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9 **IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**
10 **IN THE COUNTY OF MARICOPA**

11 PETER S. DAVIS, as Receiver of DENSCO
12 INVESTMENT CORPORATION, an
13 Arizona corporation,
14
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18
19 Plaintiff,

Case No.: CV2019-011499

**FIRST AMENDED
COMPLAINT**
(Breach of Contract)

vs.

(*TIER 3*)

U.S. 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.

(*Eligible for Commercial Court*)

Defendants.

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”),
22 JPMorgan Chase Bank, N.A. (“Chase”), Hilda Chavez (“Chavez”), Samantha Nelson
23 (“Nelson”), and Vikram Dadlani (“Dadlani”).¹

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25 ¹ US Bank, Chase, Chavez, Nelson, and Dadlani, may be collectively referred to as “Defendants”.

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INTRODUCTION.

Yomtov Scott Menaged (“Menaged”) is sitting in Federal prison for a series of crimes he perpetrated against DenSco Investment Corporation (“DenSco”) and its investors. He defrauded DenSco in excess of \$46,000,000.00. His fraudulent scheme required a series of financial transactions that he ran through US Bank and Chase. However, US Bank and Chase (and their employees) are also to blame. Defendants knew that Menaged was defrauding DenSco and continued to facilitate the financial transactions and operations that formed the lifeblood of Menaged’s fraudulent scheme. But for Defendants’ substantial assistance, Menaged could not have scammed DenSco out of tens-of-millions of dollars. It is time that Defendants make DenSco whole.

Accordingly, Plaintiff brings this action to recover compensatory and punitive damages for the losses DenSco suffered as a result of Defendants’ aiding and abetting Menaged’s fraud.

PARTIES, JURISDICTION, AND VENUE.

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

20 2. Denny J. Chittick (“Chittick”) was the sole owner, shareholder and operator
21 of DenSco. He served as DenSco’s President, Vice President, Treasurer, and Secretary,
22 and was its only employee.

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

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

5 5. Plaintiff has determined that DenSco holds significant claims against
6 Defendants for aiding and abetting Menaged's fraudulent scheme.

7 6. Defendant US Bank is a national banking association that is authorized to
8 conduct business in the State of Arizona and conducting business in Maricopa County,
9 Arizona. This Court has personal jurisdiction over US Bank because US Bank provided
10 banking services in Arizona to Arizona residents and Arizona businesses.

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

13 8. At all times material hereto Defendant Chavez was acting for, and on behalf
14 of, the marital community. Plaintiff does not know the true name of the defendant
15 denominated as John Doe Chavez but will substitute the true name of the party prior to
16 entry of judgment.

17 9. Defendant Chase is a national banking association that is authorized to
18 conduct business in the State of Arizona and conducts business in Maricopa County,
19 Arizona. This Court has personal jurisdiction over Chase because Chase provided banking
20 services in Arizona to Arizona residents and Arizona businesses.

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

24 11. At all times alleged Defendant Samantha Nelson was acting for, and on
25 behalf of, the marital community.

 12. At all times hereto, Defendants Vikram Dadlani and Jane Doe Dadlani, were
husband and wife, and were residing in Maricopa County, in the State of Arizona.

1 13. At all times alleged Defendant Vikram Dadlani was acting for, and on behalf
2 of, the marital community. Plaintiff does not know the true name of the defendant
3 denominated as Jane Doe Dadlani but will substitute the true name of the party prior to
4 entry of judgment.

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

7 15. Venue is proper in Maricopa County under A.R.S. §12-401 because US
8 Bank and Chase conduct business or reside in Maricopa County.

9 **MENAGED’S FRAUDULENT SCHEMES.**

10 16. Menaged defrauded DenSco in excess of \$46 million between 2011 and
11 2016.

12 17. Upon information and belief, Menaged was the sole member of Easy
13 Investments, LLC (“Easy Investments”).

14 18. Upon information and belief, Menaged was the sole member of Arizona
15 Home Foreclosures, LLC (“AZHF”).

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

18 20. DenSco made “hard money loans” to Menaged, Easy Investments, and
19 AZHF for the stated purpose of purchasing foreclosed upon homes at trustees’ sales.

20 21. Menaged, however, defrauded DenSco by not using the funds that he, Easy
21 Investments, or AZHF borrowed from DenSco (“DenSco Loan Proceeds”) to purchase
22 homes at trustee’s sales, but rather, he used the DenSco Loan Proceeds for his own
23 personal benefit.

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

 23. In the first fraudulent scheme (the “First Fraud”), Menaged executed
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 lender
3 and would be the only secured creditor in first position.

4 24. Menaged orchestrated the First Fraud by obtaining two loans from separate
5 lenders through the use of fraud and deception at least one hundred and seventy-nine (179)
6 times between 2011 and 2013.

7 25. Menaged was able to orchestrate the First Fraud in part because Chittick
8 funded the loans by paying the money directly to Menaged rather than to the trustee or
9 escrow company conducting the trustee's sale as DenSco represented in its private offering
10 memoranda to investors.

11 26. DenSco discovered the First Fraud in or around November 2013 when other
12 lenders began to question why certain properties owned by Menaged had two hard money
13 loans secured against the properties.

14 27. On November 27, 2013, Menaged met with Chittick about the facts and
15 circumstances of the First Fraud.

16 28. During that meeting, Menaged lied to Chittick about Menaged's involvement
17 in the First Fraud. Menaged falsely told Chittick that his wife had cancer and that his
18 "cousin" had masterminded and perpetuated the First Fraud while he was distracted by
19 caring for his sick wife.

20 29. Chittick owed fiduciary duties to DenSco and its investors, including duties
21 of loyalty and care.

22 30. Chittick's fiduciary duties required him to place the interest of the
23 corporation and DenSco's investors above his own interests.

24 31. Chittick's fiduciary duties also required him to inform DenSco's investors of
25 all of the facts and existence of the First Fraud.

32. Chittick breached the fiduciary duties he owed to DenSco and DenSco's
investors by placing his personal interests above the interests of the corporation and the

1 investors, and by concealing the First Fraud from the investors.

2 33. Chittick was concerned that if DenSco's investors learned about the First
3 Fraud, they would lose faith in him and would demand the return of their investments,
4 which he did not have because of Menaged's fraud.

5 34. Chittick was also concerned that he may face criminal charges for whatever
6 role he had in allowing Menaged to orchestrate the First Fraud if the investors discovered
7 learned about First Fraud.

8 35. Instead of disclosing the First Fraud to DenSco's investors, Chittick had
9 DenSco enter into a Forbearance Agreement with Menaged whereby DenSco agreed to
10 forbear its rights and remedies against Menaged and his companies provided Menaged
11 agreed, among other things, to pay certain sums and take other actions to repay the
12 amounts owed to DenSco.

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

15 37. Pursuant to the Forbearance Agreement, DenSco continued to fund hard
16 money loans to Menaged for the purchase of real estate from foreclosure auctions.

17 38. This was done to help Menaged "fix" the problem by repaying the losses
18 caused by the First Fraud before Chittick disclosed the First Fraud to DenSco's investors.

19 39. Chittick informed and sought advice from DenSco's attorney, David
20 Beauchamp ("Beauchamp") about the First Fraud in January 2014.

21 40. Beauchamp helped DenSco negotiate and implement the Forbearance
22 Agreement with Menaged.

23 41. Beauchamp also advised Chittick that DenSco could raise new money from
24 investors to fund additional loans to Menaged without disclosing the First Fraud to those
25 investors.

42. Beauchamp advised Chittick to alter DenSco's lending practices with
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 property
2 address in the memo line, and to provide copies of the receipts Menaged received from the
3 foreclosure trustee for the purchase of a real property at a trustee's sale.

4 43. Chittick relied upon Beauchamp's advice in deciding to continue to lend
5 additional monies to Menaged after the discovery of the First Fraud.

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

9 45. Chittick breached his fiduciary duties to DenSco and its investors by causing
10 DenSco to (i) make 2,712 new loans to Menaged after the First Fraud for which DenSco
11 has suffered losses in excess of \$25 million; (ii) obtain more than \$15 million from
12 investors who were never told of Chittick's mismanagement of DenSco, the First Fraud,
13 and the Forbearance Agreement; and (iii) misdirect investors' money to fund the "work
14 out" contemplated by the Forbearance Agreement rather than use the money as promised to
15 investors when they invested.

16 46. After the First Fraud was discovered and ended, DenSco and Menaged
17 altered their business practices for all future loans from DenSco to Menaged.

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

23 48. Menaged then engaged in a systematic and comprehensive scheme to
24 defraud DenSco for a second time through the use and creation of falsified checks, deeds,
25 contracts and receipts related to the purported purchase of real estate at a trustee's sale (the
"Second Fraud").

49. As part of the Second Fraud, Menaged obtained a total of over 1,400 loans

1 from DenSco between January 2014 and June 2016. However, Menaged did not use these
2 loan proceeds for the purpose for which they were intended—to actually purchase real
3 estate at a trustees’ sale or otherwise.

4 50. Menaged would email DenSco lists of properties in foreclosure proceedings
5 (“Identified Properties”).

6 51. In those emails, Menaged intentionally misrepresented to DenSco that (1) he
7 was the winning bidder on properties that were sold at a trustee’s sale; (2) his companies,
8 Easy Investments or AZHF, needed financing to purchase the Identified Properties; and (3)
9 requested that DenSco loan Easy Investments or AZHF the funds required to complete the
10 purchase of the Identified Properties.

11 52. These emails included, among other things, (1) the addresses of the
12 Identified Properties that Menaged misrepresented to DenSco that he intended to complete
13 the purchase with the DenSco Loan Proceeds; and (2) the amount of the loan that Menaged
14 needed.

15 53. The DenSco Loan Proceeds were supposed to be secured with deeds of trust
16 recorded against the Identified Properties purchased.

17 54. These misrepresentations were material to DenSco.

18 55. Menaged never intended to purchase the Identified Properties, but rather
19 intended for DenSco to rely on these material misrepresentations and loan him money.

20 56. DenSco relied on the truth of Menaged’s material misrepresentations and
21 loaned Menaged, Easy Investments, and AZHF the funds required for Menaged to
22 complete the purchase of the Identified Properties.

23 57. DenSco did not know that Menaged’s representations were false.

24 58. DenSco had the right to rely on the truth of Menaged’s misrepresentations,
25 and such reliance were reasonable and justified under the circumstances.

59. DenSco expected that the DenSco Loan Proceeds would be used for the
specific purpose of purchasing the Identified Properties, secured by a deed of trust at the

1 agreed upon interest rate of 15%-18%.

2 60. Menaged, however, did not use the DenSco Loan Proceeds to purchase the
3 Identified Properties. Rather, he used the DenSco Loan Proceeds for his own personal
4 benefit.

5 61. As a result, DenSco was damaged.

6 **DISCOVERY OF THE SECOND FRAUD**

7 62. In April 2016, Menaged filed for Chapter 7 bankruptcy.

8 63. At the time, Menaged, AZHF and Easy Investments owed DenSco
9 approximately \$30 million in loans.

10 64. When Chittick confronted Menaged about the amounts owed to DenSco,
11 Menaged lied to Chittick and told him the money owed to DenSco was safe and was being
12 held at Auction.com, an online marketplace for foreclosure buyers.

13 65. Menaged lied and told Chittick that he would be able to retrieve the money
14 from Auction.com and repay DenSco as soon as the bankruptcy action was discharged.

15 66. Menaged told Chittick that no one can know about Auction.com because the
16 bankruptcy court would go after the money if it discovered it and Menaged would be
17 unable to repay DenSco and its investors.

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

21 68. On July 28, 2016, Chittick committed suicide.

22 69. Chittick was not aware of the Second Fraud when he committed suicide.

23 70. Based on Menaged's misrepresentations, Chittick believed that the money
24 owed to DenSco was tied up at Auction.com pursuant to a supposed agreement between
25 Auction.com and Menaged, the details of which he did not fully understand and, because
of the bankruptcy action, Menaged could not repay DenSco.

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

1 Receiver was appointed on August 18, 2016.

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

5 73. The Receiver immediately began investigating to track and document the
6 funds DenSco loaned to Menaged after the Forbearance Agreement and to determine how
7 those funds were used by Menaged.

8 74. During that investigation, the Receiver discovered that Menaged did not use
9 the funds obtained from DenSco to purchase the Identified Properties.

10 75. On or about October 3, 2016, the Receiver obtained a forensic image of
11 Menaged's computers and cellphone.

12 76. The Receiver located a number of emails from Menaged to Chase employees
13 from Menaged's computers, but still did not fully understand the nature and extent of the
14 Second Fraud and the damages.

15 77. On October 20, 2016, the Receiver deposed Menaged.

16 78. In November 2016, the Receiver issued subpoenas to US Bank and to Chase
17 and slowly began to receive documents from both US Bank and Chase.

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

20 80. The Receiver ultimately performed a complete forensic recreation of
21 Menaged's banking activity.

22 81. The Receiver finally understood the extent and losses constituting the
23 Second Fraud, and the substantial assistance U.S. Bank and Chase provided to Menaged,
24 when it completed an initial draft of that forensic recreation of Menaged's banking activity
25 on or about June 13, 2017.

82. The Receiver continued to learn additional information regarding the
substantial assistance US Bank and Chase Bank provided to Menaged in relation to the

1 Second Fraud after June 13, 2017.

2 **MENAGED’S INDICTMENT AND GUILTY PLEA.**

3 83. On or about May 16, 2017 Menaged was indicted in the United States
4 District 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
6 Defraud, and Forfeiture, in connection with his ownership, and management, of his real
7 estate and furniture businesses.

8 84. On or about August 4, 2017, Menaged and Francine Menaged entered into a
9 Settlement Agreement with Plaintiff, whereby the Menageds consented to the entry of a
10 nondischargeable civil judgment in favor of Plaintiff in the amount of \$31,000,000.00, and
11 whereby Plaintiff agreed to offset the judgment in an amount equal to the gross recovery
12 from third parties that is related to Menaged’s cooperation.

13 85. On or about October 17, 2017, Menaged pleaded guilty to Conspiracy to
14 Commit Bank Fraud, Aggravated Identity Theft, and Money Laundering Conspiracy, in the
15 District Court Action.

16 86. Menaged was sentenced to 17 years in a federal prison.

17 87. Menaged could not conduct this scheme on his own. This is where
18 Defendants come in.

19 **MENAGED’S CASHIER’S CHECK SCHEME: THE US BANK YEARS.**

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

22 89. Upon information and belief, Menaged banked at US Bank’s branch located
23 at 6611 W. Bell Road, Glendale, Arizona, which is located in a Fry’s grocery store.

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

91. Upon information and belief, Defendant Chavez was Menaged’s main
contact at US Bank. She committed the wrongful acts set forth below while conducting

1 official US Bank business.

2 92. US Bank and Defendant Chavez may be referred to as “the US Bank
3 Defendants.”

4 93. From December 2012 through May 2016, Menaged emailed DenSco 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 auctions
7 and was the winning bidder to purchase the Identified Properties.

8 94. In those emails, he would set forth the address of the Identified Property that
9 he purportedly purchased, and request financing from DenSco.

10 95. Relying on Menaged’s misrepresentations, DenSco made the requested loans
11 and wired the DenSco Loan Proceeds to Menaged’s Easy Investments account at US Bank.

12 96. DenSco’s wire transfers to US Bank included the following information:

13 a. The name of the originator: “DenSco Investment Corp”;

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

15 c. The amount of the DenSco loan transferred to Menaged for the
16 purchase of the Identified Properties.

17 97. Upon information and belief, nearly all funds in Menaged’s Easy
18 Investments account at US Bank consisted of the DenSco Loan Proceeds made to Menaged
19 to purchase the Identified Properties.

20 98. The US Bank Defendants knew almost all of the funds in Menaged’s Easy
21 Investments account at US Bank consisted of the DenSco Loan Proceeds because they
22 accepted the wire transfers from DenSco, kept records of Easy Investments’ account, and
23 compiled this information in the US Bank bank statements evidencing this.

24 99. On or about the day that DenSco wired the DenSco Loan Proceeds to
25 Menaged’s Easy Investments’ account, Menaged, or his assistant Veronica Castro, would
visit the US Bank branch to obtain cashier’s checks.

1 100. The cashier's checks that Menaged or Castro obtained from US Bank
2 consisted of the DenSco Loan Proceeds.

3 101. The amount of the cashier's checks that the US Bank Defendants created for
4 Menaged were equal to the amount of the DenSco Loan Proceeds that DenSco wired to
5 Menaged's Easy Investments account on or about that particular day, less the \$10,000.00
6 deposit that Menaged would have had to deposit with the trustee as the winning bidder.

7 102. Upon information and belief, Defendant Chavez, or other US Bank
8 employees, would assist Menaged and Castro in obtaining the cashier's checks.

9 103. Menaged or Castro instructed the US Bank Defendants to (1) make the
10 cashier's checks payable to the trustee who allegedly conducted the public sale of the
11 foreclosed property; and (2) in the amount for which Menaged misrepresented to DenSco
12 that he purchased the property, less the \$10,000.00 deposit that Menaged would have had
13 to deposit with the trustee as the winning bidder.

14 104. Menaged or Castro also instructed the US Bank Defendants to memorialize
15 on each individual cashier's checks' memo line: "DenSco Payment [and address of the
16 property]" or "DenSco [and address of the property]".

17 105. The US Bank Defendants prepared the cashier's checks in accordance with
18 Menaged's or Castro's instructions.

19 106. On almost all occasions, Menaged did not use the US Bank cashier's checks
20 to purchase the Identified Properties as he had represented to DenSco.

21 107. Rather, the purpose of these cashier's checks was to defraud DenSco, as it
22 was Menaged's intention to use the DenSco Loan Proceeds for his personal benefit.

23 108. Specifically, Menaged used the US Bank cashier's checks to provide
24 assurances to DenSco, and make DenSco believe, that he would be using the DenSco Loan
25 Proceeds to purchase the Identified Properties.

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

1 110. Upon information and belief, if Menaged was at the US Bank branch
2 obtaining the cashier's checks, he would electronically send the photos of the cashier's
3 checks to DenSco while at the branch.

4 111. Upon information and belief, if Castro was at the US Bank branch obtaining
5 the cashier's checks, she would take these pictures and send them to Menaged while at the
6 US Bank branch, and then Menaged would forward them to DenSco.

7 112. Immediately after the electronic photo of the cashier's checks was sent to
8 DenSco, the US Bank Defendants would then redeposit the cashier's checks, which
9 consisted of the DenSco Loan Proceeds, back into Menaged's Easy Investments' account.
10 After providing DenSco with photographic evidence of the cashier's check, Menaged
11 would falsify a trustee's sale receipt purporting to evidence the purchase of a real property
12 that never happened. The forged sales receipts typically contained information directly
13 from the cashier's check issued and redeposited by Chase. This provided further
14 legitimacy to DenSco that Menaged was using the loan proceeds for their intended purpose

15 113. Then, Menaged would use the DenSco Loan Proceeds for his own personal
16 benefit.

17 114. Menaged and the US Bank Defendants worked together to create,
18 photograph, and then immediately redeposit at least 41 cashier's checks in the total amount
19 of \$6,931,048.00, which allowed Menaged to use the DenSco Loan Proceeds for his own
20 personal benefit.

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

23 115. The US Bank Defendants knew, and were generally aware, that Menaged
24 was using the cashier's checks to commit the Second Fraud for several reasons.

25 116. First, the US Bank Defendants knew that Menaged promoted himself and
Easy Investments as being in the business of purchasing foreclosed homes from public
auctions because he regularly told them.

1 117. Also, upon information and belief, Defendant Chavez knew that Menaged
2 and Easy Investments were in the business of purchasing foreclosed homes at public
3 auctions because she was interested in purchasing foreclosed properties as rentals, and
4 Defendant Chavez met with Menaged to mentor her in the business.

5 118. Second, Menaged told the US Bank Defendants that DenSco was his and
6 Easy Investments' lender and that DenSco loaned funds to Managed and his companies for
7 the intended purchase of homes in foreclosure proceedings.

8 119. The US Bank Defendants knew that DenSco loaned money to Menaged and
9 Easy Investments because DenSco wired the DenSco Loan Proceeds to Menaged's Easy
10 Investments account at US Bank and the wire transfers listed DenSco as "the originator."

11 120. The US Bank Defendants knew that the cashier's checks that Menaged or
12 Castro obtained consisted of DenSco Loan Proceeds because it would receive DenSco's
13 wire transfer which listed DenSco as "the originator" and then they created the cashier's
14 checks which memorialized that they were DenSco's payment for a certain property on the
15 cashier's checks' memo lines.

16 121. Third, the US Bank Defendants knew that DenSco had the expectation that
17 the DenSco Loan Proceeds wired into Menaged's Easy Investments account would be used
18 to purchase the Identified Properties because the US Defendants would prepare cashier's
19 checks that would:

- 20 a. be approximately equal to the total amount that DenSco wired to
21 Managed's Easy Investments' account;
- 22 b. be made payable to a trustee that conducted the public auction; and
- 23 c. memorialize the cashier's checks' purported purpose by stating in
24 their memo lines: "DenSco Payment [property address]."

25 122. Fourth, the US Bank Defendants knew that Menaged was not using the
DenSco Loan Proceeds to complete the purchase of the Identified Properties, but rather to
perpetuate his fraud, because the US Bank Defendants would immediately redeposit the

1 cashier's checks back into the Easy Investments account for him.

2 123. Fifth, the US Bank Defendants knew that Menaged was not using the
3 DenSco Loan Proceeds for their intended purpose of purchasing the Identified Properties at
4 trustee's sales, but rather, Menaged was using the DenSco Loan Proceeds for his personal
5 benefit because, upon information and belief, he would withdraw large amounts of the
6 redeposited DenSco Loan Proceeds in cash from the US Bank's Easy Investments' account
7 and transfer redeposited DenSco Loan Proceeds from his US Bank Easy Investments
8 account to his other US Bank accounts.

9 124. Because Menaged and U.S. Bank re-deposited the cashier's check 41 times
10 totaling almost \$7 million, and U.S. Bank knew that Menaged was not using DenSco's
11 loan proceeds for their intended purpose, U.S. Bank knew that the cashier's check scheme
12 had no legitimate banking or business purpose, and despite this, continued to provide
13 Menaged banking services because of its own heightened motivation of maintaining
14 accounts worth millions of dollars.

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

16 125. As discussed above, the US Bank Defendants had actual knowledge of the
17 Second Fraud and substantially assisted Menaged in defrauding DenSco by knowing that
18 Menaged was defrauding DenSco and performing routine banking services that allowed
19 him to perpetuate his fraudulent scheme.

20 126. Upon information and belief, these routine banking services included, but
21 were not limited to:

- 22 a. accepting wire transfers from DenSco knowing that the DenSco Loan
23 Proceeds were not going to be used for their intended purpose of
24 purchasing homes in foreclosure proceedings;
- 25 b. creating cashier's checks knowing that they consisted of DenSco
Loan Proceeds and were not going to be used for their intended
purpose of purchasing homes in foreclosure proceedings;
- c. redepositing the cashier's checks for Menaged into his Easy

1 Investments account knowing that they consisted of DenSco Loan
2 Proceeds and that Menaged would use the redeposited DenSco Loan
Proceeds for his own benefit;

3 d. allowing Menaged to withdraw substantial amounts of DenSco Loan
4 Proceeds in the form of cash from the Easy Investments Account; and

5 e. transferring the DenSco Loan Proceeds from Menaged's Easy
6 Investments accounts to his other accounts at US Bank.

7 127. Also, and upon information and belief, Menaged requested that the US Bank
8 Defendants keep substantial amounts of cash at US Bank branch at 6611 W. Bell Road,
9 Glendale, Arizona to ensure adequate cash was available for Menaged's regular and
substantial cash withdrawals.

10 128. Upon information and belief, the US Bank Defendants accommodated this
11 request and changed its policies at the US Bank branch at 6611 W. Bell Road, Glendale,
12 Arizona and kept up to \$20,000.00 of cash at any given time for Menaged's cash
13 withdrawals.

14 129. The US Bank Defendants also substantially assisted Menaged in committing
15 the Second Fraud by ignoring its own policies and procedures.

16 130. Upon information and belief, US Bank has a "hold period" on redeposited
17 cashier's checks, where the redeposited funds would not be available to the account owner
18 for several days.

19 131. Upon information and belief, the US Bank Defendants materially assisted the
20 Second 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
access to the redeposited DenSco Loan Proceeds.

22 132. The US Bank Defendants materially assisted the Second Fraud by continuing
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 b. knowing DenSco loaned money to Easy Investments for purchasing
2 the Identified Properties at trustee's sales;
- 3 c. knowing that Menaged was obtaining cashier's checks with the
4 DenSco Loan Proceeds for the purported purchase of the Identified
5 Properties, but instead was redepositing them back into his Easy
6 Investments account; and
- 7 d. knowing that Menaged instead used the DenSco Loan Proceeds for
8 his own personal use.

9 133. Without the material and substantial assistance that the US Bank Defendants
10 provided to Menaged, Menaged could not have conducted the Second Fraud from
11 December 2012 through April of 2014.

12 134. The US Bank Defendants intended to assist Menaged in because the Second
13 Fraud Menaged moved millions of dollars through his Easy Investment account at US
14 Bank, and therefore, the US Bank Defendants had a financial motive to maintain
15 Menaged's business at US Bank.

16 135. The US Bank Defendants benefited from the Second Fraud by maintaining
17 Menaged's business accounts.

18 136. The US Bank Defendants, through their actions as described above, acted to
19 serve US Bank's own interests, having reason to know and consciously disregarding a
20 substantial risk that their conduct might significantly injure the rights of others, including
21 DenSco.

22 137. The US Bank Defendants, through the actions as described above,
23 consciously pursued a course of conduct knowing that it created a substantial risk of
24 significant harm to others, including DenSco.

25 138. Because the US Bank Defendants aided and abetted Menaged in defrauding
DenSco, DenSco was damaged in an amount to be proved at trial, but no less than
\$1,000,000.00.

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

1 139. From April 2014 through at least November 2016, Menaged and AZHF
2 banked with Chase.

3 140. Upon information and belief, Menaged banked at Chase's branch located at
4 8999 East Shea Boulevard, Scottsdale, Arizona.

5 141. From April 2014 through at least November 2016, Defendants Nelson and
6 Dadlani worked at Chase and were managers at the Chase branch located at 8999 East
7 Shea Boulevard, Scottsdale, Arizona. They committed the wrongful acts set forth below
8 while conducting official Chase business.

9 142. Upon information and belief, Defendants Nelson and Dadlani were
10 Menaged's main contacts at Chase.

11 143. Chase, Nelson, and Dadlani may be referred to as "the Chase Defendants."

12 144. From April 2014 through at least November 2016, Menaged emailed
13 DenSco a list of properties that were in foreclosure proceedings. He intentionally
14 misrepresented that he (or his company) attended the trustee's sale public auctions and was
15 the winning bidder to purchase the Identified Properties.

16 145. In those emails, he would set forth the address of the Identified Property
17 purportedly purchased, and request financing from DenSco.

18 146. Relying on Menaged's misrepresentations, DenSco wired the requested
19 DenSco Loan Proceeds to Menaged's AZHF account at Chase.

20 147. DenSco's wire transfers to Chase included the following information:

- 21 a. The name of the originator: "DenSco Investment Corp";
- 22 b. The name of the recipient: "Arizona Home Foreclosure, LLC"; and
- 23 c. The amount of the DenSco loan transferred to Menaged for the
24 purchase of the Identified Properties.

25 148. Upon information and belief, nearly all funds in Menaged's AZHF account
at Chase consisted of the DenSco Loan Proceeds to purchase the Identified Properties.

 149. The Chase Defendants knew that most of the funds in Menaged's Easy

1 AZHF account at Chase consisted of the DenSco Loan Proceeds because Chase accepted
2 the wire transfers from DenSco, kept records of AZHF's account transactions, and
3 compiled this information in the Chase bank statements evidencing this.

4 150. After Chase received a DenSco wire transfer, Menaged would email the
5 Chase Defendants and request them to issue cashier's checks from his AZHF account.

6 151. In those emails to the Chase Defendants, Menaged instructed them to (1)
7 make the cashier's check payable to the trustee who allegedly conducted the public auction
8 of the foreclosed property; and (2) in the amount for which Menaged misrepresented to
9 DenSco that he purchased the property, less the \$10,000.00 deposit that Menaged would
10 have had to deposit with the trustee as the winning bidder.

11 152. In those emails to the Chase Defendants, Menaged also instructed the Chase
12 Defendants to memorialize on each individual cashier's check's memo line: "DenSco
13 Payment [and address of the property]" or "DenSco [and address of the property]".

14 153. The Chase Defendants prepared the cashier's checks from AZHF's account
15 in accordance with Menaged's emailed instructions.

16 154. The Chase cashier's checks consisted of DenSco Loan Proceeds.

17 155. In addition, when a Chase Defendant prepared the cashier's checks in
18 accordance with Menaged's instructions, he or she stamped the back of the cashier's
19 checks "Not Used For Intended Purposes," and prepared a withdrawal slip and a
20 corresponding deposit slip for the identical amount of the cashier's checks so that Menaged
21 could redeposit the cashier's checks back into his AZHF account after he took pictures of
22 them.

23 156. The withdrawal slip would contain the total amount of all cashier's checks
24 being issued (e.g., four or five checks at a time) and the deposit slip would be for the same
25 amount as the withdrawal slip.

157. The Chase Defendants prepared this packet prior to Menaged's arrival at the
branch and had the packet waiting for him to further his fraudulent scheme.

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

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

6 160. On almost all occasions, Menaged did not use the DenSco Loan Proceeds to
7 purchase the Identified Properties as he had represented to DenSco.

8 161. Rather, the purpose of these cashier's checks was to defraud DenSco, as it
9 was Menaged's intention to use the DenSco Loan Proceeds for his personal benefit.

10 162. Specifically, Menaged used the Chase cashier's checks to provide assurances
11 to DenSco, and make DenSco believe, that he would be using the DenSco Loan Proceeds
12 to purchase the Identified Properties.

13 163. To provide these assurances to DenSco, Menaged would take photos of the
14 cashier's checks and electronically send the photos to DenSco.

15 164. Menaged often took a picture of the cashier's checks in front of a Chase
16 Defendant.

17 165. The Chase Defendants had no problem assisting Menaged in defrauding
18 DenSco. Upon information and belief, on at least one occasion, a Chase Defendant took
19 the picture for Menaged on his cell phone so that he could provide the false assurances to
20 DenSco.

21 166. The Chase Defendants typically did not ask Menaged to show his
22 identification at any point during the transaction of receiving and redepositing the cashier's
23 checks.

24 167. Immediately after Menaged sent the electronic photo of the cashier's checks
25 to DenSco, the Chase Defendants would then redeposit the cashier's check, comprised of
the DenSco Loan Proceeds, back into Menaged's AZHF account.

 168. After providing DenSco with photographic evidence of the cashier's check,

1 Menaged would falsify a trustee's sale receipt purporting to evidence the purchase of a real
2 property that never happened.

3 169. The forged sales receipts typically contained information directly from the
4 cashier's check issued and redeposited by Chase. This provided further legitimacy to
5 DenSco that Menaged was using the loan proceeds for their intended purpose.

6 170. Then, Menaged would use the DenSco Loan Proceeds for his own personal
7 benefit.

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

11 **CHASE DEFENDANTS KNEW THAT MENAGED WAS**
12 **DEFRAUDING DENSCO.**

13 172. The Chase Defendants knew, and were generally aware, that Menaged was
14 using this cashier's check scheme to commit the Second Fraud for several reasons.

15 173. The Chase Defendants knew that Menaged promoted himself and AZHF as
16 being in the business of purchasing foreclosed homes from public auctions because he
17 regularly told them.

18 174. Also, upon information and belief, Defendant Nelson (or another bank
19 officer or employee) knew that Menaged was in the business of purchasing foreclosed
20 properties as she expressed interest in purchasing a foreclosed home for her personal use.

21 175. Menaged told the Chase Defendants that DenSco was his and AZHF's lender
22 and that DenSco loaned funds to Menaged and his companies for the intended purchase of
23 homes in foreclosure proceedings.

24 176. The Chase Defendants knew that DenSco loaned money to Menaged and
25 AZHF because DenSco wired the DenSco Loan Proceeds to Menaged's accounts at Chase
and the wire transfers listed DenSco as "the originator."

177. The Chase Defendants knew that the cashier's checks consisted of DenSco

1 Loan Proceeds because Chase would receive DenSco's wire transfer which listed DenSco
2 as "the originator," and then they created the cashier's checks which memorialized that the
3 checks were DenSco's payment for a certain property on the cashier's checks' memo lines.

4 178. The Chase Defendants knew that DenSco had the expectation that the
5 DenSco 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
7 checks that would:

- 8 a. be approximately equal to the total amount that DenSco wired to
Menaged's Easy Investments' account;
- 9 b. be made payable to a particular trustee that conducted the public
10 auction; and
- 11 c. memorialize the cashier's checks' purported purpose by stating in
their memo lines: "DenSco Payment [property address]."

12 179. The Chase Defendants knew that Menaged was using the cashier's checks to
13 provide false assurances to DenSco 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 DenSco to provide assurances to DenSco that the
16 DenSco 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
24 pictures of them.

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.

1 182. The Chase Defendants and Menaged came up with a system whereby
2 Menaged provided them with notice that he was going to take a cashier's check and did not
3 want the Chase Defendants to redeposit that particular cashier's check back into AZHF's
4 account.

5 183. Upon information and belief, the Chase Defendants instructed Menaged that
6 Chase would assume all of the cashier's checks would be redeposited in the AZHF account
7 and would mark the cashier's checks as "Not Used For Intended Purposes" prior to
8 Menaged's arrival at the Chase branch, unless Menaged indicated in his email to the Chase
9 Defendants that he intended to take a certain cashier's check with him when he left the
10 branch.

11 184. If Menaged did not inform the Chase Defendants that he intended to take a
12 cashier's check with him when he left the branch, Chase would automatically prepare the
13 cashier's checks for redeposit and would mark the cashier's checks "Not Used For
14 Intended Purposes" before Menaged arrived to "pick up" the checks.

15 185. When Menaged intended to take a cashier's check, he indicated in his emails
16 to Chase "taking with me," or something similar, next to the dollar amount or trustee's
17 name. That was Menaged's signal to the Chase Defendants that the cashier's check would
18 not be redeposited so that the Chase Defendants would not mark it "Not Used For Intended
19 Purposes."

20 186. In nearly every other case, however, and unbeknownst to DenSco, Menaged
21 and the Chase Defendants redeposited the checks back into AZHF's account at Chase.

22 187. Menaged and the Chase Defendants did this nearly every single business day
23 of the week from April 2014 through June 2015.

24 188. Upon information and belief, there are thousands of transactions whereby
25 Menaged and the Chase Defendants would withdraw the DenSco Loan Proceeds in the
form of cashier's checks and redeposit those funds on the very same day.

 189. The Chase Defendants knew that Menaged was not using the DenSco 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 for
3 him immediately after he took pictures of the cashier's checks.

4 190. The Chase Defendants knew that Menaged was not using the DenSco Loan
5 Proceeds for their intended purpose of purchasing the Identified Properties at trustee's
6 sales, but rather, Menaged was using the DenSco Loan Proceeds for his personal benefit
7 because, upon information and belief, he would withdraw large amounts of the redeposited
8 DenSco Loan Proceeds in cash from his Chase accounts and transfer the redeposited
9 DenSco Loan Proceeds from his AZHF account to Menaged's other Chase accounts.

10 191. Because Menaged and Chase re-deposited the cashier's check 1,349 times
11 totaling over \$312,108,679.00, and Chase knew that Menaged was not using DenSco's
12 loan proceeds for their intended purpose, Chase knew that the cashier's check scheme had
13 no legitimate banking or business purpose, and despite this, continued to provide Menaged
14 banking services because of its own heightened motivation of maintaining accounts worth
15 millions of dollars.

16 **THE CHASE DEFENDANTS SUBSTANTIALLY ASSISTED MENAGED.**

17 192. As discussed above, the Chase Defendants had actual knowledge of the
18 Second Fraud and substantially assisted Menaged in defrauding DenSco by knowing that
19 Menaged was defrauding DenSco and performing routine banking services that allowed
20 him to perpetuate his fraudulent scheme.

21 193. Upon information and belief, these routine banking services included, but
22 were not limited to:

- 23 a. accepting wires from DenSco knowing that the funds were not going
24 to be used for their intended purpose of purchasing homes in
25 foreclosure proceedings;
- b. creating cashier's checks knowing that they consisted of DenSco
Loan Proceeds and that they were not going to be used for their
intended purposes of purchasing homes in foreclosure proceedings;

- 1 c. redepositing the cashier's checks for Menaged into his accounts
2 knowing that they consisted of DenSco Loan Proceeds and that
3 Menaged would use the redeposited DenSco Loan Proceeds for his
4 own benefit;
- 5 d. allowing Menaged to withdraw substantial amounts of DenSco Loan
6 Proceeds in the form of cash;
- 7 e. and transferring DenSco Loan Proceeds from Menaged's AZHF
8 Accounts to his other accounts at Chase.

9 194. The Chase Defendants materially assisted the Second Fraud by instructing
10 Menaged on how to circumvent Chase and government procedures to avoid scrutiny when
11 he engaged in these cash transactions.

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

14 196. The Chase Defendants also informed Menaged that any cash transactions
15 just under \$10,000, such as \$9,900, could trigger an internal suspicious activity report,
16 which is a report Chase generates when it appears someone is conducting transactions in a
17 manner that suggests that the person is trying to intentionally circumvent the \$10,000
18 reporting requirement.

19 197. The Chase Defendants advised and instructed Menaged to withdraw or
20 deposit cash in amounts that would not cause Chase to write up a suspicious activity report.

21 198. Menaged followed the Chase Defendants' instructions on how to avoid
22 scrutiny and deposited or withdrew cash from his AZHF's account in amounts that did not
23 require the transaction to be reported to governmental authorities, nor cause Chase to write
24 up a suspicious activity report.

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

200. Menaged frequently gambled with DenSco Loan Proceeds by using his
AZHF debit card at casinos.

1 201. The Chase Defendants knew that Menaged gambled significant amounts of
2 DenSco Loan Proceeds at casinos because they kept records and because of the facts set
3 forth below.

4 202. The Chase Defendants assisted the Second Fraud by helping him use
5 DenSco Loan Proceeds in the AZHF account for gambling purposes.

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

8 204. The Chase Defendants assisted the Second Fraud by increasing the spending
9 limits on Menaged's AZHF debit card to approximately \$40,000 so he could gamble at
10 casinos with the DenSco Loan Proceeds without Chase's fraud prevention department
11 flagging the account or declining his debit card.

12 205. Upon Menaged's request, the Chase Defendants assisted the Second Fraud
13 by contacting the Chase debit-card fraud prevention department to remove suspensions or
14 "flags" on the AZHF debit card due to the high dollar amounts that were being charged at
15 casinos so that he could gamble with the DenSco Loan Proceeds.

16 206. The Chase Defendants also assisted the Second Fraud by initiating outgoing
17 wire transfers and issuing cashier's checks from the DenSco Loan Proceeds in Menaged's
18 AZHF account to various casinos.

19 207. In short, the Chase Defendants knew that the funds in Menaged's AZHF
20 account were DenSco Loan Proceeds, but facilitated Menaged's fraud by making it easier,
21 among other things, to gamble with those funds.

22 208. The Chase Defendants also assisted the Second Fraud by confirming with
23 various casinos that the cashier's checks or wire transfers from AZHF's account were
24 legitimate, if the casinos called them to verify the transactions.

25 209. The Chase Defendants also assisted the Second Fraud because even though
the Chase Defendants knew the DenSco Loan Proceeds were to be used for the purchase of
Identified Properties at trustee's sales, the Chase Defendants transferred DenSco Loan

1 Proceeds funds from AZHF's account into other accounts held by Menaged personally and
2 by his other businesses, for Menaged's own use.

3 210. The Chase Defendants substantially assisted the Second Fraud by not
4 following its own policies and procedures.

5 211. Upon information and belief, Chase's system does not recognize wire
6 transferred funds as being immediately available to be withdrawn.

7 212. The Chase Defendants routinely and intentionally "over-rode" holds on the
8 AZHF account to allow them to immediately issue cashier's checks after Chase received
9 DenSco's wire transfer.

10 213. Upon information and belief, Chase ordinarily had a policy for a 5-7 day
11 hold on redeposited cashier's checks. Against its own policy, Chase routinely and
12 intentionally "over-rode" those holds to allow Menaged to immediately use the redeposited
13 DenSco Loan Proceeds for his own gain. Thus, Chase would release these holds so that the
14 funds were immediately available to Menaged for his own personal use.

15 214. It was also contrary to Chase's policy to issue cashier's checks by email
16 request. Upon information and belief, Chase's policy required the account holder to be at
17 the bank in person to sign the required documentation to obtain a cashier's check. Chase
18 ignored that policy and issued cashier's checks to Menaged based upon his email requests.

19 215. The Chase Defendants also substantially assisted the Second Fraud by
20 continuing to furnish routine banking services to Menaged, despite:

- 21 a. knowing the AZHF business account was for the purchase of
Identified Properties at trustee's sales;
- 22 b. knowing DenSco loaned the DenSco Loan Proceeds to AZHF for
23 purchasing properties at trustee's sales;
- 24 c. knowing Menaged was assuring DenSco the DenSco Loan Proceeds
were being used to purchase properties at trustee's sales; and
- 25 d. knowing that Menaged instead used the DenSco Loan Proceeds for

his own personal use.

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2 216. Without the material and substantial assistance that the Chase Defendants
3 provided to Menaged, Menaged could not have operated the Second Fraud against DenSco
4 from April of 2014 through June 2015.

5 217. The Chase Defendants intended to assist Menaged in the Second Fraud
6 because Menaged moved millions of dollars through his accounts at Chase, and therefore,
7 the Chase Defendants had a financial motive to maintain Menaged's business.

8 218. The Chase Defendants benefited from the Second Fraud by, among other
9 things, maintaining Menaged's business accounts.

10 219. The Chase Defendants, through its actions as described above, acted to serve
11 Chase's interests, having reason to know and consciously disregard a substantial risk that
12 its conduct might significantly injure the rights of others, including DenSco.

13 220. The Chase Defendants, through their actions as described above, consciously
14 pursued a course of conduct knowing that it created a substantial risk of significant harm to
15 others, including DenSco.

16 221. Because the Chase Defendants aided and abetted Menaged in defrauding
17 DenSco, DenSco was damaged in an amount to be proved at trial, but no less than
18 \$1,000,000.00.

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

21 222. DenSco re-alleges and reincorporates paragraphs 1 through 221 of this
22 Complaint as if fully set forth herein.

23 223. Menaged was engaged in fraudulent conduct for which he would be liable to
24 DenSco.

25 224. The US Bank Defendants were aware that Menaged was engaging in such
conduct.

225. The US Bank Defendants provided substantial assistance or encouragement
to Menaged with the intent of promoting Menaged's fraudulent conduct.

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COUNT TWO
(Aiding and Abetting: Chase; Nelson; Dadlani)

226. DenSco re-alleges and reincorporates paragraphs 1 through 225 of this Complaint as if fully set forth herein.

227. Menaged was engaged in fraudulent conduct for which he would be liable to DenSco.

228. The Chase Defendants were aware that Menaged was engaging in such conduct.

229. The Chase Defendants provided substantial assistance or encouragement to Menaged with the intent of promoting Menaged's fraudulent conduct.

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. 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 punitive damages;

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- G. For an award of prejudgment interest and costs;
- H. For such other and further relief as this Court deems just and proper under the circumstances.

DATED this 1st day of April, 2020.

Bergin, Frakes, Smalley & Oberholtzer, PLLC

/s/ Ken M. Frakes
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By: /s/ Kristine Berry