

Colin F. Campbell, No. 004955  
Geoffrey M. T. Sturr, No. 014063  
Timothy J. Eckstein, No. 018321  
Joseph N. Roth, No. 025725  
Osborn Maledon, P.A.  
2929 N. Central Avenue, Suite 2100  
Phoenix, Arizona 85012-2793  
(602) 640-9000  
ccampbell@omlaw.com  
gsturr@omlaw.com  
teckstein@omlaw.com  
jroth@omlaw.com

Attorneys for Plaintiff

**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,

v.

US Bank, NA, a national banking  
organization; Hilda H. Chavez and John  
Doe Chavez, a married couple; JP  
Morgan Chase Bank, N.A., a national  
banking organization; Samantha Nelson  
f/k/a Samantha Kumbaleck and Kristofer  
Nelson, a married couple; and Vikram  
Dadlani and Jane Doe Dadlani, a  
married couple,

Defendants.

No. CV2019-011499

**MOTION FOR LEAVE TO FILE  
SECOND AMENDED COMPLAINT**

(Assigned to Hon. Daniel Martin)

Pursuant to Rule 15(a)(2) of the Arizona Rules of Civil Procedure, Plaintiff Peter S. Davis, as the court-appointed receiver of DenSco Investment Corporation (“Plaintiff” or “Receiver”), respectfully moves for leave to amend his current complaint and file a Second Amended Complaint. A copy of the Receiver’s proposed Second Amended Complaint is attached as Exhibit 1 and a redline showing the changes from the First Amended Complaint is attached as Exhibit 2.

1 Good cause exists for granting the motion. This case is in its early stages. It was  
2 initiated in August 2019. The defendants filed motions to dismiss in February 2020,  
3 and the Receiver filed a First Amended Complaint on April 1, 2020. The Court denied  
4 on August 4 the defendants' motions to dismiss. The defendants filed their answers to  
5 the First Amended Complaint on September 30 and October 7, respectively. The Court  
6 denied on November 4 a motion to disqualify counsel for Defendant US Bank. As of  
7 November 11, the parties had exchanged initial disclosure statements. Counsel have  
8 scheduled a Rule 16 early meeting for December 4, 2020.

9 Undersigned counsel was recently retained and substituted into this case on  
10 November 2, 2020. Upon being retained, counsel reviewed the case file and analyzed  
11 the factual and legal basis for claims the Receiver had asserted and those that could be  
12 asserted. Counsel has concluded that the Receiver has grounds to assert claims that  
13 were not included in the First Amended Complaint for aiding and abetting conversion  
14 and breach of fiduciary duty, and civil racketeering. Counsel further concluded that the  
15 First Amended Complaint should be re-organized to more clearly present the factual  
16 basis for the Receiver's claims. The Receiver seeks to amend his First Amended  
17 Complaint to revise its factual allegations and include those additional legal theories.  
18 Because the Second Amended Complaint merely adds new legal theories that rest on  
19 previously alleged facts, leave to amend should be granted. *See Walls v. Ariz. Dep't of*  
20 *Pub. Safety*, 170 Ariz. 591, 597 (App. 1991) ("Denial of leave to amend is generally  
21 considered an abuse of discretion where the amendment merely seeks to add a new legal  
22 theory supported by factual issues already in the case.").

23 The defendants will not be prejudiced by this amendment. The proposed Second  
24 Amended Complaint does not change the core allegations of this case – that the  
25 defendant banks substantially assisted Scott Menaged's scheme to defraud DenSco  
26 between January 2014 and June 2015 by issuing to Menaged more than 1,400 cashier's

1 checks that were drawn from DenSco's funds, and then assisting Menaged in  
2 immediately redepositing those checks, knowing that Menaged would not use the  
3 redeposited funds for their intended purpose of funding DenSco's first-position secured  
4 real estate loans. Without the banks' assistance, Menaged would not have been able to  
5 deceive DenSco's principal, Denny Chittick, who relied on the banks' cashier's checks  
6 to ensure that Menaged was using DenSco's loan proceeds for their intended purpose.  
7 DenSco suffered tens of millions of dollars in financial losses as a direct result of the  
8 banks' participation in this fraudulent scheme. The addition of legal theories that are  
9 based on facts alleged in the Receiver's initial and First Amended Complaint will in no  
10 way limit the defendants' defense, with the discovery phase of the case just beginning.

11 For these reasons, justice requires that the Receiver be allowed to amend his  
12 complaint. "Leave to amend must be freely given when justice requires." Ariz. R. Civ.  
13 P. 15(a)(2). As long as the opposing party would not be "unduly prejudiced" by the  
14 amendment, leave to amend the pleadings must be granted. *Spitz v. Bache & Co.*, 122  
15 Ariz. 530, 531, 596 P.2d 365, 366 (1979). The Receiver therefore respectfully requests  
16 that the Court grant him leave to file his proposed Second Amended Complaint.

17 RESPECTFULLY SUBMITTED this 30th day of November, 2020.

18 OSBORN MALEDON, P.A.

19 By /s/Timothy J. Eckstein

20 Colin F. Campbell

21 Geoffrey M. T. Sturr

22 Timothy J. Eckstein

23 Joseph N. Roth

24 2929 N. Central Avenue, Suite 2100

25 Phoenix, AZ 85012-2793

26 Attorneys for Plaintiff

1 This document was electronically filed  
2 and served via AZTurboCourt  
3 this 30th day of November, 2020, on:

4 Honorable Daniel Martin  
5 Maricopa County Superior Court  
6 101 West Jefferson, ECB-412  
7 Phoenix, Arizona 85003

8 Gregory J. Marshall  
9 Amanda Z. Weaver  
10 SNELL & WILMER, LLP  
11 One Arizona Center  
12 400 E. Van Buren, Suite 1900  
13 Phoenix, Arizona 85004-2202  
14 gmarshall@swlaw.com  
15 aweaver@swlaw.com

16 Attorneys for Defendants U.S. Bank National  
17 Association and Hilda H. Chavez

18 Nicole Goodwin  
19 Jonathan H. Claydon  
20 GREENBERG TRAURIG  
21 2375 E. Camelback Road #700  
22 Phoenix, Arizona 85016  
23 goodwinn@gtlaw.com  
24 claydonj@gtlaw.com

25 Attorneys for Defendants JP Morgan Chase  
26 Bank, Samantha Nelson & Vikram Dadlani

27 /s/ Lauren Dwyer

# **Exhibit 1**

Colin F. Campbell, No. 004955  
Geoffrey M. T. Sturr, No. 014063  
Timothy J. Eckstein, No. 018321  
Joseph N. Roth, No. 025725  
Osborn Maledon, P.A.  
2929 N. Central Avenue, Suite 2100  
Phoenix, Arizona 85012-2793  
(602) 640-9000  
ccampbell@omlaw.com  
gsturr@omlaw.com  
teckstein@omlaw.com  
jroth@omlaw.com

Attorneys for Plaintiff

**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,

v.

US Bank, N.A., a national banking  
organization; Hilda H. Chavez and John  
Doe Chavez, a married couple; JP  
Morgan Chase Bank, N.A., a national  
banking organization; Samantha Nelson  
f/k/a Samantha Kumbaleck and Kristofer  
Nelson, a married couple; and Vikram  
Dadlani and Jane Doe Dadlani, a  
married couple,

Defendants.

No. CV2019-011499

**SECOND AMENDED COMPLAINT**

(Assigned to Hon. Daniel Martin)

For his Complaint against Defendants, Plaintiff Peter S. Davis, as the court-appointed receiver of DenSco Investment Corporation (“Plaintiff” or “Receiver”), alleges as follows.

**SUMMARY OF PLAINTIFF’S CLAIMS**

1. From July 2001 to July 2016, DenSco Investment Corporation (“DenSco”) raised approximately \$85 million from investors. Among other things,

1 DenSco told its investors that (i) it would make short-term “hard money” loans to  
2 “foreclosure specialists” who were buying foreclosed homes, and (ii) the loans would be  
3 “secured through first position trust deeds” so that DenSco would, in the event a  
4 borrower defaulted, recover the loaned funds by taking possession of the property.

5 2. Yomtov Scott Menaged (“Menaged”) defrauded DenSco in two distinct  
6 frauds. In the first fraud, which ended in the latter half of 2013, Menaged borrowed  
7 money from both DenSco and another lender, using the same property as security,  
8 leaving DenSco undersecured on hundreds of properties. Menaged used the funds he  
9 borrowed from DenSco for his own purposes.

10 3. In early 2014, Densco established new procedures to ensure Menaged  
11 used its loans to acquire property that would be secured by first position loans by,  
12 among other things, wiring monies to accounts that Menaged maintained with  
13 Defendant US Bank, N.A. and Defendant JP Morgan Chase Bank, N.A., respectively,  
14 and then having Menaged provide copies of cashier’s checks that on their face were to  
15 be used to purchase specific properties. In the second fraud, Menaged evaded these  
16 procedures by not using these checks for their intended purpose, immediately  
17 redepositing them and converting the funds for his personal use.

18 4. Defendant banks and their named employees knew of Menaged’s tortious  
19 and criminal conduct. Nearly every business day between January 2014 and June 2015,  
20 for more than 1,400 transactions, Defendants substantially assisted, authorized, ratified  
21 and recklessly tolerated Menaged’s unlawful conduct.

22 5. Defendants knew Menaged was in the business of purchasing foreclosed  
23 properties and that DenSco wired Menaged monies to issue as cashier’s checks for the  
24 specific purpose of purchasing foreclosed properties on DenSco’s behalf.

1           6. Defendants knew Menaged did not use these funds for their intended  
2 purpose, as, almost immediately after they were issued, Menaged re-deposited these  
3 cashier's checks, later using these monies for personal expenses unrelated to DenSco.

4           7. Defendants substantially assisted and recklessly tolerated Menaged's  
5 unlawful conduct by, among other things, preparing a cashier's check for each  
6 transaction, stamping on the back of most of the checks "Not Used for Intended  
7 Purposes," observing Menaged or his agent photograph the fronts of the checks,  
8 preparing deposit slips and assisting Menaged in re-depositing the cashier's checks  
9 immediately after the photos had been taken, and assisting Menaged use these funds, by,  
10 among other things, avoiding bank policies to facilitate immediate cash withdrawals,  
11 transferring monies to Menaged's personal accounts, and helping him use these funds to  
12 pay various casinos.

13           8. Through their knowledge and substantial assistance, Defendants aided and  
14 abetted Menaged in defrauding DenSco, converting DenSco's monies and breaching his  
15 fiduciary duties to DenSco and its investors.

16           9. Menaged defrauded DenSco, committed theft of its property, and  
17 laundered the monies DenSco wired to him to purchase these properties. Defendants  
18 transacted, transferred or received DenSco's monies knowing that they belonged to  
19 DenSco and not Menaged, and that those monies were the proceeds of Menaged's theft,  
20 fraud scheme and money laundering. Defendants authorized, ratified or recklessly  
21 tolerated Menaged's unlawful conduct and are therefore liable under Arizona's civil  
22 racketeering laws for Menaged's conduct.

23           10. Plaintiff brings this action to recover compensatory damages for the  
24 financial losses DenSco suffered as a result of Defendants' aiding and abetting  
25 Menaged's fraud, conversion, and breaches of fiduciary duty, and Defendants' civil  
26 racketeering.



1 **PARTIES, JURISDICTION, AND VENUE**

2 11. DenSco is an Arizona corporation that began operating in April 2001. Its  
3 primary business was making short-term, high-interest loans to “foreclosure specialists”  
4 who bought homes that were being foreclosed upon, usually through a trustee’s sale.  
5 DenSco’s office was in Chandler, Arizona.

6 12. Denny Chittick (“Chittick”) was DenSco’s sole shareholder. He was the  
7 Company’s only Director, served as its President, Vice President, Treasurer, and  
8 Secretary, and was its only employee.

9 13. Plaintiff was appointed as DenSco’s Receiver in *Arizona Corporation*  
10 *Commission v. DenSco Investment Corporation, an Arizona Corporation*, Maricopa  
11 County Superior Court, Case No. CV2016-014142 (the “Receivership Court”). He has  
12 obtained approval from the Receivership Court to pursue this action.

13 14. Defendant US Bank, N.A. is a national banking association that is  
14 authorized to conduct business in the State of Arizona and which maintains branches in  
15 Maricopa County, among other places.

16 15. Defendant Hilda Chavez was an employee and branch manager for US  
17 Bank in Maricopa County. She is an Arizona resident who is married to Defendant  
18 John Doe Chavez. Hilda Chavez was acting for the benefit of her marital community  
19 during the relevant time period.

20 16. Defendant JP Morgan Chase Bank, N.A. (“Chase”) is a national banking  
21 association that is authorized to conduct business in the State of Arizona and which  
22 maintains branches in Maricopa County, among other places.

23 17. Defendant Samantha Nelson (formerly known as Samantha Kumbaleck)  
24 was an employee, assistant branch manager and branch manager for Chase in Maricopa  
25 County. She is an Arizona resident who is married to Defendant Kristofer Nelson.

1 Samantha Nelson was acting for the benefit of her marital community during the  
2 relevant time period.

3 18. Defendant Vikram Dadlani was a Chase employee and branch manager in  
4 Maricopa County. He is married to Defendant Jane Doe Dadlani. Vikram Dadlani was  
5 an Arizona resident and was acting for the benefit of his marital community during the  
6 relevant time period.

7 19. This Court has subject matter jurisdiction under Article VI, § 14 of the  
8 Arizona Constitution and A.R.S. § 12-123. It has personal jurisdiction over Defendants  
9 because they provided professional services in Arizona to an Arizona corporation.

10 20. Venue is proper in Maricopa County under A.R.S. § 12-401 because  
11 Defendants US Bank and Chase do business in Maricopa County and the acts that are  
12 the subject of this action took place at bank branches located in Maricopa County.

### 13 **MENAGED'S FRAUD SCHEMES**

14 21. Upon information and belief, Menaged was the sole member of Easy  
15 Investments, LLC ("Easy Investments").

16 22. Upon information and belief, Menaged was the sole member of Arizona  
17 Home Foreclosures, LLC ("AZHF").

18 23. Menaged held himself, Easy Investments, and AZHF to be in the business  
19 of purchasing homes being foreclosed upon at trustee's sales.

20 24. DenSco made "hard money loans" to Menaged, Easy Investments, and  
21 AZHF for the purpose of purchasing foreclosed upon homes at trustees' sales (the  
22 "DenSco Loan Proceeds"). Menaged defrauded DenSco by not using the DenSco Loan  
23 Proceeds to purchase homes at trustee's sales, but for his personal benefit.

24 25. Menaged perpetrated two separate and distinct fraudulent schemes against  
25 DenSco.

1           26. In the first scheme (the “First Fraud”), which ended in the latter half of  
2 2013, on multiple occasions, Menaged obtained loans from DenSco and another hard  
3 money lender to acquire property being sold through a trustee’s sale that was intended  
4 to be secured by that property. This resulted in DenSco being undersecured on multiple  
5 loans and the DenSco Loan Proceeds being used by Menaged for other purposes.  
6 Menaged was able to orchestrate the First Fraud in part because Chittick funded  
7 DenSco’s loans by paying the proceeds directly to Menaged rather than the trustee or  
8 escrow company conducting the trustee’s sale.

9           27. Chittick discovered the First Fraud in or around November 2013.

10           28. On November 27, 2013, in a face-to-face meeting, Chittick confronted  
11 Menaged about the loans he had obtained from DenSco and another hard money lender  
12 for the same property. Menaged falsely said that his wife had cancer and that his  
13 “cousin” had masterminded and perpetrated the First Fraud while he was distracted by  
14 caring for his sick wife.

15           29. Chittick, believing Menaged’s story, agreed with Menaged that DenSco  
16 would continue loaning money to Menaged’s entities so that DenSco and Menaged  
17 could jointly and collaboratively “work out” the problem loans that resulted from the  
18 conduct of Menaged’s cousin.

19           30. In January 2014, Chittick sought advice from DenSco’s attorney, David  
20 Beauchamp (“Beauchamp”) about his plan to continue DenSco’s lending relationship  
21 with Menaged’s entities.

22           31. DenSco eventually entered into a Forbearance Agreement with Menaged  
23 and his entities under which DenSco would forbear its rights and remedies against  
24 Menaged and those entities provided Menaged would among other things, pay certain  
25 sums and take other actions to repay the amounts owed to DenSco.

1           32. In addition to negotiating and entering into the Forbearance Agreement, in  
2 January 2014, Chittick took steps to protect DenSco from any further misappropriation  
3 of its loan proceeds by requiring Menaged to document his receipt and use of those loan  
4 proceeds, which DenSco had not previously required. Specifically, DenSco agreed to  
5 continue wiring money to Menaged but required Menaged to provide, for each loan  
6 made for a specific property, copies of: (i) the individual cashier's check issued by  
7 Menaged's bank made payable to the respective foreclosure trustee, with DenSco's  
8 name and the property address in the memo line, and (ii) the corresponding receipt  
9 Menaged received from the trustee for the purchase of that property.

10           33. Chittick did not believe that Menaged had perpetrated the First Fraud and  
11 continued to accept as true Menaged's stories about his wife's compromised health.  
12 Chittick understood that he owed fiduciary duties to his investors, many of whom were  
13 family members or friends, to recoup DenSco's losses from the First Fraud and to  
14 protect DenSco from further losses. He relied on his counsel, Beauchamp, in  
15 implementing these new procedures and believed they would adequately protect  
16 DenSco from any further misappropriation of loan proceeds.

17           34. Menaged, however, fooled Chittick a second time and began a systematic  
18 and comprehensive scheme to defraud DenSco by obtaining, but then redepositing,  
19 cashier's checks, and then creating false deeds, contracts and receipts documenting the  
20 fictitious purchase of real estate at a trustee's sale (the "Second Fraud"). As part of the  
21 Second Fraud, Menaged obtained over 1,400 loans from DenSco beginning in January  
22 2014. Menaged did not use these loan proceeds for their intended purpose—to purchase  
23 real estate at a trustee's sale.

24           35. Starting in January 2014, Menaged emailed to DenSco nearly every  
25 weekday a list of properties in foreclosure proceedings ("Identified Properties").  
26

1           36. In those emails, Menaged misrepresented that (i) he was the winning  
2 bidder on the listed properties at a trustee's sale, (ii) his companies, Easy Investments or  
3 AZHF, needed financing to purchase the Identified Properties, and (iii) he would use  
4 DenSco's loaned funds to complete the purchase of the Identified Properties.

5           37. These emails included, among other things, the addresses of the Identified  
6 Properties and the purchase prices needed to be reflected in the loan amounts.

7           38. Menaged never intended to purchase the Identified Properties. Rather, he  
8 intended for DenSco to rely on these material misrepresentations and wire him the  
9 DenSco Loan Proceeds that he would convert for his personal use.

10          39. DenSco relied on these material misrepresentations and continued to wire  
11 the DenSco Loan Proceeds to Menaged.

12          40. Menaged concealed from DenSco his scheme and his wrongful actions.

13          41. DenSco was damaged as a result of Menaged's fraudulent scheme.

14           **THE US BANK DEFENDANTS KNEW OF, SUBSTANTIALLY ASSISTED,**  
15           **AND RECKLESSLY TOLERATED MENAGED'S UNLAWFUL CONDUCT**

16          42. From December 2012 through May 2016, Menaged and Easy Investments  
17 maintained a series of accounts with US Bank.

18          43. Menaged banked at US Bank's branch located at 6611 W. Bell Road,  
19 Glendale, Arizona (the "US Bank Branch").

20          44. Chavez worked at US Bank and was the manager of the US Bank Branch.

21          45. Chavez was Menaged's main contact at US Bank. She committed the  
22 wrongful acts set forth below while conducting official US Bank business.

23          46. US Bank and Defendant Chavez may be referred to as "the US Bank  
24 Defendants."

25          47. Menaged told the US Bank Defendants that, through Easy Investments, he  
26 was in the business of purchasing foreclosed homes from public auctions.

1           48.    Menaged further told the US Bank Defendants that DenSco funded these  
2 transactions, lending money to Easy Investments for the purpose of buying foreclosed  
3 homes.

4           49.    Between January 13 and April 7, 2014, DenSco wired to Menaged's Easy  
5 Investments US Bank account \$7,228,002 in DenSco Loan Proceeds for the purpose of  
6 issuing cashier's checks to purchase 40 separate Identified Properties.

7           50.    The US Bank Defendants knew the source of these monies as each wire  
8 transfer included the name of the originator -- "DenSco Investment Corporation" -- the  
9 entity the US Bank Defendants knew was the funding source for Menaged's Easy  
10 Investments home foreclosure business.

11          51.    Approximately 78% of the deposits to Menaged's US Bank Easy  
12 Investments account consisted of the DenSco Loan Proceeds wired to Menaged to  
13 purchase the Identified Properties.

14          52.    On or about the day DenSco wired monies to the Easy Investments  
15 account, Menaged, or his assistant, Veronica Castro, visited the US Bank Branch, where  
16 Chavez and other US Bank employees assisted them.

17          53.    Among other things, Chavez and other US Bank employees issued  
18 cashier's checks made payable to the trustee for each of the Identified Properties.

19          54.    Chavez and the other US Bank employees printed on each check in the  
20 memo line: "DenSco Payment [and address of the property]" or "DenSco [and address  
21 of the property]".

22          55.    For nearly each of the 40 checks, which totaled \$6,823,039, Menaged did  
23 not use the check for its intended purpose -- the payment to the trustee for the purchase  
24 of real property described on each check.

25          56.    Rather, Menaged or Castro took a photo of each check while at the US  
26 Bank Branch, usually in the presence of Chavez or another US Bank employee. After

1 taking these photos, Menaged or Castro had Chavez or another US Bank employee re-  
2 deposit the check into his Easy Investments account.

3 57. Upon information and belief, neither Chavez nor any US Bank employee  
4 asked Menaged or Castro why, at least 40 times, they undertook to have US Bank draft  
5 cashier's checks clearly and expressly intended to purchase from trustees specific  
6 foreclosed homes as part of Menaged's business partnership with DenSco, take photos  
7 of those checks and then immediately re-deposit them. A single such transaction lacks  
8 any legitimate business or banking purpose. Forty or more of them, involving nearly \$7  
9 million dollars, is inexplicable.

10 58. For every one of these issued and redeposited cashier's checks, Menaged  
11 or Castro emailed a photo of the check to DenSco as proof that the DenSco Loan  
12 Proceeds were being used for their intended purpose. Menaged or Castro would later  
13 create false trustee's sale receipts for each transaction, which included information from  
14 the photograph of the cashier's check connected to the same fictitious transactions.  
15 Menaged or Castro emailed these receipts to DenSco, as well. Chittick relied upon the  
16 photographs of the cashier's checks and accepted these photos and sales receipts as  
17 confirmation that the DenSco Loan Proceeds were being used for their intended  
18 purpose.

19 59. The US Bank Defendants knew that Menaged was taking photos of the  
20 checks and had to have known that he was sending them to DenSco as proof that the  
21 DenSco Loan Proceeds were being used for their intended purpose. And the US Bank  
22 Defendants knew that Menaged used the DenSco Loan Proceeds for his personal benefit  
23 and for the benefit of his other businesses, as they assisted him in obtaining large cash  
24 withdrawals of the re-deposited funds and transferring those funds to his personal US  
25 Bank accounts, and were otherwise aware that he used these funds to pay off personal  
26 credit card debt and to fund unrelated business activities.

1           60. Upon information and belief, Menaged requested and the US Bank  
2 Defendants agreed to change US Bank policies at the US Bank Branch, keeping on hand  
3 as much as \$20,000 in cash to accommodate Menaged's withdrawal requests.

4           61. Upon information and belief, the US Bank Defendants violated their  
5 internal policies by not requiring a several-day hold period on redeposited funds,  
6 making them immediately available to Menaged.

7           62. The US Bank Defendants were motivated to assist Menaged in these  
8 transactions to keep Menaged as a banking customer, particularly one who maintained  
9 accounts worth millions of dollars. The US Bank Defendants kept silent as to  
10 Menaged's scheme and wrongful actions; they never informed DenSco about  
11 Menaged's scheme and wrongful actions.

12           63. Without the substantial assistance of the US Bank Defendants, Menaged  
13 could not have defrauded DenSco of more than \$7 million in DenSco Loan Proceeds.

14           **THE CHASE BANK DEFENDANTS KNEW OF, SUBSTANTIALLY ASSISTED,**  
15           **AND RECKLESSLY TOLERATED MENAGED'S UNLAWFUL CONDUCT**

16           64. From April 2014 through at least November 2016, Menaged and AZHF  
17 banked with Chase.

18           65. Menaged banked at Chase's branch located at 8999 East Shea Boulevard,  
19 Scottsdale, Arizona (the "Chase Branch").

20           66. From April 2014 through at least November 2016, Defendants Nelson and  
21 Dadlani worked at Chase as the assistant manager and/or manager at the Chase Branch.  
22 They committed the wrongful acts set forth below while conducting official Chase  
23 business.

24           67. Upon information and belief, Defendants Nelson and Dadlani were  
25 Menaged's main contacts at Chase.  
26



1           68. Chase, Nelson, and Dadlani may be referred to as “the Chase  
2 Defendants.”

3           69. Menaged regularly told the Chase Defendants that, through AZHF, he was  
4 in the business of purchasing foreclosed homes from public auctions.

5           70. Menaged further told the Chase Defendants that DenSco funded these  
6 transactions, lending money to AZHF for the purpose of buying foreclosed homes.

7           71. On information and belief, Nelson told Menaged that she was interested in  
8 purchasing a home that he acquired through this process.

9           72. Between April 10, 2014 and June 22, 2015, DenSco wired to Menaged’s  
10 AZHF account \$323,638,517 in DenSco Loan Proceeds for the purpose of issuing  
11 cashier’s checks to purchase 1,344 separate Identified Properties.

12           73. The Chase Defendants knew the source of these monies as each wire  
13 transfer included the name of the originator -- “DenSco Investment Corp” -- the entity  
14 the Chase Defendants knew was the funding source for Menaged’s AZHF home  
15 foreclosure business.

16           74. Approximately 96% of all deposits in Menaged’s AZHF account  
17 consisted of the DenSco Loan Proceeds wired to Menaged to purchase the Identified  
18 Properties.

19           75. Nearly every weekday between April 2014 and June 2015, Menaged  
20 emailed the Chase Defendants for assistance in converting to cashier’s checks for the  
21 purchase of the Identified Properties the monies DenSco had wired or was wiring into  
22 the AZHF account.

23           76. In these emails, Menaged provided the Chase Defendants a list of the  
24 Identified Properties for which he purported to have submitted the winning bid, the  
25 name of the trustee, the purchase price, and the property address.

1           77. Menaged directed the Chase Defendants and other Chase employees to  
2 prepare cashier's checks for each of the Identified Properties.

3           78. Menaged directed the Chase Defendants and other Chase employees to  
4 include on each check the name of the trustee, the purchase price, and in the memo line:  
5 "DenSco Payment [and address of the property]" or "DenSco [and address of the  
6 property]".

7           79. The Chase Defendants knew that Menaged did not use the 1,344 cashier's  
8 checks for their intended and obvious purpose -- the payment to the trustee for the  
9 purchase of real property described on each check -- because they were at all times  
10 willing to, and in fact did, almost immediately redeposit those funds so that Menaged  
11 could use them for other purposes.

12           80. Nearly every weekday between April 2014 and June 2015, Menaged or  
13 Castro would physically go into the Chase Bank Branch where they would receive the  
14 cashier's checks the Chase Defendants had prepared for that day. Menaged or Castro  
15 would, usually in the presence of Nelson, Dadlani or another Chase employee, take a  
16 photo of each cashier's check, after which Nelson, Dadlani or another Chase employee  
17 would re-deposit the check in Menaged's AZHF account.

18           81. For each of the 1,344 checks, which totaled \$311,241,842, Menaged did  
19 not use the check for its intended purpose -- the payment to the trustee for the purchase  
20 of real property described on each check.

21           82. Upon information and belief, on one occasion, Nelson asked Menaged  
22 why he obtained and redeposited cashier's checks, to which he responded:  
23 "bookkeeping." Nelson did not ask Menaged what he meant by "bookkeeping" or how  
24 that related to his use of the cashier's checks. Nelson further did not ask Menaged why  
25 he was taking photos of each cashier's check.

1           83. Upon information and belief, Nelson electronically filed in or about  
2 April/May 2014 two unusual activity reports, she says, because (i) of the number and  
3 amounts of the cashier's checks Menaged was redepositing on a daily basis, (ii) "his  
4 transactions were different," and (iii) "the entire thing was unusual."

5           84. Upon information and belief, Chase performed no investigation in  
6 response to these reports, and Nelson did not file an additional report or conduct any  
7 further inquiry.

8           85. Upon information and belief, Nelson did not share her concerns with  
9 Dadlani or any other employee at the Chase Branch, as she felt she need do nothing  
10 more than file two reports in response to which, to the best of her knowledge, nothing  
11 further was done.

12           86. Upon information and belief, neither Nelson, Dadlani nor any Chase  
13 employee asked Menaged or Castro why, more than 1,344 times, they undertook to have  
14 Chase draft cashier's checks clearly and expressly intended to purchase from trustees  
15 specific foreclosed homes as part of Menaged's business partnership with DenSco, take  
16 photos of those checks and immediately re-deposit them. A single such transaction  
17 lacks any legitimate business or banking purpose. 1,344 of them, involving over \$300  
18 million, is inexplicable.

19           87. Menaged or Castro would email to DenSco each cashier's check photo as  
20 proof of the transaction. Menaged or Castro would later create false trustee's sale  
21 receipts for each transaction that included information from the cashier's check  
22 connected to the same fictitious transactions. Menaged or Castro emailed these receipts  
23 to DenSco, as well. Chittick relied upon the photographs of the cashier's checks and  
24 accepted these photos and sales receipts as confirmation that the DenSco Loan Proceeds  
25 were being used for their intended purpose.

1           88. The Chase Defendants knew that Menaged was taking photos of the  
2 checks and had to have known that he was sending them to DenSco as proof that  
3 DenSco's Loan Proceeds were being used for their intended purpose. And the Chase  
4 Defendants knew that Menaged used the DenSco Loan Proceeds for his personal  
5 benefit, as they assisted him in re-depositing these funds, obtaining large cash  
6 withdrawals of the re-deposited funds, and transferring these funds to Menaged's  
7 personal Chase accounts.

8           89. Upon information and belief, shortly after Menaged began deploying this  
9 scheme through the Chase Defendants in April 2014, and in recognition of the fact that  
10 Menaged was every weekday having Chase issue and immediately re-deposit multiple  
11 cashier's checks, each for hundreds of thousands of dollars, Nelson or another Chase  
12 employee began stamping on the back of each check the words "Not Used For Intended  
13 Purposes". The Chase Defendants told Menaged they would stamp each check with  
14 those words unless he communicated to them before coming into the Chase Branch his  
15 intent to not immediately re-deposit the check.

16           90. Upon information and belief, the Chase Defendants informed Menaged  
17 that they were legally obligated to report to the government any cash transaction over  
18 \$10,000 and that their internal processes would likely trigger a suspicious activity report  
19 if a transaction was just under \$10,000, such that the Chase Defendants advised  
20 Menaged to withdraw or deposit cash in amounts that would avoid either report being  
21 made. Menaged followed this advice.

22           91. The Chase Defendants further knew of, assisted with, and recklessly  
23 tolerated Menaged's misappropriation of the DenSco Loan Proceeds that had been  
24 deposited in his AZHF account for, among other things, recreational gambling. Among  
25 other things, the Chase Defendants (i) increased to approximately \$40,000 the spending  
26 limit on Menaged's AZHF debit card to avoid Chase's fraud prevention department

1 flagging the account or declining the card, (ii) asked Chase's fraud prevention  
2 department to remove suspensions or "flags" on the AZHF debit card due to the high  
3 dollar amounts that were being charged at casinos, (iii) initiated outgoing wire transfers  
4 and issued cashier's checks from Menaged's AZHF account to various casinos, and (iv)  
5 confirmed with various casinos that these cashier's checks or wire transfers were  
6 legitimate.

7 92. Upon information and belief, the Chase Defendants knew of, assisted, and  
8 recklessly tolerated Menaged's unlawful use of the DenSco Loan Proceeds by not  
9 following their own policies and procedures, including (i) regularly violating Chase's  
10 multi-day hold policy before wire-transferred funds can be withdrawn, (ii)  
11 systematically overriding the 5-7 day hold policy for the funds of re-deposited cashier's  
12 checks, and (iii) contravening Chase's policy requiring an account holder to sign in-  
13 person the documentation for a cashier's check, and issuing them in response to  
14 Menaged's emails.

15 93. The Chase Defendants were motivated to assist Menaged in these  
16 transactions to keep Menaged as a banking customer, particularly one who maintained  
17 accounts worth millions of dollars. The Chase Defendants kept silent as to Menaged's  
18 scheme and wrongful actions; they never informed DenSco about Menaged's scheme  
19 and wrongful actions.

20 94. Without the substantial assistance of the Chase Defendants, Menaged  
21 could not have defrauded DenSco of more than \$300 million in DenSco Loan Proceeds.

## 22 **DISCOVERY OF THE SECOND FRAUD**

23 95. In April 2016, Menaged filed for Chapter 7 bankruptcy.

24 96. At the time, Menaged, AZHF and Easy Investments owed DenSco  
25 approximately \$44 million in loans.

1           97. When Chittick learned of the bankruptcy filings, he confronted Menaged,  
2 who falsely said that the money owed to DenSco was safe and was being held at  
3 Auction.com, an online marketplace for foreclosure buyers.

4           98. Menaged further lied and told Chittick that Menaged would be able to  
5 retrieve the money from Auction.com and repay DenSco when the bankruptcy action  
6 was discharged.

7           99. Menaged warned Chittick not tell anyone about the Auction.com  
8 arrangement because the bankruptcy court would, if it learned of the funds, attempt to  
9 pull them into the Chapter 7 action.

10          100. Menaged also threatened Chittick that if he told anyone about  
11 Auction.com, Menaged would testify that Chittick was complicit in the First Fraud and  
12 knew all along that DenSco's loans were unsecured.

13          101. On July 28, 2016, Chittick committed suicide.

14          102. Chittick died unaware of the Second Fraud.

15          103. The Receiver was appointed on August 18, 2016.

16          104. On August 23, 2016, the Receiver obtained a document that vaguely  
17 referenced how DenSco had altered its lending practices with Menaged and his entities  
18 in January 2014. The Receiver immediately began investigating all funds DenSco had  
19 loaned to Menaged, discovering that Menaged had not used the DenSco Loan Proceeds  
20 for their intended purpose -- to purchase the Identified Properties.

21          105. On or about October 3, 2016, the Receiver obtained selected documents  
22 from a forensic image of Menaged's computers and cellphone, which included some  
23 email communication with Chase employees.

24          106. On October 20, 2016, the Receiver deposed Menaged.

25          107. On November 7 and 8, 2016, the Receiver issued subpoenas to US Bank  
26 and to Chase, who began to produce responsive documents.

108. In the spring and summer of 2017, the Receiver performed a complete forensic recreation of Menaged's banking activity.

109. On December 8, 2017, counsel for the Receiver interviewed Menaged who testified under oath regarding the Second Fraud and his involvement with US Bank and Chase.

110. Menaged testified at that time that, before he went into the Chase Branch to sign for the cashier's checks and deposit, Nelson stamped on the back of the cashier's checks "Not Used for Purposes Intended" or something similar, and further wrote on the back of each check the AZHF account number to expedite Menaged's redeposit of the DenSco Loan Proceeds.

**COUNT ONE**  
**(Aiding and Abetting Fraud: US Bank; Chavez)**

111. Paragraphs 1 through 110 are incorporated by reference.

112. Menaged engaged in fraudulent conduct that caused DenSco harm. In particular:

a. Menaged represented to DenSco that, through the use of the individual cashier's checks issued by the US Bank Defendants and fabricated trustees' receipts, he was using the DenSco Loan Proceeds to purchase the Identified Properties.

b. These representations were false.

c. These representations were material, as DenSco relied on them to conclude that Menaged had purchased the Identified Properties.

d. Menaged knew these representations were false and intended that DenSco would act upon them in the manner Menaged reasonably intended.

e. DenSco, in fact, continued to act upon these representations, as it wired Menaged additional DenSco Loan Proceeds to purchase new Identified Properties.

- 1 f. DenSco did not know Menaged's representations were false.
- 2 g. DenSco relied on Menaged's representations.
- 3 h. DenSco's reliance was reasonable and justified under the
- 4 circumstances.
- 5 i. As a result, DenSco suffered damages for which it is entitled to
- 6 compensation.

7 113. The US Bank Defendants knew that Menaged was engaging in such

8 conduct.

9 114. The US Bank Defendants substantially assisted or encouraged Menaged in

10 his fraud against DenSco.

11 **COUNT TWO**

12 **(Aiding and Abetting Fraud: Chase, Nelson and Dadlani)**

13 115. Paragraphs 1 through 114 are incorporated by reference.

14 116. Menaged engaged in fraudulent conduct that caused DenSco harm. In

15 particular:

16 a. Menaged represented to DenSco that, through the use of the

17 individual cashier's checks issued by the Chase Defendants and fabricated trustees'

18 receipts, he was using the DenSco Loan Proceeds to purchase the Identified Properties.

19 b. These representations were false.

20 c. These representations were material, as DenSco relied on them to

21 conclude that Menaged had purchased the Identified Properties.

22 d. Menaged knew these representations were false and intended that

23 DenSco would act upon them in the manner Menaged reasonably intended.

24 e. DenSco, in fact, continued to act upon these representations, as it

25 wired Menaged additional DenSco Loan Proceeds to purchase new Identified

26 Properties.



- 1 f. DenSco did not know Menaged's representations were false.
- 2 g. DenSco relied on Menaged's representations.
- 3 h. DenSco's reliance was reasonable and justified under the
- 4 circumstances.
- 5 i. As a result, DenSco suffered damages for which it is entitled to
- 6 compensation.

7 117. The Chase Defendants knew that Menaged was engaging in such conduct.

8 118. The Chase Defendants substantially assisted or encouraged Menaged in

9 his fraud against DenSco.

10 **COUNT THREE**

11 **(Aiding and Abetting Conversion: US Bank and Chavez)**

12 119. Paragraphs 1 through 118 are incorporated by reference.

13 120. Menaged exercised wrongful dominion over DenSco's property by re-

14 depositing and using on a personal basis the DenSco Loan Proceeds, in denial of

15 DenSco's rights.

16 121. The US Bank Defendants knew that Menaged was engaging in such

17 conduct.

18 122. The US Bank Defendants substantially assisted or encouraged Menaged in

19 his conversion against DenSco.

20 123. By reason of this conduct, DenSco was damaged.

21 **COUNT FOUR**

22 **(Aiding and Abetting Conversion: Chase, Nelson and Dadlani)**

23 124. Paragraphs 1 through 123 are incorporated by reference.

24 125. Menaged exercised wrongful dominion over DenSco's property by re-

25 depositing and using on a personal basis the DenSco Loan Proceeds, in denial of

26 DenSco's rights.

126. The Chase Defendants knew that Menaged was engaging in such conduct.

127. The Chase Defendants substantially assisted or encouraged Menaged in his conversion against DenSco.

128. By reason of this conduct, DenSco was damaged.

**COUNT FIVE**  
**(Aiding and Abetting Breach of Fiduciary Duty: US Bank and Chavez)**

129. Paragraphs 1 through 128 are incorporated by reference.

130. Menaged, through his business relationship with DenSco, owed fiduciary duties to DenSco.

131. Menaged breached his fiduciary duties to DenSco.

132. The US Bank Defendants knew that Menaged breached his fiduciary duties to DenSco.

133. The US Bank Defendants substantially assisted or encouraged Menaged in the breach of his fiduciary duties to DenSco.

134. By reason of this conduct DenSco was damaged.

**COUNT SIX**  
**(Aiding and Abetting Breach of Fiduciary Duty: Chase, Nelson and Dadlani)**

135. Paragraphs 1 through 134 are incorporated by reference.

136. Menaged, through his business relationship with DenSco, owed fiduciary duties to DenSco.

137. Menaged breached his fiduciary duties to DenSco.

138. The Chase Defendants knew that Menaged breached his fiduciary duties to DenSco.

139. The Chase Defendants substantially assisted or encouraged Menaged in the breach of his fiduciary duties to DenSco.

140. By reason of this conduct, DenSco was damaged.

**COUNT SEVEN**  
**(Civil Racketeering: US Bank and Chavez)**

141. Paragraphs 1 through 135 are incorporated by reference.

142. Menaged, Castro and others engaged in a pattern of unlawful activity for the purpose of financial gain.

143. For each occasion where the DenSco Loan Proceeds were not used for their intended purpose and instead were re-deposited by Menaged for his personal use, Menaged, Castro and others committed theft, money laundering, and engaged in a scheme or artifice to defraud.

144. Each theft, act of money laundering, and act in furtherance of the scheme and artifice to defraud had the same purpose, the same participants and the same victims.

145. Menaged, Castro and others engaged in theft by, without lawful authority, knowingly controlling DenSco's property with the intent to deprive DenSco of that property and by converting for an unauthorized term DenSco's property. A.R.S. § 13-1802(A).

146. Menaged, Castro and others engaged in money laundering in the second degree by transacting, transferring and receiving racketeering proceeds knowing they were the proceeds of an offense. A.R.S. § 13-2317(B).

147. Menaged, Castro and others engaged in a scheme or artifice to defraud DenSco by knowingly obtaining a benefit by means of false or fraudulent pretenses, representation, promises or material omissions. A.R.S. § 13-2310.

148. This pattern of unlawful activity caused DenSco's damages.

149. DenSco's damages were a reasonably foreseeable result of this pattern of unlawful activity.

1           150. The US Bank Defendants authorized, ratified, and recklessly tolerated the  
2 conduct of Menaged, Castro and others and are therefore liable for it. A.R.S. § 13-  
3 2314.04(L).

4                                   **COUNT EIGHT**  
5                                   **(Civil Racketeering: Chase, Nelson and Dadlani)**

6           151. Paragraphs 1 through 150 are incorporated by reference.

7           152. Menaged, Castro and others engaged in a pattern of unlawful activity for  
8 the purpose of financial gain.

9           153. For each occasion where the DenSco Loan Proceeds were not used for  
10 their intended purpose and instead re-deposited by Menaged for his personal use,  
11 Menaged, Castro and others committed theft, money laundering, and engaged in a  
12 scheme or artifice to defraud.

13           154. Each theft, act of money laundering and part of the scheme and artifice to  
14 defraud had the same purpose, the same participants and the same victims.

15           155. Menaged, Castro and others engaged in theft by, without lawful authority,  
16 knowingly controlling DenSco's property with the intent to deprive DenSco of that  
17 property and by converting for an unauthorized term DenSco's property. A.R.S. § 13-  
18 1802(A).

19           156. Menaged, Castro and others engaged in money laundering in the second  
20 degree by transacting, transferring and receiving racketeering proceeds knowing they  
21 were the proceeds of an offense and by intentionally or knowingly evading reporting  
22 requirements through structuring transactions and by causing Chase to fail to file  
23 required reports for transfers over \$10,000. A.R.S. § 13-2317(B).

24           157. Menaged, Castro and others engaged in a scheme or artifice to defraud  
25 DenSco by knowingly obtaining a benefit by means of false or fraudulent pretenses,  
26 representation, promises or material omissions. A.R.S. § 13-2310.

158. This pattern of unlawful activity caused DenSco's damages.

159. DenSco's damages were a reasonably foreseeable result of this pattern of unlawful activity.

160. The Chase Defendants authorized, ratified and recklessly tolerated the conduct of Menaged, Castro and others and are therefore liable for it. A.R.S. § 13-2314.04(L).

## PRAYER FOR RELIEF

Wherefore, based upon the foregoing, Plaintiff prays for judgment against Defendants as follows:

A. For an award of compensatory damages against U.S. Bank, N.A. in an amount to be determined at trial.

B. For an award of compensatory damages against Defendants Hilda Chavez and John Doe Chavez, wife and husband, in an amount to be determined at trial.

C. For an award of compensatory damages against J.P. Morgan Chase Bank, N.A. in an amount to be determined at trial.

D. For an award of compensatory damages against Defendants Samantha Nelson and Kristofer Nelson, wife and husband, in an amount to be determined at trial.

E. For an award of compensatory damages against Defendants Vikram Dadlani and Jane Doe Dadlani, husband and wife, in an amount to be determined at trial.

F. For an award of treble damages under A.R.S. § 13-2314.04(A).

G. For an award of costs and reasonable attorneys' fees under A.R.S. § 13-2314.04(A).

H. For an award of punitive damages.

1 I. For an award of prejudgment interest and costs.

2 J. For such other and further relief as this Court deems just and proper under  
3 the circumstances.

4  
5 DATED this \_\_\_\_ day of December\_\_\_\_, 2020.

6 OSBORN MALEDON, P.A.

7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
Colin F. Campbell  
Geoffrey M. T. Sturr  
Timothy J. Eckstein  
Joseph N. Roth  
2929 N. Central Avenue, Suite 2100  
Phoenix, AZ 85012-2793

Attorneys for Plaintiff

15 This document was electronically filed  
16 and served via AZTurboCourt  
17 this \_\_ day of December\_\_\_\_, 2020, on:

18 Honorable Daniel Martin  
19 Maricopa County Superior Court  
101 West Jefferson, ECB-412  
Phoenix, Arizona 85003

20 Gregory J. Marshall  
21 Amanda Z. Weaver  
22 SNELL & WILMER, LLP  
23 One Arizona Center  
400 E. Van Buren, Suite 1900  
Phoenix, Arizona 85004-2202  
gmarshall@swlaw.com  
aweaver@swlaw.com

25 Attorneys for Defendants U.S. Bank National  
26 Association and Hilda H. Chavez

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

Nicole Goodwin  
Jonathan H. Claydon  
GREENBERG TRAURIG  
2375 E. Camelback Road #700  
Phoenix, Arizona 85016  
goodwinn@gtlaw.com  
claydonj@gtlaw.com  
  
Attorneys for Defendants JP Morgan Chase  
Bank, Samantha Nelson & Vikram Dadlani

/s/ \_\_\_\_\_

# **Exhibit 2**



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

~~Kenneth Frakes, #021776~~[Colin F. Campbell](#)[Colin F. Campbell, No. 004955](#)  
[Geoffrey M. T. Sturr](#)[Geoffrey M. T. Sturr, No. 014063](#)  
~~1Bergin, Frakes, Smalley & Oberholtzer, PLLC~~[Timothy J. Eckstein, No. 018321](#)  
[Joseph N. Roth, No. 025725](#)  
[Osborn Maledon, P.A.](#)  
~~24343 East Camelback Road, Suite 210 Phoenix, Arizona 850183 Telephone: (602)-~~  
~~888-7855~~  
~~Facsimile: (602) 888-7856~~[2929 N. Central Avenue, Suite 2100](#)  
[Phoenix, Arizona 85012-2793](#)  
[\(602\) 640-9000](#)  
~~4kfrakes@bfsolaw~~[ccampbell@omlaw.com](#)  
[gsturr@omlaw.com](#)  
[teckstein@omlaw.com](#)  
[jroth@omlaw.com](#)  
~~5~~[Attorneys for Plaintiff](#)[DenSco Investment Corporation](#)

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

~~8~~PETER S. DAVIS, as Receiver of DENSCO INVESTMENT CORPORATION,  
~~an~~9Peter S. Davis, as Receiver of DenSco Investment Corporation, an Arizona  
corporation,~~10~~Plaintiff,

~~11~~vs. ~~12~~

~~U.S. BANK, NA, a national banking~~13organization; HILDA H. CHAVEZ and  
~~JOHN DOE CHAVEZ, a married couple; JP~~  
~~14~~MORGAN CHASE BANK, N.A., a national~~15~~banking organization; SAMANTHA  
~~NELSON f/k/a SAMANTHA~~  
~~16~~KUMBALECK and KRISTOFER NELSON, a married couple; and VIKRAM  
~~DADLANI~~17and JANE DOE DADLANI, a married~~18~~couple.~~19~~  
v. US Bank, N.A., a national banking organization; Hilda H. Chavez and John Doe  
Chavez, a married couple; JP Morgan Chase Bank, N.A., a national banking  
organization; Samantha Nelson f/k/a Samantha Kumbaleck and Kristofer Nelson, a  
married couple; and Vikram Dadlani and Jane Doe Dadlani, a married couple,  
Defendants.

Case No. CV2019-011499

~~FIRST~~**SECOND** AMENDED COMPLAINT(~~Breach of Contract~~) (~~TIER-3~~)Assigned to  
Hon. Daniel Martin)

*(Eligible for Commercial Court)*

~~20~~Plaintiff, ~~Peter S. Davis, as Receiver of DenSco Investment Corporation~~

~~21~~(“Plaintiff”) brings this Complaint against Defendants ~~U.S. Bank, N.A. (“US~~  
~~Bank”)~~,For his Complaint against Defendants, Plaintiff Peter S. Davis, as the  
court-appointed receiver of DenSco Investment Corporation (“Plaintiff” or “Receiver”),  
alleges as follows.

### SUMMARY OF PLAINTIFF’S CLAIMS

~~22~~JPMorgan Chase Bank, N.A. (“Chase”), Hilda Chavez (“Chavez”), Samantha Nelson  
~~23~~(“Nelson”), and Vikram Dadlani  
~~24~~(“Dadlani”).<sup>+</sup>

~~25~~—<sup>+</sup>US Bank, Chase, Chavez, Nelson, and Dadlani, may be collectively referred to as “Defendants”.

~~1~~  
~~2~~ **INTRODUCTION.** From July 2001 to July 2016, DenSco Investment Corporation  
~~3~~ ("DenSco") raised approximately \$85 million from investors. Among other  
~~4~~ things, DenSco told its investors that (i) it would make short-term "hard money"  
~~5~~ loans to "foreclosure specialists" who were buying foreclosed homes, and (ii) the  
~~6~~ loans would be "secured through first position trust deeds" so that DenSco would,  
in the event a borrower defaulted, recover the loaned funds by taking possession  
of the property.

~~2~~ ~~Yomtov Scott Menaged ("Menaged") is sitting in Federal prison for a series of~~  
~~3~~ ~~crimes he perpetrated against DenSco Investment Corporation ("DenSco") and its~~  
~~4~~ ~~investors. He defrauded DenSco in excess of \$46,000,000.00. His fraudulent scheme~~  
~~5~~ ~~required a series of financial transactions that he ran through US Bank and Chase.~~  
~~6~~ ~~However, US Bank and Chase (and their employees) are also to blame. Defendants~~  
~~7~~ ~~knew~~

~~7~~ ~~that Menaged was defrauding DenSco and continued to facilitate the financial~~  
~~8~~ ~~transactions and operations that formed the lifeblood of Menaged's fraudulent~~  
~~9~~ ~~scheme. But for~~ Yomtov Scott Menaged ("Menaged") defrauded DenSco in two  
~~10~~ distinct frauds. In the first fraud, which ended in the latter half of 2013, Menaged  
~~11~~ borrowed money from both DenSco and another lender, using the same property  
~~12~~ as security, leaving DenSco undersecured on hundreds of properties. Menaged  
~~13~~ used the funds he borrowed from DenSco for his own purposes.

~~14~~ 1. In early 2014, Densco established new procedures to ensure Menaged used  
~~15~~ its loans to acquire property that would be secured by first position loans by, among  
~~16~~ other things, wiring monies to accounts that Menaged maintained with Defendant US  
~~17~~ Bank, N.A. and Defendant JP Morgan Chase Bank, N.A., respectively, and then having  
~~18~~ Menaged provide copies of cashier's checks that on their face were to be used to  
~~19~~ purchase specific properties. In the second fraud, Menaged evaded these procedures by  
~~20~~ not using these checks for their intended purpose, immediately redepositing them and  
~~21~~ converting the funds for his personal use.

~~22~~ 2. Defendant banks and their named employees knew of Menaged's tortious  
~~23~~ and criminal conduct. Nearly every business day between January 2014 and June 2015,  
~~24~~ for more than 1,400 transactions, Defendants substantially assisted, authorized, ratified  
~~25~~ and recklessly tolerated Menaged's unlawful conduct.  
~~26~~

1           3.     Defendants knew Menaged was in the business of purchasing foreclosed  
2 properties and that DenSco wired Menaged monies to issue as cashier's checks for the  
3 specific purpose of purchasing foreclosed properties on DenSco's behalf.

4           4.     Defendants knew Menaged did not use these funds for their intended  
5 purpose, as, almost immediately after they were issued, Menaged re-deposited these  
6 cashier's checks, later using these monies for personal expenses unrelated to DenSco.

7           5.     Defendants substantially assisted and recklessly tolerated Menaged's  
8 unlawful conduct by, among other things, preparing a cashier's check for each  
9 transaction, stamping on the back of most of the checks "Not Used for Intended  
10 Purposes," observing Menaged or his agent photograph the fronts of the checks,  
11 preparing deposit slips and assisting Menaged in re-depositing the cashier's checks  
12 immediately after the photos had been taken, and assisting Menaged use these funds, by,  
13 among other things, avoiding bank policies to facilitate immediate cash withdrawals,  
14 transferring monies to Menaged's personal accounts, and helping him use these funds to  
15 pay various casinos.

16           8  
17           ~~Defendants' substantial assistance, Menaged could not have scammed DenSco out~~  
18           9           ~~of tens-~~  
19           ~~of millions of dollars. It is time that Defendants make DenSco whole.~~

20           6.     Through their knowledge and substantial assistance, Defendants aided and  
21 abetted Menaged in defrauding DenSco, converting DenSco's monies and breaching his  
22 fiduciary duties to DenSco and its investors.

23           7.     Menaged defrauded DenSco, committed theft of its property, and  
24 laundered the monies DenSco wired to him to purchase these properties. Defendants  
25 transacted, transferred or received DenSco's monies knowing that they belonged to  
26 DenSco and not Menaged, and that those monies were the proceeds of Menaged's theft,  
fraud scheme and money laundering. Defendants authorized, ratified or recklessly

1 tolerated Menaged's unlawful conduct and are therefore liable under Arizona's civil  
2 racketeering laws for Menaged's conduct.

3 10  
4 Accordingly,  
5 8. Plaintiff brings this action to recover compensatory and  
6 punitive damages for the losses DenSco suffered as a result of Defendants' aiding and  
7 abetting Menaged's fraud. financial losses DenSco suffered as a result of Defendants'  
8 aiding and abetting Menaged's fraud, conversion, and breaches of fiduciary duty, and  
9 Defendants' civil racketeering.

### 10 13 PARTIES, JURISDICTION, AND VENUE.

11 141. At all material times relevant to the claims set forth below,  
12 DenSco was an  
13 investment company that raised approximately \$85 million from investors to make  
14 short-term "hard money loans" to "foreclosure specialists" who were buying  
15 homes in  
16 foreclosure proceedings at trustee's sales. DenSco would charge its borrowers 15%  
17 to 18%  
18 interest for these loans, and they were to be secured by a deed of trust recorded  
19 against the

20 purchased property. DenSco is an Arizona corporation that began operating in April  
21 2001. Its primary business was making short-term,  
22 high-interest loans to "foreclosure specialists" who bought  
23 homes that were being foreclosed upon, usually through a  
24 trustee's sale. DenSco's office was in Chandler, Arizona.

25 9. 202. Denny J. Chittick ("Chittick") was the DenSco's sole owner,  
26 shareholder and operator

21 21 of DenSco. He was the Company's only Director, served as DenSco's  
22 President, Vice President, Treasurer, and Secretary, and was its only employee.

23 233. On August 18, 2016, the court in *Arizona Corporation Commission v. DenSco*  
24 *Investment Corporation*, Maricopa County Superior Court, Case No. CV2016-  
25 014142 entered its *Order Appointing Receiver*, which appointed Plaintiff as  
26 Receiver of

DenSco Investment Corporation ("Receivership Order").

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

~~14. The Receivership Order authorizes Plaintiff, to, among other things, employ attorneys and other professionals that are necessary for the proper collection, preservation, and maintenance of Receivership Assets. This includes bringing claims that the DenSeo Receivership Estate may have against third party tortfeasors that have damaged DenSeo.~~

~~55. Plaintiff has determined that DenSeo holds significant claims against Defendants for aiding and abetting Menaged's fraudulent scheme.~~ Plaintiff was appointed as DenSeo's Receiver in *Arizona Corporation Commission v. DenSeo Investment Corporation, an Arizona Corporation*, Maricopa County Superior Court, Case No. CV2016-014142 (the "Receivership Court"). He has obtained approval from the Receivership Court to pursue this action.

~~10. 7-6. Defendant US Bank is a national banking association that is authorized to conduct business in the State of Arizona and conducting business in Maricopa County,~~

~~8~~

~~Arizona. This Court has personal jurisdiction over US Bank because US Bank provided, N.A. is a national banking association that is authorized to conduct business in the State of Arizona and which maintains branches in Maricopa County, among other places.~~

~~9~~

~~banking services in Arizona to Arizona residents and Arizona businesses.~~

~~10~~

~~7. At all times material hereto, Defendant Chavez and John Doe Chavez, wife and husband, were and are residing in Maricopa County, Arizona.~~

~~128. At all times material hereto Defendant Chavez was acting for, and on behalf~~

~~of, the marital community. Plaintiff does not know the true name of the defendant denominated as John Doe Chavez but will substitute the true name of the party prior to~~

~~entry of judgment.~~ Defendant Hilda Chavez was an employee and branch manager for US Bank in Maricopa County. She is an Arizona resident who is married to Defendant

John Doe Chavez. Hilda Chavez was acting for the benefit of her marital community during the relevant time period.

11. 169. Defendant JP Morgan Chase Bank, N.A. ("Chase") is a national banking association that is authorized to ~~17~~ conduct business in the State of Arizona and ~~conducts business in Maricopa County,~~

~~18~~Arizona. ~~This Court has personal jurisdiction over Chase because Chase provided banking~~which maintains branches in Maricopa County, among other places.

~~19~~services in Arizona to Arizona residents and Arizona businesses.

~~2010. At all times hereto, Defendants Samantha Nelson (formerly known as~~21~~Samantha Kumbaleck) and Kristofer Nelson, wife and husband, were and are residing in~~  
~~22~~Maricopa County, in the state of Arizona.

~~23~~11. ~~At all times alleged Defendant Samantha Nelson was acting for, and on~~  
~~24~~~~behalf of, the marital community.~~Defendant Samantha Nelson (formerly known as  
Samantha Kumbaleck) was an employee, assistant branch manager and branch  
manager for Chase in Maricopa County. She is an Arizona resident who is  
married to Defendant Kristofer Nelson. Samantha Nelson was acting for the  
benefit of her marital community during the relevant time period.

~~12. At all times hereto, Defendants Vikram Dadlani and Jane Doe Dadlani, were~~  
~~25~~

~~husband and wife, and were residing in Maricopa County, in the State of Arizona.~~



~~113. At all times alleged Defendant Vikram Dadlani was acting for, and on behalf of, the marital community. Plaintiff does not know the true name of the defendant denominated as Jane Doe Dadlani but will substitute the true name of the party prior to entry of judgment.~~ Defendant Vikram Dadlani was a Chase employee and branch manager in Maricopa County. He is married to Defendant Jane Doe Dadlani. Vikram Dadlani was an Arizona resident and was acting for the benefit of his marital community during the relevant time period.

12. ~~514.~~ This Court has subject matter jurisdiction under Article VI, § 14 of the Arizona Constitution and A.R.S. § 12-123.

~~7 15. Venue is proper in Maricopa County under A.R.S. § 12-401 because US Bank and Chase conduct business or reside in Maricopa County. It has personal jurisdiction over Defendants because they provided professional services in Arizona to an Arizona corporation.~~

13. Venue is proper in Maricopa County under A.R.S. § 12-401 because Defendants US Bank and Chase do business in Maricopa County and the acts that are the subject of this action took place at bank branches located in Maricopa County.

#### **MENAGED'S FRAUDULENT SCHEMES.**

~~16. Menaged defrauded DenSeco in excess of \$46 million between 2011 and 2016.~~

14. ~~117.~~ Upon information and belief, Menaged was the sole member of Easy Investments, LLC ("Easy Investments").

15. ~~1318.~~ Upon information and belief, Menaged was the sole member of Arizona Home Foreclosures, LLC ("AZHF").

16. ~~1519.~~ Menaged held himself, Easy Investments, and AZHF to be in the business of purchasing homes being foreclosed upon at trustee's sales.

1           17.   ~~1720.~~ DenSco made “hard money loans” to Menaged, Easy Investments,  
2 and ~~18~~ AZHF for the ~~stated~~ purpose of purchasing foreclosed upon homes at trustees’  
3 sales.

4           ~~1921~~ (the “DenSco Loan Proceeds”). Menaged, ~~however,~~ defrauded DenSco by  
5 not using the ~~funds that he, Easy~~

6           ~~20 Investments, or AZHF borrowed from DenSco (“DenSco Loan Proceeds”)~~ to  
7 purchase ~~21~~ homes at trustee’s sales, but ~~rather, he used the DenSco Loan Proceeds~~ for  
8 his ~~own~~ ~~22~~ personal benefit.

9           18.   ~~2322.~~ Menaged perpetrated two separate and distinct fraudulent schemes  
10 against ~~24~~ DenSco.

11           ~~23. In the first fraudulent scheme (the “First Fraud”), Menaged executed~~  
12           ~~25 multiple promissory notes, deeds of trust and other documents from DenSco and other hard~~

~~1 money lenders with the knowledge that he was soliciting two separate loans from two~~  
~~2 separate lenders who unbeknownst to each other believed that they were the only~~  
~~3 lender~~  
~~4 and would be the only secured creditor in first position.~~  
424. ~~5 Menaged orchestrated the First Fraud by obtaining two loans from separate~~  
~~6 lenders through the use of fraud and deception at least one hundred and seventy-nine~~  
~~7 (179)~~  
~~8 times between 2011 and 2013.~~  
25. In the first scheme (the "First Fraud"), which ended in the latter half of  
2013, on multiple occasions, Menaged obtained loans from DenSco and another  
hard money lender to acquire property being sold through a trustee's sale that was  
intended to be secured by that property. This resulted in DenSco being  
undersecured on multiple loans and the DenSco Loan Proceeds being used by  
Menaged for other purposes. Menaged was able to orchestrate the First Fraud in  
part because Chittick funded ~~the DenSco's~~ loans by paying the ~~money proceeds~~  
directly to Menaged rather than ~~to the trustee or~~  
~~8 escrow company conducting the trustee's sale as DenSco represented in its private~~  
~~9 offering~~  
~~10 memoranda to investors.~~  
~~11~~  
~~12~~  
~~13~~  
~~14~~  
19. ~~26. DenSeo~~ Chittick discovered the First Fraud in or around November  
2013 ~~when other.~~  
~~15~~  
~~16~~  
~~17~~  
~~18~~  
~~19~~  
~~20~~  
~~21~~  
~~22~~  
~~23~~  
~~24~~  
~~25~~  
~~26~~  
~~27~~  
~~28~~  
~~29~~  
~~30~~  
~~31~~  
~~32~~  
~~33~~  
~~34~~  
~~35~~  
~~36~~  
~~37~~  
~~38~~  
~~39~~  
~~40~~  
~~41~~  
~~42~~  
~~43~~  
~~44~~  
~~45~~  
~~46~~  
~~47~~  
~~48~~  
~~49~~  
~~50~~  
~~51~~  
~~52~~  
~~53~~  
~~54~~  
~~55~~  
~~56~~  
~~57~~  
~~58~~  
~~59~~  
~~60~~  
~~61~~  
~~62~~  
~~63~~  
~~64~~  
~~65~~  
~~66~~  
~~67~~  
~~68~~  
~~69~~  
~~70~~  
~~71~~  
~~72~~  
~~73~~  
~~74~~  
~~75~~  
~~76~~  
~~77~~  
~~78~~  
~~79~~  
~~80~~  
~~81~~  
~~82~~  
~~83~~  
~~84~~  
~~85~~  
~~86~~  
~~87~~  
~~88~~  
~~89~~  
~~90~~  
~~91~~  
~~92~~  
~~93~~  
~~94~~  
~~95~~  
~~96~~  
~~97~~  
~~98~~  
~~99~~  
~~100~~  
~~101~~  
~~102~~  
~~103~~  
~~104~~  
~~105~~  
~~106~~  
~~107~~  
~~108~~  
~~109~~  
~~110~~  
~~111~~  
~~112~~  
~~113~~  
~~114~~  
~~115~~  
~~116~~  
~~117~~  
~~118~~  
~~119~~  
~~120~~  
~~121~~  
~~122~~  
~~123~~  
~~124~~  
~~125~~  
~~126~~  
~~127~~  
~~128~~  
~~129~~  
~~130~~  
~~131~~  
~~132~~  
~~133~~  
~~134~~  
~~135~~  
~~136~~  
~~137~~  
~~138~~  
~~139~~  
~~140~~  
~~141~~  
~~142~~  
~~143~~  
~~144~~  
~~145~~  
~~146~~  
~~147~~  
~~148~~  
~~149~~  
~~150~~  
~~151~~  
~~152~~  
~~153~~  
~~154~~  
~~155~~  
~~156~~  
~~157~~  
~~158~~  
~~159~~  
~~160~~  
~~161~~  
~~162~~  
~~163~~  
~~164~~  
~~165~~  
~~166~~  
~~167~~  
~~168~~  
~~169~~  
~~170~~  
~~171~~  
~~172~~  
~~173~~  
~~174~~  
~~175~~  
~~176~~  
~~177~~  
~~178~~  
~~179~~  
~~180~~  
~~181~~  
~~182~~  
~~183~~  
~~184~~  
~~185~~  
~~186~~  
~~187~~  
~~188~~  
~~189~~  
~~190~~  
~~191~~  
~~192~~  
~~193~~  
~~194~~  
~~195~~  
~~196~~  
~~197~~  
~~198~~  
~~199~~  
~~200~~  
~~201~~  
~~202~~  
~~203~~  
~~204~~  
~~205~~  
~~206~~  
~~207~~  
~~208~~  
~~209~~  
~~210~~  
~~211~~  
~~212~~  
~~213~~  
~~214~~  
~~215~~  
~~216~~  
~~217~~  
~~218~~  
~~219~~  
~~220~~  
~~221~~  
~~222~~  
~~223~~  
~~224~~  
~~225~~  
~~226~~  
~~227~~  
~~228~~  
~~229~~  
~~230~~  
~~231~~  
~~232~~  
~~233~~  
~~234~~  
~~235~~  
~~236~~  
~~237~~  
~~238~~  
~~239~~  
~~240~~  
~~241~~  
~~242~~  
~~243~~  
~~244~~  
~~245~~  
~~246~~  
~~247~~  
~~248~~  
~~249~~  
~~250~~  
~~251~~  
~~252~~  
~~253~~  
~~254~~  
~~255~~  
~~256~~  
~~257~~  
~~258~~  
~~259~~  
~~260~~  
~~261~~  
~~262~~  
~~263~~  
~~264~~  
~~265~~  
~~266~~  
~~267~~  
~~268~~  
~~269~~  
~~270~~  
~~271~~  
~~272~~  
~~273~~  
~~274~~  
~~275~~  
~~276~~  
~~277~~  
~~278~~  
~~279~~  
~~280~~  
~~281~~  
~~282~~  
~~283~~  
~~284~~  
~~285~~  
~~286~~  
~~287~~  
~~288~~  
~~289~~  
~~290~~  
~~291~~  
~~292~~  
~~293~~  
~~294~~  
~~295~~  
~~296~~  
~~297~~  
~~298~~  
~~299~~  
~~300~~  
~~301~~  
~~302~~  
~~303~~  
~~304~~  
~~305~~  
~~306~~  
~~307~~  
~~308~~  
~~309~~  
~~310~~  
~~311~~  
~~312~~  
~~313~~  
~~314~~  
~~315~~  
~~316~~  
~~317~~  
~~318~~  
~~319~~  
~~320~~  
~~321~~  
~~322~~  
~~323~~  
~~324~~  
~~325~~  
~~326~~  
~~327~~  
~~328~~  
~~329~~  
~~330~~  
~~331~~  
~~332~~  
~~333~~  
~~334~~  
~~335~~  
~~336~~  
~~337~~  
~~338~~  
~~339~~  
~~340~~  
~~341~~  
~~342~~  
~~343~~  
~~344~~  
~~345~~  
~~346~~  
~~347~~  
~~348~~  
~~349~~  
~~350~~  
~~351~~  
~~352~~  
~~353~~  
~~354~~  
~~355~~  
~~356~~  
~~357~~  
~~358~~  
~~359~~  
~~360~~  
~~361~~  
~~362~~  
~~363~~  
~~364~~  
~~365~~  
~~366~~  
~~367~~  
~~368~~  
~~369~~  
~~370~~  
~~371~~  
~~372~~  
~~373~~  
~~374~~  
~~375~~  
~~376~~  
~~377~~  
~~378~~  
~~379~~  
~~380~~  
~~381~~  
~~382~~  
~~383~~  
~~384~~  
~~385~~  
~~386~~  
~~387~~  
~~388~~  
~~389~~  
~~390~~  
~~391~~  
~~392~~  
~~393~~  
~~394~~  
~~395~~  
~~396~~  
~~397~~  
~~398~~  
~~399~~  
~~400~~  
~~401~~  
~~402~~  
~~403~~  
~~404~~  
~~405~~  
~~406~~  
~~407~~  
~~408~~  
~~409~~  
~~410~~  
~~411~~  
~~412~~  
~~413~~  
~~414~~  
~~415~~  
~~416~~  
~~417~~  
~~418~~  
~~419~~  
~~420~~  
~~421~~  
~~422~~  
~~423~~  
~~424~~  
~~425~~  
~~426~~  
~~427~~  
~~428~~  
~~429~~  
~~430~~  
~~431~~  
~~432~~  
~~433~~  
~~434~~  
~~435~~  
~~436~~  
~~437~~  
~~438~~  
~~439~~  
~~440~~  
~~441~~  
~~442~~  
~~443~~  
~~444~~  
~~445~~  
~~446~~  
~~447~~  
~~448~~  
~~449~~  
~~450~~  
~~451~~  
~~452~~  
~~453~~  
~~454~~  
~~455~~  
~~456~~  
~~457~~  
~~458~~  
~~459~~  
~~460~~  
~~461~~  
~~462~~  
~~463~~  
~~464~~  
~~465~~  
~~466~~  
~~467~~  
~~468~~  
~~469~~  
~~470~~  
~~471~~  
~~472~~  
~~473~~  
~~474~~  
~~475~~  
~~476~~  
~~477~~  
~~478~~  
~~479~~  
~~480~~  
~~481~~  
~~482~~  
~~483~~  
~~484~~  
~~485~~  
~~486~~  
~~487~~  
~~488~~  
~~489~~  
~~490~~  
~~491~~  
~~492~~  
~~493~~  
~~494~~  
~~495~~  
~~496~~  
~~497~~  
~~498~~  
~~499~~  
~~500~~  
~~501~~  
~~502~~  
~~503~~  
~~504~~  
~~505~~  
~~506~~  
~~507~~  
~~508~~  
~~509~~  
~~510~~  
~~511~~  
~~512~~  
~~513~~  
~~514~~  
~~515~~  
~~516~~  
~~517~~  
~~518~~  
~~519~~  
~~520~~  
~~521~~  
~~522~~  
~~523~~  
~~524~~  
~~525~~  
~~526~~  
~~527~~  
~~528~~  
~~529~~  
~~530~~  
~~531~~  
~~532~~  
~~533~~  
~~534~~  
~~535~~  
~~536~~  
~~537~~  
~~538~~  
~~539~~  
~~540~~  
~~541~~  
~~542~~  
~~543~~  
~~544~~  
~~545~~  
~~546~~  
~~547~~  
~~548~~  
~~549~~  
~~550~~  
~~551~~  
~~552~~  
~~553~~  
~~554~~  
~~555~~  
~~556~~  
~~557~~  
~~558~~  
~~559~~  
~~560~~  
~~561~~  
~~562~~  
~~563~~  
~~564~~  
~~565~~  
~~566~~  
~~567~~  
~~568~~  
~~569~~  
~~570~~  
~~571~~  
~~572~~  
~~573~~  
~~574~~  
~~575~~  
~~576~~  
~~577~~  
~~578~~  
~~579~~  
~~580~~  
~~581~~  
~~582~~  
~~583~~  
~~584~~  
~~585~~  
~~586~~  
~~587~~  
~~588~~  
~~589~~  
~~590~~  
~~591~~  
~~592~~  
~~593~~  
~~594~~  
~~595~~  
~~596~~  
~~597~~  
~~598~~  
~~599~~  
~~600~~  
~~601~~  
~~602~~  
~~603~~  
~~604~~  
~~605~~  
~~606~~  
~~607~~  
~~608~~  
~~609~~  
~~610~~  
~~611~~  
~~612~~  
~~613~~  
~~614~~  
~~615~~  
~~616~~  
~~617~~  
~~618~~  
~~619~~  
~~620~~  
~~621~~  
~~622~~  
~~623~~  
~~624~~  
~~625~~  
~~626~~  
~~627~~  
~~628~~  
~~629~~  
~~630~~  
~~631~~  
~~632~~  
~~633~~  
~~634~~  
~~635~~  
~~636~~  
~~637~~  
~~638~~  
~~639~~  
~~640~~  
~~641~~  
~~642~~  
~~643~~  
~~644~~  
~~645~~  
~~646~~  
~~647~~  
~~648~~  
~~649~~  
~~650~~  
~~651~~  
~~652~~  
~~653~~  
~~654~~  
~~655~~  
~~656~~  
~~657~~  
~~658~~  
~~659~~  
~~660~~  
~~661~~  
~~662~~  
~~663~~  
~~664~~  
~~665~~  
~~666~~  
~~667~~  
~~668~~  
~~669~~  
~~670~~  
~~671~~  
~~672~~  
~~673~~  
~~674~~  
~~675~~  
~~676~~  
~~677~~  
~~678~~  
~~679~~  
~~680~~  
~~681~~  
~~682~~  
~~683~~  
~~684~~  
~~685~~  
~~686~~  
~~687~~  
~~688~~  
~~689~~  
~~690~~  
~~691~~  
~~692~~  
~~693~~  
~~694~~  
~~695~~  
~~696~~  
~~697~~  
~~698~~  
~~699~~  
~~700~~  
~~701~~  
~~702~~  
~~703~~  
~~704~~  
~~705~~  
~~706~~  
~~707~~  
~~708~~  
~~709~~  
~~710~~  
~~711~~  
~~712~~  
~~713~~  
~~714~~  
~~715~~  
~~716~~  
~~717~~  
~~718~~  
~~719~~  
~~720~~  
~~721~~  
~~722~~  
~~723~~  
~~724~~  
~~725~~  
~~726~~  
~~727~~  
~~728~~  
~~729~~  
~~730~~  
~~731~~  
~~732~~  
~~733~~  
~~734~~  
~~735~~  
~~736~~  
~~737~~  
~~738~~  
~~739~~  
~~740~~  
~~741~~  
~~742~~  
~~743~~  
~~744~~  
~~745~~  
~~746~~  
~~747~~  
~~748~~  
~~749~~  
~~750~~  
~~751~~  
~~752~~  
~~753~~  
~~754~~  
~~755~~  
~~756~~  
~~757~~  
~~758~~  
~~759~~  
~~760~~  
~~761~~  
~~762~~  
~~763~~  
~~764~~  
~~765~~  
~~766~~  
~~767~~  
~~768~~  
~~769~~  
~~770~~  
~~771~~  
~~772~~  
~~773~~  
~~774~~  
~~775~~  
~~776~~  
~~777~~  
~~778~~  
~~779~~  
~~780~~  
~~781~~  
~~782~~  
~~783~~  
~~784~~  
~~785~~  
~~786~~  
~~787~~  
~~788~~  
~~789~~  
~~790~~  
~~791~~  
~~792~~  
~~793~~  
~~794~~  
~~795~~  
~~796~~  
~~797~~  
~~798~~  
~~799~~  
~~800~~  
~~801~~  
~~802~~  
~~803~~  
~~804~~  
~~805~~  
~~806~~  
~~807~~  
~~808~~  
~~809~~  
~~810~~  
~~811~~  
~~812~~  
~~813~~  
~~814~~  
~~815~~  
~~816~~  
~~817~~  
~~818~~  
~~819~~  
~~820~~  
~~821~~  
~~822~~  
~~823~~  
~~824~~  
~~825~~  
~~826~~  
~~827~~  
~~828~~  
~~829~~  
~~830~~  
~~831~~  
~~832~~  
~~833~~  
~~834~~  
~~835~~  
~~836~~  
~~837~~  
~~838~~  
~~839~~  
~~840~~  
~~841~~  
~~842~~  
~~843~~  
~~844~~  
~~845~~  
~~846~~  
~~847~~  
~~848~~  
~~849~~  
~~850~~  
~~851~~  
~~852~~  
~~853~~  
~~854~~  
~~855~~  
~~856~~  
~~857~~  
~~858~~  
~~859~~  
~~860~~  
~~861~~  
~~862~~  
~~863~~  
~~864~~  
~~865~~  
~~866~~  
~~867~~  
~~868~~  
~~869~~  
~~870~~  
~~871~~  
~~872~~  
~~873~~  
~~874~~  
~~875~~  
~~876~~  
~~877~~  
~~878~~  
~~879~~  
~~880~~  
~~881~~  
~~882~~  
~~883~~  
~~884~~  
~~885~~  
~~886~~  
~~887~~  
~~888~~  
~~889~~  
~~890~~  
~~891~~  
~~892~~  
~~893~~  
~~894~~  
~~895~~  
~~896~~  
~~897~~  
~~898~~  
~~899~~  
~~900~~  
~~901~~  
~~902~~  
~~903~~  
~~904~~  
~~905~~  
~~906~~  
~~907~~  
~~908~~  
~~909~~  
~~910~~  
~~911~~  
~~912~~  
~~913~~  
~~914~~  
~~915~~  
~~916~~  
~~917~~  
~~918~~  
~~919~~  
~~920~~  
~~921~~  
~~922~~  
~~923~~  
~~924~~  
~~925~~  
~~926~~  
~~927~~  
~~928~~  
~~929~~  
~~930~~  
~~931~~  
~~932~~  
~~933~~  
~~934~~  
~~935~~  
~~936~~  
~~937~~  
~~938~~  
~~939~~  
~~940~~  
~~941~~  
~~942~~  
~~943~~  
~~944~~  
~~945~~  
~~946~~  
~~947~~  
~~948~~  
~~949~~  
~~950~~  
~~951~~  
~~952~~  
~~953~~  
~~954~~  
~~955~~  
~~956~~  
~~957~~  
~~958~~  
~~959~~  
~~960~~  
~~961~~  
~~962~~  
~~963~~  
~~964~~  
~~965~~  
~~966~~  
~~967~~  
~~968~~  
~~969~~  
~~970~~  
~~971~~  
~~972~~  
~~973~~  
~~974~~  
~~975~~  
~~976~~  
~~977~~  
~~978~~  
~~979~~  
~~980~~  
~~981~~  
~~982~~  
~~983~~  
~~984~~  
~~985~~  
~~986~~  
~~987~~  
~~988~~  
~~989~~  
~~990~~  
~~991~~  
~~992~~  
~~993~~  
~~994~~  
~~995~~  
~~996~~  
~~997~~  
~~998~~  
~~999~~  
~~1000~~  
~~1001~~  
~~1002~~  
~~1003~~  
~~1004~~  
~~1005~~  
~~1006~~  
~~1007~~  
~~1008~~  
~~1009~~  
~~1010~~  
~~1011~~  
~~1012~~  
~~1013~~  
~~1014~~  
~~1015~~  
~~1016~~  
~~1017~~  
~~1018~~  
~~1019~~  
~~1020~~  
~~1021~~  
~~1022~~  
~~1023~~  
~~1024~~  
~~1025~~  
~~1026~~  
~~1027~~  
~~1028~~  
~~1029~~  
~~1030~~  
~~1031~~  
~~1032~~  
~~1033~~  
~~1034~~  
~~1035~~  
~~1036~~  
~~1037~~  
~~1038~~  
~~1039~~  
~~1040~~  
~~1041~~  
~~1042~~  
~~1043~~  
~~1044~~  
~~1045~~  
~~1046~~  
~~1047~~  
~~1048~~  
~~1049~~  
~~1050~~  
~~1051~~  
~~1052~~  
~~1053~~  
~~1054~~  
~~1055~~  
~~1056~~  
~~1057~~  
~~1058~~  
~~1059~~  
~~1060~~  
~~1061~~  
~~1062~~  
~~1063~~  
~~1064~~  
~~1065~~  
~~1066~~  
~~1067~~  
~~1068~~  
~~1069~~  
~~1070~~  
~~1071~~  
~~1072~~  
~~1073~~  
~~1074~~  
~~1075~~  
~~1076~~  
~~1077~~  
~~1078~~  
~~1079~~  
~~1080~~  
~~1081~~  
~~1082~~  
~~1083~~  
~~1084~~  
~~1085~~  
~~1086~~  
~~1087~~  
~~1088~~  
~~1089~~  
~~1090~~  
~~1091~~  
~~1092~~  
~~1093~~  
~~1094~~  
~~1095~~  
~~1096~~  
~~1097~~  
~~1098~~  
~~1099~~  
~~1100~~  
~~1101~~  
~~1102~~  
~~1103~~  
~~1104~~  
~~1105~~  
~~1106~~  
~~1107~~  
~~1108~~  
~~1109~~  
~~1110~~  
~~1111~~  
~~1112~~  
~~1113~~  
~~1114~~  
~~1115~~  
~~1116~~  
~~1117~~  
~~1118~~  
~~1119~~  
~~1120~~  
~~1121~~  
~~1122~~  
~~1123~~  
~~1124~~  
~~1125~~  
~~1126~~  
~~1127~~  
~~1128~~  
~~1129~~  
~~1130~~  
~~1131~~  
~~1132~~  
~~1133~~  
~~1134~~  
~~1135~~  
~~1136~~  
~~1137~~  
~~1138~~  
~~1139~~  
~~1140~~  
~~1141~~  
~~1142~~  
~~1143~~  
~~1144~~  
~~1145~~  
~~1146~~  
~~1147~~  
~~1148~~  
~~1149~~  
~~1150~~  
~~1151~~  
~~1152~~  
~~1153~~  
~~1154~~  
~~1155~~  
~~1156~~  
~~1157~~  
~~1158~~  
~~1159~~  
~~1160~~  
~~1161~~  
~~1162~~  
~~1163~~  
~~1164~~  
~~1165~~  
~~1166~~  
~~1167~~  
~~1168~~  
~~1169~~  
~~1170~~  
~~1171~~  
~~1172~~  
~~1173~~  
~~1174~~  
~~1175~~  
~~1176~~  
~~1177~~  
~~1178~~  
~~1179~~  
~~1180~~  
~~1181~~  
~~1182~~  
~~1183~~  
~~1184~~  
~~1185~~  
~~1186~~  
~~1187~~  
~~1188~~  
~~1189~~  
~~1190~~  
~~1191~~  
~~1192</~~

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

~~all of the facts and existence of the First Fraud.~~  
~~32. Chittick breached the fiduciary duties he owed to DenSeo and~~  
~~DenSeo's~~  
~~25~~  
~~investors by placing his personal interests above the interests of the corporation~~  
~~and the~~

1  
2  
3  
4  
5 investors, and by concealing the First Fraud from the investors.

6 233. — Chittick was concerned that if DenSco's investors learned about the First  
7 3 Fraud, they would lose faith in him and would demand the return of their  
8 investments;

9 4 which he did not have because of Menaged's fraud.

10 534. — Chittick was also concerned that he may face criminal charges for  
11 whatever

12 6 role he had in allowing Menaged to orchestrate the First Fraud if the investors  
13 discovered

14 7 learned about First Fraud.

15 35. — Instead of disclosing the First Fraud to DenSco's investors, Chittick  
16 had

17 8

18 ~~DenSco enter into a Forbearance Agreement with Menaged whereby DenSco agreed~~  
19 ~~to Chittick, believing Menaged's story, agreed with Menaged that DenSco would~~  
20 ~~continue loaning money to Menaged's entities so that DenSco and Menaged could~~  
21 ~~jointly and collaboratively "work out" the problem loans that resulted from the~~  
22 ~~conduct of Menaged's cousin.~~

23 9

24 ~~forbear its rights and remedies against Menaged and his companies provided~~  
25 ~~Menaged~~

26 10

~~agreed, among other things, to pay certain sums and take other actions to repay~~  
the 11

12 20. In January 2014, Chittick sought advice from DenSco's attorney, David

13 Beauchamp ("Beauchamp") about his plan to continue DenSco's lending relationship  
14 with Menaged's entities.

15 21. DenSco eventually entered into a Forbearance Agreement with Menaged  
16 and his entities under which DenSco would forbear its rights and remedies against  
17 Menaged and those entities provided Menaged would among other things, pay certain  
18 sums and take other actions to repay the amounts owed to DenSco.

19 1236. Pursuant to and as of the date of the Forbearance Agreement, Menaged was  
20 13 indebted to DenSco in the amount of \$37,420,120.47.

21 1437. — Pursuant to the Forbearance Agreement, DenSco continued to fund hard

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

~~15 money loans to Menaged for the purchase of real estate from foreclosure auctions.~~  
~~16 38. — This was done to help Menaged “fix” the problem by repaying the losses~~  
~~17 caused by the First Fraud before Chittick disclosed the First Fraud to DenSeo’s~~  
~~investors.~~  
~~18 39. — Chittick informed and sought advice from DenSeo’s attorney, David~~  
~~19 Beauchamp (“Beauchamp”) about the First Fraud in January 2014.~~  
~~20 40. — Beauchamp helped DenSeo negotiate and implement the Forbearance~~  
~~21 Agreement with Menaged.~~  
~~22 41. — Beauchamp also advised Chittick that DenSeo could raise new money from~~  
~~23 investors to fund additional loans to Menaged without disclosing the First Fraud to~~  
~~those~~  
~~24 investors.~~  
~~42. — Beauchamp advised Chittick to alter DenSeo’s lending practices~~  
~~with~~  
~~25~~  
~~Menaged by requiring Menaged to provide copies of the specific cashier’s checks~~  
~~issued~~

1 ~~by Menaged's banks made payable to the respective foreclosure trustee with the~~  
2 ~~property address in the memo line, and to provide copies of the receipts Menaged~~  
3 ~~received from the~~

4 ~~foreclosure trustee for the purchase of a real property at a trustee's sale.~~

5 ~~443.—— Chittick relied upon Beauchamp's advice in deciding to continue to lend~~  
6 ~~additional monies to Menaged after the discovery of the First Fraud.~~

7 ~~644.—— Beauchamp did not advise Chittick that he must immediately disclose the~~  
8 ~~First Fraud to DenSco's investors or that DenSco should not loan any additional~~  
9 ~~funds to Menaged.~~

10 ~~45.—— Chittick breached his fiduciary duties to DenSco and its investors by~~  
11 ~~causing~~

12 ~~DenSco to (i) make 2,712 new loans to Menaged after the First Fraud for which~~  
13 ~~DenSco~~

14 ~~has suffered losses in excess of \$25 million; (ii) obtain more than \$15 million~~  
15 ~~from~~

16 ~~11 investors who were never told of Chittick's mismanagement of DenSco, the First~~  
17 ~~Fraud, 12 and the Forbearance Agreement; and (iii) misdirect investors' money to~~  
18 ~~fund the "work~~

19 ~~13 out" contemplated by the Forbearance Agreement rather than use the money as~~  
20 ~~promised to~~

21 ~~14 investors when they invested.~~

22 ~~15 46.—— After the First Fraud was discovered and ended, DenSco and Menaged~~  
23 ~~16 altered their business practices for all future loans from DenSco to Menaged. In~~

24 addition to negotiating and entering into the Forbearance Agreement, in January  
25 2014, Chittick took steps to protect DenSco from any further misappropriation of  
26 its loan proceeds by requiring Menaged to document his receipt and use of those  
loan proceeds, which DenSco had not previously required. Specifically, DenSco  
agreed to continue wiring money to Menaged but required Menaged to provide,  
for each loan made for a specific property, copies of: (i) the individual cashier's  
check issued by Menaged's bank made payable to the respective foreclosure  
trustee, with DenSco's name and the property address in the memo line, and (ii)  
the corresponding receipt Menaged received from the trustee for the purchase of  
that property.

27 22. Chittick did not believe that Menaged had perpetrated the First Fraud and  
28 continued to accept as true Menaged's stories about his wife's compromised health.

29 Chittick understood that he owed fiduciary duties to his investors, many of whom were  
30 family members or friends, to recoup DenSco's losses from the First Fraud and to  
31 protect DenSco from further losses. He relied on his counsel, Beauchamp, in

implementing these new procedures and believed they would adequately protect DenSco from any further misappropriation of loan proceeds.

~~1747. Starting in January 2014, for new loans between DenSco and Menaged, DenSco required that Menaged provide copies of the specific cashier's checks issued by US Bank and Chase Bank to the respective foreclosure trustee, as well as copies of the receipts received by Menaged from the foreclosure trustee for the purchase of a property by Menaged at a trustee's sale.~~

~~2248. ——— Menaged then engaged in a systematic and comprehensive scheme to defraud DenSco for a second time through the use and creation of falsified checks, deeds, contracts and receipts related to the purported purchase of real estate at a trustee's sale (the "Second Fraud").~~  
~~2549. As part of the Second Fraud, Menaged obtained a total of over 1,400 loans~~



1 ~~1~~from DenSco between January 2014 and June 2016. However, Menaged did not use  
2 ~~these~~ loan proceeds for the purpose for which they were intended—to actually purchase  
3 ~~real~~ estate at a trustee's sale or otherwise. Menaged, however, fooled Chittick a second  
4 time and began a systematic and comprehensive scheme to defraud DenSco by  
5 obtaining, but then redepositing, cashier's checks, and then creating false deeds,  
6 contracts and receipts documenting the fictitious purchase of real estate at a trustee's  
7 sale (the "Second Fraud"). As part of the Second Fraud, Menaged obtained over 1,400  
8 loans from DenSco beginning in January 2014. Menaged did not use these loan  
9 proceeds for their intended purpose—to purchase real estate at a trustee's sale.

10 ~~450. Menaged would email DenSco lists of properties in foreclosure~~  
11 ~~proceedings~~ Starting in January 2014, Menaged emailed to DenSco nearly every  
12 weekday a list of properties in foreclosure proceedings ("Identified Properties").  
13 23. 651. In those emails, Menaged ~~intentionally~~ misrepresented ~~to DenSco~~  
14 that (1) ~~he~~ was the winning bidder on the listed properties ~~that were sold~~ at a trustee's  
15 sale; (2) ~~his~~ his companies, Easy Investments or AZHF, needed financing to purchase the  
16 Identified Properties; and (3)

17 ~~8~~  
18 ~~requested that he would use~~ DenSco ~~loan~~ Easy Investments or AZHF the's  
19 loaned funds ~~required~~ to complete the  
20 ~~9~~ purchase of the Identified Properties.

21 ~~10~~  
22 24. 52. These emails included, among other things, (1) ~~the addresses of~~  
23 ~~the~~ Identified Properties that Menaged misrepresented to DenSco that he intended to  
24 ~~complete~~ the purchase with the DenSco Loan Proceeds; and (2) the amount of the loan  
25 ~~that Menaged~~ needed.

26 ~~1453. The DenSco Loan Proceeds were supposed to be secured with deeds of~~  
trust  
15 ~~recorded against the Identified Properties purchased~~ the addresses of the  
Identified Properties and the purchase prices needed to be reflected in the loan amounts.

16 ~~54. These misrepresentations were material to DenSco.~~  
17 25. 1755. Menaged never intended to purchase the Identified Properties.  
18 Rather, but rather ~~he~~ intended for DenSco to rely on these material misrepresentations

1 and ~~loan~~wire him ~~money~~the DenSco Loan Proceeds that he would convert for his  
2 personal use.

3 26. ~~1956.~~ DenSco relied on ~~the truth of Menaged's material~~  
4 ~~misrepresentations and~~

5  
6 ~~20~~ loaned Menaged, Easy Investments, and AZHF the funds required for Menaged to  
7 ~~21~~ complete the purchase of the Identified Properties.

8 ~~22~~ 57. — DenSco did not know that Menaged's representations were false.

9 ~~23~~ 58. — DenSco had the right to rely on the truth of Menaged's misrepresentations,  
10 ~~24~~ and such reliance were reasonable and justified under the circumstances.

11 ~~25~~ 59. — DenSco expected that the DenSco Loan Proceeds would be used for  
12 the

13 ~~26~~ specific purpose of purchasing the Identified Properties, secured by a deed of trust  
14 at the

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

~~1~~agreed upon interest rate of 15%–18%.  
~~260. — Menaged, however, did not use the DenSco Loan Proceeds to purchase the~~  
~~3Identified Properties. Rather, he used the DenSco Loan Proceeds for his own~~  
~~personal~~  
~~4benefit.~~these material misrepresentations and continued to wire the DenSco  
Loan Proceeds to Menaged.

27. Menaged concealed from DenSco his scheme and his wrongful actions.

28. ~~561. — As a result, DenSco was damaged.~~DenSco was damaged as a result  
of Menaged’s fraudulent scheme.

**THE US BANK DEFENDANTS KNEW OF, SUBSTANTIALLY ASSISTED, AND**  
**RECKLESSLY TOLERATED MENAGED’S UNLAWFUL CONDUCT**

29. From December 2012 through May 2016, Menaged and Easy Investments  
maintained a series of accounts with US Bank.

30. Menaged banked at US Bank’s branch located at 6611 W. Bell Road,  
Glendale, Arizona (the “US Bank Branch”).

31. Chavez worked at US Bank and was the manager of the US Bank Branch.

32. ~~Chavez was Menaged’s main~~ contact at US Bank. She committed the  
wrongful acts set forth below while conducting ~~official US Bank business.~~

33. US Bank and Defendant Chavez may be referred to as “the US Bank  
Defendants.”

34. Menaged told the US Bank Defendants that, through Easy Investments, he  
was in the business of purchasing foreclosed homes from public auctions.

1           35. Menaged further told the US Bank Defendants that DenSco funded these  
2 transactions, lending money to Easy Investments for the purpose of buying foreclosed  
3 homes.

4           36. Between January 13 and April 7, 2014, DenSco wired to Menaged's Easy  
5 Investments US Bank account \$7,228,002 in DenSco Loan Proceeds for the purpose of  
6 issuing cashier's checks to purchase 40 separate Identified Properties.

7           37. The US Bank Defendants knew the source of these monies as each wire  
8 transfer included the name of the originator -- "DenSco Investment Corporation" -- the  
9 entity the US Bank Defendants knew was the funding source for Menaged's Easy  
10 Investments home foreclosure business.

11           38. Approximately 78% of the deposits to Menaged's US Bank Easy  
12 Investments account consisted of the DenSco Loan Proceeds wired to Menaged to  
13 purchase the Identified Properties.

14           39. On or about the day DenSco wired monies to the Easy Investments  
15 account, Menaged, or his assistant, Veronica Castro, visited the US Bank Branch, where  
16 Chavez and other US Bank employees assisted them.

17           40. Among other things, Chavez and other US Bank employees issued  
18 cashier's checks made payable to the trustee for each of the Identified Properties.

19           41. Chavez and the other US Bank employees printed on each check in the  
20 memo line: "DenSco Payment [and address of the property]" or "DenSco [and address  
21 of the property]".

22           42. For nearly each of the 40 checks, which totaled \$6,823,039, Menaged did  
23 not use the check for its intended purpose -- the payment to the trustee for the purchase  
24 of real property described on each check.

1           43.     Rather, Menaged or Castro took a photo of each check while at the US  
2 Bank Branch, usually in the presence of Chavez or another US Bank employee. After  
3 taking these photos, Menaged or Castro had Chavez or another US Bank employee  
4 re-deposit the check into his Easy Investments account.

5           44.     Upon information and belief, neither Chavez nor any US Bank employee  
6 asked Menaged or Castro why, at least 40 times, they undertook to have US Bank draft  
7 cashier's checks clearly and expressly intended to purchase from trustees specific  
8 foreclosed homes as part of Menaged's business partnership with DenSco, take photos  
9 of those checks and then immediately re-deposit them. A single such transaction lacks  
10 any legitimate business or banking purpose. Forty or more of them, involving nearly \$7  
11 million dollars, is inexplicable.

12           45.     For every one of these issued and redeposited cashier's checks, Menaged  
13 or Castro emailed a photo of the check to DenSco as proof that the DenSco Loan  
14 Proceeds were being used for their intended purpose. Menaged or Castro would later  
15 create false trustee's sale receipts for each transaction, which included information from  
16 the photograph of the cashier's check connected to the same fictitious transactions.  
17 Menaged or Castro emailed these receipts to DenSco, as well. Chittick relied upon the  
18 photographs of the cashier's checks and accepted these photos and sales receipts as  
19 confirmation that the DenSco Loan Proceeds were being used for their intended  
20 purpose.

21           46.     The US Bank Defendants knew that Menaged was taking photos of the  
22 checks and had to have known that he was sending them to DenSco as proof that the  
23 DenSco Loan Proceeds were being used for their intended purpose. And the US Bank  
24 Defendants knew that Menaged used the DenSco Loan Proceeds for his personal benefit  
25 and for the benefit of his other businesses, as they assisted him in obtaining large cash  
26

1 withdrawals of the re-deposited funds and transferring those funds to his personal US  
2 Bank accounts, and were otherwise aware that he used these funds to pay off personal  
3 credit card debt and to fund unrelated business activities.

4       47. Upon information and belief, Menaged requested and the US Bank  
5 Defendants agreed to change US Bank policies at the US Bank Branch, keeping on hand  
6 as much as \$20,000 in cash to accommodate Menaged's withdrawal requests.

7       48. Upon information and belief, the US Bank Defendants violated their  
8 internal policies by not requiring a several-day hold period on redeposited funds, making  
9 them immediately available to Menaged.

10       49. The US Bank Defendants were motivated to assist Menaged in these  
11 transactions to keep Menaged as a banking customer, particularly one who maintained  
12 accounts worth millions of dollars. The US Bank Defendants kept silent as to  
13 Menaged's scheme and wrongful actions; they never informed DenSco about  
14 Menaged's scheme and wrongful actions.

15       50. Without the substantial assistance of the US Bank Defendants, Menaged  
16 could not have defrauded DenSco of more than \$7 million in DenSco Loan Proceeds.

17  
18 **THE CHASE BANK DEFENDANTS KNEW OF, SUBSTANTIALLY ASSISTED,**  
19 **AND RECKLESSLY TOLERATED MENAGED'S UNLAWFUL CONDUCT**

20       51. From April 2014 through at least November 2016, Menaged and AZHF  
21 banked with Chase.

22       52. Menaged banked at Chase's branch located at 8999 East Shea Boulevard,  
23 Scottsdale, Arizona (the "Chase Branch").

24       53. From April 2014 through at least November 2016, Defendants Nelson and  
25 Dadlani worked at Chase as the assistant manager and/or manager at the Chase Branch.  
26 They committed the wrongful acts set forth below while conducting official Chase  
business.

1           54.    Upon information and belief, Defendants Nelson and Dadlani were  
2 Menaged's main contacts at Chase.

3           55.    Chase, Nelson, and Dadlani may be referred to as "the Chase Defendants."

4           56.    Menaged regularly told the Chase Defendants that, through AZHF, he was  
5 in the business of purchasing foreclosed homes from public auctions.

6           57.    Menaged further told the Chase Defendants that DenSco funded these  
7 transactions, lending money to AZHF for the purpose of buying foreclosed homes.

8           58.    On information and belief, Nelson told Menaged that she was interested in  
9 purchasing a home that he acquired through this process.

10          59.    Between April 10, 2014 and June 22, 2015, DenSco wired to Menaged's  
11 AZHF account \$323,638,517 in DenSco Loan Proceeds for the purpose of issuing  
12 cashier's checks to purchase 1,344 separate Identified Properties.

13          60.    The Chase Defendants knew the source of these monies as each wire  
14 transfer included the name of the originator -- "DenSco Investment Corp" -- the entity  
15 the Chase Defendants knew was the funding source for Menaged's AZHF home  
16 foreclosure business.

17          61.    Approximately 96% of all deposits in Menaged's AZHF account consisted  
18 of the DenSco Loan Proceeds wired to Menaged to purchase the Identified Properties.

19          62.    Nearly every weekday between April 2014 and June 2015, Menaged  
20 emailed the Chase Defendants for assistance in converting to cashier's checks for the  
21 purchase of the Identified Properties the monies DenSco had wired or was wiring into  
22 the AZHF account.

23          63.    In these emails, Menaged provided the Chase Defendants a list of the  
24 Identified Properties for which he purported to have submitted the winning bid, the  
25 name of the trustee, the purchase price, and the property address.  
26

1           64.    Menaged directed the Chase Defendants and other Chase employees to  
2 prepare cashier's checks for each of the Identified Properties.

3           65.    Menaged directed the Chase Defendants and other Chase employees to  
4 include on each check the name of the trustee, the purchase price, and in the memo line:  
5 "DenSco Payment [and address of the property]" or "DenSco [and address of the  
6 property]".

7           66.    The Chase Defendants knew that Menaged did not use the 1,344 cashier's  
8 checks for their intended and obvious purpose -- the payment to the trustee for the  
9 purchase of real property described on each check -- because they were at all times  
10 willing to, and in fact did, almost immediately redeposit those funds so that Menaged  
11 could use them for other purposes.

12           67.    Nearly every weekday between April 2014 and June 2015, Menaged or  
13 Castro would physically go into the Chase Bank Branch where they would receive the  
14 cashier's checks the Chase Defendants had prepared for that day. Menaged or Castro  
15 would, usually in the presence of Nelson, Dadlani or another Chase employee, take a  
16 photo of each cashier's check, after which Nelson, Dadlani or another Chase employee  
17 would re-deposit the check in Menaged's AZHF account.

18           68.    For each of the 1,344 checks, which totaled \$311,241,842, Menaged did  
19 not use the check for its intended purpose -- the payment to the trustee for the purchase  
20 of real property described on each check.

21           69.    Upon information and belief, on one occasion, Nelson asked Menaged  
22 why he obtained and redeposited cashier's checks, to which he responded:  
23 "bookkeeping." Nelson did not ask Menaged what he meant by "bookkeeping" or how  
24 that related to his use of the cashier's checks. Nelson further did not ask Menaged why  
25 he was taking photos of each cashier's check.



1           70. Upon information and belief, Nelson electronically filed in or about  
2 April/May 2014 two unusual activity reports, she says, because (i) of the number and  
3 amounts of the cashier's checks Menaged was redepositing on a daily basis, (ii) "his  
4 transactions were different," and (iii) "the entire thing was unusual."

5           71. Upon information and belief, Chase performed no investigation in  
6 response to these reports, and Nelson did not file an additional report or conduct any  
7 further inquiry.

8           72. Upon information and belief, Nelson did not share her concerns with  
9 Dadlani or any other employee at the Chase Branch, as she felt she need do nothing  
10 more than file two reports in response to which, to the best of her knowledge, nothing  
11 further was done.

12           73. Upon information and belief, neither Nelson, Dadlani nor any Chase  
13 employee asked Menaged or Castro why, more than 1,344 times, they undertook to have  
14 Chase draft cashier's checks clearly and expressly intended to purchase from trustees  
15 specific foreclosed homes as part of Menaged's business partnership with DenSco, take  
16 photos of those checks and immediately re-deposit them. A single such transaction  
17 lacks any legitimate business or banking purpose. 1,344 of them, involving over \$300  
18 million, is inexplicable.

19           74. Menaged or Castro would email to DenSco each cashier's check photo as  
20 proof of the transaction. Menaged or Castro would later create false trustee's sale  
21 receipts for each transaction that included information from the cashier's check  
22 connected to the same fictitious transactions. Menaged or Castro emailed these receipts  
23 to DenSco, as well. Chittick relied upon the photographs of the cashier's checks and  
24 accepted these photos and sales receipts as confirmation that the DenSco Loan Proceeds  
25 were being used for their intended purpose.

1           75.    The Chase Defendants knew that Menaged was taking photos of the  
2 checks and had to have known that he was sending them to DenSco as proof that  
3 DenSco's Loan Proceeds were being used for their intended purpose. And the Chase  
4 Defendants knew that Menaged used the DenSco Loan Proceeds for his personal  
5 benefit, as they assisted him in re-depositing these funds, obtaining large cash  
6 withdrawals of the re-deposited funds, and transferring these funds to Menaged's  
7 personal Chase accounts.

8           76.    Upon information and belief, shortly after Menaged began deploying this  
9 scheme through the Chase Defendants in April 2014, and in recognition of the fact that  
10 Menaged was every weekday having Chase issue and immediately re-deposit multiple  
11 cashier's checks, each for hundreds of thousands of dollars, Nelson or another Chase  
12 employee began stamping on the back of each check the words "Not Used For Intended  
13 Purposes". The Chase Defendants told Menaged they would stamp each check with  
14 those words unless he communicated to them before coming into the Chase Branch his  
15 intent to not immediately re-deposit the check.

16           77.    Upon information and belief, the Chase Defendants informed Menaged  
17 that they were legally obligated to report to the government any cash transaction over  
18 \$10,000 and that their internal processes would likely trigger a suspicious activity report  
19 if a transaction was just under \$10,000, such that the Chase Defendants advised  
20 Menaged to withdraw or deposit cash in amounts that would avoid either report being  
21 made. Menaged followed this advice.

22           78.    The Chase Defendants further knew of, assisted with, and recklessly  
23 tolerated Menaged's misappropriation of the DenSco Loan Proceeds that had been  
24 deposited in his AZHF account for, among other things, recreational gambling. Among  
25 other things, the Chase Defendants (i) increased to approximately \$40,000 the spending  
26

1 limit on Menaged's AZHF debit card to avoid Chase's fraud prevention department  
2 flagging the account or declining the card, (ii) asked Chase's fraud prevention  
3 department to remove suspensions or "flags" on the AZHF debit card due to the high  
4 dollar amounts that were being charged at casinos, (iii) initiated outgoing wire transfers  
5 and issued cashier's checks from Menaged's AZHF account to various casinos, and (iv)  
6 confirmed with various casinos that these cashier's checks or wire transfers were  
7 legitimate.

8 79. Upon information and belief, the Chase Defendants knew of, assisted, and  
9 recklessly tolerated Menaged's unlawful use of the DenSco Loan Proceeds by not  
10 following their own policies and procedures, including (i) regularly violating Chase's  
11 multi-day hold policy before wire-transferred funds can be withdrawn, (ii)  
12 systematically overriding the 5-7 day hold policy for the funds of re-deposited cashier's  
13 checks, and (iii) contravening Chase's policy requiring an account holder to sign  
14 in-person the documentation for a cashier's check, and issuing them in response to  
15 Menaged's emails.

16 80. The Chase Defendants were motivated to assist Menaged in these  
17 transactions to keep Menaged as a banking customer, particularly one who maintained  
18 accounts worth millions of dollars. The Chase Defendants kept silent as to Menaged's  
19 scheme and wrongful actions; they never informed DenSco about Menaged's scheme  
20 and wrongful actions.

21 81. Without the substantial assistance of the Chase Defendants, Menaged  
22 could not have defrauded DenSco of more than \$300 million in DenSco Loan Proceeds.

## 23 **6DISCOVERY OF THE SECOND FRAUD**

24 82. ~~762.~~In April 2016, Menaged filed for Chapter 7 bankruptcy.

25 83. ~~63.~~At the time, Menaged, AZHF and Easy Investments owed DenSco  
26

1 8 approximately \$3044 million in loans.

2 ~~9 64. When Chittick confronted Menaged about the amounts owed to DenSeo,~~

3 ~~10 Menaged lied to Chittick and told him the money owed to DenSeo was safe and~~  
4 ~~was being~~ 11 When Chittick learned of the bankruptcy filings, he confronted  
5 Menaged, who falsely said that the money owed to DenSeo was safe and was  
6 being held at Auction.com, an online marketplace for foreclosure buyers.

7 84. 1265. Menaged further lied and told Chittick that ~~he~~ Menaged would be  
8 able to retrieve the money ~~13~~ from Auction.com and repay DenSeo ~~as soon as~~ when the  
9 bankruptcy action was discharged.

10 ~~1466. Menaged told Chittick that no one can know about Auction.com because~~  
11 ~~the~~ 15 bankruptcy court would go after the money if it discovered it and Menaged  
12 ~~would be~~

13 ~~16 unable to repay DenSeo and its investors.~~

14 ~~1767. Menaged warned Chittick not tell anyone about the Auction.com arrangement~~  
15 ~~because the bankruptcy court would, if it learned of the funds, attempt to pull~~  
16 ~~them into the Chapter 7 action.~~

17 85. Menaged also threatened Chittick ~~by telling him~~ that if ~~Chittick~~ he told  
18 anyone ~~18~~ about Auction.com, Menaged would testify that Chittick was complicit in the  
19 First Fraud ~~19~~ and knew all along that DenSeo's loans were unsecured.

20 86. 2068. On July 28, 2016, Chittick committed suicide.

21 87. 2169. ~~Chittick was not aware of the Second Fraud when he committed~~  
22 ~~suicide.~~ Chittick died unaware of the Second Fraud.

23 ~~2270. ——— Based on Menaged's misrepresentations, Chittick believed that the money~~  
24 ~~owed to DenSeo was tied up at Auction.com pursuant to a supposed agreement~~  
25 ~~between~~

26 ~~24 Auction.com and Menaged, the details of which he did not fully understand and,~~  
27 ~~because of the bankruptcy action, Menaged could not repay DenSeo.~~

28 ~~25 71. The facts involving the Second Fraud were not discovered until after the~~

1 ~~4~~The Receiver was appointed on August 18, 2016.

2 ~~88. 272.~~ On August 23, 2016, the Receiver obtained a document that vaguely~~3~~  
3 referenced ~~the method in which Menaged and DenSco altered their business practices~~  
4 ~~after~~

5 ~~4the Forbearance Agreement.~~

6 ~~573.—~~ how DenSco had altered its lending practices with Menaged and his  
7 entities in January 2014. The Receiver immediately began investigating ~~to track and~~  
8 ~~document the6funds DenSco loaned to Menaged after the Forbearance Agreement and~~  
9 ~~to determine how~~

10 ~~7those funds were used by Menaged.~~

11 ~~74.During that investigation, the Receiver discovered that Menaged did not~~  
12 ~~use~~

13 ~~8~~  
14 ~~the funds obtained from DenSco to purchase the Identified Properties.all funds~~  
15 DenSco had loaned to Menaged, discovering that Menaged had not used the DenSco  
16 Loan Proceeds for their intended purpose -- to purchase the Identified Properties.

17 ~~9~~  
18 ~~89. 75.~~ On or about October 3, 2016, the Receiver obtained selected  
19 documents from a forensic image of

20 ~~10~~ Menaged's computers and cellphone.

21 ~~1176. The Receiver located a number of emails from Menaged to, which~~  
22 included some email communication with Chase employees.

23 ~~12from Menaged's computers, but still did not fully understand the nature and extent of~~  
24 ~~the~~

25 ~~13Second Fraud and the damages.~~

26 ~~90. 1477.~~ On October 20, 2016, the Receiver deposed Menaged.

~~91. 1578. In~~ On November 7 and 8, 2016, the Receiver issued subpoenas to  
US Bank and to Chase

~~16and slowly began to receive documents from both US Bank and Chase.~~

~~1779.— By December 2016, the Receiver understood the general nature of the~~  
~~18Second Fraud but did not yet know the full extent of it.~~

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

~~1980. The Receiver ultimately performed a complete forensic recreation of 20,~~  
~~who began to produce responsive documents.~~  
92. In the spring and summer of 2017, the Receiver performed a complete  
forensic recreation of Menaged's banking activity.

~~2181. The Receiver finally understood the extent and losses constituting the~~  
~~22 Second Fraud, and the substantial assistance U.S. Bank and Chase provided to~~  
~~Menaged,~~  
~~23 when it completed an initial draft of that forensic recreation of Menaged's banking~~  
~~activity~~  
~~24 on or about June 13, 2017.~~  
~~82. The Receiver continued to learn additional information regarding~~  
~~the~~  
~~25~~  
~~substantial assistance US Bank and Chase Bank provided to Menaged in relation~~  
~~to the~~

~~1Second Fraud after June 13, 2017.~~

~~2**MENAGED'S INDICTMENT AND GUILTY PLEA.**~~

~~3383.—— On or about May 16, 2017 Menaged was indicted in the United States  
4District Court, District of Arizona, Case No. CR-17-00680-PHX-GMS(MHB) (the  
5“District Court Action”), for Wire Fraud, Aggravated Identity Theft, Conspiracy to  
6Defraud, and Forfeiture, in connection with his ownership, and management, of his  
real~~

~~7estate and furniture businesses.~~

~~84.—— On or about August 4, 2017, Menaged and Francine Menaged  
entered into a~~

~~9Settlement Agreement with Plaintiff, whereby the Menageds consented to the  
entry of a~~

~~10nondischargeable civil judgment in favor of Plaintiff in the amount of  
\$31,000,000.00, and~~

~~11whereby Plaintiff agreed to offset the judgment in an amount equal to the gross  
recovery~~

~~12from third parties that is related to Menaged's cooperation.~~

~~13285.—— On or about October 17, 2017, Menaged pleaded guilty to Conspiracy to  
14Commit Bank Fraud, Aggravated Identity Theft, and Money Laundering Conspiracy,  
in the~~

~~15District Court Action.~~

~~16586.—— Menaged was sentenced to 17 years in a federal prison.~~

~~17687.—— Menaged could not conduct this scheme on his own. This is where  
Defendants come in.~~

~~18**MENAGED'S CASHIER'S CHECK SCHEME: THE US BANK YEARS.**~~

~~191988.—— From December 2012 through May 2016, Menaged and his business Easy  
20Investments maintained a series of accounts with US Bank.~~

~~212189.—— Upon information and belief, Menaged banked at US Bank's branch  
located~~

~~22at 6611 W. Bell Road, Glendale, Arizona, which is located in a Fry's grocery store.~~

~~2390.—— Upon information and belief, Defendant Chavez worked at US Bank and  
24was the manager of the US Bank branch at 6611 W. Bell Road, Glendale, Arizona.~~

~~2591.—— Upon information and belief, Defendant Chavez was Menaged's  
main~~

~~26contact at US Bank. She committed the wrongful acts set forth below while  
conducting~~

~~1 official US Bank business.~~

~~292. — US Bank and Defendant Chavez may be referred to as “the US Bank Defendants.”~~

~~493. — From December 2012 through May 2016, Menaged emailed DenSeo a list of~~

~~5 Identified Properties that were in foreclosure proceedings. Menaged intentionally~~  
~~6 misrepresented that he (or his company) attended the various trustee’s sale public~~  
~~7 auctions~~

~~8 and was the winning bidder to purchase the Identified Properties.~~

~~94. In those emails, he would set forth the address of the Identified Property that~~

~~10 he purportedly purchased, and request financing from DenSeo.~~

~~95. Relying on Menaged’s misrepresentations, DenSeo made the requested loans~~

~~10 and wired the DenSeo Loan Proceeds to Menaged’s Easy Investments account at US Bank.~~

~~11 — 96. — DenSeo’s wire transfers to US Bank included the following information:~~

~~12 a. The name of the originator: “DenSeo Investment Corp”;~~

~~13 14b. — The name of the recipient: “Easy Investments, LLC”; and~~

~~14 15c. — The amount of the DenSeo loan transferred to Menaged for the purchase of the Identified Properties.~~

~~15 97. — Upon information and belief, nearly all funds in Menaged’s Easy~~  
~~16 Investments account at US Bank consisted of the DenSeo Loan Proceeds made to~~  
~~17 Menaged~~

~~18 to purchase the Identified Properties.~~

~~19 1998. — The US Bank Defendants knew almost all of the funds in Menaged’s Easy~~  
~~20 Investments account at US Bank consisted of the DenSeo Loan Proceeds because~~  
~~21 they~~

~~22 accepted the wire transfers from DenSeo, kept records of Easy Investments’ account, and~~

~~23 compiled this information in the US Bank bank statements evidencing this.~~

~~24 2399. — On or about the day that DenSeo wired the DenSeo Loan Proceeds to~~  
~~25 Menaged’s Easy Investments’ account, Menaged, or his assistant Veronica Castro,~~  
~~26 would~~



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

~~25 visit the US Bank branch to obtain cashier's checks.~~

~~1100. — The cashier's checks that Menaged or Castro obtained from US Bank  
consisted of the DenSco Loan Proceeds.  
1101. — The amount of the cashier's checks that the US Bank Defendants created  
for  
Menaged were equal to the amount of the DenSco Loan Proceeds that DenSco wired  
to  
Menaged's Easy Investments account on or about that particular day, less the  
\$10,000.00  
deposit that Menaged would have had to deposit with the trustee as the winning  
bidder.  
102. — Upon information and belief, Defendant Chavez, or other US  
Bank employees, would assist Menaged and Castro in obtaining the  
cashier's checks.  
103. — Menaged or Castro instructed the US Bank Defendants to (1) make  
the  
cashier's checks payable to the trustee who allegedly conducted the public sale of  
the  
foreclosed property; and (2) in the amount for which Menaged misrepresented to  
DenSco  
that he purchased the property, less the \$10,000.00 deposit that Menaged would have  
had  
to deposit with the trustee as the winning bidder.  
104. — Menaged or Castro also instructed the US Bank Defendants to memorialize  
on each individual cashier's checks' memo line: "DenSco Payment [and address of  
the  
property]" or "DenSco [and address of the property]".  
105. — The US Bank Defendants prepared the cashier's checks in accordance with  
Menaged's or Castro's instructions.  
106. — On almost all occasions, Menaged did not use the US Bank cashier's  
checks  
to purchase the Identified Properties as he had represented to DenSco.  
107. — Rather, the purpose of these cashier's checks was to defraud DenSco, as it  
was Menaged's intention to use the DenSco Loan Proceeds for his personal benefit.  
108. — Specifically, Menaged used the US Bank cashier's checks to provide  
assurances to DenSco, and make DenSco believe, that he would be using the DenSco  
Loan  
Proceeds to purchase the Identified Properties.~~

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

25

~~109. To provide these assurances to DenSco, Menaged or Castro took a picture of each cashier's check prepared and issued by US Bank.~~

1  
2  
3  
4  
5 1110. — Upon information and belief, if Menaged was at the US Bank branch  
6 obtaining the cashier's checks, he would electronically send the photos of the  
7 cashier's  
8 checks to DenSeo while at the branch.  
9 1111. — Upon information and belief, if Castro was at the US Bank branch  
10 obtaining  
11 the cashier's checks, she would take these pictures and send them to Menaged while  
12 at the  
13 US Bank branch, and then Menaged would forward them to DenSeo.  
14 1112. — Immediately after the electronic photo of the cashier's checks was  
15 sent to DenSeo, the US Bank Defendants would then redeposit the cashier's  
16 checks, which  
17 consisted of the DenSeo Loan Proceeds, back into Menaged's Easy Investments'  
18 account.  
19 After providing DenSeo with photographic evidence of the cashier's check,  
20 Menaged  
21 would falsify a trustee's sale receipt purporting to evidence the purchase of a real  
22 property  
23 that never happened. The forged sales receipts typically contained information  
24 directly  
25 from the cashier's check issued and redeposited by Chase. This provided further  
26 On  
December 8, 2017, counsel for the Receiver interviewed Menaged who testified  
under oath regarding the Second Fraud and his involvement with US Bank and  
Chase.  
legitimacy to DenSeo that Menaged was using the loan proceeds for their intended  
purpose  
1113. — Then, Menaged would use the DenSeo Loan Proceeds for his own personal  
benefit.  
1114. — Menaged and the US Bank Defendants worked together to create,  
photograph, and then immediately redeposit at least 41 cashier's checks in the total  
amount  
of \$6,931,048.00, which allowed Menaged to use the DenSeo Loan Proceeds for his  
own  
personal benefit.

**US BANK DEFENDANTS KNEW THAT MENAGED WAS  
DEFRAUDING DENSCO.**

1115. — The US Bank Defendants knew, and were generally aware, that Menaged

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

~~22was using the cashier's checks to commit the Second Fraud for several reasons.~~  
~~23116. — First, the US Bank Defendants knew that Menaged promoted himself and~~  
~~24Easy Investments as being in the business of purchasing foreclosed homes from~~  
~~public~~  
~~25auctions because he regularly told them.~~

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

~~1117. — Also, upon information and belief, Defendant Chavez knew that Menaged  
2and Easy Investments were in the business of purchasing foreclosed homes at public  
3auctions because she was interested in purchasing foreclosed properties as rentals,  
and~~

~~4Defendant Chavez met with Menaged to mentor her in the business.~~

~~5118. — Second, Menaged told the US Bank Defendants that DenSeo was his and  
6Easy Investments' lender and that DenSeo loaned funds to Menaged and his  
companies for~~

~~7the intended purchase of homes in foreclosure proceedings.~~

~~119. The US Bank Defendants knew that DenSeo loaned money to  
Menaged and~~

~~8  
Easy Investments because DenSeo wired the DenSeo Loan Proceeds to  
Menaged's Easy~~

~~9  
Investments account at US Bank and the wire transfers listed DenSeo as "the  
originator."~~

~~10  
120. The US Bank Defendants knew that the cashier's checks that Menaged  
or~~

~~11Castro obtained consisted of DenSeo Loan Proceeds because it would receive  
DenSeo's~~

~~12wire transfer which listed DenSeo as "the originator" and then they created the  
cashier's~~

~~13checks which memorialized that they were DenSeo's payment for a certain property  
on the~~

~~14cashier's checks' memo lines.~~

~~15121. — Third, the US Bank Defendants knew that DenSeo had the expectation that  
16the DenSeo Loan Proceeds wired into Menaged's Easy Investments account would  
be used~~

~~17to purchase the Identified Properties because the US Defendants would prepare  
cashier's~~

~~18checks that would:~~

~~19a. be approximately equal to the total amount that DenSeo wired to  
Menaged's Easy Investments' account;~~

~~20  
b. be made payable to a trustee that conducted the public auction;  
and~~

~~21  
c. memorialize the cashier's checks' purported purpose by stating in~~

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

~~22their memo lines: “DenSeo Payment [property address].”~~  
~~23122. — Fourth, the US Bank Defendants knew that Menaged was not using the~~  
~~24DenSeo Loan Proceeds to complete the purchase of the Identified Properties, but~~  
~~rather to~~  
~~25perpetuate his fraud, because the US Bank Defendants would immediately redeposit~~  
~~the~~

~~1 cashier's checks back into the Easy Investments account for him.~~  
~~2 2123. — Fifth, the US Bank Defendants knew that Menaged was not using the~~  
~~3 DenSeo Loan Proceeds for their intended purpose of purchasing the Identified~~  
~~4 Properties at~~  
~~5 trustee's sales, but rather, Menaged was using the DenSeo Loan Proceeds for his~~  
~~6 personal~~  
~~7 benefit because, upon information and belief, he would withdraw large amounts of~~  
~~8 the~~  
~~9 redeposited DenSeo Loan Proceeds in cash from the US Bank's Easy Investments'~~  
~~10 account~~  
~~11 and transfer redeposited DenSeo Loan Proceeds from his US Bank Easy~~  
~~12 Investments account to his other US Bank accounts.~~  
~~13 124. — Because Menaged and U.S. Bank re-deposited the cashier's check~~  
~~14 41 times~~  
~~15 totaling almost \$7 million, and U.S. Bank knew that Menaged was not using~~  
~~16 DenSeo's~~  
~~17 loan proceeds for their intended purpose, U.S. Bank knew that the cashier's check~~  
~~18 scheme~~  
~~19 had no legitimate banking or business purpose, and despite this, continued to provide~~  
~~20 Menaged banking services because of its own heightened motivation of maintaining~~  
~~21 accounts worth millions of dollars.~~

**22 THE US BANK DEFENDANTS SUBSTANTIALLY ASSISTED MENAGED.**

~~23 2125. — As discussed above, the US Bank Defendants had actual knowledge of the~~  
~~24 Second Fraud and substantially assisted Menaged in defrauding DenSeo by knowing~~  
~~25 that~~  
~~26 Menaged was defrauding DenSeo and performing routine banking services that~~  
~~allowed~~  
~~him to perpetuate his fraudulent scheme.~~

~~2126. — Upon information and belief, these routine banking services included, but~~  
~~were not limited to:~~

- ~~a. accepting wire transfers from DenSeo knowing that the DenSeo~~  
~~Loan~~  
~~Proceeds were not going to be used for their intended purpose of~~  
~~purchasing homes in foreclosure proceedings;~~
- ~~b. — creating cashier's checks knowing that they consisted of~~  
~~DenSeo Loan Proceeds and were not going to be used~~  
~~for their intended~~



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

~~24 purpose of purchasing homes in foreclosure proceedings;~~  
~~25c. redepositing the cashier's checks for Menaged into his Easy~~

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

~~Investments account knowing that they consisted of DenSco-  
Loan  
1Proceeds and that Menaged would use the redeposited DenSco Loan  
2Proceeds for his own benefit;  
3d. ————— allowing Menaged to withdraw substantial amounts of DenSco-  
Loan Proceeds in the form of cash from the Easy-  
Investments Account; and  
4  
5e. ————— transferring the DenSco Loan Proceeds from Menaged’s-  
Easy Investments accounts to his other accounts at  
US Bank.  
6127. — Also, and upon information and belief, Menaged requested that the US-  
Bank  
7Defendants keep substantial amounts of cash at US Bank branch at 6611 W. Bell-  
Road,  
8Glendale, Arizona to ensure adequate cash was available for Menaged’s regular and  
9substantial cash withdrawals.  
10128. — Upon information and belief, the US Bank Defendants accommodated this  
11request and changed its policies at the US Bank branch at 6611 W. Bell Road,-  
Glendale,  
12Arizona and kept up to \$20,000.00 of cash at any given time for Menaged’s cash  
13withdrawals.  
14129. — The US Bank Defendants also substantially assisted Menaged in-  
committing  
15the Second Fraud by ignoring its own policies and procedures.  
16130. — Upon information and belief, US Bank has a “hold period” on redeposited  
17cashier’s checks, where the redeposited funds would not be available to the-  
account owner for several days.  
18  
19131. — Upon information and belief, the US Bank Defendants materially-  
assisted the  
20Second Fraud by violating their own internal policies and procedures by-  
intentionally  
21“over-riding” these holds on the redeposited cashier’s checks to allow Menaged-  
immediate  
22access to the redeposited DenSco Loan Proceeds.  
23132. — The US Bank Defendants materially assisted the Second Fraud by-  
continuing~~

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

~~23 to furnish routine banking services to Menaged, despite:~~  
~~24~~  
~~a. knowing that Easy Investments' business account was used for the~~  
~~25 \_\_\_\_\_ purchase of properties at trustee's sales;~~

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

~~1b. ——— knowing DenSeco loaned money to Easy Investments for purchasing  
the Identified Properties at trustee’s sales;  
3c. ——— knowing that Menaged was obtaining cashier’s checks with the  
DenSeco Loan Proceeds for the purported purchase of  
the Identified  
4Properties, but instead was redepositing them back into his Easy  
5Investments account; and  
6d. ——— knowing that Menaged instead used the DenSeco Loan  
Proceeds for his own personal use.  
7  
133. — Without the material and substantial assistance that the US Bank  
Defendants  
8 — provided to Menaged, Menaged could not have conducted the Second Fraud from  
9 — December 2012 through April of 2014.  
10134. — The US Bank Defendants intended to assist Menaged in because the  
Second  
11Fraud Menaged moved millions of dollars through his Easy Investment account at  
US  
12Bank, and therefore, the US Bank Defendants had a financial motive to maintain  
13Menaged’s business at US Bank.  
14135. — The US Bank Defendants benefited from the Second Fraud by maintaining  
15Menaged’s business accounts.  
16136. — The US Bank Defendants, through their actions as described above, acted  
to  
17serve US Bank’s own interests, having reason to know and consciously disregarding  
a  
18substantial risk that their conduct might significantly injure the rights of others,  
including  
19DenSeco.  
20137. — The US Bank Defendants, through the actions as described above,  
21consciously pursued a course of conduct knowing that it created a  
22substantial risk of significant harm to others, including DenSeco.  
23  
24138. — Because the US Bank Defendants aided and abetted Menaged in  
defrauding  
25DenSeco, DenSeco was damaged in an amount to be proved at trial, but no less than  
26\$1,000,000.00.~~

[1](#)  
[2](#)  
[3](#)  
[4](#)  
[5](#)  
[6](#)  
[7](#)  
[8](#)  
[9](#)  
[10](#)  
[11](#)  
[12](#)  
[13](#)  
[14](#)  
[15](#)  
[16](#)  
[17](#)  
[18](#)  
[19](#)  
[20](#)  
[21](#)  
[22](#)  
[23](#)  
[24](#)  
[25](#)  
[26](#)

~~25~~

**~~MENAGED'S CASHIER'S CHECK SCHEME: THE CHASE  
YEARS.~~**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

~~1139. — From April 2014 through at least November 2016, Menaged and AZHF~~  
~~2banked with Chase.~~

~~3140. — Upon information and belief, Menaged banked at Chase’s branch located~~  
~~at~~

~~48999 East Shea Boulevard, Scottsdale, Arizona.~~

~~5141. — From April 2014 through at least November 2016, Defendants Nelson and~~  
~~6Dadlani worked at Chase and were managers at the Chase branch located at 8999~~  
~~East~~

~~7Shea Boulevard, Scottsdale, Arizona. They committed the wrongful acts set~~  
~~8forth below while conducting official Chase business.~~

~~9142. Upon information and belief, Defendants Nelson and Dadlani were~~  
~~10Menaged’s main contacts at Chase.~~

~~11143. Chase, Nelson, and Dadlani may be referred to as “the Chase~~  
~~12Defendants.”~~

~~131144. — From April 2014 through at least November 2016, Menaged emailed~~  
~~14DenSeo a list of properties that were in foreclosure proceedings. He intentionally~~  
~~15misrepresented that he (or his company) attended the trustee’s sale public auctions~~  
~~and was~~

~~16the winning bidder to purchase the Identified Properties.~~

~~1715145. — In those emails, he would set forth the address of the Identified Property~~  
~~18purportedly purchased, and request financing from DenSeo.~~

~~1917146. — Relying on Menaged’s misrepresentations, DenSeo wired the requested~~  
~~20DenSeo Loan Proceeds to Menaged’s AZHF account at Chase.~~

~~2119147. — DenSeo’s wire transfers to Chase included the following information:~~

~~2220a. — The name of the originator: “DenSeo Investment Corp”;~~

~~2321b. — The name of the recipient: “Arizona Home Foreclosure, LLC”; and~~

~~2422c. — The amount of the DenSeo loan transferred to Menaged for the~~  
~~25purchase of the Identified Properties.~~

~~26148. — Upon information and belief, nearly all funds in Menaged’s AZHF~~  
~~account at Chase consisted of the DenSeo Loan Proceeds to purchase the~~  
~~Identified Properties.~~

~~149. — The Chase Defendants knew that most of the funds in Menaged’s~~  
~~Easy~~

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

~~1~~AZHF account at Chase consisted of the DenSeo Loan Proceeds because Chase  
accepted  
2the wire transfers from DenSeo, kept records of AZHF's account transactions, and  
3compiled this information in the Chase bank statements evidencing this.  
4150. — After Chase received a DenSeo wire transfer, Menaged would email the  
5Chase Defendants and request them to issue cashier's checks from his AZHF  
account.  
6151. — In those emails to the Chase Defendants, Menaged instructed them to (1)  
7make the cashier's check payable to the trustee who allegedly conducted the  
public auction of the foreclosed property; and (2) in the amount for which  
Menaged misrepresented to  
8  
DenSeo that he purchased the property, less the \$10,000.00 deposit that Menaged  
would  
9  
have had to deposit with the trustee as the winning bidder.  
10  
152. — In those emails to the Chase Defendants, Menaged also instructed  
the Chase  
11Defendants to memorialize on each individual cashier's check's memo line:  
"DenSeo  
12Payment [and address of the property]" or "DenSeo [and address of the property]".  
13153. — The Chase Defendants prepared the cashier's checks from AZHF's account  
14in accordance with Menaged's emailed instructions.  
15154. — The Chase cashier's checks consisted of DenSeo Loan Proceeds.  
16155. — In addition, when a Chase Defendant prepared the cashier's checks in  
17accordance with Menaged's instructions, he or she stamped the back of the cashier's  
18checks "Not Used For Intended Purposes," and prepared a withdrawal slip and a  
19corresponding deposit slip for the identical amount of the cashier's checks so that  
Menaged  
20could redeposit the cashier's checks back into his AZHF account after he took  
pictures of  
21them.  
22156. — The withdrawal slip would contain the total amount of all cashier's checks  
23being issued (e.g., four or five checks at a time) and the deposit slip would be for the  
24same  
amount as the withdrawal slip.  
25157. — The Chase Defendants prepared this packet prior to Menaged's  
arrival at the  
25

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

branch and had the packet waiting for him to further his fraudulent scheme.



~~1158. When Menaged arrived at the Chase branch, the Chase Defendants would then hand him the withdrawal slips, cashier's checks, and deposit slips in one paperclip.~~

~~3159. Menaged did not prepare any of the paperwork himself. He instead relied on Chase to fill out the withdrawal slips and the deposit slips for him before he arrived at the branch.~~

~~6160. On almost all occasions, Menaged did not use the DenSeo Loan Proceeds to~~

~~purchase the Identified Properties as he had represented to DenSeo.~~

~~161. Rather, the purpose of these cashier's checks was to defraud DenSeo, as it~~

~~was Menaged's intention to use the DenSeo Loan Proceeds for his personal benefit.~~

~~162. Specifically, Menaged used the Chase cashier's checks to provide assurances~~

~~to DenSeo, and make DenSeo believe, that he would be using the DenSeo Loan Proceeds to purchase the Identified Properties.~~

~~12163. To provide these assurances to DenSeo, Menaged would take photos of the cashier's checks and electronically send the photos to DenSeo.~~

~~14164. Menaged often took a picture of the cashier's checks in front of a Chase Defendant.~~

~~16165. The Chase Defendants had no problem assisting Menaged in defrauding DenSeo. Upon information and belief, on at least one occasion, a Chase Defendant took~~

~~the picture for Menaged on his cell phone so that he could provide the false assurances to~~

~~DenSeo.~~

~~20166. The Chase Defendants typically did not ask Menaged to show his identification at any point during the transaction of receiving and redepositing the cashier's~~

~~checks.~~

~~23167. Immediately after Menaged sent the electronic photo of the cashier's checks~~

~~to DenSeo, the Chase Defendants would then redeposit the cashier's check, comprised of the DenSeo Loan Proceeds, back into Menaged's AZHF account.~~

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

~~168.—After providing DenSeo with photographic evidence of the cashier's check,~~

1  
2  
3  
4  
5 ~~1 Menaged would falsify a trustee's sale receipt purporting to evidence the purchase~~  
6 ~~of a real~~  
7 ~~2 property that never happened.~~

8 ~~3 169. — The forged sales receipts typically contained information directly from the~~  
9 ~~4 cashier's check issued and redeposited by Chase. This provided further legitimacy to~~  
10 ~~5 DenSco that Menaged was using the loan proceeds for their intended purpose.~~  
11 ~~6 170. — Then, Menaged would use the DenSco Loan Proceeds for his own personal~~  
12 ~~7 benefit.~~

13 ~~8 171. Menaged and the Chase Defendants worked together to create,~~  
14 ~~9 photograph,~~  
15 ~~10 and then immediately redeposit at least 1,349 cashier's checks, in the total amount~~  
16 ~~11 of~~  
17 ~~12 \$312,108,679.00, which Menaged used for his personal benefit.~~

18 ~~13 CHASE DEFENDANTS KNEW THAT MENAGED WAS~~  
19 ~~14 DEFRAUDING DENSCO.~~

20 ~~15 172. The Chase Defendants knew, and were generally aware, that Menaged~~  
21 ~~16 was~~  
22 ~~17 using this cashier's check scheme to commit the Second Fraud for several~~  
23 ~~18 reasons.~~

24 ~~19 173. The Chase Defendants knew that Menaged promoted himself and~~  
25 ~~20 AZHF as~~  
26 ~~21 being in the business of purchasing foreclosed homes from public auctions~~  
27 ~~22 because he~~  
28 ~~23 regularly told them.~~

29 ~~24 174. — Also, upon information and belief, Defendant Nelson (or another bank~~  
30 ~~25 officer or employee) knew that Menaged was in the business of purchasing~~  
31 ~~26 foreclosed~~  
32 ~~27 properties as she expressed interest in purchasing a foreclosed home for her personal~~  
33 ~~28 use.~~

34 ~~29 175. — Menaged told the Chase Defendants that DenSco was his and AZHF's~~  
35 ~~30 lender~~

36 ~~31 and that DenSco loaned funds to Menaged and his companies for the intended~~  
37 ~~32 purchase of~~  
38 ~~33 homes in foreclosure proceedings.~~

39 ~~34 176. — The Chase Defendants knew that DenSco loaned money to Menaged and~~

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

~~23~~AZHF because DenSeo wired the DenSeo Loan Proceeds to Menaged's accounts at  
Chase  
~~24~~and the wire transfers listed DenSeo as "the originator."  
~~25~~177. The Chase Defendants knew that the cashier's checks consisted of DenSeo

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

~~1 Loan Proceeds because Chase would receive DenSeo's wire transfer which listed  
DenSeo  
2 as "the originator," and then they created the cashier's checks which memorialized  
that the  
3 checks were DenSeo's payment for a certain property on the cashier's checks' memo-  
lines.  
4 178. — The Chase Defendants knew that DenSeo had the expectation that the  
5 DenSeo Loan Proceeds that it wired into Menaged's Chase accounts would be used  
to  
6 purchase the Identified Properties because the Chase Defendants would prepare  
cashier's checks that would:  
7 7a. — be approximately equal to the total amount that DenSeo wired to  
8 Menaged's Easy Investments' account;  
9 9b. — be made payable to a particular trustee that conducted the public  
10 auction; and  
11 11c. — memorialize the cashier's checks' purported purpose by  
stating in their memo lines: "DenSeo Payment  
[property address]."  
12 179. — The Chase Defendants knew that Menaged was using the cashier's checks  
to  
13 provide false assurances to DenSeo because (1) a Chase Defendant had asked  
Menaged  
14 why he would take pictures of the cashier's checks; (2) Menaged told her that he was  
15 sending photos of the cashier's checks to DenSeo to provide assurances to DenSeo  
that the  
16 DenSeo funds were actually being used to purchase the Identified Properties; and (3)  
the  
17 Chase Defendants redeposited the checks back into Menaged's AZHF's account.  
18 180. — The Chase Defendants knew that Menaged was generally not using the  
19 cashier's checks to purchase the Identified Properties because (1) when a Chase  
Defendant  
20 prepared the cashier's checks in accordance with Menaged's instructions, he or she  
21 stamped the back of the cashier's checks "Not Used For Intended Purpose;" and (2)  
they  
22 prepared a corresponding deposit slip for the identical amount of the cashier's  
checks so  
23 that Menaged could redeposit cashier's checks back into his AZHF account  
after he took pictures of them.  
24~~

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

25

~~181. From time to time, Menaged used a cashier's check for its intended purpose to purchase one of the Identified Properties at a trustee's sale.~~

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

~~1182. — The Chase Defendants and Menaged came up with a system whereby~~  
~~2Menaged provided them with notice that he was going to take a cashier's check and~~  
~~3did not~~  
~~4want the Chase Defendants to redeposit that particular cashier's check back into~~  
~~5AZHF's~~  
~~6account.~~  
~~7183. — Upon information and belief, the Chase Defendants instructed Menaged~~  
~~8that~~  
~~9Chase would assume all of the cashier's checks would be redeposited in the AZHF~~  
~~10account~~  
~~11and would mark the cashier's checks as "Not Used For Intended Purposes" prior~~  
~~12to Menaged's arrival at the Chase branch, unless Menaged indicated in his~~  
~~13email to the Chase~~  
~~148~~  
~~15Defendants that he intended to take a certain cashier's check with him when he~~  
~~16left the~~  
~~179~~  
~~18branch.~~  
~~1910~~  
~~20184. — If Menaged did not inform the Chase Defendants that he intended to~~  
~~21take a~~  
~~22cashier's check with him when he left the branch, Chase would automatically~~  
~~23prepare the~~  
~~24cashier's checks for redeposit and would mark the cashier's checks "Not Used~~  
~~25For13Intended Purposes" before Menaged arrived to "pick up" the checks.~~  
~~2614185. — When Menaged intended to take a cashier's check, he indicated in his~~  
~~emails~~  
~~to Chase "taking with me," or something similar, next to the dollar amount or~~  
~~trustee's~~  
~~name. That was Menaged's signal to the Chase Defendants that the cashier's check~~  
~~would~~  
~~not be redeposited so that the Chase Defendants would not mark it "Not Used For~~  
~~Intended~~  
~~Purposes."~~  
~~19186. — In nearly every other case, however, and unbeknownst to DenSeco,~~  
~~Menaged~~  
~~and the Chase Defendants redeposited the checks back into AZHF's account at~~  
~~Chase.~~  
~~21187. — Menaged and the Chase Defendants did this nearly every single business~~  
~~day~~

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

~~22 of the week from April 2014 through June 2015.~~  
~~23 188. — Upon information and belief, there are thousands of transactions whereby~~  
~~24 Menaged and the Chase Defendants would withdraw the DenSeo Loan~~  
~~Proceeds in the form of cashier's checks and redeposit those funds on the~~  
~~very same day.~~  
~~25~~  
~~189. — The Chase Defendants knew that Menaged was not using the~~  
~~DenSeo Loan~~



~~1 Proceeds to complete the purchase of the Identified Properties because the Chase~~  
~~2 Defendants would redeposit the cashier's checks back into Menaged's bank account~~  
~~3 for~~

~~4 him immediately after he took pictures of the cashier's checks.~~

~~5 190. — The Chase Defendants knew that Menaged was not using the DenSeo Loan~~  
~~6 Proceeds for their intended purpose of purchasing the Identified Properties at~~  
~~7 trustee's~~

~~8 sales, but rather, Menaged was using the DenSeo Loan Proceeds for his personal~~  
~~9 benefit~~

~~10 because, upon information and belief, he would withdraw large amounts of the~~  
~~11 redeposited DenSeo Loan Proceeds in cash from his Chase accounts and~~  
~~12 transfer the redeposited~~

~~13 DenSeo Loan Proceeds from his AZHF account to Menaged's other Chase~~  
~~14 accounts.~~

~~15 191. — Because Menaged and Chase re-deposited the cashier's check 1,349~~  
~~16 times~~

~~17 totaling over \$312,108,679.00, and Chase knew that Menaged was not using~~  
~~18 DenSeo's~~

~~19 loan proceeds for their intended purpose, Chase knew that the cashier's check~~  
~~20 scheme had~~

~~21 no legitimate banking or business purpose, and despite this, continued to provide~~  
~~22 Menaged~~

~~23 banking services because of its own heightened motivation of maintaining accounts~~  
~~24 worth~~

~~25 millions of dollars.~~

~~26 **15 THE CHASE DEFENDANTS SUBSTANTIALLY ASSISTED MENAGED.**~~

~~1 192. — As discussed above, the Chase Defendants had actual knowledge of the~~  
~~2 Second Fraud and substantially assisted Menaged in defrauding DenSeo by knowing~~  
~~3 that~~

~~4 Menaged was defrauding DenSeo and performing routine banking services that~~  
~~5 allowed~~

~~6 him to perpetuate his fraudulent scheme.~~

~~7 193. — Upon information and belief, these routine banking services included, but~~  
~~8 were not limited to:~~

~~9 a. accepting wires from DenSeo knowing that the funds were not~~  
~~10 going~~

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

~~22to be used for their intended purpose of purchasing homes in~~  
~~23foreclosure proceedings;~~  
~~24b. \_\_\_\_\_ creating cashier's checks knowing that they consisted of~~  
~~DenSeo Loan Proceeds and that they were not going~~  
~~to be used for their~~  
~~25intended purposes of purchasing homes in foreclosure proceedings;~~

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

~~c. redepositing the cashier's checks for Menaged into his accounts knowing that they consisted of DenSeo Loan Proceeds and that Menaged would use the redeposited DenSeo Loan Proceeds for his own benefit;~~

~~3 d. allowing Menaged to withdraw substantial amounts of DenSeo Loan~~

~~4 Proceeds in the form of cash;~~

~~5 e. ————— and transferring DenSeo Loan Proceeds from Menaged's AZHF~~

~~6 Accounts to his other accounts at Chase.~~

~~7 194. — The Chase Defendants materially assisted the Second Fraud by instructing~~  
~~8 Menaged on how to circumvent Chase and government procedures to avoid scrutiny~~  
~~9 when~~

~~10 he engaged in these cash transactions.~~

~~11 195. — For instance, the Chase Defendants informed Menaged that a~~  
~~12 cash transaction over \$10,000 needed to be reported to government~~  
~~13 authorities.~~

~~14 196. — The Chase Defendants also informed Menaged that any cash~~  
~~15 transactions~~

~~16 just under \$10,000, such as \$9,900, could trigger an internal suspicious activity~~  
~~17 report,~~

~~18 which is a report Chase generates when it appears someone is conducting~~  
~~19 transactions in a~~

~~20 manner that suggests that the person is trying to intentionally circumvent the~~  
~~21 \$10,000~~

~~22 reporting requirement.~~

~~23 197. — The Chase Defendants advised and instructed Menaged to withdraw or~~  
~~24 deposit cash in amounts that would not cause Chase to write up a suspicious activity~~  
~~25 report.~~

~~26 198. — Menaged followed the Chase Defendants' instructions on how to avoid~~  
~~scrutiny and deposited or withdrew cash from his AZHF's account in amounts that~~  
~~did not~~

~~require the transaction to be reported to governmental authorities, nor cause Chase to~~  
~~write~~

~~up a suspicious activity report.~~

~~199. — The Chase Defendants also substantially assisted the Second Fraud by~~  
~~facilitating Menaged's gambling with DenSeo Loan Proceeds.~~

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

~~24200. — Menaged frequently gambled with DenSeo Loan Proceeds by using his  
25AZHF debit card at casinos.~~

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

~~1201. — The Chase Defendants knew that Menaged gambled significant amounts of~~  
~~2DenSeo Loan Proceeds at casinos because they kept records and because of the facts-~~  
~~set~~

~~3forth below.~~

~~4202. — The Chase Defendants assisted the Second Fraud by helping him-~~  
~~use5DenSeo Loan Proceeds in the AZHF account for gambling purposes.~~

~~6203. — Menaged's AZHF debit card had a spending limit and Chase would decline~~  
~~7the card when Menaged exceeded the limit at the casino.~~

~~204. — The Chase Defendants assisted the Second Fraud by increasing the~~  
~~spending~~

~~8~~  
~~limits on Menaged's AZHF debit card to approximately \$40,000 so he could~~  
~~gamble at~~

~~9~~  
~~casinos with the DenSeo Loan Proceeds without Chase's fraud prevention-~~  
~~department~~

~~10~~  
~~flagging the account or declining his debit card.~~

~~11205. — Upon Menaged's request, the Chase Defendants assisted the Second Fraud~~  
~~12by contacting the Chase debit card fraud prevention department to remove-~~  
~~suspensions or~~

~~13"flags" on the AZHF debit card due to the high dollar amounts that were being~~  
~~charged at~~

~~14casinos so that he could gamble with the DenSeo Loan Proceeds.~~

~~15206. — The Chase Defendants also assisted the Second Fraud by initiating-~~  
~~outgoing~~

~~16wire transfers and issuing cashier's checks from the DenSeo Loan Proceeds in-~~  
~~Menaged's~~

~~17AZHF account to various casinos.~~

~~18207. — In short, the Chase Defendants knew that the funds in Menaged's AZHF~~  
~~19account were DenSeo Loan Proceeds, but facilitated Menaged's fraud by making it-~~  
~~easier,~~

~~20among other things, to gamble with those funds.~~

~~21208. — The Chase Defendants also assisted the Second Fraud by confirming with~~  
~~22various casinos that the cashier's checks or wire transfers from AZHF's account-~~  
~~were~~

~~23legitimate, if the casinos called them to verify the transactions.~~

~~24— 209. — The Chase Defendants also assisted the Second Fraud because even-~~  
~~though the Chase Defendants knew the DenSeo Loan Proceeds were to be used-~~  
~~for the purchase of~~

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

25

~~Identified Properties at trustee's sales, the Chase Defendants transferred DenSeo-  
Loan~~

~~1 Proceeds funds from AZHF's account into other accounts held by Menaged-~~  
~~2 personally and~~  
~~3 by his other businesses, for Menaged's own use.~~  
~~4 3210. — The Chase Defendants substantially assisted the Second Fraud by not~~  
~~5 following its own policies and procedures.~~  
~~6 5211. — Upon information and belief, Chase's system does not recognize wire~~  
~~7 transferred funds as being immediately available to be withdrawn.~~  
~~8 7— 212. — The Chase Defendants routinely and intentionally "over rode" holds-~~  
~~9 on the AZHF account to allow them to immediately issue cashier's checks-~~  
~~10 after Chase received~~  
~~11 DenSco's wire transfer.~~  
~~12 213. — Upon information and belief, Chase ordinarily had a policy for a 5-7-~~  
~~13 day~~  
~~14 hold on redeposited cashier's checks. Against its own policy, Chase routinely and~~  
~~15 intentionally "over rode" those holds to allow Menaged to immediately use the-~~  
~~16 redeposited~~  
~~17 DenSco Loan Proceeds for his own gain. Thus, Chase would release these holds so-~~  
~~18 that the~~  
~~19 funds were immediately available to Menaged for his own personal use.~~  
~~20 14214. — It was also contrary to Chase's policy to issue cashier's checks by email~~  
~~21 request. Upon information and belief, Chase's policy required the account holder to-~~  
~~22 be at~~  
~~23 the bank in person to sign the required documentation to obtain a cashier's check.~~  
~~24 Chase~~  
~~25 ignored that policy and issued cashier's checks to Menaged based upon his email~~  
~~26 requests.~~  
~~18215. — The Chase Defendants also substantially assisted the Second Fraud by~~  
~~19 continuing to furnish routine banking services to Menaged, despite:~~  
~~20a. — knowing the AZHF business account was for the purchase of~~  
~~21 Identified Properties at trustee's sales;~~  
~~22b. — knowing DenSco loaned the DenSco Loan Proceeds to AZHF-~~  
~~23 for purchasing properties at trustee's sales;~~  
~~24 e. knowing Menaged was assuring DenSco the DenSco Loan~~  
~~25 Proceeds~~  
~~26 were being used to purchase properties at-~~  
~~trustee's sales; and 25~~

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

d.knowing that Menaged instead used the DenSeo Loan Proceeds-  
for



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

~~Without this material and substantial assistance that the Chase-  
216: Defendants  
provided to Menaged, Menaged could not have operated the Second Fraud against  
DenSeo  
from April of 2014 through June 2015.~~

~~217. The Chase Defendants intended to assist Menaged in the Second Fraud  
because Menaged moved millions of dollars through his accounts at Chase, and  
therefore,  
the Chase Defendants had a financial motive to maintain Menaged's business.  
7218. — The Chase Defendants benefited from the Second Fraud by, among other  
8 things, maintaining Menaged's business accounts.  
9219. — The Chase Defendants, through its actions as described above, acted to  
serve  
Chase's interests, having reason to know and consciously disregard a substantial risk  
that  
its conduct might significantly injure the rights of others, including DenSeo.  
12220. — The Chase Defendants, through their actions as described above,  
consciously  
pursued a course of conduct knowing that it created a substantial risk of significant  
harm to  
others, including DenSeo.~~

~~15221. — Because the Chase Defendants aided and abetted Menaged in defrauding  
16 DenSeo, DenSeo was damaged in an amount to be proved at trial, but no less than 17~~

Menaged testified at that time that, before he went into the Chase  
\$1,000,000.00  
Branch to sign for the cashier's checks and deposit, Nelson stamped on the back  
of the cashier's checks "Not Used for Purposes Intended" or something similar,  
and further wrote on the back of each check the AZHF account number to  
expedite Menaged's redeposit of the DenSco Loan Proceeds.

# **COUNT ONE**

**18(Aiding and Abetting Fraud: US Bank; Chavez)**

~~19222. — DenSeo re-alleges and reincorporates paragraphs 1-  
through 221 of this~~

~~20Complaint as if fully set forth herein.~~ Paragraphs 1 through 110 are incorporated by reference.

~~93. 21—223. Menaged was engaged in fraudulent conduct for which he would be liable to DenSco.~~ Menaged engaged in fraudulent conduct that caused DenSco harm. In particular:

a. Menaged represented to DenSco that, through the use of the individual cashier's checks issued by the US Bank Defendants and fabricated trustees' receipts, he was using the DenSco Loan Proceeds to purchase the Identified Properties.

b. These representations were false.

c. These representations were material, as DenSco relied on them to conclude that Menaged had purchased the Identified Properties.

d. Menaged knew these representations were false and intended that DenSco would act upon them in the manner Menaged reasonably intended.

e. DenSco, in fact, continued to act upon these representations, as it wired Menaged additional DenSco Loan Proceeds to purchase new Identified Properties.

f. DenSco did not know Menaged's representations were false.

g. DenSco relied on Menaged's representations.

h. DenSco's reliance was reasonable and justified under the circumstances.

i. As a result, DenSco suffered damages for which it is entitled to compensation.

~~22~~  
94. ~~224.~~ The US Bank Defendants ~~were aware~~ knew that Menaged was engaging in such

~~23~~ conduct.

~~24~~

~~225. The US Bank Defendants provided substantial assistance or encouragement~~

~~25~~

~~to Menaged with the intent of promoting Menaged's fraudulent conduct.~~ The US Bank Defendants substantially assisted or encouraged Menaged in his fraud against DenSco.

[1](#)  
[2](#)  
[3](#)  
[4](#)  
[5](#)  
[6](#)  
[7](#)  
[8](#)  
[9](#)  
[10](#)  
[11](#)  
[12](#)  
[13](#)  
[14](#)  
[15](#)  
[16](#)  
[17](#)  
[18](#)  
[19](#)  
[20](#)  
[21](#)  
[22](#)  
[23](#)  
[24](#)  
[25](#)  
[26](#)

COUNT TWO

~~1~~(Aiding and Abetting Fraud: Chase, Nelson, and Dadlani)

~~2226. DenSco re-alleges and reincorporates paragraphs 1 through 225 of this~~

~~3Complaint as if fully set forth herein.~~ Paragraphs 1 through 114 are incorporated by reference.

95. ~~4227. Menaged was engaged in fraudulent conduct for which he would be liable to~~ Menaged engaged in fraudulent conduct that caused DenSco harm. In particular:

a. Menaged represented to DenSco that, through the use of the individual cashier's checks issued by the Chase Defendants and fabricated trustees' receipts, he was using the DenSco Loan Proceeds to purchase the Identified Properties.

b. These representations were false.

c. These representations were material, as DenSco relied on them to conclude that Menaged had purchased the Identified Properties.

d. Menaged knew these representations were false and intended that DenSco would act upon them in the manner Menaged reasonably intended.

e. DenSco, in fact, continued to act upon these representations, as it wired Menaged additional DenSco Loan Proceeds to purchase new Identified Properties.

f. DenSco did not know Menaged's representations were false.

g. DenSco relied on Menaged's representations.

h. DenSco's reliance was reasonable and justified under the circumstances.

i. As a result, DenSco suffered damages for which it is entitled to compensation.

96. The Chase Defendants knew that Menaged was engaging in such conduct.

1           97.    ~~5~~The Chase Defendants substantially assisted or encouraged Menaged in  
2 his fraud against DenSco.

3  
4                                   **COUNT THREE**  
5                                   **(Aiding and Abetting Conversion: US Bank and Chavez)**

6           98.    ~~6228~~. Paragraphs 1 through 118 are incorporated by reference.

7           99.    Menaged exercised wrongful dominion over DenSco's property by  
8 re-depositing and using on a personal basis the DenSco Loan Proceeds, in denial of  
9 DenSco's rights.

10          100.   The US Bank Defendants knew that Menaged was engaging in such  
11 conduct.

12          101.   The US Bank Defendants substantially assisted or encouraged Menaged in  
13 his conversion against DenSco.

14          102.   By reason of this conduct, DenSco was damaged.

15                                   **COUNT FOUR**  
16                                   **(Aiding and Abetting Conversion: Chase, Nelson and Dadlani)**

17          103.   Paragraphs 1 through 123 are incorporated by reference.

18          104.   Menaged exercised wrongful dominion over DenSco's property by  
19 re-depositing and using on a personal basis the DenSco Loan Proceeds, in denial of  
20 DenSco's rights.

21          105.   The Chase Defendants ~~were aware~~knew that Menaged was engaging in  
22 such~~7~~ conduct.

23          106.   The Chase Defendants substantially assisted or encouraged Menaged in  
24 his conversion against DenSco.

25          107.   By reason of this conduct, DenSco was damaged.

26                                   **COUNT FIVE**  
                                  **(Aiding and Abetting Breach of Fiduciary Duty: US Bank and Chavez)**

108. ~~8229. The Chase Defendants provided substantial assistance or~~  
~~encouragement to~~ Paragraphs 1 through 128 are incorporated by reference.

109. Menaged, through his business relationship with DenSco, owed fiduciary duties to DenSco.

110. Menaged breached his fiduciary duties to DenSco.

111. The US Bank Defendants knew that Menaged breached his fiduciary duties to DenSco.

112. The US Bank Defendants substantially assisted or encouraged Menaged in the breach of his fiduciary duties to DenSco.

113. By reason of this conduct DenSco was damaged.

**COUNT SIX**  
**(Aiding and Abetting Breach of Fiduciary Duty: Chase, Nelson and Dadlani)**

114. Paragraphs 1 through 134 are incorporated by reference.

115. Menaged, through his business relationship with DenSco, owed fiduciary duties to DenSco.

116. Menaged breached his fiduciary duties to DenSco.

117. The Chase Defendants knew that Menaged breached his fiduciary duties to DenSco.

118. The Chase Defendants substantially assisted or encouraged Menaged in the breach of his fiduciary duties to DenSco.

119. By reason of this conduct, DenSco was damaged.

**COUNT SEVEN**  
**(Civil Racketeering: US Bank and Chavez)**

120. Paragraphs 1 through 135 are incorporated by reference.

1           ~~9Menaged with the intent of promoting Menaged's fraudulent~~  
2 ~~conduct.~~ Menaged, Castro and others engaged in a pattern of unlawful activity for the  
3 purpose of financial gain.

4           122. For each occasion where the DenSco Loan Proceeds were not used for  
5 their intended purpose and instead were re-deposited by Menaged for his personal use,  
6 Menaged, Castro and others committed theft, money laundering, and engaged in a  
7 scheme or artifice to defraud.

8           123. Each theft, act of money laundering, and act in furtherance of the scheme  
9 and artifice to defraud had the same purpose, the same participants and the same  
10 victims.

11           124. Menaged, Castro and others engaged in theft by, without lawful authority,  
12 knowingly controlling DenSco's property with the intent to deprive DenSco of that  
13 property and by converting for an unauthorized term DenSco's property. A.R.S. §  
14 13-1802(A).

15           125. Menaged, Castro and others engaged in money laundering in the second  
16 degree by transacting, transferring and receiving racketeering proceeds knowing they  
17 were the proceeds of an offense. A.R.S. § 13-2317(B).

18           126. Menaged, Castro and others engaged in a scheme or artifice to defraud  
19 DenSco by knowingly obtaining a benefit by means of false or fraudulent pretenses,  
20 representation, promises or material omissions. A.R.S. § 13-2310.

21           127. This pattern of unlawful activity caused DenSco's damages.

22           128. DenSco's damages were a reasonably foreseeable result of this pattern of  
23 unlawful activity.

1           129. The US Bank Defendants authorized, ratified, and recklessly tolerated the  
2 conduct of Menaged, Castro and others and are therefore liable for it. A.R.S. §  
3 13-2314.04(L).

4  
5                           **COUNT EIGHT**  
6                           **(Civil Racketeering: Chase, Nelson and Dadlani)**

7           130. Paragraphs 1 through 150 are incorporated by reference.

8           131. Menaged, Castro and others engaged in a pattern of unlawful activity for  
9 the purpose of financial gain.

10           132. For each occasion where the DenSco Loan Proceeds were not used for  
11 their intended purpose and instead re-deposited by Menaged for his personal use,  
12 Menaged, Castro and others committed theft, money laundering, and engaged in a  
13 scheme or artifice to defraud.

14           133. Each theft, act of money laundering and part of the scheme and artifice to  
15 defraud had the same purpose, the same participants and the same victims.

16           134. Menaged, Castro and others engaged in theft by, without lawful authority,  
17 knowingly controlling DenSco's property with the intent to deprive DenSco of that  
18 property and by converting for an unauthorized term DenSco's property. A.R.S. §  
19 13-1802(A).

20           135. Menaged, Castro and others engaged in money laundering in the second  
21 degree by transacting, transferring and receiving racketeering proceeds knowing they  
22 were the proceeds of an offense and by intentionally or knowingly evading reporting  
23 requirements through structuring transactions and by causing Chase to fail to file  
24 required reports for transfers over \$10,000. A.R.S. § 13-2317(B).

25           136. Menaged, Castro and others engaged in a scheme or artifice to defraud  
26 DenSco by knowingly obtaining a benefit by means of false or fraudulent pretenses,  
representation, promises or material omissions. A.R.S. § 13-2310.



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

137. This pattern of unlawful activity caused DenSco's damages.

138. DenSco's damages were a reasonably foreseeably result of this pattern of unlawful activity.

139. The Chase Defendants authorized, ratified and recklessly tolerated the conduct of Menaged, Castro and others and are therefore liable for it. A.R.S. § 13-2314.04(L).

**~~10~~PRAYER FOR RELIEF**

**~~11~~** Wherefore, based upon the foregoing, Plaintiff prays for judgment against Defendants as follows:

- ~~12~~  
12 A. ~~A.~~For an award of compensatory damages against U.S. Bank, N.A. in an  
~~13~~ amount to be determined at trial.  
~~14~~
- 13 B. ~~B.~~For an award of compensatory damages against Defendants Hilda  
14 Chavez~~15~~ and John Doe Chavez, wife and husband, in an amount to be  
15 determined at~~16~~ trial.
- 16 C. ~~17C.~~For an award of compensatory damages against J.P. Morgan Chase  
17 Bank,~~18~~ N.A. in an amount to be determined at trial~~;~~
- 18 ~~19D.~~
- 19 D. For an award of compensatory damages against Defendants Samantha~~20~~  
20 Nelson and Kristofer Nelson, wife and husband, in an amount to be~~21~~  
21 determined at trial.
- 22 E. ~~22E.~~For an award of compensatory damages against Defendants Vikram  
23 Dadlani~~23~~ and Jane Doe Dadlani, husband and wife, in an amount to be  
24 determined at~~24~~ trial.
- 25 E. ~~25F.~~For an award of treble damages under A.R.S. § 13-2314.04(A).

G. For an award of costs and reasonable attorneys' fees under A.R.S. § 13-2314.04(A).

H. For an award of punitive damages;

1G.

I. For an award of prejudgment interest and costs;

2H.

I. For such other and further relief as this Court deems just and proper under<sup>3</sup> the circumstances.

**4**DATED this **1<sup>st</sup>** day of **April**December, 2020.

**Bergin, Frakes, Smalley &  
Oberholtzer,**

~~5PLLC~~

~~6 /s/ Ken M. Frakes~~

~~Ken Frakes~~

~~Bergin, Frakes, Smalley & Oberholtzer  
PLLC~~

~~84343 East Camelback Road, Suite 210~~

~~Phoenix, Arizona 85018~~

~~9 Attorneys for Plaintiff~~

OSBORN MALEDON, P.A.Colin F. Campbell

Geoffrey M. T. Sturr

Timothy J. Eckstein

Joseph N. Roth

2929 N. Central Avenue, Suite 2100

Phoenix, AZ 85012-2793

Attorneys for Plaintiff

~~100 ORIGINAL filed electronically~~ This document was electronically filed

1 and served via AZTurboCourt

2 ~~11~~this 1<sup>st</sup> day of April, 2020 via TURBOCOURT with: this \_\_\_ day of December  
2020, on:

3  
4 Honorable Daniel Martin

5 ~~12~~Maricopa County Superior Court ~~www.turbocourt.com~~

6 ~~13~~101 West Jefferson, ECB-412

7 Phoenix, Arizona 85003

8  
9 ~~And a copy mailed and/or~~  
10 ~~emailed this 1<sup>st</sup> day of~~  
11 ~~April, 2020 to:~~

12 Gregory J. Marshall

13 Amanda Z. Weaver

14 SNELL & WILMER, LLP

15 One Arizona Center

16 400 E. Van Buren, Suite 1900

17 Phoenix, Arizona 85004-2202

18 gmarshall@swlaw.com

19 aweaver@swlaw.com

20 Attorneys for Defendants U.S. Bank National

21 Association and Hilda H. Chavez

22 ~~15~~

23 ~~Greenburg Traurig~~

24 ~~16~~16 Nicole Goodwin

25 Jonathan H. Claydon

26 GREENBERG TRAURIG

27 2375 E. Camelback Road #700

28 ~~17~~Phoenix, Arizona 85016

29 goodwinn@gtlaw.com

30 ~~18~~*Counsel for JP Morgan Chase Bank,*

31 ~~19~~*Samantha Nelson, Kristofer Nelson, and Vikram Dadlani*

32 ~~20~~

33 ~~21~~

34 ~~22~~

35 ~~23~~

36 ~~24~~ By: /s/ Kristine Berry ~~25~~

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

~~Greenburg Traurig c/o Jonathan H. Claydon 77 West Wacker Drive, Suite 3100 Chicago, IL 60601~~  
~~claydonj@gtlaw.com~~

~~Counsel for JP Morgan Chase~~ Attorneys for Defendants JP Morgan Chase  
~~Bank, Samantha Nelson, Kristofer Nelson, and~~ & ~~Vikram Dadlani~~

/s/\_\_\_\_\_

~~Greg Marshall Snell & Wilmer One Arizona Center~~  
~~400 East Van Buren Street Suite 1900 Phoenix, Arizona 85004 2202-~~  
~~gmarshall@swlaw.com~~  
~~Counsel for US Bank, NA, and Hilda Chavez~~

Document comparison by Workshare 10.0 on Monday, November 30, 2020  
9:18:44 AM

Input:	
Document 1 ID	file:///J:/Scanner/11-30-2020 REDLINE for TJE/2020-04-01 First Amend Complaint (court stamped).PDF
Description	2020-04-01 First Amend Complaint (court stamped)
Document 2 ID	file:///J:/Scanner/11-30-2020 REDLINE for TJE/2020-11-27 Second Amended Complaint - draft v3.DOC
Description	2020-11-27 Second Amended Complaint - draft v3
Rendering set	Standard

Legend:	
<u>Insertion</u>	
<del>Deletion</del>	
<del>Moved from</del>	
<u>Moved to</u>	
Style change	
Format change	
<del>Moved deletion</del>	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	517
Deletions	1633
Moved from	16
Moved to	16
Style change	0
Format changed	24
Total changes	2206

