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8 Attorneys for the Receiver

9
10 IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

11 IN AND FOR MARICOPA COUNTY

12 ARIZONA CORPORATION
13 COMMISSION,

14 Plaintiff,

15 v.

16 DENSCO INVESTMENT
17 CORPORATION, an Arizona
18 corporation,

19 Defendant.

Cause No. CV2016-014142

NOTICE OF FILING RECEIVER'S LIST
OF FILED CLAIMS AND CLAIMS
REPORT AND RECOMMENDATIONS
RE: ORDER RE PETITION NO. 19

(Assigned to the Honorable Teresa
Sanders)

20
21 Peter S. Davis, as the court appointed Receiver of DenSco Investment Corporation,
respectfully provides notice of filing the Receiver's *List of Filed Claims* and the Receiver's
Claims Report and Recommendations as follows:

1. Pursuant to Court's *Order Re: Petition No. 19 Order Establishing Procedures
For the Adjudication of Claims ("Claims Order")* the Court, among other things, established
that any person entitled to file a claim against DenSco Investment Corporation ("DenSco"),
shall file a claim with the Receiver on or before the claims bar date of June 30, 2017.

2. The Receiver is pleased to report that all known DenSco investors filed claims with the Receiver. Additionally, five general unsecured creditors of DenSco also filed claims.

3. In accordance with paragraph 7.1 of the Claims Order, attached as Exhibit "A" is the *List of Filed Claims* ("Claims List") detailing the claims against DenSco received by the Receiver. Pursuant to paragraph 7.5 of the Claims Order, the Claims List will be posted on the receivership website located at www.denscoinvestment.com.

4. In accordance with paragraph 7.2 of the Claims Order, the Receiver has prepared and filed with the Court his *Claims Report and Recommendations* attached hereto as Exhibit "B" ("Claims Report").

5. In accordance with paragraphs 7.3 and 7.4 of the Claims Order, a copy of the Claims Report will be posted on the receivership website located at www.denscoinvestment.com and within 10 days of this filing, a copy of the Claims Report will be sent to each claimant by United States Mail, postage pre-paid, addressed to the claimant at the most recent address contained in the records of the Receiver. The Claims Report will also be served on all persons on the Master Service List.

6. In accordance with paragraph 7.6 of the Claims Order, any objections to the Claims Report must be submitted, in writing, to the Receiver on or before August 30, 2017. No objections to the Claims Report shall be filed with the Court.

7. In accordance with paragraph 7.7 of the Claims Order, no later than thirty days after the date objections are due [August 30, 2017] the Receiver shall file a Petition setting

1 forth the Receiver's final recommendations on the claims together with a copy of all timely
2 objections to the Claims Report.

3 Respectfully submitted this 1st day of August, 2017.

4
5 GUTTILLA MURPHY ANDERSON, P.C.

6 /s/Ryan W. Anderson
7 Attorneys for the Receiver

8 Original of the foregoing e-filed this
9 1st day of August, 2017, with the Clerk
10 Of the Maricopa County Superior Court

11 Copy of the foregoing mailed and emailed
12 This 1st day of August, 2017, to all persons
13 on the attached Master Service List.

14 By: /s/Cynthia Ambrozic
15 2359-001(292277)

MASTER SERVICE LIST

Arizona Corporation Commission v. DenSco Investment Corporation
IN THE SUPERIOR COURT OF THE STATE OF ARIZONA
CV2016-014142
(Revised July 21, 2017)

The Honorable Teresa Sanders
Maricopa County Superior Court
East Court Building
101 West Jefferson, Room 811
Phoenix, Arizona 85003

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Simon Consulting, LLC
Arizona Corporation Commission v. DenSco Investment Corporation

Receivership of DenSco Investment Corporation
List of Filed Claims

Claim No.	Type	Investor Name	Amount of Claim
1	Investor	William & Helene Alber Family Trust	39,582.00
2	Investor	Brinkman Family Trust	382,113.38
3	Investor	Craig & Tomie Brown Living Trust	291,683.27
4	Investor	Desert Classic Investments, LLC (c/o Steven Bunger)	926,367.58
5	Investor	Steven G. & Mary E. Bunger Estate	540,600.00
6	Investor	Anthony Burdett - IRA	457,765.75
7	Investor	Kennen Burkhart	94,446.91
8	Investor	Kennen Burkhart - IRA	394,812.11
9	Investor	Warren & Fay Bush	152,113.08
10	Investor	Mary Butler - IRA	277,371.94
11	Investor	Van Butler	182,670.52
12	Investor	Van Butler - IRA	277,371.94
13	Investor	Thomas & Sara Byrne 2008 Living Trust	146,114.21
14	Investor	Gretchen P. Carrick Trust	143,946.50
15	Investor	Erin P. Carrick Trust (c/o Gretchen Carrick)	133,109.45
16	Investor	Averill Cate, Jr. & Mary Kris McIlwaine	72,260.16
17	Investor	Arden & Nina Chittick Family Trust	254,368.53
18	Investor	Chittick Family Trust (c/o Eldon & Carlene Chittick)	565,732.00
19	Investor	Cohen Revocable Trust	145,000.00
20	Investor	Dori Ann Davis Living Trust	216,701.00
21	Investor	Glen Davis	465,413.00
22	Investor	Glen Davis - IRA	220,965.00
23	Investor	Samantha Davis	35,079.23
24	Investor	Jack Davis	75,000.00
25	Investor	Scott D. Detota	121,988.78
26	Investor	Amy Lee Dirks - IRA	75,971.31
27	Investor	Bradley Mark Dirks - IRA	175,437.55
28	Investor	Non Lethal Defense, Inc. (c/o Dave Dubay)	58,000.00
29	Investor	Dupper Living Trust	528,551.20
30	Investor	Todd F. Einck Trust	115,157.20
31	Investor	Stacy Grant - IRA	88,646.95
32	Investor	Russ Griswold	58,000.00
33	Investor	Russ Griswold - IRA	95,722.97
34	Investor	Michael & Diana Gumbert Trust	464,000.00
35	Investor	Nihad Hafiz	290,000.00
36	Investor	Robert & Elizabeth Hahn Family Trust	260,581.49
37	Investor	Ralph L. Hey	54,016.39
38	Investor	Dale & Kathy Hickman	744,952.30
39	Investor	Craig & Samantha Hood	1,113,476.57
40	Investor	Doris & Levester Howze	46,400.00
41	Investor	Bill Hughes	71,250.00
42	Investor	Bill Hughes - IRA	329,420.24
43	Investor	Judy Hughes - IRA	188,044.44
44	Investor	Indieke Revocable Trust	3,682,900.00
45	Investor	James K. Jetton	50,000.00
46	Investor	Ralph Kaiser - IRA	395,487.04
47	Investor	Mary Kent	254,226.00
48	Investor	Paul A. Kent Family Trust	144,413.00

Simon Consulting, LLC
Arizona Corporation Commission v. DenSco Investment Corporation

Receivership of DenSco Investment Corporation
List of Filed Claims

Claim No.	Type	Investor Name	Amount of Claim
49	Investor	Robert Z. Koehler - IRA	176,335.49
50	Investor	LeRoy Kopel Revocable Living Trust	84,723.26
51	Investor	LeRoy Kopel - IRA	158,309.24
52	Investor	Robert F. Lawson	95,528.12
53	Investor	Wayne J. Ledet - IRA	262,513.93
54	Investor	Wayne J. Ledet - Roth IRA	102,706.77
55	Investor	Wayne J. Ledet Revocable Trust	292,611.09
56	Investor	Terry & Lil Lee	58,000.00
57	Investor	The Lee Group, Inc. (c/o Terry & Lil Lee)	174,000.00
58	Investor	Lillian Lent - Roth IRA	39,685.71
59	Investor	Manuel A. Lent - IRA	94,342.97
60	Investor	William & W. Jean Locke	156,098.00
61	Investor	BLL Capital, LLC (c/o Barry Luchtel)	87,000.00
62	Investor	LJL Capital, LLC (c/o Landon Luchtel)	104,000.00
63	Investor	Jim McArdle	307,835.00
64	Investor	James & Lesley McCoy Trust	232,000.00
65	Investor	Caro McDowell Revocable Trust	180,733.00
66	Investor	The Marvin G. Miller & Patricia S. Miller 1989 Trust	967,132.44
67	Investor	Kaylene Moss - IRA	392,877.84
68	Investor	Moss Family Trust	139,693.21
69	Investor	Muscat Family Trust	290,000.00
70	Investor	Brian & Janice Odenthal	151,819.40
71	Investor	Brian Odenthal - IRA	67,540.43
72	Investor	Jolene Page	1,757,015.53
73	Investor	Valerie Paxton	578,582.04
74	Investor	Marlene Pearce - IRA	103,725.56
75	Investor	Jeff Phalen - IRA	381,901.12
76	Investor	Phalen Family Trust	521,434.00
77	Investor	Preston Revocable Living Trust	92,126.00
78	Investor	Pete Rzonca	141,012.26
79	Investor	JoAnn Sanders	64,677.25
80	Investor	Schloz Family 1998 Trust	110,092.69
81	Investor	Mary Schloz - IRA	112,939.20
82	Investor	Stanley Schloz - IRA	113,511.83
83	Investor	GB 12, LLC (c/o Stanley Schloz)	86,000.00
84	Investor	Annette Scroggin - IRA	150,951.72
85	Investor	Annette Scroggin - Roth IRA	48,383.79
86	Investor	Michael Scroggin	87,000.00
87	Investor	Michael Scroggin - IRA	373,347.02
88	Investor	Michael Scroggin - Roth IRA	86,166.71
89	Investor	William Stewart Sherriff	86,367.90
90	Investor	Saltire, LLC (c/o William Stewart Sherriff)	86,367.90
91	Investor	Gary E. Siegford & Corrina C. Esvelt-Siegford	680,105.04
92	Investor	Gary D. & Judith E. Siegford	298,516.70
93	Investor	Branson & Sandra Smith Trust	201,900.00
94	Investor	Branson Smith - IRA	237,878.22
95	Investor	Donald E. & Lucinda Sterling	23,750.00
96	Investor	Nancy Swirtz	63,432.00

Simon Consulting, LLC
Arizona Corporation Commission v. DenSco Investment Corporation

Receivership of DenSco Investment Corporation
List of Filed Claims

Claim No.	Type	Investor Name	Amount of Claim
97	Investor	Long Time Holdings, LLC (c/o William Swirtz)	944,852.00
98	Investor	Coralee Thompson	1,347,953.90
99	Investor	Gary L. Thompson	1,189,282.70
100	Investor	James Trainor	325,614.32
101	Investor	Stephen D. Tuttle	137,600.06
102	Investor	Wade Underwood	123,739.00
103	Investor	Laurie A. Weiskopf - IRA	309,584.99
104	Investor	Thomas D. Weiskopf - IRA	14,524.59
105	Investor	Carol J. Wellman	78,983.97
106	Investor	Carol J. Wellman - Roth IRA	40,735.77
107	Investor	Wellman Family Living Trust	64,216.03
108	Investor	Brian & Carla Wenig Family Trust	157,126.76
109	Investor	Mark & Debbie Wenig	240,742.47
110	Investor	Angels Investors, LLC (c/o Yusuf Yildiz)	179,370.00
111	Investor	Michael Zones	270,382.16
112	Investor	Leslie Jones (c/o Michael Zones)	198,000.00
113	Investor	Leslie Jones - IRA (c/o Michael Zones)	231,779.45
114	Non-Investor	Clark Hill, PLC (06/01/16-08/17/16)	53,820.00
115	Non-Investor	Clark Hill, PLC (08/18/16-09/30/16)	23,046.00
116	Non-Investor	James Richard Hill, Jr.	3,255.00
117	Non-Investor	Carlyle Johnson	6,550.00
118	Non-Investor	Eric Murchinson	1,000.00
119	Non-Investor	Estate of Denny Chittick (c/o Shawna Heuer, PR)	Unknown
			\$ 32,942,060.54



Arizona Corporation Commission
v.
DenSco Investment Corporation
(Case No. CV 2016-014142)

Claims Report and Recommendations
of
Peter S. Davis, as Receiver of DenSco Investment Corporation

July 31, 2017

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1. Introduction

On August 18, 2016, Peter Davis (“Receiver”) was appointed Receiver for the assets of DenSco Investment Corporation (“DenSco”) by the Honorable Lori Horn Bustamante of the Maricopa County Superior Court (“Receivership Court”). This report is issued in accordance with the *Order Establishing Procedures for the Adjudication of Claims, Re: Petition No. 19*, entered on March 29, 2017 (“Claims Order”) in the above-referenced case. Pursuant to the Claims Order (§ 1.4), proofs of claim were solicited from all persons entitled to assert a claim against DenSco Investment Corporation (“DenSco”) or against any Receivership Assets, as defined in the Receivership Court’s *Order Appointing Receiver* entered on August 18, 2016 (“Receivership Order”), or any other property in the possession or control of the Receiver.

The Receiver is pleased to report that all known DenSco investors have filed a claim with the Receiver. Specifically, the Receiver has received one hundred thirteen (113) claims from the one hundred fourteen (114) known DenSco investors holding balances as of the date of the receivership¹ and six (6) claims from general unsecured creditors or non-investor creditors. This report sets forth the name of each claimant, the amount claimed, and the Receiver’s recommendations as to each of these claims.

2. Notice of Claims Process

Pursuant to the Claims Order (§ 2.1), on April 8, 2017, the Receiver caused to be mailed, by first class mail, a written notice of the DenSco claims process to each potential claimant for whom the Receiver had contact information and some indication that the person may be a creditor of DenSco. This notice included a copy of the Claims Order as well as (a) a Proof of Claim form attached as Exhibit A-1 or A-2 to Petition No. 19, and (b) a *Notice of Right to File Proof of Claim* similar to Exhibit B-1 to Petition No. 19, both of which were approved by the Court via the Claims Order.

In accordance with the Claims Order (§ 2.2), on April 18, 2017, the Receiver caused to be published in the USA Today, a newspaper of national circulation, a notice of the DenSco claims process in a form substantially similar to Exhibit B-2 to Petition No. 19, which was approved by the Court via the Claims Order. In addition, on April 20, April 27, May 4, and May 11, 2017, the Receiver caused the same notice to be published in the Arizona Business Gazette, a newspaper of general circulation within the State of Arizona.

Furthermore, during the week of June 26, 2017, the Receiver contacted various known DenSco investors from whom a claim had not yet been received to ensure that all claimants had an opportunity to submit a claim prior to the claims bar date set forth in the Claims Order.

¹ One particular investor held two (2) separate DenSco investment accounts but combined the two (2) accounts onto a single claim form.

3. Requirements for Approval of Investor Claims

The Claims Order (§ 5) requires that no claim for interest owed to a claimant by DenSco that accrued on or after the Receivership Date shall be allowed by the Court. The Claims Order (§ 6) directs the Receiver to identify the amounts, if any, that should be offset or deducted from a claim and the reasons for such recommendations. In addition, the Claims Order (§ 5) directs the Receiver to reduce and offset against any claim, the amount of funds received by the claimant from any third party arising out of the claimant's investments with DenSco.

The Claims Order (§ 3.5) directs claimants to include copies of all documentation supporting their claims as required by the Receiver. The investor claim form requests that investor claimants provide documentation supporting their claims. However, the Receiver has preliminarily calculated each investor's claim pursuant to an extensive investigation of the financial, accounting, and investor records of DenSco.² Accordingly, the Receiver has accepted claims that did not contain supporting documentation if the amounts claimed match the Receiver's calculations. Investors who submitted claims for different amounts were required to provide documentation explaining the discrepancy.

4. Secured Claims

The Claims Order (§ 4.1) requires secured claimants to demonstrate by credible evidence that in accordance with applicable laws, the Claimant possesses a valid and perfected security interest in a Receivership Asset. If a Secured Claim is approved by the Court, the Claimant making that claim shall be entitled, to the extent of the secured interest, to receive the asset in which the secured interest exists or the proceeds therefrom, after reimbursement to the Receiver of such costs or expenses as the Court may determine.

The Receiver did not receive any Proofs of Claim asserting a secured claim.

5. Investor Claims Recommended for Approval

The Receiver recommends for approval, at this time, the following claims filed by investors in the amounts indicated below. In each case, the Receiver has determined that the claimant meets the requirements of the Claims Order. In all cases, the amount claimed by the claimant has been verified and reconciled to the DenSco records available to the Receiver.

5.1. Claimants' Proof of Claim agrees with the Receiver's calculations

Of the one hundred thirteen (113) claims received from known investors, sixty-three (63) claims totaling \$19,071,205.71 agreed with the Receiver's calculations. Therefore, the Receiver recommends that the following investor claims be approved for the amounts set forth below:

² See Exhibit 2 to the Receiver's Status Report dated 12/23/16 (Petition No. 15).

Simon Consulting, LLC
Arizona Corporation Commission v. DenSco Investment Corporation

INVESTOR CLAIMANT	AMOUNT CLAIMED	AMOUNT APPROVED
Craig & Tomie Brown Living Trust	291,683.27	291,683.27
Anthony Burdett - IRA	457,765.75	457,765.75
Kennen Burkhart	94,446.91	94,446.91
Kennen Burkhart - IRA	394,812.11	394,812.11
Warren & Fay Bush	152,113.08	152,113.08
Mary Butler - IRA	277,371.94	277,371.94
Van Butler	182,670.52	182,670.52
Van Butler - IRA	277,371.94	277,371.94
Thomas & Sara Byrne 2008 Living Trust	146,114.21	146,114.21
Gretchen P. Carrick Trust	143,946.50	143,946.50
Cohen Revocable Trust	145,000.00	145,000.00
Jack Davis	75,000.00	75,000.00
Amy Lee Dirks - IRA	75,971.31	75,971.31
Bradley Dirks - IRA	175,437.55	175,437.55
Non Lethal Defense, Inc. (c/o Dave DuBay)	58,000.00	58,000.00
Dupper Living Trust	528,551.20	528,551.20
Todd F. Einck Trust	115,157.20	115,157.20
Stacy Grant - IRA	88,646.95	88,646.95
Russ Griswold	58,000.00	58,000.00
Russ Griswold - IRA	95,722.97	95,722.97
Michael & Diana Gumbert Trust	464,000.00	464,000.00
Nihad Hafiz	290,000.00	290,000.00
Robert & Elizabeth Hahn Family Trust	260,581.49	260,581.49
Ralph L. Hey	54,016.39	54,016.39
Doris & Levester Howze	46,400.00	46,400.00
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LeRoy Kopel - IRA	158,309.24	158,309.24
Robert F. Lawson	95,528.12	95,528.12
Wayne J. Ledet - IRA	262,513.93	262,513.93
Terry & Lil Lee	58,000.00	58,000.00
The Lee Group, Inc. (c/o Terry & Lil Lee)	174,000.00	174,000.00
Lillian Lent - Roth IRA	39,685.71	39,685.71
Manuel A. Lent - IRA	94,342.97	94,342.97
BLL Capital, LLC (c/o Barry Luchtel)	87,000.00	87,000.00
LJL Capital, LLC (c/o Landon Luchtel)	104,000.00	104,000.00
James & Lesley McCoy Trust	232,000.00	232,000.00
Muscat Family Trust	290,000.00	290,000.00
Brian Odenthal - IRA	67,540.43	67,540.43
Jolene Page	1,757,015.53	1,757,015.53
Valerie Paxton	578,582.04	578,582.04
Pete Rzonca	141,012.26	141,012.26
JoAnn Sanders	64,677.25	64,677.25
Annette Scroggin - IRA	150,951.72	150,951.72
Annette Scroggin - Roth IRA	48,383.79	48,383.79
Michael Scroggin	87,000.00	87,000.00
Michael Scroggin - IRA	373,347.02	373,347.02
Michael Scroggin - Roth IRA	86,166.71	86,166.71
William Stewart Sherriff	86,367.90	86,367.90

Simon Consulting, LLC
Arizona Corporation Commission v. DenSco Investment Corporation

INVESTOR CLAIMANT	AMOUNT CLAIMED	AMOUNT APPROVED
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Gary E. Siegford & Corrina C. Esvelt-Siegford	680,105.04	680,105.04
Gary D. & Judith E. Siegford	298,516.70	298,516.70
Branson & Sandra Smith Trust	201,900.00	201,900.00
Branson Smith - IRA	237,878.22	237,878.22
Donald E. & Lucinda Sterling	23,750.00	23,750.00
Coralee Thompson	1,347,953.90	1,347,953.90
Gary L. Thompson	1,189,282.70	1,189,282.70
Carol J. Wellman - Roth IRA	40,735.77	40,735.77
Mark & Debbie Wenig	240,742.47	240,742.47
Angels Investors, LLC (c/o Yusuf Yildiz)	179,370.00	179,370.00
Michael Zones	270,382.16	270,382.16
Leslie Jones (c/o Michael Zones)	198,000.00	198,000.00
Leslie Jones - IRA (c/o Michael Zones)	231,779.45	231,779.45
TOTAL	\$ 19,071,205.71	\$ 19,071,205.71

5.2. Claimants' Proof of Claim varies from the Receiver's calculations due to rounding

Of the one hundred thirteen (113) claims received from known investors, fourteen (14) claims varied slightly from the Receiver's calculations due to rounding issues. The Receiver recommends that the following investor claims be approved for the amounts set forth below:

INVESTOR CLAIMANT	AMOUNT CLAIMED	RECEIVER'S ADJUSTMT.	AMOUNT APPROVED
Erin P. Carrick Trust (c/o Gretchen Carrick)	\$ 133,109.45	\$ (2.00)	\$ 133,107.45
Dori Ann Davis Living Trust	216,701.00	0.64	216,701.64
Glen Davis	465,413.00	(1.00)	465,412.00
Glen Davis - IRA	220,965.00	0.01	220,965.01
Mary Kent	254,226.00	0.08	254,226.08
Paul A. Kent Family Trust	144,413.00	(0.20)	144,412.80
Caro McDowell Revocable Trust	180,733.00	0.33	180,733.33
Phalen Family Trust	521,434.00	(0.80)	521,433.20
Preston Revocable Living Trust	92,126.00	(0.24)	92,125.76
Nancy Swirtz	63,432.00	0.82	63,432.82
Long Time Holdings, LLC (c/o William Swirtz)	944,852.00	0.18	944,852.18
James Trainor	325,614.32	0.02	325,614.34
Carol J. Wellman	78,983.97	0.01	78,983.98
Wellman Family Living Trust	64,216.03	(0.03)	64,216.00
TOTAL	\$ 3,706,218.77	\$ (2.18)	\$ 3,706,216.59

5.3. Claimants' Proof of Claim is based on June 2016 DenSco statement that includes fictitious interest

Of the one hundred thirteen (113) claims received from known investors, four (4) claimants filed claims representing their balances pursuant to the June 2016 statements issued by DenSco. These investors did not deduct accrued or cash interest payments received after December 31, 2012, or the date of insolvency. The Receiver recommends that these claims be approved for the

amounts set forth in Exhibit 2 to the Receiver's December 23, 2016 Status Report. Specifically, the Receiver recommends the following investor claims be approved for the amounts set forth below:

INVESTOR CLAIMANT	AMOUNT CLAIMED	RECEIVER'S ADJUSTMT.	AMOUNT APPROVED
Ralph Kaiser - IRA	\$ 395,487.04	\$ (135,090.88)	\$ 260,396.16
Kaylene Moss - IRA	392,877.84	(134,199.65)	258,678.19
Moss Family Trust	139,693.21	(48,261.94)	91,431.27
Stephen D. Tuttle	137,600.06	(52,715.01)	84,885.05
TOTAL	\$ 1,065,658.15	\$ (370,267.48)	\$ 695,390.67

5.4. Claims that are subject to offset

As stated above, the Claims Order (§ 6) directs the Receiver to identify the amounts, if any, that should be offset or deducted from a claim and the reasons for such recommendations. Several investors have or had multiple DenSco investment accounts, and some of these investors cashed out one or more of their investment accounts after DenSco became insolvent. As a result, certain investors received funds in excess of their principal investment in DenSco and earned a net profit. The Receiver sent demand letters seeking the return of illegal net profits, except for those profits that could be offset against net losses. Of the one hundred thirteen (113) claims received from known investors, nine (9) investor claims are subject to a potential offset for net investment profits received.

(1) Steven Bunger, et al.

Steven Bunger ("Bunger") filed two (2) Proofs of Claim on behalf of the Steven G. & Mary E. Bunger Estate ("Bunger Estate") and Desert Classic Investments, LLC ("Desert Classic"). These claims agree with the Receiver's calculations except they do not reflect the cash interest payments of \$7,950.00 and \$20,550.00 received from DenSco by Bunger Estate and Desert Classic respectively in June 2016. Bunger indicated that these payments were not made, but the Receiver has confirmed that all investors (except one) received interest in June 2016. Accordingly, the Receiver recommends that Bunger Estate and Desert Classic's claims be reduced by \$7,950.00 and \$20,550.00 respectively.

Furthermore, Bunger did not account for the net investment profits of \$50,000.00 each received by the Alexandra Bunger Irrevocable Trust ("Alexandra Trust"), the Cassidy Bunger Irrevocable Trust ("Cassidy Trust"), and the Connor Bunger Irrevocable Trust ("Connor Trust") for a total \$150,000.00 ("Bunger Trust Profits"). Desert Classic had a DenSco investor balance of \$4,155,000 as of April 30, 2014. On May 1, 2014, Desert Classic transferred \$850,000 of its investor balance to each of the Alexandra Trust, Cassidy Trust, and Connor Trust. DenSco disbursed interest payments totaling \$50,000 to each of the trusts in 2014. A \$300,000 portion of each of the trust balances was transferred back to Desert Classic on July 1, 2014, and the remaining \$550,000 of each of the trust balances was transferred back to Desert Classic on January 24, 2015. Therefore, the Alexandra Trust, Cassidy Trust, and Connor Trust each received net profits of \$50,000.00. Accordingly, the Receiver recommends that Bunger claims be approved for the amounts set forth below:

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INVESTOR CLAIMANT	AMOUNT CLAIMED	RECEIVER'S ADJUSTMT.	NET PROFIT OFFSET	AMOUNT APPROVED
Steven G. & Mary E. Bunger Estate	\$ 540,600.00	\$ (7,950.00)	-	\$ 532,650.00
Desert Classic Investments, LLC	926,367.58	(20,550.00)	(150,000.00)	755,817.58
TOTAL - BUNGER	\$ 1,466,967.58	\$ (28,500.00)	\$ (150,000.00)	\$1,288,467.58

(2) Marlene Pearce, et al.

Marlene Pearce ("Pearce") filed a Proof of Claim on behalf of the Marlene Pearce IRA ("MP-IRA") in the amount of \$103,725.56. This claim agrees with the Receiver's calculations; however, Pearce did not account for the net investment profit of \$3,988.00 received by Pearce's individual DenSco investment. Pearce's net profit resulted from cash interest payments totaling \$3,988.00 disbursed in 2013. Accordingly, the Receiver recommends that MP-IRA's claim be approved for the amount set forth below:

INVESTOR CLAIMANT	AMOUNT CLAIMED	NET PROFIT OFFSET	AMOUNT APPROVED
Marlene Pearce - IRA	\$ 103,725.56	\$ (3,988.00)	\$ 99,737.56
TOTAL - PEARCE	\$ 103,725.56	\$ (3,988.00)	\$ 99,737.56

(3) Stanley & Mary Schloz, et al.

Stanley & Mary Schloz ("Schloz") filed four (4) Proofs of Claim on behalf of the Schloz Family 1998 Trust, the Mary Schloz IRA, the Stanley Schloz IRA, and GB 12, LLC. These claims agreed with the Receiver's calculations; however, Schloz did not account for the net investment profit of \$1,860.45 received by the Stanley Schloz Roth IRA ("SS-Roth"). SS-Roth's net profit resulted from a cash interest payment of \$1,860.45 disbursed in 2013. Accordingly, the Receiver recommends that the Schloz claims be approved for the amounts set forth below:

INVESTOR CLAIMANT	AMOUNT CLAIMED	NET PROFIT OFFSET	AMOUNT APPROVED
Mary Schloz - IRA	\$ 112,939.20	-	\$ 112,939.20
GB 12, LLC	86,000.00	-	86,000.00
Schloz Family 1998 Trust	110,092.69	-	110,092.69
Stanley Schloz - IRA	113,511.83	(1,860.45)	111,651.38
TOTAL - SCHLOZ	\$ 422,543.72	\$ (1,860.45)	\$ 420,683.27

The Receiver has preliminarily offset SS-Roth's net investment profit against the Stanley Schloz IRA's claim; however, the Receiver will permit Schloz to select one or more of the above referenced claims to be offset by SS-Roth's net investment profit.

(4) Thomas D. & Laurie A. Weiskopf, et al.

Thomas D. & Laurie A. Weiskopf ("Weiskopf") filed two (2) Proofs of Claim on behalf of their individual IRA investment accounts. These claims agreed with the Receiver's calculations; however, Weiskopf did not account for the net investment profit of \$49,876.48 received by Weiskopf Enterprises, LLC ("Weiskopf Enterprises") or \$212,669.05 received by the Weiskopf Family Living Trust ("Weiskopf Trust"). Weiskopf Enterprises' net profit resulted from cash

interest payments totaling \$49,876.48 in 2015. Likewise, the Weiskopf Trust's net profit resulted from cash interest payments totaling \$212,669.05 disbursed from 2014 through 2015. Accordingly, the Receiver recommends that the Weiskopf claims be approved for the amounts set forth below:

INVESTOR CLAIMANT	AMOUNT CLAIMED	NET PROFIT OFFSET	AMOUNT APPROVED
Laurie A. Weiskopf - IRA	\$ 309,584.99	\$ (262,545.53)	\$ 47,039.46
Thomas D. Weiskopf - IRA	14,524.59	-	14,524.59
TOTAL - WEISKOPF	\$ 324,109.58	\$ (262,545.53)	\$ 61,564.05

The Receiver has preliminarily offset the net investment profits received by Weiskopf Enterprises and the Weiskopf Trust against the Laurie Weiskopf IRA's claim; however, the Receiver will permit Weiskopf to select one or more of the above referenced claims to be offset by Weiskopf Enterprises and the Weiskopf Trust's net investment profits.

5.5. Claims that require additional discussion

Of the one hundred thirteen (113) claims received from known investors, twenty-three (23) investor claims require an individual explanation of the claim filed and the Receiver's recommendation.

(1) William & Helene Alber Family Trust

The William & Helene Alber Family Trust ("Alber") filed a Proof of Claim in the amount of \$39,582.00. The Receiver has determined that Alber's claim does not reflect the cash interest payment of \$498.00 received from DenSco in June 2016. Accordingly, the Receiver recommends that Alber's claim be reduced by \$498.00 and approved in the amount of \$39,084.00.

(2) Brinkman Family Trust

The Brinkman Family Trust ("Brinkman") filed a Proof of Claim in the amount of \$382,113.38. The Receiver has determined that Brinkman's claim reflects accrued but unpaid interest earned through December 31, 2012 totaling \$243,117.44, whereas DenSco's records indicate that Brinkman earned accrued interest of \$105,448.51. Brinkman did not account for interest totaling \$137,668.93 that was disbursed in cash from 2002 through 2012. Accordingly, the Receiver recommends that Brinkman's claim be reduced by \$137,668.93 and approved in the amount of \$244,444.45.

(3) Averill Cate, Jr. & Mary Kris McIlwaine

Averill Cate, Jr. & Mary Kris McIlwaine ("Cate") filed a Proof of Claim in the amount of \$72,260.16. The Receiver has determined that Cate's claim reflects cash interest payments totaling \$31,341.66 from 2013 through 2016, whereas DenSco's records indicate that Cate received cash disbursements totaling \$35,773.48 during this period. Accordingly, the Receiver

recommends that Cate's claim be reduced by \$4,431.82³ and approved in the amount of \$67,828.34.

(4) Arden & Nina Chittick Family Trust

The Arden & Nina Chittick Family Trust ("A&N Chittick") filed a Proof of Claim in the amount of \$254,368.53. The Receiver has determined that A&N Chittick's claim reflects accrued but unpaid interest earned through December 31, 2012 totaling \$114,890.62, whereas DenSco's records indicate that A&N Chittick earned accrued interest of \$114,611.08. Accordingly, the Receiver recommends that A&N Chittick's claim be reduced by \$279.55⁴ and approved in the amount of \$254,088.98.

(5) Eldon & Carlene Chittick Family Trust

The Eldon & Carlene Chittick Family Trust ("E&C Chittick") filed a Proof of Claim in the amount of \$565,732.00. The Receiver has determined that E&C Chittick's claim does not reflect principal investments totaling \$383,776.18 or principal and interest withdrawals totaling \$398,203.24. In addition, E&C Chittick's claim reflects accrued but unpaid interest earned through December 31, 2012 totaling \$82,232.00, whereas DenSco's records indicate that E&C Chittick earned accrued interest of \$20,111.33. Accordingly, the Receiver recommends that E&C Chittick's claim be reduced by \$76,547.73⁵ and approved in the amount of \$489,184.27.

(6) Samantha Davis

Samantha Davis ("Davis") filed a Proof of Claim in the amount of \$35,079.23. Davis asserts an initial principal investment of \$80,279.23 in November 2009; however, DenSco's records indicate that Davis actually invested \$65,832.67 in November 2004. DenSco issued a new General Obligation Note in the amount of \$80,279.23 just before Davis' original investment matured; however, email correspondence between Jack Davis and Denny Chittick indicates that the note was modified after Davis withdrew \$20,000.00 in late October 2009.

In addition, Davis' claim does not reflect an additional \$35,000.00 withdrawal in November 2008 or accrued but unpaid interest earned through December 31, 2012 totaling \$48,625.17. Finally, Davis' claim reflects cash interest payments totaling \$25,200.00 for interest earned from 2013 through 2016, whereas DenSco's records indicate that Davis received cash disbursements totaling \$25,222.82 during this period. Accordingly, the Receiver recommends that BH-IRA's claim be reduced by \$844.21⁶ and approved in the amount of \$34,235.02.

³ \$31,341.66 – \$35,773.48 = -4,431.82.

⁴ \$114,611.08 – \$114,890.62 – \$0.01 statement rounding error = -\$279.55.

⁵ \$383,776.18 – \$398,203.24 + [\$20,111.33 – \$82,232.00] = -\$76,547.73.

⁶ [\$65,832.67 – \$80,279.23] – \$35,000.00 + \$48,625.17 + [\$25,200.00 – \$25,222.82] = -\$844.21.

(7) Scott D. DeTota

Scott D. DeTota (“DeTota”) filed a Proof of Claim in the amount of \$121,988.78. DeTota asserts a total principal investment of \$151,230.78; however, DenSco’s records indicate that DeTota actually invested \$50,000.00 in November 2007, July 2010, and February 2013, for a total principal investment of \$150,000.00. Accordingly, the Receiver recommends that BH-IRA’s claim be reduced by \$1,230.78⁷ and approved in the amount of \$120,758.00.

(8) Dale & Kathy Hickman

Dale & Kathy Hickman (“Hickman”) filed a Proof of Claim in the amount of \$744,952.30. The Receiver has determined that Hickman’s claim reflects accrued but unpaid interest earned through December 31, 2012 totaling \$269,952.30, whereas DenSco’s records indicate that Hickman earned accrued interest of \$262,377.17. In addition, Hickman’s claim does not reflect any cash interest payments from 2013 through 2016, whereas DenSco’s records indicate that Hickman received cash interest payments totaling \$64,085.44 during this period. Accordingly, the Receiver recommends that Hickman’s claim be reduced by \$71,660.57⁸ and approved in the amount of \$673,291.73.

(9) Craig & Samantha Hood

Craig & Samantha Hood (“Hood”) filed a Proof of Claim in the amount of \$1,113,476.57. The Receiver has determined that Hood’s claim does not reflect a withdrawal of \$50,000.00 in November 2012 and two (2) withdrawals totaling \$69,550.00 in June 2013. The Receiver analyzed the accounting and bank records of DenSco to confirm that these withdrawals occurred and provided Hood with the supporting documentation identified. Hood agreed that the withdrawals did in fact occur.

In addition, Hood calculated additional accrued but unpaid interest of \$1,005.00 based on the belief that the 2012 withdrawal was reported in error on Hood’s DenSco statements. Accordingly, the Receiver recommends that Hood’s claim be reduced by \$120,555.01⁹ and approved in the amount of \$992,921.56.

(10) Bill Hughes

Bill Hughes (“Hughes”) filed a Proof of Claim in the amount of \$71,250.00. The Receiver has determined that Hughes’ claim reflects cash interest payment of \$1,250.00 for interest earned in July 2016, whereas DenSco’s records indicate that no investors received interest payments in July 2016. Accordingly, the Receiver recommends that Hughes’ claim be increased by \$1,250.00 and approved in the amount of \$72,500.00.

⁷ \$150,000.00 – \$151,230.78 = -\$1,230.78.

⁸ [\$262,377.17 – \$269,952.30] – \$64,085.44 = -\$71,660.57

⁹ -\$50,000.00 – \$69,550.00 – \$1,005.00 – \$0.01 statement rounding error = -\$120,555.01.

(11) Bill Hughes - IRA

The Bill Hughes IRA (“BH-IRA”) filed a Proof of Claim in the amount of \$329,420.24. The Receiver has determined that BH-IRA’s claim does not reflect an additional investment of \$6,500.00 paid to DenSco in May 2016. In addition, BH-IRA’s claim reflects cash interest payments totaling \$46,610.16 for interest earned in 2016, whereas DenSco’s records indicate that BH-IRA only received cash disbursements totaling \$35,087.62 during 2016. Accordingly, the Receiver recommends that BH-IRA’s claim be increased by \$18,022.55¹⁰ and approved in the amount of \$347,442.79.

(12) Judy Hughes - IRA

The Judy Hughes IRA (“JH-IRA”) filed a Proof of Claim in the amount of \$188,044.44. The Receiver has determined that JH-IRA’s claim does not reflect an additional investment of \$6,500.00 paid to DenSco in May 2016. In addition, BH-IRA’s claim reflects cash interest payments totaling \$24,443.00 for interest earned in 2016, whereas DenSco’s records indicate that JH-IRA only received cash disbursements totaling \$14,795.80 during 2016. Finally, JH-IRA’s claim reflects accrued but unpaid interest earned through December 31, 2012 totaling \$86,332.98, whereas DenSco’s records indicate that JH-IRA earned accrued interest of \$33,429.78. Accordingly, the Receiver recommends that BH-IRA’s claim be reduced by \$36,756.00¹¹ and approved in the amount of \$151,288.44.

(13) James K. Jetton

James Jetton (“Jetton”) filed a Proof of Claim in the amount of \$50,000.00. Jetton’s claim reflects only the investor’s principal balance and does not account for interest accruals or disbursements. DenSco’s records indicate that Jetton earned accrued but unpaid interest totaling \$1,841.32 through December 31, 2012. In addition, Jetton’s claim does not reflect any cash interest payments from 2013 through 2016, whereas DenSco’s records indicate that Jetton received two (2) cash interest payments of \$1,994.55 each in March and June 2015, for a total of \$3,989.10. Accordingly, the Receiver recommends that Jetton’s claim be reduced by \$2,147.78¹² and approved in the amount of \$47,852.22.

(14) LeRoy Kopel Revocable Living Trust

The LeRoy Kopel Revocable Living Trust (“Kopel”) filed a Proof of Claim in the amount of \$84,723.26. The Receiver has determined that Kopel’s claim does not reflect a principal investment of \$100,000.00 paid to DenSco in November 2013, or the withdrawal of that investment plus interest for a total of \$119,104.54 in November 2015. In addition, Kopel’s claim does not reflect any cash interest payments from 2013 through 2016, whereas DenSco’s records indicate that Kopel received two (2) cash disbursements of \$6,727.74 each in March and June

¹⁰ \$6,500.00 + [\$46,610.16 – \$35,087.62] + \$0.01 statement rounding error = \$18,022.55.

¹¹ \$6,500.00 + [\$24,443.00 – \$14,795.80] + [\$33,429.78 – \$86,332.98] = -\$36,756.00.

¹² \$1,841.32 – \$3,989.10 = -\$2,147.78.

2015, for a total of \$13,455.48. Accordingly, the Receiver recommends that Kopel's claim be reduced by \$32,560.02¹³ and approved in the amount of \$52,163.24.

(15) Wayne J. Ledet - Roth IRA

The Wayne Ledet Roth IRA ("WL-Roth") filed a Proof of Claim in the amount of \$102,706.77. The Receiver has determined that WL-Roth's claim does not reflect an additional investment of \$6,000.00 paid to DenSco in February 2013. In addition, WL-Roth's claim does not reflect withdrawals of \$6,867.00 on March 20, 2014 and \$7,471.58 on March 31, 2015 (the 2015 withdrawal was subsequently deposited to the Wayne J. Ledet Revocable Trust's investment account). Accordingly, the Receiver recommends that WL-Roth's claim be reduced by \$8,338.58¹⁴ and approved in the amount of \$94,368.19.

(16) Wayne J. Ledet Revocable Trust

The Wayne J. Ledet Revocable Trust ("Ledet") filed a Proof of Claim in the amount of \$292,611.09. The Receiver has determined that Ledet's claim reflects accrued but unpaid interest earned through December 31, 2012 totaling \$21,370.07, whereas DenSco's records indicate that Ledet earned accrued interest of \$18,400.15. In addition, Ledet's claim reflects cash interest payments totaling \$61,797.56 for interest earned during 2013 through 2016, whereas DenSco's records indicate that Ledet only received cash disbursements totaling \$59,732.64 during that time. Accordingly, the Receiver recommends that Ledet's claim be reduced by \$905.00¹⁵ and approved in the amount of \$291,706.09.

(17) William & W. Jean Locke

William & Jean Locke ("Locke") filed a Proof of Claim in the amount of \$156,098.00. The Receiver has determined that Locke's claim does not reflect principal investments totaling \$125,000.00 or principal and interest withdrawals totaling \$136,067.82. In addition, Locke's claim reflects accrued but unpaid interest earned through December 31, 2012 totaling \$86,393.00, whereas DenSco's records indicate that Locke earned accrued interest of \$55,373.38. Finally, Locke's claim reflects cash interest payments totaling \$40,295.00 from 2013 through 2016, whereas DenSco's records indicate that Locke received cash disbursements totaling \$44,526.82. Accordingly, the Receiver recommends that Locke's claim be reduced by \$46,319.26¹⁶ and approved in the amount of \$109,778.74.

(18) Jim McArdle

Jim McArdle ("McArdle") filed a Proof of Claim in the amount of \$307,835.00. The Receiver has determined that McArdle's claim does not reflect an additional investment of \$50,000 paid to DenSco in March 2011, or the withdrawal of that investment plus interest for a total of

¹³ \$100,000.00 – \$119,104.54 – \$13,455.48 = -\$32,560.02.

¹⁴ \$6,000.00 – \$6,867.00 – \$7,471.58 = -\$8,338.58.

¹⁵ [\$18,400.15 – \$21,370.07] + [\$61,797.56 – \$59,732.64] = -\$905.00.

¹⁶ \$125,000.00 – \$136,067.82 + [\$55,373.38 – \$86,393.00] + [\$40,295.00 – \$44,526.82] = -\$46,319.26.

\$59,471.86 in May 2014. In addition, McArdle's claim reflects accrued but unpaid interest earned through December 31, 2012 totaling \$62,781.00, whereas DenSco's records indicate that McArdle earned accrued interest of \$42,209.67. Finally, McArdle's claim reflects cash interest payments totaling \$234,946.00 from 2013 through 2016, whereas DenSco's records indicate that McArdle only received cash disbursements totaling \$205,004.88 during this period. Accordingly, the Receiver recommends that McArdle's claim be reduced by \$102.07¹⁷ and approved in the amount of \$307,732.93.

(19) The Marvin G. Miller & Patricia S. Miller 1989 Trust

Marvin and Patricia Miller ("Miller") held three (3) separate DenSco investment accounts in the names of the Marvin G. Miller & Patricia S. Miller 1989 Trust ("Miller Trust"), LF Fund, and Marvin G. Miller & Pat S. Miller 1989 Trust—Major ("Major"). Miller filed a single Proof of Claim in the amount of \$967,132.44 encompassing all three (3) investment accounts. According to DenSco's records, the Major investment account was withdrawn in May 2014, resulting in a net profit. Miller's claim appropriately offsets Major's net profit against Miller's net losses by consolidating the three (3) investment accounts into a single Proof of Claim.

Miller's claim reflects cash interest payments totaling \$647,867.56 for interest earned from 2013 through 2016, whereas DenSco's records indicate that Miller only received cash disbursements totaling \$618,857.97 during this period. The Receiver noted that Miller calculated its claim based on the interest earnings reported on the statements issued by DenSco; however, the Receiver identified three (3) discrepancies in the information reported by DenSco to Miller.

First, the DenSco statements issued to the Miller Trust for total interest earned during 2014 erroneously included \$23,896.33 in interest earned by Major, which was also included on the statements issued to Major; thus, this amount was double-counted. Second, the DenSco statements issued to LF Fund inaccurately reflect total interest earnings of \$4,496.62 in 2013, as September 2013's earnings of \$733.26 were erroneously duplicated—LF Fund's actual interest earnings totaled \$3,763.36 during 2013. Third, the DenSco statements issued to Major inaccurately reflect total interest earnings of \$40,480.00 in 2014, as September 2014's earnings of \$6,440.00 were erroneously duplicated—Major's actual interest earnings totaled \$34,040.00 during 2013.

In addition, Miller relied on the March 2014 statement issued by DenSco to Major, which did not include the \$2,060.00 in interest paid to Major in April 2014. Accordingly, the Receiver recommends that Miller's claim be increased by \$29,009.59¹⁸ and approved in the amount of \$996,142.03.

(20) Brian & Janice Odenthal

Brian & Janice Odenthal ("Odenthal") filed a Proof of Claim in the amount of \$151,819.40. The Receiver has determined that Odenthal's claim reflects cash interest payments totaling

¹⁷ $\$50,000.00 - \$59,471.86 + [\$42,209.67 - \$62,781.00] + [\$234,946.00 - \$205,004.88] = -\$102.07.$

¹⁸ $\$23,896.33 + \$733.26 + \$6,440.00 - \$2,060.00 = \$29,009.59.$

\$18,180.60 from 2013 through 2016, whereas DenSco's records indicate that Odenthal received cash interest payments totaling \$35,602.89 during this period. Odenthal did not account for three (3) cash interest payments of \$5,807.43 each in March, June, and September 2015, for a total of \$17,422.29. Accordingly, the Receiver recommends that Odenthal's claim be reduced by \$17,422.29 and approved in the amount of \$134,397.11.

(21) Jeff Phalen - IRA

The Jeff Phalen IRA ("JP-IRA") filed a Proof of Claim in the amount of \$381,901.12. The Receiver has determined that JP-IRA's claim reflects accrued but unpaid interest earned through December 31, 2012 totaling \$31,901.12, whereas DenSco's records indicate that JP-IRA earned accrued interest of \$30,967.74. The Receiver noted that the statements issued by DenSco to Phalen inaccurately reflect total interest earnings of \$5,905.52 in 2011, as October 2011's earnings of \$933.38 were erroneously duplicated—JP-IRA's actual interest earnings totaled \$4,972.14 during 2011. Accordingly, the Receiver recommends that JP-IRA's claim be reduced by \$933.38 and approved in the amount of \$380,967.74.

(22) Wade Underwood

Wade Underwood ("Underwood") filed a Proof of Claim in the amount of \$123,739.03. The Receiver has determined that Underwood's claim reflects accrued but unpaid interest earned through December 31, 2012 totaling \$51,496.95, whereas DenSco's records indicate that Underwood earned accrued interest totaling \$21,768.83. Underwood did not account for interest totaling \$29,728.12 that was disbursed in cash from 2007 through 2011. Accordingly, the Receiver recommends that Underwood's claim be reduced by \$29,728.12 and approved in the amount of \$94,010.95.

(23) Brian & Carla Wenig Family Trust

The Brian & Carla Wenig ("Wenig") Family Trust filed a Proof of Claim in the amount of \$157,126.76. The Receiver has determined that Wenig's claim reflects accrued but unpaid interest earned through December 31, 2012 totaling \$42,126.76; however, Wenig did not invest in DenSco until April 2013. This amount actually reflects the accrued but unpaid interest earned from 2013 through 2016. In addition, Wenig's claim did not reflect any cash interest disbursements from 2013 through 2016, whereas DenSco's records indicate that Wenig received cash disbursements totaling \$8,450.46 during this period. Accordingly, the Receiver recommends that Wenig's claim be reduced by \$50,577.22¹⁹ and approved in the amount of \$106,549.54.

¹⁹ $-\$42,126.76 - \$8,450.46 = -\$50,577.22.$

6. Non-Investor Claims

The Receiver received six (6) non-investor claims. The Receiver's recommendations with respect to these claims are set forth below.

(1) Clark Hill, PLC – First Claim

Clark Hill, PLC ("Clark Hill") filed an initial non-investor Proof of Claim in the amount of \$53,820.00 for unpaid legal services provided to DenSco from June 1, 2016 through August 17, 2016. Clark Hill provided the Receiver with unredacted copies of its billing statements. While it appears that the work performed by Clark Hill was for DenSco, the Receiver has determined that Clark Hill had a conflict of interest that precluded it from performing those legal services without violating fiduciary duties owed to DenSco. Pursuant to Restatement (Third) of the Law Governing Lawyers § 49, which states that "[a] lawyer engaging in clear and serious violation of duty to a client may be required to forfeit some or all of the lawyer's compensation for the matter," the Receiver recommends that Clark Hill's first claim for \$53,820.00 be denied.

(2) Clark Hill, PLC – Second Claim

Clark Hill filed a second non-investor Proof of Claim in the amount of \$23,046.00 for unpaid legal services provided to DenSco from August 18, 2016 through September 30, 2016. Clark Hill provided the Receiver with unredacted copies of its billing statements. While it appears that the work performed by Clark Hill was for DenSco, the Receiver has determined that Clark Hill had a conflict of interest that precluded it from performing those legal services without violating fiduciary duties owed to DenSco. Pursuant to Restatement (Third) of the Law Governing Lawyers § 49, which states that "[a] lawyer engaging in clear and serious violation of duty to a client may be required to forfeit some or all of the lawyer's compensation for the matter," the Receiver recommends that Clark Hill's second claim for \$23,046.00 be denied.

(3) Shawna Heuer, Personal Representative for the Estate of Denny Chittick

Shawna Heuer ("Heuer") filed a non-investor Proof of Claim as the Personal Representative for the Estate of Denny Chittick ("Chittick Estate") and identified the basis for the Chittick Estate's claim as "other form of contract." Heuer described the Chittick Estate's claim as follows:

Denny Chittick ("Chittick") was the sole shareholder, director, and officer of DenSco Investment Corporation ("DenSco"). Chittick is now deceased, and this claim is submitted by the Estate of Denny Chittick and its personal representative, Shawna C. Heuer (collectively, the "Estate"). This claim seeks indemnification and contribution from the Receivership for all liabilities incurred by the Estate (or imposed on the beneficiaries of the Estate) that arise out of or relate in any manner to DenSco, including but not limited to (i) Chittick's ownership of DenSco (which shall include, but not be limited to, federal and state tax consequences borne by or imposed upon Chittick or the Estate resulting from the tax reporting previously or hereafter made by DenSco, whether related to (a) the recognition of income, recognition of losses, and claims for tax refunds arising as the result of the recognition of losses, which refunds the Estate or the Receivership may hereafter pursue, or (b) determinations made by the Receiver that

certain tax attributes claimed by DenSco were improperly characterized, and the resulting consequences of treating those tax attributes in the manner which the Receiver deems to be more correct, including without limitation, reporting involving vehicles that were intended, or appear to have been intended, to have qualified as deferred compensation plans), (ii) Chittick's operation and management of DenSco, (iii) acts undertaken by Chittick on behalf of or for the benefit of DenSco, whether as an officer, employee, agent, director or shareholder of DenSco, or as a fiduciary in respect of any deferred compensation plans sponsored by DenSco, and (iv) duties owed by Chittick to third parties as a result of Chittick's ownership and management of DenSco or actions undertaken by Chittick on behalf of DenSco. The amount of this claim is currently unknown.

The Chittick Estate's creditor claim is based on a hypothetical set of facts and circumstances and for an unknown monetary amount. In short, the Chittick Estate appears to have filed its claim in an effort to preserve its rights to seek future "indemnification" if the Chittick Estate suffers some apparent economic damage as a result of the administration of the Receivership Estate. Currently, the Receiver and the Chittick Estate are in complicated negotiations to resolve a series of issues relating to the tax refunds, deferred compensation, and the DenSco Defined Benefit Plan, which the Chittick Estate is concerned may give rise to its future claims.

The Receiver recommends that the Court defer approval or denial of the Chittick Estate's claim. The deferral of the adjudication of the Chittick Estate's claim is reasonable because it is for an unknown amount under facts and circumstances that have not yet arisen. Moreover, it is fundamentally unfair to the other DenSco creditors to have to wait to receive an interim distribution from the Receivership Estate for an indefinite time until the Chittick Estate creditor claim comes into existence. Accordingly, the Receiver recommends that Chittick Estate's creditor claim is deferred indefinitely.

(4) James Richard Hill, Jr.

The Receiver received a written request for a claim form from James Richard Hill, Jr. ("Hill") in May 2017. Hill provided his return address, which the Receiver's investigation revealed is the Substance Abuse Treatment Facility and State Prison in Corcoran, California. Hill filed a Non-Investor Proof of Claim for an unsecured claim of \$3,255.00 and identified the basis for his claim as "goods purchased." Murchinson described his claim as follows:

Unable to specify. House broken into. Property stolen. Documents lost.

There is no evidence that DenSco had any business or other relationship with Hill. Moreover, the Receiver is generally aware that with the national publication of the DenSco claims process, it is common for incarcerated individuals to file false creditor claims in the hopes that they will be approved and paid. Since there is no sufficient evidence to substantiate this claim, the Receiver recommends that Hill's claim be denied.

(5) Carlyle Johnson

The Receiver received a written request for a claim form from Carlyle Johnson (“Johnson”) in May 2017. Johnson provided his return address, which the Receiver’s investigation revealed is the Substance Abuse Treatment Facility and State Prison in Corcoran, California. Johnson filed a Non-Investor Proof of Claim for an unsecured claim of \$6,550.00 and identified the basis for his claim as “services performed.” Johnson did not provide a description of his claim or any supporting documentation. The Receiver is generally aware that with the national publication of the DenSco claims process, it is common for incarcerated individuals to file false claims in the hopes that they will be approved and paid.

There is no evidence that DenSco had any business or other relationship with Johnson. Moreover, the Receiver is generally aware that with the national publication of the DenSco claims process, it is common for incarcerated individuals to file false creditor claims in the hopes that they will be approved and paid. Since there is no sufficient evidence to substantiate this claim, the Receiver recommends that Johnson’s claim be denied.

(6) Eric Murchinson

The Receiver received a written request for a claim form from Eric Murchinson (“Murchinson”) in May 2017. The handwritten request was delivered in an envelope from the Federal Correctional Complex in Coleman, Florida. Murchinson filed a Non-Investor Proof of Claim for an unsecured claim of \$1,000.00 and identified the basis for his claim as “money loaned.” Murchinson described his claim as follows:

I have loaned money for investment. I had a little trouble and my documentation paper got lost in my moving here in Coleman, Florida prison. I’m sorry. But it was for school supplies and books for urban kids.

There is no evidence that DenSco had any business or other relationship with Murchinson. Moreover, the Receiver is generally aware that with the national publication of the DenSco claims process, it is common for incarcerated individuals to file false creditor claims in the hopes that they will be approved and paid. Since there is no sufficient evidence to substantiate this claim, the Receiver recommends that Murchinson’s claim be denied.