

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 CORALEE THOMPSON

Phoenix, Arizona
June 27, 2019
9:11 a.m.

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

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DEPOSITION OF CORALEE THOMPSON, commenced at
9:11 a.m. on June 27, 2019, at the law offices of
Coppersmith Brockelman, PLC, 2800 North Central Avenue,
Suite 1900, Phoenix, Arizona, before KELLY SUE OGLESBY, a
Certified Reporter, CR No. 50178, in and for the County of
Maricopa, State of Arizona, pursuant to the Rules of Civil
Procedure.

* * *

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Phoenix, Arizona
June 27, 2019
9:11 a.m.

* * *

CORALEE THOMPSON,
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. Coralee Thompson.

Q. Have you been deposed before, Coralee?

A. One time, that I can remember.

Q. All right. Let me talk to you kind of about the
procedure today, because Arizona may be different --

A. Uh-huh.

Q. -- or what your experience has been.

So we are here to find out what you know about
the facts and circumstances in a -- the demise of DenSco
and the conduct of certain people that were related or, in
some cases, either owned or managed DenSco.

I represent Clark Hill law firm and a lawyer
named David Beauchamp who have been sued by the receiver
who took over DenSco after it became insolvent, and Peter

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1 Davis was appointed as the receiver.

2 A. Uh-huh. Okay.

3 Q. I'm here to -- my goal is to ask you questions
4 that you'll understand so that you can give me truthful
5 and accurate answers. If my questions are hard to
6 understand, will you let me know?

7 A. I will.

8 Q. If you answer the question, I'm going to assume
9 you understood the question I asked you.

10 Is that fair?

11 A. Fair.

12 Q. If you need a break at any time, just let me
13 know. I tend to break about every hour.

14 A. Okay.

15 Q. I want to -- and I told Mr. Campbell this. I
16 want to try and get done this morning --

17 A. Okay.

18 Q. -- and I want to be finished by noon. I have
19 got a noon phone call. So I'm going to try to move --
20 there are a lot of documents, but I'm going to try to move
21 through them quickly.

22 A. Okay.

23 Q. The testimony that you give today and what the
24 counsel says today is all being recorded by a court
25 reporter, and so what we say will need to be verbal so she

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1 can type it down and audible so she can hear it.

2 A. Uh-huh.

3 Q. And then uh-huh, uh-uh, those kinds of things
4 are really difficult, so --

5 A. Okay.

6 Q. And we will all need to extend the courtesy to
7 one another to allow the other to complete speaking before
8 the other speaks, because it's hard to type down two
9 people speaking at the same time.

10 Does that make sense?

11 A. It does.

12 Q. Okay. So I need to get some background
13 information from you, because I just don't have any bio.
14 where did you go to high school and what year
15 did you graduate?

16 A. Clinton, Missouri. I graduated in 1958.

17 Q. Did you go to college anywhere?

18 A. I went to college a little bit at, I think it
19 was called Central Missouri State, which was at
20 warrensburg, Missouri.

21 Q. Uh-huh.

22 A. And then I moved to Kansas and went, started at
23 Wichita State -- I think at the time it might have been
24 Wichita University -- and picked up some more hours then.
25 And then just family reasons, I didn't continue at that

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1 point. I got my degree in 1976 in business from Wichita
2 State.

3 Q. And I'd like to get a summary of your career
4 background.

5 A. Okay.

6 Q. I know, through some of the documents, that you
7 continue to work even today, right?

8 A. Yeah. I take care of, you know, what has to be
9 taken care of. I -- let's see. Well, in the very
10 beginning I worked for a state senator from Missouri in
11 Jefferson City, Missouri, for just like a session,
12 legislative session. That was kind of my first job out.

13 And then I moved to Kansas after that and I got
14 a job at Beech Aircraft in Wichita, and I worked there 17
15 years. And I started in as, you know, like a typist,
16 secretary, administrative assistant, and then I ended up
17 doing a program where they took ideas from the people who
18 worked in mostly the plant for improvements that could be
19 made in techniques or whatever. And they -- we wrote them
20 up, and if they accepted them and they put them in the
21 process, then they got a reward. So that's what I did
22 last before I went back to college.

23 Q. Okay. And then after you graduated from Wichita
24 State --

25 A. Uh-huh.

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1 Q. -- with a business degree in 1976, what did
2 you --

3 A. '78, yeah, yeah.

4 Q. Oh, did I misstate that?

5 A. No. That's right.

6 Q. What did you do, from a career standpoint?

7 A. I -- well, I moved to -- pretty shortly after
8 that I moved to McPherson, Kansas, which is about 60 miles
9 north of Wichita. And my husband moved up there for a job
10 and I bought a clothing store, a ladies clothing store,
11 and ran it for quite a while, 15, 20 years. And expanded
12 to a store in Concordia, Kansas, and I had one in Topeka,
13 and I had two over in Missouri. So I was in the women's
14 clothing business.

15 Q. And through what point in time were you in that
16 business?

17 A. From -- you know, from about '76, '77 to maybe
18 96, '97, something like that. Maybe 15, 20 years. And I
19 had an antique mall up there, too. The -- and I ran that.

20 Q. And I have seen in some of the documents that
21 you have done, you did some lending as well at some point.
22 Right?

23 A. Uh-huh.

24 Q. And when did you start becoming a lender?

25 A. Well, I wasn't really a lender. I just did a

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1 few, I worked with a buyer at the foreclosure, and he
2 would have someone that just needed like what they kind of
3 call a bridge loan or something, and he would bring them
4 to me and I would do that.

5 Q. All right. So when did you start doing that?

6 A. Sometime after probably about 2004.

7 Q. Okay.

8 A. And I probably did -- yeah.

9 Q. Let me digress --

10 A. Yeah.

11 Q. -- for a minute.

12 How old are you?

13 A. 78.

14 Q. And how would you like me to address you in the
15 depo? What's most comfortable for you?

16 A. Just -- it's whatever you want to do. I don't
17 really care.

18 Q. You are comfortable with me using your first
19 name?

20 A. Sure.

21 Q. All right. I'll do that then.

22 MR. LEVINE: I want you to address me as
23 "Mr. Levine, sir."

24 MR. DEWULF: I was well aware. You didn't have
25 to tell me.

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1 MR. LEVINE: Okay.

2 MR. DeWULF: I have I have such deep respect for
3 you, Paul.

4 MR. LEVINE: If you want to object at all,
5 Colin, you can jump in.

6 MR. CAMPBELL: Object to form.

7 Q. I think we are all ready for a vacation.

8 So let me digress. I want to ask about your
9 husband's background, if I could, because I don't want to
10 have to take his deposition. He has got involvement,
11 obviously, in the underlying facts. He has got knowledge.
12 He was an investor as well. But if you could share with
13 us what he did from a primary career standpoint, that
14 would be helpful to us.

15 A. Well, I actually don't -- I can't really speak
16 for him, and I would be totally inept at dates.

17 Q. That's fine.

18 A. Yeah. But he -- I met Gary and we were married
19 in, like, '76. '76 was a big year.

20 Q. Yeah.

21 A. So my first husband died with an aneurysm, and
22 then he -- I think he died in like '73 or something like
23 that, and I met Gary then. And Gary had already had all
24 of his education by the time I met him. And he does have
25 a Ph.D. in engineering. Aerospace engineering, I think it

1 is.

2 Q. And is that what he did from a career
3 standpoint, was an aerospace engineer?

4 A. He did -- yeah, his -- he was a -- some of his
5 degrees are in structural engineering, and he did -- he
6 did a lot of on-land and vehicular accidents
7 reconstruction, and then would work for -- would appear in
8 court as an expert witness.

9 And then that takes a lot of, as he got older --
10 well, I don't know. He sort of got away from that because
11 it's pretty labor intensive, and he went just almost
12 exclusively aircraft.

13 Q. And he --

14 A. And he is a flutter expert.

15 Q. Flutter expert?

16 A. I'm sorry. Flutter, f-l-u-t-t-e-r.

17 MR. LEVINE: She just needs you to answer
18 audibly.

19 THE WITNESS: Oh, I'm sorry. I probably had my
20 hand up over my mouth.

21 Q. So it was a yes, a flutter expert, right?

22 A. Uh-huh.

23 MR. LEVINE: Yes?

24 THE WITNESS: Yes.

25 Q. So the "uh-huh" is a hard thing for her to type

1 down.

2 A. Basically that's what he was -- he did that. He
3 did other things. Crashworthiness.

4 Q. Was he an employee for any aero --

5 A. Self-employed.

6 Q. Okay. Let me go back to this lending.

7 You indicated that you would -- at some point
8 you became a lender, perhaps in 2004, for buyers at
9 trustee sales, right?

10 A. Yes.

11 Q. How did you get started in that business?

12 A. In the business?

13 MR. LEVINE: Are you talking about the lending
14 part of it?

15 Q. Yes, the lending business. The idea of giving,
16 providing money to bridge loans, I think is the term you
17 used.

18 A. The buyer just would say somebody needs to
19 borrow, you know, \$20,000, and like whatever, because they
20 purchased something at foreclosure, and you have got to
21 pay it within like about 24 hours and so they just need a
22 bridge loan until they can get their finances in order.
23 And he would recommend them, because he had bought it for
24 them and apparently knew them. But I didn't -- I didn't
25 consider myself a lender.

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1 Q. Who was the buyer you were referring to?

2 A. That was John Ray.

3 Q. Okay. So when did you -- did you begin working
4 with John Ray in 2004?

5 A. No.

6 Q. I may have misunderstood.

7 A. 2003 is when I really started, you know.

8 Q. And how did you first meet John Ray?

9 A. At the foreclosure sale down on -- downtown here
10 and where they sell properties, and he was standing there
11 as a bidder. And we had been using someone else, and
12 that's how I met John. I just walked up to him and talked
13 to him, and he seemed to be knowledgeable.

14 Q. So you just said: we were using someone else.
15 That makes me think that you were in this, at this point,
16 involved with purchasing properties at trustee sales?
17 Were you doing that?

18 MR. LEVINE: In or about 2003?

19 Q. '03, yeah.

20 A. '03 is when it started, yeah.

21 Q. So let me back up, because I'm just trying to
22 get a background on this.

23 How did you get started in the business of
24 buying properties at trustee sales?

25 A. I actually don't know. I don't really know what

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1 motivated me to start that. I don't know how I even found
2 out about it, but I did find people who -- I didn't go
3 down there to buy myself. I never have bought a piece of
4 property at a trustee sale, I don't believe. So I always
5 had to have someone to buy for me.

6 The first guy didn't -- I think only bought
7 maybe one piece of property from him, and then...

8 Q. Let me back up to get a little more background.

9 A. Yeah.

10 Q. Did you move to Arizona, did you and your
11 husband Gary move to Arizona at some point in time?

12 A. Yes.

13 Q. When was that?

14 A. Probably in the late '90s.

15 Q. And you have lived in Arizona ever since as your
16 primary residence?

17 A. From that time on maybe, uh-huh, yeah. About
18 there.

19 Q. So as it relates to this idea of attending
20 foreclosure sales or trustee sales, you couldn't recall
21 how you first got started doing that?

22 A. It may have been it was -- you know, you know
23 how we go through kind of cycles out here, and it may have
24 been that I recognized that there was a cycle, you know,
25 and the property was down and it might be something that

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1 would be advantageous. I don't really -- but I actually
2 don't remember.

3 Q. Okay.

4 A. It wasn't a definite day that I said I'm going
5 to do foreclosures, you know. Nothing like that. I don't
6 remember.

7 Q. And you think you met John Ray around 2003?

8 A. No. I probably met him, I would say maybe about
9 two years later, something like that. I went through the
10 first guy, and I got a call from the FBI and they said:
11 what are you doing with this guy? What's your interaction
12 with him? And I told them, and he said: Stay away from
13 him. He is a drug dealer.

14 Q. And who is that guy?

15 A. You know, I don't -- I don't have his name in
16 front of me, but, yeah, he was the first guy. I met him
17 at McDonald's and, you know, and he bought the property
18 for me, but after I got the phone call, I didn't do any
19 more business with him.

20 And then I used another two guys that were both
21 realtors that bought foreclosure properties, and --

22 Q. And who were those?

23 A. The first guy, his last name was Johnson, and I
24 haven't been able to remember his first name. But the
25 second guy's name was Troy Funk, F-u-n-k.

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1 Q. And this was before you started working with
2 John Ray?

3 A. Uh-huh.

4 Q. Yes?

5 A. Yes.

6 Q. So when you say you are buying properties, I'm
7 trying to get a sense of the mechanics, we know John Ray
8 did some what's called bidding --

9 A. Uh-huh.

10 Q. -- which would be bidding on behalf of a buyer
11 at a trustee sale.

12 Were you using him as a bidder --

13 A. Yes.

14 Q. -- for you as a buyer at a trustee sale?

15 A. Yes.

16 Q. And then you would take title ultimately of the
17 property that was the subject of the sale?

18 A. Yes.

19 Q. All right. And was that for purposes of then
20 reselling the properties?

21 A. Yes.

22 Q. Were you what's called a wholesaler, which was
23 taking property --

24 A. No.

25 Q. -- fixing them up and selling them?

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1 Okay. We are going to have to just keep in mind
2 that we will allow each other --

3 A. Yeah.

4 Q. -- to keep --

5 MR. LEVINE: So what he is saying is you have a
6 tendency to --

7 THE WITNESS: Interrupt.

8 MR. LEVINE: -- interject a little bit, and it's
9 just your nature.

10 THE WITNESS: Gotcha.

11 MR. LEVINE: And he wants to make sure he
12 finishes his question --

13 THE WITNESS: Okay.

14 MR. LEVINE: -- and then you answer.

15 THE WITNESS: Okay.

16 Q. So were you just buying these properties for
17 investment purposes?

18 A. I was -- I was purchasing the property. There
19 would be a list of properties available. I would go to an
20 area that I thought might be a pretty good area to buy and
21 sell properties in. I would go look at the property, and
22 then I would tell him what I would bid on it and he would
23 go down and bid for me.

24 And then if I got the property, it had to be
25 paid for the next day, unless it was a Friday, and then it

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1 went to Monday. And I purchased those to do what repairs
2 I could see needed to be done, and then I put them back in
3 the market and sold them.

4 Q. How many properties do you think over the period
5 of time from the early 2000s to present would you have
6 done what you have just described, which is to purchase
7 property at a trustee sale?

8 A. Houses? Maybe 75 to something.

9 Q. How many deals do you think you did through John
10 Ray as a bidder?

11 A. I don't know. I can't really answer that.

12 Q. Would it be over a dozen?

13 A. Yes. Uh-huh.

14 Q. And were there occasions then where you were
15 also lending money to either bidders or buyers at trustee
16 sales?

17 A. Yes.

18 Q. Let's break it down to bidders. I know you have
19 lent money to John Ray.

20 Did you lend money to him on multiple occasions?

21 A. Yes.

22 Q. Any idea how many?

23 A. Maybe four.

24 Q. And were those situations where it was a very
25 short-term bridge-loan type situation?

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1 A. There would have been maybe some of that, yeah,
2 and then other stuff was not.

3 Q. All right. How did you -- you would have
4 evaluated the property against which you made the loan,
5 correct?

6 A. Uh-huh.

7 Q. Yes?

8 A. Yes.

9 Q. And so you would have done some due diligence on
10 property values, neighborhoods, that kind of thing?

11 A. Exactly.

12 Q. All right. And did these -- this work that you
13 are describing that you did in connection with buying
14 properties at trustee sales, did your husband also
15 participate in those activities?

16 A. Yes.

17 Q. And when you are lending money either to bidders
18 or buyers at trustee sales, did your husband participate
19 in that as well?

20 A. He could, yeah.

21 Q. Did he?

22 A. Yes, uh-huh.

23 Q. And your daughter's name has come up.

24 Did she participate in any of these activities?

25 MR. LEVINE: If you know.

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1 THE WITNESS: Yes.

2 Q. What is her name?

3 A. Jolene.

4 Q. What's her last name?

5 A. Walker.

6 Q. Did you ever meet David Beauchamp?

7 A. Not that I know of.

8 Q. Sitting here today, do you have any complaints
9 or criticism of him?

10 MR. LEVINE: Wait a minute. Sitting here today.

11 MR. CAMPBELL: While he is thinking, I'm going
12 to object as to form, and I think counsel discussed that
13 form includes foundation.

14 MR. LEVINE: Join.

15 If you can answer, go ahead.

16 THE WITNESS: Do I have any criticisms?

17 MR. LEVINE: And that's based on her knowledge
18 today?

19 Q. Yeah. Let me ask a little bit of a different
20 question. Maybe it will help.

21 A. Sure.

22 Q. Sitting here today, as it relates to the conduct
23 of David Beauchamp, and in fact you may not know anyone
24 else at Clark Hill, you may not even know if there were
25 any other lawyers at Clark Hill, but I'll broaden it to

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1 David Beauchamp and his firm Clark Hill, do you personally
2 have any complaints or criticisms of what they did in
3 connection with the work they did for DenSco?

4 MR. LEVINE: Objection; form, foundation.

5 MR. CAMPBELL: Join.

6 THE WITNESS: Yes.

7 Q. What is it?

8 A. Well, can you broaden that out then a little bit
9 then for me? Are you talking -- are you talking about
10 what he did prior to Denny Chittick's death or are you
11 talking after Denny's death?

12 Q. I would want to know both. So let's break it
13 down --

14 A. Okay.

15 Q. -- to prior to Denny Chittick's death. Why
16 don't you share with me your view on that.

17 A. I -- I did not know him. As far as I know, I
18 had not met him, unless he was at one of the dinners or
19 lunches or whatever that Denny had. I went to maybe four
20 of those, and there were people there that I did not know.

21 But I was only, I was aware of him because his
22 signature was on paperwork that I got, and then Denny
23 referred to him in emails and things as his, you know,
24 lawyer that he depended upon to give him his securities
25 advice and that overlooked everything he did and made sure

CORALEE THOMPSON, 6/27/2019

1 he was doing it right, so that --

2 Q. Okay.

3 A. And I got memos that said that.

4 And so I -- at that point I thought he was -- I
5 felt more comfortable, because I thought he was an
6 overseer, as a licensed attorney, and that made me feel
7 better.

8 He was -- his name was on most of the memos, I
9 think almost 100 percent of the memos that I got where
10 Denny sent them to all of the investors, and I made the
11 assumption that he was an investor, because otherwise --
12 all the names, there was, like, at one point I think it
13 got up to maybe 125 names, and his name was right in
14 there. And it wasn't necessarily, you know, off to the
15 side as representing as an attorney. It was just like
16 these -- this is to my investors.

17 So I thought if he felt -- if he was confident
18 of the investment, that gave me even more of a feeling of
19 confidence, you know, in what was -- in what I was in. So
20 that's before he died.

21 Q. So let me just -- have you summarized for me any
22 complaints or criticisms that you have today --

23 A. Uh-huh.

24 Q. -- regarding David Beauchamp's conduct before
25 Denny Chittick's suicide?

CORALEE THOMPSON, 6/27/2019

1 A. No, I did not know of any reason before his
2 death to have any criticisms.

3 Q. Okay. So I think your testimony is you do not
4 have any complaints or criticisms about what David
5 Beauchamp did or didn't do prior to Denny Chittick's --

6 A. Right.

7 Q. -- suicide?

8 MR. LEVINE: Objection; form.

9 MR. CAMPBELL: Join.

10 THE WITNESS: Guys?

11 MR. LEVINE: Do you understand his question? I
12 think he is asking you a yes or a no, but --

13 THE WITNESS: And I can't really answer that
14 with a yes or a no.

15 Q. I thought I was just summarizing what you said.

16 A. Well, because I didn't know all that he was
17 doing.

18 Q. Okay.

19 A. Had I know all he was doing, I would have been
20 critical before Denny's death.

21 Q. All right. So --

22 A. For example, the Forbearance Agreement.

23 Q. Okay. So I understand now the distinction you
24 are making. So let me go back to something you said a
25 moment ago to clarify.

CORALEE THOMPSON, 6/27/2019

1 No one ever told you David Beauchamp was an
2 investor in DenSco, right?

3 MR. LEVINE: Objection; form.

4 MR. CAMPBELL: Join.

5 THE WITNESS: So I can't really -- I don't
6 recall.

7 Q. What evidence do you have today to share with
8 me --

9 A. Uh-huh.

10 Q. -- that supports your belief that David
11 Beauchamp was an investor in DenSco?

12 A. I have emails where his name was included with
13 the list of investors that were sent to me from Denny
14 Chittick.

15 Q. Okay. So there were emails that had David
16 Beauchamp's name on it --

17 A. Uh-huh.

18 Q. -- next to names of investors, and so you are
19 surmising from seeing those that he was an investor?

20 A. Yes.

21 Q. Is there any other evidence that you believe
22 supports the view that David Beauchamp was an investor in
23 DenSco?

24 A. Just my impression was that he was.

25 Q. All right. Did Denny Chittick ever tell you

CORALEE THOMPSON, 6/27/2019

1 that David Beauchamp was an investor in DenSco?

2 A. Not that I recall.

3 Q. Did Denny Chittick ever share with you his view
4 of David Beauchamp as the lawyer for DenSco?

5 MR. LEVINE: Objection; form.

6 MR. CAMPBELL: Join.

7 THE WITNESS: well, I have an email, and
8 actually I just almost quoted verbatim from it. And it
9 just said I ran this by my attorney, David Beauchamp, who
10 is a securities specialist or, you know, my attorney that
11 protects me on securities and answers all my questions and
12 keeps me doing things by the book, you know, so, yeah, in
13 that method, he shared with me his belief that Chittick --
14 Denny Chittick shared with me.

15 Am I making this clear?

16 Q. No.

17 A. No. He gave me his opinion, yeah.

18 Q. All right. So that -- but I understand what you
19 are saying --

20 A. Yeah.

21 Q. -- so let me break that down.

22 A. Okay.

23 Q. Denny Chittick never told you in a conversation,
24 right, in a verbal conversation, either by phone or in
25 person, his view or his impression of David Beauchamp, is

CORALEE THOMPSON, 6/27/2019

1 that right?

2 MR. LEVINE: He is limiting it to an actual
3 conversation either by phone or in person.

4 Correct?

5 MR. DeWULF: Yes.

6 THE WITNESS: I don't think I can recall that
7 one way or the other.

8 Q. All right. And so my question about whether
9 Denny Chittick ever shared with you his view of David
10 Beauchamp, you believe that that view was expressed in an
11 email from --

12 A. Uh-huh.

13 Q. -- Denny Chittick to you --

14 A. Uh-huh.

15 Q. -- right?

16 A. Right.

17 Q. And where that email is describing David
18 Beauchamp as his securities lawyer and upon whom he relies
19 for advice?

20 A. Exactly.

21 Q. Okay.

22 A. And in several instances. There are other
23 emails --

24 Q. Right.

25 A. -- that he refers to him.

CORALEE THOMPSON, 6/27/2019

1 Q. Okay. Anything else, other than what you have
2 now described, that you can share with us regarding what
3 you believe was Denny Chittick's expression of his view
4 about David Beauchamp?

5 A. You have to understand, I didn't have very many
6 conversations with Denny Chittick.

7 Q. I'm just asking the question. It's a yes-or-no
8 question.

9 A. And I can't -- no.

10 Q. Now, if we -- let's broaden the scope here a
11 little bit to then what you have learned today as it
12 relates to David Beauchamp's conduct before the suicide,
13 and what are your criticisms or complaints about that?

14 A. So after the suicide, I found out that there was
15 a Forbearance Agreement, which he was aware of, and I
16 didn't know anything about it. And I felt like he should
17 have -- that should have been a very large red flag, and
18 he should have reported that. He had a fiduciary duty to
19 report that to the investors, but --

20 Q. "He" being who?

21 A. David Beauchamp. Beauchamp.

22 Q. You are saying David Beauchamp had a fiduciary
23 duty --

24 A. I do.

25 Q. -- to report the Forbearance Agreement to the

1 investors?

2 A. Uh-huh.

3 Q. Okay. Anything else?

4 A. And then the -- when he found out what was going
5 on with Menaged, is how I pronounce, I'm sorry if that's
6 not correct, I thought that he had an obligation to report
7 that, too.

8 Q. That the lawyer had the obligation to report
9 that?

10 A. Yes. I thought that was his fiduciary duty,
11 uh-huh.

12 Q. Okay. So you think the lawyer had a fiduciary
13 duty to you?

14 A. I do.

15 MR. LEVINE: Objection; form.

16 Q. You do?

17 A. Uh-huh.

18 Q. Okay. Yes?

19 I just have to keep reminding you that you have
20 to give a verbal answer rather than an uh-huh, uh-uh.
21 okay?

22 A. I think I said I do.

23 Q. Okay. So anything else --

24 A. Yeah.

25 Q. -- sitting here today, knowing what you know

CORALEE THOMPSON, 6/27/2019

1 today, that you have as a criticism or a complaint about
2 David Beauchamp --

3 A. Well, there is another --

4 Q. -- pre-suicide?

5 A. Pre-suicide. I was going after suicide. That's
6 the things I just now said.

7 Q. Let me rephrase the question. I'm asking what
8 you know today --

9 A. Right.

10 Q. -- as to the conduct of David Beauchamp before
11 the suicide.

12 Have you expressed to me everything you can
13 think of that is a complaint or a criticism of him?

14 A. Right. Yeah. And I said I didn't really have a
15 criticism of him before suicide.

16 MR. LEVINE: I'm not sure you are understanding
17 his question.

18 THE WITNESS: Okay.

19 MR. LEVINE: Can I help?

20 MR. DeWULF: Yes.

21 MR. LEVINE: Okay. So he is asking you based on
22 your knowledge today --

23 THE WITNESS: Uh-huh.

24 MR. LEVINE: -- what you know today, whether you
25 have a criticism of Mr. Beauchamp's --

CORALEE THOMPSON, 6/27/2019

1 THE WITNESS: Okay.

2 MR. LEVINE: -- conduct and vis-a-vis the
3 conduct before the suicide. What you know today about
4 Beauchamp before the suicide.

5 THE WITNESS: Yeah. So my criticism would have
6 been the forbearance enclosure, and when he found out
7 about the involvement of Menaged. Those are two big red
8 flags that I thought I should have been made aware of,
9 because my actions would have been totally different than
10 what they were.

11 Q. Right. And I want you to listen to my question.

12 My question is, do you have any other evidence
13 or any other view other than what you have already
14 expressed regarding Mr. Beauchamp's pre-suicide conduct?

15 A. Not that I can recall.

16 Q. All right. So now let's focus on the timeframe
17 post-suicide.

18 A. Okay.

19 Q. What criticisms or complaints do you have about
20 Mr. Beauchamp after Mr. Chittick's suicide in late July of
21 2016?

22 A. I got an email from him, and it started out by
23 saying that he was the only one that knew everything about
24 DenSco and would be able to carry on after Denny's death,
25 and that was sent to the investors.

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1 And that gave me a certain sense of someone is
2 in charge, you know, because I didn't know -- at the time
3 I didn't know anything about the forbearance or the, you
4 know, Menaged fraud, any of that. And so he sent quite a
5 lengthy memo out or email, but it started that way, and so
6 I definitely am critical of that.

7 Q. And what are you critical of?

8 A. Well, I think he -- in a perfect world, he
9 should have started out and said, "You have been a victim
10 of a major fraud, and this is where you are," and he
11 didn't do that. And I kind of felt like -- so that was my
12 criticism there.

13 My other criticism was that he was one of the
14 first ones in the house and he had access to all the
15 records and everything, and I -- since then I have
16 wondered, since I don't know him, just how honest he is,
17 and are all the records, were they all taken or are they
18 all still there, are some missing? You know, I don't
19 know. I don't know that.

20 Q. All right. Well, this is serious stuff.

21 A. It is.

22 Q. I want to focus on what you have just said --

23 A. All right.

24 Q. -- because I don't want speculation and I don't
25 want you just saying things without knowing them.

CORALEE THOMPSON, 6/27/2019

1 A. Uh-huh.

2 Q. Do you know of anything that was taken,
3 misplaced, that was in the house?

4 A. No.

5 Q. All right. So now you are guessing that someone
6 may have taken something? I want to know what you are
7 saying.

8 A. I know the opportunity would have been there.

9 Q. Okay. But what do you have in terms of a
10 factual basis for suggesting that someone took something?

11 A. I don't know what was there.

12 Q. All right. So you don't know either way?

13 A. No.

14 Q. All right. So let's focus on the things you do
15 know.

16 A. You are asking me what I think --

17 Q. Well, but --

18 A. -- and I am just telling you what my thoughts
19 are on this.

20 Q. And I have got to explore with you the basis for
21 your thoughts, and the thoughts as it relates to making
22 accusations as to people, what the factual basis for that
23 is --

24 A. Uh-huh.

25 Q. -- as opposed to just guessing or being cynical,

CORALEE THOMPSON, 6/27/2019

1 and so I need to explore.

2 A. Okay.

3 Q. I don't have a question right now.

4 A. Okay.

5 Q. So let me ask you a question.

6 A. Uh-huh.

7 Q. As it relates to the -- your perfect world, if
8 you -- what you were wishing Mr. Beauchamp would have said
9 in his email to you, do you know that he possessed
10 knowledge at the time he sent the email?

11 A. Yes, because of pre Denny Chittick's death, he
12 had involvement in the foreclosure -- the Forbearance
13 Agreement and he had knowledge of Menaged.

14 Q. Do you know when he ceased doing work in that
15 regard for DenSco?

16 MR. CAMPBELL: Objection; form.

17 MR. LEVINE: Yeah. Join.

18 Do you understand his question?

19 THE WITNESS: Yeah.

20 Q. So my question is --

21 A. I would not have that knowledge, I don't think.

22 Q. Yeah. I guess you are presuming that as of the
23 date of the communication, the email you have described,
24 which would have occurred probably in August of 2014 -- or
25 2016 --

CORALEE THOMPSON, 6/27/2019

1 A. Correct.

2 Q. -- right, that Mr. Beauchamp would have
3 possessed knowledge, up-to-date knowledge about what was
4 going on at DenSco, right?

5 A. That's correct. And he didn't share that.

6 Q. Right.

7 But if -- but why do you believe he would have
8 had up-to-date knowledge of what was going on at DenSco as
9 of August of 2016?

10 A. Because I guess he was probably maybe one of the
11 first people called and the first people that went in.

12 Q. Do you have any knowledge about what legal work
13 he had been doing for DenSco as of the time of Denny
14 Chittick's suicide?

15 MR. LEVINE: Do you mean legal work he was
16 doing --

17 MR. DeWULF: Yeah.

18 MR. LEVINE: -- in July 2016?

19 MR. DeWULF: Yes.

20 MR. LEVINE: Do you understand his question?

21 THE WITNESS: I do.

22 I -- I would have -- I would be -- I definitely
23 know about the Forbearance Agreement and I definitely know
24 that he had knowledge about Menaged. And continuing with
25 Menaged's bankruptcy, if he was -- I have to assume that

CORALEE THOMPSON, 6/27/2019

1 he knew about that.

2 Q. Okay. But I don't want you assuming.

3 A. Yeah.

4 Q. I want to know what you know.

5 A. Right.

6 Q. And so I don't want to be reckless about this,
7 because this is really harmful --

8 A. Uh-huh.

9 Q. -- damaging stuff to people to be saying things
10 without factual basis. So let me ask you this question.

11 Do you know, prior to Denny Chittick's suicide,
12 what David Beauchamp's role was at DenSco?

13 MR. LEVINE: Objection; form.

14 Are you asking her what she knows today or what
15 she knew as of the date of the suicide?

16 MR. DEWULF: What she knows today.

17 THE WITNESS: Well, there is things that I know
18 today that I didn't know before his death.

19 Q. I assume that's true.

20 A. Okay. And one of them was that he looked into I
21 think it was starting a title company with Denny Chittick,
22 and he did a lot of research on that. And I think they
23 were -- I recall it was in Florida, I believe, and he
24 spent time and billed it to DenSco. And I --

25 Q. Who did this?

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1 A. Beauchamp. Beauchamp.

2 Q. You are saying Beauchamp was starting a title
3 company?

4 A. He was looking into Denny Chittick -- I don't
5 know if Beauchamp was going to be part of it or not, but
6 he was looking into starting a title company.

7 Q. who is "he"?

8 A. Beauchamp, as an attorney, was doing the
9 research on title companies and what laws and all this,
10 you know, that they would have to follow to start a title
11 company, and --

12 Q. Okay. So the title company -- Go ahead. I'm
13 sorry.

14 A. And he was billing all of that to DenSco, and
15 Denny told Beauchamp to bill it to DenSco, because the
16 investors would benefit from it. I had never heard of
17 that. Never.

18 Q. When did that happen?

19 A. It was closer to Denny's death. I mean, it was
20 in a year --

21 Q. Be as precise as you can.

22 A. I actually can't.

23 Q. Was it within a year?

24 A. It's in Mr. Beauchamp's deposition.

25 Q. I'm asking you what you know.

CORALEE THOMPSON, 6/27/2019

1 Do you know when it was?

2 A. No.

3 Q. All right. And what you are describing is a
4 title company that you think Mr. Chittick was trying to
5 create?

6 A. Yes.

7 Q. Do you know whether Mr. Beauchamp had any
8 interest in that title company?

9 MR. LEVINE: Financial interest?

10 Q. Any interest. I said any interest.

11 A. He was doing the research.

12 Q. Okay. But was he taking a financial interest,
13 maybe is a better question?

14 A. I would not know that.

15 Q. Okay. So what you know is Mr. Beauchamp had
16 been asked to do legal work on a title company by
17 Mr. Chittick?

18 A. To developing a title company.

19 Q. Right.

20 A. To starting one from scratch.

21 Q. Right.

22 And was that company ever created?

23 A. Not as far as I know. I don't know.

24 Q. So let's go back to what we were talking about
25 before, about any other criticisms you have of

CORALEE THOMPSON, 6/27/2019

1 Mr. Beauchamp, regarding Mr. Beauchamp's conduct after
2 Mr. Chittick's suicide.

3 A. He -- I felt like his relationship with the
4 Chittick estate was too close, and I felt like that he
5 should not have been giving them advice as to what
6 attorney to hire, and they hired a friend of his or
7 someone that he had been involved in another firm with
8 that he -- was very friendly with him. I thought that
9 that was out of line.

10 I also felt like he had too close of a personal
11 relationship with Mr. Chittick to be unbiased. That's
12 just -- I'm giving you my opinion.

13 Q. That's what I'm asking for. I appreciate it.
14 Anything else?

15 A. No, I can't tell you anything else right now.

16 Q. So let me go back to a question I asked you a
17 few moments ago, as it relates to what you know
18 Mr. Beauchamp was doing for DenSco shortly before
19 Mr. Chittick's death.

20 You mentioned the title company issue, but you
21 don't know when that occurred, right?

22 A. If I had to make a guess, I would say it was in
23 a couple years, two years, but it's just a guess.

24 Q. I don't want --

25 A. Yeah, I can't.

CORALEE THOMPSON, 6/27/2019

1 Q. If you can avoid guessing, because that doesn't
2 do us much good. I'm really asking for --

3 A. Right.

4 Q. -- what you have a good faith basis for
5 believing.

6 A. Okay.

7 Q. Other than the work that you have described for
8 what you think was title company work, are you aware of
9 any other work that Mr. Beauchamp was doing for DenSco
10 prior to Mr. Chittick's death?

11 A. Well, I know he did the --

12 MR. LEVINE: Objection; form.

13 MR. CAMPBELL: Join.

14 THE WITNESS: Yeah. He did -- every two years,
15 he did the --

16 Q. The Private Offering Memorandum, right?

17 A. Yeah. The POM, right.

18 Q. Okay. And so do you know what work was being
19 done in the area of the POMs or the, what I would call,
20 securities work --

21 A. Uh-huh.

22 Q. -- prior to Mr. Chittick's death?

23 MR. LEVINE: Objection; form.

24 MR. CAMPBELL: Join.

25 THE WITNESS: I wouldn't know that, no.

CORALEE THOMPSON, 6/27/2019

1 Q. Do you know what the most recent work being done
2 by Mr. Beauchamp for Chittick -- or I'm sorry. Let me
3 rephrase it.

4 Do you know, relative to Mr. Chittick's suicide
5 in July of 2016, what the most recent work being done by
6 Mr. Beauchamp was for DenSco?

7 A. After the suicide?

8 Q. No. Before the suicide.

9 A. Before the suicide. I -- I think he -- well,
10 the Forbearance Agreement is definitely a document that
11 you know he worked on.

12 Q. And let's put a date to that. So the date of
13 that is April of two thousand --

14 A. Yeah.

15 Q. -- fourteen?

16 A. Okay. I wouldn't have --

17 Q. All right. So are you aware -- if the
18 Forbearance Agreement was done in April 2014, are you
19 aware of any work done after that by Mr. Beauchamp for
20 DenSco?

21 MR. LEVINE: Objection; form.

22 MR. CAMPBELL: Join.

23 THE WITNESS: Well, I know that Denny talked to
24 him about, you know, the Menaged situation.

25 Q. When did that happen?

CORALEE THOMPSON, 6/27/2019

1 A. It would have -- it would have been both before
2 and after probably. I just assumed he kept him abreast of
3 it, as his attorney, for advice.

4 Q. I don't want you to assume anything.

5 A. Yeah.

6 Q. I'm asking what you know.

7 A. No, I don't -- I could give you no dates.

8 Q. When was the last time, to your knowledge, that
9 Mr. Chittick talked to Mr. Beauchamp about Mr. Menaged?
10 Do you know?

11 A. I believe it was when Denny told him that he had
12 taken bankruptcy, but I don't -- it would have been like a
13 day or two before he killed himself.

14 Q. So you believe that Mr. Chittick talked to
15 Mr. Beauchamp about Mr. Menaged's bankruptcy?

16 A. That's what I believe.

17 Q. And what's your basis for that?

18 A. Because he was his attorney. He would have kept
19 him posted.

20 Q. I want to know what you know.

21 A. No.

22 Q. Not what you assume.

23 A. Right. Uh-huh.

24 Q. Let me ask a general question, because I want to
25 move on.

CORALEE THOMPSON, 6/27/2019

1 A. Sure.

2 Q. We have got a lot of topics to cover, but I want
3 to wrap this up.

4 You really don't know, as of August of 2016,
5 what Mr. Beauchamp knew about DenSco, right?

6 MR. LEVINE: Objection; form.

7 MR. CAMPBELL: Join.

8 THE WITNESS: No, I do know, because he did the
9 Forbearance Agreement.

10 Q. Okay. So you know that a Forbearance --

11 A. That's documented.

12 Q. Okay. So you know a Forbearance Agreement was
13 done --

14 A. Right.

15 Q. -- in 2014, correct?

16 A. Uh-huh.

17 Q. Yes?

18 A. Yes.

19 Q. And do you know what the most recent information
20 Mr. Beauchamp would have had about Mr. Menaged prior to
21 his death, Mr. Chittick's death?

22 A. I may have that information in some of the
23 emails. He has got lengthy emails that he sent out in the
24 very beginning.

25 Q. I don't want your --

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1 A. But I would have to go back and read it, yeah.

2 Q. Okay. So my question is what do you know here
3 today, under oath, about what Mr. Beauchamp knew from
4 Mr. Chittick about Mr. Menaged --

5 A. Uh-huh.

6 Q. -- prior to Mr. Chittick's death.

7 A. Well, definitely the Forbearance Agreement.

8 Q. Right. Anything else?

9 A. No. I can't put a date to it, no.

10 Q. Okay. So you really don't know what
11 Mr. Beauchamp knew as of the suicide of Mr. Chittick about
12 Mr. Menaged, other than that there had been a Forbearance
13 Agreement, right?

14 A. I do know, because the information was in some
15 of the emails that we got later.

16 Q. Okay. So what are you talking about there?

17 A. What -- the fact that Mr. Beauchamp knew about
18 the Menaged situation.

19 Q. What did he know about the Menaged situation as
20 of the suicide of Mr. Chittick?

21 A. As of the suicide, I don't get that part of it.
22 What are you -- how are you saying that? Before the
23 suicide?

24 Q. Yes.

25 A. Okay. He knew -- I think he knew what Menaged

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1 had done, you know, doubled the deed of trust on property,
2 and did not -- did not follow the procedures that the POM
3 had in it, where Menaged had to pay 70 percent down. He
4 loaned one investor way too much money. Beauchamp knew
5 that. And he -- he just knew that there was a lot of
6 wrong there with Menaged.

7 Q. And so that's information as it relates to this
8 Forbearance Agreement and trying to address this issue,
9 right?

10 A. Uh-huh, yeah.

11 Q. Yes?

12 A. Uh-huh, yes.

13 Q. So you are not sitting here today suggesting
14 that you know anything about what Beauchamp knew after the
15 Forbearance Agreement was entered into because you don't
16 know that, do you?

17 A. I think there is information on that in the
18 emails that I have.

19 Q. But is there anything you can share with us
20 right now?

21 A. Not today, no.

22 Q. Okay. Thanks.

23 So how did it come about that you became an
24 investor with DenSco?

25 A. John Ray had an office on Adams Street downtown,

CORALEE THOMPSON, 6/27/2019

1 and after he would buy a property, I would have to take a
2 check down and -- for him to buy it, and then pick up the
3 information. And then I would take the piece of paper he
4 was given at the foreclosure sale that said that we had
5 purchased a property, I would take that and my check and
6 take it over to the foreclosure company.

7 And so I would go down there any time we bought
8 a piece of property. And in that office was -- Denny had
9 an office just kind of across from his, but within the
10 same area, he came in the one door, and Denny had an
11 office and Ray had an office. There was another buyer
12 that had one in there. And then Denny's wife, who was
13 Ranasha Chittick, worked for John Ray.

14 Q. Right. So tell me what that -- what's that
15 address?

16 A. It's just like 200 or 300 block of Adams. It's
17 on the corner.

18 Q. And was -- how long did Denny Chittick have an
19 office there? Do you recall?

20 A. I don't recall. I know I probably was just
21 casually introduced to him: That's Denny Chittick. He
22 does hard-money loans. That type of thing. I'm not even
23 sure I met him at that time. I knew his wife much better,
24 because she would call me on John Ray's stuff, so she was
25 actually more my contact than Denny was.

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1 And I was aware of that and watched, kind of
2 sort of watched it for two or three years, three or four
3 years. And then she mentioned to me that they were
4 looking, you know, they had investors and was it something
5 I might be interested in. And I had said I might.

6 And so she -- I just kind of kept that in the
7 back of my head and didn't really do anything for a while.
8 And then I wrote him an email and said -- somehow I just
9 said I'd just like to see what you offer, you know, what
10 your paperwork is, how do you do this.

11 And he didn't recognize my name at first, and
12 then he sent me another email back and he apologized. He
13 said: I didn't know who you were. He said: Ranasha
14 speaks highly, that type of thing, you know.

15 And so he said -- he talked to me about what it
16 was, and then they sent me the notebook out, how they did
17 it. And I read it and saw that -- you know, how much the
18 person had to pay down in order to get the rest of the
19 hard money, what the fees were, and they couldn't loan one
20 investor, you know, a larger percentage, and that they had
21 attorneys that overlooked everything, and they had an
22 accountant. And, you know, so it all sounded very up and
23 up.

24 And in the years that I had watched him, I had
25 never heard anything negative about him. I don't know if

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1 he closed his office. John Ray moved, and he may at that
2 time have closed his office, but for some reason he was
3 working mostly out of his home, I think, most of the time
4 that I was with him.

5 Q. Did you gain an understanding of the
6 relationship between John Ray and Denny Chittick when you
7 first were working with John Ray?

8 MR. LEVINE: Objection; form.

9 THE WITNESS: I didn't know the relationship. I
10 don't know how much --

11 Q. Did you ever gain an understanding of the
12 relationship between John Ray and Denny Chittick?

13 A. I knew that Chittick had loaned money to John
14 Ray.

15 Q. Did you know anything beyond that?

16 A. No.

17 Q. Did you -- sitting here today, are you saying
18 that your understanding of the relationship between John
19 Ray and Denny Chittick was only that Denny Chittick had
20 lent money to John Ray on occasion?

21 A. That's what I understood, yes.

22 Q. Did John Ray express to you anything about Denny
23 Chittick when you were first working with John Ray and
24 before you became an investor in DenSco?

25 A. No. He wouldn't have had to, because I didn't

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1 use borrowed money.

2 MR. LEVINE: Because you didn't what?

3 THE WITNESS: I did not use borrowed money. I
4 didn't need to borrow money, and he was a hard-money loan.
5 That's what he was.

6 Q. My question may have been difficult to
7 understand. I'm just asking generally whether John Ray
8 talked to you at all about Denny Chittick, what kind of a
9 person he was, how he did business, anything, before you
10 became an investor in DenSco?

11 A. Not that I recall.

12 Q. Okay. So you arrived at a decision to invest in
13 DenSco first because you knew something about Ranasha, and
14 then you did some research and looked at some of the
15 written materials --

16 A. Right.

17 Q. -- and decided.

18 Is that fair?

19 A. And I was familiar with hard-money lending. I
20 knew sort of how they did that.

21 Q. All right. Do you think you were ever, you or
22 your husband, were ever hard-money lenders, as you
23 understand that term --

24 A. No.

25 Q. -- to mean?

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1 Okay. So what you have described to me as your
2 lending activity is primarily in connection with these
3 trustee sale purchases, right?

4 A. Uh-huh.

5 Q. Yes?

6 A. Yes.

7 Q. So let's go back.

8 Did you gain an impression of Ranasha Chittick
9 by working with her when you were doing business with John
10 Ray?

11 A. Yes.

12 Q. What was your impression of her?

13 A. She was professional.

14 Q. Anything else?

15 A. Personable.

16 Q. Did you -- I can't recall the date of their
17 marriage.

18 Was she married to Denny Chittick when you first
19 met Ranasha?

20 A. I don't know.

21 Q. You must have looked at the return for the
22 investment you were making with DenSco, right?

23 A. Correct.

24 Q. And do you recall that was 12 percent?

25 A. It was.

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1 Q. And how did that return on investment compare to
2 what you viewed to be your other opportunities to invest
3 money?

4 MR. LEVINE: Objection; form.

5 MR. CAMPBELL: Join.

6 Q. Do you understand my question?

7 A. If -- that was -- I chose -- I chose the
8 12 percent. I could have chosen 8 or 10, but it had to do
9 with the length of time that you said he could keep the
10 money, and I chose the 12 because it was retirement money
11 and I was wanting to get as good a return as I could get
12 on it.

13 And so are you asking me what other investments
14 I could have made at that time, how did it rank?

15 Q. Let me be a little more precise in my question.

16 When you first became an investor in DenSco,
17 where you chose to get 12 percent on your money, was this
18 a favorable return on your money relative to other ways
19 you may have invested your money or not?

20 MR. LEVINE: If you know. Can you answer?

21 THE WITNESS: Probably didn't know. No.

22 Q. You didn't think one way or the other about
23 whether 12 percent was a good return?

24 A. If I -- the money I loaned for like the bridge
25 loans, the short-term bridge loans, paid more than that.

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1 Q. What did those loans give?

2 A. I think they were 18 percent.

3 Q. Did you view their -- in connection with the
4 bridge loans you were making, did you view there to be any
5 risk associated with the use of your money in that way?

6 A. There was risk, but there was -- I had John
7 Ray's recommendation on the person, and then I -- it was
8 very short term, so...

9 Q. What was the risk?

10 A. I guess they get hit by a truck or something. I
11 don't know. But I had a deed of trust, you know, on the
12 property. I was always in first position.

13 Q. So you took a first position deed of trust --

14 A. Yes.

15 Q. -- for that short period of time --

16 A. Absolutely.

17 Q. We have to allow each other to complete --

18 A. I'm sorry.

19 Q. -- speaking.

20 In each of those instances where you made loans,
21 bridge loans, you had deeds of trust?

22 A. Absolutely.

23 Q. And you made sure they were in first position?

24 A. Absolutely.

25 Q. Okay. So let me go through some background

CORALEE THOMPSON, 6/27/2019

1 information, if I could.

2 Do you recall when you first became an investor
3 in DenSco?

4 A. It was two thousand -- I believe it was 2006.

5 Q. And earlier in your testimony, Coralee, you
6 shared with us that you had limited communications with
7 Denny Chittick.

8 Was that your testimony?

9 A. Yes.

10 Q. Could you describe for us, and how would you
11 describe to a jury, what your level of communications was
12 with Denny Chittick over the time that you were an
13 investor in DenSco?

14 A. Well, okay. Do you want personal or do you want
15 business?

16 Q. I want all.

17 A. Okay. Business, we got a monthly statement,
18 which showed the activity on the account. And it showed
19 any deposits you made. We made very few withdrawals,
20 because it was retirement. Occasionally we would make a
21 withdrawal to pay taxes, but -- so it would -- it would
22 give you how much, you know, what your account was and how
23 much interest you had gotten on it that month. So we got
24 that monthly.

25 And then there was a quarterly report that Denny

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1 put out that was probably one, well, a very long page or
2 one or two pages, and it sort of discussed what he thought
3 the housing was doing, and what, you know, the economy,
4 and just anything that had been going on during the
5 quarter and how it affected our business, meaning DenSco's
6 business.

7 And then sort of our status, how things were,
8 you know, and then he would attach to that pictures of the
9 houses that he was carrying money on. And he would say
10 I've got 19 -- I think early on I remember him saying "I
11 have 19 million in investors," so we were in with him
12 fairly low. And then that just kept going up and up and
13 up and up.

14 And one time I wrote him an email, very short
15 little email, but it was when things were really tight in
16 the cycle, and a lot of people were losing their homes.
17 And so I said, you know, he had all this money to invest
18 and there were not that many opportunities to invest in
19 foreclosure houses at one point there, and I said to him,
20 how -- he had to keep the money invested in order to pay
21 those kind of returns.

22 And so I questioned him, did he still feel good
23 about that. And he said, oh, yeah, he has got -- he told
24 me, he described that he had some clients that the money
25 was so tough to get at that time, that he held it for them

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1 and they paid interest before they even took it.

2 So, you know, I felt like, wow, you know. So I,
3 at that time --

4 Q. Can I just clarify something?

5 A. Yeah.

6 Q. When you use the word Denny investing or DenSco
7 investing, you are talking about lending money, right?

8 A. Yes. Right.

9 Q. Go ahead. Is there anything else you wanted to
10 share with us?

11 A. Okay. What was the question? I'm sorry.

12 Q. Well, it was about the level of communication --

13 A. Yeah.

14 Q. -- you had with him --

15 A. Right.

16 Q. -- and how often you communicated with him.

17 A. Once a year, the only time I saw him.

18 MR. LEVINE: I don't think he was finished with
19 his question.

20 THE WITNESS: Yeah.

21 MR. LEVINE: So just be careful to let him
22 finish.

23 THE WITNESS: Yeah.

24 So one time a year he would have this
25 get-together at his home, and I felt sort of an obligation

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1 to go. The first one, I felt like it might be like a
2 stockholders meeting, you know, and he would share stuff
3 with us, and it was important to be there to hear it. And
4 I -- but that never happened.

5 So he would have either catered in or he would
6 go pick up, and every time it was a big thing about we are
7 going to have Greek food, we are going to have, you know,
8 Mexican food, Indian food, and he always tried to kind of,
9 you know, put a spread on.

10 And quite a few investors, 40, 50 investors
11 would show up, and this was at his home. And I met his
12 mother and father there, and -- because I usually hung
13 around the food, and they were sort of in there taking
14 care of people. And I never met any of his sisters, as
15 far as I know.

16 And I met -- let's see. Who else did I meet?
17 There was -- I somehow or another found out or met him and
18 he told me that there was a guy from -- at that time I
19 think he was from New Mexico and he was a bank examiner
20 and he was an investor. And I thought, wow, if he is a
21 federal bank examiner, I want to meet this guy and I want
22 to, you know, see what he thinks, and so every year he
23 would be there and I would seek him out and ask him how he
24 thought things were going: Did he feel good about it?

25 Q. Do you remember who that was?

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1 A. Warren.

2 Q. Bush?

3 A. Bush, uh-huh.

4 Q. All right. So you would go to these annual
5 meetings?

6 A. Uh-huh.

7 Q. Yes?

8 A. Yes.

9 Q. And would your husband go to those as well?

10 A. My husband would go, but my husband, they always
11 seemed to happen on the basketball Big Four tournament and
12 he just parked himself in front of the TV so, you know,
13 cheering Kansas on.

14 Q. Yeah. I saw references to that in some of the
15 emails.

16 A. Did you?

17 Q. That he was upset when the team would lose, that
18 kind of thing.

19 So let me ask --

20 A. But I didn't really meet -- there was only two
21 people I met. And I met Ranasha's parents. They were
22 usually there.

23 And let's see. So I met Denny's parents and
24 Ranasha's parents. The rest of the people, I didn't
25 really know who they were.

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1 The last one that I went to, it was a little
2 more disturbing because they had -- I think originally I
3 thought it was all just investors in the crowd, you know,
4 and then the last one, I found out that there were people
5 there who had borrowed money from him, and I didn't like
6 that mix, quite frankly.

7 Q. why?

8 A. Because I didn't want anybody particularly to
9 know who I was, I guess, maybe.

10 Q. You didn't want the borrowers to know who you
11 were?

12 A. Not really.

13 Q. Maybe I'm -- why is that?

14 A. Just a little anonymity goes a long way, you
15 know.

16 Q. Okay.

17 A. And they might hit you up for borrowing on the
18 side or something like that and I didn't know them. And
19 that wouldn't work, because they were his clients.

20 Q. Did you ever meet Scott Menaged?

21 A. No, I never have met him. I saw Property --
22 Property wars, but I don't really remember much about what
23 he looked like, but there were four people on there and I
24 knew John Ray. I didn't watch it but just a couple of
25 times, because it was so phony and fake. And I know he

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1 was on there, but I couldn't pick him out of a crowd.

2 Q. Was John Ray on that TV show --

3 A. Yes.

4 Q. -- while you were doing business with John Ray?

5 A. No.

6 Q. Which preceded which? In other words, was he --
7 were you doing business with him, stopped doing business
8 with him and then the TV show came on?

9 A. I believe so.

10 Q. All right. Did you do any business with any
11 other bidders that you can tell us about today? I know I
12 asked earlier --

13 A. Yeah.

14 Q. -- where you provided funds to bidders --

15 A. Right.

16 Q. -- or buyers for bidders.

17 MR. LEVINE: Excuse me. Are you talking about
18 as of today or as of 2016?

19 MR. DeWULF: Good point.

20 Q. As of 2016.

21 A. In 2016, who was doing my bidding? Is that what
22 you are asking me?

23 Q. Yeah. Who, other than John Ray, did you do
24 business with as a bidder --

25 A. Prior --

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1 Q. -- that you can recall?

2 A. Prior to 2016?

3 Q. Prior to Mr. Chittick's death in 2016.

4 A. Okay. Let's see. I told you about Troy Funk,
5 but he went to jail.

6 Q. Yeah.

7 A. And so then I got -- I think after that I went
8 with Mr. Colosimo, who was also in the office at that time
9 with John Ray and Denny.

10 Q. How do you spell that?

11 MR. LEVINE: C-o-l-o-s-i-m-o.

12 Q. Okay. And any other -- let me bring us up to
13 date today.

14 A. Yeah. I had one guy before that, and he was
15 supposed to be doing my bidding, and I honestly don't even
16 remember his name, and I was only with him about six
17 months or so, but we weren't getting any houses and it
18 became kind of weird.

19 And I said: well, why aren't we getting houses?
20 And he said: well, I'll tell you. He says: I'm a friend
21 of John Ray's and you'll never get a house from me. And
22 so that's when I went to Mr. Colosimo.

23 Q. All right. So let me bring the question up to
24 date.

25 Have you continued to do lending to either

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1 bidders or buyers at trustee sales --

2 A. No.

3 Q. -- since Mr. Chittick's death?

4 A. No.

5 Q. All right.

6 A. Just, I did them early on.

7 Q. All right.

8 A. I didn't -- I hadn't done them for long while.

9 Q. Okay. And you have never been what we would
10 describe as a hard-money lender where you are lending
11 money for buyers of distressed --

12 A. No.

13 Q. -- properties?

14 A. No.

15 Q. All right. So let me go back to your investment
16 experience at DenSco and the level of communication,
17 because I just want to follow up on that.

18 A. Okay.

19 Q. Have you -- you described for us --

20 A. Well --

21 Q. Let me just finish.

22 You described you got monthly statements --

23 A. Uh-huh.

24 Q. -- you got these quarterly reports or
25 newsletters, and then there were these annual meetings you

1 would attend --

2 A. Right.

3 Q. -- that were mainly social, right?

4 A. Right.

5 Q. Were there any other regular communications
6 from --

7 A. We got the POM every two years.

8 Q. Right. Anything else?

9 A. Occasionally there would be a mistake on the
10 statement. My husband is an engineer. It had a lot of
11 math, and he would catch it in there and he would get that
12 corrected.

13 And then that really was it. I didn't -- I
14 would talk to him briefly at the social thing, but not a
15 lot. He wasn't real social.

16 He -- he told me he was going to quit, he would
17 not take any more of my money. And this gets a little
18 hairy. Let me see.

19 So John Ray had bought a piece of property, and
20 I don't know all the details as I sit here, but the
21 property ended up going back to foreclosure. And so I
22 knew it was coming up and it had been John Ray's, but I
23 wasn't working with John Ray at the time. It was after I
24 quit using him.

25 So I was going to buy the property. And I

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1 believe that's the way it happened. But anyhow, so I told
2 Denny, I sent him an email and I said: This property is
3 coming up. I'm going to bid, you know. And if I got it,
4 the money that I paid for it would have gone to DenSco,
5 because he had the deed of trust on it.

6 So he didn't want me to bid on it and he -- it
7 made him angry. And so he ended up buying it back, but,
8 you know, I wasn't trying to cut him out or anything. I
9 wasn't going to bid against him if he was going to bid,
10 but he took it the wrong way, and he told me that he would
11 just start sending my money back, that he didn't want me
12 to be an investor anymore.

13 Q. All right. Let me just break that down for a
14 minute.

15 When you are saying "he" and "him," you are
16 referring to Denny Chittick?

17 A. Denny. Totally Denny.

18 Q. And you are talking about a property that was
19 securing a DenSco loan, right?

20 A. Right, uh-huh, that John Ray had.

21 Q. Right. And that property was the subject of a
22 foreclosure sale, right?

23 A. Yes. It had been open bids.

24 Q. And John Ray had title to that property?

25 A. He would -- he wouldn't have had title to it

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1 until the deed of trust was -- well, the deed of trust was
2 on it, so, yeah, he had deed of title to it, yeah.

3 Q. All right. And you were looking to --

4 A. Bid.

5 Q. -- purchase that property at a trustee sale to
6 recoup moneys that you were owed by Mr. Ray?

7 MR. LEVINE: Objection; form.

8 MR. CAMPBELL: Join.

9 MR. LEVINE: But if you can answer, go ahead.

10 THE WITNESS: It probably would have helped me
11 recoup some if the value of the property had gone up.

12 Q. Right. But was the purchase of that property at
13 the trustee sale, how was it related to John Ray, if at
14 all?

15 A. He had brought it and didn't pay for it.

16 Q. All right.

17 A. He went through a bankruptcy remember. We had a
18 judgment of like 1.2 million and he bankrupted it. So...

19 Q. I've got some documents, Coralee, I'm going to
20 show to you and we will talk about it.

21 A. Yeah.

22 Q. But let me ask, what was your reaction to Denny
23 Chittick not wanting you to bid on that property and being
24 his reaction to your -- what you were doing?

25 A. Well, I thought it was unfair. I mean, if he

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1 said, "I'm going to bid on that. Don't you bid," that
2 would have been it, you know, because he had the deed of
3 trust on it. I was not -- I didn't want to be competitive
4 with him, you know. So it would have made a big
5 difference.

6 I had -- I had told him about John Ray and how
7 much, you know, problems we had had with John Ray on
8 losing money, and I said: I don't think you ought to do
9 business with him. I see you are doing business with him.
10 I don't recommend you do business with John Ray.

11 And he said -- he answered me back and said he
12 had not seen that from John Ray, and that he would
13 continue to do business with him, so...

14 Q. Did you ever communicate with other investors at
15 DenSco about the problems you were having with John Ray?

16 MR. LEVINE: At any time?

17 MR. DeWULF: At any time. The question was
18 ever.

19 MR. LEVINE: I'm sorry.

20 MR. DeWULF: That's all right.

21 THE WITNESS: Probably not. I didn't really
22 know any other investors much to talk to, I don't think.
23 Yeah.

24 Q. Did you ever communicate to anyone about doing
25 business with John Ray when you had problems with John

1 Ray?

2 A. Yes.

3 Q. With whom did you communicate?

4 A. My attorney.

5 Q. All right.

6 A. Yeah.

7 Q. Other than my attorney?

8 A. And Robert Mitchell was my attorney.

9 Q. And let me narrow the question a little bit.

10 Exclude lawyers.

11 A. Uh-huh.

12 Q. Did you talk to anyone about your John Ray
13 problems, other than Denny Chittick?

14 A. Not that I recall.

15 Q. All right.

16 MR. LEVINE: Just a second.

17 (A consultation was had between witness and
18 counsel.)

19 MR. LEVINE: Just clarify that.

20 THE WITNESS: Yeah. My daughter would have
21 known about it. Yeah, my daughter and my husband, yeah,
22 we would have all talked about it.

23 Q. I appreciate the clarification. I should have
24 asked the question better. I understand.

25 All right. We can take a break right now.

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1 Perfect time. It's been a little over an hour.

2 (A recess was taken from 10:18 a.m. to
3 10:26 a.m.)

4 (Deposition Exhibits No. 996 and 997 were marked
5 for identification.)

6 Q. All right. So let me pick up where we left off,
7 Coralee.

8 A. Uh-huh.

9 Q. You were talking about in -- you thought that
10 the reaction of Denny Chittick to your wanting to buy this
11 property at foreclosure that involved John Ray was unfair.

12 Do you remember you saying that?

13 A. It was a little extreme.

14 Q. Yeah. What's your take on that? What do you
15 make of that?

16 A. I -- I don't know if he totally misunderstood.
17 He thought that I was competing against him, you know,
18 would probably be my first guess, which I had -- I wasn't
19 going to do, you know. I just thought that I would get it
20 to try to maybe recoup some of my money.

21 I think I thought -- I think it was worth more
22 than it had gone into foreclosure for and prices had gone
23 up and I could get a little bit of money back. But that's
24 my only guess. I don't really know.

25 I -- yeah. That would be it.

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1 Q. Was it your take that he was being loyal to John
2 Ray or he was trying to defend John Ray?

3 MR. LEVINE: Objection; form.

4 Q. I don't want you guessing, but I'm trying to get
5 your impression of what was going on there.

6 A. I think I had -- yeah. I think he was defensive
7 of him, yeah.

8 Q. Do you know why?

9 A. No. Maybe Ranasha. I don't know. I don't
10 really know. Maybe he -- you know, Ranasha I think had
11 worked for John Ray for quite a while.

12 Q. I will show you an email in a little bit that
13 shows that Ranasha had her own questions about John Ray.

14 Did she ever express --

15 A. No.

16 Q. -- any concerns to you about John Ray?

17 A. No.

18 Q. Let me ask you, then, did you -- was he
19 expressing to you, that is Denny Chittick, the fact that
20 he had made money with John Ray and he did not want to
21 affect that?

22 A. That's how I would have read it, yeah. He had
23 experiences with him and he had not seen that from him.
24 You know, he had paid him, and he just didn't want to stop
25 that relationship, because it was business, you know.

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1 I will tell you that prior to that I saw John
2 Ray's name in -- on a drug charge on a court record, and
3 it had a birth date on it, and I didn't know John Ray's
4 birth date. And I sent Denny: You may have this. I
5 don't know. I sent Denny an email, and I said: Is this
6 our boy John? And he said: Yes, it is. So I had even
7 pointed that out to him, you know, so I was kind of
8 surprised that he was loyal.

9 Q. You were expressing to him at some point in time
10 that you didn't think DenSco ought to do business with
11 John Ray, right?

12 A. Exactly.

13 Q. But he wasn't agreeing with you?

14 A. Exactly.

15 Q. Did he express to you why he didn't agree with
16 you?

17 A. Well, he had not had that experience with John.
18 That's what he said.

19 Q. There have been others who have testified that
20 money was really important to Denny Chittick.

21 A. Yeah.

22 Q. Was that your experience?

23 MR. CAMPBELL: Objection to form.

24 Q. Did he ever express that to you?

25 A. No.

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1 Q. Okay. You didn't pick up, in terms of your
2 communications with him, that money was a way that he
3 measured things?

4 MR. LEVINE: You are talking about Chittick?

5 Q. Denny Chittick.

6 A. The business? Are you talking about personal or
7 Denny or DenSco?

8 Q. Personal.

9 A. Personal, I didn't talk anything personal with
10 him very much at all.

11 Q. Okay. Did you get a sense that he did not like
12 what you were doing on this foreclosure sale because you
13 were somehow affecting his business at DenSco?

14 A. Yeah. I would have been competition bidding and
15 it might have cost him more, you know, but I wasn't
16 planning on doing that, yeah.

17 Q. And his reaction was emotional, right?

18 MR. LEVINE: Objection.

19 Q. Somewhat emotional?

20 A. Well, it was an email.

21 MR. CAMPBELL: Object to form.

22 Q. But it was more than you thought would have been
23 appropriate considering the situations?

24 A. A little bit.

25 Q. Did you ever pick up why he was emotional?

CORALEE THOMPSON, 6/27/2019

1 A. No.

2 Q. Do you think it had to do with him feeling like
3 you were not being loyal or something to him?

4 MR. LEVINE: Objection; form.

5 THE WITNESS: To whom?

6 Q. To Denny Chittick.

7 A. Could have been.

8 Q. You don't know?

9 A. Don't know.

10 Q. Okay. So let me go back to communications you
11 had with Denny Chittick.

12 A. Uh-huh.

13 Q. You indicated that at one time you sent him an
14 email to clarify something.

15 Do you recall that?

16 A. Yes.

17 Q. All right. Did you feel like you could
18 communicate with him by email if you needed to with
19 respect --

20 A. Definitely.

21 Q. -- with respect to your investment and your
22 husband's investment?

23 A. Definitely.

24 Q. Was he available to you to explain what he was
25 doing or what was going on at the company?

CORALEE THOMPSON, 6/27/2019

1 A. He always replied. Either corrected it or
2 explained it or something.

3 Q. So if you had questions about DenSco's business
4 or what was going on, did you feel like you could find out
5 from him what was going on?

6 A. I thought I could, yeah. Yeah.

7 Q. And was it your impression that he was careful
8 and conscientious about telling the investors what was
9 going on?

10 MR. LEVINE: Then or now?

11 Q. Well, the impression when you were -- before his
12 death.

13 A. Yeah, I do think so. I think he went out of his
14 way to say how things were, you know, and...

15 Q. Did he ever express to you that it was important
16 for him that the investors knew what was going on at
17 DenSco?

18 A. Well, not personally. And I'm not talking about
19 personal conversations. I'm talking about in his
20 quarterly statement. The quarterly statement is where he
21 gave you assurance that things were great and what was
22 kind of going on, and then, yeah, that was it. Very
23 rarely did I ever talk to him personally.

24 Q. Okay. Do you remember a series of
25 communications you would have gotten from him when he

CORALEE THOMPSON, 6/27/2019

1 talked about things like no longer taking additional money
2 from investors?

3 A. I do remember those, uh-huh.

4 Q. Do you remember that email?

5 Yes?

6 A. Yes.

7 Q. And there was a time when he suggested paying
8 out interest as opposed to allowing investors to accrue
9 interest.

10 Do you recall that?

11 A. Yes.

12 Q. You and your husband did not want interest paid
13 out, right? You wanted to accrue interest?

14 A. Right. Yes.

15 Q. And that was because it was for retirement?

16 A. Yes.

17 Q. Let me show you 996 and 997.

18 96, if you look at the top of the page, Denny
19 Chittick is communicating.

20 Is that your email address?

21 A. That's my email, uh-huh.

22 Q. All right. And it relates to investments and
23 making sure that computations are correct.

24 Do you see that?

25 A. Uh-huh. Yes.

CORALEE THOMPSON, 6/27/2019

1 Q. So was it your experience with Denny Chittick,
2 is that he was pretty good with numbers and keeping track?

3 A. Pretty good.

4 Q. Yeah. I know your husband was a detail guy --

5 A. Absolutely.

6 Q. -- an engineer --

7 A. Yeah.

8 Q. -- and he might find some mistakes, but did you
9 generally have a pretty high level of confidence that
10 Denny was tracking the numbers?

11 A. Generally, uh-huh.

12 Q. And then you got these monthly statements that
13 would confirm things, right?

14 A. Correct.

15 Q. All right. Did you ever talk to him about how
16 he went about keeping track of all the numbers?

17 A. No.

18 Q. Did you ever meet his accountant, David Preston?

19 A. Not that I know of. He could have been at the
20 social, but I don't recall him.

21 Q. Did you ever get advice from Denny Chittick in
22 connection with your own business --

23 A. Never.

24 Q. -- in terms of lending money?

25 A. Never.

CORALEE THOMPSON, 6/27/2019

1 Q. Let me show you 997.

2 A. Okay.

3 Q. Again, are these emails between you and him,
4 997?

5 A. 997? That's my email, yeah. Uh-huh. Yeah.

6 Q. So let me ask you, if you look at the bottom, it
7 looks like it's an exchange between you and Mr. Chittick.
8 Is that the way you read it as well?

9 A. I think I told you we purchased one -- yeah, but
10 I don't consider that advice. That's just chitchat.

11 Q. No. I wasn't suggesting it was.

12 A. Yeah.

13 Q. But does it appear to you that the bold larger
14 type is Denny Chittick's responses to your comments?

15 A. Yes.

16 Q. All right. And this is just a reflection of
17 what had gone on at one of these annual meetings, right?

18 A. Right.

19 (Deposition Exhibit No. 998 was marked for
20 identification.)

21 Q. So, Coralee, in the letter -- and we will look
22 at this in a little bit -- the letters that you and your
23 husband sent to Judge Snow in connection with
24 Mr. Menaged's sentencing, do you recall sending letters to
25 him?

CORALEE THOMPSON, 6/27/2019

1 A. No, but I probably did.

2 Q. All right. Well, we will look at it.

3 A. Okay.

4 Q. But in it, one of you described your
5 relationship with Denny Chittick as being one of
6 friendship, that you were his friend.

7 Do you believe you were his friend?

8 A. Acquaintance would be a better description than
9 friend.

10 Q. You don't think you were his friend?

11 A. No.

12 Q. We were talking a little bit ago in terms of the
13 level of communication, and your counsel correctly was
14 trying to get a sense of the timing of my question,
15 because after Denny Chittick's death, you learned that
16 there was a lot of information he wasn't disclosing to
17 you, right?

18 A. Absolutely.

19 Q. But you believed prior to his death, that he was
20 good at disclosing and keeping you informed, right?

21 A. Yes.

22 Q. Do you have any opinion sitting here today as to
23 why Denny Chittick would have stopped communicating with
24 you or sharing with you what was going on?

25 MR. CAMPBELL: Objection to form.

CORALEE THOMPSON, 6/27/2019

1 MR. LEVINE: Join.

2 THE WITNESS: I believe that we were a little
3 more knowledgeable about the business than some of the
4 other investors were and he was always very cautious that
5 we would pick up on something.

6 Q. Well, so that suggests that he did not want you
7 to know what was going on --

8 A. Right.

9 Q. -- right?

10 A. And after his death, I -- I -- in my reading I
11 saw that he had a meeting of investors and they would give
12 him their opinion and they would discuss things on a
13 monthly basis called the MOM, M-O-M. Something about
14 money. I had never heard of it before. I didn't realize
15 until after his death that a lot of the investors were his
16 neighbors, and I was not aware of that.

17 You want me to go on?

18 Q. Well, I'm not sure that's answering my
19 question --

20 A. Yeah.

21 Q. -- so let me refocus the question.

22 I am asking what, in your view, was the reason
23 that he stopped disclosing or sharing information with you
24 and your husband about what was going on at DenSco.

25 A. Uh-huh.

CORALEE THOMPSON, 6/27/2019

1 Q. Do you have any opinion about that?

2 MR. CAMPBELL: Object to form.

3 Q. Or have you expressed it, I guess is a better.

4 A. I have expressed it, yeah.

5 Q. And what you have expressed to me is that
6 because you and your husband might be a little more astute
7 or sophisticated, that might explain why he wasn't telling
8 you what was going on?

9 MR. CAMPBELL: Object to form.

10 MR. LEVINE: Join.

11 THE WITNESS: I don't agree with that
12 description. I think there were investors there that had
13 no idea about foreclosure sales and no ideas about deed of
14 trust.

15 There were little old ladies there that he had
16 known, you know. They just were not in the business, you
17 know, and I think he could tell them anything and they
18 wouldn't know if it was right or wrong. That's why, you
19 know, I felt like that we did know enough about it that he
20 had to be very careful around us.

21 Q. Sitting here today, are you aware of
22 Mr. Chittick sharing with any of the investors what was
23 going on either with the Forbearance Agreement or
24 Mr. Menaged before he committed suicide?

25 MR. CAMPBELL: Object to form.

CORALEE THOMPSON, 6/27/2019

1 MR. LEVINE: Join.

2 Do you understand his question?

3 THE WITNESS: I don't really have any knowledge
4 of that, no.

5 MR. LEVINE: Okay.

6 THE WITNESS: No.

7 Q. So your answer earlier was suggesting that you
8 and your husband may not have learned information because
9 you were maybe a little more knowledgeable.

10 But sitting here today, you are not aware of any
11 investors learning anything about either the Forbearance
12 Agreement or Menaged prior to Chittick's death, right?

13 A. No. I'm not aware of any, no.

14 Q. Okay. And let me just clarify something,
15 because these MOM's meetings that you referred to, my
16 understanding is that those were primarily borrowers and
17 folks involved in home improvements --

18 A. It that right?

19 Q. -- and those kinds of things.

20 A. I had never heard of it.

21 Q. Okay. So let me -- but what your answer -- your
22 answer suggested something else and I want to make sure I
23 follow up.

24 Were you aware that there were any investor
25 groups that communicated on a regular basis with

CORALEE THOMPSON, 6/27/2019

1 Mr. Chittick about what was going on at DenSco?

2 A. After the suicide, I read that -- in some of the
3 depos that they -- that he would discuss things with them,
4 and he never did that with us. Never.

5 Q. So I want to pursue that for a minute.

6 Sitting here today, do you know the name of any
7 investor that Chittick shared information with prior to
8 his death, as it relates to either the Forbearance
9 Agreement or Menaged?

10 A. I think I recall Robert, the guy that was
11 supposed to take over when he died. I don't remember his
12 last name.

13 Q. Robert Koehler?

14 A. Right. Uh-huh.

15 MR. LEVINE: Is that a yes?

16 THE WITNESS: Yes.

17 Q. Okay. So you have kind of a habit of going
18 "uh-huh" periodically.

19 A. Sorry. I'll try to watch that.

20 Q. I think it makes it hard for the court reporter.

21 A. Kick me.

22 Q. So you can't really name anyone today that you
23 believe would have had knowledge about either the
24 Forbearance Agreement or the problems with Menaged that
25 were -- they learned of that information before

CORALEE THOMPSON, 6/27/2019

1 Mr. Chittick's death, right?

2 A. Are you limiting that to investors?

3 Q. Let's first ask about investors.

4 A. Okay. I can't remember for sure. No. I guess
5 I just have to say no. Yeah.

6 Q. How about non-investors?

7 A. Gregg Reichman.

8 Q. Okay. You think -- okay. Got it.

9 A. Definitely.

10 Q. So Mr. Reichman, who owns Active Funding Group,
11 would have known what was going on --

12 A. Uh-huh.

13 Q. -- right?

14 A. Uh-huh.

15 MR. LEVINE: Is that a yes?

16 Q. Yes?

17 A. Yes, yes.

18 Q. Okay. Anyone else?

19 A. That's just the one that comes off the top of my
20 head quickly. Mr. Beauchamp. I would have thought the
21 accountant would have had to know.

22 Q. All right. Anyone else?

23 A. I still think Robert, because he was the
24 designated, you know, guy to take over. I would have
25 thought he would have kept him apprised of a lot of stuff.

CORALEE THOMPSON, 6/27/2019

1 That's a guess.

2 Q. You are talking about, again, Robert Koehler?

3 A. Robert Koehler.

4 Q. But you don't really know --

5 A. But I don't really know, I don't think, as I sit
6 here. And I think -- no, I don't think the bank examiner,
7 I don't think he knew.

8 Q. All right.

9 A. Yeah.

10 Q. Well, there were banks that were involved with
11 Menaged.

12 You know that, right?

13 A. I do know that, uh-huh.

14 Q. But you don't know what they knew or didn't
15 know?

16 A. No.

17 Q. All right.

18 A. I'm talking about the investor that was the bank
19 examiner.

20 Q. Let me show you an exhibit that has already been
21 marked. This is marked as Exhibit 789. It's dated
22 July 23rd, 2010.

23 Do you remember receiving this?

24 A. No.

25 Q. You knew that you were an accredited investor

CORALEE THOMPSON, 6/27/2019

1 for the purposes of your investment in DenSco, right?

2 A. Right.

3 MR. LEVINE: Objection; form.

4 Q. You understood that, at least in part, being an
5 accredited investor meant that you had sufficient assets
6 to withstand the risk that was present in the investment?

7 A. That was one of the qualifications, right.

8 Q. Did you do other investments that were in
9 hard-money lenders other than the one in DenSco?

10 MR. LEVINE: Objection; form.

11 THE WITNESS: Yeah. What -- would you explain
12 that a little more?

13 Q. Yeah. Were you an investor in any other company
14 other than DenSco?

15 A. No, never.

16 Q. Okay.

17 MR. LEVINE: Just so we are clear, when you say
18 "any other company," you are talking about --

19 MR. DeWULF: Hard money.

20 MR. LEVINE: -- companies similar --

21 MR. DeWULF: Hard-money lenders, yeah.

22 (Deposition Exhibit No. 999 was marked for
23 identification.)

24 Q. All right. So you are pointing something out to
25 your counsel, but I want to take you off track.

CORALEE THOMPSON, 6/27/2019

1 Do you want to testify about something?

2 A. Huh-uh.

3 Q. No?

4 Let me ask you to look at 999.

5 A. 999. Okay.

6 Did this get a number? Is that 789 is the right
7 number?

8 MR. LEVINE: Yes.

9 THE WITNESS: Okay.

10 Q. That's already been marked. Now I'm showing you
11 999.

12 Do you have that?

13 A. I do have.

14 Q. Okay. This is just a communication between you
15 and Denny Chittick about making sure that you meet the
16 suitability requirements as an accredited investor.

17 Do you recall that?

18 A. Yeah. I don't remember it, but...

19 Q. You are asking him: If you don't have five
20 times net worth, will you be prohibited from investing?

21 What were you asking him there? Do you recall?

22 A. What was I asking?

23 Q. Yeah. I don't understand the question.

24 A. If I didn't have five times net worth, would I
25 be prohibited from investing. I mean --

CORALEE THOMPSON, 6/27/2019

1 MR. LEVINE: He is asking you to explain what
2 you meant.

3 Q. Five times what?

4 A. I don't know. Does it pertain to this? Is
5 this -- was it answering this one? I could probably go in
6 and read it.

7 Q. Let me just -- is it five times the amount of
8 the investment or do you know?

9 A. Five times net worth. No. I don't consider net
10 worth an investment.

11 Q. That's all right.

12 A. Yeah.

13 Q. Forget about it.

14 Now, there was a time when you were going to go
15 up to Idaho to visit --

16 A. Uh-huh.

17 Q. -- in a summer meeting, right?

18 A. Right.

19 Q. But it never happened?

20 A. It did not.

21 Q. You got injured?

22 A. I did.

23 Q. And you had to have surgery?

24 A. Yes. Yeah.

25 (A consultation was had between witness and

1 counsel.)

2 Q. So I'm showing you what's marked as -- well, I
3 showed your counsel.

4 MR. DeWULF: Could you just show it to her,
5 Paul?

6 MR. LEVINE: Oh. This is a prior exhibit.
7 Yeah.

8 Q. Yeah, it's a prior exhibit. It's just a
9 reference to the fact that there would have been a Private
10 Offering Memorandum provided to you for 2011.

11 Do you see that?

12 A. Yeah.

13 MR. LEVINE: Is she on here? Yes, she is.

14 Q. Do you recall you would have received -- I think
15 you testified earlier you would have gotten --

16 A. Every two years.

17 Q. -- that you would have received --

18 A. Uh-huh.

19 Q. -- a private offering?

20 MR. LEVINE: Let him finish.

21 MR. DeWULF: How am I doing so far?

22 (An off-the-record discussion.)

23 Q. Do you recall receiving the 2011 POM?

24 A. Yes.

25 Q. And did you typically review that document?

CORALEE THOMPSON, 6/27/2019

1 A. I did.

2 Q. Did you ever ask questions about it?

3 MR. LEVINE: To Denny?

4 Q. Yes.

5 A. No.

6 Q. You had a pretty good feeling for the criteria
7 that he went about using in connection with making loans,
8 right?

9 A. Correct.

10 Q. And you mentioned earlier in your testimony,
11 loan-to-value ratios were important.

12 You understood that?

13 A. Correct.

14 Q. The fact that he was getting first position
15 trust deeds was important, right?

16 A. Absolutely.

17 Q. That there were not -- as a proportion, there
18 weren't too many loans to any one borrower, correct?

19 A. Correct.

20 Q. And those kinds of representations would have
21 been important to you as it related to the investment you
22 made, right?

23 A. Absolutely, right.

24 Q. And because you and your husband had experience
25 in the area of lending, you knew the significance of these

CORALEE THOMPSON, 6/27/2019

1 things, right?

2 A. Absolutely.

3 Q. Okay. Do you think that you would have received
4 earlier POMS in connection with your investments --

5 A. Yes.

6 Q. -- as well?

7 I'm trying to get through some of these
8 documents without having to slow down your testimony. I
9 think we have covered a lot of this.

10 Do you recall having discussions with
11 Mr. Chittick about getting through the recession that
12 occurred in, oh, 2008?

13 A. Yes.

14 Q. And it was -- and my question was a little
15 imprecise.

16 As it related to DenSco and its business, how it
17 was going about dealing with the downturn in the real
18 estate market --

19 A. Right.

20 Q. -- as a result of the recession, do you remember
21 him talking about that?

22 A. I remember an email. Yeah.

23 Q. All right. And what was your understanding
24 about what he did to get through that recession?

25 A. In the beginning, my understanding was that, you

CORALEE THOMPSON, 6/27/2019

1 know, he was -- it was not going to be a problem.

2 Yeah. I was concerned that he had too much
3 money, that he couldn't keep it invested and pay the high
4 returns that he was paying, and he had to keep that
5 invested.

6 And then toward the end of it, he -- this was
7 not really expressed very much, but he had to take a lot
8 of properties back. And he was -- he didn't divulge all
9 that.

10 But after his death, I became aware that he had
11 discussed that with people that he respected their
12 opinions, and that they said it would be better to hold
13 them and rent them, you know, rather than dumping them.

14 Q. Okay.

15 A. He didn't ask me.

16 Q. You are saying he didn't share with you
17 information about having to retake some properties?

18 A. Correct.

19 Q. Do you -- were your investments affected at all
20 by the recession that occurred?

21 MR. LEVINE: Independent of DenSco investments?

22 MR. DEWULF: Well, that's a good question.
23 Sorry. Bad question.

24 Q. Your investments in DenSco, were they affected
25 by the recession?

1 A. No.

2 MR. DeWULF: Let's mark that.

3 THE WITNESS: It just may have been a time that
4 he didn't take any more money. I don't know.

5 (Deposition Exhibit No. 1000 was marked for
6 identification.)

7 Q. All right. Back to business.

8 A. Okay.

9 Q. Short-lived.

10 So Exhibit 1000 I'm showing you, this is you
11 communicating to Denny Chittick your daughter's
12 information?

13 A. A day I will regret until the day I die.

14 Q. And why were you doing this, as opposed to her
15 doing it for herself?

16 A. Just because of, you know, I knew -- I had
17 contact with his email and just --

18 MR. LEVINE: Isn't that what Moms do?

19 THE WITNESS: Yeah, that's what Moms do.

20 Q. But this was her money, right?

21 A. Her money.

22 Q. And after she became an investor, then she was
23 primarily responsible for communicating with DenSco,
24 right?

25 A. Yeah. I feel really bad about it.

CORALEE THOMPSON, 6/27/2019

1 Q. Do you want to take a break?

2 A. Very upsetting. Yeah.

3 (A recess was taken from 10:54 a.m. to
4 10:58 a.m.)

5 (Deposition Exhibit No. 1001 was marked for
6 identification.)

7 Q. So I want you to look at your email that starts
8 at the bottom of that, about halfway down, and then the
9 response.

10 Have you read it?

11 A. I've read it.

12 Q. Do you recall it?

13 A. No.

14 Q. Okay. Basically you were just expressing as of
15 June of 2012 your gratitude for what he has done for
16 you --

17 A. Right.

18 Q. -- right?

19 And then his comment is at the top, which speaks
20 for itself, right?

21 A. Okay.

22 MR. DeWULF: Let's mark this, Kelly.

23 (Deposition Exhibit No. 1002 was marked for
24 identification.)

25 Q. Showing you Exhibit 1002, it references the fact

CORALEE THOMPSON, 6/27/2019

1 that Denny is sharing with you, Denny Chittick, as of
2 August 31, 2012, that he will be getting divorced.

3 Do you see that?

4 A. I do.

5 Q. Do you recall receiving a communication from him
6 about getting divorced?

7 A. Yes.

8 Q. And of course you knew Ranasha, right?

9 A. I did.

10 Q. Did you ever talk to Denny Chittick about his
11 divorce?

12 A. No.

13 Q. Did you ever talk to Ranasha about his divorce?

14 A. No.

15 Q. I know you and your husband each had separate
16 accounts with DenSco. Correct?

17 A. Correct.

18 Q. Did you divide responsibilities in connection
19 with those investments or did you treat those as your
20 separate investments and you made separate decisions and
21 those kinds of things?

22 MR. LEVINE: Do you understand his question?

23 THE WITNESS: It's pretty big.

24 Q. Yeah. Let me rephrase it.

25 Were your investments with DenSco separated

CORALEE THOMPSON, 6/27/2019

1 completely from your husband's investments and did you
2 make all of your own decisions, et cetera, or did you
3 confer with your husband about them?

4 MR. LEVINE: Objection; form.

5 You mean before they were made or both?

6 Q. Yeah, before they were made, or any time really.
7 It's a broad question, but I'm trying to get that off the
8 table.

9 A. Well, my account was with my daughter and I, and
10 my husband was my husband and I, so --

11 Q. I see.

12 A. And --

13 Q. Were you always co-investors with either your
14 husband or your daughter?

15 A. Yes.

16 (Deposition Exhibit No. 1003 was marked for
17 identification.)

18 Q. Let me just ask you to identify 1003 for us.
19 Look up when you are ready for a question.

20 A. I'm ready.

21 Q. So is this the communication you were
22 referencing earlier in your testimony where you were
23 expressing a concern to Denny Chittick about his ability
24 to put his investment money to good use so that he can
25 achieve returns for the investors?

CORALEE THOMPSON, 6/27/2019

1 MR. LEVINE: Objection; form.

2 THE WITNESS: At least once. I may have done it
3 two times. It seems like I had a little small thing. I
4 said are we okay, you know, something like that. I was
5 just reading this. I don't actually remember doing this.

6 Q. You think you may have expressed a concern more
7 than once with him?

8 A. I think maybe one other time, yeah.

9 Q. Okay. And did he assure you both times that
10 things were fine?

11 A. Absolutely, uh-huh. Yeah.

12 Q. I mentioned earlier to you, do you remember a
13 communication from him when he informed the investors that
14 he was not taking on any new investors.

15 Do you recall that communication?

16 A. Yes. Uh-huh.

17 Q. Did you have any communication with him about
18 that other than receiving in writing?

19 A. No.

20 Q. He never explained to you why he had chosen not
21 to take --

22 A. No.

23 Q. -- new investors?

24 The answer is no?

25 A. No. Yeah. I'm sorry.

CORALEE THOMPSON, 6/27/2019

1 Q. All right. And --

2 A. Go on.

3 Q. That's fine.

4 And do you remember a communication where he
5 chose to not take any further -- start again -- any
6 further investments from his current investors?

7 Do you recall that?

8 A. Yes, I do.

9 Q. And was that ever explained to you, why he chose
10 to do that?

11 A. No.

12 (Deposition Exhibit No. 1004 was marked for
13 identification.)

14 Q. So Coralee, I just want to confirm, if you look
15 at Exhibit 1004 --

16 A. Uh-huh.

17 Q. -- these are a series of emails between you and
18 Denny Chittick?

19 MR. LEVINE: He is asking you if this is a
20 series of emails between you and Chittick.

21 THE WITNESS: Right. I'm trying to see what it
22 is.

23 MR. DeWULF: Thanks for the translation.

24 MR. LEVINE: That's my 40 years of experience.

25 MR. DeWULF: I need one. I do need a

CORALEE THOMPSON, 6/27/2019

1 translator. It's just too expensive to have one full
2 time.

3 THE WITNESS: Yeah. I don't remember it, but --

4 Q. All right. And these -- these communications in
5 Exhibit 1004 would have been sent between you and Denny
6 Chittick in August of 2013?

7 A. Yeah, I agree with that, when it says that.

8 Q. And if you were confirming, at least in part you
9 were confirming that whatever change is being contemplated
10 here in terms of paying quarterly interest, would still
11 achieve a 12 percent interest on your return --

12 A. Right.

13 Q. -- or return on your investment?

14 A. Right.

15 Q. Thanks.

16 (Deposition Exhibit No. 1005 was marked for
17 identification.)

18 Q. Showing you Exhibit 1005, Coralee, this would be
19 an example of a monthly statement you would receive from
20 DenSco in connection with your investments at DenSco?

21 A. Exactly.

22 Q. And Exhibit 1005, the second page, would
23 summarize the investment history and the interest earned?

24 A. Right.

25 Q. Does this refresh your memory that the first

CORALEE THOMPSON, 6/27/2019

1 investment you made would have been in 2008?

2 A. Probably, yeah.

3 Q. And the interest earned would be shown in the
4 lower right-hand corner of that second page, right?

5 A. Correct.

6 Q. And so that would be indicating that, on an
7 annual basis, you were receiving that much money on the
8 amount that you had invested with DenSco?

9 A. Correct.

10 Q. So as of December of 2013, you had received over
11 700,000 in interest payments?

12 MR. LEVINE: Objection.

13 MR. CAMPBELL: Object to the form.

14 MR. LEVINE: Yeah. Join.

15 Q. So I think -- let me address that.

16 You would have accrued interest at least on your
17 investment of over 700,000?

18 A. Yes.

19 Q. If you look at the first page, it's a
20 reference -- he is saying to you as of December of 2013
21 that he won't be accepting any more money after the end of
22 the year.

23 Do you see that?

24 A. Yes.

25 Q. And do you recall --

CORALEE THOMPSON, 6/27/2019

1 MR. LEVINE: I apologize.

2 MR. DeWULF: I want to make sure he can hear
3 what I'm doing.

4 Q. So the end of 2013, do you recall in that
5 timeframe he was deciding not to take any more money?

6 A. I recall. I'm not exact about the timeframe,
7 but I recall that he made that decision, yeah.

8 Q. And you never learned why that was?

9 A. No.

10 MR. DeWULF: All right. Paul, did you have
11 something else to say?

12 MR. LEVINE: No.

13 Actually, do you know if the address on page 2
14 on Victoria Place was his residence?

15 THE WITNESS: It was.

16 MR. LEVINE: That's what I was asking.

17 MR. DeWULF: I don't know off the top of my
18 head. He was in the Trovita development in Chandler, but
19 I can't tell you the exact address.

20 Q. So I'm going to show you something. I may not
21 mark it as an exhibit. Well, let's just go ahead and mark
22 it.

23 (Deposition Exhibits No. 1006 and 1007 were
24 marked for identification.)

25 Q. So these are files that existed in the DenSco

CORALEE THOMPSON, 6/27/2019

1 files, right?

2 A. Uh-huh.

3 Q. And they are referencing addresses on the first
4 page. And let me ask you generally --

5 A. Uh-huh.

6 Q. -- looking at 1006, it's 5214, it looks like
7 West Monroe.

8 A. Uh-huh.

9 Q. Do you recognize that address?

10 A. Well, that's what you have got here, but in here
11 the property address is 12405.

12 Q. Yeah. There are two -- I'm not quite sure what
13 the numbers refer to.

14 A. I don't know what 5214 means.

15 Q. All right. So let's just focus on 12405 --

16 A. Okay.

17 Q. -- West Monroe.

18 Does that ring a bell for you in terms of a
19 property address?

20 A. No.

21 Q. All right. Let me go to the third page in this
22 document. It shows a signature for you --

23 A. Uh-huh.

24 Q. -- July 14, 2014.

25 Do you see that?

CORALEE THOMPSON, 6/27/2019

1 A. I do.

2 Q. Were you in any way lending money through DenSco
3 or in coordination with DenSco? I'm trying to capture
4 what's going on in this document.

5 MR. LEVINE: The document with the Bates stamp
6 ending 115?

7 MR. DeWULF: Yes.

8 THE WITNESS: So there is --

9 MR. LEVINE: Do we know how --

10 MR. DeWULF: I don't. I don't know, and that's
11 why I am asking a very general question of her.

12 THE WITNESS: Are my signatures hooked to this?

13 MR. LEVINE: Well, no, he is not saying that.

14 Q. Not necessarily. And, again, this is a raw
15 document that we got out of the DenSco's files. I'm not
16 suggesting that you are tied to this property.

17 I'm asking generally, the property doesn't mean
18 anything to you, right?

19 A. No.

20 Q. And you didn't do -- you were not involved in --

21 A. Individual.

22 Q. Right.

23 A. No.

24 Q. So as it relates to DenSco business --

25 A. Uh-huh.

CORALEE THOMPSON, 6/27/2019

1 Q. -- you were only an investor?

2 A. Only an investor.

3 Q. All right.

4 MR. LEVINE: John, were these produced in this
5 order? It looks like they were.

6 MR. DeWULF: As far as I know. That's the way
7 they are stamped.

8 MR. LEVINE: Is that why you are asking her?

9 MR. DeWULF: Yes. I just -- I saw it and I
10 couldn't make sense of it.

11 THE WITNESS: Oh, my gosh. It's here on the
12 back, too.

13 Q. Let's forget about it, because we have more
14 important things to do.

15 Do you remember, Coralee, that in connection
16 with your investments you would sign or you would get a
17 general obligation note from DenSco?

18 A. Right. well, a Subscription Agreement --

19 Q. Right.

20 A. -- and then with that.

21 Q. Right.

22 So you would have a general obligation note, you
23 would sign a Subscription Agreement for each of the
24 investments --

25 A. Correct.

CORALEE THOMPSON, 6/27/2019

1 Q. -- that you would make?

2 A. See, that's what this is. That's the one that's
3 on the back of the Subscription Agreement.

4 Q. Got it. And I don't know why it was organized
5 that way, but let's forget about it.

6 So did you ever have a discussion with Denny
7 Chittick about his wanting to pay out interest as opposed
8 to allowing his investors to accrue?

9 A. No.

10 Q. Do you remember there coming a time when you had
11 to make a decision whether you would accrue interest
12 through the company or take payments out?

13 A. Yes.

14 Q. Do you remember that occurring in 2013?

15 A. Well, it was when I asked for tax money, yeah.

16 Q. Okay. All right.

17 A. That's the only thing we did, that we, you know,
18 instigated.

19 Q. All right. Was there a time when Denny Chittick
20 was hoping to not have investors accrue interest, but
21 rather to pay out on a periodic basis?

22 MR. LEVINE: If you know.

23 THE WITNESS: I don't know.

24 Q. You don't remember that? Okay.

25 (Deposition Exhibit No. 1008 was marked for

CORALEE THOMPSON, 6/27/2019

1 identification.)

2 MR. DeWULF: Let's go off the record for a
3 minute.

4 (An off-the-record discussion.)

5 Q. Showing you 1008, this appears to be a
6 communication between you and Denny Chittick where you are
7 making comments and he is interlineating responses to your
8 comments.

9 Do you -- feel free to look at it.

10 A. Okay.

11 (Deposition Exhibit No. 1009 was marked for
12 identification.)

13 THE WITNESS: This doesn't follow set. You
14 realize that? I mean, this looks like this is from Denny
15 from here --

16 Q. Right.

17 A. -- and then this has been spliced in or
18 something.

19 Q. Yeah. That's what my question was.

20 What I questioned you was, that this appears to
21 be, 1008 is a communication from Denny Chittick between
22 you and him where both of you have text associated with
23 what you are communicating. In other words, you are
24 sending a letter that says Hi Denny and family.

25 A. Right.

CORALEE THOMPSON, 6/27/2019

1 Q. And your first paragraph is to him, and I think
2 that second paragraph is his response to that second
3 paragraph, but I don't know for sure.

4 A. I don't either.

5 Q. Do you know?

6 A. No.

7 Q. Do you remember Exhibit 1008?

8 A. No.

9 Q. Okay. Let me show you Exhibit 1009. This is an
10 email from Denny Chittick to a variety of folks --

11 A. Uh-huh.

12 Q. -- including --

13 A. My daughter.

14 Q. Yeah. And I think you are on this, too.

15 A. I don't think so.

16 Q. Okay. Maybe you are right. I guess your
17 daughter got it.

18 MR. LEVINE: Is that Gary?

19 THE WITNESS: No. That is me. I am on there,
20 yeah.

21 Thanks, Paul.

22 Q. There we go.

23 All right. So you and your daughter --

24 A. Uh-huh.

25 Q. -- had received this email dated September 16,

CORALEE THOMPSON, 6/27/2019

1 2015 --

2 A. Uh-huh.

3 Q. -- where he references the fact that he was
4 requesting everyone to take their interest either monthly
5 or quarterly.

6 Do you see that?

7 A. Yes.

8 Q. Does this refresh your memory at all?

9 A. I don't remember this particular email, but I
10 knew that that could, that was a potential problem that he
11 was going to be facing, that he had too much cash and he
12 had to put it to work.

13 Q. Okay. So you do recall the topic of him paying
14 out monthly or quarterly interest --

15 A. Uh-huh.

16 Q. -- did come up?

17 A. Uh-huh.

18 Q. Yes?

19 A. I don't know -- yes. I remember seeing it,
20 yeah.

21 Q. All right. And then he goes on and says: I
22 underestimated the negative reaction to this.

23 A. Yeah.

24 Q. Do you recall whether you --

25 A. I don't think --

CORALEE THOMPSON, 6/27/2019

1 Q. -- had a reaction?

2 A. I don't think I had it. As I understood, that
3 some of the retirees that were working on Keoghs and
4 things like that did.

5 (Deposition Exhibit No. 1010 was marked for
6 identification.)

7 Q. I'm showing you Exhibit 1010. This looks like
8 your communication to Denny Chittick, and then he responds
9 in September of 2015.

10 Do you see that?

11 A. I do.

12 Q. Do you recall this?

13 A. No.

14 Q. Do you recall at some point communicating to him
15 that you wanted to compound interest on your accounts?

16 A. I guess I would have to know what his offer was.
17 I don't know what you mean by compounding interest. What
18 was he thinking?

19 Q. Well, my -- it may have to do with whether you
20 would get paid your interest on either a monthly or
21 quarterly basis or whether you would allow the interest
22 just to continue to roll in the account, but I don't know.
23 And if you don't know, you don't know. That's fine.

24 A. Yeah. I don't have enough information.

25 Q. You're right. Compounding is a little bit

CORALEE THOMPSON, 6/27/2019

1 different concept there.

2 A. It is.

3 Q. It doesn't seem like it fits the situation.

4 (Deposition Exhibit No. 1011 was marked for
5 identification.)

6 THE WITNESS: Did we not see this one before?

7 Q. We did not. I'm showing you Exhibit 1011, which
8 is dated June 29, 2016. So this is a much later date than
9 the one I showed you earlier. This is within weeks, weeks
10 of Mr. Chittick's death.

11 A. Okay. All right.

12 Q. So you look at the second page, this is your
13 account statement from DenSco as of June of 2016, correct?

14 A. Yes.

15 Q. And I know sitting here it would be difficult,
16 but do you believe it was accurate as of that date?

17 A. Yes.

18 Q. Okay. Would you typically, when you made a
19 loan, when your investment in the form of a loan was made,
20 would you typically roll those loans over --

21 A. Yes.

22 Q. -- when they came --

23 A. They renewed.

24 Q. All right. I'm going to go through some John
25 Ray related information, so I'm switching gears here for a

CORALEE THOMPSON, 6/27/2019

1 little bit.

2 Actually, before I do that, let me mark this.

3 (Deposition Exhibit No. 1012 was marked for
4 identification.)

5 Q. So I'm showing you Exhibit 1012 --

6 A. Uh-huh.

7 Q. -- Coralee, and this is a report that was
8 submitted by Peter Davis as receiver for DenSco. I just
9 want to go confirm something. If you go to the third page
10 of this document, there is a listing of investors and
11 their claims.

12 Do you see that?

13 A. Correct.

14 Q. And if you go about an inch up from the bottom
15 of that list, there is a reference to a -- well, does your
16 daughter appear on this list?

17 A. Yes.

18 Q. Where does it appear?

19 A. She is one, two, three, four, five, six, seven,
20 eight, nine, ten from the bottom.

21 Q. Okay. And Jolene Page is her name?

22 A. She -- that's her maiden name. She uses that
23 sometimes.

24 Q. Okay. And so this would reflect that her amount
25 claimed is \$1,757,015.53?

CORALEE THOMPSON, 6/27/2019

1 Yes?

2 A. We accepted this as correct when it was sent to
3 us.

4 Q. All right. Let's go to the next page, which
5 references you and your husband.

6 A. Okay.

7 Q. It shows that your amount claimed is
8 \$1,347,953.90, correct?

9 A. Correct.

10 Q. And your husband Gary's claim is \$1,189,282.70?

11 A. Correct.

12 Q. And those are the amounts of your claims against
13 DenSco or for the DenSco investment that you have made,
14 right?

15 A. Correct.

16 Q. All right. I'm going to try to go through this
17 next bit of information pretty quickly, but I want to kind
18 of set the --

19 (Deposition Exhibit No. 1013 was marked for
20 identification.)

21 Q. So looking at 1013 with you, and if you look
22 about halfway down on the first page of 1013 is an email
23 from you to Denny Chittick --

24 A. Right.

25 Q. -- dated August 1st, 2009.

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1 Do you see that?

2 A. Yes.

3 Q. And in it you go -- the second line says, "Thank
4 you for the explanation of your new procedures on Hard
5 Money loans."

6 Do you see that?

7 A. I do.

8 Q. Do you remember what his new procedures were
9 that you were referring to?

10 A. No.

11 Q. And then it goes on in that second paragraph,
12 and it reads, "In view of what you stated in your e-mail
13 about how you were qualifying your borrowers, we want to
14 share with you an on-going situation we are involved in.
15 Please do not discuss this with anyone, including the
16 party involved in the loan. We feel you should have this
17 information to better evaluate your clients. We know from
18 experience that sometimes friendships cloud your
19 judgment."

20 Do you see that?

21 A. Yes.

22 Q. And that's -- this is your email to Denny
23 Chittick, right?

24 A. Right.

25 Q. What are you referring to when you say "we know

CORALEE THOMPSON, 6/27/2019

1 from experience that sometimes friendships cloud your
2 judgment"?

3 A. Well, I think if you go and read down, I explain
4 a little bit further that we were probably easy on making
5 a loan to John, because we thought he was a friend and
6 that clouded judgment.

7 Q. All right. So what you are saying is you think
8 Denny Chittick's friendship with John Ray clouded Denny
9 Chittick's judgment?

10 MR. LEVINE: Objection; form.

11 MR. CAMPBELL: Join.

12 MR. DeWULF: What's wrong with that question,
13 Counsel?

14 MR. LEVINE: I think that misconstrues what she
15 said.

16 MR. CAMPBELL: My objection is you are asking
17 her about the state of mind of someone else.

18 Q. Okay. Well, I'm asking what you mean by what
19 you said. And what you are saying here is, "We know from
20 experience that sometimes friendships cloud your
21 judgment."

22 And you are talking about a friendship that
23 Denny Chittick had, right?

24 A. No, not necessarily. My own experience.

25 Q. Oh, I see.

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1 MR. LEVINE: That's what I meant.

2 Q. When you use "your," you are using the
3 theoretical "your"?

4 A. Yes.

5 Q. You are not -- you are not directing --

6 A. Right.

7 Q. -- it to Mr. Chittick?

8 A. No, I'm not directing it. No.

9 Q. Sorry. I misunderstood what you were trying to
10 say there.

11 A. He might cut me off again.

12 Q. I'm sorry?

13 A. He might have cut me off again if I had
14 questioned him.

15 Q. I'm not on my game that much today.

16 So the next paragraph, then you proceed then to
17 describe what your situation with John Ray was, right?

18 A. Yeah. I would have to speed read it, but, yeah.
19 Yeah.

20 Q. And you go on then in the second page of this
21 document to continue to describe it, but then in the next
22 to the last -- well, in the third to the last paragraph,
23 you say, "Since we are involved in Densco, we want you to
24 be aware of this debt so you can make a more educated
25 decision if he wants to borrow hard money."

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1 And you are referring to John Ray wanting more
2 hard money, right?

3 A. Absolutely.

4 Q. And then the next paragraph you read or you
5 write, "We are disappointed we got into this loan and
6 probably let our friendship with John carry more weight
7 than our sound financial judgment. We just hope we get
8 out of it unscathed."

9 Did I read that correctly?

10 A. Correct.

11 Q. And are you describing in that paragraph that
12 you had a friendship with John Ray?

13 A. Acquaintance.

14 Q. But you used the word "friendship."

15 A. He wasn't a close friend. He was just -- we had
16 done business with him. He bought from us.

17 Q. So before you made this loan in October of 2006,
18 you had gained what you believed to be at least some
19 familiarity with Mr. Ray, right?

20 A. Right. Correct.

21 Q. And you had grown to trust him to some degree,
22 right?

23 A. Correct.

24 Q. All right. So here in your email to
25 Mr. Chittick you are saying: You have got to be careful

CORALEE THOMPSON, 6/27/2019

1 with this guy. We have had a bad experience. Fair?

2 A. Exactly.

3 Q. And what did Mr. Chittick do, if anything, to
4 your knowledge, in response?

5 A. This is when he came back and he said, well,
6 above there: I'm surprised to here about this. I have
7 loaned John money before several times and they've all
8 been paid off, and the ones he now has he makes payments
9 on.

10 You want me to read the rest of it?

11 Q. Well, so was there anything else communicated to
12 you other than this email?

13 A. No. I think that it was it, yeah.

14 Q. Okay. And what he basically is saying, as
15 expressed in this email, he has had, "he" being Denny
16 Chittick, has had solid experience with John Ray --

17 A. Uh-huh.

18 Q. -- so he is not going to doubt his business
19 relationship with John Ray?

20 A. Exactly.

21 Q. All right. And do you recall, then, after 2009
22 wanting to get whatever information you could from
23 Mr. Chittick about John Ray?

24 A. After 2009?

25 Q. Yeah.

1 A. No.

2 (Deposition Exhibit No. 1014 was marked for
3 identification.)

4 Q. This is an email to you where Denny Chittick is
5 sharing information with you about John Ray.

6 Do you see that?

7 A. I do see that.

8 Q. Do you recall seeing this?

9 A. I do.

10 (Deposition Exhibit No. 1015 was marked for
11 identification.)

12 Q. I just want to ask you generally, do you recall
13 this set of emails between you and Denny Chittick in
14 December of 2009 about John Ray?

15 A. Yes.

16 Q. What did you mean when you asked him would you
17 do a third-party collection?

18 A. Would he approach John Ray to try to get our
19 money.

20 Q. So you are asking Denny Chittick to step in to
21 help you get money from John Ray?

22 A. Yes.

23 Q. And then he responds: I think that would be an
24 odd position?

25 Is the answer yes?

CORALEE THOMPSON, 6/27/2019

1 A. Yes.

2 Q. So he declined to help you in collecting your
3 money from John Ray?

4 A. Yes.

5 Q. Why did you think Denny Chittick should help you
6 in your collection of money from John Ray?

7 MR. LEVINE: Objection; form.

8 THE WITNESS: Answer it?

9 MR. LEVINE: Go ahead.

10 THE WITNESS: Because I thought it would be the
11 right thing to do, quite frankly.

12 Q. Did you feel like somehow Denny Chittick had
13 gotten you into this?

14 A. No.

15 Q. So why would Denny Chittick help you in
16 collecting money from John Ray? Just because he knew him?

17 A. Well, and I had had some relationship with him
18 and done some business with him and we had always --
19 everything had been copacetic and, you know, he knew John
20 Ray and was obviously a friend of John Ray's.

21 Q. And he declined to help you?

22 A. He declined.

23 Q. All right. How did that make you feel?

24 A. Disappointed.

25 Q. Did you ever express that to John -- or to Denny

CORALEE THOMPSON, 6/27/2019

1 Chittick?

2 A. No.

3 (Deposition Exhibit No. 1016 was marked for
4 identification.)

5 Q. You know, let me just breeze through it. I know
6 you are not copied on this email and it's an email between
7 other parties, but let me just ask, there is a reference
8 to Valley Services of Arizona as it relates to trustee
9 sales.

10 Are you familiar with that entity at all?

11 A. No.

12 Q. Never done business with them, right?

13 A. No.

14 Q. Okay.

15 A. Not knowingly. I don't recognize the name.

16 Q. All right.

17 (Deposition Exhibit No. 1017 was marked for
18 identification.)

19 Q. Exhibit 1017 are further emails between you and
20 Denny Chittick in August of 2010 regarding the John Ray
21 debt?

22 A. Uh-huh.

23 Q. Yes?

24 A. Yes.

25 Q. Now, did -- while you were owed money by John

CORALEE THOMPSON, 6/27/2019

1 Ray, was Ranasha still working for John Ray?

2 Let me rephrase it. You looked so put out on
3 that.

4 MR. LEVINE: Well, she is still owed money.

5 Q. Okay. So when these communications were
6 occurring and prior to you moving to -- let me back up.

7 Was there a point in time where Ranasha was
8 working with John Ray while he owed you money?

9 A. I'm not -- I would have to check that. I don't
10 know the dates.

11 Q. The follow-up question is, did you ever
12 communicate with Ranasha about the obligation that John
13 Ray had to you?

14 A. Well, in the prior exhibits, I mentioned that
15 the only way I could get him to answer phone calls, was
16 talking to Ranasha.

17 Q. Right.

18 A. So obviously I did.

19 Q. Anything other than that?

20 A. No.

21 Q. In her official capacity of working at John Ray,
22 you would try to find John Ray through her?

23 A. Uh-huh.

24 Q. Yes?

25 A. Yes.

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1 (Deposition Exhibit No. 1018 was marked for
2 identification.)

3 Q. Coralee, I'm showing you Exhibit 1019 (sic), and
4 again, these are emails between and Denny Chittick about
5 John Ray debt in 2010?

6 A. Okay.

7 Q. I'm asking you to confirm that.

8 (An off-the-record discussion.)

9 Q. So showing you Exhibit 1018, then, is 1018 a
10 series of emails between you and Denny Chittick about the
11 John Ray loan --

12 A. Right.

13 Q. -- in 2010?

14 A. Right. Yes.

15 (Deposition Exhibit No. 1019 was marked for
16 identification.)

17 Q. Exhibit 1019 is, again, a series of emails
18 between you and Denny Chittick about the payment on your
19 note by John Ray?

20 A. Right.

21 MR. LEVINE: Just looking at the middle email,
22 it's from somebody named Mike.

23 MR. DEWULF: Yeah. Let me clarify that.

24 Q. So you received an email from someone who was
25 purportedly talking on behalf of John Ray and you forward

CORALEE THOMPSON, 6/27/2019

1 that on to Denny Chittick, right?

2 A. He worked for John Ray.

3 Q. And then you are asking for Denny Chittick's
4 reaction to that, right?

5 A. Right. Yes.

6 MR. CAMPBELL: There should be an objection for
7 beating a dead horse.

8 MR. DEWULF: I will beat you like a dead horse,
9 if you keep that up.

10 (Deposition Exhibit No. 1020 was marked for
11 identification.)

12 Q. I think Exhibit 1020 is a document you
13 referenced earlier.

14 A. That's -- yeah. That's when I saw the drug
15 arrest.

16 Q. And he confirmed that it was in fact --

17 A. Uh-huh.

18 Q. -- that bio information for him?

19 A. Right.

20 Q. Were some of the properties that you wrote money
21 on in Tempe that John Ray's loans were secured by?

22 A. Yes.

23 Q. Okay. And did Denny Chittick help you in terms
24 of trying to determine the value of those properties?

25 A. No. I don't think so. I don't recall.

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1 (Deposition Exhibit No. 1021 was marked for
2 identification.)

3 Q. Exhibit 1021, Coralee, on the first page,
4 halfway down you are sending an email to Denny Chittick.

5 Do you see that?

6 A. Yes, uh-huh.

7 Q. June 7, 2011.

8 A. Uh-huh.

9 Q. And he responds at the top of the first page of
10 Exhibit 1021.

11 A. Uh-huh.

12 Q. You don't remember an individual named Todd
13 Marshall who knew something about property values in Tempe
14 being confirmed with by --

15 A. No.

16 Q. -- Mr. Chittick?

17 (Deposition Exhibit No. 1022 was marked for
18 identification.)

19 Q. Showing you Exhibit 1022, and there is a
20 document, legal document attached to it, a Motion to
21 Dismiss, and it appears it arises out of a lawsuit.

22 So you filed a lawsuit against Mr. Ray to
23 collect money on the amount he owed you?

24 A. Yes.

25 Q. And here you are then sharing with Mr. Chittick

CORALEE THOMPSON, 6/27/2019

1 the fact that this has occurred?

2 A. Can I just review it?

3 Q. Yeah.

4 A. Okay.

5 MR. LEVINE: Off the record.

6 (An off-the-record discussion.)

7 Q. Have you gotten through it?

8 A. No. Just bringing back a lot of old memories.

9 Hang on.

10 Okay.

11 Q. Are you ready?

12 A. Uh-huh.

13 Q. So I want to focus on the first page of
14 Exhibit 1022. You are sending an email to Denny Chittick
15 and it relates back to your experience with John Ray,
16 correct?

17 A. Correct.

18 Q. This email that you are sending to Chittick, did
19 you send it to anyone else? It has -- or is it just to
20 Chittick?

21 In other words, it doesn't show any other
22 recipients to this email, but I'm questioning, did you
23 send it to anyone else?

24 A. Because that was a little confusing. As I look
25 at this, they forwarded our email, right, to someone else.

CORALEE THOMPSON, 6/27/2019

1 Yeah, see, because this is from me to Denny, and then it
2 was forwarded from Denny to whoever Bigbutt is.

3 Q. Well, Bigbutt, I think, for the record, is his
4 wife Ranasha.

5 A. Really?

6 Q. So Denny had nicknames for people, and this
7 was --

8 A. He is a brave man.

9 MR. LEVINE: Yes, he is.

10 MR. DeWULF: This is an affectionate term that I
11 would not use.

12 MR. CAMPBELL: Our wives would react
13 differently.

14 MR. LEVINE: It may have contributed to the
15 divorce.

16 THE WITNESS: Right after that.

17 MR. CAMPBELL: It couldn't have helped.

18 MR. DeWULF: The divorce occurred in 2012, so I
19 don't know.

20 Q. So back to my question, do you know if this --
21 the contents of this email that you are sending to Denny
22 Chittick, did you send the contents to anyone else --

23 A. No.

24 Q. -- that you recall?

25 A. No.

CORALEE THOMPSON, 6/27/2019

1 Q. Okay. And it really is, in part, again
2 reminding him that he shouldn't do business with John Ray?

3 A. Yeah. He is a scoundrel, right.

4 Q. But you did not persuade Denny Chittick to stop
5 doing business with John Ray --

6 A. No.

7 Q. -- to your knowledge?

8 MR. LEVINE: Off the record.

9 (A recess was taken from 11:45 a.m. to
10 12:53 p.m.)

11 (Deposition Exhibits No. 1023 through 1026 were
12 marked for identification.)

13 Q. I'm going to put off 1023 for a moment. If you
14 are ready to go.

15 A. I'm ready. Put it off for a minute, this one?

16 Q. Yeah, let's put it off for a minute.

17 A. 1024.

18 Q. Let me just ask you to look at 1024. This is
19 again pursuant to this attempt to get money out of John
20 Ray.

21 Is this a communication between you and Denny
22 Chittick about the John Ray situation?

23 A. Yes.

24 Q. And you are saying, among other things, "Learn
25 from our expensive lesson," right?

CORALEE THOMPSON, 6/27/2019

1 A. Yes.

2 Q. Again, he wasn't -- Denny Chittick wasn't
3 willing to listen to you?

4 A. No.

5 MR. CAMPBELL: Object to the form.

6 Q. Showing you 1025. This is -- it starts with
7 communication from your counsel, it looks like Robert
8 Mitchell, but it ends up being a back and forth set of
9 emails between you and Denny Chittick.

10 well, let me back up. why don't you look at
11 1025, because it involves Ranasha as well.

12 A. Okay. So if you start from the back, it's mine?

13 Q. Yeah.

14 A. Mitchell.

15 MR. LEVINE: This goes back to the same Motion
16 to Dismiss?

17 MR. DeWULF: Yeah, it does.

18 MR. LEVINE: Okay.

19 MR. DeWULF: As far as I can tell.

20 MR. LEVINE: Yeah.

21 Q. And I don't need you to read that in detail. I
22 just want -- let me summarize something and maybe we can
23 short circuit this.

24 A. Uh-huh.

25 Q. So the first two pages of Exhibit 1025 are

CORALEE THOMPSON, 6/27/2019

1 actual communication between Ranasha and Denny Chittick
2 about your John Ray situation, and she is expressing
3 concern about it.

4 A. Uh-huh.

5 Q. And so my question to you is, were you -- and
6 the date of this, these communications are in August of
7 2011.

8 Do you recall in that timeframe Ranasha Chittick
9 at all getting involved in discussing your challenges with
10 John Ray and getting paid by John Ray on your loan to him?

11 A. I wasn't aware Ranasha was this involved.

12 Q. Okay. Do you remember any communications with
13 her --

14 A. No.

15 Q. -- in 2011?

16 A. No.

17 Q. Okay.

18 A. Only to try to get ahold of John. I would call
19 and talk to her, you know, "Can you have John call me."

20 Q. Okay. And Denny Chittick never shared with you
21 the fact that Ranasha, his wife, had concerns about the
22 John Ray loan that you had made to him?

23 A. No.

24 MR. CAMPBELL: Object to the form.

25 A. I should have known.

CORALEE THOMPSON, 6/27/2019

1 Q. Let me broaden that question to address that
2 objection.

3 You are not aware of Denny Chittick ever talking
4 to Ranasha about the John Ray loan you made to John Ray,
5 correct?

6 A. Correct.

7 Q. Let's look at 1026. This is referencing a
8 fellow named Todd that Denny Chittick was checking with on
9 the Tempe property.

10 Does that refresh your memory that he actually
11 made an effort to try to figure something out or -- I know
12 these questions are not great. I'm trying to move
13 along --

14 A. I don't recall which one it is.

15 Q. -- but I can break it down and we can go a lot
16 slower.

17 MR. LEVINE: No, no, no. I just didn't know if
18 you were done. I'm sorry.

19 MR. DeWULF: Okay.

20 MR. CAMPBELL: Objection; question not great.

21 THE WITNESS: I just don't know who Todd is.

22 MR. LEVINE: I don't think he is asking you
23 that, but --

24 THE WITNESS: So I don't know.

25 Q. The questions is a broader one, because I do

CORALEE THOMPSON, 6/27/2019

1 have some detail on this --

2 A. Okay.

3 Q. -- but I don't think I'll go into it with you.

4 A. Okay.

5 Q. You don't remember Denny Chittick ever reaching
6 out to someone he knew in Tempe to get some information
7 about Tempe property values?

8 A. No.

9 Q. Okay. Do you remember John Ray at some point
10 filing for bankruptcy?

11 A. Yes.

12 Q. What do you remember about that?

13 A. That right after we got the judgment, pretty
14 close after that, that he did file for bankruptcy. And my
15 opinion, he didn't change his operation at all. He just
16 filed for bankruptcy and got it and eliminated our
17 judgment, and continued to do what he does.

18 MR. DEWULF: Let's mark this.

19 (Deposition Exhibit No. 1027 was marked for
20 identification.)

21 Q. Exhibit 1027, could you look at it and then I'll
22 ask you a couple questions about it.

23 A. Okay.

24 Q. Primarily the first page.

25 A. Yeah, I don't remember it, but --

CORALEE THOMPSON, 6/27/2019

1 Q. When you refer to Brown Properties, what is that
2 referencing?

3 A. That was a prior owner of some of the properties
4 there. They owned a couple houses.

5 Q. Which properties?

6 A. In Tempe. Or I know one, it was -- I think it
7 was on Brown Street. I'm sorry. It was on Brown Street.

8 Q. And how did that relate to the Ray loan?

9 A. Well, the loans on those properties.

10 Q. I see. So the loan upon which Ray defaulted --

11 A. Uh-huh, on two properties.

12 Q. -- were secured by properties on Brown Road?

13 A. Yeah.

14 Q. And you forward at the end this information you
15 are getting, you are forwarding on to Denny Chittick? At
16 the top of the first page is a reflection of that?

17 A. Yes.

18 (Deposition Exhibit No. 1028 and 1029 were
19 marked for identification.)

20 Q. So 1028 is refreshing your memory at least on
21 the timing of the bankruptcy?

22 A. Right.

23 Q. It occurred in October of 2012?

24 A. The date of the email, yeah.

25 Q. And you are sharing that with Denny Chittick,

CORALEE THOMPSON, 6/27/2019

1 and his reaction is: I'm not worried because I'm getting
2 paid?

3 A. Uh-huh.

4 Q. Yes?

5 MR. CAMPBELL: Object to form.

6 Q. Why don't you read it. Why don't you read it
7 and see if it's a fair characterization.

8 A. I don't think he says he is getting paid. He is
9 current on his payments.

10 Q. So what Chittick writes back, when you tell him
11 about John Ray's bankruptcy, he says: Yes, I was aware.
12 It's a house I've had a loan on for years. Its value is a
13 little underwater for what he owes me. He's current on
14 his payments. We are waiting to see what the judge will
15 allow us to do.

16 So took the property into bankruptcy, Ray did?

17 A. Yeah, must have.

18 Q. Now let's look at Exhibit 1029.

19 A. Uh-huh.

20 Q. Do you recall this document?

21 A. Not particularly this document, but the
22 situation, yes.

23 Q. So do you remember seeking to execute upon a
24 judgment that you had gotten against John Ray?

25 A. Yes.

CORALEE THOMPSON, 6/27/2019

1 Q. And was his entity Arizona Investors Alliance,
2 do you recall?

3 A. That was John Ray.

4 Q. Okay.

5 A. And then, see, also does business as
6 BidAZForeclosures.

7 Q. Right. So this was arising out of the lawsuit
8 that you had filed against Ray to collect on the note you
9 had made to him?

10 A. Right.

11 Q. And ultimately you were seeking to execute upon
12 the judgment against property he owns, right?

13 A. Properties, uh-huh.

14 Q. Okay. And was it your attempts to execute that
15 put you in a position of being in conflict, or at least
16 Denny Chittick's view a conflict, with DenSco?

17 MR. LEVINE: Objection; form.

18 THE WITNESS: On the one property.

19 Q. Yeah.

20 And is that the one --

21 A. I don't know that it was part of what I'm
22 talking about here or not, or what they are talking about
23 here or not. There were several properties. Anything
24 that was purchased under Arizona Investors Alliance, we
25 tried to go after to pay off our judgment. And then -- so

CORALEE THOMPSON, 6/27/2019

1 he changed his LLC name.

2 Q. Okay. But does this relate back to what ended
3 up being what became an issue between you and Denny
4 Chittick?

5 MR. CAMPBELL: Object to the form of the
6 question.

7 MR. LEVINE: Join.

8 THE WITNESS: Well, we did have -- I suppose,
9 yeah, the one house probably was one that he had, yeah.
10 But Denny had the deed of trust on it and it was going to
11 be sold at foreclosure, so I don't know that it's included
12 in this particular. Sorry.

13 Q. But would it have been -- this is in 2012.

14 would it have been in 2012 when those issues
15 arose, do you recall?

16 A. That's what I don't recall. Yeah.

17 Q. All right. Do you recall, in connection with
18 your attempts to collect money from John Ray, that there
19 was a point in time where Denny Chittick wanted to return
20 your monies that you had invested --

21 A. Yes.

22 Q. -- in DenSco?

23 A. Yes.

24 Q. What do you remember? What did he say to you
25 about that?

CORALEE THOMPSON, 6/27/2019

1 A. It came in the form of an email, and that he --
2 he would be closing out my account.

3 Q. And do you think that that would have been in
4 two thousand -- when do you think that would have
5 occurred? Do you have any idea?

6 A. I can't tell you that.

7 Q. Okay. So did he tell you why he wanted to close
8 out your account?

9 A. I think he did, yeah. I can't really remember
10 the whole email, but I think it was kind of like, you
11 know -- I don't really remember. No, I can't really tell
12 you. Huh-uh. I'd have to see the email.

13 Q. Right. But what do you remember, sitting here
14 today, was told to you either in writing or verbally by
15 Mr. Chittick as to why he wanted to --

16 A. He was not happy. Well, he was not happy. I
17 think I sent him an email and told him that we were going
18 to bid on that property, and -- and I think he saw that
19 maybe we would be competitors bidding on it, because he
20 would have to bid on it to get it back, and was upset.

21 And I definitely -- if DenSco was going to bid
22 on it, I would not bid on it. I wouldn't do that. And he
23 just didn't like the situation, and he told me that, you
24 know, he would be closing out my account.

25 I think we have covered that in some email

CORALEE THOMPSON, 6/27/2019

1 earlier, didn't we?

2 Q. I don't -- we have. Maybe I didn't see it, the
3 same thing that you saw.

4 And did he tell you that he was seeking to give
5 your money back to you because of what you had done in
6 your collecting of money from John Ray?

7 A. In my trying to collect money from John Ray,
8 yes.

9 Q. And what was it about that that caused him to do
10 what he was doing with your monies?

11 MR. LEVINE: Objection; form.

12 Q. If he communicated it to you.

13 MR. CAMPBELL: Join.

14 THE WITNESS: I couldn't tell you what he was
15 thinking for sure.

16 Q. What was he telling you? I mean, this is --

17 A. Well, all the emails that I have received or
18 that I have looked at here today, you know, he was -- was
19 listening to me, but not necessarily taking my advice.

20 Q. Well, the reason I'm exploring this with you is
21 that there is a difference between someone not taking your
22 advice and going to the, what I consider to be a fairly
23 extreme situation of actually taking the money and
24 returning it to you. And so I'm wondering how he would
25 justify to you doing that, and I'm asking you what you

CORALEE THOMPSON, 6/27/2019

1 recall him communicating to you in connection with --

2 A. Uh-huh.

3 Q. -- with that action.

4 A. I asked --

5 MR. CAMPBELL: Wait. Object to the form of the
6 question.

7 MR. LEVINE: Join.

8 THE WITNESS: Yeah.

9 Am I going to answer that?

10 Q. Yeah. Go ahead.

11 A. No. I had the same question. What was so bad
12 that that was the result, but -- and actually, I believe
13 we sent an email back and tried to explain. You may have
14 that. I don't know.

15 Q. I have got an email, but I don't think it does
16 what you have just said, and so I'm wondering if there is
17 maybe something we don't have in our files.

18 A. Maybe. But we tried to -- I think we -- in
19 fact, you know what? Yeah, I think I went back and said
20 we certainly weren't trying to do anything against DenSco,
21 you know, but we would be interested in purchasing this
22 and bidding on this property, but when DenSco wasn't
23 interested in it, that type of thing. And we just tried
24 to clarify it was nothing personal.

25 Q. And what did he -- how did he respond to that?

CORALEE THOMPSON, 6/27/2019

1 A. He didn't stop the account. I mean, he kept it
2 open.

3 Q. Okay. So ultimately he did not return your
4 money to you?

5 A. No.

6 Q. And let me show you this exhibit, because this
7 may be the one you are thinking about.

8 (Deposition Exhibit No. 1030 was marked for
9 identification.)

10 THE WITNESS: I wish he would have made me that
11 offer again. I should have taken it.

12 Q. I'm not going to go through this in detail with
13 you, Coralee, but if you could look at Exhibit 1030, and I
14 want to ask some general questions about it.

15 So let me just ask you some general questions.

16 A. Okay.

17 Q. This document appears to have been a
18 communication back and forth between your husband Gary
19 Thompson and Denny Chittick.

20 A. Right.

21 Q. Is that a fair reading?

22 A. That's correct.

23 Q. Okay. And it is on or about April 23rd, 2014?

24 A. Yes.

25 Q. So does this refresh your memory? It says "Your

CORALEE THOMPSON, 6/27/2019

1 letter to Coralee dated April 19, 2014." I don't know
2 that I have that letter.

3 Do you remember what that letter says?

4 A. I thought it was just an email, but, yeah, I
5 don't know.

6 Q. Yeah.

7 MR. LEVINE: Where do you see that email?

8 MR. DEWULF: The reference, the subject on the
9 first page.

10 THE WITNESS: The subject.

11 MR. LEVINE: Oh, yeah.

12 Q. Do you think the essence of it was that --

13 A. Well, that was a notification I was going to be
14 dropped, I suppose.

15 Q. The notification from Denny Chittick that he was
16 intending to drop you as an investor?

17 A. That's what I would expect, yeah.

18 Q. Okay. And do you recall when he was
19 communicating that, that he was seeking to terminate both
20 you and Gary and your daughter as investors?

21 A. I don't believe so. I think it was just me.

22 Q. Just you. Okay.

23 Why is it that your husband is doing the
24 communicating with him regarding this subject as opposed
25 to you or perhaps your daughter?

CORALEE THOMPSON, 6/27/2019

1 A. He may have been the cooler head.

2 Q. Okay. And do you believe that the result of
3 this and perhaps other communications was that Denny
4 Chittick chose to continue on as having you an investor in
5 DenSco?

6 MR. LEVINE: Objection; form.

7 MR. CAMPBELL: Join.

8 THE WITNESS: I would expect that it influenced
9 him some, yeah.

10 Q. Do you, sitting here today, know why Denny
11 Chittick went from first indicating he was going to
12 terminate you as an investor, but then later changing his
13 mind and continuing on as an investor?

14 A. I haven't got to read --

15 MR. CAMPBELL: Object to form.

16 THE WITNESS: Go on.

17 Q. Go ahead.

18 A. I haven't gotten to read this in detail, but I
19 just assumed that there was more explanation in here of
20 how all this came about, and maybe he didn't have a full
21 understanding of our position and what we were trying to
22 do.

23 I did -- I notice in here it said our attorney
24 had called him, which I don't remember that, but, you
25 know, maybe that had something to do with it. I don't

1 know.

2 Q. Your attorney, was that Rob Mitchell?

3 A. Yes.

4 Q. And do you think, was the communication from
5 your husband, did you look at that communication before he
6 sent it out?

7 A. I don't remember.

8 Q. Did you talk to him about the communication
9 before it went out?

10 A. Yes. No. About the communication? From Denny
11 to me.

12 Q. Okay.

13 A. Yeah, he is aware of that.

14 Q. But were you aware of the fact that your husband
15 was writing to Denny Chittick about the letter that you
16 had gotten from him?

17 A. Yes.

18 Q. And it's because he -- your husband shared that
19 with you?

20 MR. LEVINE: Objection; form.

21 MR. CAMPBELL: Join.

22 Q. How did you know that?

23 A. I just -- you know, I don't remember reading
24 anything from it, but I just know he was -- he was going
25 to look into it and see if he couldn't, you know, see what

CORALEE THOMPSON, 6/27/2019

1 the problem was.

2 Q. Okay. So sitting here today, are you aware that
3 this 1030 existed, this Exhibit 1030? Had you ever seen
4 it before?

5 A. You know, I honestly can't tell you that I have
6 seen it. I may have, but I can't really tell you that for
7 a fact, yeah.

8 Q. Really?

9 A. Yeah.

10 Q. So -- and do you read this document to be one
11 where there is communications by your husband and then
12 also communications by Denny Chittick --

13 A. Yeah.

14 Q. -- within the body of the document?

15 MR. LEVINE: Objection; form.

16 Go ahead.

17 MR. CAMPBELL: Join.

18 THE WITNESS: well, obviously Denny took my
19 husband's email and then just put his comments, interceded
20 his comments all the way through, so yes.

21 Q. That's the way it appears to me. How do you --
22 why do you believe that's the case?

23 A. why do I believe that?

24 Q. Yes.

25 A. Because it's dated email from Denny Chittick to

CORALEE THOMPSON, 6/27/2019

1 my husband.

2 Q. Okay.

3 A. Yeah. And it actually went to his computer and
4 not mine.

5 Q. So before today, do you think you saw this
6 document or not?

7 A. I can't really tell you that.

8 Q. Okay.

9 A. Yeah.

10 Q. And aside from this document, are you aware of
11 an email where your husband and Denny Chittick exchanged
12 information in connection with this issue of you being an
13 investor of DenSco?

14 A. Another email?

15 Q. No.

16 A. This email?

17 Q. Were you aware that such a document like this
18 existed or not?

19 A. Well, I knew that Denny had changed his position
20 and then he was willing to accept, you know, continue my
21 account.

22 Q. Okay. Have you told me everything you can
23 remember today as to what Denny Chittick communicated to
24 you as the reason that he was thinking about terminating
25 you as an investor?

CORALEE THOMPSON, 6/27/2019

1 A. I didn't perceive it that he was thinking about
2 terminating me. I perceived it that he sent me an email
3 that he was terminating me. That was --

4 Q. With that clarification, have you told us
5 everything you can recall as to what he communicated to
6 you, in any form --

7 A. No.

8 Q. -- as to why he was intending to terminate you
9 as an investor?

10 A. No. And as I have sat here today and read your
11 emails, I must have really been ragging pretty hard on him
12 about John Ray. I didn't realize I was doing that much
13 communicating, but I think I was pretty upset because of
14 the money loss with John Ray. But I imagine, yeah, I
15 could see why he probably got upset.

16 Q. All right. Go back to my question --

17 A. Okay.

18 Q. -- if we could.

19 It was a lot of money, right?

20 A. Yeah.

21 Q. You were owed a lot of money?

22 A. Uh-huh.

23 Q. Over a million dollars, right?

24 A. Yeah, right.

25 Q. Yes?

CORALEE THOMPSON, 6/27/2019

1 A. Yes.

2 Q. And you were also concerned that you thought
3 Mr. Ray wasn't a reliable borrower, right?

4 A. Correct.

5 Q. And so part of the reason you were communicating
6 with Denny Chittick about John Ray is you didn't want
7 Denny Chittick or DenSco to make mistakes as it relates to
8 doing business with John Ray --

9 A. Yes.

10 Q. -- right?

11 A. Yes.

12 Q. But let me go back to the question I did ask a
13 minute ago, which is have you shared with us -- you
14 indicated that Denny Chittick, at least it looks like in
15 2014, was intending to terminate you as an investor, so I
16 want you to share with us everything that you can recall
17 that he communicated with you as to why he was considering
18 doing that.

19 A. I actually don't remember --
20 Stop?

21 MR. LEVINE: No. Go ahead. Sorry.

22 THE WITNESS: I don't remember any other
23 communication, except I kept telling him my bad
24 experiences with John Ray, and, you know, you should
25 really consider him a high risk and this is proof. And I

CORALEE THOMPSON, 6/27/2019

1 kept sending proof, sending proof.

2 And we were -- and I tried to get him to kind of
3 intercede with John Ray, because I knew John Ray was
4 making a lot of money and I know how -- I could tell, I
5 knew how many houses he was buying at the courthouse. He
6 gets paid per house. And I know he was doing it himself,
7 and he was going out and flipping properties himself, and
8 he was teaching classes and he had a lot of income coming
9 in and I knew he could pay us if he wanted to. And I
10 thought, you know, Denny could maybe get him to do that,
11 but obviously that didn't work.

12 You know, Denny did not lead up to dismissing
13 me. It was, bang, just like that, so...

14 Q. Right. And in connection with that --

15 A. Uh-huh.

16 Q. -- I'm just wanting to know what he communicated
17 as to his reason for that --

18 MR. CAMPBELL: Object to the form.

19 Q. -- if you haven't already shared it with us.

20 A. I think I have pretty much covered about all I
21 know on it. Actually, yeah, I just -- he just said we
22 will no longer take your money and I'm going to return
23 what you have here. You know, I'll do it in several
24 payments, but I will send you your money back.

25 Q. And when he did communicate about that, did he

CORALEE THOMPSON, 6/27/2019

1 tie it to the John Ray situation?

2 A. I don't recall that.

3 Q. So you just got news that he was terminating you
4 as an investor without really explaining why?

5 MR. CAMPBELL: Object to the form.

6 Q. Go ahead.

7 A. Well, it was in pretty close proximity to the
8 one house that we were going to bid on, so it was --
9 obviously that upset him.

10 Q. It was obvious.

11 So was he telling you that that was upsetting to
12 him and that was the reason?

13 MR. CAMPBELL: Object to the form.

14 THE WITNESS: Did he tell us? Yeah, there was
15 conversation about, you know, that he was going to -- see,
16 I think on that house it was like some of the others that
17 he describes in here, that he gave John Ray additional
18 money to fix the house up. So he probably had even more
19 money. It might have even been a personal loan. I don't
20 know. But, you know, he probably had more money in it and
21 he just -- he wanted the house. And that's all he had to
22 tell me and I'd have backed off.

23 But when I learned that the thing was coming up
24 to foreclosure, I just gave him notice that we were going
25 to bid on it, like I told you earlier.

CORALEE THOMPSON, 6/27/2019

1 Q. So from communications you had with --

2 A. Uh-huh.

3 Q. -- Denny Chittick, you understood that the
4 reason he wanted to terminate you as an investor was
5 because of your efforts to collect your money from --

6 A. Conflict.

7 Q. -- John Ray?

8 MR. CAMPBELL: Object to the form of the
9 question.

10 THE WITNESS: Correct, yes.

11 Q. All right. Let's look at Exhibit 1023.

12 MR. LEVINE: This one.

13 THE WITNESS: Oh, okay. Thanks.

14 Q. So let me just confirm with you. If you go to
15 what is Bates stamped at the bottom -- so is there a stamp
16 at the bottom of the page --

17 A. Uh-huh.

18 Q. -- 8402 in Exhibit 1023.

19 A. Right.

20 MR. CAMPBELL: I'm sorry. What's the Bates
21 stamp?

22 MR. DeWULF: 8402.

23 Q. Are you there?

24 A. Yes.

25 Q. All right. And this is a letter from you to

CORALEE THOMPSON, 6/27/2019

1 Judge Snow, correct?

2 A. Right, uh-huh.

3 Q. Yes?

4 A. Yes.

5 Q. And this is a packet of letters, and this was a
6 letter you wrote to Judge Snow in connection with the
7 sentencing of Scott Menaged, correct?

8 A. Correct.

9 Q. What was your purpose for sending the letter?

10 A. I just wanted them to know what I felt about
11 Menaged's part in the fraud.

12 Q. And was the goal, at least in part, to educate
13 the judge about what your experience had been?

14 A. Exactly.

15 Q. And it was also to encourage the judge to be
16 tough on Menaged because of --

17 A. The impact it had on my life.

18 Q. Okay. And so the letter that you sent to Judge
19 Snow, which is -- starts on Bates stamp 8402 of
20 Exhibit 1023, was intended to educate the judge about your
21 experience as it related to being a DenSco investor and
22 how Menaged's conduct had hurt you?

23 A. Exactly.

24 Q. All right. Did you -- do you believe it to be
25 accurate?

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1 A. I haven't read it through. I just skimmed it
2 here, but as I sat there and wrote it at that time, I'm
3 pretty sure it was my feelings, yeah.

4 Q. And I'm -- let me ask it a little different way,
5 Coralee.

6 You had every intention to be as accurate as
7 possible when you were communicating with a federal court
8 judge, right?

9 A. Exactly.

10 Q. All right. So the letter that you wrote, let me
11 just ask a couple of questions.

12 A. Uh-huh.

13 Q. If I could look at the second page of that
14 document, which is Bates stamped 8403. The paragraph that
15 begins "Since this has occurred," do you see that
16 paragraph?

17 A. Yes.

18 Q. You say, "people who have known Menaged for
19 years have told me" --

20 MR. LEVINE: I'm sorry. Half way down? where
21 are you?

22 MR. DeWULF: I'm on Bates stamp 8403, the first
23 full paragraph.

24 MR. LEVINE: I'm sorry. I gotcha.

25 MR. DeWULF: That's all right.

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1 Q. "Since this has occurred, people who have known
2 Menaged for years have told me that has always benefited
3 from white collar crimes to support the lavish lifestyle
4 he has enjoyed. 15 years ago, he acquired a lot of hard
5 money loans from lenders and never performed on the loans,
6 the properties went into foreclosure and the Lenders lost
7 a lot of money."

8 Did I read that correctly?

9 A. Correct.

10 Q. What are you referring to there?

11 Well, let me ask a different question. How did
12 you learn that information?

13 A. Just from acquaintances that I had that worked
14 in the foreclosure area.

15 Q. Who specifically did you talk to when you say
16 people who have known Menaged? Who do you know who knew
17 Menaged?

18 THE WITNESS: Can I ask you a question?

19 MR. LEVINE: Sure. Yeah.

20 MR. DeWULF: Go ahead, if you need to.

21 (A recess was taken from 1:24 p.m. to 1:31 p.m.)

22 (The requested portion of the record was read.)

23 MR. LEVINE: Objection; form. I think that's
24 two questions.

25 Do you want to know who she knew, who she talked

CORALEE THOMPSON, 6/27/2019

1 to who knew him, or who she talked to that is referenced
2 in the letter?

3 MR. DeWULF: Okay.

4 THE WITNESS: My head is going to explode.

5 Q. Well, mine, too. This is -- all right.

6 So you reference people who have known Menaged.

7 A. Right.

8 Q. Can you identify who those people are?

9 A. Well, my attorney.

10 Q. All right. Anyone else?

11 A. Actually, if I had the list, I might be able to
12 find their name. But after this happened, some of the
13 investors were talking to each other, after they went to
14 the meeting and everything, and she had done quite a
15 little bit of research on him and she shared that with me,
16 you know.

17 And it seemed like that there was somebody maybe
18 that officed up with John Ray, and I think that he was in
19 and out of there. You know, it's just like a little --
20 you know, they all kind of had their little -- everybody
21 was talking about it, you know.

22 Q. Yeah.

23 A. So that's some of the people.

24 Q. So do you remember who the female investor was
25 that had done the research?

CORALEE THOMPSON, 6/27/2019

1 A. I think I would recognize it if you had the
2 list. She is on the investor list.

3 Q. Okay. Let me --

4 A. That's terrible.

5 Q. Well, those lists are really long.

6 A. I'll go fast. I promise.

7 Q. You know, we have this exhibit that has the
8 creditors.

9 A. She both borrowed and was an investor from John
10 Ray. Not John Ray. Denny Chittick.

11 MR. CAMPBELL: John, 787 has the --

12 MR. DeWULF: 787?

13 THE WITNESS: I think it was -- I think I'll
14 find it pretty quick for you, if you give me just about
15 two seconds, if you want me to.

16 Q. So the stack is right there.

17 MR. LEVINE: It's 787. Let me find it.

18 THE WITNESS: I think her name was, something
19 close, like Marlene Pearce. I may not be correct on that.

20 MR. CAMPBELL: The witness is being shown what
21 was previously marked 787.

22 THE WITNESS: Marlene Pearce, I'm right.
23 Marlene Pearce. That's P-e-a-r-c-e. And I -- we had, you
24 know, exchanged conversations a couple times, and she was
25 owed -- she did a lot of her own foreclosure buying and

CORALEE THOMPSON, 6/27/2019

1 she was really good at records and things, and she shared
2 that with me.

3 Q. You indicated an associate of John Ray's may
4 have been a source of information.

5 A. Yeah, somebody in the office down there, you
6 know, just comment.

7 Q. You don't remember who that was?

8 A. I don't remember.

9 Q. All right. You reference the fact that he had
10 two Bentleys.

11 Do you know whether that's true or not?

12 A. It was told to me to be true.

13 Q. You reference that he bragged about having
14 offshore bank accounts; that is, Menaged did?

15 A. He did.

16 Q. What's the basis for that, you saying that?

17 A. I don't remember how -- who told me that, but
18 someone told me that, yeah. I think he bragged about that
19 type of thing in front of people down at the courthouse.
20 He was kind of a bragger.

21 Q. Okay.

22 A. Yeah.

23 Q. The information then as it relates to Menaged is
24 really based on what other people have told you about him?

25 A. Right, yeah.

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1 Q. Yes?

2 A. Yes.

3 Q. And then --

4 A. I don't know the man, so --

5 Q. -- your husband also wrote a letter to Judge
6 Snow, right?

7 A. Uh-huh.

8 Q. Yes?

9 A. Yes.

10 Q. And so -- and that appears on Bates stamp 8406.

11 A. Okay.

12 Q. It's a couple pages back.

13 A. Okay.

14 Q. Did you review your husband's letter --

15 A. No.

16 Q. -- before --

17 A. They were both independent.

18 Q. Let me try to speed up my question.

19 So did you review your husband Gary Thompson's
20 letter before it went to the judge?

21 A. No.

22 Q. Have you ever reviewed his letter to the judge?

23 A. No.

24 Q. So sitting here today, you don't know what your
25 husband told the judge?

CORALEE THOMPSON, 6/27/2019

1 A. No.

2 Q. I'm going to show you what's been previously
3 marked as an exhibit.

4 Paul, I'm going to have to make a copy for you.

5 MR. CAMPBELL: What's the number?

6 MR. DeWULF: It's 413.

7 MR. CAMPBELL: Is this the Iggy letter?

8 MR. DeWULF: It's the investor letter.

9 MR. LEVINE: Is this the -- Strike that.
10 Off the record.

11 (An off-the-record discussion.)

12 Q. We are now back on the record.

13 We are talking about Exhibit 413.

14 Would you confirm, Coralee, that you have seen
15 this document before?

16 A. I have seen something like this. I'm not sure
17 it's this one. Yeah.

18 Q. Well, do you remember seeing a document that was
19 written, we believe, by Mr. Chittick to the investors?

20 A. Yes.

21 Q. Okay. And this document is -- has earlier been
22 identified as the investor letter by other witnesses.

23 You have no reason to know or believe today that
24 this exhibit isn't the letter that Mr. Chittick wrote to
25 the investors prior to his death, do you?

CORALEE THOMPSON, 6/27/2019

1 A. I would actually like to see the one that I have
2 and just compare it. I don't remember it being this long,
3 but --

4 Q. All right.

5 A. I'm sorry.

6 Q. Let me just ask you a couple of questions --

7 A. Okay.

8 Q. -- about it.

9 In it he references having talked to certain
10 investors about things that were going on at the business,
11 how he was loaning money, his relationships with Menaged,
12 et cetera.

13 And I'm trying to make this more efficient, but
14 your testimony is that Mr. Chittick, during his life,
15 never told you about any problems he had with Scott
16 Menaged, right?

17 A. Correct.

18 MR. CAMPBELL: Let me just object to the form of
19 the question.

20 MR. DeWULF: What's the problem with that
21 question?

22 MR. CAMPBELL: You started with a statement.
23 The question was fine. It statement shouldn't be part of
24 the question.

25 Q. All right. So then would it also be true

CORALEE THOMPSON, 6/27/2019

1 that -- let me back up.

2 Did Mr. Chittick tell you the policies and
3 procedures he followed -- let me rephrase that.

4 Did Mr. Chittick tell you the practices he
5 followed in connection with loaning money, hard loans by
6 DenSco?

7 A. He -- he gave that to me in the form of the POM.

8 Q. Okay. So whatever the POM says is your
9 understanding of what he did in connection --

10 A. Right.

11 Q. -- with loaning money, right?

12 A. Right.

13 Q. Okay. Did he ever tell you that he, in some
14 instances, provided funds directly to the borrower in a
15 trustee sale scenario as opposed to a trustee or a third
16 party?

17 A. You are going to have to explain that.

18 Q. Did Mr. Chittick ever tell you, in the context
19 of DenSco's lending money --

20 A. Uh-huh.

21 Q. -- that he would sometimes provide the money
22 directly to the borrower of the money as opposed to, for
23 example, a third party such as a bidder, a trustee, or
24 someone else in connection with a trustee sale?

25 MR. LEVINE: Do you understand his question?

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1 THE WITNESS: It's a little complex.

2 So you are talking about the borrower, which
3 would be Mr. Menaged?

4 Q. Could be Mr. Menaged. Could be someone else.
5 I'm asking --

6 A. If they were talking about the bidder who bid on
7 the property --

8 Q. Okay. Let me break it down.

9 A. Okay. Yeah.

10 Q. Did you ever learn from Mr. Chittick that in
11 some instances he would loan money directly to borrowers,
12 provide them the funds directly?

13 MR. LEVINE: Objection; form.

14 If you understand the question, go ahead.

15 THE WITNESS: Not -- I don't know that I can
16 answer that question.

17 MR. LEVINE: John, before you talked about
18 delivering money directly to, and the last question you
19 talked about loaning money to, and that's a distinction I
20 think that --

21 MR. DEWULF: It is a distinction. I was trying
22 to be more precise, but let me ask a different question.

23 THE WITNESS: Okay.

24 Q. In connection with a trustee sale --

25 A. Okay.

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1 Q. -- did you ever learn from Mr. Chittick, either
2 in writing or orally, that he in some instances lent
3 Densco funds directly to the borrower, in other words,
4 gave those monies directly to the borrower?

5 A. To pay for a property?

6 Q. Yeah.

7 A. No.

8 Q. Was it your belief or understanding that he was
9 instead, in a trustee sale scenario, providing the money
10 to either the trustee or someone like a bidder who could
11 be entrusted with the funds to provide to the trustee?

12 A. I would expect the funds would be in the name of
13 the company that was getting the foreclosure money.

14 Q. Okay. So to the extent that this letter
15 references the fact that he had told some of the investors
16 that he had on occasion lent money directly to the
17 borrower, that was never shared with you?

18 A. It was never shared with me, and that would be a
19 giant red flag.

20 Q. All right. Now let me ask to go to the third
21 page of this document. And I know because this doesn't
22 have paragraphs, it's hard to follow along, but if you go
23 down, and it's Bates stamped 9464 --

24 A. Okay.

25 Q. And I want you to go about three-quarters of the

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1 way down the page, and there is a sentence that begins
2 "why I didn't let all of you know."

3 THE WITNESS: Do you see it, Paul?

4 MR. LEVINE: Yeah.

5 THE WITNESS: Okay. Right there.

6 Q. Are you there, Coralee?

7 A. Uh-huh. Yeah.

8 Q. Let me read it into the record. It says, "why I
9 didn't let all of you know what was going on at any point?
10 It was pure fear. I had seen what one of my investors had
11 done to a bidding company when they had a deal gone
12 wrong."

13 Let me stop there. Do you believe he is
14 referring to you there or do you have any idea?

15 MR. CAMPBELL: Object to the form.

16 MR. LEVINE: Join.

17 THE WITNESS: I couldn't really know what he is
18 thinking at that point.

19 Q. Right.

20 You didn't view -- when you read this letter,
21 you didn't view that as being directed to you?

22 A. No.

23 Q. Okay. And has anyone talked to you, other than
24 your counsel, about this reference he makes and whether it
25 might be you?

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1 A. Not this reference, no.

2 Q. Is there another reference in this letter that
3 he makes that might relate to you?

4 A. Not in this letter, no, that I know of. I
5 haven't read it all.

6 Q. Okay. So your answer is confusing me a little
7 bit.

8 Is there another reference that --

9 A. At the meeting that they had --

10 Q. Yeah. Go ahead.

11 A. Okay.

12 Q. At the meeting that they had --

13 A. They had of the investors --

14 Q. Yeah.

15 A. -- and they put it on, and they mentioned that
16 my name had come up, you know, that he was concerned that
17 I would find something or something. I don't remember the
18 exact conversation, but I know that I was discussed.

19 Q. And who is expressing that? Was it other
20 investors? Was it a meeting of investors? Is that what
21 you are talking about?

22 A. No. It was actually the receiver had called the
23 meeting.

24 Q. Okay. So when you received communications
25 from --

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1 MR. LEVINE: I just want you to pay attention.

2 Q. Yeah. I'm not going to ask about that anymore.

3 A. Okay. I -- I would just add that when this says
4 that they had a deal gone wrong, it didn't really pertain
5 to me probably. That's why I don't think that that
6 pertained to me. It wasn't a deal gone wrong.

7 Anyhow. Go on.

8 Q. Well, the deal gone wrong, would be Ray not
9 paying on your loan, right?

10 A. Yeah.

11 Q. If that is a reference, yeah, we don't know.

12 A. Yeah. I mean, it's more than one, yeah.

13 Q. All right. So in the communications that you
14 received after the suicide of Denny Chittick, that you
15 received from -- you have mentioned Mr. Beauchamp earlier
16 in your testimony --

17 A. Uh-huh.

18 Q. -- about receiving emails from him?

19 A. Uh-huh, right.

20 Q. Yes?

21 A. Yes.

22 Q. Do you recall receiving some communications from
23 Shawna Heuer, who was Denny's surviving sister?

24 A. I know that they referred to her in the emails.
25 I can't remember if we got one specifically from her, but

CORALEE THOMPSON, 6/27/2019

1 I know she was mentioned in some of the emails that we got
2 afterward.

3 MR. DeWULF: Could you read that back, please.

4 (The requested portion of the record was read.)

5 Q. Did you ever meet with Ms. Heuer?

6 A. No.

7 Q. Did you ever communicate with her at all --

8 A. No.

9 Q. -- do you remember?

10 MR. LEVINE: Just to clarify, do you mean either
11 individually or as part of a group meeting with her?

12 MR. DeWULF: That's fine.

13 THE WITNESS: Okay.

14 MR. LEVINE: Do you know if you ever met with
15 her as part of a group or she was present?

16 THE WITNESS: I don't ever recall meeting her.

17 Q. All right. So I'm going to show you a document
18 that is --

19 A. Okay.

20 Q. -- I think is the first communication in timing
21 after the death of Denny Chittick. And I'm showing you
22 this because I understood you to being, earlier in your
23 testimony, being critical of David Beauchamp and what he
24 was saying to you and the other investors.

25 A. Uh-huh.

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1 Q. And I think your testimony was that the first
2 communication you received from Mr. Beauchamp was one that
3 you thought was deceptive?

4 A. I'm not sure if it was the first one, but it was
5 an early one.

6 Q. Oh, it wasn't necessarily the first one?

7 A. As I sit here, I don't know that, but it was an
8 early one, yeah.

9 Q. And you thought it was deceptive because he --
10 because why? Tell me what your memory is.

11 A. It was deceptive because why?

12 Q. Well, let me ask, what was inappropriate about
13 the communication you got from David Beauchamp after Denny
14 Chittick's suicide?

15 A. Well, I thought he should have immediately told
16 us that there was problems with Menaged. You know, he
17 should have talked about the Forbearance Agreement. The
18 stuff that he didn't disclose that had been going on, I
19 didn't think it was --

20 Q. Because you assumed that he had a lot of
21 detailed knowledge about that --

22 A. That he did not share.

23 Q. -- as of the time that he wrote the email?

24 A. Uh-huh.

25 Q. Okay. Did you understand that, at the time you

CORALEE THOMPSON, 6/27/2019

1 were getting emails from Mr. Beauchamp, that he was
2 counsel for DenSco?

3 A. Yes.

4 Q. Did you later under -- you talked about the fact
5 that you had a problem with the fact that his firm did
6 some work for the Chittick estate.

7 Do you recall that testimony?

8 A. Yes, I do.

9 Q. Do you have any idea what was done in that
10 regard?

11 A. He said that he had recommended two or three
12 attorneys to the sister, and that she had chosen one and
13 he is a person that had been in the law firm with -- that
14 he knew and was a friend.

15 Q. And do you know who made that choice, that is,
16 who would be counsel to the estate?

17 A. Who, like the sister?

18 Q. Yeah.

19 A. No. I -- it led me to believe that Shawna had
20 made the decision, yeah.

21 Q. All right. So in other words, Shawna Heuer,
22 Denny Chittick's surviving sister, made the decision about
23 what counsel to hire to represent the Chittick estate?

24 A. At the recommendation of Mr. Beauchamp.

25 Q. Okay. Do you know about the process she went

CORALEE THOMPSON, 6/27/2019

1 through in choosing what counsel to use?

2 A. No more than what he said in his email.

3 Q. Okay. And you don't --

4 A. No.

5 Q. -- you haven't talked to Ms. Heuer about it?

6 A. I do not know her.

7 Q. You haven't talked to her counsel about that,
8 right?

9 A. No.

10 Q. All right. I'm just trying to pin what you know
11 versus what you may be guessing about.

12 A. Well, he started out -- I remember in that
13 particular email he started out saying that he was the
14 only one that could take care of this now, the DenSco
15 situation. He was the one that was qualified and knew all
16 the details and he would be handling it.

17 Q. I think maybe what you are referring to is the
18 fact that there was no one else left.

19 You know about Mr. Koehler and his unwillingness
20 to get involved in communicating with the investors? Do
21 you know anything about that?

22 A. Not really.

23 Q. Okay. That's fine.

24 A. Yeah.

25 Q. Let me show you what has previously been marked

CORALEE THOMPSON, 6/27/2019

1 as Exhibit 801.

2 MR. DeWULF: I didn't make a copy for you.

3 MR. LEVINE: That's okay.

4 Q. It's really quick.

5 So this was a previously marked exhibit,
6 Coralee, that relates to the distribution to creditors,
7 and there is a reference to you --

8 A. Uh-huh.

9 Q. -- and having received a distribution.

10 Did you and your husband and daughter receive
11 distributions --

12 A. Yes.

13 Q. -- through the receivership?

14 A. Yes.

15 Q. And could you just confirm that Exhibit --

16 MR. LEVINE: What page is that on?

17 Q. -- 801 --

18 MR. DeWULF: Let me find it for you. I'm not
19 sure my copy has a highlight. Let me find it.

20 MR. LEVINE: Oh, they are. You were talking
21 about Bates 1453?

22 MR. DeWULF: Yes.

23 MR. LEVINE: And the question?

24 Q. Does this show that you were given a
25 distribution, you and your husband were both given

CORALEE THOMPSON, 6/27/2019

1 distributions by the receiver in connection with monies
2 collected?

3 A. Correct.

4 Q. And did your daughter also receive --

5 A. I don't know if she did.

6 Q. Let me find her name.

7 MR. CAMPBELL: She is on page 6, line 5.

8 Q. Do you see that --

9 A. Yes.

10 Q. -- Jolene Page? All right.

11 MR. CAMPBELL: It was a collaborative effort.

12 MR. DeWULF: For my depositions, it takes a
13 village.

14 Q. Now, I'm going to apologize in advance for these
15 documents, because they are not well organized either, but
16 they are in the original state they were in from DenSco,
17 so I'm going to mark them both. And this is just a
18 summary of your investments and the documents that you
19 had.

20 MR. DeWULF: So if you can mark those two.

21 (Deposition Exhibit No. 1031 and 1032 were
22 marked for identification.)

23 Q. So if I could ask you, Coralee --

24 A. Uh-huh.

25 Q. -- to just spin through 1031 and just confirm

CORALEE THOMPSON, 6/27/2019

1 with me that these documents bear your signature where you
2 are a co-investor.

3 A. So this starts on 14?

4 Q. I'm talking now about Exhibit 1031.

5 A. It starts on number 14.

6 MR. LEVINE: Right. Investment 14.

7 THE WITNESS: So you know that on the note it
8 has an odd amount to. It's a reinvestment, because it's
9 got the interest hooked to it.

10 Q. And I don't want -- I don't want to make you go
11 through every page of this document.

12 A. Thank you.

13 Q. What I want to confirm, both with this exhibit
14 and 1032, that within it are Subscription Agreements
15 executed by you as an investor with DenSco.

16 And so where your signature appears, would you
17 just confirm that that is your signature on the document?

18 A. Oh.

19 Q. There is a whole variety of them, and they
20 have -- the numbering, frankly, is confusing to me,
21 because it looks like -- I don't know how he has sequenced
22 the numbering.

23 A. Well, I can explain that.

24 Q. Okay.

25 A. The number, like number 14, I see it appears

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1 here at least three times, so that's three renewals, so
2 every two years.

3 Q. All right.

4 A. The amount is different, but it always starts
5 out even, if you look at the statement. Like I put in
6 50,000, then the first renewal would be like 540371, and
7 then it would be like 580371 and et cetera.

8 Q. All right.

9 A. Does that make sense?

10 Q. So your signature, name and signature appear on
11 a variety of --

12 A. Yeah.

13 Q. -- subscription agreements. I just wanted to
14 confirm that those are your signatures.

15 MR. LEVINE: John --

16 MR. DeWULF: Yeah.

17 MR. LEVINE: -- is there any reason that you are
18 aware, it appears the subscription agreements are two
19 pages, the first page is not numbered, and the next page
20 with the signature and the bottom would indicate page 6.

21 MR. DeWULF: Uh-huh.

22 MR. LEVINE: Do you know --

23 MR. CAMPBELL: In other files there was the
24 whole page 1 to page 6.

25 THE WITNESS: Okay.

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1 MR. CAMPBELL: It looks like on a lot of them he
2 was just saving them, since they were all forms, and just
3 has page 1 and page 6.

4 MR. DeWULF: Because there is text between the
5 two, but there is not a signature line until the end of
6 the document.

7 So what I'm surmising --

8 MR. LEVINE: So it really was a six-page
9 document?

10 THE WITNESS: Yes.

11 MR. DeWULF: It was, yes.

12 MR. LEVINE: I gotcha. That's fine.

13 MR. CAMPBELL: If you look through the other
14 ones, you can find one or two that has all six pages in
15 it.

16 MR. LEVINE: Okay. So just for ease of paper,
17 that's why it was done, because it was always the same
18 boilerplate language?

19 MR. CAMPBELL: We are assuming this.

20 Q. Yeah. So these are documents, 1031 and 1032 --
21 How do you like having four witnesses? Is this
22 good? It's like a group effort here.

23 Coralee, you just have to take my word for it,
24 it doesn't normally go like this.

25 A. Okay.

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1 Q. And I can't tell you why this one is
2 particularly different.

3 This is the form that it was in DenSco's files,
4 but I presume that he just dropped pages out just so that
5 he had the first page, which showed the number of the
6 investment and the signature line, but I don't know for
7 sure.

8 MR. LEVINE: Okay. So even in the original
9 file, it was missing the middle pages is what you are
10 telling me.

11 MR. DeWULF: What I'm telling you is 1031 and
12 1032, as far as I know, is in the form it was in in
13 DenSco's files when they were gathered after his death.

14 MR. LEVINE: Thank you.

15 MR. DeWULF: I believe that to be the case.

16 Q. So anyway, as it relates to Exhibit 1031, can
17 you confirm those are your signatures?

18 A. It is, yes.

19 Q. Let me ask you to do the same thing for 1032.
20 There is a little bit of a difference. That's why I --
21 for example, if you look in the first investment,
22 investment 1, it shows your daughter's signature as a
23 co-investor.

24 A. Uh-huh.

25 Q. That's on the third page of that document.

CORALEE THOMPSON, 6/27/2019

1 A. Right.

2 Q. But as it relates to your signature on these
3 subscription agreements, those are your signatures, right?

4 A. Yes.

5 Q. All right.

6 A. So remember a long way back, when we had this
7 page inserted in there, and we didn't know why, that's
8 that page.

9 Q. Right.

10 A. Remember?

11 Q. Yeah. I don't know why it was collected with
12 that other stuff. It doesn't make sense to me.

13 Let me just go through -- why don't you take a
14 five-minute break. I will look at my notes. We may be
15 finished.

16 A. Okay.

17 (A recess was taken from 1:59 p.m. to 2:06 p.m.)

18 Q. All right. Coralee, I want to ask you the big
19 overarching question here. I'm giving you a preview here.

20 A. Okay.

21 Q. You believe Denny Chittick was honest and
22 trustworthy or you wouldn't have invested with him, right?

23 A. Correct.

24 Q. And before he committed suicide, did you
25 continue to believe that he was honest and trustworthy?

CORALEE THOMPSON, 6/27/2019

1 A. Yes.

2 Q. And now looking back on it, as you have learned
3 what has happened, you have learned that there were things
4 that he did not tell you that you wish he would have,
5 et cetera?

6 A. Yes.

7 Q. Any way of explaining in your experience or
8 knowledge with him as to what happened, how did this all
9 happen?

10 MR. CAMPBELL: I'll object --

11 Q. If you don't know, you don't know.

12 MR. CAMPBELL: Object to form.

13 MR. LEVINE: Join.

14 THE WITNESS: I don't -- I don't really probably
15 know, yeah, why he did it. I'm trying to think out loud.
16 Just a minute. No, I actually don't have knowledge.

17 Q. Was there anything about his personality or
18 character traits that in any way you think contributed to
19 the fact that he ended up getting involved with this bad
20 guy Menaged and all these problems occurred?

21 MR. CAMPBELL: Object to form.

22 MR. LEVINE: Join.

23 THE WITNESS: No. And I honestly didn't know
24 him well enough to know his entire personality, just the
25 few times I met him, but he seemed to be a detailed

CORALEE THOMPSON, 6/27/2019

1 person. And I thought he was kind of a, you know, an
2 extraordinary person that could do all he did by himself,
3 you know, without assistance.

4 Q. You indicated that you have had some discussions
5 with other investors about what happened?

6 A. Yes.

7 Q. Has anyone shared with you their view about why
8 this happened or how it happened?

9 A. Yes.

10 Q. What have you been told?

11 A. I think -- this is something relayed to me and
12 how I heard it. Someone thought that he may have gotten
13 into this and it just got out of control, and he just -- I
14 have a hard time believing that, because I don't
15 personally believe that, because he was such a detailed,
16 factual person, you know, that I felt that's not his
17 operation. That's not the way he ran it. I have no idea
18 what happened.

19 Q. Okay.

20 A. I wish I did.

21 Q. Thanks for --

22 A. Yeah.

23 Q. -- coming today and answering --

24 A. Yeah, I appreciate it.

25 Q. -- our questions.

EXAMINATION

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Q. (BY MR. CAMPBELL) Coralee, I have a few questions for you.

A. Okay.

Q. You know the receiver has a website that posts information.

Have you been on the website?

A. Yes.

Q. And you strike me as someone who is fairly diligent with respect to business activities.

A. Uh-huh.

Q. Fair?

A. Yes.

Q. So you have learned a lot about this case from what you have read on the website?

A. That's true.

Q. And I think you indicated earlier you had read the deposition of Mr. Beauchamp?

A. Two of them.

Q. Two of them.

All right. I just want to go through some events and just ask you about them.

A. Okay.

Q. So I want to go first to the summer of 2013. To

CORALEE THOMPSON, 6/27/2019

1 the summer of 2013. There was a lawsuit, it's referred to
2 as the FREO lawsuit, and in the lawsuit there is an
3 allegation that one of the properties is actually doubly
4 liened. It's liened once by DenSco and it's liened once
5 by another hard-money lender.

6 In the summer of 2013, did DenSco ever tell you,
7 by email or any other form of communication, about the
8 FREO lawsuit?

9 A. No.

10 MR. DeWULF: Object to form.

11 Q. In the summer of 2013, did Clark Hill, which is
12 the firm that Mr. Beauchamp worked for, did Clark Hill
13 ever tell you in any form about the FREO lawsuit?

14 MR. CAMPBELL: Object to form.

15 THE WITNESS: No.

16 Q. Would you have wanted to know in the summer of
17 2013 that a DenSco property was double liened --

18 A. Yes.

19 Q. -- by two hard-money lenders?

20 A. Yes.

21 MR. DeWULF: Object to form.

22 THE WITNESS: Yes.

23 Q. Would that have been a material fact to you in
24 making your investment?

25 A. Yes.

CORALEE THOMPSON, 6/27/2019

1 MR. CAMPBELL: Object to form.

2 Q. Let's go to September --

3 MR. DeWULF: would you pause just for a minute
4 so that I can get my objections in, because it's hard to
5 take down.

6 Q. Just maybe count one, two.

7 I want to go to September 2013.

8 A. Okay.

9 Q. So do you recall that the Private Offering
10 Memorandum was updated every two years?

11 A. Yes.

12 Q. And if I recall your prior testimony, that was
13 something you would look at and read?

14 A. Correct.

15 Q. So the last Private Offering Memorandum utilized
16 in this case was dated in the summer of 2011.

17 Mr. Beauchamp testified in September 2013 that

18 Mr. Chittick told him not to update the Private Offering
19 Memorandum. I want you to assume that's true.

20 Did DenSco ever tell you in September 2013 that
21 its president, Mr. Chittick, had instructed its lawyer,
22 Clark Hill, not to update the Private Offering Memorandum?

23 A. No.

24 MR. DeWULF: Object to form.

25 Q. Did Clark Hill ever tell you in September 2013

CORALEE THOMPSON, 6/27/2019

1 that it had been instructed not to update the private
2 offering memorandum?

3 MR. DeWULF: Object to form.

4 THE WITNESS: No.

5 Q. Is that something, as an investor, you would
6 have liked to know?

7 A. Definitely.

8 Q. Would that have been a material fact for you?

9 MR. DeWULF: Object to form.

10 THE WITNESS: Yes.

11 Q. Would you have inquired why the Private Offering
12 Memorandum was not being updated?

13 MR. DeWULF: Object to form.

14 THE WITNESS: Yes.

15 Q. All right. I want to go to December 2013. In
16 December 2013, Mr. Beauchamp had a telephone call with
17 Mr. Chittick. He testified in his deposition that
18 Mr. Chittick told him there were several loans that DenSco
19 had that had this double-liening problem. So I want you
20 to assume that's true.

21 Did DenSco ever tell you in December 2013 that
22 it had several homes with a double-liening problem?

23 MR. DeWULF: Object to form.

24 THE WITNESS: No.

25 Q. Did Clark Hill ever tell you in December 2013

CORALEE THOMPSON, 6/27/2019

1 that DenSco had several loans with a double-liening
2 problem?

3 MR. DeWULF: Object to form.

4 THE WITNESS: No.

5 MR. LEVINE: One sec.

6 (A consultation was had between witness and
7 counsel.)

8 Q. I want to go to January 2014. And these may all
9 be facts you read about in Mr. Beauchamp's deposition.

10 In January 2014, DenSco received a letter from
11 lawyers representing Gregg Reichman's entity that there
12 were, I believe, almost 50 homes that were double liened
13 by DenSco loans and Mr. Reichman's clients' hard-money
14 loans. That information was given to Mr. Beauchamp.

15 Assuming that to be true, did DenSco ever tell
16 you in January 2014 that over 50 of its homes were double
17 liened with another hard-money lender, putting in question
18 who had the first lien?

19 MR. DeWULF: Object to form.

20 THE WITNESS: No.

21 Q. Did Clark Hill ever tell you in January 2014
22 that DenSco had over 50 homes with a double-liening
23 problem?

24 MR. DeWULF: Object to form.

25 THE WITNESS: No.

CORALEE THOMPSON, 6/27/2019

1 Q. Would that have been a material fact for you?

2 A. Definitely.

3 MR. DeWULF: Object to form.

4 Q. Would it have affected whether you invested in
5 DenSco?

6 MR. DeWULF: Object to form.

7 THE WITNESS: Yes.

8 Q. After January of 2014, Clark Hill discovered it
9 was even more than 50 homes --

10 A. Geez.

11 Q. -- that had double-liening problems between
12 January and May of 2014.

13 Did DenSco ever tell you between January 2014
14 and May 2014 that it had in excess of 50 loans that had a
15 double-liening problem?

16 MR. DeWULF: Object to form.

17 THE WITNESS: No.

18 Q. Did Clark Hill ever tell you, between January
19 and May 2014, that DenSco had in excess of 50 loans with
20 double-liening problems?

21 MR. DeWULF: Object to form.

22 THE WITNESS: No.

23 Q. Would that have been a material fact to you?

24 MR. DeWULF: Object to form.

25 THE WITNESS: Yes.

CORALEE THOMPSON, 6/27/2019

1 Q. Would it have affected what you wanted to do
2 with your investments?

3 MR. DeWULF: Object to form.

4 THE WITNESS: Yes.

5 Q. Now, between January 2014 and April 2014,
6 Mr. Beauchamp negotiated a Forbearance Agreement with
7 Menaged and DenSco.

8 You are aware of that?

9 A. Yes.

10 MR. DeWULF: Object to form.

11 Q. Are you aware that under the Forbearance
12 Agreement, other hard-money lenders on these double-liened
13 homes would get paid before DenSco?

14 MR. DeWULF: Object to form.

15 MR. LEVINE: You are asking her if she was --

16 MR. CAMPBELL: If she was aware of that now.

17 THE WITNESS: If I'm aware of it now?

18 Q. Yes.

19 A. Yes.

20 Q. Okay. Did DenSco, between January and April of
21 2014, tell you that they were negotiating a deal where
22 they would give up their first-lien positions on homes?

23 MR. DeWULF: Object to form.

24 THE WITNESS: No.

25 Q. Did Clark Hill ever tell you, between January

CORALEE THOMPSON, 6/27/2019

1 and May of 2014, that DenSco was giving up its first-lien
2 position on homes?

3 MR. DeWULF: Object to form.

4 THE WITNESS: No.

5 Q. Was that contrary to everything you thought the
6 investment was?

7 MR. DeWULF: Object to form.

8 THE WITNESS: Absolutely.

9 Q. Would that have been a material fact you would
10 have liked to have known?

11 MR. DeWULF: Object to form.

12 THE WITNESS: Definitely.

13 Q. Would it have affected your decisions with
14 respect to these investments?

15 A. Absolutely.

16 MR. DeWULF: Object to form.

17 Q. Now, in May 2014, Mr. Beauchamp has testified
18 under oath that they terminated their representation of
19 DenSco because DenSco refused to update the Private
20 offering Memorandum.

21 In May of 2014, did you receive any
22 communication from Clark Hill by any means advising you
23 that they had terminated their representation of DenSco?

24 MR. DeWULF: Object to form.

25 THE WITNESS: No.

CORALEE THOMPSON, 6/27/2019

1 Q. Would that have been a fact you would like to
2 know?

3 MR. DeWULF: Object to form.

4 THE WITNESS: Yes.

5 Q. In May of 2014, did you ever receive a
6 communication from Clark Hill that not only had they
7 terminated their representation, but that you could no
8 longer rely upon work it had done like the 2011 Private
9 offering Memorandum?

10 MR. DeWULF: Object to form.

11 THE WITNESS: No.

12 Q. Is that a material fact you would have liked to
13 have known?

14 MR. DeWULF: Object to form.

15 THE WITNESS: Yes.

16 Q. You understand that the -- well, DenSco is a
17 creditor that owes you money, right?

18 A. Correct.

19 Q. And you understand that the receiver is trying
20 to get funds so it can pay the debts that it owes, right?

21 MR. DeWULF: Object to form.

22 THE WITNESS: That DenSco owes?

23 Q. That DenSco owes.

24 A. Correct.

25 Q. And when he showed you -- remember he showed you

CORALEE THOMPSON, 6/27/2019

1 that there actually have been some funds that the receiver
2 has collected and paid to its debtors, right?

3 A. Right.

4 Q. Now, have you ever testified in a jury trial?

5 A. No.

6 Q. No?

7 All right. In a jury trial, there would be
8 citizens, just ordinary people like us, who make decisions
9 in a case.

10 MR. DeWULF: Like you?

11 MR. LEVINE: That's an objectionable question.

12 MR. CAMPBELL: We are trying work
13 collaboratively.

14 MR. DeWULF: Oh, you are so modest, Colin.

15 Q. Well, let's do this. I want you to assume
16 Mr. DeWulf is one of the jury members.

17 MR. DeWULF: And I am below average, just so you
18 know. Nothing ordinary.

19 Q. Did what happened to your investments impact you
20 and your family?

21 A. Yes.

22 Q. How has this impacted you personally and how has
23 it impacted your husband and your daughter?

24 A. Well --

25 MR. DeWULF: Object to form.

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1 THE WITNESS: -- how long do you have? I mean,
2 you know, I started out, it was unbelievable, you know.
3 You are shocked. Not only -- well, first thing, you are
4 shocked that he killed himself, and then -- because it
5 didn't seem to be -- that didn't seem to be the Denny that
6 I had worked with.

7 And then you are shocked that -- actually, you
8 are feeling pretty stupid. It makes you -- I don't think
9 I told anybody. Very few people have I ever told about
10 this, because it's an embarrassment to me that I didn't
11 pick up on it, that I didn't see any indication of it that
12 would make me think anything was going on. So it's highly
13 embarrassing, quite frankly. It's an odd feeling that you
14 get. But I thought I was pretty savvy in reading people,
15 but obviously I'm not. So --

16 And then from a financial viewpoint, I'm at a
17 point in my life that I don't have the recovery time to
18 recover lost funds, particularly of this magnitude. And
19 I'm still working. I will still have to flip houses,
20 although they are slow, because we have had illnesses in
21 our family that slowed us down. But I -- I hesitate now
22 to do any more, because I have sort of lost a confidence
23 level in it, you know.

24 But we have downsized in our house. I haven't
25 bought a new car since then. I mean, there is things that

CORALEE THOMPSON, 6/27/2019

1 you just don't do because you don't know -- I thought I
2 was amassing enough retirement, as long as I would live, I
3 would be able to live in the standard that I wanted to
4 live, but I don't know that that's true now. So it's
5 affected me that way.

6 I'm much more careful, you know, about making
7 decisions on spending money, you know. And if either one
8 of us would have -- we have had -- I have had like a knee
9 replacement, my husband has had a broken leg, but, you
10 know, if we had major health problems that take really big
11 bucks, you know, it would be a decision, what are you
12 going to do? Are you going to pay for it or are you going
13 to -- because the money is not there.

14 And I came out of a very -- not a poor family,
15 but a very conservative, hard-working Midwestern family,
16 and all I've done is work my whole life. I started I
17 think I was 13, 14 years old working at the drugstore and
18 at the dime store, and I saved and saved and saved. And
19 early, I went without a dryer. I hung my clothes on a
20 line, because I wouldn't pay for a dryer.

21 And, you know, I just -- all my life I have been
22 a fairly conservative person and saved my money, and then
23 somebody just came in and walked off with it, is just,
24 like I said, it's highly embarrassing. It's very
25 disturbing. It's the kind of thing that you lose sleep at

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1 night over and you don't forget it. It's one of the major
2 impacts of anything going on in my life.

3 Sorry to be so wordy, but...

4 Q. No, no, no.

5 My impression from reading the letters that you,
6 your husband and your daughter wrote, that this was the
7 nest egg?

8 A. Yeah. It was, yeah.

9 Q. Do you think that Mr. Beauchamp, in representing
10 DenSco, made sure that DenSco fulfilled its fiduciary
11 duties to you?

12 A. No.

13 MR. DeWULF: Object to form.

14 MR. LEVINE: Join.

15 THE WITNESS: No.

16 MR. CAMPBELL: I don't have any other questions.

17 THE WITNESS: Thank you.

18

19 RE-EXAMINATION

20

21 Q. (BY MR. DeWULF) I do have a question to follow
22 up.

23 A. Yeah.

24 Q. You used the word, Coralee, flip houses.
25 what did you mean by that?

CORALEE THOMPSON, 6/27/2019

1 A. That's the normal terminology of when you buy a
2 house and you buy it at a price that you can go in and
3 either do cosmetic repairs or you can do -- I didn't do --
4 I chose not to do major repairs. I tried to just do
5 cosmetic, and then you put it on the market and have
6 enough spread that you make some money on it. And that's
7 just flipping a house. That's what they call it.

8 Q. Is that something you did --

9 A. Yes.

10 Q. -- for some --

11 When did you -- over what period of time did you
12 do that?

13 A. 2003 to -- I still have two.

14 Q. So you are still flipping houses, buying houses
15 and selling them?

16 A. I just have two I haven't been able to sell.
17 I'm trying to sell them.

18 Q. Right.

19 Beyond those two, when was the last time you
20 would have bought a house and flipped it?

21 A. Probably been couple years.

22 Q. You do that. Did your husband, is he involved
23 in that business as well, or just you?

24 A. He was, yeah. Not as much early, because he had
25 his own business and he traveled, but in general, yeah, he

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1 works with us, yeah.

2 Q. So in those instances, you try to determine
3 property values. You buy a property you think is a good
4 value. Then do you do that work yourself or do you hire
5 contractors to do the work?

6 A. Hire it. I have painted walls and, you know, I
7 have done things like that, but -- or tear-out. I am big
8 on tear-out. I have done some of that, but now I don't
9 because I am just not physically able to do it. Mentally
10 I've still got it, but not physically. But we would hire
11 people to do most of that for us.

12 Q. How many homes do you think you have flipped
13 from the early 2000s?

14 A. I think homes, maybe like 75. Between 75 and
15 100.

16 MR. DeWULF: All right. Thank you.

17 MR. CAMPBELL: You want to read and sign?

18 MR. LEVINE: Yeah, we will read and sign.

19 (2:24 p.m.)

20

21

CORALEE THOMPSON

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CORALEE THOMPSON, 6/27/2019

BE IT KNOWN that the foregoing proceeding was taken before me; that the witness before testifying was duly sworn by me to testify to the whole truth; that the questions propounded to the witness and the answers of the 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.

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

☒ Review and signature was requested.
☐ Review and signature was waived.
☐ Review and signature was not requested.

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

Kelly Sue Oglesby
Kelly Sue Oglesby
Arizona Certified Reporter No. 50178

7/11/2019

Date

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

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