny Chittick <dennychittick@cox.net>
Sent: Wednesday, March 27, 2013 3:54 PM
Subject: RE: DenSco Statement February

I was trying to think of a good breakfast place central to all of us. Taylor's Caf  came to mind. Glen suggested Lo Lo's Chix and Waffles, but I wanted something a little healthier. Any suggestions?

da

From: Denny Chittick [mailto:dennychittick@cox.net]
Sent: Wednesday, March 27, 2013 3:46 PM
To: Davis, Dori Ann
Subject: Re: DenSco Statement February

perfect where?

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602-532-7737 f

From: "Davis, Dori Ann" <Doriann.Davis@honeywell.com>
To: Denny Chittick <dennychittick@cox.net>
Sent: Wednesday, March 27, 2013 3:44 PM
Subject: RE: DenSco Statement February

How about the 7th for breakfast at 9:00 AM?

From: Denny Chittick [mailto:dennychittick@cox.net]
Sent: Wednesday, March 27, 2013 8:10 AM
To: Dori Ann Davis
Cc: Davis, Dori Ann
Subject: Re: DenSco Statement February

nope, i have the boys mon/tuesday, then we have game wed, practice thurs, game friday all at 5 and 5:30

DenSco Investment Corp
www.denscoinvestment.com/
602-469-3001
602-532-7737 f

From: Dori Ann Davis <doriann@cox.net>
To: 'Denny Chittick' <dennychittick@cox.net>
Cc: doriann.davis@honeywell.com
Sent: Wednesday, March 27, 2013 6:14 AM
Subject: RE: DenSco Statement February

How about after the 7th during the week close to 5:30? ☺ Trying to save you a drive up North.

da

From: Denny Chittick [mailto:dennychittick@cox.net]
Sent: Sunday, March 24, 2013 7:52 AM
To: Dori Ann Davis
Subject: Re: DenSco Statement February

27th, 28th after 6:30, 3rd after 7, 4th after 6:30, 5th, 7th,
pick one!

DenSco Investment Corp
www.denscoinvestment.com/
602-469-3001
602-532-7737 f

From: Dori Ann Davis <doriann@cox.net>
To: 'Denny Chittick' <dennychittick@cox.net>
Sent: Saturday, March 23, 2013 3:10 PM
Subject: RE: DenSco Statement February

Hi Denny – Great seeing you last weekend. Let's plan a dinner date...and also do a little business. Please let me know what your availability is the next 2-3 weeks
da

From: Denny Chittick [<mailto:dennychittick@cox.net>]
Sent: Thursday, February 28, 2013 7:43 AM
To: Doriann@cox.net
Subject: DenSco Statement February

Investors. Dori Ann
I'll be sending out the formal invite for the DenSco Dinner Party for March 16th
Please find attached your monthly statement.
Thanks,
dc

No virus found in this message.
Checked by AVG - www.avg.com
Version: 2013.0.2899 / Virus Database: 2641/6137 - Release Date: 02/27/13

No virus found in this message.
Checked by AVG - www.avg.com
Version: 2013.0.2904 / Virus Database: 2641/6199 - Release Date: 03/23/13

Message

From: Denny [dcmoney@yahoo.com]
Sent: 4/8/2013 9:38:05 PM
To: Dori Ann Davis [doriann@cox.net]
Subject: Re: Thanks

Mary Richardson is the therapist she goes to, ring a bell?

Sent from my iPad

On Apr 8, 2013, at 9:22 PM, "Dori Ann Davis" <doriann@cox.net> wrote:

Hi Denny,

Breakfast was great! I'll continue to hope that the price of electric cars will come down in 5 years when I will be getting my next car. It was great to visit with you this weekend and I'm glad you joined us at the Art Festival.

I wish you didn't have to go through all that you're going through (and have gone through). My heart goes out to you.

da

P.S. BTW - The place where I interned is Psychological Counseling Services - <http://www.pcsearle.com/>. There aren't a lot of therapists in the valley I can recommend...but I would highly recommend this practice.

Message

From: Denny [dcmoney@yahoo.com]
Sent: 4/8/2013 10:30:52 PM
To: Dori Ann Davis [doriann@cox.net]
Subject: Re: Thanks

Sent from my iPad

On Apr 8, 2013, at 10:17 PM, "Dori Ann Davis" <doriann@cox.net> wrote:

The more you talk about it (in safe circles) the easier it will get. But-let's face it – talking about the darkness in our souls is never easy to discuss. Yet – that's how we heal the pool of pain. (BTW - good book – *Healing the Shame that Binds You* by Bradshaw).

I am in a good place now to talk about it, the first few were full of anxiety , shame, Embarrassment etc, but the response was always positive, so I got past that, ow I look forward to it, it somewhat therapeutic The book, I felt like I have read so many books, studies, papers etc, I am done with that for now. I am quite comfortable where my head is, I look forward now to the future rather than the opposite. I will tackle relationships as they arise.

I don't usually tell people that I interned in a sex addiction practice, because most of the responses I get are chuckles and jokes. But – it's no joke what they suffer with or the impact on victims and family members. There aren't a lot of people who understand sex addiction – other than those who have had personal experiences with it. I decided to do my internship at PCS because I had heard about their innovative techniques they use with clients and their outpx intensives. I wanted to study with the best. Should I decide to go into counseling after my corporate career, I likely wouldn't pick sex addiction as my specialty...but you never know. I had addictions in my family...so I understand it firsthand.

Oh u r right there people don't understand it at all, nor did I! Didn't even know there was such a thing! He'll Patrick even admits it shouldn't be called that! Nasha once said sex for her is the same as me shaking hands with someone, that intimate and memorable. It is everything else!

In order to be a good therapist, you have to find yourself in everyone...even the dark sides, so that you can understand with love and without judgment.

There is hope for me to follow in my dads footsteps yet! I have been to the dark side!,

I'll be on the lookout for the docs...

da

p.s. I don't know Mary Richardson – but will keep my eyes out for her. I attended the US Training Journal training on Addictions in Vegas last year (for my continuing education credits). I don't think she was there, but now I'll be on the lookout for her. ☺

From: Denny [mailto:dcmoney@yahoo.com]
Sent: Monday, April 08, 2013 9:34 PM
To: Dori Ann Davis
Subject: Re: Thanks

I really enjoyed pre and post discussion, it hasn't otter any easier to discuss. Thx for listening!
I think the cost will come down fat enough for a higher adaption rate.

I liked spending part of the day with u. I hate quiet now!

I don't know why u would spend ur professional emphasis in this particular area, the details r just horrific. But I am glad there r people like ur self , she would have never been able to get where she is without the guidance of Mary.
I am good now I worked through it all, if I feel like I need to , I might call u
Thx

Oh ya docs r in the mail today

Sent from my iPad

On Apr 8, 2013, at 9:22 PM, "Dori Ann Davis" <doriann@cox.net> wrote:

Hi Denny,

Breakfast was great! I'll continue to hope that the price of electric cars will come down in 5 years when I will be getting my next car. It was great to visit with you this weekend and I'm glad you joined us at the Art Festival.

I wish you didn't have to go through all that you're going through (and have gone through). My heart goes out to you.

da

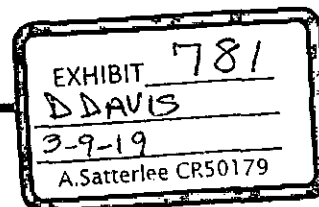
P.S. BTW - The place where I interned is Psychological Counseling Services - <http://www.pcsearle.com/>. There aren't a lot of therapists in the valley I can recommend...but I would highly recommend this practice.

No virus found in this message.

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Version: 2013.0.2904 / Virus Database: 2641/6232 - Release Date: 04/08/13

Davis, Dori Ann



From: Dori Ann Davis <doriann@cox.net>
Sent: Thursday, August 11, 2016 9:58 AM
To: Davis, Dori Ann
Subject: FW: Densco - Dori Ann Davis

From: Dori Ann Davis [mailto:doriann@cox.net]
Sent: Thursday, August 11, 2016 9:41 AM
To: 'wworner@azcc.gov'
Subject: Densco - Dori Ann Davis

Hi Bill,

As you will see on my statements, my initial investment was not in 2008; rather in 2006. This was prior to my marriage to Glen Davis. So, my paperwork may have initially been under the name Doriann Petranek or Dori Ann Petranek. My legal name at that time was Doris Ann Petranek. After marriage, I went thru a first and last name change to – Dori Ann Davis. Prior to getting married I set up a living trust and he put all of my assets under the Dori Ann Davis Living Trust or Dori Ann Davis Trust.

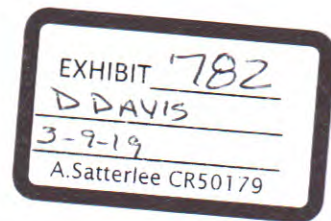
My investment history:

- \$50,000 August 17, 2006
- \$25,000 June 6, 2011
- \$25,000 August 16, 2012
- \$25,000 April 8, 2013
- \$50,000 November 4, 2015

Total of \$175,000 invested. With compounding interest was over \$315,000 supposedly...

Thanks again,

Dori Ann Davis



Investors:

I owe you an explanation as well as a lot of money. This is going to get blown up and the truth will be hard to find. This is what happened. Please don't contact or create notification that would reach my x-wife. She needs to get my boys off to school. You have had all give me unwavering support of confidence; I accepted that confidence with pride, appreciation and humility, knowing I could perform to your expectations. I started the business in 2001. Not a great year to start one. I learned the business and it grew and grew. It was working perfectly until 2008. We had the great recession and phoenix was the epicenter of the housing crash. I was always impressed and surprised that nearly everyone (95%) stuck with me through it. I didn't come out of it unscathed, but I survived it which is more than I can say for many other lenders. I took millions of dollars in losses over a few years. I still remained profitable every year. I was able to talk to a few of you to help me make decisions on what I should do. Should I sell these house I was getting back and take huge losses or keep them, rent them hope the market comes back? Gladly after consultations from several of you, you agreed with my strategy, it was smarter to rent them at cash flow neutral to my interest costs and wait it out. I ended up with a 12 plex and 15-20 homes at one point. Slowly over the years, 2011, 2012, 2013, I sold them. Instead of selling them for 80% loss (which would have been worst case at the point I took some of them back), sometimes as little as 10% on loss of principle at the time of sale in 11-13'. Again because the rest of the business was thriving, the capital I had in the business, these losses had no impact on your interest earnings and even though it severely dented my profitability, but I was profitable every year. For over a dozen years, I ran this business as good as you could. Everything reconciled to the penny, the business was extremely profitable, sometimes annoyingly so. In 2012 I was saying that I would quit accepting money soon and figured the portfolio would need to start shrinking. Going in to 2013 I was starting to get larger idle cash positions on a regular basis. Scott Menaged, (480-261-7385 10510 E Sunnyside Dr., PV, 85259), a long time borrower, he was probably one of my largest borrowers by dollars over the years. He was also ran a bidding company and sent me many borrowers over the years. He at the time had a few million of loans with me on his rentals and was still doing flips on a regular basis. Scott contacted me and asked if would be interested in funding a bank of rentals to which a hedge fund friend of his out of New York would buy once it reached 7-10 million. He would put down 15-20%, fix them up and rent them and then when he acquired the total dollar amount he would sell out to this guy. That amount of money would take me over me 10-15% threshold to any one borrower. Again I talked to a few of you investors and got a positive response, based on his track record, the down payments etc, the comfort level was there. I agreed. He would buy anywhere between one and three properties a week at auction. Now when I have someone buy at auction, funds have to produce the next day in a cashier's check to the trustee. A majority of the time my repeat borrowers are buying through bidding companies that I have relationships with. For efficiency sake, I would normally wire the funds I'm lending to, the bidding company they would get the cashiers check and give it to the trustee. Send me receipts. Sometimes I would even wire the full amount and my borrower would bring me their down payment check and bidding fee because they lived here in the East valley versus running across town. I've operated this way ever since I was given the ability to wire on line in 2003. Many of you knew this and I told you this is how I operated. Some of you

that were also borrowers and investors have experienced this way of doing business and know it's common. As Scott was buying these properties he would email me the info on the address the buy price and what he wanted to borrow, net of his down payment. I would do my due diligence and would wire the funds. He would sign all my docs and then I would record the Mortgage receipt and then once I saw the trustee's deed was recorded, which sometimes took a few weeks, I would then record my deed of trust. The first recording was to cloud title and show that a bid transaction at auction happened. This was done to cover the time until the trustee's deed was recorded. Some lenders record a Deed of Trust the day the property is paid for and re-record the Deed of Trust. Again this is the way the auction process works. It's the way I have operated from the beginning and many have copied my process. I've spoken with attorneys, title officers and trustees and it's been agreed upon that it's a good process. I felt comfortable lending him more money, I was keeping money at work and I had started to discuss with many of you telling you that by the end of the year I would probably start returning some of my larger investors some of their money. Everyone I spoke to was willing to accept some money back. I had also stated that I might force everyone to take their interest that way it would eat up my build up in cash that I was forecasting to have once this portfolio paid off at the end of the year. Mid way through the year, Scott contacted me asking if we could raise the bar even higher. He already had a few million of his own rentals and was still doing a few flips. Now he wanted to add to the hedge fund portfolio. I was concerned because of the concentration with him; the portfolio was around \$50 million. It was only going to be for a few more months and he had been spotless with payments of interest and I checked all the values of the properties, visited some of them, everything seemed to be in order. I agreed to the increase. We talked again in the fall and he was telling me I would be cashed out of these by year end. I again spoke with a few of you saying that I might be returning some funds. The plan was all working out fine, the rest of the business was doing fantastic and I wasn't concerned. Then in November something came up that made it look like I was in second position one of the properties I had a loan with Scott. I called him; he didn't know anything about it and said he would get back to me. The day before thanksgiving he came to my office and explained that his wife had come down with cancer and he was dealing with her most of the year and wasn't watching his business as closely as he normally does. He had turned over the day to day operations to his cousin that had been working with him for awhile. His cousin took advantage of the relationship that we had and he would request funds from other lenders on properties and Scott not knowing this would then request funds from me for the same property. Because I wired directly to him he would receive the funds, his cousin would have the other lenders pay for the property to the trustee. I believed I was in first position when in fact I was in second, not all the time but majority of the time based on recording first. Where all this extra money went is a great question. I know a lot of it was spent on fixing up the homes and interest back to the lenders. The cousin lost some in Vegas, he sent some out of the country, surely spent it. I never got an accounting of it all. His cousin left the country. Scott contacted the other borrowers involved and the plan was to suspend interest and start selling the properties and work through the issues. Scott was going to sell other assets and bring in more money to help right the upside down position we were in. his hedge fund friend had no interest in getting the middle of this, so Scott had to sell each property individually. It's extremely difficult to do this with a tenant was in place. The goal was to get full or close to retail price which would maximize the money out of

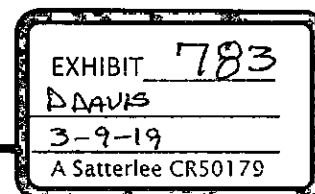
the property. We couldn't just kick out all these people because of the lease agreements. Once the properties became vacant or they were a day late, evictions were started and then rehab and sell the property. A typical situation would be, he bought it for 84k, it was worth 110k, and I would lend 70k. The problem was another lender would lend the same amount. The total debt on the property is 140k now the value of the property is 120k. Now the issue on who's in first isn't simple as the recording time stamp of our docs. When I went through the whole portfolio I was in second by recording in a majority of them. The other lenders took the stance that they had actually issued and check directly to the trustee and it didn't matter when the recording was done. They too were doing double recording at the time they paid and when the trustee's deed was recorded. You would have four recordings on one property with two different lenders. Do you go by the first recording when it was paid for, or do you go by who was first after the trustee's deed was recorded, or is it who paid the trustee? I bounced this off several title agents and I got several difference answers. When asked directly about this whole issue Greg from AFG said he didn't know it was going on the whole year. Scott believes he was in on it with the cousin. But we had no proof. The other lenders involved as far as I know had no knowledge of what the cousin was doing. Now the first thing is how do we figure out who is in first, I know the rules, but when you have two docs and one check to a trustee, it's in dispute. In January, a group of five of the other lenders met me in my office. They had loans on about 60 of the houses. They said unless they were paid off in full, they would take this to court. They had a different set of investors behind them and they were willing to fight this in court even if it took a year. They were confident in their position. I couldn't afford to have that many loans and dollars be in suspense for who knows how long, 6 months a year? We all get lawyers and it would take forever to get a ruling. Yes, by this time I'm talking with my lawyer David Beauchamp 480-684-1100. He's aware of all that I know. He agreed it would be the worst situation to sue each other and try to figure it out. With some negotiating with the other lenders, they agreed not to sue if their positions were paid off despite if houses were sold. Scott and I put a plan in place to which I would start paying off their debts as my cash flow allowed and have lien in first position, all done through title one after another. Even though I would be upside down in loan to value. My position was I rather have 140k lien on a house worth 120k, than 70k in second position. Greg in AFG said as long as he received his interest from Scott he wouldn't do anything and allow for the houses to be sold off as they became vacant. Scott and I worked for months on an agreement that was pounded out between our lawyers. It was a work out agreement with outline of what we were doing and how it was to happen. Why I didn't let all of you know what was going on at any point? It was pure fear. I had seen what one of my investors had done to a bidding company when they had a deal gone wrong. I have 100 investors, I had no idea what everyone would do or want to do or how many would just sue, justifiably. I also feared that there would be a classic run on the bank. Even though I had done nothing wrong. Everyone would be scared and start requesting their money back, I wouldn't be able to meet redemptions and then I would be in violation of my covenants and then I couldn't pay off the loans of the other lenders and they would sue, my investors would sue and the whole thing would implode. I truly believe we had a plan that would allow me to continue to operate, my investor would receive their interest and redemptions as a normal course of business, and the rest of my portfolio was performing. Dave blessed this course of action. We signed this workout agreement and began executing it. It took several months to get all the

loans paid off by the disgruntle lenders group. We were also starting to sell the houses at a pretty good clip. In April the last of the disgruntled lenders deals were paid off. Now we just had the AFG properties that I was in second position. Every time we sold a property there was a shortfall owed to me. Instead of taking this as a loss, I booked it as an A/R and Scott was paying down on it and reducing the A/R. It was of course going up faster than he was able to pay it down. Going back to December of 2013, when we were still trying to work all this that I just explained, Scott knew he had to make money to help cover the deficit to which would be created by the double encumbered properties and shortage that would be created at the time of disposition. He wanted time to still fund him buying properties at the auction and flipping them, wholesaling them etc. I talked to Dave about this January and he was in agreement with it as long as I received copies of checks and receipts showing that I was the one paying the trustee. I have copies of these that were scanned to me in my files. Robert Koehler has access to all of this. We agreed to the operation and allowed him to still buy things. He was buying again one to three a week; then he started to ramp up a few a day. He would pay me back with interest on these most times within 10 -15 days, sometimes longer. He would wholesale it to one of his investors, put it on his website or sell it directly retail. Once again, I would do my recordings. However, he would nearly always sell it before the trustee's deed was getting recorded, so I was getting paid back before I ever recorded the deed of trust. A few of them he would keep and flip, but an overwhelming majority of these were wholesaled. Now I know that you would think, why the hell would I lend more money to guy that just put me in this situation? Scott came to me and said he was going to do everything he could to make this right. He could have at anytime just throw up his hands and walked away, filed BK and left me with a massive mess. He didn't. He helped negotiate with the other lenders. He sat with his attorney and mine and signed a very one sided agreement in my favor to work this out. I had UCC's on his furniture business and a life insurance policy. In fact his attorney advised him not to sign it. No one else was going to lend him money and I needed him to make money so that I could be paid back. Because of what and how we were operating, Dave blessed it, I felt comfortable and everything he said he was going to do, he was doing. We got the disgruntled lenders taken care of, he signed the workout agreement, and was selling the homes, he was making payments to me and sometimes when a close happened he would wire in the money to cover the difference when he was able to do it. We were making headway on the whole problem slowly but surely. Now in to the middle of year, the amount of money he was borrowing for wholesaling was rising. He would buy more than he was paying off. I would get calls asking me why I had a recording on a property that didn't go to auction. I would check with Scott and he said it was rescinded sale. This happens on a fairly regular basis. I started to check on other properties that I had been paid off and found things weren't adding up. I confronted Scott. Besides buying at auction, he admitted that he had an agreement with Auction.com to send in offers on properties that were postponed, cxled etc and try to get the trustee's to agree on the short sale and give him the property. Auction.com would take the property and sell it and give Scott a cut on it. This whole agreement bothered me and wasn't sure it was right. Over time I was getting more and more uncomfortable with this arrangement and kept asking more questions. I told him that I wasn't comfortable with this arrangement, and I wanted it stopped and he need to return the funds to me and I would no longer fund any more deals. He said Auction.com was threatening if I cut him off they wouldn't return the checks to him that he had sent and I would

be stuck with no money coming back in to me. We are now in the late 2014. I was adamant that I wanted to stop this transaction. I wasn't sure what the truth was as far as arrangement how or who was getting paid etc. they were using leverage against him saying he had an agreement with them and he had no way of complaining to anyone. His position was, they were putting pressure on him to continue, they both were making money, and I was getting paid down. If I stopped he had no viable way to pay down the debt that had accrued from selling all the double encumbered properties and he would just file BK and I would be back to the same situation as I was before with a huge problem, no way to solve it, poised to go to the investors, the redemptions would come in and down spiral would occur. Now compounded with the knowledge that all along I had been an unwittingly accomplice in some kind of fraud in my estimation. I felt like I was between a rock and hard place, with no out. In December I said no more. We have to stop this. I can put the money back to work with other borrowers, return it to my investors whatever was best. I would run the business profitably for years, making the up the deficit by the profits of the company and eliminate the negative capital position I was in. In January we agreed to a plan through the first quarter and scale down by 2nd quarter by him finding someone to replace I and auction.com had a guy out of Las Vegas that would do the same Scott was doing. I agreed because he was still paying me the interest and principle, we were selling the homes off we were down to the last 30-40 homes that were double encumbered and now that all the leases, some were two years were now coming to an end, that by June all the 2nd positions loans would be paid off. Typing this and looking back at it, it sounds insane and stupid, I'll admit it. The business was still operating, I was profitable, this huge issue of second positions was almost gone and we had a plan to end this wholesale program and I would be able to do continue running the business profitably and slowly regain a positive capital position. Scott also decided to start a used car lot in 2015 to help make more money and pay down the outstanding debt. He opened it Easter Sunday. It started slow and grew and became profitable and doing really well by the fall. I had no affiliation with this at all. In the summer, he had surgery; he put his wife on his bank accounts allow her to get cashier's checks and other transactions to help operate his many business when he was home recovering. He also owns Furniture King. Scott by this time had a plan and agreement with auction.com to allow this guy from Las Vegas start taking over for him by fall. The balance hadn't gone up and I was looking forward to being done with this. In mid October his wife, whom I learned was bi polar, decided to divorce Scott. She went to the bank and cleared out all the money out of all his accounts personal and business. This destroyed his used car business because he was unable to operate without the capital and his flooring companies cut off his credit, he had to sell the cars at auction for losses and close the place by the end of the year. With the divorce going through its phases of discovery and motions etc, this put a stop to all the transactions that he could do through his entities and bank accounts. The way we were operating had to stop. He couldn't send me money and I couldn't send him money. His wife was acting irrational and ended up in a mental health hospital at one point. The problem that his caused put a huge strain on auction.com relationship with Scott and the plans to end the relationship and return the money were all put on hold. Now the money going back and forth one daily basis was sometimes over a million to 1.5 a day. The bank didn't like this back in the spring, so instead we would wire the difference to each other and just do the reconciling. If he purchased (at this point they were all offers to purchase) a million worth of properties for 6

different addresses, he would pay me off on 1.05 million. So he would wire me 50k. Some days I would wire him some days he would wire me. In October we had to stop this because of the divorce and instead we would just do reconciliation each day of who owed who how much. No more checks and receipts at this point and I stopped recording anything. All the second positions houses have been sold by now. I just had a handful of loans with Scott which was all first position left over from his original group of loans he had me. The real issue was his inability to pay down the debt he owed me for the loss I had taken on the 2nd position houses (the workout balance) and this wholesale deal was supposed to come to an end. Here we are at the end of the year and the divorce issues brought it all to a stop. Coming in to 2016, he finally got the divorce canceled and then she filed again. Then several months later is canceled again. His landlord from the car company was suing him. At one point in February under all the stress he decided he would file BK thinking he could get a filing number, which would put him in a bargaining position with his landlord and fighting the divorce. This of course was the stupidest thing for him to do. He didn't realize the laws and procedures in doing this. I didn't find out about it until May when I was contacted by a trustee asking for a payoff amount for a home. He then explained it to me what his thinking was and why he did it. By now auction.com had enough of this nightmare. By June it all stopped. However because of the BK they won't return the money to Scott or me that is owed. Scott's wife at point had gone in to their office and threatened to bring in her lawyers because she saw all the ins/outs in the bank accounts and wanted to know if he was hiding money from her. Auction.com said they wouldn't return the money to me though Scott until she signed an agreement with them and then Scott and I had to sign something between us, I've never seen this agreement. I'm not even sure what they would say or the intent of them would be. I never had contact with auction.com; they wanted to pretend I wasn't even involved. When that's all done they would return the money to him then to me or just to me. The whole BK filing stopped anything from happening. Here I am in July. I've got a small lending base the rest of the money is on the A/R that he owes me and 28.1 million plus interest (500k) sitting at auction.com. Plus 3 million in the reconciliation part that they owed me when they were paying me off on more than they were borrowing each day. There were profits made on these transactions. Scott and auction.com were splitting the profits, not sure how or where the funds came and went to, his portion he used to pay down on the workout agreement. However, none has been paid to me since October. The amount is insignificant in the big picture because I believe they were ill-gotten gains. Plus the 1.7 mil Scott's wife took out of his account. You can see that the 14 million (that's principle and interest from the 2nd's positions workout agreement) owed to DenSco by Scott would be about 9 million. I could make another 2 million this year. The net difference is getting smaller and it would be attainable to make all the investors whole at that point in another couple of years of business. That's why I kept working towards doing what I was doing. Scott is now knee deep into his BK procedure and you can imagine when they are looking at all of this they are having issue with it and my fear and belief is that it's criminal and auction.com has propagated a fraud, Scott was someone knowledgeable or conspiring in it, and because I was the money behind it I'm guilty by association. Now typing this it sounds like some obscene twilight show. It's embarrassing and humiliating reading this thinking how could I have made such wrong decisions got wrapped up in to this. But the only answer I can tell you is, in the beginning I was defrauded by Scott's cousin, I didn't realize what Scott was doing with auction.com. From all

aspects it was legit, I get copies of checks, receipts, doing my recordings, I would be paid back, etc. and I believed it was the best way to return your money to you. That was always my goal. I know I accepted some funds from some of you over the last three years. I believed that I was going to get this all fixed. I returned many more millions to some of you and turn down even more millions from others. I wasn't trying to keep myself afloat by taking more money and investors and making things worse. I put all non-retirement personal available funds in to DenSco over the last few years trying to help solve this. I was doing everything I could and believed to fix this issue. No I wasn't forthright to you. I had convinced myself no matter what relationship I had with anyone of you individually, I couldn't go to just one or two of you without telling all of you and at no point throughout this nightmare did I believe that you would be accepting and trusting to allow me to notify you and would still trust me, assist me on how to work through this without starting massive withdrawals and lawsuits. That would be the natural reaction for a few, some or most of you? I didn't know. The loss that would have happened day one when I was first made aware of the fraud, might be smaller than today. However, with all the lawsuits and lawyers involved I know that it would have exasperated the loss. I know I made wrong decisions. I did consult my lawyer for the first year on each step of the way. He's unaware of the situation I'm in today and the information I now know regarding the relationship between auction.com and Scott's arrangement with them. I'm not privy to the details of it. The guilt, embarrassment, and humility any other adjective you can add in there is over whelming. I can't face my parents, which yes, they are going to be severely hurt, more than all of you by this, going through the legal process is unbearably thought. I have no idea where that would lead, jail? Possibly. Years spent in courts and lawyers trying to settle this all out. Mean while having to face all of you. I can't do it. I love my family and my boys as much as any of you do your families. I can't put them through this face to face. I've decided to be my own judge and jury and I decided the death penalty. I am never going to see my amazing boys grow up. My divorce which I spent more effort than anyone would believe to mitigate the negative effect on my boys, is now in vain because my death is going to be overwhelming to them. As I'm sitting her typing this I'm crying because of the thought of the sadness, angry, confusion, I am going to bring to their lives. As bad as it is, I feel it's a better option than me living, having them see what you and courts would do to me, justifiably too. I'm sorry for everything that I've done. I believe that you can recover a substantial amount of your principle. I believe with me dead there is no change in the chance of that happening. I don't know how to end this other than I'm not asking for forgiveness I'm just sorry I wasn't forthcoming in the beginning maybe it would have had a better ending or process than I feared would happen. I know this all sounds nearly incoherent but my mind isn't exactly clear.



Beauchamp, David G.

From: ML <mlminvestor@gmail.com>
Sent: Saturday, August 06, 2016 3:40 PM
To: Beauchamp, David G.
Subject: RE: Email to Investors of DenSCO Investment Corporation ("DenSCO")

David,

Are you still in the process of creating the Advisory board and who is in control of DenSCO finance at the moment?

Based on your last email's comment on preliminary finding, DenSCO only a little more than 10% of its investor balance secured and the rest of the balance are involved with Scott Menaged. Is there going to be a criminal investigation as of how these became DenSCO business model, very uncharacteristic of the Denny we knew.

Thanks,
Manuel Lent

From: Beauchamp, David G. [mailto:DBeauchamp@ClarkHill.com]
Sent: Wednesday, August 03, 2016 11:35 PM
To: acatejr@gmail.com; amydirks@hotmail.com; anthjen@yahoo.com; artnina@hotmail.com; Aztonysmith@aol.com; barryluchtel@gmail.com; bdirks5@cox.net; bji@cox.net; bjlocke64@yahoo.com; bjodenthal@frontier.com; brian.wenig@honeywell.com; burdett.anthony@gmail.com; butlerv@yahoo.com; carricks3@ak.net; czj528@hotmail.com; dariosdad@gmail.com; dave@prestoncpa.biz; davedubay@gmail.com; dhowze@cox.net; don-cindy@cablone.net; Doriann@cox.net; eileencohen@me.com; epcarrick@gmail.com; glenpdavis@gmail.com; greeraz@gmail.com; gsiegfors@msn.com; hahnaz2@cox.net; hey.ralph01@gmail.com; hikthetik@aol.com; jackdds@myway.com; jamccoy32@gmail.com; jbhok@yahoo.com; jemmakopel@hotmail.com; jgsiegfors@yahoo.com; jimmy@flytrapproductions.com; jimpatmc44@gmail.com; jkjetto@yahoo.com; Jphalen00@aol.com; jwalker113@cox.net; kayell121@cs.com; kaylene.moss@avnet.com; kennen1@yahoo.com; landonluchtel@gmail.com; lanka2000@yahoo.com; Laurieweiskopf@gmail.com; lkopel22@hotmail.com; mark.wenig@gmail.com; mbencekent@yahoo.com; mlminvestor@gmail.com; mrsbeasley68@verizon.net; mscroggin@me.com; nihad@yahoo.com; nswirtz@me.com; patsmiller21@gmail.com; Paul_a_kent@yahoo.com; pearces@mailhaven.com; Peter.Rzonca@Avnet.com; pldupper@gmail.com; quelalively@yahoo.com; ralph@kalsertile.net; rbrinkman@yahoo.com; rgriswold3@stny.rr.com; robertflawson@gmail.com; rzkoehler@yahoo.com; sdetota@yahoo.com; sdtuttle@gmail.com; smschloz@msn.com; steve@bunger.me; stewart.sherriff@gmail.com; switchback62@hotmail.com; terryleeAZ@comcast.net; thomasbyrne11@gmail.com; thompscg2@cox.net; trovita@gmail.com; uaflyor767@gmail.com; valeriepaxton@gmail.com; vimuscat@gmail.com; wadeunderwood@hotmail.com; wbush112@comcast.net; wjswirtz@me.com; wka@caribbeanpoolsaz.com; yusuf@comsisccomputer.com
Subject: Email to Investors of DenSCO Investment Corporation ("DenSCO")

Dear DenSCO Investors:

As a follow up to the email from Denny Chittick's Family that was distributed on Sunday, I met late Monday with Shawna Chittick Heuer (Denny's sister) to discuss Denny's unfortunate and untimely passing and the steps to resolve the obligations of DenSCO to each of you. The intent was to discuss what information we collectively had available concerning DenSCO and its outstanding loans and to determine the best procedure to close down DenSCO's business and to return the capital contributed by DenSCO's Investors. Each of us had already talked to a few people in the real estate investment business to discuss how we could obtain a preliminary analysis of DenSCO's current loans. Specifically, we wanted to determine what information might be in DenSCO's available files and records to indicate the likelihood of

being able to collect the monies due DenSco so we could proceed with the wind-down of DenSco and the payments to the Investors..

Shawna was able to find someone familiar with certain aspects of the real estate investment business to do a very brief and superficial review of the loans to DenSco's borrowers which paperwork was in DenSco's files. This preliminary review will simply be to determine if DenSco's records indicate which of DenSco's loans seem to be fully secured and if DenSco's records show timely payment of the past payments so that we can consider these to be "Good Loans." We also will try to identify the date due as specified in the respective promissory note for each of these Good Loans to have an indication when each such loan is to be paid off. This money will add to DenSco's money that is anticipated to be returned to the Investors at the end of the wind-down process. We have also requested help to identify the "Troubled Loans," by reviewing the loan files and DenSco's payment records to determine which loans are either unsecured, or the respective borrower is not current with its payments of interest or the principal, or if Denny's records indicate that these loans are owed by an entity currently in bankruptcy or are guaranteed by someone who is in personal bankruptcy. Unfortunately, there are also claims that DenSco has against either Auction.com or Scott Menaged (or some other parties) that we need to better understand. We believe that this preliminary review of the Good Loans will be done by Friday of this week and we will share that information with you. At the same time, we are also trying to get a good estimate of the balance of the principal amounts owed to Investors and any unpaid and accrued interest that is owed.

As part of the plan moving forward, we have filed the Will of Denny J. Chittick ("Denny's Will") and the necessary filings with the Probate Court to have Shawna designated as the Personal Representative of Denny's Estate, which is what Denny's Will provides. Shawna is an accountant and she has both the experience and the skill set from her every day position to work with the necessary people to recover proceeds owed to DenSco and to return the recovered proceeds to the Investors. The probate filing is necessary so that Shawna could have the necessary authority to control DenSco and to have the authority to make decisions on behalf of DenSco, with the input of Investors as we propose below. However, if we determine that DenSco's recoverable proceeds are likely to be significantly or materially insufficient to return the Investors' capital to the Investors, then Shawna is unlikely to assume the control of DenSco and we will work with the various state authorities to have a Receiver named for DenSco, and such Receiver will be responsible to come up with an acceptable plan to collect the proceeds owed to DenSco and to return as much of the Investor's money as possible.

This problem with DenSco's Troubled Loans developed over time and it will take some time to understand those Troubled Loans, how those loans came into existence as well as how to maximize the return on those loans to maximize the return of capital to the Investors. If whoever is in charge of DenSco does not work with the Investors, then DenSco will either be put into bankruptcy or have a Receiver appointed, which will incur costs on behalf of the investors and DenSco that will significantly reduce what will be available to return to the Investors. For example, one of the recent reports concerning liquidation of companies owing money to investors indicated that the costs associated with a bankruptcy or a Receiver can reduce the amount to be paid to investors by almost half or even a much more significant reduction. Since many of the Troubled Loans stopped paying interest last October, DenSco has suffered a severe cash-flow problem. To resolve this cash-flow problem, Denny has taken every step available to him to try to enable DenSco to meet its obligations to Investors until he could find another solution to avoid significant losses to DenSco's Investors. Specifically, Denny previously liquidated or mortgaged all of his personal assets to loan money to DenSco to allow DenSco to continue to make its interest payments to its Investors until he had nothing left to put into DenSco.

As indicated above, the initial plan that we are trying to follow is intended for us to determine (and share with you): what does DenSco own; what is the current balance in DenSco's bank account; what loans are timely paying and when such loans are anticipated to be liquidated with the balance paid to DenSco. Initially, we believe that all of the Good Loans should be paid off within 6 months. We hope to have more specific information by Friday of this week.

There are also significant unsecured and secured loans that are subject to the personal bankruptcy of Yomtov "Scott" Menaged. These unsecured and secured loans to Scott Menaged need to be analyzed as well as the bankruptcy case so that we can determine what is likely to be paid to resolve these loans. In addition, to these loans, we also need to

determine the status of the life insurance policy and other collateral that were to secure certain of the unsecured loans. Unfortunately, this will take more time than a couple days, but this information will be provided as soon as we can obtain and confirm it. This information should be available in a couple of weeks if third parties involved in the bankruptcy case timely provide the information that we have requested.

We also understand that there is a significant amount of money that is currently tied up with Auction.com that involves certain transactions involving Scott Menaged. Given the lack of initial information available concerning these transactions in Denny's office, it will take more time to understand these transactions and to determine what can be done to recover this amount of money. We will hopefully be able to have an understanding of these transactions, who has the money and what can be done to collect the money owed to DenSco. So this will likely take at least 45 days to obtain and confirm this information so that it can be shared with you.

In order to maximize the available return to all of the Investors, which is what Denny urged us to do in his last instructions, we would like to keep DenSco out of a protracted bankruptcy or a contentious Receivership proceeding. As indicated above, various studies have shown that the third party costs and legal and other professional fees and costs and the inherent delays in bankruptcy and / or Receivership proceedings can consume more than 35% of the available money that should or would otherwise be available to be returned to Investors. As we proceed, it may be necessary to have the final distribution and allocation to Investors approved by a court to satisfy any fiduciary duties for some Investors and that can be accommodated by a judicial review and approval of a settlement plan without a full bankruptcy proceeding. Again, if we determine that DenSco's recoverable proceeds are likely to be significantly or materially insufficient to return the Investors' capital to the Investors, then Shawna is unlikely to assume the control of DenSco and we will work with the various state authorities to have a Receiver named for DenSco, which Receiver will come up with an acceptable plan to collect the proceeds owed to DenSco and to return as much of the Investor's money as possible.

If we are going to proceed informally to keep costs down, we understand that we need to communicate with you on a regular basis and we need to be able to receive communication from you as the Investors. To have good and open communication, we would like to create an "Advisory Board" of 5 Investors to meet with and to advise DenSco with respect to the information obtained and how that information can best be used to cost-effectively help DenSco to recover funds that are owed to DenSco. We intend to structure this as an Advisory Board to protect the members of this Advisory Board from any potential liability based upon their role with DenSco. Specifically, the Advisory Board would only have an advisory position with DenSco as opposed to a full authority position, which is to distinguish this situation from having these Investors appointed to the Board of Directors. If you would be interested in participating on this Advisory Board, please let me know by return email and confirm that you would have the availability and willingness to participate in the necessary meetings (in person or by phone). Ideally, we would like to have a "cross-section of Investors" on this Advisory Board to help DenSco evaluate the information as it becomes available and to assist analyzing various decisions and the effect that such decisions would have on the Investors.

As indicated above, we hope to have a more detailed analysis of the Good Loans by the end of this week.

Sincerely, David

David G. Beauchamp

CLARK HILL PLC

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William Woerner

From: Beauchamp, David G. <DBeauchamp@ClarkHill.com>
Sent: Friday, August 05, 2016 8:32 PM
To: Wendy Coy, Gary Clapper
Subject: FW: Additional DenSco Information

Wendy and Gary:

Please see the email to the DenSco's Investors that I sent this evening with the updated (and bad) news.

Sincerely, David

David G. Beauchamp

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From: Beauchamp, David G.

Sent: Friday, August 05, 2016 8:29 PM

To: acatej@gmail.com; amydirks@hotmail.com; anttjen@yahoo.com; arttina@hotmail.com; Aztonysmith@aol.com; aztonysmith@gmail.com; bairyluchtel@gmail.com; bdirks5@cox.net; bj@cox.net; bjlocke64@yahoo.com; bjodenthal@frontier.com; brian.wenig@honeywell.com; burdett.anthony@gmail.com; butlev@yahoo.com; caricks3@aol.com; czj528@hotmail.com; dariosdad@gmail.com; dave@prestoncpa.biz; davedubay@gmail.com; dhowze@cox.net; dor-cindy@cableone.net; Dorianm@cox.net; elieencohen@me.com; epcartick@gmail.com; glenpdavis@gmail.com; greeraz@yahoo.com; gstiegford@msn.com; hahnaz2@cox.net; hey.ralph01@gmail.com; hlkthstlk@aol.com; jackdds@myway.com; jamccoy32@gmail.com; jbhok@yahoo.com; jlemmakopel@hotmail.com; jstiegford@yahoo.com; jimmy@flytrapproductions.com; jimpattmc44@gmail.com; jkjetto@yahoo.com; jphalen00@aol.com; jwalker113@cox.net; kayell121@cs.com; kaylene.moss@avnet.com; kenneni@yahoo.com; landonluchteal@gmail.com; lanka2000@yahoo.com; laurlewelskopf@gmail.com; lkopel22@hotmail.com; mark.wenig@gmail.com; mbencekent@yahoo.com; mlminvestor@gmail.com; mrsbeasley68@verizon.net; gmscroglin@me.com; nihad@yahoo.com; nswitz@me.com; patsmiller21@gmail.com; Paul_a_kent@yahoo.com; pearcas@mailhaven.com; Peter.Rzonca@Aynet.com; pldupper@gmail.com; quealively@yahoo.com; ralph@kaisertile.net; rbrinkman@yahoo.com; rgrswold3@stny.rr.com; robertflawson@gmail.com; rzkoehler@yahoo.com; sdebtta@yahoo.com; sdtutte@gmail.com; smschloz@msn.com; steve@bunger.me; stewart.sheriff@gmail.com; switchback62@hotmail.com; terryeeAZ@comcast.net; thomasbyme11@gmail.com; thompscg2@cox.net; trovita@gmail.com; twalfy0767@gmail.com; valerlepaxton@gmail.com; vlmuscot@gmail.com; wadeunderwood@hotmail.com; wbush1120@comcast.net; wjswitz@me.com; wka@caribbeanpoolsaz.com; yusuf@comsiscomputer.com

Subject: Additional DenSco Information

4

DenSco Investors:

As I indicated in my email that was sent out to each of you late Wednesday, we have been working as fast as possible to go through DenSco's paper files and computer records. We are continuing our efforts to obtain as much information as possible concerning DenSco's outstanding loans to its borrowers and what assets might be available to recover on loans in default. Unfortunately, the information is not good. Accordingly, we have been in communication with the AZ Corporation Commission – Securities Division to work with that office to discuss the best plan to maximize the recovery of funds owed to DenSco. We will be meeting with the Director of Enforcement next Wednesday to work through the necessary steps so that the State of Arizona can lend its oversight, if not its direct assistance, in this effort to recover the money that is owed to DenSco and its Investors. We will be able to provide more information after that meeting.

In the interim, we have had someone quickly go through the boxes of files and other information in DenSco's office to help determine the exact status. Please understand that this is very preliminary information and it will be subject to further review and supplemental information that we hope to obtain. The following estimates are derived from the information that was found after Denny's passing. These estimates were compiled in a very short period of time and all information provided will need to be revisited, reviewed and confirmed at a later date preferably by a third party, but this is what we now believe to be the case. Obviously, further information will also need to be obtained concerning the bankruptcy of Scott Menaged and the various claims that he supposedly owes to DenSco.

DenSco has in excess of one million dollars in its bank accounts. As additional interest is collected on the paying loans, this amount should increase.

There are approximately 138 loans listed in the DenSco portfolio.

50 of these 138 loans appear to be secured by first position deeds of trust and the documents indicate that these loans should be available for liquidity within 0-6 months through normal business or the accelerated sale of notes. These 50 loans (secured by first position deeds of trust) represent roughly \$4,981,736.00 of principal and accrued interest (*principal \$4,925,614.31 interest \$56,121.69*) and continue to earn interest at the rate of 18% per annum.

An additional 5 of these 138 loans appear to be first position deeds of trust which will require collection via foreclosure or collection through bankruptcy court and appear to be related to Scott Menaged in some form. (One property with a deed of trust to secure one of these loans was supposedly released from the protections of the automatic stay of the bankruptcy court earlier this week.) These 5 loans represent roughly \$2,533,000 of principal and interest (*principal \$1,980,000 and estimated collectable accrued interest \$553,000*).

The 83 remaining loans do not appear to be secured via first position Deed of Trust recordings. While they all do appear to have signed promissory notes and deeds of trust in each file, there is no evidence of recording and involve Arizona Home Foreclosures, LLC and Scott Menaged and represent approximately \$28,178,600.

Additionally, there appears to be an unsecured note (accounts receivable) from Scott Menaged to DenSco in an approximate amount of \$14,339,339.79.

Summary:

\$4,981,736 notes that are believed to be secured by deeds of trust and should be liquidated in the near future;
\$2,533,000 notes that are supposedly secured but require collection/involve Scott Menaged;

\$28,178,600 that involve Scott Menaged but we are unsure of security, will require collection via courts;
\$14,339,339 supposedly unsecured note from Scott Menaged, will require collection via courts, and
\$1,000,000 (Estimated in DenSco bank accounts)

\$51,032,675.00

Last stated investor balance per Denny's spreadsheet as of June 2016
\$51,184,005.27

As noted above and in my previous email to each of you, Scott Menaged is in personal bankruptcy and he claimed in his bankruptcy filing that he does not have any assets. According to third parties involved in Scott's bankruptcy, we have obtained the following information that we believe to be reliable. Scott filed his personal bankruptcy in April 2016 (pro per, which means without legal counsel) and he failed to provide the necessary schedules of creditors and notices to the creditors as the bankruptcy law requires. The US Trustee appointed for this bankruptcy case, Jill H. Ford, took action to require that Scott's bankruptcy estate retain legal counsel and comply with the bankruptcy requirements. The bankruptcy estate has now retained Cody Jess of Schian Walker, PLC as Debtor's legal counsel. Cody Jess informed me that he was retained in early July and that the notice to DenSco was mailed either late last Monday / early Tuesday, so Denny likely received the notice on Wednesday, which was Denny's first notice of the bankruptcy filing. Supposedly, Denny talked to Scott on Wednesday and Scott confirmed the information in the notice. Unfortunately, that probably led to Denny taking his life the next day on Thursday.

Cody Jess also claimed that both of Scott's other entities that are on the \$14,000,000 (+) unsecured note (or guaranteed that note) are not in the bankruptcy, but Arizona Home Foreclosure has conveyed all of its homes and it no longer has any assets. However, that is contrary to the information in DenSco's files. Further, Cody Jess also claimed that Furniture King is not in the bankruptcy, but it does not matter because it has no value due to the several liens already filed against it. Cody said that DenSco never filed a UCC-1 to secure its security interest in the assets of Furniture King. That UCC-1 was part of the forbearance package that we prepared in 2014. That package was supposed to be signed in my office, but Scott convinced Denny to not do the signing in my office. I gave all of the documents to Denny and told Denny to get them all signed (where the stickers were) and to have certain documents notarized and to have the UCC-1 filed with the Arizona Secretary of State. Denny subsequently told me that the UCC-1 had been filed. However, I checked today and that UCC-1 was never filed and made of record against Furniture King.

AC Based upon all of the new information set forth above, please understand that we now believe that a different strategy might be more effective with respect to the collection of the money owed to DenSco, the liquidation of DenSco and the return of funds to DenSco's investors. That is why we have reached out to the State of Arizona to determine if the Securities Division can lend assistance in the collection of the money owed to DenSco.

67 We will keep you informed as we obtain more information.

File
Sincerely, David

#8
David G. Beauchamp

CLARK HILL, PLLC
14650 N Scottsdale Rd | Suite 500 | Scottsdale, Arizona 85254

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Beauchamp, David G.

From: Beauchamp, David G.
Sent: Tuesday, August 09, 2016 6:58 PM
To: Thomas Byrne
Cc: Craig and Samantha Hood; Craig Brown; acatejr@gmail.com; amydirks@hotmail.com; anthjen@yahoo.com; artnina@hotmail.com; Aztonysmith@aol.com; aztonysmith@gmail.com; barryluchtel@gmail.com; bdirks5@cox.net; bji@cox.net; bjlocke64@yahoo.com; bjodenthal@frontier.com; brian.wenig@honeywell.com; burdett.anthony@gmail.com; butlerv@yahoo.com; carricks3@ak.net; czj528@hotmail.com; dariosdad@gmail.com; dave@prestoncpa.biz; davedubay@gmail.com; dhowze@cox.net; don-cindy@cableone.net; Doriann@cox.net; eileencohen@me.com; epcarrick@gmail.com; glenpdavis@gmail.com; gsiegforsd@msn.com; hahnaz2@cox.net; hey.ralph01@gmail.com; hikthestik@aol.com; jackdds@myway.com; jamccoy32@gmail.com; jbhok@yahoo.com; jemmakopel@hotmail.com; jgsiegforsd@yahoo.com; jimmy@flytrapproductions.com; jimpatmc44@gmail.com; jkjetto@yahoo.com; Jphalen00@aol.com; jwalker113@cox.net; kayell121@cs.com; kaylene.moss@avnet.com; kennenl@yahoo.com; landonluchtel@gmail.com; lanka2000@yahoo.com; Laurieweiskopf@gmail.com; lkopel22@hotmail.com; mark.wenig@gmail.com; mbencekent@yahoo.com; mlminvestor@gmail.com; mrsbeasley68@verizon.net; mscroggin@me.com; nihad@yahoo.com; nswirtz@me.com; patsmiller21@gmail.com; Paul_a_kent@yahoo.com; pearces@mailhaven.com; Peter.Rzonca@Avnet.com; pldupper@gmail.com; quelalively@yahoo.com; ralph@kaisertile.net; rbrinkman@yahoo.com; rgriswold3@stny.rr.com; robertflawson@gmail.com; rzkoehler@yahoo.com; sdetota@yahoo.com; sdetota99@yahoo.com; sdtuttle@gmail.com; smschloz@msn.com; steve@bunger.me; stewart.sherriff@gmail.com; switchback62@hotmail.com; terryleeAZ@comcast.net; thompscog2@cox.net; uaflyor767@gmail.com; valeriepaxton@gmail.com; vimuscat@gmail.com; wadeunderwood@hotmail.com; wbush1120@comcast.net; wjswirtz@me.com; wka@caribbeanpoolsaz.com; yusuf@comsiscomputer.com
Subject: RE: Additional DenSco Information

Thomas:

Shawna will be there or she will be on the phone. I agree that it is not optimum to have limited resources at this meeting, but we need to see how the Securities Division will play their hand. This is supposed to simply be an informed discussion. If they tell us that they will charge DenSco for the time and fees of the investigators and other staff of the Securities Division and the Assistant Attorney General assigned to this matter as well as the Receiver, the Receiver's attorneys, and the Receiver's accountants, then we will need to say that we have to discuss this with the Investors. However, the Director of the Enforcement Division has stated that the Securities Division has talked to almost 40 of the Investors and all favor the state taking over the investigation and administration of this matter. I think that statement is a stretch, but we will need to listen to them and we then will be able to respond. I think the Securities Division has the resources to more effectively investigate and pursue the claims against Menaged and anyone who worked with him to pull off the alleged fraud.

Best regards, David

David G. Beauchamp

CLARK HILL PLC

14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254

From: Thomas Byrne [mailto:thomasbyrne11@gmail.com]

Sent: Tuesday, August 09, 2016 7:37 AM

To: Beauchamp, David G.

Cc: Craig and Samantha Hood; Craig Brown; acatejr@gmail.com; amydirks@hotmail.com; anthjen@yahoo.com; artnina@hotmail.com; Aztonysmith@aol.com; aztonysmith@gmail.com; barryluchtel@gmail.com; bdirks5@cox.net; bji@cox.net; bjlocke64@yahoo.com; bjodenthal@frontier.com; brian.wenig@honeywell.com; burdett.anthony@gmail.com; butlerv@yahoo.com; carricks3@ak.net; czj528@hotmail.com; dariosdad@gmail.com; dave@prestoncpa.biz; davedubay@gmail.com; dhowze@cox.net; don-cindy@cableone.net; Doriann@cox.net; eileencohen@me.com; epcarrick@gmail.com; glenpdavis@gmail.com; gsiegford@msn.com; hahnaz2@cox.net; hey.ralph01@gmail.com; hikthestik@aol.com; jackdds@myway.com; jamccoy32@gmail.com; jbhok@yahoo.com; jemmakopel@hotmail.com; jgsiegford@yahoo.com; jimmy@flytrapproductions.com; jimpatmc44@gmail.com; jkjetto@yahoo.com; Jphalen00@aol.com; jwalker113@cox.net; kayell121@cs.com; kaylene.moss@avnet.com; kenneni@yahoo.com; landonluchtel@gmail.com; lanka2000@yahoo.com; Laurieweiskopf@gmail.com; lkopel22@hotmail.com; mark.wenig@gmail.com; mbencekent@yahoo.com; mlminvestor@gmail.com; mrsbeasley68@verizon.net; mscroggin@me.com; nihad@yahoo.com; nswirtz@me.com; patsmiller21@gmail.com; Paul_a_kent@yahoo.com; pearces@mailhaven.com; Peter.Rzonca@Avnet.com; pldupper@gmail.com; quelalively@yahoo.com; ralph@kaisertile.net; rbrinkman@yahoo.com; rgriswold3@stny.rr.com; robertflawson@gmail.com; rzkoehler@yahoo.com; sdetota@yahoo.com; sdetota99@yahoo.com; sdtuttle@gmail.com; smschloz@msn.com; steve@bunger.me; stewart.sherriff@gmail.com; switchback62@hotmail.com; terryleeAZ@comcast.net; thompscg2@cox.net; uaflyor767@gmail.com; valeriepaxton@gmail.com; vimuscat@gmail.com; wadeunderwood@hotmail.com; wbush1120@comcast.net; wjswirtz@me.com; wka@caribbeanpoolsaz.com; yusuf@comsiscomputer.com

Subject: Re: Additional DenSco Information

David,

So just so it is clear - who in addition to you do we anticipate having at this meeting? Would seem to me that it would be at least prudent to have one or two other people, even if it was just another pair of ears tasked to listen so we can capture and debrief re the situation.

Tom

On Mon, Aug 8, 2016 at 7:14 PM, Beauchamp, David G. <DBeauchamp@clarkhill.com> wrote:

Craig:

The Securities Division has made it clear that they would like to have a Receiver appointed with its own legal counsel and they will handle all of the communication with the Investors going forward.

With respect to your question concerning the Wednesday meeting, the Director of Enforcement had someone from her office relay a message to me that they do not want any Investors (or attorneys for Investors) at the Wednesday meeting. They seem to have a very specific agenda and they want as few people there as possible so that they can keep to their agenda. Since they have declined to share their agenda prior to the meeting, I am not exactly sure what all is to be covered.



Best regards, David

David G. Beauchamp

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Message

From: Grove, Lindsay L. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=LSTRINGER]
Sent: 8/18/2016 1:52:47 PM
To: Beauchamp, David G. [dbeauchamp@clarkhill.com]
Subject: RE: Additional DenSco Information

Yes "jphalen00@aol.com" is on the investor distribution list.

Lindsay L. Grove

CLARK HILL PLC

480.684.1133 (direct) | 480.684.1199 (fax)

From: Beauchamp, David G.
Sent: Thursday, August 18, 2016 1:51 PM
To: Grove, Lindsay L.
Subject: Fwd: Additional DenSco Information

Please confirm. I believe they are listed based on the number of previous emails from them.

Thanks, David

Sent from my iPhone. Please excuse any typos.

Begin forwarded message:

From: "jphalen00@aol.com" <jphalen00@aol.com>

Date: August 18, 2016 at 1:44:28 PM MST

To: <DBeauchamp@ClarkHill.com>

Subject: Re: Additional DenSco Information

David,

I just wanted to ensure we are on the investor list, Phalen Family Trust, Jeff Phalen or Cindy Phalen.

Thx.

Jeff Phalen 520-909-1018

-----Original Message-----

From: Beauchamp, David G. <DBeauchamp@ClarkHill.com>

To: Thomas Byrne <thomasbyrne11@gmail.com>

Cc: acatejr <acatejr@gmail.com>; amydirks <amydirks@hotmail.com>; anthjen <anthjen@yahoo.com>; artnina <artnina@hotmail.com>; Aztonysmith <Aztonysmith@aol.com>; aztonysmith <aztonysmith@gmail.com>; barryluchtel <barryluchtel@gmail.com>; bdirks5 <bdirks5@cox.net>; bji <bjl@cox.net>; bjlocke64 <bjlocke64@yahoo.com>; bjodenthal <bjodenthal@frontier.com>; brian.wenig <brian.wenig@honeypwell.com>; burdett.anthony <burdett.anthony@gmail.com>; butlerv <butlerv@yahoo.com>; carricks3 <carricks3@ak.net>; czj528 <czj528@hotmail.com>; dariosdad <dariosdad@gmail.com>; dave <dave@prestoncpa.biz>; davedubay <davedubay@gmail.com>; dhowze <dhowze@cox.net>; don-cindy <don-cindy@cableone.net>; Doriann <Doriann@cox.net>; eileencohen <eileencohen@me.com>; epcarrick <epcarrick@gmail.com>; glenpdavis <glenpdavis@gmail.com>; greeraz <greeraz@gmail.com>; gsieqford <gsieqford@msn.com>; hahnaz2 <hahnaz2@cox.net>; hey.ralph01 <hey.ralph01@gmail.com>; hikthestik <hikthestik@aol.com>; jackdds <jackdds@myway.com>; jamccoy32 <jamccoy32@gmail.com>; jbhok <jbhok@yahoo.com>; jemmakopel <jemmakopel@hotmail.com>; jgsieqford <jgsieqford@yahoo.com>; jimmy <jimmy@flytrapproductions.com>; jimpatmc44 <jimpatmc44@gmail.com>; jkjetto <jkjetto@yahoo.com>; Jphalen00 <Jphalen00@aol.com>; jwalker113

<jwalker113@cox.net>; kayell121 <kayell121@cs.com>; kaylene.moss <kaylene.moss@avnet.com>; kenneni <kenneni@yahoo.com>; landonluchtel <landonluchtel@gmail.com>; lanka2000 <lanka2000@yahoo.com>; Laurieweiskopf <Laurieweiskopf@gmail.com>; lkopel22 <lkopel22@hotmail.com>; mark.wenig <mark.wenig@gmail.com>; mbencekent <mbencekent@yahoo.com>; mlinvestor <mlinvestor@gmail.com>; mrsbeasley68 <mrsbeasley68@verizon.net>; mscroggin <mscroggin@me.com>; nihad <nihad@yahoo.com>; nswirtz <nswirtz@me.com>; patsmiller21 <patsmiller21@gmail.com>; Paul_a_kent <Paul_a_kent@yahoo.com>; pearces <pearces@mailhaven.com>; Peter.Rzonca <Peter.Rzonca@Avnet.com>; pldupper <pldupper@gmail.com>; quelalively <quelalively@yahoo.com>; ralph <ralph@kaisertile.net>; rbrinkman <rbrinkman@yahoo.com>; rgriswold3 <rgriswold3@stny.rr.com>; robertflawson <robertflawson@gmail.com>; rzkoehler <rzkoehler@yahoo.com>; sdetota <sdetota@yahoo.com>; sdetota99 <sdetota99@yahoo.com>; sdtuttle <sdtuttle@gmail.com>; smschloz <smschloz@msn.com>; steve <steve@bunger.me>; stewart.sherriff <stewart.sherriff@gmail.com>; switchback62 <switchback62@hotmail.com>; terryleeAZ <terryleeAZ@comcast.net>; thompscog2 <thompscog2@cox.net>; trovita <trovita@gmail.com>; uaflyor767 <uaflyor767@gmail.com>; valeriepaxton <valeriepaxton@gmail.com>; vimuscat <vimuscat@gmail.com>; wadeunderwood <wadeunderwood@hotmail.com>; wbush1120 <wbush1120@comcast.net>; wjswirtz <wjswirtz@me.com>; wka <wka@caribbeanpoolsaz.com>; yusuf <yusuf@comsiscomputer.com>

Sent: Fri, Aug 12, 2016 8:09 am

Subject: Re: Additional DenSco Information

Tom:

In your previous email, I thought you were asking for me to explain the discrepancy in my previous comments. Basically, I do not know how many of the 80+ deeds of trust were timely and properly recorded. I never was involved in any of the loan closings. I have not had access to the current loan files to look that up. All I have had access to are a couple of brief summaries of those files. One prepared by Denny and one by the outside real estate professional after Denny's death. The Securities Division has those files now and I am trying to get those files.

I have copied all of the Investors in my email last night and the morning. So you should have the email addresses of all of the investors. I currently do not have a list of the names of all of the Investors. I am in the process of getting that information and I will share that when I get that. I would encourage the Investors to communicate and coordinate your efforts. You have had very definite influence with the Securities Division and you should be able to continue that.

Sincerely, David Beauchamp

Sent from my iPhone. Please excuse any typos.

On Aug 12, 2016, at 7:28 AM, Thomas Byrne <thomasbyrne11@gmail.com> wrote:
David,

Your response really did not answer my question. So I will ask it directly - how many, if any, of the deed of trust documents (that were related to any of the "not good loans" - which seem to number something approaching 80+) were properly and timely filed against the real property?

Secondly, I would like to ask that we get a list of names and emails of all known Investor's in DenSco so that we can take the opportunity to discuss matters independently amongst ourselves.

Tom

On Aug 12, 2016, at 12:30 AM, Beauchamp, David G. <DBeauchamp@ClarkHill.com> wrote:

Sorry, another email that should have been copied to all Investors. Tom raised a good question that everyone should have the benefit of understanding.

Best regards, David

David G. Beauchamp

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480.684.1126 (direct) | 480.684.1166 (fax) | 602.319.5602 (cell)
dbeauchamp@clarkhill.com | www.clarkhill.com

From: Beauchamp, David G.

Sent: Thursday, August 11, 2016 11:00 PM

To: Thomas Byrne

Cc: Stan Schloz

Subject: RE: Additional DenSco Information

Tom:

Good catch. This also goes to the amount of independent review that needs to be done with the DenSco files for the bad loans. There are over 60 banker's boxes of DenSco files and information from Denny's house. I was trying to get information to the Investors as fast as I could. Since I did not have access to the files with the outstanding loans, I had to rely upon numbers and information that was either in the summary of the DenSco files that were electronically sent to me or the information that was prepared by the real estate person who did a quick review of the current loan files. In both instances, I used and relied upon this information without doing any independent review. In reviewing my notes from the information I was provided, I believe that I compounded the misinformation by referencing information taken from two different places even though each of the references had been calculated using two slightly different methods.

Specifically, some of the deeds of trust as security for the outstanding loans were sent to the title company to be recorded in connection with the purchase of the property by the borrower. Other deeds of trust were recorded in connection with a loan from DenSco to the existing owner of the property after the owner already owned the property. I believe that in the files notes, there was a reference that 83 deeds of trust were not showing as being current liens on properties related to Scott despite the fact that those houses were supposed to be collateral in favor of DenSco. I referenced those deeds of trust as not being recorded, but I should have referenced those liens as not currently being shown as effective liens on these properties. I do not know for sure if these deeds of trust were not recorded or were somehow "circumvented". These are some of the questions that will need to be reviewed after the non-current loans are reviewed in depth.

This review will be part of the forensic review, which review will also have to include a detailed title review for the properties that were supposed to secure notes but no longer show a lien in favor of DenSco on the property. For example, we will need more than a current title report to show if a loan secured by a deed of trust on a property was "circumvented. As an example, a borrower has sometimes been able to record a quit claim deed to convey a property to an affiliate and then that affiliate subsequently conveys the property to a third party (or gets a new loan on that property) with the new owner or new lender relying upon a title report that only reviews the title records for the last owner of the property. Specifically, this title report only shows liens that were recorded against the affiliate as the owner and do not show the lien recorded against the property when the original borrower used that property as collateral for the loan. (I believe that is the situation with the loan that was to be secured by Scott's house at 10510 East Sunnyside Drive in Scottsdale.) Normally, a title company's review of the title for a property is supposed to go beyond a quit claim deed (to the prior owner) to see if the quit claim deed was used to circumvent a recorded obligation to a third party. Again this can happen and has happened particularly when no title insurance is ordered with

the quit claim deed, but I have been told that this often requires help from someone at the title company in order to be successful.

I apologize for any confusing information that I have shared, but I have tried to get the best information out to the investors as quickly as I could. Unfortunately, the loans in question will need to be investigated more thoroughly than I could do over the last week without access to current title data.

Sincerely, David

David G. Beauchamp

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dbeauchamp@clarkhill.com | www.clarkhill.com

From: Thomas Byrne [<mailto:thomasbyrne11@gmail.com>]

Sent: Thursday, August 11, 2016 5:15 AM

To: Beauchamp, David G.

Cc: Stan Schloz

Subject: Re: Additional DenSco Information

David,

In your original summary, you said the 83 deeds of trust (related to Scott / his entities) were not recorded. Below you mention "certain deeds of trust were circumvented", can you be clear - how many deeds of trust of these 83 were recorded on a timely fashion or at all?

Tom

On Aug 10, 2016, at 7:55 PM, Beauchamp, David G. <DBeauchamp@ClarkHill.com> wrote:
Stan:

I appreciate you asking for a vote on this approach. However, the Securities Division was pretty definite (confirmed by our legal research) that the Division (on behalf of the AZ Corporation Commission) can ask the Superior Court to approve the appointment of a Receiver without any input from the company or the Investors. If that is the approach that the Securities Division elects to pursue, I would encourage that we talk to Mr. Byrne and modify the options so that we can present the options as instructions for the court to give to the Receiver, if any is appointed. It should be persuasive to the court to include specific instructions if a substantial number of Investors vote in favor of the instructions.

With respect to Mr. Byrne's question concerning the rights of DenSco to certain assets, it appears that certain deeds of trust were circumvented by having the real property transferred by quit claim deed right before the deed of trust was recorded. I understand that is not conclusive, but it does show a pattern of conduct that seems to infer an intent to defraud DenSco.

Just a suggestion. Please let me know if you think a different approach makes more sense.

Sincerely,

David Beauchamp

David G. Beauchamp

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dbeauchamp@clarkhill.com | www.clarkhill.com

From: Stan Schloz [<mailto:SMSCHLOZ@msn.com>]

Sent: Wednesday, August 10, 2016 9:12 AM

To: Thomas Byrne; Beauchamp, David G.

Cc: acatejr@gmail.com; amydirks@hotmail.com; anthjen@yahoo.com; artnina@hotmail.com; Aztonysmith@aol.com; aztonysmith@gmail.com; barryluchtel@gmail.com; bdirks5@cox.net; bjl@cox.net; bjlocke64@yahoo.com; bjodenthal@frontier.com; brian.wenig@honeywell.com; burdett.anthony@gmail.com; butlerv@yahoo.com; carricks3@ak.net; czi528@hotmail.com; dariosdad@gmail.com; dave@prestoncpa.biz; davedubay@gmail.com; dhowze@cox.net; don-cindy@cableone.net; Doriann@cox.net; eileencohen@me.com; epcarrick@gmail.com; glenpdavis@gmail.com; greeraz@gmail.com; gsiegford@msn.com; hahnaz2@cox.net; hey.ralph01@gmail.com; hikthestik@aol.com; jackdds@myway.com; jamccoy32@gmail.com; jbhok@yahoo.com; jemmakopel@hotmail.com; jgsiegford@yahoo.com; jimmy@flytrapproductions.com; jimpatmc44@gmail.com; jkjetto@yahoo.com; Jphalen00@aol.com; jwalker113@cox.net; kayell121@cs.com; kaylene.moss@avnet.com; kennenl@yahoo.com; landonluchtel@gmail.com; lanka2000@yahoo.com; Laurieweiskopf@gmail.com; lkopel22@hotmail.com; mark.wenig@gmail.com; mbencekent@yahoo.com; mlminvestor@gmail.com; mrsbeasley68@verizon.net; mscroggin@me.com; nihad@yahoo.com; nswirtz@me.com; patsmiller21@gmail.com; Paul_a_kent@yahoo.com; pearces@mailhaven.com; Peter.Rzonca@Avnet.com; pldupper@gmail.com; quelalively@yahoo.com; ralph@kaisertile.net; rbrinkman@yahoo.com; rgriswold3@stny.rr.com; robertflawson@gmail.com; rzkoehler@yahoo.com; sdetota@yahoo.com; sdetota99@yahoo.com; sdtuttle@gmail.com; steve@bunger.me; stewart.sherriff@gmail.com; switchback62@hotmail.com; terryleeAZ@comcast.net; thompsonc2@cox.net; trovita@gmail.com; uaflyor767@gmail.com; valeriepaxton@gmail.com; vimuscat@gmail.com; wadeunderwood@hotmail.com; wbush1120@comcast.net; wjswirtz@me.com; wka@caribbeanpoolsaz.com; yusuf@comsiscomputer.com

Subject: Re: Additional DenSco Information

I totally agree with Mr. Byrne's analysis. It seems to me we need to come to a group decision on the options Thomas outlined ASAP. In that process I hope Densco, the family and the investors can come together with a common strategy with David as the attorney. Big order! I have little hope of having any funds available other than the good funds identified to date. I would support any of the Byrne options. My goal is get what we can as soon as we can. David, would appreciate you taking the lead on this.

Appreciate your effort and responsiveness.

Stan Schloz

From: Thomas Byrne <thomasbyrne11@gmail.com>

Sent: Wednesday, August 10, 2016 7:59 AM

To: Beauchamp, David G.

Cc: acatejr@gmail.com; amydirks@hotmail.com; anthjen@yahoo.com; artnina@hotmail.com; Aztonysmith@aol.com; aztonysmith@gmail.com; barryluchtel@gmail.com; bdirks5@cox.net; bjl@cox.net; bjlocke64@yahoo.com; bjodenthal@frontier.com; brian.wenig@honeywell.com; burdett.anthony@gmail.com; butlerv@yahoo.com; carricks3@ak.net; czi528@hotmail.com; dariosdad@gmail.com; dave@prestoncpa.biz; davedubay@gmail.com;

dhowze@cox.net; don-cindy@cableone.net; Doriann@cox.net; eileencohen@me.com; epcarrick@gmail.com; glenpdavis@gmail.com; greeraz@gmail.com; gsiegford@msn.com; hahnaz2@cox.net; hey.ralph01@gmail.com; hikthestik@aol.com; jackdds@myway.com; jamccoy32@gmail.com; jbhok@yahoo.com; jemmakopel@hotmail.com; jgsiegford@yahoo.com; jimmy@flytrapproductions.com; jimpatmc44@gmail.com; jkjetto@yahoo.com; jphalen00@aol.com; jwalker113@cox.net; kayell121@cs.com; kaylene.moss@avnet.com; kenneni@yahoo.com; landonluchtel@gmail.com; lanka2000@yahoo.com; Laurieweiskopf@gmail.com; lkopel22@hotmail.com; mark.wenig@gmail.com; mbencekent@yahoo.com; mlminvestor@gmail.com; mrsbeasley68@verizon.net; mscroggin@me.com; nihad@yahoo.com; nswirtz@me.com; patsmiller21@gmail.com; Paul_a_kent@yahoo.com; pearces@mailhaven.com; Peter.Rzonca@Avnet.com; pldupper@gmail.com; quelalively@yahoo.com; ralph@kaisertile.net; rbrinkman@yahoo.com; rgriswold3@stny.rr.com; robertflawson@gmail.com; rzkoehler@yahoo.com; sdetota@yahoo.com; sdetota99@yahoo.com; sdtuttle@gmail.com; smschloz@msn.com; steve@bunger.me; stewart.sherriff@gmail.com; switchback62@hotmail.com; terryleeAZ@comcast.net; thompscg2@cox.net; trovita@gmail.com; uaflyor767@gmail.com; valeriepaxton@gmail.com; vimuscat@gmail.com; wadeunderwood@hotmail.com; wbush1120@comcast.net; wjswirtz@me.com; wka@caribbeanpoolsaz.com; yusuf@comsiscomputer.com

Subject: Re: Additional DenSco Information

David,

Thanks for the answers. While the path outline above might be acceptable to some investors, it will be important that we potentially consider alternative additional options together as a group (and/or allow for some individual investor choice).

My biggest challenge with the above path is it seems to allocate 100% of the potentially good funds (lets call it \$10 million) to the efforts related to recovering what is unsecured/uncertain/legally complicated funds. And it also allows hourly-paid lawyers, advisors, accountants, etc to consume those funds without an clear / easy way to control.

An alternative path could be to allow investors to take all or some of the good funds in exchange for releasing their claim on the unrecovered funds. Thus those that might want to take the 20 cents (on the dollar) payment now (on all or a portion of their investment in Densco) could do so now and at least have some piece of mind that hourly legal/other bills aren't going to take their ultimate recovery to zero.

And if that is too complicated, we could alternatively agree as a group to allocate some amount (say \$500k) to a legal recovery fund for the benefit of all and distribute the remaining good funds (say \$9.5 million). Then the legal recovery costs would be quantified.

At this point, I have very little (zero really) clarity and comfort that recovery of additional assets will be possible. And thus, if asked to make a decision at this point, I would not personally be inclined to put significant existing dollars against a costly 2-3 year complex legal process with at vague outcome at best.

And lastly, prior to putting \$\$'s against a protracted legal pursuit, it is going to paramount to be absolutely clear what Densco (and hence us investors) have, if anything, more than an unsecured claim. Was any valid security interest or real property lien filing ever done on the assets Densco loaned funds against related to Menaged (and related entities)?

thx, Tom

On Tue, Aug 9, 2016 at 8:44 PM, Beauchamp, David G.

<DBeauchamp@clarkhill.com> wrote:

DenSco Investors:

Set forth below are some questions that an Investor sent to me (several other Investors had similar questions). So I believe the questions and answers should be shared with all of the Investors.

Please understand that I am not the financial or bankruptcy expert to evaluate the potential recovery from Scott Menaged or the other unsecured claims. I have asked a couple of people for help to provide you with some direction, but they were not comfortable to even make an educated guess. Despite the fact that I am not an expert in these types of matters and I am not qualified to make any projections, please see my preliminary thoughts below. However, please understand that these preliminary thoughts could be proven to be completely wrong if we are able to obtain better information.

We need to know realistically what to expect so we can plan the rest of our lives. **** Until I know what the Securities Division plans to do, I do not know what chance DenSco has to go after Scott Menaged and to recover the substantial majority of the Investors' money. If I had to guess, I believe a Receiver will be appointed, but the Receiver is not to pursue a fraud or collection case/action until the Receiver has sufficient evidence for the Receiver to believe that the fraud case is more likely than not to be successful and that the defendant has sufficient available assets to satisfy any judgment that may be obtained. Since the Menaged bankruptcy case was filed as a "no asset" bankruptcy, that does not look promising, but the US Trustee has taken actions to bring assets into that case that Scott Menaged had tried to exclude. That sounds promising, but I have no idea as to the value of those additional assets. Again, only time and investigation can clarify the answers to these questions.

I need you best-guess answer on:

What are the chances of getting any money at all back in the future? **** I do not know how much you previously invested, but any return to investors is generally done on a pro-rata basis based on the amount you had invested. According to a preliminary review of DenSco's records, there is approximately \$51 + million invested. So you should receive a percentage of any assets recovered and not needed for the costs of the Receivership or its collection efforts, calculated as follows. (Available DenSco proceeds) multiplied by the percentage determined by: (the amount you invested) divided by (\$51 million.)

Will the money from Densco's bank account and good loans go to pay legal fees in the future? **** That will be the decision of the Receiver so long as the Receiver can demonstrate that there is a greater likelihood of success in the

collection efforts as noted above. Normally, a good portion of the initially available funds are applied to investigation costs and the pursuit of potential recovery.

If there is a chance of getting any money back; if so how long in the future would you think it would be? **** In these types of matters, they can last two to three years or longer. In this case, I believe that the anticipated problems to collect all of DenSco's assets from Scott Menaged and Auction.com, I believe it will be longer than 3 years. If sufficient funds are collected and available, there is sometimes (rare but it happens) an interim distribution before all of the potential assets are collected.

Do any lawyers, forensic auditors, and anyone else that you hire get paid hourly or on a contingency basis? ****In some collection cases, there are modified contingency fees negotiated by the Receiver, but fraud actions (with questionable assets for collection) are difficult cases to get attorneys to take on a contingency fee basis.

We really appreciate your efforts so far and hopefully the results turn out well.

Thanks again for what you are doing.

David G. Beauchamp

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Beauchamp, David G.

From: Bill Jean Locke <bjlocke64@yahoo.com>
Sent: Thursday, August 11, 2016 5:13 PM
To: Beauchamp, David G.
Subject: Re: Additional DenSco Information

hello all'

want to express our gratitude to everyone who is trying to get this ironed out!!

we unfortunately, have to rely on all of the helpers....we appreciate the emails, info, etc.

good luck and again, thanks!.
jean and bill locke

From: "Beauchamp, David G." <DBeauchamp@ClarkHill.com>
To: "acatejr@gmail.com" <acatejr@gmail.com>; "amydirks@hotmail.com" <amydirks@hotmail.com>; "anthjen@yahoo.com" <anthjen@yahoo.com>; "artnina@hotmail.com" <artnina@hotmail.com>; "Aztonysmith@aol.com" <Aztonysmith@aol.com>; "aztonysmith@gmail.com" <aztonysmith@gmail.com>; "barryluchtel@gmail.com" <barryluchtel@gmail.com>; "bdirks5@cox.net" <bdirks5@cox.net>; "bji@cox.net" <bji@cox.net>; "bjlocke64@yahoo.com" <bjlocke64@yahoo.com>; "bjodenthal@frontier.com" <bjodenthal@frontier.com>; "brian.wenig@honeywell.com" <brian.wenig@honeywell.com>; "burdett.anthony@gmail.com" <burdett.anthony@gmail.com>; "butlerv@yahoo.com" <butlerv@yahoo.com>; "carricks3@ak.net" <carricks3@ak.net>; "czj528@hotmail.com" <czj528@hotmail.com>; "dariosdad@gmail.com" <dariosdad@gmail.com>; "dave@prestoncpa.biz" <dave@prestoncpa.biz>; "davedubay@gmail.com" <davedubay@gmail.com>; "dhowze@cox.net" <dhowze@cox.net>; "don-cindy@cableone.net" <don-cindy@cableone.net>; "Doriann@cox.net" <Doriann@cox.net>; "eileencohen@me.com" <eileencohen@me.com>; "epcarrick@gmail.com" <epcarrick@gmail.com>; "glenpdavis@gmail.com" <glenpdavis@gmail.com>; "greeraz@gmail.com" <greeraz@gmail.com>; "gsiegford@msn.com" <gsiegford@msn.com>; "hahnaz2@cox.net" <hahnaz2@cox.net>; "hey.ralph01@gmail.com" <hey.ralph01@gmail.com>; "hikthestik@aol.com" <hikthestik@aol.com>; "jackdds@myway.com" <jackdds@myway.com>; "jamccoy32@gmail.com" <jamccoy32@gmail.com>; "jbhok@yahoo.com" <jbhok@yahoo.com>; "jemmakopel@hotmail.com" <jemmakopel@hotmail.com>; "jgsiegford@yahoo.com" <jgsiegford@yahoo.com>; "jimmy@flytrapproductions.com" <jimmy@flytrapproductions.com>; "jimpatmc44@gmail.com" <jimpatmc44@gmail.com>; "jkjetto@yahoo.com" <jkjetto@yahoo.com>; "Jphalen00@aol.com" <Jphalen00@aol.com>; "jwalker113@cox.net" <jwalker113@cox.net>; "kayell121@cs.com" <kayell121@cs.com>; "kaylene.moss@avnet.com" <kaylene.moss@avnet.com>; "kennenl@yahoo.com" <kennenl@yahoo.com>; "landonluchtel@gmail.com" <landonluchtel@gmail.com>; "lanka2000@yahoo.com" <lanka2000@yahoo.com>; "Laurieweiskopf@gmail.com" <Laurieweiskopf@gmail.com>; "lkopel22@hotmail.com" <lkopel22@hotmail.com>; "mark.wenig@gmail.com" <mark.wenig@gmail.com>; "mbencekent@yahoo.com" <mbencekent@yahoo.com>; "mlminvestor@gmail.com" <mlminvestor@gmail.com>; "mrsbeasley68@verizon.net" <mrsbeasley68@verizon.net>; "mscroggin@me.com" <mscroggin@me.com>; "nihad@yahoo.com" <nihad@yahoo.com>; "nswirtz@me.com" <nswirtz@me.com>; "patsmiller21@gmail.com" <patsmiller21@gmail.com>; "Paul_a_kent@yahoo.com" <Paul_a_kent@yahoo.com>; "pearces@mailhaven.com" <pearces@mailhaven.com>; "Peter.Rzonca@Avnet.com" <Peter.Rzonca@Avnet.com>; "pldupper@gmail.com" <pldupper@gmail.com>; "quelalively@yahoo.com" <quelalively@yahoo.com>; "ralph@kaisertile.net" <ralph@kaisertile.net>; "rbrinkman@yahoo.com" <rbrinkman@yahoo.com>; "rgriswold3@stny.rr.com" <rgriswold3@stny.rr.com>; "robertflawson@gmail.com" <robertflawson@gmail.com>; "rzkoebler@yahoo.com" <rzkoebler@yahoo.com>; "sdetota@yahoo.com" <sdetota@yahoo.com>; "sdetota99@yahoo.com" <sdetota99@yahoo.com>; "sdtuttle@gmail.com" <sdtuttle@gmail.com>; "smschloz@msn.com" <smschloz@msn.com>; "steve@bunger.me" <steve@bunger.me>; "stewart.sherriff@gmail.com" <stewart.sherriff@gmail.com>; "switchback62@hotmail.com" <switchback62@hotmail.com>; "terryleeAZ@comcast.net" <terryleeAZ@comcast.net>; "thomasbyrne11@gmail.com" <thomasbyrne11@gmail.com>; "thompsc2@cox.net" <thompsc2@cox.net>; "trovita@gmail.com" <trovita@gmail.com>; "uaflyor767@gmail.com" <uaflyor767@gmail.com>; "valeriepaxton@gmail.com" <valeriepaxton@gmail.com>; "vimuscat@gmail.com" <vimuscat@gmail.com>; "wadeunderwood@hotmail.com" <wadeunderwood@hotmail.com>; "wbush1120@comcast.net"

<wbush1120@comcast.net>; "wjswirtz@me.com" <wjswirtz@me.com>; "wka@caribbeanpoolsaz.com" <wka@caribbeanpoolsaz.com>; "yusuf@comsiscomputer.com" <yusuf@comsiscomputer.com>
Sent: Wednesday, August 10, 2016 7:25 PM
Subject: RE: Additional DenSco Information

DenSco Investors:

I am sorry that I will not be able to separately answer each of the emails that I have received in the last 24 hours. I appreciate your interest and the difficulty that this situation is causing each of you. You have clearly expressed that in the many emails that I have received (well over a hundred) in the last 24 hours. I am trying to provide answers to the most common questions in this email.

1. **Today's Meeting with the Securities Division:** Today's meeting ran much longer than was expected. There was a lot of discussion concerning what loan records, investor records and other financial records were available to satisfy DenSco's obligation pursuant to the Subpoena that the Securities Division served on DenSco. Since there are more than 51 boxes of records from Denny's house, we agreed upon a procedure and process to make these records available for the Securities Division. We also discussed the other records requested and how those records (i.e tax records and current loan files) will be obtained for the Securities Division from other sources.

Based on information from Denny's notes and files, we were able to provide the Securities Division a preliminary assessment of how the perceived fraud occurred and the timing of such fraud. We believe this information will help the Securities Division as it works to sort out all of the necessary information. This outline and the information in DenSco's files will hopefully provide some direction to the Securities Division as to which transactions and which third parties are suspect and who we believe should be reviewed by the Securities Division or other investigators. The information we provided supplemented the information that many of the DenSco Investors have already shared with the investigators for the Securities Division. Given the high volume of calls being received, the investigators did ask for your understanding and patience as they go through all of the messages and get back to you as quickly as they can. The Securities Division suggested that anyone who might have some valuable information to help their investigation, please call Gary Clapper at 602-542-0152.

We also discussed the various options to proceed. As I was concerned might be the case, the Securities Division is likely to take charge of this matter under its statutory authorization given the high level of interest and concern that has been expressed by the DenSco Investors and by the representatives of the Investors. Although nothing conclusive was decided in today's meeting, the representatives from the Securities Division will take the information from today's meeting and discuss all of the information obtained with the Director of the Securities Division. However, the amount of concern that has been expressed was referenced several times in our meeting, which is likely to cause the Securities Division to unilaterally file an action with the AZ Superior Court to have a Receiver appointed to collect the money owed to DenSco and oversee the distribution of the money to the Investors. That will take this matter out of our hands, but we **(with the Investors)** might have some input into the final decision of the court or in the instructions given to the Receiver by the court. I will analyze last night's and today's emails from several of the DenSco Investors to determine which suggestions might be compatible with the plans of the Securities Division to collect the assets and money owed to DenSco while keeping the professional costs to a minimum. We will then try to introduce those suggestions into the process for the Receiver.

2. **Tax Issues.** As many of the Investors have noted, there are some potential tax savings that can offset the losses that the Investors are likely to incur. We have discussed with certain tax advisors those suggestions as well as other ideas that I have used for other clients to use losses to offset other income. If any Receiver is appointed, we will try to make sure that the Receiver understands these potential tax benefits and the decisions that need to be made to help the Investors use these tax savings as soon as possible.

3. **Early Distribution of Assets to some Investors.** Some Investors have indicated that they cannot wait the expected time frame (possible 3 to 5 years) for the Receiver to do a full investigation and to pursue legal action to collect the money owed to DenSco. Some have even expressed a willingness to take a discount of the total

amount owed to them in exchange for an early distribution to them. Although this concept will be very difficult to structure and probably even more difficult to obtain the consent of most of the Investors to this approach, we will relay this information to the Receiver, if one is appointed.

Sincerely,

David Beauchamp

David G. Beauchamp

CLARK HILL PLC

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EXHIBIT	784
D DAVIS	
3-9-19	
A Satterlee CR50179	

Confidential Private Offering Memorandum

DenSco Investment Corporation

June 1, 2005

No:

68

Name of Payee:

Doriam Petrank

Confidential Private Offering Memorandum

DenSco Investment Corporation

General Obligations Notes

Minimum Purchase \$50,000

The General Obligation Notes (the "Notes") are general obligations of DenSco Investment Corporation, an Arizona corporation (the "Company"). The Notes, together with all other outstanding notes and all other advances or liabilities owed by the Company to any holder of an outstanding note will be secured by a general pledge of all assets owned by or later acquired by the Company. The Company's largest assets will be the Trust Deeds, as defined herein, acquired by the Company and the Notes will be superior in priority and liquidation preference to Notes subscribed for by officers of the Company. Interest will be paid monthly, quarterly or at maturity. The Notes are not insured or guaranteed by any state or federal government entity or any insurance company, and the Company will not establish a sinking fund for the Notes. The Company generally may transfer, sell or substitute collateral for the Notes. The Company may modify the interest rate to be paid on subsequently issued Notes. The Company will use good faith efforts to prepay Notes upon receipt of written request, but the Company will not be obligated to do so. The Notes may be redeemed by the Company prior to maturity upon notice at a price equal to the principal amount of the Notes plus accrued interest to the date of redemption. See "Description of Securities – Note Terms." Default may occur with respect to one Note and not another. The Notes may be purchased directly from the Company without commission. The Company intends to offer the Notes on a continuous basis until the earlier of (a) the sale of the maximum offering, or (b) two years from the date of this memorandum; provided, however, the Company reserves the right to amend,

modify and/or terminate this offering if the Company changes its operations or method of offering in any material respect. See "Description of Securities" and "Plan of Distribution."

THE NOTES ARE SPECULATIVE AND INVESTMENT IN THE NOTES INVOLVES A HIGH DEGREE OF RISK. SEE "RISK FACTORS."

THE NOTES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR APPLICABLE STATE SECURITIES LAWS, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE REGULATORY AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM OR ENDORSED THE MERITS OF THE PLACEMENT OF NOTES. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THE NOTES ARE OFFERED PURSUANT TO EXEMPTIONS PROVIDED BY SECTION 4(2) OF THE ACT, REGULATION D THEREUNDER, CERTAIN STATE SECURITIES LAWS AND CERTAIN RULES AND REGULATIONS PROMULGATED PURSUANT THERETO. THE NOTES MAY NOT BE TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY AND ITS COUNSEL THAT SUCH REGISTRATION IS NOT REQUIRED.

	Initial Offering Price (1)	Underwriting Commissions (2)	Proceeds to the Company (3)
Note	\$50,000	-0-	\$50,000
Total Minimum Offering	\$500,000	-0-	\$480,000
Offering Maximum	\$25,000,000	-0-	\$24,980,000

- (1) The Notes are offered in an initial investment of \$50,000, with additional increments of at least \$10,000. All subscriptions for Notes are subject to review and acceptance by the Company
- (2) Its President, Denny J. Chittick, is making the private placement of the Notes on behalf of the Company. Mr. Chittick will not receive any sales commission in connection with the placement of the Notes. The Company reserves the right to pay costs and commission to a licensed broker-dealer with an approved custodian to facilitate procedures by investors using qualified funds (i.e., IRA, SEP and KEOGH Plans), up to one percent (1%) of the principal Note amount.
- (3) Organizational expenses and initial offering expenses, estimated at \$20,000, will be paid from the funds raised.

DenSco Investment Corporation

6132 W. Victoria Place

Chandler, Arizona 85226

602-469-3001

602-532-7737(f)

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REFERENCE IS MADE TO THE SUBSCRIPTION AGREEMENT AND SUITABILITY QUESTIONNAIRE ATTACHED HERETO FOR COMPLETE INFORMATION CONCERNING THE RIGHTS AND OBLIGATIONS OF INVESTORS WHO PURCHASE THE NOTES OFFERED HEREBY. CERTAIN PROVISIONS OF AGREEMENTS AND DOCUMENTS ARE SUMMARIZED IN THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM, AND THE SUMMARY IS QUALIFIED IN ITS ENTIRETY BY THE DETAILED INFORMATION OR AGREEMENT OR DOCUMENT APPEARING ELSEWHERE. IN CASE OF A CONFLICT BETWEEN THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM AND SUCH AGREEMENTS OR DOCUMENTS, THE AGREEMENT OR DOCUMENT, AS THE CASE MAY BE, SHALL GOVERN. REFERENCE IS MADE HEREBY TO THE COMPLETE TEXT OF ALL DOCUMENTS RELATING TO THIS PLACEMENT THAT ARE DESCRIBED HEREIN. A COPY OF ALL DOCUMENTS AND AGREEMENTS SO DESCRIBED BUT NOT INCLUDED HEREIN WILL BE MADE AVAILABLE TO A PROSPECTIVE INVESTOR AND ITS COUNSEL, ACCOUNTANT AND ADVISER(S) UPON REQUEST.

PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM OR ANY PRIOR OR SUBSEQUENT COMMUNICATIONS FROM THE COMPANY OR MR. CHITTICK OR THEIR AFFILIATES AS LEGAL OR TAX ADVICE. EACH INVESTOR SHOULD CONSULT HIS, HER OR ITS OWN COUNSEL, ACCOUNTANT AND OTHER ADVISERS AS TO TAX MATTERS AND RELATED MATTERS CONCERNING AN INVESTMENT IN THE COMPANY.

NOTWITHSTANDING ANYTHING CONTAINED IN THIS CONFIDENTIAL OFFERING MEMORANDUM TO THE CONTRARY, EXCEPT AS REASONABLY NECESSARY TO COMPLY WITH APPLICABLE SECURITIES LAWS, INVESTORS (AND EACH EMPLOYEE, REPRESENTATIVE OR OTHER AGENT OF THE INVESTORS) MAY DISCLOSE TO ANY AND ALL PERSONS, WITHOUT LIMITATION OF ANY KIND, THE U.S. FEDERAL INCOME TAX TREATMENT AND TAX STRUCTURE OF THIS OFFERING AND ALL MATERIALS OF ANY KIND (INCLUDING OPINIONS OR OTHER TAX ANALYSES) THAT ARE PROVIDED TO THE INVESTORS RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE. FOR THIS PURPOSE, "TAX STRUCTURE" IS LIMITED TO FACTS RELEVANT TO THE U.S. FEDERAL INCOME TAX TREATMENT OF THIS OFFERING AND DOES NOT INCLUDE INFORMATION RELATING TO THE IDENTITY OF THE ISSUER, ITS AFFILIATES, AGENTS OR ADVISORS.

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MEMORANDUM SUMMARY

The following summary should be read in conjunction with, and is qualified in its entirety by the more detailed information appearing elsewhere in this Confidential Private Offering Memorandum.

The Company

Densco Investment Corporation, an Arizona corporation (the "Company"), is a relatively new Arizona corporation, which has only been in operation since April, 2001. Despite only four years of operation, the Company has engaged in 505 loan transactions. The Company has been and will continue to be engaged primarily in funding purchases of houses at preforeclosure sales, foreclosure sales and funding and purchasing construction loans, all of which will be secured by real estate deeds of trust ("Trust Deeds") to Arizona builders of new commercial and residential properties with defined loan-to-value ratios. The Company will seek to maintain a diversity of builders, loan size, back-office commercial properties, medical offices, strip commercial centers, high-end specialty and custom residential properties and construction locations. The Company does not intend to exceed a maximum loan size of \$1 million and a maximum loan-to-value ratio of 70 percent in the aggregate for all loans in the loan portfolio.

The Company's office is currently located at 6132 W. Victoria Place, Chandler, Arizona 85226. Its current telephone number is 602-469-3001.

The Offering

Securities: The Company is offering the first \$500,000 in principal amount of Notes on an "all-or-none, best efforts basis" and on a "best efforts" basis with respect to the

remaining \$24.5 million in principal amount of Notes. The Company's President, Denny Chittick maintains a \$1 million investment in the Company at all times. This investment takes the form of Notes. Therefore, depending on the maturity of the Notes currently held by Mr. Chittick, the minimum offering may be met with his investment only. The interest rates of the Notes will vary and will depend on the denomination of the Note and the term selected by the investor. The Notes are offered in denominations ranging from \$50,000 to \$1,000,000, increasing in minimum increments of \$10,000. The Notes are paid "interest only" during their terms, with principal payable only at maturity. Investors may elect to have interest paid monthly, quarterly or at maturity. If interest is paid other than monthly, interest will compound monthly. The Notes are not transferable without obtaining the prior written consent of the Company. The Notes are general obligations of the Company and are not directly secured by any specific asset of the Company. At any particular point in time, the assets of the Company will consist primarily of Trust Deeds in an aggregate principal amount approximately equal to the amount of the outstanding Notes. See "Use of Proceeds" and "Description of Securities."

Restricted Nature of

Securities:

The Notes are not registered and are restricted securities. This is a private placement intended to be exempt from the registration requirements under federal and applicable state securities laws, and may only be made personally by a principal of the Company to a qualified investor who intends to hold the investment to maturity. See "Description of Securities."

Risk Factors:

An investment in the Notes involves a significant degree of risk. Only investors who can bear the economic risk of such an investment should purchase the Notes. See "Risk Factors" and "Investor Suitability."

Use of Proceeds:

The proceeds of the offering will be used as working capital primarily for lending secured by, and the purchase of, Trust Deeds within the guidelines set by the Company. See "Use of Proceeds" and "Business."

Plan of Distribution:

Notes may be purchased directly from the Company without commission. The Company intends to make a continuous offering of the Notes until the earlier of two years from the date of this memorandum or upon the sale of the maximum offering of \$25 million; provided, however, the Company reserves the right to amend, modify or terminate this offering if the Company changes its operations or method of offering in any material respect. See "Description of Securities" and "Plan of Distribution."

BUSINESS

The Company was incorporated in Arizona on April 30, 2001 and is engaged primarily in the business of: (i) funding Foreclosure Specialists, who purchase houses in preforeclosure sales, and at foreclosure sales and (ii) funding and purchasing construction loans secured by real estate deeds of trust ("Trust Deeds") to Arizona builders of commercial and residential construction projects.

Target Markets and Potential Future Markets

The Company will target the funding and purchasing of Trust Deeds to qualified purchasers of foreclosed homes and qualified builders of Arizona commercial and residential projects. The primary focus is to lend money to qualified borrowers who can fulfill their loan obligation on highly marketable real properties with sufficient equity. When purchasing Trust Deeds, the Company intends to consider Trust Deeds that the loan-to-value ratio does not exceed 70 percent and the current yield is 18 percent (18%) or greater. Most of these purchased loans will have short-term maturities (less than one year), and under certain circumstances, Company may charge a minimum of 30 days interest on short-term loans. Most Trust Deeds will range in size from \$50,000 to \$400,000. Each loan will be secured by its underlying real property (or in rare instances, separate real properties) as well as by personal property involved in the construction projects and personal guaranties (as determined on a case by case basis). The target loan duration is to last between three to nine months and any loans longer than six months are structured to require monthly interest payments.

For lending to Foreclosure Specialists who purchase foreclosed homes prior to or at the foreclosure sale, the Company will target remodelers, contractors and other entities engaged in this niche real estate market, but the Company will not limit its efforts to this niche.

For lending on commercial projects, the Company will target established, reputable contractors and developers who are developing back-office commercial properties, medical and other professional offices, strip and pre-sold commercial centers, build-outs and high-end specialty projects on Arizona land they own or have rights to purchase. The Company intends to have these Trust Deeds have loan-to-value ratios, no greater than 70 percent but with an objective goal of 50 percent to 65 percent. The maximum loan size is intended to be \$1 million, with subordinated participation from other lenders for larger projects, which will probably obligate the Company to act on behalf of the other participating lenders. The Company intends to directly (through an officer or employee) or indirectly (through a real estate consultant) perform due diligence to verify certain information in connection with funding a Trust Deed.

For residential loans, the Company will seek reputable, licensed contractors who have pre-sold homes to build for qualified buyers. The Company also plans to finance builders' models, builders' "spec" homes and those projects that are highly marketable and have substantial builder equity. Most of these borrowers may qualify for conventional bank financing but they may use the Company because of the faster financing, competitive rates, better service and personal relationships with Mr. Chittick. The Company will not lend to natural persons for personal, family or household purposes.

The niche market for both commercial and residential lending will be equity loans with a term between three months and two and one-half years with the average being five to eight months. The maximum amount of a single construction project loan from the Company is intended to be \$2.5 million. The maximum loan-to-value ratio is intended to be 70 percent. Loan-to-value ratio is determined by calculating the reasonable market value of the property at the end of the construction project.

The Company may elect to participate as an equity partner in some projects should the benefits warrant the risk. The Company may diversify its financing operations in the future to include other areas of finance; provided, however, the Company will maintain its assets so that more than 70% of its assets

are loans secured by mortgages, deeds of trusts and other liens on and interests in real estate. The Company does not anticipate entering any non-Arizona market without first attempting to contact the significant Note holders and discussing this market with them.

Cash Flow

The Company uses a proprietary cash flow-management model for balancing the terms of the Trust Deeds the Company makes to its borrowers with the terms of the Notes purchased by the Company's investors. The Company's objective is to have sufficient cash coming in from Trust Deed payoffs to be able to redeem all Notes as they come due and maintain reserves without any need to sell assets or issue new Notes to repay the earlier maturing Notes. See "Risk Factors - Proceeds from Subsequently Issued Notes May Be used to Repay Earlier Maturing Notes."

Limited Due Diligence

To the extent Trust Deeds are purchased, Trust Deeds will be purchased through a network of consultants, mortgage brokers and title companies that the Company believes are reliable referral sources. Prior to purchasing a Trust Deed or funding a direct loan, the Company intends to have an officer, employee or an authorized representative conduct a due diligence review by interviewing its owner, verifying the documentation and performing limited credit investigations as are deemed appropriate by the Company and visiting the subject property in a timely manner. For purchases of foreclosed homes, the properties are inspected after purchase, before or during rehabilitation and after rehabilitation to insure the property is improved to a marketable condition. The Company will not make residential loans to natural persons for personal, family or household purposes.

Funding and Purchase of Loans

The Company reserves the right to approve or decline the funding of each direct loan or the purchase of each Trust Deed submitted for purchase.

Collections

The Company services the contracts it purchases and originates. If a customer misses a payment without making satisfactory arrangement prior to the due date, the Company's policy will be to contact the customer within three to five days and watch the account closely until the payment or satisfactory arrangement has been made. A late charge of ten percent of the amount due is assessed on a delinquent payment that is not cured within five days. If payment on a Trust Deed is 30 days delinquent, an accelerated default rate goes into effect and foreclosure proceedings begin. When a property is in foreclosure, the Company will reserve against loan losses to the extent the Company deems necessary. The Company believes that the reserves will be sufficient to protect the Company against project losses. However, the Company cannot guarantee that reserve estimates will be adequate, and project losses in excess of reserves would adversely affect the operations of the Company.

Regulation

The financing of construction loans and other types of real estate transactions are regulated by various federal and state government agencies, including the Arizona Banking Department. Arizona Revised Statutes §§ 6-901 to 910, §§ 6-941 to 948 and 6-971 to 985, and regulations issued thereunder, have specific mortgage broker, mortgage lender and banker licensing and operating requirements.

The Company will not receive any points, commissions, bonuses, referral fees, loan origination fees or other similar fees in connection with its real estate loans. The Company will only receive periodic interest resulting from the application of the note rate of interest to the outstanding principal balance remaining unpaid from time to time. By limiting its compensation in this manner, the Company believes it will not need a license from the Arizona Banking Department as either a mortgage loan broker or mortgage banker; provided, however, the Company reserves the right to work with and to pay a reasonable and customary mortgage broker fee to a licensed mortgage loan broker or mortgage banker for services in connection with its loans or to other third-party professionals in connection with due diligence for its loans.

Certain federal laws and regulations, such as the Truth-in-Lending Act, Real Estate Settlement Procedures Act and others contain specific requirements for lenders seeking to make loans to certain types of borrowers, which may or may not be secured by certain types of residential real property. Most of these statutes and regulations apply to transactions only if the loans are made to natural persons for personal, family or household purposes. The Company will not lend to natural persons for these purposes.

The U.S. Federal Housing Administration previously implemented nationwide restrictions on the issuance of FHA financing for houses being resold within 90 days of its acquisition, including additional appraisal requirements. After some initial disruption to the home loan market, the interpretation of these restrictions was eased. If new regulations are issued or if a more strict interpretation of these regulations is implemented in the future, these regulations could reduce the demand for the Company's loans from Foreclosure Specialists which could impair the Company's ability to keep all of the proceeds from this offering fully vested.

Diversity of Risk

The Company will attempt to maintain a diverse portfolio of Trust Deeds and loans by seeking a large borrowing base, participating in several local markets, acquiring Trust Deeds for any lending into residential and commercial projects, establishing loan-to-value guidelines and limiting financing to short terms. Currently, the Company's base of borrowers exceed 100 approved and qualified borrowers. It is the Company's plan that the base of borrowers eventually will exceed 200 qualified contractors and foreclosure specialists. The Company will maintain loans throughout the Phoenix metropolitan area to reduce its risk to fluctuations in values and conditions in markets within the metropolitan area. The Company also believes that it can reduce risk by participation in various types of financing: Trust Deeds on foreclosed properties, residential Trust Deeds and lending from \$50,000 tract homes to \$1 million custom "spec" homes; and commercial investments for flex-office, back-office, medical/general office and retail. In addition, the Company intends to maintain general loan-to-value guidelines that currently range from 50 percent to 65 percent, (but it is intended not to exceed 70%), to help protect the Company's portfolio of loans. Further, all loans are relatively short term.

Because of these varying degrees of diversification, the relatively short duration of each of the loans, and management's knowledge of the Phoenix metropolitan area market, the Company anticipates that it will not experience a significant amount of losses; however, there can be no assurance that the Company will not experience such losses. Mr. Chittick, individually, has made or participated in approximately 550 loans secured by real estate over the last eight years. As of the date of this Memorandum, Mr. Chittick has experienced only one default requiring foreclosure, and no loans that resulted in principal losses. To the extent the Company deems necessary, the Company intends to use the services of outside real estate lending consultants to assist in evaluating any loan or the security for the loan to reduce the risk of a loss of principal due to the default of a real estate loan by a borrower and the resulting foreclosure upon the security for the loan.

Executive Offices

The Company's office is currently located at 6132 W. Victoria Place, Chandler, Arizona 85226. Its current telephone number is 602-469-3001.

RISK FACTORS

An investment in the Notes offered by the Company involves a significant degree of risk. The securities offered hereby should not be purchased by anyone who cannot tolerate significant risk, including the possibility of losing their total investment in the Notes. In analyzing a possible investment in the Notes, prospective investors should consider carefully the following factors, together with the information contained elsewhere in this Memorandum.

Limited Operating History

Although the Company only has a four year operating history, the Company has completed in excess of 450 loan transactions. However, even with these number of loans over four years, the evaluation of prior company performance set forth in Prior Performance is limited in time. Accordingly, there can be no assurance that the Company will be able to continue to operate and achieve these results on a going-forward basis, which could limit the Company's ability to repay the Notes as planned.

Competition

The Company is engaged in a highly competitive industry. The Company competes with banks, savings and loan institutions, credit unions, mortgage brokers, finance companies and other private investors that are more established in the finance business. Competition in the finance business is based upon the lowest overall loan cost which consists of interest rates, fees, closing costs, document fees, reputation and the length of time it takes to approve a loan. The cost of funds to many of our competitors is typically lower than the Company's, allowing them to compete better on interest rates, which is a significant component of loan cost. The competition usually has lower costs on longer-term loans. The Company's higher cost of capital and lending rates may result, in part, in the Company acquiring Trust

Deeds and lending to borrowers who are unable to obtain financing from these larger competitors. In some cases, these types of borrowers have weaker credit worthiness than other borrowers, which could expose the Company to a greater risk of nonpayment of its loans by borrowers. See "Business-Target Markets and Potential Future Markets."

Expansion of Real Estate Loan Base

After giving effect to this offering and the application of the net proceeds, the Company will have significant outstanding indebtedness. The Company's ability to make scheduled principal and interest payments on the Notes will depend upon the Company's ability to generate adequate revenues from its real estate lending operations. The Company has historically received approximately 18% effective interest on its real estate loans but no interest on its cash accounts at its bank. Therefore, in order to pay the principal and interest due on the Notes, the Company will need to loan almost all of its capital to its real estate loan borrowers and reloan any repayment proceeds in a timely manner. As the Company receives the proceeds from this offering, the Company will need to expand its real estate loan base in order to keep its capital loaned to its real estate loan borrowers as opposed to being in its cash accounts at the bank. If the Company cannot continue to expand its real estate loan base, it may not generate enough revenues to service its debt obligations, including the Notes. Accordingly, the Company will continue to rely upon the referral network of outside mortgage brokers and consultants that Mr. Chittick has developed. See "Business-Target Markets and Potential Future Markets."

Demand for Real Estate Loans

The Company's success depends, in part, upon its ability to continue to achieve growth in its real estate lending operations and to manage this growth effectively. In formulating and implementing its business plan, the Company relied on the judgment of its officers and consultants, and on their research

and experience to determine customers, marketing strategy and procedure. The Company has not planned, conducted or contracted for any independent market studies concerning the anticipated demand for the Company's real estate lending services. Although the Company has reviewed general reports concerning the number of houses being built, houses for sale, jobs created and people relocating to Metropolitan Phoenix, the Company has not reviewed any specific analysis concerning the demand for its niche in real estate lending. There can be no assurance that there will continue to be sufficient demand for these lending services from qualified borrowers to meet the Company's need for growth. See "Business-Target Markets and Potential Future Markets."

Referral Network

On an aggregate basis, the Company intends to loan approximately 75% of its real estate loan base to existing borrowers and to referrals from the referral network that Mr. Chittick has developed. To the extent that Mr. Chittick's referral sources would refer these potential loans to a different lender, this could have an adverse effect on the anticipated demand for the Company's real estate lending services. See "Management," and "Dependence on Key Personnel."

Management of Rapid Growth

The Company's success depends, to a large extent, on its ability to achieve growth in the number of loan applications and closings, the due diligence and servicing of these loans and the ability to manage this growth effectively. This growth will challenge the Company's management, resources and systems. As part of its business strategy, the Company intends to pursue continued growth through its business contacts, marketing capabilities and marketing alliances. As the Company continues to grow, the Company will need to expand its resources and systems to manage future growth, but there can be no assurance that the Company will continue to be able to grow in the future or to even manage this growth

effectively. Failure to do so could materially and adversely affect the Company's business and financial performance. See "Business," and "Management".

No Sinking Fund Provision; Lack of Governmental Insurance

The Notes represent general obligations of the Company and will not be subject to redemption through a sinking fund. As a result, the risk of loss on the Notes is greater than would be the case if the Notes were backed by a sinking fund. There will be no limitation on the amount of future indebtedness that the Company may issue, create or incur, and the Company will not be prohibited from creating senior liens on its property for any purpose. Furthermore, neither the Federal Deposit Insurance Corporation nor any other state or federal government agency insures the Notes. See "Description of Securities."

Terms of Notes

The Company expects to redeem the Notes as they mature. However, the Company has the right to redeem the Notes at any time prior to maturity upon 30 days written notice to the holder. Notes redeemed prior to maturity would prevent holders of the Notes called for redemption from receiving the anticipated return on such Notes. See "Description of Securities."

Proceeds from Subsequently Issued Notes May Be Used to Repay Earlier Maturing Notes

The Company may be dependent upon the proceeds of subsequently issued Notes to repay earlier maturing Notes; provided, however, the Company is limited by statute in the amount of money that may be raised from subsequently issued Notes for this purpose. If sufficient proceeds from such subsequently issued Notes are not raised, the Company would rely on its cash reserves, its operating capital and proceeds from the sale of Trust Deeds to repay the earlier maturing Notes, including the currently

outstanding Notes in the approximate amount of \$7,100,000. Such funds may be insufficient to repay the earlier maturing notes, in which event the Company may be unable to repay such Notes or the subsequently issued Notes. The ability of a noteholder to obtain payment of principal and interest on a Note in these circumstances could be limited to the noteholder's ability to gain control over and sell assets of the Company. See "Use of Proceeds" and "Description of Securities."

Variable Rates and Maturities of Notes

Each Note bears a fixed rate of interest from the date of its issuance until maturity or early redemption. However, Notes issued subsequent to those purchased by an investor may be issued at higher or lower interest rates and shorter or longer maturities, depending upon market conditions. Existing Notes will not be modified to reflect the terms and conditions of such subsequently issued Notes. Therefore, any particular investor risks investing in the Company on terms less favorable than may be available at later dates to future investors. See "Description of Securities."

Management anticipates that the interest rate on Notes will be determined and agreed upon on the date of issuance, in significant part, by movements in the prime rate announced by large banks. Since the interest rate the Company may charge its customers is limited by competitive factors, the Company may not immediately be able to pass on increases in its funding rate to investors. Accordingly, a significant and rapid increase in the prime rate may adversely affect profit margins and the Company's ability to repay Notes. See "Description of Securities."

Value of Company's Assets

The Notes, together with all other outstanding Notes and all other advances or liabilities owed by the Company to any holder of an outstanding Note, will be secured by a general pledge of all assets

owned by or later acquired by the Company (the "Company's Assets"). The Company's Assets will generally secure, on an equal and ratable basis, the obligations owed to all current holders of Notes, together with all other creditors of the Company, except for note obligations owed to officers of the Company. There can be no assurance that the proceeds of any sale of the Company's Assets pursuant to and following an Event of Default (as defined in "Description of Securities") would be sufficient to repay the Notes. In addition, the ability of investors in the Notes to make a sale of assets of the Company and distribute the proceeds of such a sale may be subject to certain bankruptcy law limitations if a bankruptcy proceeding were to be commenced by or against the Company. See "Use of Proceeds," "Business" and "Description of Securities."

Collections and Foreclosures

The Company is responsible for collecting monthly payments from construction loan obligors and foreclosures in the event of default. The Company estimates the average time between default by a builder and repossession of its collateral will be approximately six months to a year with the possibility of being extended to eighteen months under certain circumstances. During this time no interest or other payments may be paid. If the Company must complete a project repossessed by it, the Company may have to inject additional capital, which it may not be able to fully recover. Further, the completion time may take as long as three to six months, causing a severe strain on the cash flow of the Company, depending upon the project size. The Company also is subject to strict state law requirements in the collection and repossession of its collateral. Although the Company will make every effort to comply with all applicable laws, failure to comply may subject the Company to administrative or judicial action against the Company and severe monetary damages or penalties may result. See "Business-Regulation."

No Assurance of Conventional Financing for the Company's Operations

In addition to Note proceeds, the Company may maintain lines of credit or any other type of bank or conventional financing. The Company believes that during the past few years, conventional financing for speculative business enterprises, such as the Company's lending operations, has continued to be difficult to obtain. If regular, continued sale of these Notes is not successful, and the Company is not able to arrange conventional financing, the Company may be forced to sell Trust Deeds and loans in its portfolio to pay maturing Notes as they come due. Mr. Chittick has provided liquidity to the Company through a personal line of credit in the past and he intends to do so in the future. When Mr. Chittick advances funds to the Company from this line of credit, Mr. Chittick draws an interest rate of 12% per annum. Funds advanced in this manner are generally only short term (3-5 days). These funds have priority to funds invested in the Notes. If the Company were to require additional conventional financing, the lender will probably secure its loan to the Company by requiring a lien on the Company's assets, including the Trust Deeds. The lender's lien would have priority to any claims of any of the investors in the Notes, which puts these investors at risk. There can be no assurance the Company would be able to sell loans for sufficient amounts to repay its conventional financing, if applicable, and to redeem all the outstanding Notes. See "Use of Proceeds," "Business" and "Description of Securities."

Regulation

Because it will not make loans for personal, family or household purposes, the Company believes it has structured its operations to be exempt from various federal and state consumer credit protection statutes and regulations. If it is determined that the Company has not structured its operations so that it is exempt from regulation, the Company could become subject to extensive regulation, including the Truth in Lending Act, the Homeownership and Equity Protection Act of 1994, the Equal Credit Opportunity Act, and the Real Estate Settlement Procedures Act and various state laws and regulations. Failure to comply with any of these requirements, or any similar state law requirement, may result in, among other results, demands for indemnification or repurchase, rescission rights, lawsuits, administrative enforcement

actions and civil and criminal liability. In addition, there can be no assurance that existing regulations will not be revised to govern the activities of the Company as currently structured. Compliance with existing or future regulation could be costly and could materially adversely affect the operations of the Company. See "Business -- Regulation."

FHA Regulation

In addition, the Federal Housing Administration previously implemented nationwide restrictions on the issuance of FHA financing for houses being resold within 90 days of its acquisition. After some initial disruption to the home loan market, the interpretations of these restrictions were eased. If new regulations are issued or if a more strict interpretation of these regulations is implemented in the future, these regulations could reduce the demand for the Company's loans from Foreclosure Specialists, which could impair the Company's ability to keep all of the proceeds from this offering fully invested. See "Business -- Regulation."

No Assurance of Successful Placement of the Notes

The Notes are being privately placed by the Company to qualified investors who intend to hold them for their own account until maturity. There is no underwriter, and there is no assurance that the Company will be successful in the continued placement of the Notes in a manner sufficient to satisfy its cash flow requirements to continue funding loans to its borrowers. See "Use of Proceeds" and "Business."

Absence of Public Market/ Non-Transferability of Notes

The Notes have not been registered under the Act or any state securities law and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Act and applicable state securities laws. The Company does not intend to register the Notes under the Act or any state securities law. In addition, the Notes are non-transferable without the prior written consent of the Company, which consent may be withheld in the Company's sole discretion. Accordingly, there is no public trading market for the Notes, and it is highly unlikely that a trading market will develop. The restricted nature of the security prohibits the purchase of the Notes for any purpose other than holding to maturity. See "Description of Securities."

Impact of Change in Economic Conditions

An unforeseen change of general economic conditions, and particularly in Arizona and the southwestern United States, may adversely impact the Company's business and its ability to generate sufficient operating income to satisfy its debt obligations. The Company maintains the right to adjust the interest paid on the Notes offered hereby with 30 days written notice and in subsequently offered Notes. In the past, Arizona's real estate market has experienced cyclical fluctuations, which may reoccur in the future. The Company would adjust its operations in response to changing conditions, but there can be no assurance that the Company will be able to operate as planned during periods of such fluctuation or adjust its operations to avoid the impact of such changed conditions. See "Business-Target Markets and Potential Future Markets."

Dependence on Key Personnel

The Company is dependent on the continued services of Mr. Chittick. The Company's ability to continue its lending operations would be significantly and adversely affected by the loss of Mr. Chittick if a qualified replacement could not be found without undue delay. Although Mr. Chittick occasionally uses the services of outside consultants who have assisted Mr. Chittick in limited absences, it is unlikely that an outside consultant would be able to perform Mr. Chittick's duties as successfully as Mr. Chittick has done. See "Management."

Management's Outside Interests and Conflicts of Interest

Mr. Chittick may maintain some activity in personal investments outside of the Company and he may manage similar types of outside portfolios as those maintained by the Company. Some of the Company's outside consultants who occasionally assist Mr. Chittick also make investments in loans secured by deeds of trust. In addition, Mr. Chittick invests in similar instruments on his own behalf. Since the Company plans to invest in portfolios similar to those of some of its consultants and Mr. Chittick, and because of the past (and limited present) consulting relationships between and among Mr. Chittick and some consultants, conflicts of interest exist and will continue to exist between the Company and the outside interests of Mr. Chittick and some consultants. See "Management."

No Protections From Investment Company Act Registration

The Company is not registered, and does not intend to register, under the Investment Company Act of 1940 in reliance upon an exclusion from the definition of an investment company provided in Section 3(c)(5) thereof. As a result, the operation and conduct of the Company's business will be subject to substantially less federal and state regulation and supervision than a registered investment company. If

the Company was subject to the Investment Company Act of 1940, the Company would be required to comply with significant, ongoing regulation which would have an adverse impact on its operations. This could occur if a significant proportion of the proceeds from the sale of the Notes were invested in short-term debt instruments for longer than a one-year period. The Company intends to take all reasonable steps to avoid such classification. See "Business."

Control by and Benefits to Insiders

Holders of Notes will not be able to influence the management of the Company because Mr. Chittick owns all of the outstanding shares of common stock of the Company. In addition, the capital provided from this offering would substantially increase the value of the shares of the Company that are owned by Mr. Chittick. See "Management" and "Principal Shareholder."

Difficulties and Costs of Continuous Offering

Until the maximum offering proceeds are attained or the Company terminates this offering, the Company expects to offer the Notes for placement on a continuing basis for two years from the date of this memorandum unless the Company changes its operations or method of offering in any material respect prior to the expiration of the two year offering period. See "Plan of Distribution." In order to continue offering the Notes during this period, the Company will need to update this Memorandum from time to time. Keeping the information in the Memorandum current will cause the Company to incur additional costs. A failure to update this Memorandum as required could result in the Company being subject to a claim under Section 10b-5 of the Securities Act for employing a manipulative or deceptive device in the sale of securities, subjecting the Company, and possibly the management of the Company, to claims from regulators and investors. In addition, an investor might seek to have the sale of the Notes hereunder rescinded which would have a serious adverse affect on the Company's operations.

Certain Charter Provisions

Arizona law provides that Arizona corporations may include provisions in their articles of incorporation relieving directors of monetary liability for breach of their fiduciary duty as directors, except for the liability of a director resulting from: (i) any transaction from which the director derives an improper personal benefit; (ii) acts or omissions involving intentional misconduct or the absence of good faith; (iii) acts or omissions showing reckless disregard for the director's duty; or (iv) the making of an illegal distribution to shareholders or an illegal loan or guaranty. The Company's Articles of Incorporation provide that the Company's directors are not liable to the Company or its shareholders for monetary damages for the breach of their fiduciary duties to the fullest extent permitted by Arizona law.

The Company's Bylaws provide that the Company may indemnify its directors and officers as to those liabilities and on terms and conditions permitted by Arizona law including the payment of expenses incurred by a director or officer in advance of final disposition of the proceeding following the furnishing of certain written representations.

[illegible][illegible]

USE OF PROCEEDS

The Company intends to use the net proceeds received from the sale of the Notes, after deducting organizational and offering expenses not expected to exceed \$20,000, primarily for operating capital and to purchase and fund Trust Deeds. The proceeds from Notes may be used to repay earlier maturing Notes; provided, however, the Company will limit the amount of money that may be raised for this purpose so that the Company will not become subject to the Investment Company Act of 1940. See "Risk Factors – Proceeds from Subsequently Issued Notes May Be Used to Repay Earlier Maturing Notes."

The Company may use proceeds from this private placement for general business purposes, including rent, advertising, labor and administrative expenses, if needed, investment, expansion or the purchase of capital assets. However, the Company expects that no more than 1 percent of the proceeds of the offering will be allocated to general business purposes. In addition, the Company intends to maintain reserves from the proceeds of the offering, in a cash reserve account, in an amount deemed adequate by the Company, depending on the amount raised and the anticipated roll-over of the portfolio loans, for the purpose of providing liquidity to service interest payments on, and redemption of, the Notes as they mature. The remaining proceeds, net of cash reserves, should be available to fund and purchase Trust Deeds. See "Business."

The following table sets forth the Company's best estimates of the use of the minimum and maximum target gross proceeds from the sale of the Notes.

	<i>Minimum Amount Raised</i>	<i>Percent of Offering</i>	<i>Target Amount Raised</i>	<i>Percent of Offering</i>
<i>Gross Offering Proceeds</i>	\$500,000	100%	\$25,000,000	100%
<i>Commissions & Costs (1)</i>	\$20,000	4%	\$20,000	.08%
<i>Cash Reserve (2)</i>	\$5,000	1%	\$250,000.00	1%
<i>General Business (3)</i>	\$5,000	1%	\$250,000.00	1%
<i>Proceeds Available For Funding/ Purchase of Construction Loans (4)</i>	\$470,000	94%	\$24,480,000	97.79%

- (1) The Company does not anticipate paying costs and commissions in excess of the costs associated with this offering, because Notes purchased with non-qualified funds are purchased directly from the Company without cost or commission. The Company may pay costs and commissions to a licensed broker-dealer with an approved custodian to facilitate purchases by investors using qualified funds (i.e., IRA, SEP and Keogh Plans), up to one percent (1%) of the principal Note amount.
- (2) The Company intends (but is not required) to maintain cash reserves (or access to other funds) approximately equal to a minimum of one percent of the aggregate balance of Notes outstanding in its general accounts to provide funds to service interest payments and to facilitate redemption of the Notes. This amount will be calculated using a proprietary cash-flow management model. Interest accruing in the general accounts will belong to the Company.

- (3) The Company anticipates that its current facilities are adequate to fund real estate loans and to service the volume of contracts that would be purchased at the minimum level of proceeds. If its business is significantly increased, the Company may invest in additional personnel, computer equipment and facilities capable of processing increased data. General business expenses also include the organizational and initial offering expenses.
- (4) This use of the proceeds is only an estimate and the Company reserves the right to allocate the proceeds in a different manner consistent with the Confidential Private Offering Memorandum.

PRIOR PERFORMANCE

Mr. Chittick organized the Company in April of 2001 to provide a short-term funding source for primarily real estate developers and foreclosure specialists. Mr. Chittick has arranged for the funding and administration of real estate loans since that time.

Mr. Chittick initially capitalized the company with one million dollars of his personal funds. From July 2001 through December 2001, an additional \$500,000 was raised from investors. In 2002, an additional \$930,000 was raised from investors. In 2003, an additional \$1,550,000 was raised from existing and new investors. In 2004, the amount from both old and new investors increased to an additional \$2,450,000. From January 1 through May 31, 2005, there has been an additional \$600,000 invested by both new and old investors. Mr. Chittick has also personally added an additional \$500,000. Mr. Chittick uses a personal line of credit to help facilitate cash flow for the Company. All of the money raised from investors has been through the sale of promissory notes like those being offered in this placement. Such notes were for terms of 12 to 60 months and have, to date, drawn interest at the rate of 8 to 12% per annum. The Company has never defaulted on either interest or principal for any of such notes.

The money raised by the Company from investors has historically been divided into a large portfolio of loans secured by marketable properties with varying values and locations in the Phoenix metro area. The Company is currently lending in approximately 30 cities in the Phoenix metro area, which include Maricopa and Pinal Counties. The Company will have loans secured by properties in many of these cities simultaneously. The Company has endeavored to maintain a large and diverse base of borrowers as well as a diverse selection of properties as collateral for its loans to the borrowers.

All real estate loans funded by the Company have been and will be secured through first position trust deeds. The loan to value ratio of the Company's overall portfolio has averaged less than 70% and the Company intends to maintain at least this ratio.

In 2001, the Company funded 37 loans in its first year of operation. The aggregate amount of these loans totaled \$3,280,000, with the value of underlying homes totaling \$6,246,000. Of those 37 loans, 15 were repaid in 2001. The repaid loans totaled \$1,452,000, with the value of the underlying homes equaling \$2,431,000. All interest due from all loans was collected.

In 2002, the Company funded 71 loans in its first full year of operation. The aggregate amount of these loans totaled \$5,845,000, with the value of the underlying homes totaling \$9,027,000. Of the 71 new loans in 2002 and the remaining unpaid loans from late 2001, 66 were repaid in 2002. These repaid loans totaled \$5,257,000, with the value of the underlying homes equaling \$9,076,300. All interest due from all loans was collected.

In 2003, the Company funded 123 loans. The aggregate amount of these loans totaled \$12,058,500, with the value of the underlying homes totaling \$17,430,500. Of the 123 new loans in 2003 and the remaining unpaid loans from late 2002, 106 were repaid in 2003. These repaid loans totaled \$9,693,500, with the value of the underlying homes equaling \$14,488,500. All interest due from all loans was collected.

In 2004, the Company funded 184 loans. The aggregate amount of these loans totaled \$20,417,275, with the value of the underlying homes totaling \$30,813,800. Of the 184 new loans in 2004 and the remaining unpaid loans from late 2003, 170 were repaid in 2004. These repaid loans totaled \$17,950,800, with the value of the underlying homes equaling \$26,939,500. All interest due from all loans was collected.

From January 1, through May 31, 2005, the Company has funded 90 loans for a total of \$10,891,480, with the underlying homes valued at \$16,014,000. There have been 88 loans repaid in 2005 for a total of \$10,893,700, and house values of \$16,359,300. All loans that have closed have paid all interest due.

Since inception through May 31, 2005, the Company has participated in 505 loans, with an average loan amount of \$105,000, with the highest single loan being \$400,000 and lowest being \$25,000. The aggregate amount of loans funded is \$52,090,283 with property values totaling \$82,275,000. The total amount of loans that have funded and closed is \$45,365,491 with home values equaling \$69,434,599. These loans have borne interest rates of 18% to 21% per annum. The interest rate paid to noteholders has ranged from 8% to 12% per annum through such date. All secured loans made by the Company have been paid in accordance with their respective terms and it has sustained no losses on its portfolio.

MANAGEMENT

Directors and Executive Officers

The Directors and Executive Officers of the Company are: Denny J. Chittick, 37, President, Vice President, Treasurer, and Secretary.

Denny J. Chittick worked at Insight Enterprises, Inc, a publicly traded company, for nearly 10 years, holding many different positions from finance, accounting, operations and held the position of Sr. Vice President and CIO when he left the company in 1997. Since leaving Insight, he has been involved in several different companies, including a software company, internet company and finance company. Mr. Chittick holds a degree in Finance from ASU.

Real Estate Consultant

The Company will have only one employee, which will require the Company to use outside consultants on a periodic basis to provide various services. These consultants may be retained to assist with any necessary due diligence in connection with these loans and, to the extent necessary, to assist with the closing of a loan.

Employees

With the assistance of outside consultants on an as-needed basis, Mr. Chittick intends to operate the Company as its primary employee, analyzing, negotiating, originating, purchasing and servicing Trust Deeds by himself. As the portfolio of contracts increases, the Company may add additional personnel.

Management Compensation

As the sole shareholder, Mr. Chittick receives a minimal salary consistent with IRS guidelines and he is also compensated through quarterly withdrawals of a portion of the Company's net profits. In addition, Mr. Chittick is paid interest on Notes funded by Mr. Chittick in the same manner as the other investors. See "Management - Management Compensation." As the Company expands its lending operations and increases the workload of Mr. Chittick, he reserves the right to receive an increased salary so long as there is no current default under the Notes.

Ownership Compensation

The Company receives its revenue primarily from interest earned on cash reserve accounts and interest earned on investments made by the Company after subtracting interest paid on its debts. The amount of profits, and therefore, compensation to Mr. Chittick, will be dependent upon the amount of Notes sold, Trust Deeds acquired, loans made and the terms of such loans. After payment of its principal and interest obligations under the Notes, the Company intends to retain earnings in the Company up to the level of "reserve" or "retained earnings" goals that the Company deems adequate. Subject to the need to adjust these goals due to special liquidity needs due to plans to repay Notes or to fund future Trust Deeds, the Company anticipates that it will be able to achieve and maintain adequate reserve goals to meet the Company's obligations.

Mr. Chittick may have significant investments in the Notes, for which the Company will pay him monthly interest on the same basis as other Note holders which investment amount will be subordinated to all other Notes placed pursuant to this Memorandum. (Mr. Chittick currently has invested approximately \$1,200,000 in Notes, but this amount varies from \$1 million to \$1.8 million.) See "Description of Securities." The Company intends to pay all retained earnings in excess of the reserve goals to Mr. Chittick.

PRINCIPAL SHAREHOLDER

The following table sets forth the beneficial ownership of shares of the Company's outstanding common stock.

<u>Name and Address</u>	<u>Number of Shares</u>	<u>Percent</u>
Denny J. Chittick	500,000	100%
6132 W. Victoria Place		
Chandler, AZ 85226		

The Company is authorized to issue up to 25,000,000 shares of common stock, but has no intent to issue additional common stock at this time.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Ownership

Based on his 100 percent ownership of the Company's common stock, Denny J. Chittick maintains the exclusive ability to elect directors, appoint officers and manage the operations of the Company.

Competing Businesses

During the four years prior to forming the Company, Denny Chittick personally invested in companies and in real estate loans that are substantially similar to the Company's investments in Trust Deeds. In addition to his activities on behalf of the Company, Mr. Chittick reserves the right to continue his personal investments in real estate and instruments similar to Trust Deeds, which are considered competing businesses of the Company.

See "Risk Factors – Management's Outside Interests and Conflicts of Interest."

DESCRIPTION OF SECURITIES

The Company is offering \$25 million in Notes. The minimum denomination is \$50,000, and the maximum denomination is \$1 million. Denominations increase from the minimum to the maximum in increments of \$10,000. Until the maximum offering proceeds are attained or the Company terminates this offering, the Company expects to offer the Notes for placement on a continuing basis for two years from the date of this memorandum. Absent an earlier termination, the offering will continue for so long as the Company has not changed its operations or method of offering in any material respect. If the Company changes its operations or method of offering in any material respect, the Company will update the Offering Memorandum as necessary to provide correct information to investors. The Company may experience difficulties in conducting a continuous offering of Notes. See "Risk Factors – Difficulties and Costs of Continuous Offering."

The Notes are general obligations of the Company and are superior in priority and liquidation preference to any Notes payable to Mr. Chittick. Mr. Chittick has agreed to subordinate any Notes to which he subscribes to Notes with similar maturities placed with other investors. Although the Company has never defaulted with respect to a Note, if the Company is in default with respect to any Note, Mr. Chittick will subordinate any Notes he may hold until the default is cured and Mr. Chittick will also defer any compensation until the default is cured.

The Notes will bear interest at the rates stated for the term selected. The investor may elect to have interest paid monthly, quarterly or accrue and be paid at maturity. If the investor elects to have interest paid at maturity or quarterly, the interest will accrue monthly and earn compounded interest. Interest is payable on the last day of each period to the investors of the Notes at the principal office of the Company in Chandler, Arizona. At the option of the Company, interest payments may be paid by check

mailed to the address of the investor entitled thereto as it appears on the Subscription Agreement for the Notes.

The Notes are not transferable without the prior written consent of the Company, which the Company may withhold in its sole discretion. The Company anticipates withholding its consent if the transfer could jeopardize the Company's exemption under Regulation D or any applicable state blue-sky law or the Company's exclusion from the definition of an investment company under the Investment Company Act of 1940.

The Notes are not insured or guaranteed by any state or federal government entity or any insurance company. In event of default, an investor could look only to the assets of the Company for repayment.

As general obligations of the Company, the Notes will not have any specific collateral but will be generally secured by the Company's Assets. The Company's Assets include all of the Company's right, title and interest in Trust Deeds owned by the Company, together with all payments and instruments received thereto and all proceeds of the conversion of any of the foregoing into cash or other liquid property. So long as the Company is not in default on the Notes, the Company is permitted to freely transfer, sell or substitute, in the normal course of business, any Trust Deeds it owns, subject to general restrictions concerning transfers of property; provided, however, the Company may transfer, sell or substitute one or more Trust Deeds if such transfer, sale or substitution is done in connection with a plan to cure a default.

On an annual basis, the Company will retain an independent accounting firm to review the Company's financials and the aggregate outstanding principal amount of all cash accounts, other property, Trust Deeds and the principal amount of outstanding Notes as of the date of the review. Based on this

review, the Company will certify to the outstanding investors that the aggregate outstanding principal amount of all cash accounts, other property and Trust Deeds is at least equal to the principal amount of outstanding Notes as of the date of the review.

The Company may, in its discretion, modify the interest rate paid on subsequently issued Notes or the term of such Notes. Any such modification of the interest rate or term will not affect Notes then issued and outstanding.

Notes are initially being offered at the following rates and maturities:

<u>Note Terms (2)(3)</u>			
<u>Note Amount (1)</u>	<u>6 Months</u>	<u>1 Year</u>	<u>2 Years to 5 Years</u>
\$50,000 and up	8% ⁽⁴⁾	10% ⁽⁴⁾	12% ⁽⁴⁾

- (1) Note amounts are issued in varied denominations from \$50,000 to \$1,000,000, in increments of \$10,000.
- (2) Although the Company intends to use its good faith efforts to accommodate written requests from an investor to prepay any Note prior to maturity, the Company has no obligation to do so and the investor has no right to require the Company to redeem the Note prior to maturity. Upon the Company's election to honor an investor's request to prepay any Note prior to maturity, the Company reserves the right to adjust any interest payable to the investor to the interest rate that would have been payable for the actual outstanding term of the Note.

- (3) The Notes may be redeemed by the Company at any time prior to maturity upon 30 days written notice to the investor at a price equal to the principal amount of the Note plus accrued interest to the date of redemption.
- (4) The Company also reserves the right to adjust the interest paid on outstanding Notes on 30 days written notice to Note holders.

The Company has the right to sell, encumber, mortgage, create a lien on or otherwise dispose of any or all of its property, or in any manner secure an indebtedness so that such indebtedness shall have a claim against the assets of the Company securing such indebtedness, all without the consent of the investors of the outstanding Notes provided no Notes are in default. Any security interest granted in any of the Company's assets to secure an indebtedness will be superior in priority to the general claim of a holder of a Note, which means the Company's assets that are available as security for a Note will be decreased.

Default may occur with respect to one Note and not another. The Company shall be in default of a particular Note if any of the following events ("Event of Default") occurs with respect to that Note: (a) default for 30 days in any payment of interest on a Note when due, (b) default for 15 days in any payment of principal on a Note when due after maturity; or (c) a filing for protection by the Company under Chapters 11 or 7 of the U.S. Bankruptcy Code or a filing for the Company under the U.S. Bankruptcy Code by creditors of the Company which filing is not dismissed within 60 days of the filing date.

The Company may not consolidate with or merge into any corporation, or transfer substantially all of its assets to any person, unless the successor corporation or transferee assumes the Company's obligations on the Notes. The Company has no present intention of merging with another company or consolidating with another company or transferring its assets.

PLAN OF DISTRIBUTION

The Notes may be purchased directly from the Company without commission. Notes maturing in two through five years also may be purchased with qualified monies (such as IRA, SEP and KEOGH plans) through a licensed broker-dealer and with an approved custodian; provided, that such investments meet the investor suitability requirements. Transaction costs for Notes purchased with qualified funds will be paid by the Company up to one percent of the Note's face amount. The principal amount of the Note will be equal to the amount paid by the investor, and interest would be calculated on that amount.

The Notes are not registered with the Securities and Exchange Commission or any other state or federal regulatory agency. No state or federal agency has made any finding or determination as to the fairness of this offering for investment, the adequacy or accuracy of the disclosures, nor any recommendation or endorsement of the Notes.

The offering and sale of the Notes is intended to be exempt from registration under the Act by virtue of one or more of the following exemptions provided by: (i) Section 4(2) of the Act; and (ii) Regulation D promulgated under the Act. See "Investor Suitability". In accordance therewith, substantial restrictions are placed on the offering and purchase of the Notes, including, but not limited to, the following:

- (1) The transaction may not include any public offering. The offer to sell Notes must be directly communicated to the investor by an officer of the Company and at no time may the Company advertise or solicit by means of any leaflet, public promotional meeting, newspaper or magazine article, radio or television advertisement or any other form of general advertising or general promotion.

- (2) The Notes may be purchased only for the investor's own account, for investment purposes only and not with a view to distribution, assignment, hypothecation, resale or to fractionalization in whole or in part.
- (3) An investor must meet certain suitability requirements, which are set forth under "Investor Suitability."
- (4) The Company must have furnished and made available for inspection all documents and information that the investor has reasonably requested relating to an investment in the Company, including its Articles of Incorporation, stock records and financial account records.

DETERMINATION OF OFFERING PRICE

The rate of return for the Notes offered hereby has been set by management of the Company to approximate a rate of return competitive with similar securities of other companies engaged in the finance industry. The Company is a relatively new entity, which has only been in operation since April 2001. There is no market for the Company's securities and none is expected to develop. Accordingly, the rate of return on any Note bears no relation to the results of the Company or to any market price for the Company's securities.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain material U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by an initial holder thereof. This summary only applies to Notes held as capital assets (generally, property held for investment) within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "Code"). Except as set forth below, this summary does not address all of the tax consequences that may be relevant to a particular holder and it is not intended to be applicable to holders that are subject to special tax rules, such as financial institutions, insurance companies, real estate investment trusts, regulated investment companies, grantor trusts, U.S. expatriates, partnerships or other pass-through entities, tax-exempt organizations or dealers or traders in securities or currencies, or to holders that will hold Notes as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes or that have a functional currency other than the U.S. dollar. Moreover, except as set forth below, this summary does not address the U.S. federal estate and gift tax law, the tax laws of any state, local or foreign government or alternative minimum tax consequences of the acquisition, ownership or other disposition of Notes and does not address the U.S. federal income tax treatment of holders that do not acquire Notes as part of the initial distribution at their initial issue price. Each prospective investor should consult its tax advisor with respect to the U.S. federal, state, local and foreign tax consequences of acquiring, holding and disposing of Notes.

This summary is based on the Code, as amended, existing and proposed U.S. Treasury Regulations, administrative pronouncements and judicial decisions, each as available and in effect on the date hereof. All of the foregoing are subject to change, possibly with retroactive effect, or differing interpretations which could affect the tax consequences described herein. No advance tax ruling has been sought or obtained from the Internal Revenue Service regarding the tax consequences of the transactions described herein.

PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR TAX ADVISORS REGARDING THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE NOTES IN LIGHT OF THEIR PARTICULAR SITUATIONS, AS WELL AS ANY TAX CONSEQUENCES THAT MAY ARISE UNDER THE LAWS OF ANY FOREIGN, STATE, LOCAL OR OTHER TAXING JURISDICTION.

For purposes of this summary, a "U.S. Holder" is a beneficial owner of Notes who for U.S. federal income tax purposes is (i) a citizen or resident (or is treated as a resident for U.S. federal income tax purposes) of the United States; (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or any State or political subdivision thereof; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust (1) that validly elects to be treated as a U.S. person for U.S. federal income tax purposes or (2) (a) the administration over which a U.S. court can exercise primary supervision and (b) all of the substantial decisions of which one or more U.S. persons have the authority to control. A "Non-U.S. Holder" is a beneficial owner of Notes other than a U.S. Holder.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds Notes, the tax treatment of a partner in such partnership will generally depend on the status of the partner and the activities of the partnership. Such partner should consult its own tax advisor as to its consequences of holding and disposing of the Notes.

U.S. Holders

Interest

Except as set forth below, interest paid on a Note generally will be includible in a U.S. Holder's gross income as ordinary interest income at the time it is paid or accrued in accordance with the U.S. Holder's usual method of tax accounting for U.S. federal income tax purposes.

Original Issue Discount

Some of the Notes may be issued with "original issue discount" ("OID"). In general, OID is the excess of the "stated redemption price at maturity" of a debt instrument over its "issue price" if that excess equals or exceeds 1/4 of 1% of the debt instrument's stated redemption price at maturity multiplied by the number of complete years from its issue date to its maturity. The stated redemption price at maturity of a debt instrument equals the sum of all payments required under the debt instrument other than "qualified stated interest." Qualified stated interest is interest that is unconditionally payable in cash or other property (other than debt instruments of the issuer), or that is treated as constructively received under the Code Section 451, at least annually at a single fixed rate. The issue price of a debt instrument issued for money, such as the Notes, is the first price at which a substantial amount of the debt instrument was sold.

A Note should not have OID if it is issued for an amount equal to its stated redemption price at maturity, and both call for the payment of interest at a single fixed rate and at fixed periodic intervals of one year or less. A Note may, however, have OID if it calls for the payment of some or all of the interest to be deferred beyond one year. The Code contains a number of very complex provisions requiring holders of debt instruments with OID to include such OID in income as it accrues economically over the life of the debt instrument. In the case of a Note with OID, the holder may be required to include OID in income before the holder receives the associated cash payment, regardless of the holder's accounting method for income tax purposes.

The OID rules describe above will also generally apply to a Note with maturity of one year or less, called a "Short-Term Note," but with some modifications. First, in the case of a Short-Term Note, no payment of interest is considered to be "qualified stated interest." As a result, all interest on a Short-Term Note will be OID. Except as noted below, holders of Short-Term Notes that are cash-basis taxpayers generally will not be required to accrue OID currently, but will be required to report interest income as interest is paid, or, if earlier, upon the taxable disposition of the Short-Term Note. A cash-basis holder of a Short-Term Note, however, may not be allowed to deduct all of the interest paid or accrued on any indebtedness incurred or maintained to purchase or carry a Short-Term Note until the maturity of the Short-Term Note or its earlier disposition in a taxable transaction. A cash-basis holder of a Short-Term Note may elect to accrue OID on a current basis, in which case the holder would include interest on the Short-Term Note in income as it accrues, but would not be subject to the limitation on the deductibility of interest described above. A holder using the accrual method of tax accounting, and certain other holders, including banks and dealers in securities, generally will be required to report interest income as OID accrues on a Short-Term Note on a straight-line basis over the term of each interest period. Special rules not discussed in this summary apply to a Short-Term Note purchased for more or less than its principal amount.

Market Discount

A holder of Notes may in very limited circumstances, transfer their Notes to third parties. If the Company authorizes such a transfer, Notes sold on a secondary market after their original issue for a price lower than their stated redemption price at maturity are generally said to be acquired at market discount. Code Section 1278 defines "market discount" as the excess, if any, of the stated redemption price at maturity of the Note, over the purchaser's initial adjusted basis in the Note. If, however, the market discount with respect to a Note is less than $1/4^{\text{th}}$ of one percent (.0025) of the stated redemption price at

maturity of the Note multiplied by the number of complete years to maturity from the date the subsequent purchaser has acquired the Note, then the market discount is considered to be zero. Notes acquired by holders at original issue and Notes maturing not more than one year from the date of issue are not subject to the market discount rules.

Gain on the sale, redemption or other disposition of a Note, including full or partial redemption thereof, having "market discount" will be treated as interest income to the extent the gain does not exceed the accrued market discount on the Note at the time of the disposition. A holder may elect to include market discount in taxable income for the taxable years to which it is attributable. The amount included is treated as interest income. If this election is made, the rule requiring interest income treatment of all or a portion of the gain upon disposition is inapplicable. Once the election is made to include market discount in income currently, it cannot be revoked without the consent of the IRS. The election applies to all market discount notes acquired by the holder on or after the first day of the first taxable year to which such election applies.

Sale, Exchange or Disposition of Notes

A U.S. Holder's adjusted tax basis in a Note generally will equal the cost of the Note to such U.S. Holder. This adjusted tax basis will be increased by any OID or market discount previously included by the holder in income with respect to the Note. Upon the sale, exchange or other disposition of a Note, a U.S. Holder will recognize taxable gain or loss equal to the difference, if any, between the amount realized on the sale, exchange or other disposition (less an amount equal to the accrued but unpaid interest which will be taxable as ordinary income) and such U.S. Holder's adjusted tax basis in the Note. Any such gain or loss generally will be capital gain or loss. In the case of a noncorporate U.S. Holder, capital gains derived in respect of a Note that is held as a capital asset and that is held for more than one year are eligible for reduced income tax rates. The deductibility of capital losses is subject to limitations.

Non-U.S. Holders

Interest

Subject to the discussion below under the heading "U.S. Backup Withholding and Information Reporting," payments of principal of, and interest on (including any OID), a Note to be considered (i) a controlled foreign corporation, as such term is defined in Section 957 of the Code, which is related to the Company, directly or indirectly, through stock ownership, (ii) a person owning, actually or constructively, securities representing at least 10% of the total combined outstanding voting power of all classes of the Company's voting stock and (iii) banks which acquire such Note in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. withholding tax provided that the beneficial owner of the Note provides certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading "U.S. Backup Withholding and Information Reporting," or an exemption is otherwise established.

If a Non-U.S. Holder cannot satisfy the requirements above, payments of interest made to a Non-U.S. Holder will be subject to a U.S. withholding tax equal to 30% of the gross payments made to the Non-U.S. Holder unless the Non-U.S. Holder provides the Company or the Company's paying agent, as the case may be, with a properly executed (1) IRS Form W-8BEN claiming an exemption from or reduction in withholding under the benefit of an applicable income tax treaty or (2) IRS Form W-8ECI stating that interest paid on the note is not subject to withholding tax because it is effectively connected with the beneficial owner's conduct of a trade or business in the United States. Alternative documentation may be applicable in certain situations.

If a Non-U.S. Holder is engaged in a trade or business in the United States and interest on a note is effectively connected with the conduct of such trade or business, the Non-U.S. Holder, although exempt from withholding as discussed above (provided the certification requirements described above are

satisfied), will be subject to U.S. federal income tax on such interest (including OID) on a net income basis in the same manner as if the Non-U.S. Holder were a U.S. Holder. In addition, if such Non-U.S. Holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% (or lesser rate under an applicable income tax treaty) of such amount, subject to adjustments.

Sale, Exchange or Other Disposition of Notes

Subject to the discussion below under the heading "U.S. Backup Withholding and Information Reporting," any gain realized by a Non-U.S. Holder upon the sale, exchange or other disposition of a Note generally will not be subject to U.S. federal income tax or withholding tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of such sale, exchange or disposition and certain other conditions are met. Special rules may apply upon the sale, exchange or disposition of a Note to certain Non-U.S. Holders, such as "controlled foreign corporations," "passive foreign investment companies," "foreign personal holding companies" and certain expatriates, that are subject to special treatment under the Code. Such entities and individuals should consult their own tax advisors to determine the U.S. federal, state, local and other tax consequences that may be relevant to them.

U.S. Federal Estate Taxes

A Note that is held by an individual who at the time of death is not a citizen or resident (as specially defined for United States federal estate tax purposes) of the United States will not generally be subject to U.S. federal estate tax as a result of such individual's death, provided that such individual is not a shareholder owning actually or constructively 10% or more of the total combined voting power of all classes of our stock entitled to vote and, at the time of such individual's death, payments of interest with respect to such note would not have been effectively connected with the conduct by such individual of a trade or business in the United States.

U.S. Backup Withholding and Information Reporting

Information reporting requirements will apply to certain payments of principal and interest and the accrual of OID, if any, on an obligation and to proceeds of the sale, exchange or other disposition of an obligation, to certain U.S. Holders. This obligation, however, does not apply with respect to certain U.S. Holders including, corporations, tax-exempt organizations, qualified pension and profit sharing trusts and individual retirement accounts. A U.S. backup withholding tax will apply to such payments if a U.S. Holder fails to provide a taxpayer identification number or certification of other tax-exempt status or fails to report in full dividend and interest income.

Information reporting will generally apply to payments of interest on a Note to a Non-U.S. Holder and the amount of tax, if any, withheld with respect to such payments. Copies of the information returns reporting such interest payments and any withholding may also be made available to the tax authorities in the country in which the Non-U.S. Holder resides under the provisions of an applicable income tax treaty. Payments of principal and interest on any Notes to Non-U.S. Holders will not be subject to any U.S. backup withholding tax if the beneficial owner of the Note (or a financial institution holding the note on behalf of the beneficial owner in the ordinary course of its trade or business) provides an appropriate certification to the payor and the payor does not have actual knowledge or reason to know, that the certification is incorrect. Payments of principal and interest on Notes not excluded from U.S. backup withholding tax discussed above generally will be subject to United States withholding tax, currently 29% (for years 2004 and 2005, and reduced to 28% for 2006 through 2010), except where an applicable United States income tax treaty provides for the reduction or elimination of such withholding tax.

In addition, information reporting and, depending on the circumstances, backup withholding, will apply to the proceeds of the sale of a Note within the United States or conducted through United States-related financial intermediaries unless the beneficial owner provides the payor with an appropriate

certification as to its non-U.S. status and the payor does not have actual knowledge or reason to know that the certification is incorrect.

Any amounts withheld under the backup withholding rules will be allowed as a refund or credit against a holder's U.S. federal income tax liability provided the required information is furnished to the Internal Revenue Service.

THE ABOVE SUMMARY IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSEQUENCES RELATING TO THE ACQUISITION, OWNERSHIP, DISPOSITION OR RETIREMENT OF THE NOTES. PROSPECTIVE INVESTORS OF NOTES SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE TAX CONSEQUENCES OF THEIR PARTICULAR SITUATIONS.

INVESTOR SUITABILITY

General

An investment in the Notes involves significant risks and is suitable only for persons of adequate financial means who have no need for liquidity with respect to this investment and who can bear the economic risk of a complete loss of their investment. This private placement is made in reliance on exemptions from the registration requirements of the Act and applicable state securities laws and regulations.

The suitability standards discussed below represent minimum suitability standards for prospective investors. The satisfaction of such standards by a prospective investor does not necessarily mean that the Notes are a suitable investment for such prospective investor. Prospective investors are encouraged to consult their personal financial advisors to determine whether an investment in the Notes is appropriate. The Company may reject subscriptions, in whole or in part, in its absolute discretion.

The Company will require each investor to represent in writing, among other things, that (i) by reason of the investor's business or financial experience, or that of the investor's professional advisor, the investor is capable of evaluating the merits and risks of an investment in the Notes and of protecting its own interest in connection with the transaction, (ii) the investor is acquiring the Notes for its own account for investment only and not with a view toward the resale or distribution thereof, (iii) the investor is aware that the Notes have not been registered under the Act or any state securities laws and that there is no market for the Notes, (iv) such investor meets the suitability requirements set forth below and (v) they have read and taken full cognizance of the Risk Factors and other information set forth in this Confidential Private Offering Memorandum.

Suitability Requirements

Except as set forth below, each investor must represent in writing that it qualifies as an "accredited investor," as such term is defined in Rule 501(a) of Regulation D under the Act and must demonstrate the basis for such qualification. To be an accredited investor, an investor must fall within any of the following categories at the time of sale of Notes to that investor:

- (1) A bank as defined in Section 3(a)(2) of the Act or a savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; a broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; an insurance company as defined in Section 2(13) of the Act; an investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; a Small Business Investment Company licensed by the United States Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;
- (2) A private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;

- (3) An organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust or partnership, not formed for the specific purpose of acquiring the Notes, with total assets in excess of \$5,000,000;
- (4) A director or executive officer of the Company;
- (5) A natural person whose individual net worth, or joint net worth with that person's spouse, at the time of such person's purchase of the Notes exceeds \$1,000,000 (including the person's residence);
- (6) A natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;
- (7) A trust with total assets in excess of \$5,000,000 not formed for the specific purpose of acquiring the Notes, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of Regulation D; and
- (8) An entity in which all of the equity owners are accredited investors (as defined above).

As used in this Memorandum, the term "net worth" means the excess of total assets over total liabilities. In computing net worth for the purpose of (5) above, the principal residence of the investor must be valued at cost, including cost of improvements, or at recently appraised value by an institutional lender making a secured loan net of encumbrances. In determining income an investor should add to the investor's adjusted gross income any amounts attributable to tax exempt income received, losses claimed as limited partner in any limited partnership, deductions claimed for depletion, contributions to an IRA or KEOGH retirement plan, alimony payments, and any amount by which income from long-term capital gains has been reduced in arriving at adjusted gross income.