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7 Attorneys for Peter S. Davis, Receiver

8 **IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**
9 **IN AND FOR THE COUNTY OF MARICOPA**

10 ARIZONA CORPORATION
11 COMMISSION,

12 Plaintiff,

13 v.

14 DENSCO INVESTMENT
15 CORPORATION, an Arizona
16 corporation,

17 Defendant.

Cause No. CV2016-014142

PETITION NO. 156

**PETITION FOR ORDER RELEASING
ALL DENSCO RELATED LIENS AND
ENCUMBRANCES**

(Assigned to the Honorable John
Hannah)

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

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

23 DenSco Investment Corporation (“DenSco”) was an Arizona corporation formed
24 by Denny Chittick (“Chittick”) in April 2001. Since at least 2009, DenSco was engaged
25 primarily in funding the purchase of real estate secured by deeds of trust using money
26 raised from investors. Generally, this business practice is described as a “hard money”
27 lender.

28 As detailed in the Receiver’s multiple Status Reports to this Court, the Receiver
uncovered a series of fraud schemes perpetrated upon DenSco and Chittick by Yomtov

1 Scott Menaged (“Menaged”) in the purchase of these properties. This Petition seeks to
2 address issues that may unintentionally affect hundreds of property owners in Maricopa
3 County, Arizona.

4 **I. The Problem- DenSco Recorded Hundreds of “Mortgages” under**
5 **False Pretenses**

6 Menaged typically “purchased” properties that were foreclosed on by lenders at
7 Trustee sales. While Menaged actively defrauded DenSco in a myriad of ways, in January
8 2013, Menaged began requesting loans from DenSco for properties that neither Menaged
9 nor his entities had actually purchased at Trustees’ sales or otherwise.

10 Based on an analysis of various emails between Chittick and Menaged, the
11 Receiver understands that Chittick began to require Menaged to provide DenSco with
12 evidence that he had purchased a property before DenSco would advance a hard money
13 loan to Menaged. This was presumably done to ensure that DenSco was the senior
14 lienholder on its loans to Menaged, even though DenSco continued to wire loan funds to
15 Menaged instead of directly to the trustees conducting the foreclosure sales.

16 The Receiver’s investigation uncovered that Menaged began providing Chittick
17 with falsified trustee’s sale receipts and copies of cashier’s checks that were never
18 actually given to the trustees conducting the foreclosure sales. As an example of the scope
19 of Menaged’s fraud scheme, DenSco made a total of 2,712 loans to Menaged between
20 January 2014 through June 2016, however only ninety-six (96) of these loans were
21 secured by the actual purchase of real estate.

22 The Receiver has determined that DenSco advanced a total of \$734,484,440.67 to
23 Menaged for fraudulent loans. As a result, DenSco may have recorded certain documents
24 or “Mortgages” against 854 residential real properties in Maricopa County to perfect
25 DenSco loans made to Menaged for real estate purchases that did not occur.

26 Some of DenSco’s “Mortgages” were recorded with the Maricopa County
27 Recorder, while others were not. A redacted copy of one of these encumbrances is
28 attached hereto as Exhibit “A”. This Petition does not include any DenSco “Mortgages”

1 on properties that have already been released by the Receiver or those properties that the
2 Receiver has independently confirmed that DenSco “Mortgages” were never recorded.

3 **II. The Solution- A Release of All Encumbrances in the name of DenSco**
4 **against the Identified Properties**

5 During the course of this receivership, the Receiver has been contacted by title
6 companies and others seeking a release from DenSco of these “mortgages” or other
7 related filings that DenSco has recorded against properties which DenSco has no legal or
8 equitable interest. However, as the DenSco receivership draws to a close, the Receiver
9 has explored how to best release and resolve any such encumbrances to ensure that when
10 the DenSco Receivership is terminated, the owners of these real properties do not have
11 to attempt to release an encumbrance connected to DenSco.

12 This Petition is filed out of an abundance of caution to ensure that property owners
13 are not affected by any DenSco “Mortgages” after the termination of the Receivership.

14 After consultation with title companies, the Receiver has determined that the most
15 efficient method to resolve these issues, is to have this Court enter an Order that serves
16 to release any and all DenSco related encumbrances against the 854 properties that the
17 Receiver believes may have been unintentionally impacted by a DenSco encumbrance.

18 Attached hereto is a proposed Order, which memorializes that any recording in
19 Maricopa County in the name of DenSco is released. Furthermore, any recording in the
20 name of DenSco is specifically released against the 854 properties at issue and provides
21 the legal description and street address for each property that is potentially affected by a
22 DenSco encumbrance. Upon entry of this Order, the Receiver will record a certified copy
23 of this Order with the Maricopa County Recorder’s Office. Accordingly, when any of
24 these properties is subject to a title or lien search, any encumbrance related to DenSco
25 will be specifically released by Court Order.

26 **III. Additional Considerations**

27 The Receiver believes that most, if not all, of the property owners whose
28 properties are referenced in this Petition are completely unaware of these issues, as they

1 never did any business with DenSco or Menaged. It is also expected that most will have
2 no knowledge that their property may have been encumbered by DenSco.

3 In an effort to address any concerns, the Receiver intends to mail a copy of this
4 Petition and a letter to each and every property owner at the specified property addresses
5 in an effort to explain the Receiver’s recommended course of action, inform property
6 owners that no action is necessary to have any DenSco related encumbrance released and
7 that this action will have no any adverse effect on their property. The Receiver will also
8 provide each property owner the contact information for the Receiver’s staff to provide
9 property owners an opportunity to address any questions or concerns¹.

10 If the Court elects to set a hearing on this Petition, the Receiver shall mail a Notice
11 of the Hearing on each and every Property Owner.

12 If the Court enters an Order releasing the DenSco related encumbrances without a
13 hearing, the Court’s Order releasing the DenSco encumbrances will be recorded in
14 Maricopa County. Thereafter, a copy of the recorded Court Order will be mailed to each
15 and every property owner at the specific property address.

16 **WHEREFORE**, the Receiver respectfully requests that the Court enter an order
17 releasing any and all DenSco related encumbrances against the real properties detailed in
18 the attached proposed Order.

19 **RESPECTFULLY SUBMITTED** this 7th day of April, 2025.

20 **BURCH & CRACCHIOLO, P.A.**

21
22 By: /s/ Ryan W. Anderson
23 Ryan W. Anderson
24 Attorneys for the Receiver

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26 _____
27 ¹¹ The Proposed Order (over 64 pages in length) will not be sent to all property owners
28 subject to Petition No. 156 to save in printing and postage costs. A copy will be made
available upon request.

1 **E-filed** through AZTurboCourt
2 this 7th day of April, 2025 with
3 the Clerk of the Maricopa County
4 Superior Court; and

5 **COPY** emailed and/or mailed
6 this same day to:

7 Wendy L. Coy, Director of Enforcement
8 Securities Division
9 Arizona Corporation Commission
10 1300 W. Washington
11 Phoenix, AZ 85007-2929
12 wcoy@azcc.gov

13 *Attorney for Plaintiffs*

14 Peter S. Davis, Receiver
15 Densco Receivership
16 Simon Consulting, LLC
17 2700 N. Central Ave., #1275
18 Phoenix, AZ 85012
19 pdavis@jsheld.com

20 *Receiver*

21 Christopher L. Hering
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23 40 N. Central, 20th Floor
24 Phoenix, AZ 85004
25 chering@gblaw.com

26 *Attorney for the Estate of Denny Chittick
27 and Densco Investment Corporation*

28 Steven D. Nemecek
29 Steve Brown & Associates
30 1414 E. Indian School Rd., Suite 200
31 Phoenix, AZ 85014
32 snemecek@sjbrownlaw.com

33 *Attorney for Chapter 7 Trustee Jill H. Ford*

34 Quarles & Brady, LLP
35 One S. Church Avenue, Suite 1800
36 Tucson, AZ 85701

37 *Attorney for Claimants*

1 Daniel J. Goulding
2 General Counsel
3 Quality Loan Service Corp.
4 2763 Camino Del Rio S
5 San Diego, CA 92108-3708
6 dgoulding@qualityloan.com
7 *Counsel for Quality Loan Service Corp.*

8 Yomtov Scott Menaged
9 USP Tucson/Satellite Camp
10 Inmate 74322-408
11 P.O. Box 24549
12 Tucson, AZ 85734

13 **COPY** of the foregoing mailed
14 April 7, 2025 to the 854 property owners
15 identified in Petition No. 156

16 By: /s/ Kim Runyan

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Exhibit “A”

When recorded, mail to:

DenSCO Investment
6132 W. Victoria Place
Chandler, AZ 85226

66
Ho:

MORTGAGE

June 17, 2015

The undersigned ("Borrower") acknowledges a loan has been obtained From DenSCO Investment Corporation ("Lender") in the sum of \$296,500.00, for the purpose of making an offer for, Lot [REDACTED], according to the plat Book [REDACTED], of Maps, Page [REDACTED], in the plat record in the Recorder's Office of Maricopa County, Arizona. Address: [REDACTED]. If the offer is accepted, a Deed of Trust for the same amount will be recorded to secure the loan proceeds.

Borrower has promised to pay Lender or assignee the full amount of the loan, with interest at the rate of 18% per annum from the date of this Receipt until paid in full, such amounts to be due and payable in full based on due date from promissory note.

Borrower hereby grants to Lender or assignee a first, prior and superior equitable lien and mortgage against the Real Property to secure payment of the loan, if the offer has been accepted and a Deed of Trust has been filed. The undersigned principal of Borrower (who shall derive benefits from the loan, in order to induce Lender to extend the loan to Borrower) hereby irrevocably and unconditionally guarantees and promises to pay to Lender upon demand the full loan amount and all other sums payable or to become payable hereunder if Borrower fails to pay any such amounts when due. Borrower further agrees to execute, acknowledge and deliver to Lender such further documents as may be necessary to effectuate the intent of this transaction. Borrower has delivered to Lender a promissory note and deed of trust, and Borrower agrees that the deed of trust shall be recorded against the Real Property as a first, prior and superior lien and encumbrance simultaneously with the recording of the Warranty of Trustee's Deed, if offer is accepted. Borrower further agrees to cause the undersigned principal of Borrower to execute, acknowledge and deliver a guaranty of the amounts lent by Lender under said promissory note.

Borrower: :Arizona Home Foreclosures, LLC

Name & Title of Principal Borrower: Yomtov Scott Menaged, Managing Member of LLC

Signature: _____

State of Arizona)

) ss.

County of Maricopa)

Subscribed, sworn to and acknowledged before me this _____ day of _____, 2015.

By: Yomtov Scott Menaged

Commission Expires: 8/17/15

[Handwritten Signature]

Notary Public

