

IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

IN AND FOR THE COUNTY OF MARICOPA

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

Plaintiff,

vs.

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

Defendants.

NO. CV2017-013832

DEPOSITION OF STEVEN GREGORY BUNGER

Phoenix, Arizona
December 3, 2018
12:58 p.m.

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

PREPARED FOR:

STEVEN GREGORY BUNGER, 12/3/2018

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1 DEPOSITION OF STEVEN GREGORY BUNGER, commenced
2 at 12:58 p.m. on December 3, 2018, at the law offices of
3 Coppersmith Brockelman, PLC, 2800 North Central Avenue,
4 Suite 1900, Phoenix, Arizona, before KELLY SUE OGLESBY, a
5 Certified Reporter, CR No. 50178, in and for the County of
6 Maricopa, State of Arizona, pursuant to the Rules of Civil
7 Procedure.

8 * * *

9 APPEARANCES

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25

STEVEN GREGORY BUNGER, 12/3/2018

Phoenix, Arizona
December 3, 2018
12:58 p.m.

* * *

(Deposition Exhibits No. 551 through 628 were
marked for identification.)

STEVEN GREGORY BUNGER,
called as a witness herein, having been first duly sworn,
was examined and testified as follows:

EXAMINATION

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

A. Steven Gregory Bunger.

Q. How would you like me to address you today?

A. Steve.

Q. Steve.

Steve, have you been deposed before?

A. Yes.

Q. On numerous occasions, or how often or how many
times? Do you remember?

A. Half a dozen times maybe.

Q. Let me go through a few things with you, as we
start out, to try to make things a little more efficient.

STEVEN GREGORY BUNGER, 12/3/2018

1 So I represent David Beauchamp and Clark Hill,
2 the law firm that was sued by special counsel Colin
3 Campbell and his firm, who is here today, hired by the
4 receiver. And we are here just to ask you questions about
5 what you remember regarding underlying facts as it relates
6 to DenSco.

7 You were an investor in DenSco and, as I
8 understand it, a claimant against DenSco and so I'm going
9 to ask you some questions and talk to you about some
10 documents today.

11 I'll go about an hour and then break, if that
12 works with you, but if you need a break more often, let me
13 know.

14 A. Okay.

15 Q. I'm happy to do that.

16 I'm trying to make my questions as
17 understandable as possible, but if you have a hard time
18 understanding, will you let me know?

19 A. Yes.

20 Q. Okay.

21 A. I usually say yeah, but I will say yes for her.

22 Q. And if you answer a question, I'm going to
23 assume you understand the question I asked you.

24 Is that fair?

25 A. That's fair.

STEVEN GREGORY BUNGER, 12/3/2018

1 Q. And you are not represented by counsel here
2 today, right?

3 A. No.

4 Q. You had an opportunity to retain counsel to be
5 with you today. You just chose not to do that?

6 A. Yes.

7 Q. Have you done anything to prepare for today's
8 deposition?

9 A. Besides send you an email, nothing.

10 Q. Okay. Didn't review anything?

11 A. No.

12 Q. Didn't talk to anybody?

13 A. No.

14 Q. Let me go through some background information
15 from you.

16 Do you still live on West Trovita?

17 A. Yes.

18 Q. At 6134?

19 A. Yes.

20 Q. How long have you lived there?

21 A. I want to say when the development was built, so
22 probably 12 or so years. 12 to 15 years.

23 Q. And that's a gated community?

24 A. Yes.

25 Q. In Chandler?

STEVEN GREGORY BUNGER, 12/3/2018

1 A. Yes.

2 Q. And Denny Chittick lived in that development as
3 well?

4 A. That's correct.

5 Q. Relative to your home, how close was his home to
6 yours?

7 A. It was the next street over, kind of behind us.
8 As the crow flies, it would be very short.

9 Q. Roughly how many homes in that development?

10 A. 25.

11 Q. You graduated from Arcadia High School in
12 Phoenix in 1980?

13 A. Yes.

14 Q. You graduated from ASU with a business degree in
15 business administration and management in 1986?

16 A. The best six years of my life.

17 MR. CAMPBELL: Seven for my little brother.

18 THE WITNESS: I want to go back.

19 Q. (BY MR. DeWULF) If we only could.

20 So you are currently the president and CEO of
21 Pro Box Portable Storage?

22 A. Yes.

23 Q. The name of the company?

24 And what business is Pro Box in?

25 A. We rent and sell primarily storage containers to

STEVEN GREGORY BUNGER, 12/3/2018

1 businesses in six different cities.

2 Q. And you started that position in 2014?

3 A. Somewhere in there.

4 Q. And you were president and CEO of Mobile Mini
5 from 1997 to December of 2012?

6 A. That sounds correct.

7 Q. And before that you were the executive
8 vice-president and COO from 1995 to 1997?

9 A. I don't remember the exact dates, but generally.
10 (Interruption.)

11 Q. (BY MR. DeWULF) And you were or are a board
12 member of Cavco Industries and have been a board member
13 since 2004?

14 A. Sounds right.

15 Q. In front of you there is a stack of exhibits.
16 Colin, you have a copy as well.

17 And I'm going to go through these, try to go
18 fairly quickly and ask you about them.

19 Exhibit 551, Steve, is a March 8, 2005 letter to
20 you from Denny Chittick.

21 Do you see that?

22 A. Yeah.

23 Q. The only reason I'm providing this to you is to
24 see if it will maybe refresh your memory of when you began
25 doing business with Denny Chittick as an investor in

STEVEN GREGORY BUNGER, 12/3/2018

1 DenSco.

2 A. Is this the earliest letter you could find?

3 Q. It is the earliest, but that doesn't -- I mean,
4 I'll tell you, the records are not great. We have done
5 our best to try to reconstruct things, but this is the
6 earliest I have seen in terms of dates, but there may be
7 other things out there, but we are not aware of them.

8 A. There were things. I don't even remember this
9 letter. Zero.

10 Q. That's fine.

11 A. And I have no idea of the date. I probably knew
12 him around the time he moved into the neighborhood.

13 Q. And you said you have been there 12 years,
14 right?

15 A. Or whenever the neighborhood -- I say that
16 generally, because I'm not sure of the exact date --

17 Q. That's okay.

18 A. -- but we were one of the first people in the
19 neighborhood.

20 Q. How much longer after you were there did he move
21 in? Do you remember?

22 A. I don't recall at all.

23 Q. All right. Do you think you first met him in
24 the context of being neighbors?

25 A. Yes.

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1 Q. How did it come that you became an investor in
2 DenSco? Do you recall?

3 A. It was through a mutual friend. And this
4 Insight right here, you see this in this letter, it says
5 insight?

6 Q. Right.

7 A. We had a mutual friend who was CEO of Insight
8 Computers, Tim Crown, and Denny used to work for Tim. And
9 I was investing, doing hard-money lending with one of
10 Tim's friends, Mike Coffman. And I originally did some
11 investment with him, and then I learned of Denny through
12 Tim and then talked to him before I did some stuff.

13 Q. When you said you did some hard-money lending
14 through Mike Coffman, does that mean you invested with him
15 and he lent money to others?

16 A. Yes.

17 Q. Okay. Do you know when you first began doing
18 business with Mike Coffman?

19 A. I -- I didn't even review any notes, so I don't
20 even --

21 Q. That's fine.

22 A. It's a long time ago.

23 Q. Yeah. And I don't want you to guess.

24 A. Yeah.

25 Q. All I can do is ask the questions --

STEVEN GREGORY BUNGER, 12/3/2018

1 A. Yeah.

2 Q. -- and you can try to remember as best you can.

3 A. Yeah.

4 Q. Some of these documents might refresh your
5 memory, and they may not.

6 A. Yes, and they may. But I don't recall exactly,
7 but it was a long time ago. I can tell you that.

8 Q. Do you remember what Coffman's entity was
9 called?

10 A. His current entity is called Clear Funds. He
11 had an entity before that, that I can't recall the name of
12 it.

13 Q. Okay. So other than being an investor with
14 whatever the name of the entity for Mike Coffman was,
15 either Clear Funds or its predecessor, and being an
16 investor with DenSco, did you invest with any other
17 hard-money lenders from let's say the early 2000s to the
18 present?

19 A. Yes.

20 Q. Who else?

21 A. Capstone is what I think it was called.

22 Q. Do you remember who the principals were in that?

23 A. My phone. It got me to change my password.

24 I don't know off the top of my head. I can see
25 his face, but I invested with a couple, that and another

STEVEN GREGORY BUNGER, 12/3/2018

1 company, probably, you know, different things, little
2 things, but I remember I was investing with three people
3 usually at a time.

4 Q. In other words, you are saying while you were an
5 investor with DenSco, you probably were an investor with
6 at least two other hard-money lenders as well?

7 A. Yes. And then at some point in time, they --
8 they couldn't get the returns, and at some point in time I
9 was getting ready to start my new company, Pro Box, so I
10 parked a lot of money with Denny. I mean, a lot of money.

11 Q. You think Pro Box would have been roughly
12 2014 --

13 A. Yes.

14 Q. -- right around that time? All right.

15 A. I mean, that was a time when I had a lot of
16 money with him.

17 Q. And so are you saying you would have invested
18 more heavily with DenSco when you were starting Pro Box
19 than you would have any other hard-money lender?

20 A. Well, at the time -- at the time I couldn't get
21 the returns on the other ones, so I don't know if I can
22 say with any other. The ones I knew at least. But I had
23 some little things going with other people. They weren't
24 significant.

25 But I had gone to Denny, and I know I'm not

STEVEN GREGORY BUNGER, 12/3/2018

1 supposed to talk, but -- and just said: Hey, I'm going to
2 start this company. I want to park it with you for a
3 while. Because this is going to save you some questions
4 you are going to ask.

5 He said: well, I'm not taking new money.

6 I said: well, can you take my new money,
7 because I want to do this.

8 And I gave him a lot of money and I said: Hey,
9 you have got to understand. I'm putting my whole life,
10 you know, this would be a big deal, if there is a problem,
11 to me. Because it was, like, 7 or \$8 million. There was
12 a big -- I don't know what the number was, but it was big,
13 though.

14 Q. And that started in roughly 2014?

15 A. I don't know the exact time, but it was around
16 then or a little before that maybe. It was probably after
17 I left Mobile Mini, which is 2012.

18 Q. All right.

19 A. In 2014 is when I started pulling money out.
20 You will see it in the records.

21 Q. Yeah. And we have got a number of emails
22 that -- between you and Denny Chittick where you are
23 talking about investing more money and him needing money
24 to lend --

25 A. Yes.

STEVEN GREGORY BUNGER, 12/3/2018

1 Q. -- and that kind of thing, and we will go
2 through that.

3 A. Yeah.

4 Q. And there is an ongoing level of communication
5 between you and him over time. And I saw that you
6 invested through different entities. Correct?

7 A. Yes.

8 Q. And was that just for estate planning purposes?

9 A. Estate planning purposes only.

10 Q. And we will look at that, too.

11 A. It didn't work.

12 Q. Did you consider Denny Chittick a friend?

13 A. Not a close friend, but a guy I knew and I
14 trusted.

15 Q. Did you -- and we will look at this in the
16 documents. I know you went to various dinners and some
17 MOM meetings and that kind of thing.

18 Did you socialize with Denny Chittick, other
19 than what may have been related to DenSco business?

20 A. No. Really I didn't do anything socially,
21 except for his kids would come over and play in our
22 backyard and I would watch them and play with them. And
23 we had a robber come into our house, and he came over and
24 tried to help my kid, my child who was -- had a robber at
25 our house.

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1 Q. I saw that.

2 A. Yeah.

3 Q. We will talk about that.

4 A. But it wasn't a social. Like, it wasn't
5 somebody called and said let's go out and have beers.

6 Q. As you know, he committed suicide on July 28th,
7 2016.

8 Do you recall that?

9 A. Yes, vividly.

10 Q. Do you recall how you learned of that?

11 A. Yeah. I came home one night and I saw a bunch
12 of friends' trucks there. And then I went to my
13 daughter's house in an Uber, and I got a call from
14 somebody saying that he had committed suicide. And I
15 can't remember who called me, though.

16 Q. Do you remember your reaction to it when you
17 learned that news?

18 A. I was sad for his kids, because I knew the
19 story. I didn't know what it meant for me at the time, so
20 I wasn't going to let it ruin my day completely.

21 (Mr. Sturr joined the proceedings.)

22 THE WITNESS: I was more upset about his kids
23 than anything.

24 [REDACTED]

25 [REDACTED]

STEVEN GREGORY BUNGER, 12/3/2018

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STEVEN GREGORY BUNGER, 12/3/2018

1 A. Yes.

2 Q. Were there any other neighbors in Trovita that
3 were also investors of DenSco?

4 A. Yeah, there are two more.

5 Q. Do you remember their names?

6 A. Yeah. One of them is Craig Brown, and the other
7 one is, last name is Dupper, Russ Dupper. They are the
8 ones that I know of.

9 [REDACTED]

10 [REDACTED]

11 [REDACTED]

12 [REDACTED]

13 [REDACTED]

14 [REDACTED]

15 [REDACTED]

16 [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 [REDACTED]

21 [REDACTED]

22 [REDACTED]

23 [REDACTED]

24 [REDACTED]

25 [REDACTED]

STEVEN GREGORY BUNGER, 12/3/2018

1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED] [REDACTED]
6 Q. Do you know -- our records indicate that that
7 divorce between Denny Chittick and his wife Ranasha was in
8 2012.
9 Do you remember him getting divorced?
10 A. I wasn't close enough to know how that happened,
11 but he shared with me how it happened.
12 [REDACTED] [REDACTED]
13 [REDACTED] [REDACTED]
14 [REDACTED]
15 [REDACTED] [REDACTED]
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18 [REDACTED]
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STEVEN GREGORY BUNGER, 12/3/2018

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9 [REDACTED]
10 [REDACTED]
11 [REDACTED]

12 Q. Was he the one that wanted the divorce?

13 A. I don't know that. I'm assuming so, based on
14 what I just told you. This is from one conversation about
15 this.

16 Q. I know. And all we can do is try to piece
17 together as best we can. I -- you are the first investor
18 that we have talked to.

19 A. Right. Okay.

20 Q. And so I'm trying to explore who knows any
21 information about this, to try to piece together what led
22 to the suicide, so --

23 A. I think Brian knows him the best.

24 Q. That would be reflected in the documents, from
25 what I can tell --

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1 A. Okay.

2 Q. -- as well.

3 [REDACTED]

4 [REDACTED]

5 [REDACTED]

6 [REDACTED] [REDACTED]

7 [REDACTED] [REDACTED]

8 [REDACTED]

9 [REDACTED] [REDACTED]

10 [REDACTED] [REDACTED]

11 [REDACTED] [REDACTED]

12 [REDACTED] [REDACTED]

13 [REDACTED]

14 [REDACTED] [REDACTED]

15 [REDACTED] [REDACTED]

16 [REDACTED] [REDACTED]

17 [REDACTED] [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 [REDACTED] [REDACTED]

21 [REDACTED] [REDACTED]

22 [REDACTED] [REDACTED]

23 [REDACTED]

24 [REDACTED]

25 [REDACTED] [REDACTED]

1

2 Q. But you don't remember what it might be?

3 A. I don't remember what it was.

4 Q. Do you have any idea who might know that?

5 A. Brian.

6 Q. Brian Imdieke?

7 A. Yeah. I think he is going to be your important
8 witness.9 Q. Is there any way you could -- and I know over a
10 period of time it might have varied, but how frequently
11 would you have communicated with Mr. Chittick up to the
12 time of his death?13 A. I mean, I might talk to him every couple days,
14 because he walks by my front door with his kids and I'll
15 do small talk with him and his kids, but real
16 conversations weren't that frequent. And a lot of them
17 were emails that you probably have copies of.

18 Q. Right.

19 And I understand he wasn't a good friend. You
20 knew him I think primarily from business, but how would
21 you describe him if someone had not met him before? How
22 would -- could you share with us your view of what kind of
23 person he was, what his characteristics --

24 A. Yes.

25 Q. -- or personality traits were?

STEVEN GREGORY BUNGER, 12/3/2018

1 A. I would say wicked smart. I would say high
2 integrity. I would say a very strategic, very calculating
3 person, in a good way. Not socially adept. Like he would
4 say what's on his mind with no sugar, and for people that
5 aren't used to that, it would rub them wrong, but for me,
6 I didn't care. He is a good guy.

7 Q. Did he strike you as being honest?

8 A. Very honest.

9 Q. Good with numbers?

10 A. Wicked smart. Good with numbers. In fact, he
11 would brag about going to -- doing something to the
12 Federal Reserve or something. He went and did a
13 presentation to the Federal Reserve about numbers.

14 Q. You talked about him not being socially adept.
15 Did he have many friends?

16 A. It didn't look that way to me.

17 Q. Do you think that's something you could judge?

18 A. No, I couldn't judge, but I -- I just know him
19 through a mutual friend who just said he was very -- even
20 in a corporate environment, as the company got bigger, he
21 was less effective because he couldn't manage people.

22 Q. And you are talking about insight?

23 A. Yeah.

24 [REDACTED]
25 [REDACTED]

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Q. Did you ever meet Ranasha?

10

A. A few times. I wouldn't recognize her if she walked in right now.

11

12

Q. Did you spend enough time with her to get any impressions of her?

13

14

A. No. I just knew she was a prior cheerleader. That's all I know. That was an important fact.

15

16

Q. Do you know, did she take any role at all in DenSco --

17

18

A. I don't know.

19

Q. -- from a business standpoint?

20

A. I don't know.

21

Q. Do you know whether Denny dated anyone after he got divorced from Ranasha?

22

23

A. Not to my knowledge. He seemed consumed with his kids.

24

25

Q. Did you ever meet any of his friends?

STEVEN GREGORY BUNGER, 12/3/2018

1 A. No, because I didn't know he had friends. My
2 only meetings were going to his meetings, they were
3 business meetings, with his builders, and I think he might
4 have viewed them as his friends.

5 Q. Are those the MOM meetings that are referred to?

6 A. Is that what they are called? MOM's?

7 Q. Yeah. I can't remember what that stands for.

8 A. It was an interesting group.

9 Q. And it was with builders, did you say?

10 A. Well, it was a combination of investors like
11 myself, but primarily with people that were doing the
12 flipping of the houses.

13 Q. And were those typically borrowers from DenSco?

14 A. Yes.

15 Q. And I take it from some of the documents that
16 there would be a sharing of information pertaining to
17 contractors and services for homebuilders and that kind of
18 thing. I mean, it was kind of a sharing of information.

19 What do you remember about those meetings?

20 A. It was kind of a sharing, a sharing of best
21 practices, I think, a little bit even. And Denny would
22 kind of give his view of the industry at these meetings.
23 You have seen them in the letters I'm sure, and he would
24 go through those. They were really well thought out.

25 I saw people trading houses in these meetings,

STEVEN GREGORY BUNGER, 12/3/2018

1 but it was mainly about the industry and he was staying
2 close with his builders, I think, and trying to help them
3 be successful.

4 Q. Did you ever meet Scott Menaged? His formal
5 name is Yomtov, nickname Scott Menaged. Did you ever meet
6 him?

7 A. He is one of the bad characters, right?

8 Q. Yeah.

9 A. I don't think I have.

10 Q. Do you remember ever hearing about him at any
11 time --

12 A. No.

13 Q. -- from Denny Chittick?

14 A. Never.

15 [REDACTED]

16 [REDACTED]

17 [REDACTED]

18 Q. Did Denny Chittick ever share with you any
19 stresses in his life, anything that would have caused him
20 to be depressed or unhappy?

21 A. No, he didn't, except for the conversation that
22 I mentioned with you. But he said it in a very controlled
23 environment, like he had already figured it out. It
24 wasn't like he was asking for advice.

25 Q. And you don't recall the specifics of that?

STEVEN GREGORY BUNGER, 12/3/2018

1 A. No.

2 Q. Do you know whether he actually was treated for
3 it or saw anyone in terms of counseling or doctors or
4 anything for it?

5 A. The one thing I remember him saying now, more so
6 in my memory, his dad is a psychologist. And I don't
7 think he mentioned he was seeing a doctor. He might have
8 been or he might have mentioned it to me. I just don't
9 remember. Brian is the guy that will know all these
10 facts.

11 Q. Yeah. We have got him scheduled.

12 All right. So let's go through some of the
13 these documents now.

14 Let's look at 552, which is -- this is -- I'm
15 only showing you this Exhibit 552. It's from Denny to
16 Dave Preston. It's dated December 22nd, 2013. You are
17 not copied on it, although it's in documents --

18 A. I don't know Dave Preston either, I don't think.

19 Q. So Dave Preston was an investor and he also
20 performed, prepared taxes for the company.

21 Does that refresh your memory at all?

22 A. I just knew he had an accountant.

23 Q. Okay.

24 A. That's all I knew.

25 Q. Did Denny Chittick ever describe for you what

STEVEN GREGORY BUNGER, 12/3/2018

1 his accountant did for him or for DenSco?

2 A. The only thing he mentioned to me, and I don't
3 know if it was David or Dave, but somebody, it was
4 probably his tax accountant, would go through his numbers
5 and tell him how much W-2 income he needed to run through
6 the company to minimize Social Security, FICA, FUTA stuff.
7 That was it. We never -- I never talked about his lawyer.

8 Q. Do you remember how many times he told you or
9 when he told you that, that information about describing
10 what his accountant does for him?

11 A. I don't remember when, but I just remember the
12 conversation.

13 Q. Okay.

14 A. Because I was interested because I was starting
15 a new company. I'm used to running a public company, and
16 I was starting a private company and I was trying to
17 figure out the same thing he was working on.

18 Q. Right.

19 A. So I was trying to understand how he minimized
20 tax expense.

21 Q. Is Pro Box a private company?

22 A. Yeah. It's an LLC with my kids.

23 Q. Exhibit 553, if you look at the email that
24 begins about a third of the way down, it's from you, and
25 it's a description of, I think, the break-in that occurred

STEVEN GREGORY BUNGER, 12/3/2018

1 in your house where your daughter was at home.

2 This is your email, right?

3 A. Yes.

4 Q. And at the top of that first page it reflects
5 that -- I mean, Denny actually ended up coming over
6 because there was a phone call, right --

7 A. Right.

8 Q. -- made to him?

9 A. A call from Colorado, yeah. It still affects my
10 daughter to this day.

11 Q. Let's look at 554. I'm going to go through this
12 pretty quickly with you, Steve. I'm mainly using these to
13 kind of refresh your memory and to show kind of the timing
14 and the fact that there was kind of a back and forth in
15 the level of communication with you and Denny Chittick
16 regarding advancing him funds.

17 And sometimes you wanted to advance funds
18 because you had extra cash --

19 A. Right.

20 Q. -- and sometimes he needed it because he had
21 loans he wanted to make, and we'll see that --

22 A. Right.

23 Q. -- from these emails. Let me just -- so 554 is,
24 if you look halfway down, you are sending him an email
25 February 7, 2013, and he is responding.

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1 You sent -- you are sending money over. Do you
2 see that?

3 A. Where I sent like a million dollars to him?

4 Q. Yeah.

5 A. Right.

6 Q. And Desert Classic Investments, LLC was an
7 entity through which you did some investing?

8 A. Yes.

9 Q. And you reference Mary, Beth (Mary) is a
10 co-partner?

11 A. That's my wife.

12 Q. Okay. Look at 555.

13 So the procedure you would follow is you would
14 advance him -- you would wire him funds, and then you
15 would go over to his house to sign paperwork related to
16 the investment?

17 A. Something to that effect, yeah.

18 Q. And I don't -- I'm just asking you if you
19 remember.

20 Did you actually typically sign documents at his
21 house as opposed to some other location or...

22 A. Either his house or my house maybe, you know,
23 but in that arrangement. I think what was going on is I
24 had more money to invest than he could invest at the time,
25 is what I recall.

STEVEN GREGORY BUNGER, 12/3/2018

1 Q. Okay. Now, this 556 is a copy to you of a
2 Private Offering Memorandum.

3 Do you see that?

4 A. Yeah.

5 Q. And the Private Offering Memorandum is attached
6 as 557.

7 A. Right.

8 Q. Do you remember receiving private offering
9 memoranda from Denny Chittick and DenSco in connection
10 with you being an investor in DenSco?

11 A. Yes.

12 Q. You indicated in your earlier testimony that you
13 would have invested through other hard-money lenders as
14 well.

15 Do you recall that testimony?

16 A. Yes. That I have invested with other hard-money
17 lenders, yeah.

18 Q. And did those hard-money lenders also provide
19 you private offering memorandum/memoranda in connection
20 with your investments?

21 A. I don't recall.

22 Q. Do you recall reading the Private Offering
23 Memorandum, an example of which is 557 --

24 A. No.

25 Q. -- in connection with your investments?

STEVEN GREGORY BUNGER, 12/3/2018

1 A. No. I doubt I would have read it, except to ask
2 him -- I might have asked him questions. The question is:
3 when do I get my money back?

4 Q. When you get your money back?

5 A. Yeah. My question would be: Hey, I'm starting
6 a business. Are these three-year contracts or two-year
7 contracts or one-year contracts? And tell me -- I know
8 what's written here, but tell me when -- and I understand
9 this enough. I said: Tell me, if I need money, can I get
10 money?

11 That would be the only thing I was concerned
12 with at the time.

13 Q. And what was your experience in terms of the
14 length of the investment or the note that you gave the
15 company?

16 A. I think they were, like, two-year deals or
17 three-year deals, but he would tell me on the side that:
18 Hey, as long as you don't push me hard, I can get you
19 money when you need money.

20 Q. So in other words, even though a note might have
21 a term of two years, if you needed the money quicker, he
22 would provide it to you?

23 A. But I also knew that if there was a run on the
24 bank, he wouldn't be able to give me the money, but in
25 general, he had enough float going on that he could give

STEVEN GREGORY BUNGER, 12/3/2018

1 me the money. You know, I understood his float, how he
2 was doing deals, getting cash, paying out loans, and as
3 long as I gave him some time to work into it, I felt like
4 he could work through some money.

5 Q. Do you recall occasions where you actually asked
6 for money before the investment came due?

7 A. Probably a bunch.

8 Q. And he was able to provide you money?

9 A. Yeah.

10 Q. You chose -- I think you earlier testified,
11 particularly later in the process when you started your
12 new business, that you were investing with him more than
13 other hard-money lenders because he could pay you back?

14 A. Well, that, and I was starting to put hours in.
15 I didn't have the time to -- it was a hobby before, and
16 now I was running a business, so I didn't have time to
17 think about things, so I wanted to pick somebody that I
18 trust -- trusted.

19 Q. And I'm not interested in your investment
20 portfolio --

21 A. Right.

22 Q. -- but as it relates your total assets, could
23 you estimate for us what percentage of your assets were in
24 the form of investments with hard-money lenders, and the
25 timeframe being 2014 or so?

STEVEN GREGORY BUNGER, 12/3/2018

1 A. I remember it was more than I wanted, so you do
2 the math. You saw how much I had with DenSco. At the
3 highest, I probably had a net worth of 25 or 30 million.
4 So I just remember --

5 Q. So maybe 25 or 30 percent of your net worth?

6 A. Yeah, something like that.

7 Q. And you did that because it gave you a greater
8 return?

9 A. Yeah, I gave that because I live an expensive
10 lifestyle, and the choice was change it or bridge until I
11 got the new company going.

12 Q. Let's go through this document, and maybe it
13 will refresh your memory as to whether you read it or not.
14 We're looking at 557, which is the 2011 POM.

15 And do you recall the nature of the loans that
16 he made with the funds that he got from investors?

17 A. Well, to be honest with you, I write these
18 things or I have them written for me all the time, so I
19 know what they look like, and I figured it had all the --
20 all the catch phrases, so I just had a conversation with
21 him.

22 Q. Maybe can you share with us how he described
23 what he was doing with your money to give you comfort of
24 investing with him?

25 A. Well, he said -- one, I didn't know how he was

STEVEN GREGORY BUNGER, 12/3/2018

1 doing personally. And he said that of his net worth, he
2 goes a third of the money I have in this DenSco operation,
3 a third of the money I have -- what did he have that in --
4 he had investments, and I can't remember what he did with
5 the other third.

6 So I felt like he was, like, pretty liquid. He
7 had a lot of liquidities, which I liked. He had a third,
8 a third, a third model. And I can't remember what the
9 other third was. Probably his house and other stuff.

10 And I had already -- I had already been burned
11 one time on a small hard-money lending deal through that
12 Clear Funds, and what had happened in that deal was it was
13 during the great housing recession, and the values of
14 houses went down really quick. He had a fund whereby you
15 owned part of the fund, not actual assets, and they had
16 what I called a run on the bank. And so many people ran
17 at the bank that it forced him into a receivership, and so
18 that was fresh in my mind.

19 So I was very interested. And also I had done
20 some hard-money lending after that, where I actually
21 owned -- I would actually take deeds on the houses. And
22 even with the other people, I took the deeds on the
23 houses. I approved them, because I wanted -- if the deal
24 went bad, I might want to rent the house, and not -- I
25 didn't want to get caught in this.

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1 And he walked me through his approach, and the
2 exact numbers might not be exact, but it seemed like I --
3 because I'm a very conservative lender, my loan to value
4 is 60 percent or something like that, maybe a little bit
5 higher than that, but 60 percent for some reason sticks in
6 my head.

7 I asked him how he went through the same great
8 recession that this other guy got in trouble with. I go:
9 walk me through what happened in that recession.

10 And he said: well, the thing I did really well
11 is I know I'm only good at one thing, and that's
12 renting -- or lending to one segment of the housing
13 market, which is these single-family homes in this price
14 range. No dirt, no apartments, no developments. And that
15 because of that and because of my -- he is very
16 analytical. He goes: I saw areas of town when that
17 happened, Glendale, like Anthem is an example, where I
18 started seeing home values going down. And he goes: I
19 started cutting all my loans in those areas.

20 And he seemed more knowledgable than anybody
21 I've ever talked to about, like, what's the value of a
22 house, even houses across the street from each other, you
23 know, from different builders.

24 And he said: I -- you know, I -- I'm very
25 conservative, and since I didn't invest in real -- in dirt

STEVEN GREGORY BUNGER, 12/3/2018

1 or developments that had a higher risk piece of the
2 investment part of it, he goes, I was able to pay back.
3 He goes: I didn't make any money personally during those
4 years, but I still at least broke even.

5 Q. And when you talk about, you used this term
6 housing recession or great recession, you are talking
7 about the 2008-ish timeframe?

8 A. Yes, yes. And I was -- I was acutely focused on
9 that because I had already had a problem, so I was asking
10 all kinds of questions to him. And I even went into
11 detail as to walk me through your process for who you lend
12 money to, how you vet them. And he described that -- this
13 is, you know, this is kind of my recollection of it, is
14 these are people that do this on a regular basis that know
15 what they are doing. They are not the father/son team
16 that tried to do it to make some money on the side.

17 I asked him, I said: What do you do? Do you
18 take liens? You know, do you actually take the second and
19 do you record it?

20 And he showed me, he literally showed me his
21 paperwork of how he -- he literally walked me in his
22 office, and sit in his office one day and how he worked
23 his paperwork in his office, about here is how when I do a
24 loan.

25 I asked him specifically, I go: Are you

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1 learning on specific values of houses or portfolios of
2 values of houses? In other words, like, if you could have
3 somebody building six homes.

4 And he said: I do it on a -- on almost a little
5 bit of a portfolio value. He goes: I look at them all
6 together. He kind of went back and forth with that one,
7 but I think I got the impression he did portfolio value.
8 But then how I -- before I give the money, I get a lien
9 through this title company and here is how I do all this
10 stuff. And he is doing it all on, you know, his desk by
11 himself.

12 And so I knew what he did in a lot of detail,
13 just because I was interested in the details of it. There
14 is probably more detail that I know that I can't remember,
15 but...

16 Q. Let me ask you about the lien process.

17 And typically these would be deeds of trust,
18 right?

19 A. Deeds of trust, yeah.

20 Q. And was he telling you that he would be
21 recording deeds of trust against the property that was the
22 subject of the loans he was making?

23 A. Yes.

24 Q. And would he be in first position? Was he
25 telling you that?

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1 A. Yes.

2 Q. You indicated that he was using title companies
3 through which to record the liens. Is that --

4 A. I felt that's what he was saying.

5 Q. You thought his loan-to-value ratio was around
6 60 percent, or do you recall?

7 A. I think that's in his prospectus. Whatever is
8 in there, I would have remembered that number. That would
9 be the one number I would have looked at.

10 Is it 60 percent?

11 Q. Don't quote me on that, but I think it is. Let
12 me look at that.

13 A. Yeah. 60 percent sticks in my mind.

14 Q. Yeah. Let me actually -- let me ask you to look
15 at page 4 of Exhibit 557. That heading, Target Markets
16 and Potential Future Markets, do you see that?

17 A. Yeah. 70 percent here?

18 Q. Yeah. Its loan to value does not exceed
19 70 percent. The current yield is 18 percent.

20 Do you see that language?

21 A. Yes, and that's what I would have known about
22 it.

23 MR. CAMPBELL: Look down at the bottom of the
24 page. It has that 60 percent you were looking for.

25 THE WITNESS: Does it?

STEVEN GREGORY BUNGER, 12/3/2018

1 Q. (BY MR. DeWULF) Yeah. If you look down at the
2 second paragraph --

3 A. Okay.

4 Q. -- three lines down, it says: The Company
5 intends to have these Trust Deeds have loan-to-value
6 ratios, no greater than 70 percent but with an objective
7 goal of 50 to 60 percent.

8 Did you see that?

9 A. Yes. That's why 60 percent stuck in my mind,
10 because that was probably what he was talking about.

11 Q. Now, the first paragraph under this Target
12 Markets heading, says: will target the funding and
13 purchasing of Trust Deeds to qualified purchasers of
14 foreclosed homes and qualified builders of Arizona
15 commercial and residential projects.

16 Do you recall him talking to you about, as part
17 of his model, that he was helping buyers buy at trustee
18 sale?

19 A. I knew that. And the other thing, just to add
20 to his detail, is he said he rented some houses. He kept
21 some houses and rented them through that recession. I do
22 remember him saying that now. It's coming back to me.
23 But, yes, I did know he was buying from -- in that
24 environment.

25 Q. You testified a moment ago that he indicated

STEVEN GREGORY BUNGER, 12/3/2018

1 that in recording liens, he would work through title
2 companies.

3 Do you recall whether, in connection with buying
4 or lending money to buyers at trustee sales, how he would
5 place those funds?

6 A. I don't recall the -- I'm sure we talked about,
7 but I don't recall what it was. I do remember him being
8 very active with the buyer and kind of coaching the buyer
9 on what he could sell. He shouldn't pay more than X --

10 Q. And --

11 A. -- based on his experience.

12 Q. -- when he was portraying to you the model or
13 the procedures he was following, was he telling you that
14 he would have funded the loans through the trustee at the
15 trustee sales?

16 A. I don't know. I don't recall.

17 Q. Looking back today on what occurred for a period
18 of time, at least with this Mr. Menaged, Scott Menaged who
19 we talked earlier in your deposition is a guy who is now
20 serving time in prison, who did a lot of borrowing, either
21 individually or through his entities from DenSco, in those
22 instances, Denny Chittick in some cases was funding the
23 loan directly to Mr. Menaged and not to either title
24 companies or trustees.

25 Is that consistent with what you understood

STEVEN GREGORY BUNGER, 12/3/2018

1 Denny Chittick's model to be?

2 A. No. Quite the contrary.

3 Q. I mean --

4 A. No. I was surprised to learn that fact. I was
5 pissed.

6 Q. You know, Steve, he knew the hard-money lending
7 business, "he" being Denny Chittick, right?

8 A. Very much so.

9 Q. So he knew the fundamentals of the importance of
10 making sure he had a first position deed of trust on
11 property, right?

12 MR. CAMPBELL: Object to the form.

13 THE WITNESS: Excuse me?

14 MR. CAMPBELL: I just have to -- there are
15 certain objections we have to make for the judge. You
16 don't need to worry about them, but I just need to say
17 them.

18 Q. (BY MR. DeWULF) I should have said this.

19 Counsel may object for the record for later
20 court purposes, but you can answer the question if you
21 can.

22 A. So what was the question again?

23 Q. Yeah.

24 A. You put a bunch in that sentence.

25 MR. CAMPBELL: He did.

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1 Q. (BY MR. DeWULF) I'll break it down.

2 It seems to me that what he did in connection
3 with -- what Denny Chittick did in connection with Menaged
4 was completely out of line with his normal practices and
5 procedures in DenSco, and based on what you know, would
6 that be true for you, in terms of how you view it?

7 MR. CAMPBELL: Object to the form.

8 THE WITNESS: Yeah. It wasn't what I expected.

9 Q. (BY MR. DeWULF) And what you understood, based
10 on Denny Chittick's discussions with you in connection
11 with you being an investor, was that he was making sure
12 that the funds were properly used; that is, he would fund
13 to either a trustee or a title company or somewhere where
14 the money's safeguarded. True?

15 A. That was my understanding.

16 Q. And that he would make sure that the loan was
17 secured in first position properly so that in the event of
18 default, he could proceed against the property with a
19 trustee's sale, right?

20 A. I don't think it had to be in a first position,
21 but it had to be in the position that gave him the
22 ownership percentage he wanted.

23 Q. Explain that.

24 A. In other words, someone could have a small first
25 position.

STEVEN GREGORY BUNGER, 12/3/2018

1 Q. So are you saying he just needed to make sure he
2 had enough equity in the property --

3 A. Correct.

4 Q. -- to cover his position?

5 A. Yes.

6 Q. Do you remember any of your loans being in
7 second position to anyone else? Strike that. That
8 wouldn't be an accurate portrayal of how the investment
9 worked.

10 Are you aware of any loans he made, other than
11 involving Mr. Menaged, where the loan was in second
12 position to some other lender?

13 A. I don't recall, but if I saw it, it wouldn't
14 scare me, as long as the equity was there.

15 Q. I understand.

16 We talked about loan-to-value ratio, that you
17 would want there to be a proper loan-to-value ratio so
18 that your loan is -- there is enough equity to cover the
19 loan, right?

20 A. Right.

21 Q. And he was portraying that to you? In other
22 words, when he was describing his business practice, he
23 was telling you he was looking for a certain percentage,
24 you think it may have been 60 percent, but it was around
25 that?

STEVEN GREGORY BUNGER, 12/3/2018

1 A. Yeah. And not property by property, but by
2 investor, with all the properties together.

3 Q. In the aggregate?

4 A. In the aggregate by investor.

5 Q. Okay.

6 A. So investor A may have eight properties, and he
7 would look at that as a portfolio, almost, of value.

8 Q. So that DenSco could cover the obligations it
9 had to its investors?

10 A. Say that again.

11 Q. Well, so that there would be sufficient security
12 to cover the loans to protect the investors in DenSco,
13 right?

14 A. Yes.

15 Q. Anything else that you can recall? Like, for
16 example, you mentioned using title companies.

17 Did he talk to you about getting title reports
18 in connection with the loans he was making?

19 A. I recall that.

20 Q. Did he --

21 A. No, I don't recall that. I'm not sure what I
22 recall on that. Sorry, I retract.

23 Q. So in other words --

24 A. I'm just not for sure the exact things he did.
25 I just got the impression -- I'm not a real estate guy,

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1 but I got the impression he had a first lien or at least a
2 lien that would keep him in a spot to cover that
3 60 percent.

4 Q. And I think you have -- you indicated earlier in
5 your testimony that he was savvy when it came to being
6 able to evaluate the value of properties, right?

7 A. Yes.

8 Q. Do you know how he did that?

9 A. He -- he has tremendous memory and tremendous
10 analytical skills, and he has got tremendous history that
11 he can lean on using that analytical skills and memory,
12 and that's how he did it.

13 He has seen good deals and bad deals, and he
14 would know that one side of the street is T.W. Lewis, the
15 next side of the street was some other builder and which
16 one was built better and held the value more, is what he
17 portrayed to me.

18 Q. So he had a historical knowledge and a good
19 memory of different neighborhoods in the city?

20 A. Yeah. And he could see data differently than
21 most people could see data.

22 MR. CAMPBELL: John, I just need to talk to
23 Geoff for five minutes before he goes off to court, so
24 maybe we could take a break.

25 MR. DeWULF: Yeah. You want to take a break? I

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1 wasn't even watching the clock.

2 MR. CAMPBELL: Sure.

3 MR. DeWULF: Sure, this is a good time.

4 (A recess was taken from 1:52 p.m. to 1:59 p.m.)

5 Q. (BY MR. DeWULF) So, Steve, we are looking at
6 Exhibit 557, which is a July 1, 2011, Private Offering
7 Memorandum, and we just noticed a moment ago, which is
8 556, which appears he is forwarding it to you, "he" being
9 Chittick. Now, this is -- the email he is sending you is
10 a 2013 email.

11 So he is sending you a 2001 (sic) document in
12 2013, but I'm wondering if you can share with us when you
13 think you would have first started investing with DenSco.
14 We saw a 2005 letter, but I'm having a hard time tracking
15 when you would have first done business with him.

16 Do you have any idea?

17 A. I don't know. I have no clue. It's been a
18 while ago. I probably would have done a little bit with
19 him here and there.

20 Q. Do you think it would have been in 2013 or
21 earlier?

22 A. Oh, for sure 2013.

23 Q. Do you think it could have been 2012, or do you
24 know?

25 MR. CAMPBELL: John, there is a Subscription

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1 Agreement. It was right around 2013.

2 MR. DeWULF: Okay.

3 MR. CAMPBELL: Right around this email is when
4 he first started.

5 MR. DeWULF: Maybe we can reconstruct that way.

6 THE WITNESS: I did it after I left Mobile Mini,
7 is my --

8 Q. (BY MR. DeWULF) Okay.

9 A. -- is how I recall it.

10 Q. Okay.

11 A. And the whole purpose was, I'm getting ready to
12 start this company. I have this lifestyle that I want to
13 fund, and I have the choice do I adjust my lifestyle or do
14 I try to get funds, and so I put more money than I would
15 ordinarily put into this to get myself to gap to it.

16 Q. So you opted for the lifestyle?

17 A. Yes, yes, without pulling much money out of my
18 savings.

19 Q. All right. So let's look at page 5. There is a
20 paragraph that begins at the top of that page "For lending
21 on commercial projects."

22 Do you see that paragraph?

23 A. Uh-huh.

24 Q. And then it goes on and talks about what he is
25 attempting to achieve in terms of loan to value and

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1 performing due diligence, but are you aware of him lending
2 money on commercial projects?

3 A. He had told me he had done it in the past, but
4 that was one of the things when we spoke, he said that --
5 he said: That's the mistake most people made -- most
6 people made. And I have done investing in real estate,
7 and I knew this is really risky, and so I go: I'm really
8 not interested in doing a lot of commercial stuff if you
9 are doing it.

10 Q. So he was primarily focusing on residential
11 loans?

12 A. Yes.

13 Q. All right. And do you know what due diligence
14 he did with respect to the properties against which he
15 gave loans at DenSco?

16 A. Yes, I think I do. Sometimes he would go look
17 at them. Not always, though, I don't think. And I think
18 a lot of it was just on the pictures he got and the
19 address and doing his own background by doing searches to
20 evaluate comps in the area and knowing the properties in
21 that area very well.

22 Q. Do you know if he ever had people on his behalf
23 look at the properties?

24 A. I don't know if he did or didn't.

25 Q. So do you think he normally did look at the

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1 properties or you don't know one way or the other?

2 A. I'm not for sure. I just know that when I
3 started doing it myself, I looked at a few and after a
4 while, I said I've seen them all. So I never looked at
5 them. I just looked at the area.

6 Q. All right.

7 A. I'm really not sure what he said he did.

8 Q. Let's go to page 7. There is a heading
9 collections, and it talks about the enforcements of loan
10 terms and that kind of thing.

11 Were you able to gain an understanding of Denny
12 Chittick's approach to enforcing his loan terms when a
13 borrower was in default or late in payment?

14 A. No. I didn't even spend time on this.

15 Q. Do you know whether he in fact enforced the
16 terms of his loan documents with borrowers?

17 A. I assumed he would.

18 Q. But you don't know one way or the other?

19 A. Because if he didn't, you don't have a
20 loan-to-equity value. It's fake.

21 Q. So did he tell you that he would enforce his
22 loans in the event of default?

23 A. I don't remember him talking about it. The only
24 thing I do remember is him saying that in that bad
25 recession, I did take back houses myself and rented them

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1 until -- and rent them until the market came back.

2 Q. So it was your belief that in the event of
3 default, he would proceed to foreclosure or a trustee sale
4 to get the property back?

5 A. I mean, logic would say anybody would.

6 Q. And that's what your understanding was with him?

7 A. We never talked about it, but that's what I
8 would think.

9 Q. You just assumed that --

10 A. Yes.

11 Q. -- based on normal hard-money practices?

12 A. Right, just normal business practices.

13 Q. Any doubt in your mind that he understood, as a
14 hard-money lender, what his rights were against a
15 borrower?

16 A. He knew what his rights were.

17 Q. He knew what his loan documents said and what
18 his rights were, legal rights were, right?

19 A. I don't know, but would just -- I just viewed
20 him -- he would be a guy, if I had a question, I would go
21 to him for advice.

22 Q. With respect to --

23 A. With respect to what's the value of this. Hey,
24 what do you think of this deal. Hey, if I had a property
25 that wasn't paying, I would probably call him, and he

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1 would be one of the calls I would make.

2 Q. So a moment ago, Steve, you were telling us what
3 you remembered him telling you, that is Denny Chittick
4 telling you, about how DenSco went about its business.

5 Do you recall that testimony?

6 A. Yes.

7 Q. And you said that you were doing some lending on
8 your own, right?

9 A. Prior to that, yes.

10 Q. Did you talk to him about things you ought to do
11 as a lender to protect yourself?

12 A. No. I don't recall. I could have, but I did
13 tell him -- I did ask him for value, information on
14 values. Hey, would you do this deal?

15 Q. And we will look at some of those emails.

16 A. Yeah, but I don't remember. I never had any of
17 them that went to foreclosure, I don't think. I had one
18 that was bad, but I was working with a guy that knew what
19 he was doing.

20 Q. Let's look at page 8. That middle paragraph
21 talks about, about halfway down that paragraph, actually
22 about a third of the way down that paragraph, the sentence
23 reads: By limiting its compensation in that manner, the
24 Company's management believes it does not need a license
25 from the Arizona Department of Financial Institutions as

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1 either a mortgage loan broker or mortgage banker;
2 provided, however, the Company reserves a right to work
3 with and to pay a reasonable and customary mortgage broker
4 fee to a licensed mortgage loan broker or mortgage banker
5 for services in connection with its loans or to other
6 third-party professionals in connection with due diligence
7 for its loans.

8 Did I read that correctly?

9 A. I believe so.

10 Q. So did you ever talk to him about whether DenSco
11 was licensed as either a mortgage loan broker or mortgage
12 banker?

13 A. I don't recall.

14 Q. When you did your own lending, did you license
15 yourself as a mortgage broker or a mortgage loan -- or a
16 mortgage banker?

17 A. No, I did not, but I did it through another
18 company that I felt like had the proper authority do what
19 they were doing.

20 Q. Right.

21 So you don't know whether DenSco needed to have
22 a license in that regard or not, right?

23 A. Well, I would guess they would, but I don't --
24 I'm not an expert in that area.

25 Q. Why would you guess they would?

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1 A. Just because I remember my buddy at Clear Funds
2 saying that he thought he needed one for something he was
3 doing.

4 Q. Okay. Did he talk to you, that is did Denny
5 Chittick talk to you, in connection with your investing in
6 DenSco, about the diversity in borrowers he was going to
7 try to maintain?

8 A. I think he was -- I believe he did. He would
9 have. I don't recall exactly, but that's what I would
10 expect.

11 Q. Did he tell you that he was intending not to
12 loan too much money to any one particular borrower or
13 borrower group, or did that ever come up?

14 A. I'm sure it came up, and I would have wanted him
15 not to do that, to not be concentrated with one person. I
16 don't remember the exact conversation, though, but I would
17 be worried about that concentration.

18 Q. When you -- there is information in here on the
19 POM regarding his historical performance of the company.

20 Do you remember reading that?

21 A. No.

22 Q. Do you remember reading any of the POMs --

23 A. No.

24 Q. -- sitting here today?

25 A. Huh-uh.

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1 Q. Do you think you would have gotten more than one
2 POM from the company?

3 A. I know I did.

4 Q. Did you?

5 A. Yeah.

6 Q. Do you remember what years you got POMs for?

7 A. I don't know. It was every now and then he
8 would send me -- he would send me another one when I
9 started a new thing.

10 Q. Do you --

11 A. Talking about those signature dates, you know,
12 that's when it would have happened.

13 Q. Now, are you maybe thinking about a subscription
14 agreement that you signed or are you thinking about a POM?

15 A. Don't know.

16 Q. All right.

17 A. I'm guessing it was a subscription agreement, if
18 I had to guess.

19 Q. Okay. Could I ask you to go to page 30.

20 So there is a heading Legal Counsel to the
21 Company and Its President Does Not Represent the
22 Noteholders. And then the next heading, Legal Counsel to
23 the Company will Represent the Interests Solely of the
24 Company and Its President.

25 Do you remember whether you read this language

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1 in the POM at the time?

2 A. Don't remember.

3 Q. Did you understand that DenSco had a lawyer with
4 respect to things like the POM?

5 A. Yeah. I mean, only because I'm in business and
6 I know that you don't write them yourself.

7 Q. Did you know who it was?

8 A. No.

9 Q. When did you -- did you ever learn who the
10 lawyer for DenSco was with respect to things like the POM?

11 A. I don't recall anything.

12 Q. Okay. Did you ever learn about a gentleman
13 named David Beauchamp?

14 A. No, not that I recall.

15 Q. So sitting here today, you don't remember who
16 David Beauchamp is?

17 A. No. I mean, no different than if I am doing --
18 I don't even know who wrote my stuff.

19 Q. Right. And I guess --

20 A. I just know a lawyer did it.

21 Q. And my question really is more not just limited
22 to the POM, but did you ever learn of an individual named
23 David Beauchamp having a connection to DenSco?

24 A. No. I would say the only time I learned about
25 it, at some point I learned that he was one of the

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1 investors, his lawyer or whoever that was, was one of the
2 investors in the deal. I think I heard that from
3 somebody. Through Brian or somebody.

4 Q. Let's look at 558. I'm going to try to move
5 this through.

6 So you look at -- you are sending an email about
7 halfway down, February 26, 2013.

8 Do you remember sending him this email?

9 A. I don't remember sending it, but I remember
10 sending a bunch of these emails.

11 Q. This has to go with the selling of the MINI
12 stock.

13 A. Yeah.

14 Q. So you would have gained some cash that you
15 needed to invest somewhere?

16 A. Yeah.

17 Q. Is that what was going on?

18 A. Yeah.

19 Q. Let's look at --

20 A. And this is when I was getting ready to start
21 the business. I had the business in mind as I was doing
22 this.

23 Q. The business you are talking about is the --

24 A. Pro Box.

25 Q. -- Pro Box?

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1 A. Yeah.

2 Q. Okay. Let's look at 559. Just evidencing the
3 fact that you are sending an email March 4, 2013, to Denny
4 Chittick, where you are wire transferring a million
5 dollars to DenSco.

6 Do you see that?

7 A. Yeah.

8 Q. 560.

9 A. I wish I had stopped. I wish I would have only
10 sent him --

11 Q. Yeah. Unfortunately, there are some more
12 documents and after this, I can assure you.

13 A. Yeah.

14 Q. Exhibit 560, there is a reference to, halfway
15 down, a DenSco dinner party.

16 Do you see that?

17 A. Yeah.

18 Q. Now, DenSco had dinner parties on some annual or
19 some periodic basis?

20 A. I don't think I ever went to one, but I heard of
21 it.

22 Q. Do you know what happened at those?

23 A. No. But there was probably -- there was
24 probably no alcohol being served, so I probably didn't go.

25 Q. Do you know if any business was done at those

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1 business parties?

2 A. I really don't know what they were.

3 Q. All right. 561, email to you telling you that
4 Denny Chittick's March 7, 2013: I can take another
5 million tomorrow if you like.

6 So I was -- I marked this just to ask you, would
7 there be occasions where Denny Chittick would reach out to
8 you and say I could use more money and you would fund him
9 more money?

10 A. Yeah. He would know if I had money, and as long
11 as he wouldn't take it all, so I would just say I got it
12 if you need it. I'm sitting here.

13 Q. So you would tell him you had money available,
14 and he would just let you know when he wanted you --

15 A. Yeah.

16 Q. -- to invest?

17 A. And at the same time I was probably -- what year
18 was this?

19 Q. March 2013.

20 A. I might have been doing some things with other
21 people, too, at the same time, but probably at that time I
22 was. I was probably -- I was talking to two or three
23 people, getting money out. I was trying to create income.

24 Q. Okay. Let me ask you a question. This was
25 covering in the POM, and I forgot to ask you.

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1 Did you understand that Denny Chittick was the
2 manager, director, and sole shareholder of DenSco?

3 A. I assumed that, but I didn't know that as a
4 fact.

5 Q. Did you ever meet anyone who purported to work
6 for DenSco, other than Denny Chittick?

7 A. I saw a name Tricia on a couple of these just a
8 minute ago. I don't remember anybody working for him that
9 I knew, but I could be wrong on that fact.

10 Q. Okay. Exhibit 562, follow up to your email: I
11 received it. Thanks.

12 563 is an email from you, beginning kind of
13 halfway down the document, March 29, 2013. You are
14 telling him you can put money in the Desert Classic
15 account, and the email prior to that is indicating that
16 your daughter brought him four checks.

17 Do you see that?

18 A. Yeah.

19 Q. He says he uses two. And then the next sentence
20 he says: So the million dollar deal backed out, the 2.4
21 deal didn't close today. Won't until Tuesday, so you see
22 how wild swings I have in cash and demand. That helped a
23 ton, though. I was able to fund a few other guys deals
24 that I wouldn't have been able to fund.

25 Did I read that correctly?

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1 A. Yes.

2 Q. So he is referencing a couple deals. One is a
3 million-dollar deal and another is a 2.4 deal.

4 Did he ever tell you what these deals were, to
5 whom he was lending money?

6 A. No. What -- when I read this, I remember what I
7 would be thinking. Because he would be saying to me:
8 Steve, I don't know when houses are going to sell. I
9 don't know when houses are going to be bought.

10 And I would read this as I got 2 point -- even
11 though I can read it right now, now I go holy shit, but
12 then I would have thought to myself, hey, this is
13 \$2.4 million of deals, multiple checks, because multiple
14 people are selling houses all the time. That's what I
15 would have thought.

16 Q. You don't read it as one deal?

17 A. No. I mean, I read it right now as one deal,
18 but I didn't read it -- because that was how our
19 conversation went. He goes: Hey, I don't know when
20 houses are going to sell. And some days they sell and I
21 have a lot of cash, and other days they don't sell.

22 Q. And so now you think it might have been one deal
23 for 2.4 million based on what you learned?

24 A. Maybe. Just -- that's a lot of money.
25 Actually, he wouldn't do a 2.4 -- in my mind, he would

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1 never do a \$2.4 million house. That's the way I think
2 about it.

3 Q. Did his lending practices with -- let me step
4 back.

5 Have you learned about the fact that Denny
6 Chittick, through DenSco, was lending money to Scott
7 Menaged directly at times, where he would just give him
8 the loan personally as opposed to putting it with a
9 trustee or a title company?

10 A. I didn't even know that or know him.

11 Q. Do you know that today, though?

12 A. I have heard of that today. I wouldn't have
13 liked that fact if I knew it then.

14 Q. Right.

15 Learning that today, do you view that as
16 consistent with what you thought Denny Chittick's
17 practices were?

18 A. Inconsistent.

19 Q. Did you have any idea today why he chose to
20 depart from his normal practices?

21 A. I have no idea then, or I have speculated what I
22 hear now.

23 Q. What's your speculation?

24 MR. CAMPBELL: I will just object to the form.

25 THE WITNESS: Of why he switched? Is that the

1 question?

2 Q. (BY MR. DeWULF) why he would be so -- why he
3 would abandon his normal practices and procedures on
4 lending money when it came to Scott Menaged.

5 MR. CAMPBELL: Object to the form.

6 THE WITNESS: So I -- I have just -- this is
7 after the fact, and I have compartmentalized this a long
8 time ago, but it's my understanding that he thought he was
9 lending to somebody with getting titles, and he found out
10 later he wasn't going the first lien and they were fake
11 liens, is what I thought I heard. And that he got upside
12 down, found out he was upside down.

13 And then I had heard he pushed his money and --
14 the money he had in the investment market into the
15 business, probably mortgaged his house, and thought he
16 could ride it out with some promise he got from this guy.
17 But this is all after the fact. And then got to a spot
18 where he realized it wasn't going to work.

19 But he thought he could ride it out with people
20 like me, I'm guessing, I'm speculating, that make money
21 along the way, which I would have never given him the
22 money if I knew this was going on.

23 Q. (BY MR. DeWULF) Do you know, sitting here
24 today, whether he, Denny Chittick, ever spoke to any of
25 the investors about this problem he had with Scott Menaged

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1 and these loans that either were not secured or they were
2 mishandled in any way?

3 A. No, because if he did, anybody would freak out
4 if they heard that.

5 Q. Right.

6 So no investors knew about this?

7 A. Not that I know of.

8 Q. Yeah.

9 A. If he shared with anybody, it would be Brian.

10 Q. Any idea today, Steve, why he would have allowed
11 Menaged to get away with what Menaged got away with?

12 A. Could I talk about speculation? You want
13 speculation? I mean, speculation is all it is.

14 Q. I don't want pure speculation, but if it's an
15 educated thought about it or based on what you have
16 learned since the suicide, I would like to hear your
17 thoughts.

18 MR. CAMPBELL: Object to the form.

19 THE WITNESS: I mean, it's mainly speculation.
20 I think he got sloppy. He is a one-man show. And I think
21 he was always the smartest guy in the room, and he wasn't
22 getting good advice from somebody else, anybody else,
23 whereas most people would get into a jam like that and ask
24 for advice from people. Just say: Hey, I'm in this jam.
25 walk me through how you think about it. I think he felt

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1 like he was the smartest guy in the room, and he probably
2 was, but not in every domain.

3 Q. (BY MR. DeWULF) So you're saying that because
4 he was the smartest guy in the room, he maybe wasn't
5 looking out for himself as well as he should?

6 MR. CAMPBELL: Object to the form.

7 THE WITNESS: I don't know if he thought that.
8 I don't think he was worried about himself. I think he
9 was trying to work his way through this whole thing. This
10 was his legacy to his kids. So, yeah, he felt a
11 responsibility to everybody, I think, including himself.

12 Q. (BY MR. DeWULF) And you think he thought he
13 could do it, he could fix it himself without going and
14 getting help from others?

15 MR. CAMPBELL: Object to the form.

16 THE WITNESS: I felt like -- it's speculation.
17 I felt like he, in the spreadsheet, would have tried to
18 figure out if I make enough money, can I ride through
19 whatever I know is happening, and truly thought he could
20 ride through it.

21 Q. (BY MR. DeWULF) In your experience in having
22 spent time with him and done investing with him, was he
23 someone that looked for advice from others?

24 MR. CAMPBELL: Object to the form.

25 THE WITNESS: I don't know. He always just

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1 seemed like the smartest guy in the room. He was very
2 proud of what did.

3 Q. (BY MR. DeWULF) So was it your impression that
4 he thought he knew more than others?

5 MR. CAMPBELL: Object to the form.

6 THE WITNESS: You know what? I don't know.
7 It's pure speculation how he would -- you would think
8 anybody would ask for some advice based on certain
9 situations. So I don't really know him well enough, but
10 I -- I think once he got in trouble, I think he was in a
11 spot where he was scared to ask people.

12 Q. (BY MR. DeWULF) Did you ever see him ask for
13 advice from anyone, in the experiences you had with him?

14 A. No, but I was never in a spot where that would
15 be applicable. I was always asking for the advice.

16 Q. All right. Let's look at 564. You mentioned
17 this earlier --

18 A. Yeah.

19 Q. -- in your testimony. This is a March 29, 2013,
20 email from Denny Chittick to you.

21 Do you recall receiving this email?

22 A. Not this specific, but I remember the situation.

23 Q. It says, Investors: Steven, I've decided not to
24 take on any new investors. I'll continue to accept money
25 from the current investors. I appreciate all the

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1 referrals from everyone, since I spend exactly \$0 on
2 marketing. word of mouth was my only way to grow. Please
3 find attached your monthly statement.

4 A. When -- what year was it when he passed away?

5 MR. CAMPBELL: 2016.

6 Q. (BY MR. DeWULF) He passed away in 2016, July of
7 2016.

8 A. Okay.

9 Q. So this would have been over three years
10 earlier.

11 Do you know, do you remember any discussions
12 with Denny Chittick about why in March of 2013 he had
13 decided not to take any new investors?

14 A. Yeah, he told me why. It's not true, but here
15 is what he told me. He just said: I've got a third of my
16 money here and a third of my money there. I'm a one-man
17 shop, and I want to spend as much time with my kids as
18 possibly. So I get up early, I take them to school, I get
19 them ready, and then I work from whatever time until
20 whatever time they get -- there is only so many deals I
21 can do in that amount of time, and I don't need more
22 money, is what he told me.

23 Q. You prefaced that comment with it wasn't true.
24 why do you say that?

25 A. I think he thinks he was in trouble then, is my

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1 guess, and was scared to -- he didn't want to make,
2 become -- this is pure speculation, that he didn't want
3 more money because it was already a Ponzi scheme and he
4 didn't want to get in more trouble, is my speculation. I
5 don't know if this happened before or after all that. I
6 don't know the timing.

7 Q. All right.

8 A. But that's what he told me on multiple
9 occasions.

10 Q. You did more investing after this date, right?

11 A. Probably.

12 Q. You don't remember --

13 A. Well, I'm sure I did. I didn't brush up on
14 dates, but if you said I did, I did.

15 Q. All right. Well, we will look at the dates.

16 A. Yeah.

17 Q. Let's look at 565. This is just him telling you
18 kind of what's going on and he might need more money.

19 A. Yeah. So this is an example of what I said
20 before: Hey, I got people that need money.

21 Q. Uh-huh.

22 A. Yeah.

23 Q. 566. So this starts -- at the bottom there is a
24 reference to a MOM's meeting 4/19.

25 Do you see that?

STEVEN GREGORY BUNGER, 12/3/2018

1 A. Yeah.

2 Q. Actually, it starts before that. There is a
3 Denny Chittick email, and he talks about a variety of
4 things, like the economy, what's going on --

5 A. Right.

6 Q. -- domestically, what's going on nationally,
7 internationally.

8 Was part of the MOM's meeting him giving you
9 some sort of overview of the domestic and foreign
10 economies?

11 A. No.

12 Q. Do you recall that?

13 A. I mean, there is a lot of crap in here, but what
14 I thought he told us was what's going on in the general
15 economy that might affect the housing industry. That's
16 kind of where he -- even though it says this, he is always
17 referring to what's going on in the general economy as it
18 relates to housing.

19 Q. Understand.

20 And was that a part of the information that was
21 shared at the MOM's meetings, was how things were
22 affecting the housing industry?

23 A. Yes, most definitely.

24 Q. And then you ask: Do you still need 400,000
25 wired to you this morning? He says: Yes. And then you

STEVEN GREGORY BUNGER, 12/3/2018

1 do it.

2 And this is just this dialogue you guys have
3 where you have money you want to place and he has needs,
4 and you guys --

5 A. Right.

6 Q. -- are going back and forth.

7 A. Right.

8 Q. Let's look at 567. Again, at the bottom you are
9 saying you wired 200,000 back. Did you want another
10 50,000?

11 A. The year must have been -- what year is this?
12 2013. I don't know about want money back, but...

13 Q. So it looks like you were asking for some money
14 back into your accounts.

15 A. What time of year is this?

16 Q. Because you want to buy a business.

17 A. Is that what it says?

18 Q. Well, this email in the middle from you to him.

19 A. Oh, yes. I knew exactly -- yeah, I was buying a
20 business.

21 Q. Do you remember what it was?

22 A. Yeah. It was a striping company, like a road
23 striping company.

24 Q. Got it.

25 Let's look at 568.

STEVEN GREGORY BUNGER, 12/3/2018

1 A. So here is that 2.4 million, which is about --
2 you see how he talks about in groups there?

3 Q. Right.

4 In other words, commitments, you are saying in
5 the aggregate --

6 A. Yeah.

7 Q. -- is about 2.4 million?

8 A. That's how I thought he was talking to me.

9 Q. When he tells you in that last sentence "I'll
10 have plenty of cash," what does that mean? It means he
11 has money available to loan, so he doesn't need
12 investments? Is that what he is telling you?

13 A. It means two things. It's mainly meant -- did
14 you look who this is to? This looks like it's to all his
15 people that borrow from him. And so he is saying: If you
16 guys are looking at deals, I've got cash for it. Because
17 I'm sure there are times when they want to look at deals
18 and he doesn't have cash for it.

19 Q. So one of the emails in this listing, this list,
20 sir, is the email for this Scott Menaged.

21 Did you ever know any of the borrowers for
22 DenSco?

23 A. I met a few of them, but just high level. I
24 wouldn't even know their name anymore.

25 Q. Let's look at 569. The same email, just -- just

STEVEN GREGORY BUNGER, 12/3/2018

1 a series of emails trying to clarify what he needs, right,
2 back and forth?

3 A. This is, like, this whole ebb and flow of his
4 account.

5 Q. 570.

6 A. And I knew that, because when I did my own
7 loans, I had the same thing. All of a sudden a house
8 would sell and I'd be sitting on cash, and I would be,
9 like, I want to get this back to work.

10 Q. I forgot to ask you this question when you were
11 describing that earlier, Steve.

12 Did you actually take title to the properties
13 that you lent money on?

14 A. Yes.

15 Q. Okay. So you didn't secure your loan against
16 the property. You just took title to the property?

17 A. Well, no. I shouldn't have answered it so
18 quickly. I felt like I had a first lien on all the
19 properties.

20 Q. How did you -- did you just know that you needed
21 to do that on your own, or is that something that Denny
22 Chittick told you you ought to do? Do you recall?

23 A. I learned it the hard way through that Clear
24 Funds group. Because if I had my own houses and they went
25 bad, I would have just rented them and waited until the

STEVEN GREGORY BUNGER, 12/3/2018

1 market came back. So my whole theory was how can I -- and
2 I'm -- be as safe as possible.

3 Q. So did you have an agreement with your borrowers
4 that if they defaulted, you just keep title, or was there
5 something --

6 A. Yeah, I did.

7 Q. -- else to that?

8 A. The deal was with me, and they provided all
9 the -- they pretty much provided the management part of
10 it, and I was just the funding and held the property.

11 Q. How did they find you? Did they advertise? How
12 were borrowers finding you when you individually loaned
13 money?

14 A. The bigger question is how did I find them. But
15 these people were out in the industry. I don't know
16 however they find people, but it must be a small world,
17 because I would see the same names flying all over the
18 place.

19 Q. And you would reach out to them if you wanted to
20 make a loan?

21 A. Well, I would just -- I would be talking to this
22 management company and I would say: Hey, I'd like to do
23 five loans. I want to keep them all under 150,000 bucks
24 or 200,000 bucks. Here is the rough parameters I'm
25 looking for. If you see something, let me know. And here

STEVEN GREGORY BUNGER, 12/3/2018

1 is the return I would like to get.

2 Q. What kind of return were you looking for
3 typically?

4 A. You know, I was looking for a net 12 percent.

5 Q. So let's look at this email, the email that
6 starts about a third of the way down from you to Denny
7 Chittick, dated July 12, 2013.

8 A. Maybe it was 14 percent I was getting. Okay. I
9 was getting 14 percent.

10 Q. It says: I would have rather given you the
11 money even though you pay 12 percent. I get 14 percent
12 with the others, but it's hard to really yield that
13 because I can't keep the money working 100 percent of the
14 time.

15 when you are -- did I read that correctly?

16 A. You did.

17 Q. When you say "others," are you talking about
18 other hard-money lenders with whom you invest or something
19 else?

20 A. Yeah, who I was giving money with. And in those
21 case, I wasn't in a fund. I was literally buying houses.
22 And they would send me over the whole market analysis that
23 they do and say: Hey, do you want to buy this house? But
24 then it would sell and I would have cash. And if you
25 do -- if you look at the value of what you are really

STEVEN GREGORY BUNGER, 12/3/2018

1 getting, even though you're getting 14 percent, you are
2 not really getting 14 percent, because the money is not at
3 work.

4 Q. Because it took too long -- it took longer to
5 get your money back?

6 A. Yes.

7 Q. I see. And so what you are saying is with Denny
8 Chittick, you are getting 12 percent, but you are getting
9 it more quickly, so your return or your yield is greater?

10 A. That was my assumption.

11 Q. All right. Let's look at 571. Again, here you
12 are talking about 300,000 to invest. Again, kind of
13 telling you what the status of things was?

14 A. Yeah.

15 Q. Dated, I guess, July 15, 2013.

16 A. Right.

17 Q. And then Exhibit 572, here he is saying to you
18 on July 15, 2013: Don't give it away. I have a guy who
19 just called. He is trying to take down 2.85 million for
20 56 homes. I will need every dime so don't give away
21 unless you warn me. I want first refusal.

22 Did I read that correctly?

23 A. Uh-huh.

24 Q. Do you remember this?

25 A. Huh-uh.

STEVEN GREGORY BUNGER, 12/3/2018

1 Q. This would have been dated July of 2013.

2 Do you remember someone borrowing money to buy
3 56 homes from DenSco, buying -- loaning the money from
4 DenSco?

5 Let me start that again.

6 A. Yeah.

7 Q. Do you remember there being a borrower of DenSco
8 that was going to buy 56 homes?

9 A. Well, I would have read this as that's a whole
10 bunch of borrowers.

11 Q. Okay. But you don't remember this, independent
12 of reading this today?

13 A. No. Reading them now, I look at it and go:
14 Holy shit. I should have asked more questions.

15 Q. So Exhibit 573, starting at the last email to
16 you -- to Denny Chittick from you, September 26, 2013, you
17 are asking to move some of your money to a second account.

18 Is this just intended to reduce --

19 A. This is all estate planning.

20 Q. Okay. And estate planning, meaning you are
21 seeking to avoid taxes at some level?

22 A. Yeah. It's a pretty complicated Nevada trust
23 inside of trust.

24 Q. Okay. So 574.

25 But when we look at these different trusts, and

STEVEN GREGORY BUNGER, 12/3/2018

1 we will, there are other trusts through whom you lent --
2 through which you lent money, those were all a part of
3 this estate planning --

4 A. Yes.

5 Q. -- you were doing, right?

6 A. Yeah.

7 Q. And were those trusts in your kids' names?

8 A. Yes, the other ones were. This one sort of is,
9 too, but it just didn't work right.

10 Q. 574, again, a series of emails between you and
11 Denny Chittick in December of 2013, where you are talking
12 about providing him more money through an investment?

13 A. This just looks like I'm talking to me mainly,
14 right?

15 Q. Yeah. You -- he starts out and says: I'm not
16 in need of any money -- in need of any money today.

17 (Interruption.)

18 THE WITNESS: They used to say that to me, as I
19 mumble my way through things.

20 Q. (BY MR. DeWULF) I do, too. Sometimes I forget
21 she is there.

22 But you can read it.

23 A. Yeah.

24 Q. Basically it's just a discussion.

25 And then the last email from him to you, you can

STEVEN GREGORY BUNGER, 12/3/2018

1 read it, he says closings have slowed down.

2 And then his second paragraph: I would guess
3 500,000 to 1 million. I just wanted to make sure you
4 hadn't spent it all. If it's available I'll be in touch
5 as I get smarter on cash flow.

6 Do you see that?

7 A. Yeah.

8 Q. So you would have been continuing to invest with
9 DenSco as of the end of 2013, right?

10 A. It looks that way.

11 Q. Let's look at 575.

12 A. That's why I started changing my mind now, in
13 2013.

14 Q. Did there come a point -- go ahead and look at
15 this and I will ask you a question about it.

16 A. Yeah, I've read it now.

17 Q. So did there come a point where he was -- he
18 became, "he" being Denny Chittick, became slower and
19 slower in being able to pay you back on the loans that
20 you -- or the investments you made in DenSco?

21 A. Well, it just became a point where -- and I have
22 seen this with other people, it's not just him -- the
23 market swings, buyer's market, seller's market, and there
24 is times when, even if you have money, you can't get it
25 out.

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1 He has got a portfolio. He wants to give money
2 back to me so he doesn't have to pay the 12 percent.
3 That's what this is saying.

4 Q. I see.

5 A. You know, I might not have it all at work and I
6 might not have it work for three weeks. I would rather
7 give the money back to you.

8 Q. I see.

9 A. Because I was kind of his working capital line
10 of credit.

11 Q. He could pay him back sooner than the end date
12 of the note, right?

13 A. Yeah. In this case he was saying I'll give you
14 some money back. Because we had had the conversation
15 where I had said: Hey, I'm going to give you a lot of
16 money. I'm parking it, but I'm going to be pulling a lot
17 of it out. Can you -- even though this note says what it
18 is, and I know that if the economy goes to hell, I'll
19 regret I ever did this, but can you do this for me? And I
20 had enough of a relationship and he said: I can.

21 Q. Exhibit 576, which is the next exhibit. Just
22 focusing on --

23 A. I sent more money.

24 Q. And the last email from him to you,
25 December 20th, 2013, he is saying tell me what entity you

STEVEN GREGORY BUNGER, 12/3/2018

1 want the docs in, meaning who the identity of the
2 investor, right?

3 A. Right.

4 Q. All right.

5 A. No, no. What I read this as, is which one of my
6 companies am I putting the money in through.

7 Q. Right.

8 A. Is it Desert Classic. Is it other ones.

9 Q. But that would be the identity of the investor,
10 right --

11 A. Yeah.

12 Q. -- and the company?

13 Okay. Let's look at 577. Here he is actually
14 identifying borrowers. So it reads -- this is a
15 December 23rd, 2013, email from Denny to you.

16 Do you recall receiving this?

17 A. I don't recall any of these, but nothing
18 surprises me.

19 Q. But when the email address is steve@bunger --

20 A. .me.

21 Q. -- .me, that's your email address?

22 A. It's one of them I use, yeah.

23 Q. Any doubts that the emails that I've been
24 showing you, that they were emails between you and Denny
25 Chittick?

STEVEN GREGORY BUNGER, 12/3/2018

1 A. Oh, no. These are all legitimate. I'm not
2 saying they're made up.

3 Q. I just want to make sure --

4 A. I just don't remember specifically. As you can
5 see, there is a lot going on there.

6 Q. I understand.

7 A. Yeah.

8 Q. So in this email, he says to you: Okay. I'm
9 good for tomorrow. However, Thursday, Friday, I might be
10 in need. I've got two good borrowers. You've one of
11 them, Barry and Landon, they need 300,000, and another
12 needs 500,000.

13 Did I read that correctly?

14 A. Yes.

15 Q. Do you know who Barry and Landon are?

16 A. I don't recall right now.

17 Q. Do you remember borrowers with the last name
18 Latelle?

19 A. No. It doesn't mean I didn't know them, but I
20 don't recall them.

21 Q. All right. Did you -- so, again, this is --
22 it's hard to decipher, but he seems to be saying you know
23 one of them, but maybe that's not what he is saying.

24 A. Well, there is people -- there is people at the
25 meeting that I kind of -- I would go to these meetings and

STEVEN GREGORY BUNGER, 12/3/2018

1 the same people would be there, and so I sort of got to
2 know a few people by first name, and I might have known
3 these two people.

4 Q. Okay.

5 A. I remember there were two brothers there that
6 did stuff.

7 Q. Okay. And these meetings were these MOM's
8 meetings you are talking about?

9 A. Yes.

10 Q. And those were typically homebuilders or
11 borrowers of DenSco, right?

12 A. Yeah. They are flippers.

13 Q. All right. And you don't remember,
14 independently of this, somebody by name of Latelle?

15 A. No.

16 Q. Do you remember if there were any DenSco
17 investors who were also borrowers?

18 A. No.

19 Q. All right. Let's look at Exhibit 578. Again,
20 just a series of emails between you and Denny Chittick in
21 January of 2014, talking about cash needs and investments?

22 A. Right.

23 Q. 579, again, communication between you and Denny
24 Chittick about you funding more --

25 A. Right.

STEVEN GREGORY BUNGER, 12/3/2018

1 Q. -- investments and him using them to lend.

2 580. Steve, let's look at that email. Not the
3 top email, but the one right below it, where you are
4 writing: Hi Denny.

5 Do you see that email?

6 A. Yeah.

7 Q. I will say that I don't understand but I am sure
8 you will be able to explain. The main thing I am worried
9 about is to make sure the right entity gets the interest
10 and the same interest is reported to the IRS.

11 Is this related to your estate planning issues?

12 A. Yes. Because just what I did, is I would put
13 this money into these -- these trusts or these LLCs, and
14 then I would have a side loan. What I did, my mom gifted
15 some money to these kids, and I would put it, and then I
16 could leverage it eight times. And I had like a
17 fictitious loan going on and it would claw away, so I was
18 trying to give them a million dollars each by just letting
19 the interest pay for itself.

20 Q. All right. But you are getting advice from
21 people?

22 A. Yeah.

23 Q. And you are doing this as a way to --

24 A. For 100,000.

25 Q. -- structure your estate and maybe avoid taxes.

STEVEN GREGORY BUNGER, 12/3/2018

1 The last email where Denny is -- Chittick is
2 saying to you, January 25, 2015: Steve, this is really
3 too much. I just finished end of month, made all the
4 adjustments and now you want me to undo it. I have made
5 sure the right entities have received all the interest
6 back dating and changing it. Uncle.

7 Did I read that correctly?

8 A. Yeah.

9 Q. Do you remember this email?

10 A. Sort of.

11 Q. Do you remember him being frustrated at some
12 point in time with the details that you were asking from
13 him in terms of structuring?

14 A. Probably. I probably was a pain in the ass.

15 Q. You don't remember it --

16 A. No.

17 Q. -- sitting here today --

18 A. No.

19 Q. -- one way or the other.

20 But you do remember --

21 A. I mean, I would laugh when I see this, because I
22 would be -- I would call him and say: Hey, let's talk.

23 Q. Was he a guy who got annoyed easily, or how
24 would you describe his demeanor as it related to dealing
25 with investors on these kinds of requests?

STEVEN GREGORY BUNGER, 12/3/2018

1 A. He'd got annoyed easily, yeah.

2 Q. Would he get over it?

3 A. Yeah. I just knew how to talk to him, because I
4 know how to talk to different personalities.

5 Q. You said earlier in your testimony that you
6 thought he was socially inept and sometimes he would just
7 say whatever was on his mind, right?

8 A. Right.

9 Q. And would you see that in written
10 communications, where he would just tell you something
11 bluntly, but you didn't really take it too seriously
12 because you knew him?

13 A. For the most part.

14 Q. Let's look at 581.

15 So this is -- and let's look at 582 and 583 --

16 A. This is when I was starting the company.

17 Q. -- and 584. Okay? And the reason I'm showing
18 you this --

19 A. 583, 584.

20 Q. Yes. So 581 through 584. If you look at the
21 last, these are a series of requests you are making of
22 him. I want you to look at this. So don't take my word
23 for it, but look at all these.

24 But the last communication that I have copied
25 for you to look at is a communication between Chittick and

STEVEN GREGORY BUNGER, 12/3/2018

1 this Scott Menaged, where he is commenting about your
2 loans.

3 A. Where is it at? Which one is it?

4 MR. CAMPBELL: 584.

5 Q. (BY MR. DeWULF) 581 through 584.

6 A. So should I stop reading this?

7 Q. Actually, 584.

8 So if you look at --

9 A. Look at this one. Okay.

10 Q. So you look at the very top of each one of
11 these, you have got an email, Chittick sending an email to
12 Menaged.

13 A. I didn't recognize that name. Which number is
14 that one?

15 Q. This is 581. And then 582, the same deal. At
16 the very top of that first page, Chittick is sending an
17 email on to Menaged.

18 583 --

19 A. Oh, this is him complaining about me?

20 Q. Yeah.

21 A. Okay.

22 Q. So I grouped this together, because, again, you
23 testified earlier you never met Menaged, right?

24 A. No.

25 Q. And you never knew who he was, right?

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1 A. No.

2 Q. And you didn't know in this timeframe, that
3 is -- this looks like different dates. So first, 581 is
4 May of 2015, 582 is October of 2015, 583 is September of
5 2015, and 584 is May of 2015.

6 A. So this SM, that's Menaged, right?

7 Q. That's Menaged.

8 So he is commenting to Menaged about your
9 communications with him.

10 Did you have any idea that he was communicating
11 with anyone --

12 A. No.

13 Q. -- Menaged or anyone else?

14 A. No. He was cool and calm with me.

15 Q. Did you consider this to be confidential
16 information between you and Chittick?

17 A. I mean, yeah, but I wouldn't -- I mean, it's not
18 that big of a deal.

19 Q. Right. And I'm not asking you whether it's a
20 big deal or not, but it would have been information that
21 related to your family, your finances, how you were
22 handling your finances vis-a-vis your estate planning and
23 other things, right?

24 A. Yeah, but, I mean, technically I wouldn't want
25 him to know, but I really wouldn't care because if he is

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1 the source of money, that's where he goes. Yeah. I'm not
2 trying to be tricky or anything, but I'm just --

3 Q. Well, how -- what's your reaction to the fact
4 that Denny Chittick is getting information regarding your
5 investments and he is passing it on to this other person
6 and talking about you with him?

7 A. My reaction right now is, now my reaction is,
8 oh, my God, he was in trouble and I didn't even know it.

9 Q. In trouble because he was hooked into this
10 guy --

11 A. Yeah.

12 Q. -- Menaged?

13 A. Yeah. I mean, I don't really -- when I read
14 that, I didn't go: Oh, my God, he didn't share. My first
15 reaction wasn't he didn't share -- he shouldn't have
16 shared. My first reaction was: Oh, my God. I was, like,
17 close to the saw. You know?

18 Q. Explain that.

19 A. Meaning that, like, I could have -- you know, if
20 I wouldn't have got this money out, I would have been in
21 trouble starting this business that I already planned on
22 and put other capital out on.

23 Q. Is it -- is it your impression or have you
24 gained the belief today that Menaged was manipulating
25 Chittick?

STEVEN GREGORY BUNGER, 12/3/2018

1 MR. CAMPBELL: Object to the form.

2 THE WITNESS: I don't know. It sounds -- that's
3 my understanding through other people, but that's pure
4 speculation, because I only know what's in the
5 grapevine --

6 Q. (BY MR. DeWULF) Yeah, but --

7 A. And I shared with you the grapevine.

8 Q. -- you are an investor of DenSco, and you have
9 tried to keep educated about the facts, right --

10 A. At this point in time --

11 Q. -- what happened?

12 MR. CAMPBELL: Just answer the question, because
13 I might have an objection if he goes forward.

14 THE WITNESS: Okay. What's the question?

15 Q. (BY MR. DeWULF) Have you tried to apprise
16 yourself of what happened at DenSco?

17 A. After the fact?

18 Q. Yeah.

19 A. Yes.

20 Q. And in doing so, did you gain an opinion about
21 how Menaged influenced Chittick?

22 MR. CAMPBELL: Object to the form.

23 THE WITNESS: Yes.

24 Q. (BY MR. DeWULF) What's the opinion?

25 MR. CAMPBELL: Object to the form.

STEVEN GREGORY BUNGER, 12/3/2018

1 THE WITNESS: 100 percent speculation, but that
2 somehow Denny got sucked into something he didn't want to
3 get sucked into, and he is just -- he is desperately
4 trying to manage his way out of it.

5 Q. (BY MR. DEWULF) Let's look at 585. More money
6 being advanced, dated October of 2015, reference \$200,000.

7 A. This makes my chill -- makes my arms chill.

8 Q. 586.

9 So did he typically give you an annual
10 statement?

11 A. Uh-huh.

12 Q. Do you recall?

13 A. Uh-huh.

14 Q. Yes?

15 A. Yes.

16 Q. And then it also references a newsletter.

17 Did you get a newsletter periodically from him?

18 A. Yes.

19 Q. Was there any sort of typical timing or practice
20 on that, that is the newsletters?

21 A. I always thought they were once a month. And
22 they were on his website, too, a lot of them. And I would
23 forward them to my friends who are in the industry.

24 Q. Could you describe generally what's in those
25 newsletters?

STEVEN GREGORY BUNGER, 12/3/2018

1 A. Very similar to what you read in the state of
2 the state kind of thing.

3 Q. How the economy may be impacting real estate?

4 A. Right.

5 Q. Let's look at 587. This is, again -- and my
6 main reason for copying this is just, if you look halfway
7 down that first page, it references the MOM's meeting.

8 Do you see that?

9 A. Yeah.

10 Q. So how many of these MOM's meetings do you think
11 you would have gone to during the time you were an
12 investor at DenSco?

13 A. Early on I went to a decent amount of them. I
14 have probably been to 6 to 12.

15 Q. Why did you go to them?

16 A. One, I was bored. I wasn't working anymore.
17 And two, I wanted to understand the industry better.

18 Q. The lending?

19 A. Understand what he was doing. I had a lot of
20 money with him.

21 Q. 588, again, references a MOM's meeting, and
22 then --

23 A. Same thing.

24 Q. -- there is kind of a discussion.

25 If we look at this listing at the top, are these

STEVEN GREGORY BUNGER, 12/3/2018

1 the folks who would typically come to the meetings, do you
2 know? Do you recognize any of those names?

3 A. I recognize some of them are neighbors. I see
4 one is my neighbor's. I don't know these people, you
5 know, except the neighbor I see.

6 Q. Schwartz?

7 A. Yeah. I wasn't as worried about getting to know
8 the people there as much as I was trying to understand
9 what's going on.

10 Q. I understand.

11 A. I tried to understand what they were doing, but
12 I wouldn't --

13 Q. So 589, I mainly wanted to ask you, let's start
14 on the second page, because he is writing an email, about
15 halfway down: My goal in bringing us together was to
16 share info, learn from one another and pick on Chris.

17 I think here he is referencing the meeting, the
18 MOM's meeting.

19 Again, those MOM's meeting were a time when you
20 would share information?

21 A. Yeah. I think this one, there was one meeting
22 where it was Chris, where some guy talked about other
23 investments, ideas. It was weird. This one was a weird
24 one.

25 Q. Yeah. He says that there is a guy -- there is a

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1 guy named Steve Jurich who is a founder and owner of IQ
2 wealth Management, but do you remember a meeting where
3 somebody came and talked about investments?

4 A. For some reason, either that, or I just remember
5 some oil and gas stuff. I remember some stuff that I go,
6 what am I watching? But it wouldn't surprise me if it
7 did.

8 Q. Okay.

9 A. I mean, he was trying -- he was playing a very
10 masterful game, I thought. I call it a full move, where
11 he is building credibility with his flock of followers by
12 giving them things they need in exchange for a lot of
13 loyalty. That's my guess. That's how I was reading it,
14 because I do things like this. Not in a bad way, but in a
15 way you care about the person, and you are doing it
16 because you care about them, and it makes the relationship
17 stronger.

18 Q. Did you have the impression that Denny Chittick
19 cared about you?

20 A. Yes.

21 Q. How did that manifest itself? What was the
22 evidence of that?

23 A. Well, he was a neighbor. I watched his kids or
24 played with his kids. I -- if I asked him any question
25 any time of the day, he would answer my questions. He

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1 would stop what he was doing and help me if he would, if
2 he was around. I feel like he was lonely, so if I ever
3 did talk to him, he wanted to talk to me, you know.

4 Q. Did you trust him?

5 A. Yeah.

6 Q. That loneliness aspect you mentioned, I've seen
7 that, but I'm -- how did you gain the impression he may
8 have been lonely?

9 A. Well, just because I know what it feels like if
10 you are sitting in your office by yourself, you are;
11 unless you have the right personality, it's a pretty weird
12 place to be, I think.

13 Q. And was it your understanding that he was fairly
14 isolated in his business?

15 A. Yes.

16 Q. How did you know that?

17 A. Because I saw his office, and when I was over
18 there he was in his office. I see him walking, and I know
19 he didn't go out to dinners with people. I know he wasn't
20 very social. I just assumed -- I couldn't live -- let me
21 put it this way. I remember thinking to myself, I
22 couldn't live your life.

23 Q. Did you ever say that to him?

24 A. No.

25 Q. And do you think you were around him enough as a

STEVEN GREGORY BUNGER, 12/3/2018

1 neighbor or as an investor to be able to reach that
2 conclusion about him, that he was lonely?

3 A. I don't know if I could or couldn't. It just
4 appeared that way to me.

5 Q. All right. I may have asked this question. I
6 apologize if I did.

7 Did you ever meet any of his friends who were
8 not investors in DenSco?

9 A. No.

10 Q. Would you describe the investors in DenSco as
11 being either family or friends of Denny Chittick?

12 A. I knew his family was in it. I might have not
13 known that until afterwards, though. I can't remember
14 where I knew that. I thought he had a group of legitimate
15 investors. He had \$60 million worth. It was a big
16 number.

17 Q. And did you view many of those to be his friends
18 or not?

19 A. No. I mean, I didn't know.

20 Q. Okay.

21 A. I came to learn there was a lot of connections
22 between Insight Computers, is what I came to learn later.

23 Q. Right.

24 Let's look at 589, that last email at the top of
25 the first page, it says: 400 loans nearly 60 million.

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1 Do you see that?

2 A. Yeah.

3 Q. Do you remember him telling you that in November
4 of 2013?

5 A. As I look at it now, what's 60 million divided
6 by 400?

7 No, I don't -- this wouldn't surprise me. I
8 remember the 60 million.

9 Q. Okay. All right. He never shared with you the
10 breakdown of his loans, to whom he was lending money,
11 right?

12 A. He did. I don't know who they were, but he
13 always said I lent 150,000. Look at the number.

14 Q. 150,000 per loan? In other words, you are
15 breaking out 400 loans?

16 A. Yeah. So that wouldn't even match up to that
17 Menendez thing, you know, if this was going on then.

18 Q. You mean Menaged?

19 A. Menaged, yeah.

20 What was the other question? I'm sorry I jumped
21 on that.

22 Q. No. That's fine.

23 I was asking about the composition of the loans,
24 and you said he didn't identify the borrowers, but he did
25 share with me something, and I was asking about that.

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1 A. Oh, yeah. So when I was interested in what's
2 going on, that one meeting, it was really one or two
3 meetings probably. And probably at one time when I went
4 to sign something, I probably stayed and chatted with him
5 for a while. And he showed me a spreadsheet that you have
6 probably seen that had all the loans, and he quickly
7 showed me how he did things. I wasn't, like, studying and
8 tracking the numbers down, but I could see sort of what's
9 going on, but it wasn't, like, in a summary form.

10 Q. Do you remember when that happened?

11 A. It was sometime when I was signing one of those
12 documents, so who knows.

13 Q. Okay. And were the loans described by property
14 address?

15 A. Yes.

16 Q. Is that how it showed up on the --

17 A. Yes.

18 Q. So it didn't identify who the borrowers were?

19 A. It probably didn't.

20 Q. Let's look at 590.

21 A. You are probably right, yeah.

22 I knew some of our neighbors had money with him.

23 Q. Yeah.

24 A. He shared that with me.

25 Q. So 590, this is a MOM's meeting reference,

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1 January 23rd, 2015. You are one of the recipients. It
2 says: Attached are the meeting notes and a change in
3 Fannie Mae appraisal nightmares, I mean guidelines and
4 procedures.

5 Did he sometimes advise you of changes in the
6 law as it related to home building or lending? Do you
7 recall?

8 A. Not that I know of.

9 Q. This looks like it's referencing Fannie Mae
10 appraisal.

11 A. I probably didn't go to this one, looking at the
12 date.

13 Q. All right.

14 A. The business had already started and I stopped
15 going when my business started.

16 Q. 591. Now, let's take a break, and what I'm
17 going to ask you, there are a series of emails here, and
18 we are going to go through them quickly, of communications
19 between you and Mr. Chittick where you are asking for
20 advice from him relative to deals --

21 A. Yeah.

22 Q. -- you are considering.

23 A. I remember this now.

24 Q. We are going to go quickly through them, and
25 then we have got some just general documents I want you to

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1 identify relating your investments.

2 A. Okay.

3 Q. And then we will wrap up.

4 A. Okay.

5 Q. So I appreciate your time on this.

6 MR. DeWULF: So let's take a break for five
7 minutes.

8 MR. CAMPBELL: Sure.

9 (A recess was taken from 2:59 p.m. to 3:06 p.m.)

10 Q. (BY MR. DeWULF) So let's look at 591.

11 So as I'm reading this series of emails, do you
12 remember these emails between you and Denny Chittick in
13 March of 2013 where you are asking questions of him in
14 terms of internal rate of return?

15 A. I remember this one, yeah.

16 Q. And this, you start the email where on the
17 second page you say: I am working on some hard money
18 investing modeling and don't know how to use Excel to
19 calculate IRR. Do you know? If so, can you show me the
20 formula on the attached spreadsheet? Thanks so much,
21 Steve.

22 And then it starts a series of emails back and
23 forth about how to do that, right?

24 A. Right.

25 Q. And why did you reach out to him about this?

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1 A. I was doing a direct investment with a guy I
2 knew, an old college buddy who was flipping homes, and I
3 was trying to figure out how to think about it. He
4 couldn't answer it, so I got it from somebody else, I
5 remember.

6 Q. And this was when you were hard-money lending to
7 a buddy?

8 A. Well, this one was actually -- I was doing
9 equity investing on a couple projects, and then he was
10 going out and borrowing money from somebody else cheaper
11 than I was willing to give it to him for.

12 Q. And you went to Denny Chittick for advice about
13 how to evaluate the investment?

14 A. Well, I was -- I can tell it started by, I
15 couldn't remember how to -- I always had people that did
16 this for me, so I said: How do you figure out IRR? And
17 he couldn't answer, so I called my Mobile Mini buddy and
18 he answered it for me, is what actually happened on this.

19 Q. So Denny Chittick couldn't answer the question?

20 A. Well, he kind of gave me some general ideas, but
21 he didn't help me with what I was looking for at the time.

22 Q. All right. Let's look at 592.

23 A. I don't remember talking to either one of these
24 guys.

25 Q. But do you remember in 2000 -- I guess this is

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1 February 27, 2013, reaching out to Denny Chittick to
2 educate yourself about hard-money lending?

3 A. Yeah. This is the time -- this describes all
4 the conversation I was having with him. This is in that
5 realm of time.

6 Q. Okay. So in this timeframe, you are choosing to
7 do your own hard-money lending and you are asking him for
8 some guidance or people you could talk to?

9 A. Yeah. I'm just trying to understand the space
10 and the risk as best I could.

11 Q. And did you have meaningful discussions with him
12 about that?

13 A. Yeah. Those were those conversations that I
14 shared with you.

15 Q. And these individuals he identifies, do you know
16 who they are?

17 A. Right now they are not ringing a bell. I might
18 have called them, though.

19 Q. Do you remember him putting you in connection
20 with other hard-money lenders?

21 A. I don't recall that.

22 Q. All right. Let's look at 593.

23 And then he asks whether you have talked to
24 these guys, and there is no answer, so I don't know if you
25 did or not.

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1 A. Yeah.

2 Q. Right?

3 594.

4 A. This is a different question.

5 Q. Right.

6 It looks like there are a few, and you are going
7 to see them, where you are asking for Denny Chittick's
8 view of value, real estate value.

9 Did you do that periodically?

10 A. Yeah.

11 Q. Because you thought he was knowledgeable about
12 real estate value?

13 A. Yes.

14 Q. And this, are you asking him to look at a deal
15 that actually was brought to you by Mike Coffman at --

16 A. Clear Funds.

17 Q. -- at Clear?

18 A. Yes. Why where I was, on this deal I was going
19 to have the first lien.

20 Q. All right. And Denny Chittick on March 11, 2013
21 is telling you it's a good deal, right?

22 A. Right.

23 Q. And then 595. It -- you are asking him for,
24 again, his --

25 A. Right.

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1 Q. -- opinion about the value on properties that
2 were the subject of loans that you had done with Mike
3 Coffman?

4 A. Right.

5 Q. That last email from him to you kind of tells
6 you a little bit about his knowledge and numbers and
7 property values, right?

8 A. Right.

9 Q. That's dated January 27, 2014?

10 A. Yeah.

11 Q. Do you recall that email?

12 A. No, not really.

13 Q. But --

14 A. I do remember the cancer thing. In my mind, I'm
15 racking my brain. I hope I get -- I think I got through
16 that okay.

17 Q. These are emails, though, between you and Denny
18 Chittick --

19 A. Yeah.

20 Q. -- in January of 2014?

21 A. Yeah.

22 Q. Go to 596. You are asking about a value on a
23 highrise?

24 A. Which I didn't do, I remember.

25 Q. But, again, you trusted his opinion --

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1 A. Yeah.

2 Q. -- about value?

3 A. Uh-huh.

4 Q. Yes?

5 A. Yes.

6 Q. And Exhibit 597?

7 A. Here is where I was probably pissing him off.

8 Q. This was asking for structuring things based on
9 your --

10 A. Estate planning.

11 Q. -- your estate planning.

12 Let me go back to the first email in this chain
13 of emails on 597. You say to him on April 2nd, 2014: Hi
14 Denny, I am thinking about doing a hard money loan on a
15 house. And you go on and talk about it.

16 And then he comes back to you and he says: I
17 can't, you can. Yes, 150K is no problem. House is worth
18 210k. Few suggestions and understandings. Number 1, go
19 through title. No other way to do the deal. Let me stop
20 there.

21 So he was advising you you needed to go through
22 a title company?

23 A. Yeah. That's just what I thought he was always
24 doing.

25 Q. So that was the advice he was giving you, is --

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1 A. Right.

2 Q. -- use title companies when you are loaning
3 money, right?

4 A. Right.

5 Q. And then he goes on in point 2, he says:
6 Understand that this is not an investment property. Worse
7 case scenario, you foreclose it could take one year or
8 more to get your money back. Why? You foreclose 90 days,
9 however, being a primary residence a homeowner can play
10 lots of games to postpone the auction, file BK, et cetera.

11 Did I read that correctly?

12 A. Yeah.

13 Q. Do you remember having that discussion with him
14 at that time? Do you remember that?

15 A. I mean, you are probably seeing the whole
16 discussion right here.

17 Q. Right. Okay.

18 But do you remember having discussions with him
19 about the process of trustee sales and going through
20 foreclosures and that kind of thing?

21 A. I mean, I wouldn't change what I said before.

22 Q. Okay. All right. 598. That first email, if
23 you look on the second page, Steve, that second sentence,
24 he said: I have a 2.2 million that's supposed to close.
25 This is April 22nd, 2014.

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1 Do you remember, did he share with you who that
2 deal was?

3 A. No, I don't. I guarantee you, this is a time
4 when I wasn't focused that much on things.

5 Q. Why do you say that?

6 A. Because I was starting my new business. This is
7 right when I was starting it.

8 Q. So halfway up on that first page, you say: I
9 could get you a million if you need it. 500,000 would be
10 shorter term and the rest could wait.

11 Did I read that correctly?

12 A. Yeah.

13 Q. So you do have cash available to invest, right?

14 A. Yeah, but I knew that I needed cash for buying
15 more capital, so I was saying you have got to promise me
16 what you will do.

17 Q. Let's go to 599. Again, you are asking for
18 advice in May of 2014 regarding property on Campbell
19 Avenue?

20 A. Right.

21 Q. Is this a property you were going to loan money
22 on?

23 A. Probably.

24 Q. Exhibit 600.

25 A. It looks like I did do a loan.

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1 Q. So it's unclear whether this is a deal through
2 an investment with --

3 A. It probably was. Not with Denny. With somebody
4 else. Because I wouldn't have been asking -- like I
5 wouldn't not know the deals he was doing in DenSco. Like
6 I wouldn't know the houses. He wouldn't show me those. I
7 mean, I could have asked him. I don't think he would
8 still show me, but these are ones where I am getting my
9 own, you know, first position through somebody else, and
10 I'm asking him for advice on the side.

11 Q. One of the things that there has been some
12 testimony about is that Denny kept this set of books,
13 typically in QuickBooks, Denny Chittick did, but he didn't
14 share the information, the detailed information from those
15 books with other people.

16 Did you see that or experience that yourself?

17 MR. CAMPBELL: Object to form.

18 THE WITNESS: I mean, he has never -- one, I
19 haven't asked, but, two, he has never -- the only thing he
20 shared to me is, like, I saw that spreadsheet. And I
21 didn't study it. I just saw it.

22 Q. (BY MR. DeWULF) Did you ever ask -- okay. So
23 you never really asked to look at his finances?

24 A. No.

25 Q. Do you know whether any investors ever did?

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1 A. I don't know.

2 Q. Let's look at Exhibit 600. August of 2014, you
3 are getting advice on some properties on Indian School.

4 Do you see that?

5 A. Yeah.

6 Q. Do you recall that?

7 A. Vaguely.

8 Q. Do you think -- you said "I have two loans."

9 Does that mean you probably were lending money
10 directly?

11 A. Yeah.

12 Q. 601.

13 A. I got out of that one, I remember.

14 Q. You were asking for information for your MOM --

15 A. Yeah.

16 Q. -- because your MOM --

17 Do you remember this back and forth?

18 A. I don't remember why I would do that, but yeah.

19 Q. You are asking why, in August of 2014, you would
20 need to ask him to help you on your --

21 A. Well, I just knew that I could call him any time
22 and he could pull up records and decipher them in a way
23 and tell me what things are worth for some kind of estate
24 planning.

25 Q. So he references in this series of emails, which

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1 is Exhibit 601, getting a title report and reviewing
2 public records for a deed being recorded.

3 Do you see that?

4 A. Where is that at?

5 Q. Second page, halfway up.

6 A. Yeah.

7 Q. Do you recall that he had the ability in his
8 office to be able to find out information for you?

9 A. I felt like he could.

10 Q. Say that again?

11 A. I felt like he could.

12 Q. Was it your experience that he could?

13 A. I'm not a real estate person, so these words,
14 deeds and title, whatever is part of public record, I knew
15 he could do.

16 Q. Let's go to 602.

17 A. Because I might use words interchangeably, is
18 what I'm saying.

19 Q. This is, again, a continuation of this email
20 about these Indian School properties, ending with an email
21 in, I mean, September of 2014. I guess this is -- this is
22 a month later.

23 So do you remember discussions about these
24 properties with him?

25 A. I do.

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1 Q. What do you remember about it?

2 A. Well, I just remember -- I just remember these
3 properties, because there are some bad people in this
4 industry.

5 Q. What was your experience on this one?

6 A. One of them, somebody sold the house to some
7 Mexican people who were living there, and they didn't own
8 the house. I owned the house. And I had to work with
9 them, and it was terrible.

10 Q. 603. Again, getting more discussion, this is in
11 October, about properties you are loaning money on?

12 A. Right.

13 Q. Or, I'm sorry, talking about selling properties,
14 I guess, after you have foreclosed upon then, right?

15 A. Right.

16 Q. And you were asking about values?

17 A. Right.

18 Q. Let's look at 604. Let's just look at -- this
19 is, again, a series of emails.

20 Do you know who Loan Ranger Capital is?

21 A. Where do you see that at?

22 Q. Second page.

23 A. So this is -- this gal, Deborah Keeley, was my
24 chief accounting officer at Mobile Mini, and she must have
25 looked at doing some hard-money lending and was asking me

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1 for advice, so I was passing the question to him.

2 Q. I understand.

3 A. That's what that was.

4 Q. You did not know anything about it?

5 A. No, I didn't.

6 Q. All right. Let's go to the first page of this
7 document.

8 A. The same page?

9 Q. Yeah, first page of 604. He says: I don't do
10 commercial. It's such a different monster. It's much
11 more illiquid and not easily rentable.

12 Did I read that correctly?

13 A. Yes.

14 Q. Do you remember having those discussions with
15 him?

16 A. Yeah. It matches up with what I told you
17 before.

18 Q. I understand.

19 The last sentence reads: LTV is key in any real
20 estate lending, no matter what the asset is.

21 Did I read that correctly?

22 A. Correct.

23 Q. Did you understand LTV to be loan to value?

24 A. Yes.

25 Q. Meaning the amount of the loan versus the total

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1 value in the property to make sure you are properly
2 secured?

3 A. Yes.

4 Q. Let's go to 605. So 605, 606, and 607 are
5 emails to you and a whole variety of others, Steve, having
6 to do with Bank of America and the DenSco account with
7 Bank of America. And I'm not going to ask you to read
8 through them, but I just ask you to confirm that you got
9 these emails.

10 A. I'm sure I did.

11 Q. So the 605 is dated April of 2014. It shows you
12 as one of the parties to whom the email was sent.

13 Do you remember seeing 605 in April of 2014?

14 A. Yeah, I remember having a side conversation with
15 about this, too, a little bit.

16 Q. 606 again shows you as a recipient of an
17 email --

18 A. Yeah.

19 Q. -- from Denny Chittick in it looks like July of
20 2014.

21 And do you remember receiving that?

22 A. Yeah. This is where the banks think that he is
23 doing money laundering.

24 Q. Right. And 6-0 -- well, I don't know. I will
25 talk to you about that in a minute.

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1 Let me just ask you, 607, again, do you think
2 you received this on or about November 25, 2014?

3 A. I'm sure I did.

4 Q. And all these reference the Bank of America
5 terminating the account with DenSco.

6 what do you remember about that?

7 A. I just remember I talked to him, because I must
8 have run into him outside or something. I didn't call
9 him. And I had had a similar situation where I had
10 money -- Desert Classic was at Chase, and all of a sudden
11 I get this call from Chase saying they wanted to meet with
12 me. And these people I never met were in this meeting,
13 and they were trying to -- I could tell they were trying
14 to figure out if I was doing money laundering, and it took
15 me a long time to explain to them I wasn't doing money
16 laundering. In fact, I even got Denny on the call.

17 And then right after that, this happened with
18 him, so I knew what it was. And it was just the bank
19 saying: I don't like all this money flying in and out.
20 We are worried about regulators. We are just out of this
21 business. You go find somebody else. I don't care where
22 you go.

23 Q. Did you talk to Denny at all about this?

24 A. Just what I said pretty much, was just it sucks.

25 Q. All right.

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1 A. I wasn't concerned by reading it when I got it,
2 because I knew it had already happened to me. It didn't
3 happen to me, but I could see how it could have happened.

4 Q. Do you remember if any other investors -- well,
5 did you talk to any other investors about the fact that
6 Bank of America had terminated DenSco as a client?

7 A. Not that I recall. There would be no reason to.

8 Q. Let's look at Exhibit 608.

9 So I'm showing you this to refresh your memory a
10 little, but if you look at 608, down toward the bottom of
11 the first page, there is an email from David Beauchamp.

12 A. Is this the lawyer?

13 Q. Yes.

14 A. Okay.

15 Q. So let me just ask. I know you testified
16 earlier you don't remember the lawyer David Beauchamp.
17 Right?

18 A. Okay. I do, yeah. I do remember from this.

19 Q. Okay. And do you remember receiving a series of
20 emails after Denny's -- Denny Chittick's death about what
21 was going on financially at the company?

22 A. Yes.

23 Q. All right. Other than that, do you remember
24 anything else about David Beauchamp, other than getting
25 emails?

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1 A. No.

2 Q. And you never met David Beauchamp, right?

3 A. No.

4 Q. Did you -- sitting here today, do you have any
5 complaints about David Beauchamp?

6 A. I have no opinion of him.

7 Q. Okay. Did you think at the time that the emails
8 that you got from him were helpful in connection with your
9 investments with DenSco?

10 A. I don't recall, good or bad.

11 Q. Okay.

12 A. I do remember this advisory board thing.

13 Q. Well, let me ask about that, because you, I
14 think, recommended --

15 A. See, I thought it was skirting. I didn't want
16 to do anything.

17 Q. You are looking at 608?

18 A. Yeah.

19 Q. So 608, you see your email about halfway down,
20 almost halfway down, to Beauchamp dated August 4, 2015.

21 Do you see that?

22 A. Yes.

23 Q. You say: I currently have 3 million invested
24 with DenSco between two different entities (Steven G &
25 Mary E Bunger Estate LLC and Desert Classic Investments,

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1 LLC). I live in the same neighborhood that Denny lived in
2 and also know Brian Imdieke who is also a large investor.
3 I really don't have the time to be on the committee but
4 would love it if Brian could because we are two large
5 investors and our interests are closely aligned.

6 Did you talk to Brian Imdieke about serving on
7 the advisory council?

8 A. I probably did.

9 Q. Did he want to serve?

10 A. I think he did.

11 Q. Did he ever tell you what he thought happened
12 with respect to Denny Chittick?

13 A. He might have. I can't remember.

14 Q. Did he ever tell you what he thought about
15 Menaged?

16 A. In a PG format, no.

17 Q. Well --

18 A. No. He was a bad guy, a bad actor.

19 Q. Right.

20 Do you know whether an investment advisory group
21 or council was ever formed?

22 A. I got the impression that it was loosely formed.

23 Q. Do you know who served on that group or that
24 committee?

25 A. We had a series of phone calls going on during

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1 this time. There was a whole bunch of calls going on
2 where all the investors kind of formed subgroups, and then
3 we would all talk and report to each other, and we were
4 trying to figure out what was going on.

5 And I got the impression that, I can't remember
6 the guy's name, the former CEO of Insight, one of the
7 divisions, was kind of a head guy. If you said his name,
8 I would know it. I could find it on this list probably.

9 Q. It wasn't Koehler, right?

10 A. No.

11 Q. I don't think he was an Insight.

12 A. He ended up meeting -- it was Tony Smith, I
13 think. But he is a former CEO of either the company or of
14 a division, and he ended up being a lead and ended up
15 meeting with the lawyer and then would report back to us
16 what had happened, and with whatever he could legally tell
17 us.

18 Q. All right.

19 A. I felt like there was stuff that he couldn't
20 tell, but I understood that and I trusted him.

21 Q. Did you have meetings among the investors or was
22 it mostly phone calls?

23 A. The ones I had were all phone calls. Multiple
24 calls.

25 Q. And then there might be emails, too?

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1 A. And emails flying around you have probably seen.
2 And a lot of it was just I felt bad for people. This is
3 all their money, you know, and they are panicking.

4 Q. Do you remember discussions about the lawyer --
5 well, let me ask another question.

6 Did you ever talk to Shawna Heuer, who was Denny
7 Chittick's sister?

8 A. No. Brian did, though.

9 Q. All right. Do you remember ever learning that
10 there was a recommendation to have a forensic accountant
11 come in and look at what happened at DenSco?

12 A. Yes.

13 Q. What do you remember about that?

14 A. Just that they wanted to bring in a forensic
15 accountant. Pretty much what you said.

16 Q. Do you remember who wanted to do that?

17 A. No.

18 Q. Do you remember -- okay.

19 And do you remember there being discussions or
20 recommendations that the FBI come in and look at things?

21 A. Yes, I remember that.

22 Q. What do you remember about that?

23 A. What I remember is just on these calls there
24 were people acting like they knew what they were talking
25 about, were bringing up crazy ideas without knowing what

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1 they were talking about, is what I felt like.

2 Q. All right. I'm going to blow through these,
3 because I don't think it's worth asking about.

4 Let's go to Exhibit 613. So this is an email to
5 you and other investors dated February 24, 2018.

6 Do you see that?

7 A. Uh-huh.

8 Q. It's Sara Beretta.

9 Do you remember her?

10 A. I don't remember that name.

11 Q. So she is with the receiver's company, Simon
12 Consulting.

13 Does that ring a bell to you at all?

14 A. By this time I had compartmentalized everything,
15 and I knew it was going to play out by people that had
16 more time, so I wasn't really focused on this.

17 Q. All right. So in this communication, I just ask
18 you a quick question, do you remember someone from the
19 receiver's office telling the investors what's going on in
20 the receivership?

21 Do you have some memory of that?

22 A. From somebody I remember, I don't know who it
23 came from, but I do remember things, reading things.

24 Q. So in this email, Steve, she is saying that the
25 receiver was contacted by a reporter for Crime Watch Daily

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1 with Chris Hansen.

2 Do you remember anything about that?

3 A. No.

4 Q. You didn't do an interview with anybody from
5 them?

6 A. Nor would I have.

7 Q. Let's look at 614. This is an email giving
8 information about Scott Menaged.

9 Do you remember receiving this or not?

10 A. What I would do is go over and talk to Bill
11 Schwartz and say what's going on, because I didn't really
12 read all these.

13 Q. And he was paying attention?

14 A. He was totally focused on it and very
15 passionate.

16 Q. All right. 615, again, just an update, but,
17 again, you would probably talk to Mr. Schwartz about what
18 was going on?

19 A. I mean, I might have glanced at it, you know,
20 but it was more for just the highlights.

21 Q. So you don't independently remember these
22 emails?

23 A. I independently remember getting them. I don't
24 remember doing much with them.

25 Q. All right. Let's go to 619. So these are

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1 documents from the DenSco files, and we have tried to
2 piece them together. And I don't represent that they are
3 complete, but I'm just -- what we have been able to
4 locate, I'm going to ask you to identify, if I could.

5 So this first document, 619, if you look at
6 what's the third page, but it's actually numbered 6.

7 A. Right.

8 Q. Is that your signature at the top?

9 A. Yes.

10 Q. And it's dated October 1, 2013?

11 A. Yes.

12 Q. Does this refresh your memory that you would
13 have been investing at least early as October 1, 2015?

14 A. Yes.

15 Q. Let's look at 620. That first document in 620
16 is a Subscription Agreement --

17 A. Right.

18 Q. -- dated October 1, 2015?

19 A. I remember getting these.

20 Q. All right. And it doesn't have your signature,
21 but it shows that it's your estate investing?

22 A. There probably is one with a signature
23 someplace.

24 Q. Probably.

25 And then the next is a February 2015. You can

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1 thumb through here. Again, I'll represent to you that
2 these are documents that were obtained from the DenSco
3 files.

4 Any reason to believe that these aren't
5 accurate?

6 A. I mean, without really studying them, I would
7 have to agree they are accurate.

8 Q. Okay. And these are documents that were
9 subscription agreements that you had signed in connection
10 with investing --

11 A. Right.

12 Q. -- with DenSco?

13 A. Right.

14 Q. The same --

15 A. I felt like he did a decent job of trying to
16 keep his paperwork together, if that helps.

17 Q. And even though some of these subscription
18 agreements may not contain your signature, you are of the
19 belief that you would have made the investment and there
20 probably is a signature at some location of the fact you
21 subscribed in connection with the investment?

22 A. I mean, that's a real general statement, but
23 probably.

24 Q. 621, this is an investment dated April 22nd,
25 2013, on behalf of Desert Classic.

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1 Do you see that?

2 A. Yeah.

3 Q. Again, it's signed by Denny Chittick. It
4 doesn't contain your signature, but you were --

5 A. I probably signed it.

6 Q. -- you are provided in the last page, you are
7 provided also a note -- do you see that --

8 A. Yeah.

9 Q. -- for 400,000?

10 Do you think you would have been investing as
11 early as April 22nd of 2013?

12 A. Probably, based on this.

13 Q. All right. So let's look at Exhibit 622. This
14 is a document that's been put together by the receiver and
15 it's meant to portray the monies that would have been
16 invested by you as of January 9, 2014, and then after
17 January of 2014.

18 If you look at -- if you see the third column,
19 Steve, it says Investor Deposits after January 9, 2014?

20 A. Right.

21 Q. If you go down and you will see Steven Bunker.

22 A. Uh-huh. Yes.

23 Q. You see there?

24 And it shows the deposits after January 9, 2014,
25 of \$3,950,000.

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1 Do you see that?

2 A. Okay. Yeah.

3 Q. Is that consistent with your memory of about --

4 A. Well, if this is what was filed, I reconciled
5 these numbers.

6 Q. So you think it's accurate?

7 A. Whatever number that had they paid out, I
8 reconciled the numbers.

9 Q. All right. So do you think you have actually
10 seen Exhibit 622 before?

11 A. Probably. I mean, I've seen a whole bunch of
12 stuff that looks like this, you know, and so the
13 likelihood is yes. Whatever, like, ended up getting filed
14 with the courts, I had to sign something to say I agreed
15 to these numbers.

16 Q. Okay. And we are going to see the document
17 actually that the receiver submits.

18 A. That's the number that I reconciled on.

19 Q. Right.

20 A. Other stuff, I might not have bothered looking
21 at.

22 Q. All right. So the numbers here as of the
23 liability balance as of January 9, 2014, being 3,155,000,
24 does that strike you as accurate sitting here today, or do
25 you recall?

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1 A. It seems generally the right number.

2 Q. All right. Then we have got Investor
3 Liabilities as of --

4 A. I mean, that's general. I mean, I'm not looking
5 at -- you know, I thought I lost 3.8 million, is the
6 number I always thought in my mind.

7 Q. All right. So if you look down, farther down
8 that same page, toward the bottom there is a reference to
9 the Bunger Estate, LLC?

10 A. Right.

11 Q. Do you see that, three up?

12 A. Okay.

13 Q. It shows \$795,000 being the balance as of
14 January 9, 2014.

15 Is that -- do you recall, is that consistent
16 with your memory as to the amount invested by the estate?

17 A. I just don't even remember.

18 Q. Don't remember?

19 All right. So let's look at 623, the third
20 page. You see numbers 4 and 5?

21 A. Yes.

22 Q. This is a list of filed claims, and it shows for
23 Desert Classic investments, \$926,367.58.

24 Do you see that?

25 A. Yes.

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1 Q. Do you think that's the amount of --

2 A. I don't even know the number.

3 Q. All right. And then there is also a separate
4 listing for your and your wife's estate, that's number 5,
5 at \$540,600.

6 Do you see that?

7 A. Yeah. There is probably another, something for
8 the kids someplace else, too. I don't know if any of
9 these numbers -- I'm not, like, trying to be fancy. I
10 just don't know the numbers.

11 Q. So maybe the better way to go, let's go to --
12 farther back in this document, there is a stamp -- well --

13 A. Is this what was filed with the -- with the
14 courts?

15 Q. To my knowledge, it is. If you look at it,
16 there is a report and it's dated July 31, 2017.

17 A. Right.

18 Q. It's Bates stamped 1461, which is down in that
19 left-hand corner.

20 A. Right.

21 Q. And then if you go to page 5 and 6 of this
22 document, you will see a discussion of you.

23 A. Right.

24 Q. Do you see that?

25 A. I do.

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1 Q. Steven Bunger?

2 A. There is a couple different ones on this, I
3 remember. There was -- I saw two letters like this.

4 Q. All right.

5 A. And I remember I had an email correspondence
6 back with the lawyer or the junior assistant, whatever you
7 call them, and I said: Here is my numbers. Can you help
8 me reconcile? And we reconciled it somehow.

9 Q. What do you think the number is today that you
10 are owed that's still outstanding from DenSco?

11 A. Well, I think I -- I don't know why I have got
12 this number in my mind, but I think I had lost about
13 \$3 million, less what I got back, according to the way
14 they looked at it from a Ponzi scheme perspective. I
15 actually had to --

16 MR. CAMPBELL: Look at the next page. You will
17 see what the receiver --

18 Q. (BY MR. DeWULF) Is there handwritten notes on
19 that?

20 A. Yeah.

21 Q. I wonder if that's probably mine. She made a
22 copy of this. But anyway, it doesn't really tell you
23 anything. It's just trying to track what --

24 A. Yeah.

25 Q. The next page it shows --

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1 A. So on my tax returns -- let me tell you this.
2 On my tax returns, I wrote off \$3 million, something
3 around that. And this is what -- because if it's a Ponzi
4 scheme, this is what I get back.

5 Q. And it shows, as Mr. Campbell has just shown you
6 on page 6, there is a total Bunger amount approved of
7 \$1,288,467.58.

8 Do you see that?

9 A. Yeah.

10 Q. And do you think that that's your claim, the
11 total claim for all of the Bunger interests?

12 A. If this is the last one -- I didn't sit and
13 fight, like, how Ponzi schemes work. So I assumed it was
14 right, because everybody else with bigger numbers were
15 doing the same thing.

16 Q. There is some -- there is some reference in the
17 previous page about you receiving or your entities
18 receiving profits.

19 was there some discussion with the receiver
20 about the fact that you had to give some money back
21 because you actually got something --

22 A. Yeah.

23 Q. -- while it was a Ponzi scheme?

24 A. It was the timing of stuff. That's why it got
25 reduced.

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1 Q. I see. All right.

2 A. I mean, my kids' accounts were actually
3 negative. I had to pay money for them, even though we got
4 no money.

5 Q. You didn't negotiate that very hard?

6 A. Well, I felt like it was a fact of law.

7 Q. All right. Did you have a lawyer advise you?

8 A. No.

9 Q. And I don't want to know what they told you, but
10 did you have a lawyer help you?

11 A. No, I did not.

12 Q. Let's go to 624.

13 A. Has anybody else fought it?

14 Q. You know, I don't know the detail.

15 A. Yeah.

16 Q. I don't know.

17 A. Otherwise, I'm in.

18 Q. So what we tried to do here is to provide in a
19 grouping the monthly statements for the investments that
20 you did with DenSco through various entities. And if you
21 look at this Exhibit 624, this is for Desert Classic
22 Investments.

23 Do you see that?

24 A. Uh-huh.

25 Q. Yes?

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1 A. Yes, I do.

2 Q. And this is dated, this first statement is
3 February 2013. I think that's the earliest date I've seen
4 for your investments, but you don't remember,
5 independently of this document --

6 A. I don't.

7 Q. -- when you first started investing?

8 A. I don't.

9 Q. All right. But do you recognize these as
10 statements that you would have gotten on a monthly
11 basis --

12 A. Yes.

13 Q. -- or mostly monthly?

14 A. Yes.

15 Q. I know that there may be some variations on
16 that.

17 A. Yes.

18 Q. And in most cases they would show you the amount
19 of your loan, how much interest you would have got, or the
20 amount of your investment, how much interest you would
21 have received for that year, that kind of thing?

22 A. Yes.

23 Q. All right. Was it your experience that
24 Mr. Chittick was pretty good at things like this, that is,
25 recordkeeping and keeping you informed as to what the

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1 status of your investments were?

2 A. Yes. I mean, you see what he would give us.

3 Q. Right.

4 Relative to the other investments you have done
5 with other hard-money lenders, is there any way you could
6 compare your experience -- obviously now we have had a
7 terrible thing happen with Menaged and all those kinds of
8 things, but before his suicide, in terms of how you
9 thought things were being handled by Mr. Chittick, any
10 comparisons between him and other hard-money lenders that
11 you had invested with?

12 A. The only one I can compare with is Mike Coffman,
13 because he had a fund which is similar. The other ones I
14 knew what I was doing, because I was doing the loans.

15 Q. Yourself?

16 A. But with Mike, he had a fund and he would -- and
17 they knew each other, and I think they worked together and
18 split off, so they were similar.

19 Q. "They knew each other," meaning Coffman knew
20 Chittick?

21 A. Yeah.

22 Q. So he had worked with Chittick at some point and
23 then broke off?

24 A. Yes.

25 Q. Do you know when they broke off?

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1 A. Way, way long time ago. Long, long time ago.

2 Q. Okay.

3 A. But I know Mike thinks that, you know, he got
4 used to learn the business.

5 Q. Oh, so you think Chittick learned from Coffman
6 what the business was?

7 A. Yeah, that's one of my memories. It could be
8 fuzzy. It might be somebody else, but I'm pretty sure
9 that's what it was.

10 Q. All right. I think that Chittick, the records
11 indicate that he started as a hard-money lender through
12 DenSco in roughly 2001 or so.

13 Do you think that Chittick would have worked
14 with Coffman before 2001?

15 A. I don't know. I just remember some scuttle
16 between people that split off, and I was thinking that was
17 the two of them.

18 Q. All right.

19 A. And I knew there was others, too, beyond that.
20 It's kind of a weird industry. They learn from each other
21 and then they jump ship.

22 Q. You mean there were others that worked with
23 Chittick from whom he learned how to be a hard-money
24 lender?

25 A. It seemed like the whole industry, they worked

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1 together and then they split off, is what I was saying.

2 Q. Do you know if there was anybody else that
3 Chittick worked with before he started his own company?

4 A. Yeah. DenSco standed for him and somebody else.
5 That abbreviation is for two different people.

6 Q. Do you know who the other person is?

7 A. Huh-uh. I bet Mike Coffman would.

8 Q. All right. So do you believe -- I know it
9 doesn't have your signature on it, but do you believe
10 these are your statements, Exhibit 624, for your
11 investments through Desert Classic Investments, LLC?

12 A. Most likely.

13 Q. Do they look familiar to you when you look at
14 them?

15 A. Yeah. The form, in general, looks familiar.

16 Q. And that is your entity, Desert Classic
17 Investments, LLC?

18 A. And others.

19 Q. Let's look at 625. These are monthly statements
20 for the Steven G and Mary E Bunger Estate, LLC.

21 Do you see that?

22 A. Yeah, that's correct.

23 Q. Again, monthly statements. The first date is
24 October of 2013.

25 And do you think these were the monthly

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1 statements you received for the estate from -- for your
2 investments in DenSco?

3 A. It sure looks that way.

4 Q. Let's look at 626, the Cassidy Elizabeth Bungler
5 Irrevocable Trust.

6 Is Cassidy one of your kids?

7 A. Yes.

8 Q. And was this a trust that was created for her
9 to -- through which she invested in DenSco?

10 A. Through which I invested money for her, yes.

11 Q. Okay. And you think these are the statements
12 for that trust in connection with the investments in
13 DenSco?

14 A. It sure looks that way.

15 Q. All right. 627, Alexander -- Alexandra Shea
16 Bungler, is that a daughter also?

17 A. Yes.

18 Q. And you created a trust through which you
19 invested on her behalf?

20 A. Yes.

21 Q. And do these appear to be the statements for
22 that trust starting in May of 2014?

23 A. Yes, and there is other ones.

24 Q. And 628, Connor Perry Bungler Irrevocable Trust,
25 is that your son?

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1 A. Yes.

2 Q. And this is a trust you created through which
3 you invested in DenSco?

4 A. Yes.

5 Q. And these are monthly statements for that
6 investment?

7 A. They appear to be.

8 Q. All right. Let me look through -- why don't we
9 give ourselves about five minutes. Let me look at my
10 notes.

11 (A recess was taken from 3:47 p.m. to 3:52 p.m.)

12 Q. (BY MR. DeWULF) Just a couple of questions,
13 Steve, and then I will finish.

14 A. I'm used to after breaks when you get the hard
15 questions.

16 Q. You give me way too much credit here.

17 A. You know, after breaks they come up with the
18 hard questions to get your guard down.

19 Q. Were you aware that Denny Chittick kept a
20 journal, a written journal?

21 A. No.

22 Q. Did he ever ask you for advice as it related to
23 running DenSco, doing his business?

24 A. No.

25 Q. Do you know whether he ever asked for advice

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1 from any of the investors about how to run DenSco?

2 A. I wouldn't know.

3 Q. I think you indicated earlier that you received
4 multiple private offering memoranda from DenSco.

5 A. If I said that, I don't know what I have, but I
6 have at least seen one.

7 Q. And you think you read it or you didn't read it,
8 or what do you remember about that?

9 A. I might have read it, glanced through it, but I
10 just -- I just know I do these myself and there is so
11 much -- my more important thing was the conversation I had
12 with him about what will you do and what won't you do.

13 Q. Do you remember whether he, Denny Chittick, ever
14 explained to you what was in the POM?

15 A. I don't know if he did or didn't.

16 Q. Okay.

17 A. I mean, I think he -- I think I do recall him
18 saying more around the Subscription Agreement, which is:
19 Hey, this is a two-year agreement or this is a three-year
20 agreement. I do remember those kind of conversations, but
21 then I would have the side conversation, say: Here is the
22 deal. I understand that, but here is what I want to do.
23 Help me understand this.

24 Q. Did he ever talk to you about the need to
25 disclose information to the investors or anything like

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1 that? I mean, obviously you know from other things you
2 have done that there are securities laws and those kinds
3 of things.

4 Did he ever talk to you about the fact that he
5 knew he needed to disclose information to his investors or
6 anything like that?

7 A. He did not.

8 Q. Okay. But you understood that he was at least
9 doing it through the POM periodically, right, or was there
10 other -- Strike that.

11 A. I felt like he -- I felt like he had legal
12 advice, that he set up his company properly, and that he
13 was doing things in a legal way. That's what I thought.

14 Q. Did -- after the -- Mr. Chittick's suicide, I'm
15 kind of getting the impression that you -- you mentioned
16 earlier you kind of compartmentalize things. Did you just
17 kind of put that whole experience away and leave it to
18 others to follow up and figure out what happened and that
19 kind of thing?

20 A. Yeah. There was so much frenzy around it, and I
21 knew a couple people that had big money in it. I knew
22 that -- and I asked them to keep me informed.

23 Q. And who are those people?

24 A. Bill --

25 Q. Schwartz?

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1 A. -- Schwartz.

2 Q. Schwartz.

3 A. Yeah. And I just got advice from friends who
4 have been through this, through, you know, Mike Coffman,
5 Tim Crown, and they kind of walked me how it would play
6 out.

7 Q. So you talked to those guys after Mr. Chittick's
8 death?

9 A. Yes, before and after.

10 Q. Do you remember anything they told you?

11 A. Nothing -- I mean, there is a lot they told me,
12 but, I mean, I don't think there was anything that's new
13 that would be interesting to you. I mean, we all knew
14 there was a big problem coming down.

15 Q. Because there were more claims than there was
16 money?

17 A. Well, we just knew as soon as he killed himself,
18 there was something -- something not good coming out of
19 this.

20 Q. Do you have any opinion as to why he committed
21 suicide?

22 MR. CAMPBELL: Object to form.

23 THE WITNESS: Only because I heard later that it
24 was related to he felt like he was going to go to jail,
25 and he thought by doing this his life insurance would pay

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1 out to his kids, or something to that effect.

2 Q. (BY MR. DeWULF) Do you feel like, sitting here
3 today, that he lied to you?

4 A. Oh, he definitely lied to me. Or at least if he
5 didn't lie, he didn't tell me what he should have been
6 telling me.

7 Q. What should he have been telling you?

8 A. That he wasn't lending money on properties at
9 \$150,000 a pop at a 60 percent loan value, getting first
10 title or first lien or whatever you want to call it.

11 Q. Have you talked to anybody else about -- we know
12 he didn't do this on Menaged, but have you ever learned
13 that he was loose with other loans that he made to other
14 borrowers other than Mr. Menaged?

15 A. I just knew he was -- his view of loan to value
16 wasn't property by property, but more investor by
17 investor.

18 Q. Right. But --

19 A. There was a portfolio of that investor not -- if
20 he had, like I said, six or ten properties, he would look
21 at that as a portfolio.

22 Q. Right.

23 A. And he would pay out. My assumption, too, was
24 when he would pay it out, he would pay out to keep his
25 position strong.

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1 Q. But did you -- we know now that with Menaged,
2 and I think we have discussed this, that he didn't insist
3 on a deed of trust in some cases, didn't enforce his loan
4 documents, et cetera.

5 A. I thought he was -- I had heard he was getting
6 them, but they were fictitious.

7 Q. But do you know if he ever did that with other
8 borrowers other than Menaged?

9 A. No, I don't think so, but I'm not -- I can't say
10 I know everything.

11 MR. DeWULF: Okay. All right. I have no
12 further questions. Thank you. I appreciate you coming
13 down here and taking the time.

14

15 EXAMINATION

16

17 Q. (BY MR. CAMPBELL) I have got some questions for
18 you.

19 And I'm going to show you, this is an exhibit
20 that's been previously marked or it's part of an exhibit
21 that's been previously marked. So it was marked as
22 Exhibit No. 20 in Mr. Schenck's deposition. He is a Clark
23 Hill attorney. And this is part of the journals that
24 Mr. Chittick kept. He kept a corporate journal, and as
25 you can see, he would journal every day.

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1 If you turn to the second page, the reason I
2 have got these particular pages is you will notice, like
3 on February 27th --

4 A. What year is this?

5 Q. This is 2013, if you look on the first page.

6 And if you look at February 7th, I have
7 highlighted where he talks about you: I'm getting in a
8 million more from Bunker, my neighbor, 2. And on 2A, he
9 says: Thank goodness you wired in his million.

10 So this at least tells us on certain days when
11 he is journaling about you and the money that's coming in.

12 What I want you to do is look at -- I want you
13 to turn actually to the end of it. It's going to be
14 11/27, so it's going to be like towards the end. It's
15 like the second to the last page.

16 A. Okay. 11/27, this one?

17 Q. Yeah, 11/27.

18 A. Okay.

19 Q. It's going to be right there. And I'm going to
20 start reading from where it says "Scott" on the second
21 page, and you can just follow with me.

22 Scott came to meet with me. It's way worse than
23 I thought. He sat there for two hours telling me how his
24 wife has cancer. He turned the day-to-day operations of
25 running his company over to a cousin. His cousin double

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1 liened all the properties and then lost all the money in
2 vegas. He is upside down about 8.7 million, of which
3 nearly all of it is on my property that I believed I was
4 in first position. I was sitting here shaking and nearly
5 throwing up the entire time. The solution is for me to
6 lend him more money to make money to pay off Greg's liens.
7 I have been rattling my brain trying to figure out how in
8 the world we can do this. I'm sick to my stomach.
9 Everything I've worked for for 14 years is about to be
10 flushed away.

11 A. Yeah.

12 Q. So this is 2013, November 27th?

13 A. This is in 2013.

14 Q. 2013.

15 Did Mr. Chittick ever come to you and tell you
16 what I just read on November 27?

17 A. Absolutely not.

18 Q. If he had come to you and told you that
19 Mr. Menaged and his cousin had done this, would you have
20 invested money with him --

21 MR. DeWULF: Object to form.

22 Q. (BY MR. CAMPBELL) -- after that?

23 MR. DeWULF: Object to form.

24 THE WITNESS: Absolutely not. I would never
25 give him money on this.

STEVEN GREGORY BUNGER, 12/3/2018

1 Q. (BY MR. CAMPBELL) Reading something like that,
2 what would be your opinion about how he was running his
3 business?

4 MR. DeWULF: You mean "he" being Chittick?

5 MR. CAMPBELL: No. well, yes. Let me rephrase
6 it. It was an awkward question. I have been in trial too
7 many months.

8 Q. (BY MR. CAMPBELL) while reading that, do you
9 have an opinion as to whether Mr. Chittick is running his
10 business correctly?

11 A. Absolutely not.

12 Q. And that would be a material fact you would want
13 to know about?

14 A. Beyond material. Significantly material.

15 Q. All right.

16 A. Can I keep this or is this for you to take?

17 Q. You can keep it.

18 MR. DeWULF: We can get you a copy. well,
19 actually --

20 MR. CAMPBELL: well, I'm not going to mark it
21 because it's already marked.

22 MR. DeWULF: Oh, okay.

23 THE WITNESS: I won't show it to anybody.

24 MR. CAMPBELL: well, it's up to you. Is that
25 under protective order?

STEVEN GREGORY BUNGER, 12/3/2018

1 MR. DeWULF: I don't remember. It may be.

2 Q. (BY MR. CAMPBELL) Yeah. Just hold it to
3 yourself, until we know it's under the protective order.

4 I'm going to show you what's been marked as
5 Schenck Exhibit No. 21. And, again, Schenck is one of the
6 Clark Hill attorneys that we used this in. And you will
7 see this is part of his business journal from 2014. Just
8 a part of it.

9 A. Now his strategy, instead of making 2 million,
10 is to stay in business.

11 Q. Right. That's what I wanted to look at. You
12 see at the top of the page he has his business goals for
13 the year, right?

14 A. Right.

15 Q. And his number one business goal was stay in
16 business, still in business.

17 Would it be a material fact for you to have
18 known at the beginning of 2014 that Mr. Chittick was
19 concerned whether he would be able to stay in business
20 because of what Mr. Menaged had done?

21 A. Yes.

22 Q. Do you see number 3, diversify my borrowing
23 base. Horrible. Scott has nearly 80 percent of my
24 portfolio.

25 Would it have been a material fact to you, in

STEVEN GREGORY BUNGER, 12/3/2018

1 the beginning of 2014, that Mr. Chittick had 80 percent of
2 his portfolio with one borrower?

3 A. It would have freaked me out.

4 Q. Would you have lent any money to Mr. Chittick
5 after that if you had known that?

6 MR. DeWULF: Object to form.

7 THE WITNESS: I would not have.

8 Q. (BY MR. CAMPBELL) Is that a material factor to
9 you as a lender?

10 A. Significant.

11 MR. DeWULF: Object to form.

12 THE WITNESS: Significant fact. I thought this
13 all happened later.

14 Q. (BY MR. CAMPBELL) Now, I'm going to --

15 A. When did I first give him money?

16 Q. I'm going to go through that now.

17 A. Okay.

18 MR. CAMPBELL: John, I'm just going to mark this
19 as Exhibit 629. I have some tabs in here. I think I will
20 be able to go through them quicker. It's going to have
21 some duplicates.

22 MR. DeWULF: It's a duplicate?

23 MR. CAMPBELL: But these are just -- they are
24 our exhibits, so we can sort that out when we do trial
25 exhibits if we get that far, but let me give you a copy.

STEVEN GREGORY BUNGER, 12/3/2018

1 I'm going to give you a copy. Just mark the
2 whole book 629.

3 (Deposition Exhibit No. 629 was marked for
4 identification.)

5 Q. (BY MR. CAMPBELL) And what I would like you to
6 do is turn to Tab 4.

7 Now, what I asked my staff to do is give me all
8 the subscription agreements by year. So Tab 4 should have
9 your 2013 subscription agreements.

10 A. Right.

11 Q. So I just want to go through these with you. I
12 want to get the dates of when you invested.

13 So you will see on the first page of Tab 4, it's
14 Bates stamped 135580. This is a Subscription Agreement
15 dated April 22nd, 2013.

16 A. Right.

17 Q. Do you see that?

18 A. Uh-huh.

19 Q. It's investment number 4. You are going to have
20 three investments before this. But you will notice that
21 on the subscription agreements, the first thing it says
22 is: The undersigned investor has received and reviewed
23 the Confidential Private Offering Memorandum dated July 1,
24 2009.

25 A. Right.

STEVEN GREGORY BUNGER, 12/3/2018

1 Q. It's actually 2011. But if you turn the page,
2 you will see you signed this one.

3 A. Okay.

4 Q. Now, each of the subscription agreements get
5 this and start this way.

6 Does this refresh your recollection that when
7 you signed the Subscription Agreement, you also got a
8 Private Offering Memorandum?

9 A. I would have done, yeah.

10 Q. Now, they are all going to be the same.

11 A. Right.

12 Q. All right. So this is in April of 2013,
13 investment number 4. So if you turn to Bates stamp 518
14 are the last three numbers.

15 A. Okay.

16 Q. Don't ask me how these get numbered the way they
17 do, but you will see this is labeled investment number 1,
18 and it's October 1st, 2013.

19 Do you see that?

20 A. Right.

21 Q. And, again, it says you are going to get a POM.
22 Do you see that?

23 A. Yeah.

24 Q. If you look down to the third bullet point under
25 1, it's going to be \$795,000 for two years at 12 percent.

STEVEN GREGORY BUNGER, 12/3/2018

1 Do you see that?

2 A. Right.

3 Q. Turn the page, and you signed this one.

4 Actually, turn to the next page. So this is
5 going to be -- this also is investment number 1, but it's
6 February 8th, 2013. I think this is the first
7 investment --

8 A. Right.

9 Q. -- we have for you.

10 A. Right.

11 Q. Again it says you have gotten a POM.

12 Do you see that?

13 A. Uh-huh.

14 Q. And then this is for a million dollars for two
15 years at 12 percent.

16 A. Uh-huh.

17 Q. Help refresh your memory of giving these amounts
18 in 2013?

19 A. Yeah, this is the first one.

20 Q. Yeah.

21 And then turn to the next investment, which is
22 going to be Bates stamped 568. This is going to be
23 investment number 2. It's dated March 5th, 2013. Again,
24 it says you have received a POM, and this one is for a
25 million dollars for 24 months again.

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1 A. Uh-huh.

2 Q. You see that?

3 A. Uh-huh. Yes. I'm sorry.

4 Q. Turning to --

5 A. It only happened one time. I'm proud of myself.

6 Q. Turning to what's Bates stamped 453, this one is
7 dated March 8th, 2013. It's investment number 3. Again
8 it says you are given a POM.

9 Do you see that?

10 A. Yeah.

11 Q. It says 1 million, it's crossed out, it's 665,
12 and it's crossed out again and it's 605,000.

13 Do you see that?

14 A. Yes.

15 Q. Okay. And then turn again to the next one.
16 This is investment number 4, April 22nd, 2003.

17 MR. DeWULF: 2013.

18 MR. CAMPBELL: 2013. Thank you.

19 Q. (BY MR. CAMPBELL) It's for 400,000. And again
20 you receive a Private Offering Memorandum with respect to
21 this one, correct?

22 A. Right.

23 Q. Let me see if there are any more.

24 It looks like if you turn to where there is a
25 Promissory Note, these are suitability forms.

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1 A. I think this is the questionnaire.

2 Q. You understand you had to be an accredited
3 investor?

4 A. Yeah.

5 Q. Are you at the Promissory Note?

6 A. Is that it right there?

7 Q. Yeah.

8 So this is -- we don't have all of these, but
9 here is the one for \$400,000.

10 Do you remember you would get a promissory note
11 like this?

12 A. I do. I do remember this.

13 Q. Turn the page. We have investment number 5.
14 This is on July 23rd, 2013.

15 A. I will bring the paperwork.

16 Q. You see again you got another Private Offering
17 Memorandum.

18 Do you see that?

19 A. Yeah. Uh-huh.

20 Q. And this is for 300,000 for 24 months.

21 You see that?

22 A. Yes.

23 Q. Turn the page again, you have got investment
24 number 4. This is for December 20th, 2013. This is
25 July 1, 2009, and you see you again got another Private

STEVEN GREGORY BUNGER, 12/3/2018

1 Offering Memorandum.

2 You see that?

3 A. Yes.

4 Q. And this is going to be after that meeting he
5 had with Scott on November 26 and 27 of 2013, where Scott
6 tells him that the cousin has embezzled all the money.

7 MR. DeWULF: Would you read that back? Because
8 I think you misspoke.

9 (The requested portion of the record was read.)

10 Q. (BY MR. CAMPBELL) Let me rephrase the question.

11 This particular Subscription Agreement dated
12 December 20th, 2013, comes after the meeting that
13 Mr. Chittick has in his corporate notes with Mr. Menaged
14 on November 27, 2013, right?

15 A. Yes. Yes.

16 Q. So he is taking money from you without telling
17 you about what Mr. Menaged had told you.

18 True?

19 A. True, and inconsistent with what he actually
20 told me.

21 Q. And then let's turn to Tab 5.

22 So tab 5 is going to be 2014. And you will see
23 Bates stamped 457, a Subscription Agreement dated July 1,
24 2014, an investment number 2, \$900,000 for 24 months and
25 you get a Private Offering Memorandum, right?

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1 A. Yes.

2 Q. And here he is soliciting money from you,
3 getting money from you after he had his meeting with
4 Mr. Menaged, correct?

5 A. Yes.

6 Q. He hadn't told you about the meeting with
7 Mr. Menaged?

8 A. No, he had not.

9 Q. Let's turn to the next one. This is investment
10 number 4 on May 1st, 2014. Again, you have received a
11 Private Offering Memorandum, correct?

12 A. Yes.

13 Q. This one is for 550,000 for 24 months. True?

14 A. Yes.

15 Q. And, again, he is soliciting money from you,
16 getting money from you, and he hasn't told you anything
17 about his meeting with Mr. Menaged in 2013, correct?

18 MR. DeWULF: Object to form.

19 THE WITNESS: Correct.

20 Q. (BY MR. CAMPBELL) I assume he never at any
21 point told you the Private Offering Memorandum was
22 materially incorrect.

23 MR. DeWULF: Object to form.

24 THE WITNESS: No, because his business would
25 fall apart in two seconds.

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1 Q. (BY MR. DeWULF) If investors knew this, would
2 there be a run on the bank?

3 MR. DeWULF: Object to form.

4 THE WITNESS: Absolutely, 150 percent.

5 Q. (BY MR. CAMPBELL) All right. Let's turn the
6 page again. And you will see you have another
7 Subscription Agreement. This is Bates stamped 574, dated
8 January 21, 2014. This is for a Promissory Note of
9 \$500,000 for 24 months.

10 Again you have received the Private Offering
11 Memorandum, correct?

12 A. Yes.

13 Q. When he solicited this investment, I assume he
14 didn't tell you about his meeting with Menaged?

15 A. No, he did not.

16 Q. I assume he did not tell you the Private
17 offering Memorandum is materially incorrect?

18 MR. DeWULF: Object to form.

19 THE WITNESS: He did not. I wouldn't have put
20 my whole life in his hands.

21 Q. (BY MR. CAMPBELL) Let's turn to the next one.
22 This is investment number 6. It's dated January 22nd,
23 2014, \$500,000 for 24 months.

24 Let me just look and make sure it's not a
25 duplicate. No, this is a different loan.

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1 Again you received a Private Offering Memorandum
2 with respect to it. True?

3 A. That's correct.

4 Q. Fair to say he did not tell you about his
5 meeting with Menaged when he gave you this Subscription
6 Agreement?

7 A. He did not.

8 Q. Let's turn to Bates stamp 461. This is just a
9 suitability questionnaire, right?

10 A. What was the question?

11 Q. This is just the form where you say you are an
12 accredited investor?

13 A. Yes.

14 Q. All right. Let me see if I have another
15 Subscription Agreement. Go to Bates stamp 281 at the
16 bottom. This is May 1st, 2014, right?

17 A. Yes.

18 Q. And this is -- it relates back to investment
19 number 1. This is for \$850,000 for two years at
20 12 percent, right?

21 A. Yes.

22 Q. Again you received a Private Offering
23 Memorandum, correct?

24 A. Yes.

25 Q. Fair to say he didn't tell you anything about

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1 his dealings with Menaged when he obtained this money from
2 you?

3 A. That's correct.

4 Q. All right. Let's turn to Tab 6.

5 A. This wasn't -- I thought this problem all
6 happened way later.

7 Q. Well, you were much more at risk than you
8 thought.

9 A. Oh, my God. This panics me.

10 Q. So let's -- so we're on --

11 A. It panics me.

12 Q. -- Tab 6. This is going to be 2015. And this
13 is another Subscription Agreement for investment number 1.
14 It's 795,000 for 24 months, and again it says you received
15 a Private Offering Memorandum, correct?

16 A. Yes.

17 Q. And for this investment on October 1st of 2015,
18 fair to say he didn't tell you about his dealings with
19 Mr. Menaged?

20 A. No, he did not.

21 Q. Some of these investments are for your
22 children's trust, right?

23 A. Yes.

24 Q. Let's turn to Bates stamp 424. This is
25 October 1st, 2015, related again to investment number 1,

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1 795,000 for 24 months. Again it gives you the same
2 Private Offering Memorandum, right?

3 A. Yes.

4 Q. Fair to say even on October 1st, 2015, he had
5 not told you about his dealings with Mr. Menaged?

6 A. He had not.

7 Q. Turn to Bates stamp 437.

8 You probably didn't remember you put so much
9 money into this, do you?

10 A. No, I don't. I do, actually.

11 Q. Okay. This is investment number 1. It's dated
12 February 8th, 2015. This is for \$1 million for 24 months.
13 Again he says he gives you a Private Offering Memorandum,
14 right?

15 A. Yes.

16 Q. Fair to say he didn't tell you about his
17 dealings with Mr. Menaged?

18 A. He did not.

19 Q. All right. Let's go to Bates stamp 426. This
20 is February 8th, 2015. Again it's for a million dollars
21 for 24 months.

22 Same question. When you got this Subscription
23 Agreement, did he tell you about his meetings and dealings
24 with Mr. Menaged?

25 A. No, he did not.

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1 Q. All right. Turn to Bates stamp 442. This is
2 investment number 3, dated March 8th, 2015, \$665,000 for
3 24 months. Again he gives you a Private Offering
4 Memorandum, correct?

5 A. Correct.

6 Q. Fair to say he did not tell you about his
7 dealings with Mr. Menaged before he solicited this money
8 from you?

9 A. Oh, God, no.

10 Q. I think the next one is a duplicate.

11 In any event, with respect to all the
12 subscription agreements, before he committed suicide, did
13 he ever tell you about his dealings with Mr. Menaged,
14 going back to that conversation he had on November 27th,
15 2013?

16 A. No. In fact, he told me something completely
17 different.

18 Q. All right. Clark Hill in this case, they are
19 the defendants' law firm, they have filed a pleading with
20 the court saying that you are at fault for the loss of
21 your money.

22 Do you believe you are at fault for the loss of
23 your money?

24 MR. DEWULF: Object to the form of that.

25 THE WITNESS: No, I'm not. I mean, I'm a

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1 sophisticated lender. I dug in deep.

2 Q. (BY MR. CAMPBELL) Right. I want --

3 A. I didn't hire an accounting firm to double-check
4 his work, though.

5 Q. All right.

6 A. That's my mistake.

7 Q. And fair to say that you assumed he would
8 disclose to you all material relevant facts with respect
9 to the transaction?

10 A. Yes.

11 Q. I want you to turn to Tab 1, and I just want to
12 ask you -- this is the defendants' disclosure statement.
13 I just want to ask you some questions from it.

14 A. You guys love looking at this stuff. I hate
15 looking at stuff like this. It gives me a bad stomach.

16 Q. Turn to page 6.

17 So in the summer of 2013, if you look at -- go
18 back to page 5, the top of page 5. There was a lawsuit
19 filed called the FREO lawsuit.

20 Do you see that at the bottom?

21 A. Yes.

22 Q. And this was a lawsuit involving Easy
23 Investments, an entity owned by Menaged.

24 A. Right.

25 Q. I want you to turn the page.

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1 A. Filed by who?

2 Q. Well, it was filed by someone else.

3 A. Okay.

4 Q. You will see that at the bottom of the page on
5 6, line 22, it says: Mr. Beauchamp did, however, explain
6 to Mr. Chittick that this lawsuit would need to be
7 disclosed in DenSco's 2013 Private Offering Memorandum.

8 At any time from the summer of 2013 until
9 Mr. Chittick's suicide, did anyone disclose to you this
10 FREO lawsuit that was filed in the summer of 2013?

11 MR. DeWULF: Object to form.

12 THE WITNESS: No.

13 Q. (BY MR. CAMPBELL) One of the things that is in
14 the complaint of the FREO lawsuit is that Mr. Menaged had
15 put two deeds of trust on the home, one of which was
16 supposedly for DenSco and the other one for another
17 hard-money lender.

18 A. Who did this?

19 Q. Mr. Menaged.

20 A. Okay. Yes.

21 Q. At any time between the summer of 2013 until
22 Mr. Chittick's suicide, did anyone tell you about this
23 lawsuit that showed a double deed of trust problem on the
24 piece of property?

25 MR. DeWULF: Object to form.

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1 THE WITNESS: No.

2 Q. (BY MR. CAMPBELL) The disclosure statement says
3 that -- it may not be in the disclosure statement.
4 strike. Start over again.

5 Mr. Beauchamp has stated that as a result of the
6 FREO lawsuit, he told Mr. Chittick: Don't give any money
7 directly to Mr. Menaged. Go down and give it to the
8 trustee yourself.

9 From the summer of 2013 until Mr. Chittick's
10 suicide, did anyone ever tell you that Mr. Chittick was
11 giving money directly to Mr. Menaged --

12 A. No.

13 Q. -- and that he would use it to buy the property?

14 A. No.

15 Q. If you had known that, would you have given any
16 money to Mr. Chittick?

17 A. No. I would have burned down his house.

18 Q. Even after he had the meeting with Mr. Menaged
19 on November 27th of 2013, when Mr. Menaged told him that
20 his cousin had taken all the money and burned it up in
21 Las Vegas, were you ever told that Mr. Chittick continued
22 to give money directly to Mr. Menaged?

23 A. No.

24 Q. If you had known that, having been burned once,
25 you continued to give money directly to Mr. Menaged, would

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1 you have given him any money?

2 MR. DeWULF: Object to form.

3 THE WITNESS: No.

4 I can't believe this hasn't hit the newspapers.

5 Q. (BY MR. CAMPBELL) Turn to page 9 of the
6 statement. I'm just going to read the top paragraph,
7 where it says here -- this is going to repeat what you
8 read in the corporate journal: Mr. Chittick asserted,
9 however, that Menaged's wife had become critically ill in
10 the past year, and that Menaged had turned the day-to-day
11 operations of his companies over to his cousin. According
12 to Mr. Chittick, the cousin would receive funds directly
13 from DenSco, then request loans for the same property from
14 another lender, including the Miller Lenders. The other
15 lenders, who had funded their loans directly to the
16 trustee, would record their deed of trust, as would
17 DenSco, leaving DenSco in second position. The cousin,
18 unfortunately, then purportedly absconded with the funds
19 lent directly to Menaged. This "double lien" issue
20 consequently jeopardized DenSco's secured position and its
21 loan-to-value ratio. Mr. Chittick feared that a lawsuit
22 with the Miller Lenders would jeopardize DenSco's entire
23 enterprise.

24 A. It would.

25 Q. Did Mr. Chittick ever tell you that DenSco's

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1 first loan position was jeopardized, and even in a second
2 position would jeopardize its loan-to-value ratios?

3 A. No.

4 Q. Did Mr. Chittick ever advise you, between
5 January of 2014 and his suicide, that he had loans on
6 properties in excess of the value of the property?

7 A. No.

8 Q. Would you have lent him money if he knew he had
9 loans on properties in excess of the value of the
10 property?

11 A. No.

12 MR. DeWULF: Object to the form.

13 Q. (BY MR. CAMPBELL) Now, turn to page 11.

14 A. Do you guys -- can we take just a quick break
15 just a second?

16 Q. Yeah.

17 A. I just want to call my son.

18 Q. Absolutely.

19 (A recess was taken from 4:24 p.m. to 4:26 p.m.)

20 Q. (BY MR. CAMPBELL) Turn to page 11, line 11 on
21 page 11.

22 As far as Mr. Beauchamp knew, and as
23 Mr. Chittick had previously told him, Mr. Chittick indeed
24 had a select group of investors to whom he turned for
25 advice and approval when confronted with important

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1 business decisions, such as, for example, diversifying his
2 investments into different types of properties.

3 Were you aware of any sort of advisory council
4 that Mr. Chittick had with respect to running his
5 business?

6 A. Absolutely not.

7 Q. You were not part of any such advisory council?

8 A. No.

9 Q. Did you ever hear from any other investor that
10 they were a part of an advisory council for Mr. Chittick?

11 A. No.

12 Q. In fact, you testified earlier you thought he
13 was a loaner?

14 A. Yes.

15 Q. Turn to page 17.

16 A. Page 17?

17 Q. No. Excuse me. Line 17 on page 11.

18 A. Okay.

19 Q. Same page. You will see it says: They include
20 various statements suggesting that Mr. Chittick may have
21 previously told (and received approval from) a select
22 group of investors that he was investing specifically with
23 Menaged, that he was increasing his loan concentration
24 with Menaged above the 10 to 15 percent concentration
25 threshold suggested in his POMs, and that his lending

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1 process involved funding loans directly to borrowers,
2 rather than a trustee or escrow account.

3 Have you heard from anyone that Mr. Chittick
4 told a select group of investors that was what he was
5 doing?

6 A. No.

7 MR. DeWULF: Let me just object, because that
8 sentence, the premise for the question you didn't read in
9 that sentence, but you can go ahead and answer the
10 question as stated.

11 MR. CAMPBELL: Okay. Yeah. I -- I'm not
12 disagreeing with your objection with respect to the emails
13 and stuff.

14 Q. (BY MR. CAMPBELL) But my question is, have you
15 heard from any investors that Mr. Chittick came to them
16 and told them what he was doing with Mr. Menaged?

17 MR. DeWULF: Object to form.

18 THE WITNESS: Absolutely not. And on top of
19 that, every investor I have talked to was surprised by all
20 of these, all these facts.

21 Q. (BY MR. CAMPBELL) Just as you were?

22 A. Yeah, including Brian, who was the largest
23 investor.

24 Q. Have you ever heard about a Forbearance
25 Agreement?

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1 A. No.

2 Q. Were you ever told by anyone that Mr. Chittick
3 had entered into a Forbearance Agreement with Mr. Menaged
4 that he would not foreclose on his property?

5 MR. DeWULF: Object to form.

6 THE WITNESS: No.

7 Q. (BY MR. CAMPBELL) If you had known that
8 Mr. Chittick had entered into a Forbearance Agreement with
9 Mr. Menaged, would you have continued to lend him money?

10 MR. DeWULF: Object to form.

11 THE WITNESS: No.

12 Q. (BY MR. CAMPBELL) Now, I think you indicated
13 earlier you don't know Mr. Beauchamp, right?

14 A. The lawyer?

15 Q. The lawyer.

16 A. No.

17 Q. And you have no knowledge about the
18 attorney/client relationship between Mr. Chittick and
19 Mr. Beauchamp?

20 A. I have no idea what their relationship would be.

21 Q. And you have no knowledge of what advice he
22 asked from Mr. Beauchamp and what Mr. Beauchamp told him?

23 A. No.

24 Q. Let me just jump to -- jump to Tab 10.

25 A. Tab 10?

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1 Q. Tab 10, yeah. Actually, these are a lot of the
2 same emails that John has showed you.

3 A. Okay.

4 Q. These are sort of in chronologic order. There
5 are just a few I wanted to ask you about.

6 A. What number?

7 Q. Actually, if you turn to -- these are not Bates
8 stamped, unfortunately, but it's December 2nd, 2012. It's
9 going to be just a few in.

10 A. December 2nd?

11 Q. December 2nd, 2012. It's entitled Transition at
12 the top.

13 A. Am I getting close?

14 Q. Are you getting close to December -- October 2nd
15 I meant. October 2nd. I'm sorry.

16 A. October 2nd, here it is.

17 Q. There it is, Transition.

18 So this is an email --

19 MR. DEWULF: Hold on just a second. Okay. I'm
20 with you.

21 Q. (BY MR. CAMPBELL) At the top it's Denny
22 Chittick to you, dated October 2nd, 2012, Transition.

23 If you look down, you are announcing that you're
24 transitioning from Mobile Mini.

25 A. Right.

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1 Q. So you are off to another great adventure in
2 your career --

3 A. Right.

4 Q. -- right?

5 A. Right.

6 Q. And Mr. Chittick knows about it, and actually he
7 is just giving you some advice to take some time off,
8 right?

9 A. Right. Yeah.

10 Q. And then let's turn the page, and this is going
11 to be October 25th, 2012.

12 A. Okay.

13 Q. And this is an email from you to him.

14 A. This is 2012. Okay.

15 Q. 2012, yeah.

16 A. Okay.

17 Q. I'm just trying to get the timeframe.

18 Here now you are asking him: Are you still
19 taking capital for your real estate business? If so, I
20 would like to maybe have lunch with you.

21 A. That's probably the first reach out.

22 Q. Right.

23 So do you remember you mentioned that you sat
24 down and talked with him. Is that what this was leading
25 up to, you are getting together with him for lunch to have

STEVEN GREGORY BUNGER, 12/3/2018

1 a sit-down?

2 A. This was definitely one of them.

3 Q. Okay. So you met -- did you meet with him more
4 than once to find out about the business?

5 A. Yes.

6 Q. And I take it your purpose of meeting with him
7 was to sort of due diligence, right? You are finding out
8 what his business is?

9 A. 100 percent.

10 Q. All right. And then if you turn the page again,
11 you see this is Mr. Chittick to you from February 7th,
12 2013.

13 A. That was 2012, though, wasn't it?

14 Q. Yeah.

15 MR. DeWULF: Yes.

16 Q. (BY MR. CAMPBELL) The other one was 2012.

17 A. Okay.

18 Q. And, actually, as far as I can tell you, this is
19 the first time you invested.

20 A. Yeah. But I went to him -- I know that's when I
21 had a conversation with him. The one before was about how
22 did you get through the recession.

23 Q. Yeah. Okay.

24 But does this refresh your recollection that you
25 are sort of putting your investments in on or about

STEVEN GREGORY BUNGER, 12/3/2018

1 February 7th, 2013?

2 A. It must be.

3 Q. Okay. Actually, if you turn to the next page,
4 it's on February 8th, you actually sent the money over
5 before he has done the paperwork for you.

6 A. Yes.

7 Q. That comes next, right?

8 A. Yes.

9 Q. Okay. You said that you have had lawyers do
10 private offering memorandums for you in your businesses?

11 A. Many times.

12 Q. Okay. And you know -- are you familiar at all
13 with the legal requirements for private offering
14 memorandums?

15 A. Well --

16 MR. DeWULF: Object to form.

17 THE WITNESS: -- generally.

18 Q. (BY MR. CAMPBELL) You know their purpose is to
19 make material --

20 A. Yes.

21 Q. -- disclosures to investors?

22 A. Yeah.

23 Q. Are you aware they have to be updated to reflect
24 new material information that becomes available?

25 A. Yes.

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1 Q. After the Forbearance Agreement is when Menaged,
2 Chittick continued lending to Menaged, and that's when
3 Menaged started a second fraud where he was just doing --
4 creating paperwork and sending it in without buying the
5 properties.

6 A. What year was that?

7 Q. Actually, that started, according to the
8 receiver's report, as early as January 2014.

9 A. Oh.

10 Q. But I take it you never had any information of
11 what Mr. Beauchamp and Mr. Chittick decided to do in 2014.

12 MR. DeWULF: Object to form.

13 Q. (BY MR. CAMPBELL) Is that fair to say?

14 MR. DeWULF: Object to form.

15 THE WITNESS: That's accurate.

16 MR. CAMPBELL: Okay. No further questions.

17 MR. DeWULF: Good. Thanks for coming down.

18 (4:34 p.m.)

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STEVEN GREGORY BUNGER

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STEVEN GREGORY BUNGER, 12/3/2018

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

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

8
9 ☐ Review and signature was requested.
10 ☒ Review and signature was waived.
11 ☐ Review and signature was not requested.

12 I CERTIFY that I have complied with the ethical
13 obligations in ACJA Sections 7-206(F)(3) and
14 7-206-(J)(1)(g)(1) and (2).

15 Kelly Sue Oglesby 12/15/2018
16 Kelly Sue Oglesby Date
17 Arizona Certified Reporter No. 50178

18 I CERTIFY that JD Reporting, Inc. has complied
19 with the ethical obligations in ACJA Sections
20 7-206(J)(1)(g)(1) and (6).

21 JD REPORTING, INC. 12/15/2018
22 JD REPORTING, INC. Date
23 Arizona Registered Reporting Firm R1012
24
25