

1 Colin F. Campbell, No. 004955
Geoffrey M. T. Sturr, No. 014063
2 Joseph N. Roth, No. 025725
Joshua M. Whitaker, No. 032724
3 Osborn Maledon, P.A.
2929 N. Central Avenue, Suite 2100
4 Phoenix, Arizona 85012-2793
(602) 640-9000
5 ccampbell@omlaw.com
gsturr@omlaw.com
6 jroth@omlaw.com
jwhitaker@omlaw.com

7 Attorneys for Plaintiff
8
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10 IN THE SUPERIOR COURT OF THE STATE OF ARIZONA
11 IN AND FOR THE COUNTY OF MARICOPA

12 Peter S. Davis, as Receiver of DenSco
Investment Corporation, an Arizona
13 corporation,

14 Plaintiff,

15 vs.

16 Clark Hill PLC, a Michigan limited
liability company; David G. Beauchamp
17 and Jane Doe Beauchamp, husband and
wife,

18 Defendants.
19

No. CV2017-013832

**PLAINTIFF'S SIXTH DISCLOSURE
STATEMENT**

(Assigned to the
Honorable Daniel Martin)

20 Pursuant to Rule 26.1(a), Plaintiff Peter S. Davis, as the court-appointed receiver
21 of DenSco Investment Corporation (the "Receiver"), makes the following disclosures.
22 Changes from the Receiver's Fifth Disclosure Statement are identified in the mark-up
23 attached as **Appendix G**.

24 On August 18, 2016, the Receiver was appointed to serve as the Receiver for
25 DenSco Investment Corporation ("DenSco") under an order entered by the Maricopa
26 County Superior Court in *Arizona Corporation Commission v. DenSco Investment*
27 *Corporation*, CV2016-014142 (the "Receivership Court"). After the Receiver and his
28

1 staff had reviewed DenSco's books and records and files maintained by DenSco's
2 former legal counsel, Clark Hill PLC and Clark Hill partner David Beauchamp, the
3 Receiver concluded that DenSco might have claims against Clark Hill and Beauchamp.
4 On March 31, 2017, the Receiver filed a petition with the Receivership Court seeking
5 permission to retain special counsel to investigate those potential claims. The petition
6 was granted on April 27, 2017. After special counsel completed its investigation, the
7 Receiver filed a petition asking the Receivership Court to authorize the Receiver to file,
8 through special counsel, a complaint against Clark Hill and Beauchamp. That petition
9 was granted on October 9, 2017. The Receiver, through special counsel, initiated this
10 lawsuit on October 16, 2017 by filing a complaint which asserted claims against Clark
11 Hill and Beauchamp for legal malpractice and aiding and abetting breach of fiduciary
12 duty.

13 The Receiver has relied on special counsel to pursue those claims against Clark
14 Hill and Beauchamp and to prepare this and previous disclosure statements.

15 **I. FACTUAL BASIS OF CLAIMS**

16 The following numbered paragraphs disclose the primary facts on which the
17 Receiver's claims against Clark Hill and Beauchamp are based. At trial, the Receiver
18 may also rely on facts disclosed through depositions that have been taken in this action,
19 the defendants' disclosure statements and discovery responses, and facts contained in
20 the documents that have been identified in Sections VIII (anticipated trial exhibits) and
21 IX (documents that may be relevant) of this disclosure statement. The Receiver has also
22 filed substantive and evidentiary pleadings in the case which set forth facts and
23 circumstantial inferences from facts which are also incorporated by reference into this
24 Rule 26.1 disclosure.

25 **A. Background Facts for the Period April 2001 to September 2011**

26 **1. DenSco's Formation and Operations Through 2003**

27 1. DenSco was established in April 2001 as an Arizona corporation.
28

1 2. Denny Chittick formed DenSco to make short-term loans to companies
2 buying or investing in real estate. DenSco used money raised from investors to make
3 those loans.

4 3. Chittick was DenSco's sole shareholder, president and director, and its
5 only employee.

6 4. When DenSco was formed, Chittick retained Scott Gould to serve as a
7 consultant to DenSco and a mentor to Chittick.

8 **2. Beauchamp Was DenSco's Securities Lawyer**

9 **a. DenSco First Hired Beauchamp in 2003 to Advise the**
10 **Company on Securities Law Issues.**

11 5. David Beauchamp is an attorney. He describes himself as practicing
12 primarily in the areas of corporate law, securities, venture capital and private equity
13 transactions.

14 6. Beauchamp has experience in representing companies that make real
15 estate loans. Among others, he has represented DenSco, Real Estate Equity Lending,
16 Inc., and RLS Capital, Inc.

17 7. Beauchamp began representing DenSco in 2003, when he was a partner of
18 the law firm Quarles & Brady LLP.

19 8. In 2004, Beauchamp left Quarles & Brady to join the law firm Gammage
20 & Burnham, PLLC, where he continued to represent DenSco.

21 9. In 2008, Beauchamp left Gammage & Burnham to join the law firm
22 Bryan Cave LLP, where he continued to represent DenSco.

23 10. Beauchamp has testified that DenSco relied on him to prepare private
24 offering memoranda for distribution "to investors of DenSco in compliance with
25 Arizona and federal security [sic] laws" and to provide DenSco with "recommendations
26 for amended or additional [private offering memoranda] in keeping with the
27 investments being made or contemplated by DenSco."
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1 Company's securities attorney who helped prepare those POMs. For example, Chittick
2 distributed a POM in 2011 to DenSco's investors through a July 19, 2011 email. The
3 email was sent to all of DenSco's investors and Beauchamp. Chittick's transmittal
4 email stated, in part: "I update this memorandum every two years. I work with David
5 Beauchamp (securities attorney) to review all the statues [sic] and laws in Arizona as it
6 pertains to my business and all the states that I have investors in. This is to ensure that
7 I'm filing all the forms and following all the rules"

8 **c. The Terms of the POMs Beauchamp Prepared**

9 **(1) DenSco Sold Promissory Notes**

10 15. In the POMs it issued in 2007, 2009 and 2011, DenSco offered to sell
11 investors promissory notes of \$50,000 or more with the following durations and interest
12 rates: six months at 8%; one year at 10%; and two to five years at 12%. The notes were
13 "paid 'interest only' during the terms, with principal payable only at maturity."

14 Investors had the ability to "have interest paid monthly, quarterly, or at maturity."

15 16. Each POM stated that "[a]lthough the Company intends to use its good
16 faith efforts to accommodate written requests from an investor to prepay any Note prior
17 to maturity and the Company has in fact been able to satisfy such requests in a timely
18 manner with interest paid in full, the Company has no obligation to do so and the
19 investor has no right to require the Company to redeem the Note prior to maturity."

20 17. By completing and signing a Subscription Agreement, investors specified
21 the amount of the promissory note they wished to purchase, the term of the note, and
22 how they wished to be paid interest.

23 18. The files that Beauchamp maintained, and the billing statements Bryan
24 Cave issued to DenSco, reflect that Beauchamp prepared a form of Subscription
25 Agreement in 2007 and 2009, but did not do so when he prepared a POM for DenSco in
26 2011. There is no reference in those files and billing statements to any actions that
27 Beauchamp took when DenSco issued a POM in 2011, or at any time thereafter, to
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1 ensure that DenSco was using an appropriate Subscription Agreement for the
2 promissory notes DenSco sold during and after July 2011.

3 19. DenSco's investor files reflect that during the two years the 2011 POM
4 was in effect, Chittick used a Subscription Agreement that Beauchamp had prepared in
5 2009 and which referenced the 2009 POM. Those files also reflect that Chittick
6 continued to use the 2009 Subscription Agreement to sell promissory notes after the
7 2011 POM expired in July 2013.

8 20. Beauchamp knew that the vast majority of DenSco's investors purchased
9 two-year promissory notes. For example, Beauchamp's notes reflect that Chittick told
10 him during a May 3, 2007 meeting that 90% of the promissory notes DenSco had issued
11 to investors were two-year notes.

12 21. Beauchamp also knew that the vast majority of DenSco's investors did not
13 redeem their promissory notes when those notes matured, and instead "rolled over" their
14 investments by executing a subscription agreement and buying a new promissory note
15 when a previous promissory note matured. As Beauchamp wrote in a June 15, 2007
16 e-mail to Richard Carney, who was then doing "Blue Sky" work for DenSco, "DenSco
17 has regular sales of roll-over investments" and an "ongoing roll-over of the existing
18 investors every 6 months or so."

19 **(2) The Promissory Notes Were Represented to Be**
20 **Safe, Secure Investments**

21 22. In the POMs it issued in 2007, 2009 and 2011, DenSco made a number of
22 representations about its business practices that were intended to give existing and
23 potential investors the impression that the promissory notes sold by DenSco were safe,
24 secure investments.

25 23. For example, the POM that DenSco issued in 2011 stated that:

26 a. DenSco had sold promissory notes worth \$25.9 million to
27 new and existing investors since 2001, and "ha[d] never defaulted on either
28 interest or principal" on any of those notes.

1 b. “All real estate loans funded by [DenSco] have been and are
2 intended to be secured through first position trust deeds.”

3 c. DenSco would “attempt to maintain a diverse [loan]
4 portfolio . . . by seeking a large borrowing base” and by “attempting to ensure
5 that one borrower will not comprise more than 10 to 15 percent of the total
6 portfolio.”

7 d. DenSco “intend[ed] to maintain general loan-to-value
8 guidelines that currently range from 50 percent to 65 percent, (but it is not
9 intended to exceed 70%), to help protect the Company’s portfolio of loans.”

10 e. “Because of these varying degrees of diversification, the
11 relatively short duration of each of the loans, and management’s knowledge of
12 the Phoenix metropolitan market, [DenSco’s] management anticipates that it will
13 not experience a significant amount of losses.”

14 f. DenSco’s “objective is to have sufficient cash coming in
15 from Trust Deed payoffs to be able to redeem all Notes as they come due and
16 maintain reserves without any need to sell assets or issue new Notes to repay the
17 earlier maturing Notes.”

18 24. The POMs DenSco issued to existing and potential investors in 2007,
19 2009 and 2011 each included a “Prior Performance” section which summarized the
20 dollar value of promissory notes sold in preceding years, the number of loans made in
21 each year, the value of those loans, the value of the property securing those loans, and
22 losses incurred in each of those years.

23 25. The Prior Performance section in each POM concluded with a statement
24 that was intended to give existing and potential investors the impression that the
25 promissory notes sold by DenSco were safe, secure investments: “Each and every
26 Noteholder has been paid the interest and principle due to that Noteholder in accordance
27 with the respective terms of the Noteholder’s Notes. Despite any losses incurred by the
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1 Company from its borrowers, no Noteholder has sustained any diminished return or loss
2 on their investment in a Note from [DenSco].”

3 **(3) The 2007, 2009 and 2011 POMs Were Each in**
4 **Effect for Two Years, But Were Never Updated**
5 **by DenSco, And Beauchamp Did Not Advise**
6 **DenSco To Do So.**

6 26. Each POM that DenSco issued to existing and potential investors in 2007,
7 2009 and 2011 stated that DenSco “intends to offer [promissory notes for sale] on a
8 continuous basis until the earlier of (a) the sale of the maximum offering,” which was
9 \$50 million, “or (b) two years from the date of this memorandum.” They went on to
10 state that DenSco “reserves the right to amend, modify and/or terminate this offering.”

11 27. DenSco’s records do not reflect that it ever told existing and potential
12 investors that “the maximum offering proceeds” offered through the 2007, 2009 and
13 2011 POMs had been raised, or that it had terminated any of those offerings.

14 28. As a result, the POM that was dated June 1, 2007 expired on June 1, 2009;
15 the POM that was dated July 1, 2009 expired on July 1, 2011; and the POM that was
16 dated July 1, 2011 expired on July 1, 2013.

17 29. The POMs DenSco issued to existing and potential investors in 2007,
18 2009 and 2011 each stated that “[i]n order to continue offering the Notes during this
19 [two-year] period, [DenSco] will need to update this Memorandum from time to time.”
20 Each POM went on to state that

21 Keeping the information in the Memorandum current will cause the Company
22 to incur additional costs. *A failure to update this Memorandum as required*
23 *could result in the Company being subject to a claim under Section 10b-5*
24 *of the Security Act for employing a manipulative or deceptive practice in*
25 *the sale of securities, subjecting [DenSco], and possibly the management of*
26 *[DenSco], to claims from regulators and investors. In addition, an investor*
27 *might seek to have the sale of the Notes hereunder rescinded which would*
28 *have a serious adverse effect on [DenSco’s] operations. (Emphasis added.)*

25 30. DenSco’s records do not reflect that DenSco ever took steps to “[k]eep[]
26 the information in the [POMs DenSco issued in 2007, 2009 and 2011] current” by
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1 issuing updates to those POMs during the two-year period each of those POMs was in
2 effect.

3 31. The files that Beauchamp maintained, and the billing statements issued to
4 DenSco by his respective law firms, do not reflect that Beauchamp ever advised DenSco
5 to “[k]eep[] the information in the [POMs DenSco issued in 2007, 2009 and 2011]
6 current” by issuing updates to those POMs during the two-year period each of those
7 POMs was in effect.

8 32. Each POM that DenSco issued in 2007, 2009 and 2011 prominently
9 warned potential purchasers of DenSco’s promissory notes that “NO PERSON HAS
10 BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY
11 REPRESENTATIONS CONCERNING THE COMPANY OTHER THAN AS
12 CONTAINED IN THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM,
13 AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR
14 REPRESENTATIONS MUST NOT BE RELIED UPON.”

15 **(4) In Preparing the 2011 POM, Beauchamp Failed to**
16 **Investigate a “Red Flag” About DenSco’s Lending**
Practices.

17 33. The Prior Performance section of the POM DenSco issued in 2011
18 concluded with the same positive statement about DenSco’s lending activities and the
19 absence of losses on promissory notes that was made in earlier POMs:

20 Since inception through June 30, 2011, [DenSco] has participated in
21 2622 loans, with an average amount of \$116,000, with the highest loan being
22 \$800,000 and lowest being \$12,000. The aggregate amount of loans funded is
23 \$306,786,893 with property valued totaling \$470,411,170. . . These loans have
24 borne interest rates of 18% per annum. The interest rate paid to noteholders
25 has ranged from 8% to 12% per annum through such date. Each and every
26 Noteholder has been paid the interest and principle due to that Noteholder in
27 accordance with the respective terms of the Noteholder’s Notes. Despite any
28 losses incurred by the Company from its borrowers, no Noteholder has
sustained any diminished return or loss on their investment in a Note from
[DenSco].”

1 34. But the information disclosed in the 2011 POM's Prior Performance
2 section clearly raised a "red flag" about DenSco's lending activities. Among the
3 information disclosed in that section was the following.

<i>Year</i>	<i>Notes Sold</i>	<i>Loans Made</i>	<i>Yearly Loan Amount</i>
2001	\$500,000	37	\$8,378,000
2002	\$930,000	69	\$5,685,000
2003	\$1,550,000	124	\$11,673,000
2004	\$2,450,000	185	\$19,907,000
2005	\$2,670,000	236	\$34,955,700
2006	\$2,800,000	215	\$34,468,100
2007	\$2,400,000	272	\$42,579,634
2008	\$3,000,000	304	\$38,864,660
2009	\$2,100,000	412	\$41,114,707
2010	\$2,800,000	390	\$37,973,097
2011 (to 6/30/11)	\$4,700,000	378	\$36,187,995

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13 35. This information raised a red flag because Chittick was DenSco's sole
14 employee. Chittick had previously retained Scott Gould as a consultant to DenSco and
15 personal mentor, but by 2011 had unilaterally terminated DenSco's relationship with
16 Gould. In addition to selling promissory notes, making interest payments, and issuing
17 statements to investors, Chittick was the only person who was conducting due diligence
18 and underwriting and documenting DenSco's loans. He was also responsible for
19 collecting loan payments and ensuring compliance with loan agreements.

20 36. Since 2009, when the previous POM had been issued, Chittick made more
21 than one loan a day: 412 in 2009; 390 in 2010; and 378 in just the first six months of
22 2011.

23 37. A reasonable securities lawyer would have questioned whether Chittick
24 could humanly make so many loans, and whether he was competently managing
25 DenSco's lending activities.

26 38. A reasonable securities lawyer would have conducted a due diligence
27 inquiry about DenSco's lending practices and the 2011 POM's representations that
28 "[a]ll real estate loans funded by [DenSco] have been and are intended to be secured

1 through first position trust deeds,” and that DenSco was, in fact, “attempting to ensure
2 that one borrower will not comprise more than 10 to 15 percent of the total portfolio,”
3 among other representations.

4 39. Any concerns about DenSco’s lending practices would have been
5 heightened by the increased amount of money Chittick had raised in the first half of
6 2011 (\$1.9 million more than the \$2.8 million that had been raised in all of 2010), and
7 the overall amount of money DenSco had raised since 2001 through the sale of
8 promissory notes (\$26.9 million as of June 30, 2011).

9 40. Bryan Cave had a mandatory due diligence procedure in place at the time
10 Beauchamp was working on the 2011 POM. As Beauchamp told Chittick in a June 11,
11 2011 email, he was required by Bryan Cave’s “internal compliance procedures to
12 comply with the new regulations and requirements” to “set up a due diligence file” that
13 would “support each of the statements in the POM.”

14 41. But the files that Beauchamp maintained, and the billing statements Bryan
15 Cave issued to DenSco, do not reflect that Beauchamp ever conducted any due diligence
16 on DenSco’s lending practices in 2011.

17 42. Beauchamp overlooked this red flag and would later overlook other red
18 flags.

19 3. Beauchamp Also Advised DenSco About Its Lending Practices.

20 43. In addition to preparing DenSco’s POMs and advising DenSco on
21 securities law matters, Beauchamp advised DenSco about its lending practices.

22 44. As Beauchamp wrote in a June 15, 2007 email to Richard Carney, he and
23 others at Gammage & Burnham had “updated DenSco’s . . . loan documents to be used
24 with borrowers.”

25 45. The files that Beauchamp maintained from his time at Gammage &
26 Burnham reflect that he had a meeting with Chittick on May 3, 2007, during which
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1 Chittick asked Beauchamp to review and revise the documents DenSco used to make
2 and secure its loans.

3 46. At Beauchamp's request, Gammage & Burnham attorney Kevin Merritt
4 took the lead in making those revisions, but Beauchamp remained involved in reviewing
5 the revisions and discussing them with Chittick.

6 47. Chittick told Beauchamp and Merritt that DenSco used a Receipt and
7 Mortgage, which only the borrower signed, to serve as evidence that DenSco had paid
8 directly to a Trustee the proceeds of a loan a borrower had obtained from DenSco to buy
9 property from the Trustee at a Trustee's sale.

10 48. Chittick told Beauchamp and Merritt that because there was often a delay
11 in a Trustee recording a Trustee's deed after a trustee's sale, DenSco recorded its
12 Receipt and Mortgage immediately after a Trustee's sale had been completed to
13 establish its lien rights. Once a Trustee's deed was recorded, DenSco would record its
14 Deed of Trust and Assignment of Rents.

15 49. In May and June 2007, Merritt prepared for DenSco's use revised forms
16 of a Receipt and Mortgage, Note Secured by Deed of Trust, Deed of Trust and
17 Assignment of Rents, and a Continuing Personal Guaranty, which Beauchamp received.

18 50. The revised Receipt and Mortgage, like the previous form, was to be
19 signed by the borrower only, and not the Trustee. The operative language included the
20 following terms:

21 The undersigned borrower ("Borrower") acknowledges receipt of the proceeds of
22 a loan from DenSco Investment Corporation ("Lender") in the sum of \$ ____, *as*
23 *evidenced by check payable to* _____ (*"Trustee"*). The loan was made to
24 Borrower to purchase the Real Property legally described as: Lot ____,
25 Subdivision ____, according to Book ____ of Maps, Page ____, in the plat record
26 in the Recorder's Office of Maricopa County. Address: _____. *At a*
27 *trustee's sale conducted by Trustee, which took place on* ____, 200__, *Borrower*
28 *became the successful purchaser with the highest bid*, and the loan is intended to
fund all or a part of the purchase price bid by Borrower at such trustee's sale.
(Emphasis added.)

51. As revised by Merritt, the Receipt and Mortgage contemplated that
DenSco would: (1) issue a check payable to the Trustee; and (2) employ some means to

1 confirm that the check had been used by the borrower to purchase the property from the
2 Trustee at a Trustee's sale.

3 52. Beauchamp has testified in an interrogatory answer that he "prepared all
4 of DenSco's offering documents" and "reviewed and commented on" DenSco's loan
5 documents, including the Receipt and Mortgage."

6 53. Beauchamp also testified that he "set out the proper method and
7 procedures for funding a loan" in the POMs, which he said were "disclosed to DenSco's
8 investors [as] the processes and procedures DenSco used to protect the investments
9 made in the company." He identified two specific representations made in the POMs
10 that DenSco issued in 2007, 2009 and 2011. According to Beauchamp, those POMs

11 a. "describe that DenSco 'intends to directly . . . or indirectly . . .
12 perform due diligence to verify certain information in connection with funding a
13 Trust Deed'" and

14 b. "explain that '[p]rior to purchasing a Trust Deed or funding a direct
15 loan, the Company intends to have an officer, employee or an authorized
16 representative conduct a due diligence review by interviewing its owners,
17 verifying the documentation and performing limited credit investigations as are
18 deemed appropriate by the Company and visiting the subject property in a timely
19 manner.'"

20 54. After identifying those representations, Beauchamp linked them to the
21 Receipt and Mortgage, testifying: "Further, every mortgage evidencing a property
22 purchase made with a DenSco loan stated that the check purchasing the property was
23 made to the Trustee."

24 **4. In 2009 and 2010, Beauchamp Advised DenSco About Whether**
25 **DenSco Should be Regulated by the Arizona Department of**
26 **Financial Institutions, and in 2010 and 2011 Worked to Prevent**
the Department from Regulating DenSco.

27 55. Beauchamp also advised DenSco about whether it was subject to
28 regulation by the Arizona Department of Financial Institutions ("ADFI"); such

1 regulation would have included periodic audits of DenSco's lending practices. He then
2 represented DenSco in fending off the ADFI's efforts to regulate DenSco.

3 56. During April 2009, when Beauchamp was a partner of Bryan Cave,
4 Beauchamp and Bryan Cave attorney Ray Burgan reviewed DenSco's lending
5 procedures and advised DenSco as to whether DenSco was subject to ADFI supervision
6 and required to be licensed.

7 57. Beauchamp and Burgan advised Chittick by email that "DenSco's
8 operations as we understand them can be shown to exclude DenSco and you from being
9 subject to [the ADFI's] current licensing requirements."

10 58. Chittick accepted their advice and followed it.

11 59. In May 2010, Beauchamp reviewed and analyzed proposed new licensing
12 regulations and conferred with Chittick about them.

13 60. In June 2010, Beauchamp and Bryan Cave attorneys Logan Miller and
14 Michael Dvoren further analyzed those proposed regulations.

15 61. Chittick stated by email that he was prepared to have DenSco and himself
16 subject to regulation by the ADFI.

17 62. But based on Beauchamp's advice, Chittick did not cause DenSco to be
18 regulated by the ADFI and took active steps to resist such regulation.

19 63. At Beauchamp's direction, in June 2010, Dvoren presented arguments to a
20 representative of the ADFI as to why DenSco was not subject to the Department's
21 regulation and oversight. Those arguments were memorialized in emails that Dvoren
22 sent to representatives of the ADFI and the Arizona Attorney General's Office.

23 64. Beauchamp's and Dvoren's arguments were apparently successful, as the
24 ADFI did not take further steps in 2010 to regulate DenSco.

25 65. On August 12, 2011, Chittick sent Beauchamp a letter DenSco had
26 received from the ADFI regarding an investigation by the Department as to whether
27 DenSco was subject to mortgage broker regulations and required to be licensed and
28 supervised by the Department.

1 66. On August 22, 2011, Beauchamp sent a letter to the Department which
2 asserted that DenSco was not subject to regulation by the ADFI.

3 67. Those arguments were apparently successful, as the ADFI did not take
4 further steps in 2011 to regulate DenSco.

5 **5. Beauchamp Consistently Identified DenSco As His Client**

6 68. Files maintained by DenSco, Gammage & Burnham and Bryan Cave
7 reflect that while Beauchamp was affiliated with Gammage & Burnham and Bryan
8 Cave he consistently identified DenSco as his client, and never stated in an engagement
9 letter that he represented Chittick individually.

10 69. For example, on May 7, 2007, Beauchamp sent Chittick a letter to confirm
11 that DenSco had retained Gammage & Burnham to prepare the 2007 POM which stated,
12 in part, “As we have previously done, DenSco Investment Corporation (“DenSco”) will
13 continue to be the client for this matter. If that is not consistent with your
14 understanding, please advise me immediately.”

15 70. On April 10, 2008, Beauchamp sent Chittick a letter to confirm that Bryan
16 Cave had been retained “to provide legal services to DenSco Investment Corporation in
17 connection with [its] general business matters and such future matters that we mutually
18 agree to undertake.”

19 71. On April 14, 2009, Beauchamp sent Chittick a letter to confirm that Bryan
20 Cave had been retained “to provide legal services to DenSco Investment Corporation in
21 connection with updating [its] Confidential Private Offering Memorandum for 2009.”

22 72. During 2010, Beauchamp caused a “Blue Sky Issues” matter to be
23 established in Bryan Cave’s accounting and filing system which identified DenSco as
24 the firm’s client.

25 73. On May 3, 2011, Beauchamp sent Chittick a letter to confirm that Bryan
26 Cave had been retained “to provide legal services to DenSco Investment Corporation in
27
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1 connection with the updating of [its] Confidential Private Offering Memorandum for
2 2011.”

3 74. In May and June 2011, Beauchamp discussed with Chittick his or
4 DenSco’s possible participation in a to-be-formed title insurance company. Beauchamp
5 established a new matter in Bryan Cave’s accounting and filing systems for DenSco,
6 described as “Formation of affiliate entity with partners.” DenSco was identified as
7 Bryan Cave’s client.

8 75. In August 2011, Beauchamp caused a new matter in Bryan Cave’s
9 accounting and filing systems to be opened, captioned AZ Practice Review, which
10 identified DenSco as the firm’s client.

11 **B. Events That Occurred in the Four Months Before Beauchamp Joined**
12 **Clark Hill in September 2013.**

13 76. The POM that DenSco issued in July 2011 expired on July 1, 2013.
14 DenSco did not issue a POM in July 2013, or at any time after July 2013, to replace the
15 POM that expired on July 1, 2013.

16 77. Between May 9 and July 1, 2013, Beauchamp took some preliminary
17 steps to prepare a new POM but did not begin drafting a new POM. He also failed to
18 conduct the due diligence that a reasonable securities lawyer would have undertaken.
19 He failed to investigate red flags about DenSco’s lending practices when they were
20 brought to his attention.

21 **1. Beauchamp Was Asked to Leave Bryan Cave in June 2013 and**
22 **Left the Firm in August 2013.**

23 78. One apparent reason for Beauchamp’s inattention to DenSco’s need for a
24 new POM was that he spent the summer months looking for a new job.

25 79. Information the Receiver has received in response to a subpoena served on
26 Bryan Cave suggests that on or shortly after June 4, 2013, Beauchamp was informed by
27 Bryan Cave’s management committee that the firm wanted to end its relationship with
28 Beauchamp and that he would need to find a new law firm where he could practice law.

1 80. Bryan Cave’s decision understandably was not well received by
2 Beauchamp. As he wrote in a January 15, 2014 email to his former partner Bob Miller
3 explaining why he did not wish to attend a meeting at Bryan Cave’s offices, “[m]y last
4 few months [at Bryan Cave] were more than a little difficult and I do not want to go
5 back to that.”

6 81. Beauchamp finalized the terms of his employment by Clark Hill by mid-
7 to late-August 2013.

8 82. Beauchamp’s notes reflect that he spoke to Chittick on August 26, 2013
9 and told him that “BC will be sending a letter to Denny & letting Denny decide if he
10 wants files kept at BC or moved to CH.”

11 83. On August 30, 2013, Beauchamp sent Chittick by email a letter that he
12 and Jay Zweig, the managing partner of Bryan Cave’s Phoenix office, both signed,
13 informing DenSco that Beauchamp would be leaving Bryan Cave effective August 31,
14 2013, and that Beauchamp would be joining Clark Hill.

15 **2. During the Month of May 2013, Beauchamp Performed**
16 **Minimal Work to Prepare a New POM.**

17 84. The files that Beauchamp maintained at Bryan Cave and Bryan Cave’s
18 billing statements reflect that Chittick had to prompt Beauchamp to start working on a
19 new POM in 2013.

20 a. On March 17, 2013, Chittick sent Beauchamp an email proposing
21 to meet in April to begin working on an updated private offering memorandum.

22 b. On May 1, 2013, Chittick sent another email to Beauchamp which
23 stated: “it’s the year we have to do the update on the memorandum, when do you
24 want to start?”

25 c. Beauchamp responded by email that day and scheduled a meeting
26 for May 9, 2013.

27 85. Despite those documents, Beauchamp claims in Defendants’ initial
28 disclosure statement (at 5) that he, rather than Chittick, was the one who started the

1 process of preparing a new POM in 2013 when he “advised DenSco that it needed to
2 update its 2011 POM given the passage of time and changes in the scope of DenSco’s
3 fund raising.”

4 86. Beauchamp caused a new matter to be established in Bryan Cave’s
5 accounting and filing systems for the preparation of a 2013 POM which identified
6 DenSco as Bryan Cave’s client.

7 87. When the matter was opened, Bryan Cave established a “due diligence”
8 file for a 2013 POM.

9 88. Before the May 9, 2013 meeting, Beauchamp prepared or caused to be
10 prepared a draft private offering memorandum dated “May __, 2013” (the “draft 2013
11 POM”).

12 89. With the exception of the title page, the draft 2013 POM was a duplicate
13 of a preliminary draft of the 2011 POM, which Bryan Cave attorney Gus Schneider had
14 sent to Chittick on June 15, 2011 at Beauchamp’s direction, when Schneider and
15 Beauchamp were working on the 2011 POM.

16 90. During the May 9 meeting, Beauchamp took a few notes and apparently
17 underlined or circled a few passages in the draft 2013 POM.

18 91. Beauchamp’s notes reflect that Chittick told him during the meeting that
19 DenSco had as of that date raised over \$50 million from 75 to 80 investors who
20 collectively held 114 accounts.

21 92. Beauchamp stopped working on the draft 2013 POM after learning how
22 much money DenSco had raised since the 2011 POM. As he would later tell Bryan
23 Cave partner Elizabeth Sipes through a June 25, 2013 email: “We stopped the updating
24 when we were told that the investments from the investors had jumped to approximately
25 \$47.5 million. Given that significant increase, I have been asking for help to determine
26 what other federal or state laws might be applicable.”

27 93. According to Bryan Cave’s billing statement, the only work Beauchamp
28 performed during May 2013 on the draft 2013 POM was for less than thirty minutes of

1 “[w]ork on issues and follow-up” on May 10 and less than thirty minutes of “[w]ork on
2 issues and information for Private Offering Memorandum” on May 31, 2013.

3 **3. During June 2013, Beauchamp Learned From Another Bryan**
4 **Cave Lawyer That DenSco’s Website Violated Federal**
5 **Securities Laws.**

6 94. Although Beauchamp learned on May 9, 2013 that DenSco had nearly \$50
7 million of investor loans and told his Bryan Cave colleagues that he stopped working on
8 the draft 2013 POM when he learned of that fact so that he could investigate what
9 federal or state laws were implicated by the substantial increase in DenSco’s sales of
10 promissory notes, Beauchamp waited until June 10, 2013 before seeking assistance
11 from other Bryan Cave attorneys.

12 a. On June 10, 2013, Beauchamp sent an email to Ken Henderson, an
13 attorney in Bryan Cave’s New York City office, copied to William Seabaugh, an
14 attorney in Bryan Cave’s St. Louis office.

15 b. His email stated, in part: DenSco “is a client which makes high
16 interest loans (18% with no other fees) secured by first lien position against real
17 estate. . . . DenSco has previously had aggregate investor loans outstanding at
18 approximately \$16 to \$18 million from its investors. We are starting the process
19 to update and renew DenSco’s private offering memo (renew it every two years)
20 and we have now been advised that DenSco now has almost \$47 million in
21 aggregate investor loans outstanding.”

22 c. Beauchamp said he was seeking “guidance or direction” as to
23 whether DenSco, with close to \$50 million of investor funds, was subject to
24 certain federal securities acts and regulations.

25 d. Henderson suggested by email that Beauchamp confer with Robert
26 Pedersen, an attorney in Bryan Cave’s New York City office, and Elizabeth
27 Sipes, an attorney in Bryan Cave’s Denver office.
28

1 95. On June 11, 2013, Beauchamp sent an email to Chittick which stated:
2 “How many investors hold notes from DenSco? We are trying to determine what
3 exclusions DenSco could qualify for with respect to the other applicable federal statutes.
4 I do not have that number in my notes.”

5 96. Chittick responded by email that day, telling Beauchamp DenSco had 114
6 individual accounts, held by approximately 80 families.

7 97. On June 17, 2013, Beauchamp received an email from Pedersen.
8 Pedersen noted that he had reviewed DenSco’s website, and had asked Randy Wang, an
9 attorney in Bryan Cave’s St. Louis office, whether DenSco was in compliance with the
10 Securities Act of 1933. Pedersen wrote: “Randy questioned whether in the DenSco
11 Investment Corp. case, the existence of, and/or statements made on, the DenSco
12 [website] which I had brought to his attention, made the transaction exemption
13 unavailable to DenSco. In any event you may wish to discuss further with Randy.”

14 98. Beauchamp then printed information from DenSco’s website, which
15 included a section captioned “Investor Requirements” that purported to provide an
16 “abbreviated description” of “legal definitions” found in the 2011 POM and related
17 subscription agreement, including a definition of accredited investor.

18 99. Although Beauchamp had been representing DenSco since 2003, and his
19 files reflect that he regularly reviewed DenSco’s website, it was another Bryan Cave
20 lawyer, with no prior involvement in Bryan Cave’s representation, who immediately
21 identified this significant issue.

22 100. Beauchamp wrote an email to Wang on June 17, 2013, which stated:
23 “With respect to the client’s statements on its website, I was not aware that the client
24 had added his personal description of what is an eligible ‘accredited investor’ to the
25 DenSco website. **I will have him take it down.** (Emphasis added.) I also have a call
26 into him to ask when he added that language. Previously, his website was just for
27 potential borrowers and for existing investors. It included his view of the real estate
28 lending market and explained the status of the properties that DenSco had commenced

1 or might have to commence a Trustee Sale to take ownership of the security for a loan.
2 Given his ‘layman’s description of an accredited investor’ on the website, does that
3 constitute general solicitation, which will cause the offering to no longer qualify under
4 Regulation D? If so, can we discuss what we need to tell him that he needs to do to
5 resolve the loss of his exempt security status?”

6 101. Beauchamp’s notes reflect that he spoke to Wang on June 17, 2013.

7 102. Beauchamp’s notes also reflect that he spoke to Chittick on June 17, 2013.

8 103. After talking to Chittick, Beauchamp sent an email to Wang on June 17,
9 2013, which stated, in part: **“I talked to Denny Chittick, the owner of DenSco.
10 Denny has already had the website modified.** (Emphasis added.) Denny also
11 reviewed the list of his investors (there are only 114 individual investors from approx 80
12 families). All of his investors were either family or friends (or verified referrals from
13 family or friends). . . . According to his note schedule, Denny has approximately 60
14 investor notes that are scheduled to expire in the next six months, **so he would prefer to
15 not be shut down and have to return all of that investment money to his investors
16 until he could commence operations again.**” (Emphasis added.)

17 104. Beauchamp received an email from Chittick late in the day on June 17,
18 2013, through which Chittick forwarded his email exchange with a vendor confirming
19 that information regarding interest rates offered for promissory notes and the entire
20 “Investor Requirements” section had been removed from DenSco’s website.

21 105. Beauchamp spoke to Wang on June 18, 2013. His notes reflect that Wang
22 “does not have a clean path for the private placement” and that he and Beauchamp
23 discussed a number of “judgment calls” which were described in Beauchamp’s notes as
24 follows: (i) “whether website constitutes ‘General Solicitation’ – probably yes”; (ii)
25 “would a waiver of Right of Rescission be helpful – probably not → that just resolves
26 the individual claim + not the offering itself”; (iii) “would starting a new company be
27 helpful – probably not – still would be integrated offering.” Beauchamp’s notes
28

1 concluded by stating “Randy does not have a solution” and a list of the names of other
2 Bryan Cave attorneys Beauchamp should contact.

3 106. On June 20, 2013, Beauchamp sent an email to Bryan Cave attorneys
4 Henderson, Wang, Robert Endicott in the firm’s St. Louis office, and Garth Jensen in
5 the firm’s Denver office. Beauchamp’s email stated, in part:

6 “[DenSco] is a client which makes high interest loans (18% with no other fees)
7 secured by first lien position against Arizona real estate. . . . As part of our due
8 diligence for this offering, we reviewed the client’s website. On its website, the
9 client lists several pieces of information concerning Arizona real estate, but the
10 client has also added Denny Chittick’s personal description of who or what is an
11 eligible ‘accredited investor.’ In addition, the website also referenced the interest
12 rate paid by DenSco to its investors. ***After we advised the client that this could
13 be deemed to be “general solicitation” in violation of Regulation D, the client
14 immediately took down these references from its website. . . . Randy and I are
15 concerned that if this information on the website is deemed to constitute ‘general
16 solicitation’ then the offering will no longer qualify under Regulation D. . . .
17 According to his note schedule, Denny has approximately 60 investor notes
18 that are scheduled to expire in the next 6 months (and to probably be rolled
19 over into new notes), so he would prefer to not be shut down and to have to
20 return all of that investment money to his investors until he could commence
21 operations again.*** Issue: Does anyone have any suggestion or thoughts that we
22 can advise the client (short of closing down its business for six months) that he
23 needs to do to resolve the loss of his exempt security status?” (Emphasis added.)

15 107. Henderson and Wang responded to Beauchamp’s email on June 20, 2013,
16 discussing when the “‘JOBS Act’ requirement that the SEC eliminate the general
17 solicitation requirement for all accredited investors offerings [would] become
18 effective[.]”

19 108. On June 25, 2013, Beauchamp sent an email to Sipes which stated, in part:
20 “Attached is the previous POM for the client which has only had the date changed. We
21 stopped the updating when we were told that the investments from the investors had
22 jumped to approximately \$47.5 million. Given that significant increase, I have been
23 asking for help to determine what other federal or state laws might be applicable. Bob
24 Pederson of NY has said that the Trust Indenture Act will not be applicable so long as
25 the client is under the Regulation D, Rule 506 exemption. The other big issues [that]
26 have waited for your help to discern [is] if we need to comply with the Investment
27 Advisors Act of 1940 and the Registered Investment Advisors requirements.”
28

1 109. Beauchamp spoke to Sipes on June 27, 2013. Beauchamp's notes reflect
2 that Sipes told him the 2011 POM had incorrectly referenced an exemption under the
3 Investment Company Act, that she was considering other issues, and that she would
4 follow up by email.

5 110. Beauchamp spoke to Chittick on June 27, 2013. Beauchamp's notes
6 reflect that he shared with Chittick the information he had received from Sipes.

7 111. Chittick sent Beauchamp an email on June 27, 2013 to again confirm that
8 the requested changes to the website had been completed. He added, "Oh ya I just took
9 in another 1.1 million yesterday."

10 **4. During June 2013, Beauchamp Learned That Representations**
11 **Made In the 2011 POM About DenSco's Lending Practices**
12 **Were Materially Misleading But Failed to Conduct any**
 Investigation Of DenSco's Lending Practices.

13 112. Beauchamp received an email from Chittick on June 14, 2013.

14 113. Chittick's email, which was copied to Yomtov "Scott" Menaged, said, in
15 part: "I have a borrower, to which I've done a ton of business with, million[s] in loans
16 and hundreds of loans for several years[.] [H]e's getting sued along with me. . . . Easy
17 Investments[] has his attorney working on it[.] [I]'m okay to piggy back with his
18 attorney to fight it[.] Easy Investments [is] willing to pay the legal fees to fight it. I just
19 wanted you to be aware of it, and talk to his attorney, [whose] contact info is below."

20 114. Chittick's email included a forwarded email from Menaged which
21 provided contact information for his attorney, Jeffrey J. Goulder.

22 115. Copies of a summons, the first four pages of a complaint, a certificate of
23 compulsory arbitration, and a lis pendens were attached to the email.

24 116. Menaged responded to the email by telling Beauchamp in an email to "bill
25 me for your services and utilize my attorney for anything you may need."

26 117. The complaint and other documents Beauchamp received identified by
27 street address and legal description of the foreclosed home at issue in the lawsuit; they
28 also identified the names of the former owners.

1 118. After reviewing these documents, Beauchamp sent an email to Chittick on
2 June 14, 2013 which said “*We will need to disclose this in POM.*” (Emphasis added.)

3 119. Bryan Cave’s billing records reflect that Beauchamp billed DenSco for 30
4 minutes of time on June 14, 2013 devoted to “[e]mail to D. Chittick regarding need to
5 disclose pending litigation in Private Offering Memorandum; review email from D.
6 Chittick; review requirements.”

7 120. The complaint had been filed in Maricopa County Superior Court by Freo
8 Arizona, LLC against DenSco; Easy Investments, LLC; Active Funding Group, LLC;
9 Ocwen Loan Servicing, LLC; and another defendant.

10 121. According to the excerpt of the complaint that Beauchamp received,

11 a. A home in Peoria, Arizona was to be sold at a trustee’s sale.

12 b. Freo claimed to have purchased the home on March 18, 2013,
13 before the date of the scheduled trustee’s sale, by paying Ocwen Loan Servicing
14 the payoff amount for the mortgage, and that the sale was documented in a
15 warranty deed that had been recorded with the Maricopa County Recorder’s
16 Office.

17 c. Ocwen failed to timely instruct the trustee to cancel the trustee’s
18 sale.

19 d. On March 22, 2013, *Easy Investments* acquired the property at a
20 trustee’s sale, and then “*attempted to encumber the property with deeds of trust*
21 *to Active [Funding Group] and DenSco.*” (Emphasis added.)

22 e. Freo filed its lawsuit to establish that it owned the property free and
23 clear of liens asserted by Active Funding Group and DenSco.

24 122. The *Freo* complaint put Beauchamp on notice that DenSco’s 2011 POM
25 was materially misleading because DenSco was not following the “proper method and
26 procedures for funding a loan” which, according to Beauchamp’s interrogatory answers,
27 were described in the 2011 POM as including “due diligence to verify certain
28

1 information in connection with funding a Trust Deed” and “conduct[ing] a due
2 diligence review by . . . verifying the documentation.””

3 123. It was apparent from the *Freo* complaint that Chittick had not conducted
4 any due diligence before loaning money to Easy Investments to acquire this particular
5 home, since the property had been sold, according to public records, five days before a
6 trustee’s sale. Under such circumstances, the loan funded by DenSco could not have
7 been a loan “intended to be secured through [a] first position trust deed[,]” as DenSco
8 had represented in the 2011 POM.

9 124. It was also apparent from the *Freo* complaint that Chittick had not
10 exercised appropriate care in loaning money to Easy Investments, since *Freo* alleged
11 that Easy Investments had “attempted to encumber the property with deeds of trust to
12 Active [Funding Group] and DenSco.” That allegation called into question both the due
13 diligence Chittick had employed in selecting Easy Investments as a borrower and the
14 practices Chittick followed in funding loans made by DenSco.

15 125. Although the files Beauchamp maintained and Bryan Cave’s billing
16 records reflect that the only actions Beauchamp took after receiving Chittick’s June 14,
17 2013 email were to spend 30 minutes to “review email from D. Chittick” and to send
18 “[e]mail to D. Chittick regarding need to disclose pending litigation in Private Offering
19 Memorandum,” Beauchamp claims in Defendants’ initial disclosure statement (at 6-7)
20 that he did more than that.

21 126. Beauchamp claims that after reviewing the *Freo* complaint, he “advised
22 Mr. Chittick . . . that Mr. Chittick needed to fund DenSco’s loans directly to the trustee
23 or escrow company conducting the sale, rather than provide loan funds directly to the
24 borrower, to ensure that DenSco’s deed of trust was protected.” This is an admission by
25 Beauchamp that he knew in June 2013 that the 2011 POM was materially misleading.

26 127. Beauchamp goes on to say in Defendants’ initial disclosure statement that
27 “Mr. Chittick explained to Mr. Beauchamp that this was an isolated incident with a
28

1 borrower, Menaged, whom Mr. Chittick described in his email as someone he had ‘done
2 a ton of business with . . . hundreds of loans for several years’

3 128. If a jury believes that Beauchamp actually had this discussion with
4 Chittick, despite the absence of any email, note or billing record to support
5 Beauchamp’s claim, it should conclude that Beauchamp decided not to take *any* steps to
6 investigate Chittick’s admission that DenSco had lax lending practices. The jury may
7 also conclude that Beauchamp was preoccupied with his efforts to find a new law firm
8 and did not take the time to do so.

9 129. An investigation into DenSco’s lending practices was needed because:

10 a. the volume of DenSco’s lending that Chittick was managing by
11 himself (a missed red flag when the 2011 POM was prepared) had significantly
12 increased since 2011;

13 b. as Beauchamp had noted in his email exchanges with Bryan Cave
14 attorneys, DenSco had gone from \$16 to \$18 million of investor funds in 2011 to
15 approximately \$47 million in 2013, and Beauchamp knew that the additional
16 investor funds would be utilized to make new loans;

17 c. the allegations in the *Freo* lawsuit evidenced a lack of due
18 diligence on DenSco’s part in deciding to fund the loan in question;

19 d. the allegations in the *Freo* lawsuit called into question whether
20 Menaged, whom Chittick described as one of DenSco’s major borrowers, was a
21 reliable and trustworthy person.

22 e. Chittick’s admission that he had given funds directly to Easy
23 Investments necessarily meant DenSco was not complying with the terms of the
24 Receipt and Mortgage which, as Beauchamp has noted in his interrogatory
25 answers, “stated that the check purchasing the property was made to the
26 Trustee.”

27 f. Beauchamp knew on June 17, 2013, when he downloaded and
28 reviewed DenSco’s website, that DenSco was representing to existing and

1 potential investors that it followed “Lending Guidelines” under which it would
2 be in “First Position ONLY!”

3 g. Beauchamp knew that DenSco would be actively selling
4 promissory notes in the latter half of 2013, since he knew, and told his Bryan
5 Cave colleagues on June 20, 2013, that “[a]ccording to [Chittick’s] note
6 schedule, [DenSco] has approximately 60 investor notes that are scheduled to
7 expire in the next 6 months (and to probably be rolled over into new notes).”

8 h. Beauchamp knew that DenSco was actively selling promissory
9 notes based on the 2011 POM. On June 27, 2013, for example, Chittick told him
10 by email “Oh ya I just took in another 1.1 million yesterday.”

11 130. Beauchamp did not conduct an investigation of the allegations in the *Freo*
12 lawsuit regarding DenSco’s lending practices, or of DenSco’s lending practices
13 generally, in June 2013 (before the 2011 POM expired on July 1, 2013) or at any time
14 thereafter.

15 131. If Beauchamp had investigated the allegations in the *Freo* complaint, he
16 would have found within minutes, by reviewing records available through the Maricopa
17 County Recorder’s website relating to the property described in the *Freo* lawsuit: (i) a
18 Deed of Trust and Security Agreement With Assignment of Rents given by Easy
19 Investments in favor of Active Funding Group, which Menaged had signed on
20 March 25, 2013; and (ii) a Deed of Trust and Assignment of Rents given by Easy
21 Investments in favor of DenSco, which Menaged had signed on April 2, 2013. Both
22 signatures were witnessed by the same notary public.

23 132. Those documents confirmed the allegation in the *Freo* complaint that
24 DenSco was not in first position on a loan it had made to Easy Investments.

25 133. Those documents also showed that Menaged had purposefully borrowed
26 money, first from Active Funding and then from DenSco, using the same property as
27 security, since he had personally signed both the Active Funding deed of trust and the
28 DenSco deed of trust before a notary.

1 **5. During July and August 2013, Beauchamp Took Minimal Steps**
2 **to Prepare a New POM.**

3 134. After failing to do any investigation of the allegations in the *Freo* lawsuit
4 or of DenSco's lending practices generally, an apparently distracted Beauchamp took
5 minimal steps in July and August 2013 to prepare a new POM.

6 135. On July 1, 2013, Beauchamp received an email from Sipes which stated,
7 in part, that she didn't believe DenSco would be considered an investment advisor under
8 the Investment Company Act or the Investment Advisers Act and did not believe
9 DenSco needed to limit the number of accredited investors to whom it offered
10 promissory notes.

11 136. On July 10, 2013, Beauchamp forwarded to Chittick a news report that the
12 SEC had just decided to end the ban on general solicitation.

13 137. Bryan Cave's billing statements reflect that between July 12, 2013 and
14 July 31, 2013, Beauchamp recorded time to "revise disclosure in Private Offering
15 Memorandum" and "[w]ork on and revise Private Offering Memorandum" and had
16 additional time entries to "[w]ork on revisions to Private Offering Memorandum" or
17 "[w]ork on issues for Private Offering Memorandum."

18 138. But the only document in Bryan Cave's file that reflects any revisions
19 Beauchamp made to the draft of a 2013 POM is a draft containing several of his
20 handwritten edits. They included a note on the cover of the draft to "revise to new
21 version for B/L purposes," but no blacklined draft of a 2013 POM exists in Bryan
22 Cave's file.

23 139. Bryan Cave's billing records reflect that the only work Beauchamp
24 performed on the draft 2013 POM during August 2013 was to exchange emails on
25 August 6, 2013 with Jensen asking for a form subscription agreement to comply with
26 changes to Rule 506.

27 140. When Beauchamp left Bryan Cave in August 2013, the "due diligence"
28 file for the draft 2013 POM contained only three documents: (1) a June 18, 2013 article

1 captioned “Determining whether a company is an investment company”; (2) a printout
2 from DenSco’s website dated June 17, 2013; and (3) a July 28, 2010 article captioned
3 “Private Fund Investors Advisors Registration Act of 2010: New Law Changes
4 Regulatory Framework for Alternative Investment Advisors.”

5 141. Beauchamp’s notes reflect that he left a voicemail message for Chittick on
6 August 26, 2013 regarding “need to work on the latest version of POM that Denny has
7 w/ the prior experience charts. Need to discuss timing and update.”

8 142. Beauchamp’s notes go on to reflect that he spoke to Chittick on
9 August 26, 2013 – four days before Beauchamp and Bryan Cave sent a letter to Chittick
10 announcing Beauchamp’s August 31 departure from Bryan Cave – and that he
11 “explained delay w/ POM,” discussed the “need to get copy of Denny’s latest POM &
12 make changes to it,” and discussed that “BC will be sending a letter to Denny & letting
13 Denny decide if he wants files kept at BC or moved to CH.”

14 **6. Beauchamp Now Claims That Chittick Was Responsible for**
15 **His Failure to Prepare a New POM Before He Left Bryan**
16 **Cave, But His Claim is at Odds With the Documentary Record.**

17 143. In Defendants’ initial disclosure statement (at 5), Beauchamp claims that
18 he “was never able to finalize the 2013 POM” because of Chittick. He says that
19 “[a]lthough [he] asked for updated investment, loan and financial information regarding
20 DenSco, Mr. Chittick stalled on providing the information, preferring to wait until after
21 he scaled down the amount outstanding to investors.”

22 144. But Beauchamp’s claim has absolutely no support in the documentary
23 record, and is at odds with that record. Not only is there nothing in Bryan Cave’s files
24 reflecting that Beauchamp asked Chittick for information that was not provided or that
25 Chittick engaged in “stalling” tactics, but the files reflect that Chittick promptly gave
26 Beauchamp the information he requested, and followed Beauchamp’s advice, such as
27 when Chittick promptly changed DenSco’s website after Beauchamp told him to do so.
28

1 145. Moreover, the corporate journal Chittick maintained for 2013 (the “2013
2 Corporate Journal”) does not reflect any entries by Chittick about requests from
3 Beauchamp for information or his declination to provide that information.

4 146. The only reference in the 2013 Corporate Journal to the preparation of the
5 2013 POM is a June 17, 2013 entry which stated: “I am going back and forth with
6 David about how to circumvent this 50 million issue on size.” That entry is consistent
7 with Beauchamp’s communications of the same date as to whether DenSco had engaged
8 in general solicitation, an issue which, as noted above, was resolved on July 10, 2013.

9 **7. A Distracted Beauchamp, After Failing to Prepare a New POM**
10 **by July 1, 2013, Did Not Advise DenSco to Stop Selling**
11 **Promissory Notes Until a New POM Was Issued.**

12 147. By its terms, the 2011 POM expired on July 1, 2013.

13 148. There is no evidence in the documentary record that Beauchamp, with one
14 foot out Bryan Cave’s door, ever advised DenSco that it could not sell any new
15 promissory notes after July 1, 2013 until it issued a new POM, and Beauchamp does not
16 claim that he did so.

17 149. Beauchamp, preoccupied with finding a new law firm where he could
18 continue to practice law, failed to give that advice, even though he knew, as he told his
19 Bryan Cave colleagues in a June 20, 2013 email, that DenSco had “approximately 60
20 investor notes that are scheduled to expire in the next 6 months (and to probably be
21 rolled over into new notes).”

22 150. And while Beauchamp claims in Defendants’ initial disclosure statement
23 (at 7) that “[p]rior to his departure” from Bryan Cave, he “repeatedly made clear to
24 DenSco and Mr. Chittick that they needed to update DenSco’s POM,” there is no
25 documentary support for that claim.

26 151. Even if a jury believes that Beauchamp actually gave that advice, despite
27 the absence of any supporting documents, the advice fell short of an explicit instruction
28 that no sales could be made until a new POM was prepared. Without that instruction,

1 Chittick was effectively told that DenSco could indefinitely delay “updating” its POM
2 while continuing to sell promissory notes.

3 **8. Because of Beauchamp’s Inattention, Chittick Caused DenSco**
4 **to Sell Approximately \$3.3 Million of Promissory Notes Before**
5 **Beauchamp Left Bryan Cave.**

6 152. Because Beauchamp failed to prepare a new POM by July 1, 2013 and
7 failed to tell Chittick that DenSco could not sell promissory notes until a new POM was
8 issued, Chittick caused DenSco, during July and August 2013, to sell promissory notes
9 to some of the “approximately 60 investor[s]” whose notes Beauchamp knew were
10 “scheduled to expire in the next 6 months (and to probably be rolled over into new
11 notes).”

12 153. In each case, an investor who had purchased a two-year promissory note
13 in 2011, which expired in July or August 2013, purchased a new two-year promissory
14 note. Those sales, which total \$2,337,653.47, are summarized in the following chart.

Investor	Amount	Date
Jeff Phalen	\$100,000	7/1/13
Gary Thompson	\$250,000	7/3/13
Kaylene Moss	\$10,000	7/12/13
Branson & Sandra Smith	\$250,000	7/13/13
Ralph Kaiser IRA	\$170,653.47	7/17/13
Jimmy Trainor	\$122,000	7/22/13
Russ Grisswold IRA	\$50,000	7/24/13
William Alber	\$60,000	7/28/13
Carol Wellman	\$50,000	7/28/13
Tom Smith	\$400,000	8/2/13
GE Seigford	\$70,000	8/2/13
GE Seigford	\$40,000	8/2/13

Carysn Smith	\$10,000	8/2/13
McKenna Smith	\$10,000	8/3/13
Gary Thompson	\$145,000	8/3/13
Carol & Mike Wellman	\$25,000	8/5/13
Stacy Grant IRA	\$75,000	8/8/15
GE Seigford	\$50,000	8/18/15
Tom Smith	\$400,000	8/24/15
Dale Hickman	\$50,000	8/30/15

154. In addition to these “rollover” promissory note sales, Chittick caused DenSco to sell \$926,567 of new promissory notes to existing and new investors during July and August 2013. Those sales are summarized in the following chart.

Investor	Amount	Date	Maturity
Laurie Weiskopf	\$100,000	7/10/13	7/10/15
Carol McDowell	\$100,000	7/3/13	7/3/15
Kevin Potempa	\$100,000	7/29/13	1/26/16
Wayne Ledet	\$30,567	8/23/13	8/23/15
Tom Smith	\$500,000	8/26/13	2/26/15
Kirk Fischer	\$70,000	8/26/13	8/26/18
Carsyn Smith	\$8,000	8/26/13	8/26/15
McKenna Smith	\$8,000	8/26/13	8/26/15
Averill Cate	\$10,000	8/29/13	8/29/14

1 **C. Facts Regarding Clark Hill's Representation of DenSco in 2013**

2 **1. In September 2013, Beauchamp Brought DenSco to Clark Hill**
3 **as a New Client and Clark Hill Agreed to Prepare a New POM.**

4 155. On September 11 and 12, 2013, Beauchamp exchanged emails with
5 Chittick about taking steps to have certain DenSco files transferred from Bryan Cave to
6 Clark Hill: "AZ Practice Review"; "Blue Sky Issues"; "Garnishments"; "General
7 Corporate"; and "2011 and 2013 Private Offering."

8 156. On September 12, 2013, Beauchamp sent Chittick an engagement letter,
9 which Chittick signed and returned that day.

10 157. The letter, which was captioned "Representation of DenSco Investment
11 Corporation," stated that it would "serve[] to record the terms of [Clark Hill's]
12 engagement to represent DenSco Investment Corporation (the 'Client'), with regard to
13 the legal matters transferred to Clark Hill PLC from Bryan Cave LLP."

14 158. Clark Hill's engagement letter, like those Beauchamp had sent DenSco
15 when he was at Gammage & Burnham and Bryan Cave, identified DenSco as Clark
16 Hill's client.

17 159. But Clark Hill's engagement letter went further, and expressly stated that
18 Clark Hill was representing only DenSco, and was not representing Chittick in any
19 capacity.

20 a. The letter stated that it was "supplemented by our Standard Terms
21 of Engagement for Legal Services, attached, which are incorporated in this letter
22 and apply to this matter and the other matter(s) for which you engage us."

23 b. The "Standard Terms of Engagement for Legal Services" included
24 a section called "Whom We Represent." That section stated: "The . . . entity
25 whom we represent is the . . . entity identified in our engagement letter and does
26 not include any . . . employees, officers, directors, shareholders of a corporation
27 . . . unless our engagement letter expressly provides otherwise."
28

1 160. Even though this engagement letter clearly and expressly stated that Clark
2 Hill represented only DenSco and was not also representing Chittick, Clark Hill and
3 Beauchamp say in their initial disclosure statement (at 3) that “Chittick understood that
4 Mr. Beauchamp, as an incident to Mr. Beauchamp’s representation of DenSco, was also
5 representing Mr. Chittick in his capacity as president of DenSco.”

6 161. On September 13, 2013, Beauchamp took steps to open a new matter for
7 DenSco in Clark Hill’s accounting and filing systems that was mis-identified as “2003
8 Private Offering Memorandum.” Beauchamp’s notes stated that the file was being
9 opened to “[f]inish 2013 POM for client. Started POM update at Bryan Cave.”

10 162. Beauchamp opened this file, obligating Clark Hill to provide securities
11 advice to DenSco and to diligently and promptly “finish [the] 2013 POM,” knowing that
12 the 2011 POM had expired on July 1, 2013, no new POM had been issued, and that as
13 of June 20, 2013, “[a]ccording to [Chittick’s] note schedule, [DenSco] ha[d]
14 approximately 60 investor notes that are scheduled to expire in the next 6 months (and
15 to probably be rolled over into new notes).”

16 **2. According to Clark Hill’s Records the Firm Did No Work**
17 **Whatsoever on a New POM During the Months of September,**
18 **October, November and December 2013.**

19 163. Clark Hill’s records show that neither Beauchamp nor any other Clark
20 Hill attorney performed *any* work on a new POM during September, October, or
21 November 2013.

22 164. The records also show that neither Beauchamp nor any other Clark Hill
23 attorney even attempted to contact Chittick about the new POM.

24 **a. On December 18, 2013, Chittick Asked Beauchamp By**
25 **Email Why the New POM Had Not Been Finished.**

26 165. The first time entry in Clark Hill’s billing records relating to a new POM
27 is a twelve-minute entry by Beauchamp on December 18, 2013 to “review email;
28 telephone conversation with D. Chittick; review POM.”

1 166. The email referenced in that time entry is an email that Chittick sent to
2 Beauchamp on December 18, 2013, saying “since you’ve moved, we’ve never finished
3 the update on the memorandum. Warren is asking where it is.”¹

4 167. Beauchamp did not send Chittick a response to that email.

5 168. There are not any notes in Clark Hill’s files made by Beauchamp that
6 summarized his December 18, 2013 call with Chittick.

7 169. Beauchamp apparently asked Chittick during that call to send him a copy
8 of the 2011 POM, since Chittick emailed Beauchamp an electronic copy of the final
9 2011 POM during the late morning of December 18, 2013. Beauchamp promptly
10 responded, saying simply “[t]hank you. Have a wonderful holiday season.”

11 170. Beauchamp forward Chittick’s e-mail to his secretary that afternoon,
12 asking her to “put this on our system for DenSco Investment Corporation/2013 POM.”

13 **b. Clark Hill Claims That Beauchamp Learned During the**
14 **December 18, 2013 Call With Chittick About Problems**
15 **in DenSco’ Loan Portfolio but Clark Hill Did Nothing to**
Investigate Those Problems Nor Did It Begin Preparing
a New POM.

16 171. In their initial disclosure statement (at 7), Clark Hill and Beauchamp make
17 claims about Beauchamp’s December 18, 2013 telephone call with Chittick that are at
18 odds with Clark Hill’s file, including its billing statement. They allege that Chittick told
19 Beauchamp “he had run into an issue with some of his loans with Menaged, and
20 specifically, that properties securing a few DenSco loans were each subject to a second
21 deed of trust competing for priority with DenSco’s deed of trust.”

22 172. Clark Hill and Beauchamp claim that, “[a]fter briefly discussing the
23 allegedly limited double lien issue, Mr. Chittick emphasized to Mr. Beauchamp that Mr.
24 Chittick wanted to avoid litigation with other lenders. Mr. Chittick, however, did not
25 request any advice or help. Accordingly, Mr. Beauchamp suggested that Mr. Chittick

26
27 ¹ Chittick was apparently referring to Warren Bush, an investor who had reviewed
28 and commented on a draft of the 2011 POM, and had communicated with Beauchamp
about that draft.

1 develop and document a plan to resolve the double liens, and nothing more came of the
2 conversation.”

3 173. Lastly, Clark Hill and Beauchamp claim that during the telephone
4 conversation “Mr. Beauchamp reminded Mr. Chittick that he still needed to update
5 DenSco’s private offering memorandum.”

6 174. No document in Clark Hill’s file, such as the handwritten notes that
7 Beauchamp consistently and regularly kept to record his telephone conversations and
8 meetings with Chittick, exists.

9 175. The 2013 Corporate Journal does not have any entries by Chittick
10 reflecting that he had such a conversation with Beauchamp in December 2013.

11 176. If a jury were to believe Beauchamp’s claim that he had such a
12 conversation with Chittick on December 18, 2013, despite the lack of evidence, it could
13 only conclude that Clark Hill and Beauchamp were negligent by:

14 a. Failing to immediately investigate the information Beauchamp
15 received about the Menaged loan problem, since Clark Hill had an affirmative
16 duty to diligently and timely prepare a new POM, having agreed to do so in
17 September 2013; and

18 b. Failing to expressly instruct Chittick that DenSco could not sell
19 *any* promissory notes, since the 2011 POM had expired and a new POM had not
20 yet been issued.

21 i. By merely “reminding” Chittick that DenSco needed to
22 “update” the 2011 POM, knowing that one-half of its investors would be
23 “rolling over” promissory notes during the last six months of 2013,
24 Beauchamp effectively advised Chittick that DenSco could indefinitely
25 delay “updating” the 2011 POM while continuing to sell promissory
26 notes.

1 **3. Although Clark Hill Did Nothing in December 2013 to Prepare**
2 **a New POM and Investigate Problems in DenSco's Loan**
3 **Portfolio, It Devoted Time That Month to Advising DenSco**
4 **About Possibly Expanding its Business to Florida.**

5 177. In Chittick's December 18, 2013 email to Beauchamp, Chittick wrote,
6 after asking about the status of Clark Hill's work on a new POM, about his plans to
7 expand DenSco's business to Florida. He wrote: "[I]'ve got two of my best borrowers
8 moving to F[L][.] [T]hey are begging me to look at lending in FL. [I] don't know
9 anything about the market there, but [I] trust these guys. [I]'ve done 20 million with
10 them over the past 5 yrs. [I]s it easy to find out the challenges, issues, etc with me
11 lending there?"

12 178. While Beauchamp did nothing in response to Chittick's question about the
13 status of a new POM, he immediately forwarded Chittick's e-mail to Clark Hill attorney
14 Daniel Schenck, asking "[w]ill you have time to do the research for Florida or should I
15 find someone else?"

16 179. Beauchamp also made an 18-minute time entry on December 18, 2013 to
17 "[r]eview email and outline Florida research."

18 180. Between December 20, 2013 and December 23, 2013, both Beauchamp
19 and Schenck recorded time to conducting research and analysis on "Florida broker
20 issues," "hard money regulatory lender requirements in Florida," and "Florida lending
21 licenses."

22 181. On December 23, 2013, Beauchamp recorded 42 minutes of time to
23 "[r]eview Florida research from D. Schenck; discuss research and follow up with D.
24 Schenck; email to D. Chittick."

25 182. On Christmas Eve, December 24, 2013, Beauchamp sent Chittick an
26 email which stated: "Happy Holidays! Quick Status: Based on a review of the Florida
27 statutes, you would be considered a 'Mortgage Lender' which requires a license in
28 Florida. The Florida government office that regulates 'Mortgage Lender' [sic] has been
 difficult to reach, but we will try again on Thursday. I want to confirm if you might be

1 able to qualify for a limited license to operate in Florida and check a few other
2 questions.”

3 183. On December 26 and 30, 2013, Beauchamp and Schenck recorded time to
4 obtaining information from the Florida Office of Financial Regulation and other
5 information relevant to Chittick’s December 18, 2013 inquiry about expanding
6 DenSco’s lending operations to Florida.

7 **4. Clark Hill Blames Chittick for Its Failure to Prepare a New**
8 **POM in 2013.**

9 184. In their initial disclosure statement (at 7), Clark Hill and Beauchamp
10 blame Chittick for their failure to do anything to prepare a new POM, which Clark Hill
11 agreed to undertake in early September 2013. They say that after Chittick signed Clark
12 Hill’s engagement letter on September 12, 2013 and directed Bryan Cave to transfer
13 certain files to Clark Hill, “Mr. Beauchamp never heard from Mr. Chittick regarding the
14 unfinished 2013 POM, or any other matter, until December 2013.”

15 185. When he was deposed, Beauchamp offered a new excuse for Clark Hill’s
16 failure to do any work on a new POM. He testified that Clark Hill did nothing to
17 prepare a new POM for DenSco because Chittick instructed him, as a condition of
18 signing Clark Hill’s engagement letter, that Clark Hill not do any work on a new POM
19 ““until I’m ready to go,”” and Beauchamp agreed.

20 186. Beauchamp did not include this material limitation on Clark Hill’s
21 representation in the engagement letter he asked DenSco to sign.

22 187. When Clark Hill agreed to abide by Chittick’s request, neither Beauchamp
23 nor any other Clark Hill attorney separately advised Chittick that DenSco could not sell
24 any promissory notes until it authorized Clark Hill to prepare a new POM and DenSco
25 had issued the POM.

1 **5. Clark Hill Was Negligent By Failing to Instruct DenSco That It**
2 **Could Not Sell Any Promissory Notes Until a New POM Was**
3 **Issued, and Aided and Abetted Chittick to Breach Fiduciary**
4 **Duties He Owed DenSco by Following Chittick's Instructions**
5 **to Not Prepare a New POM for DenSco, Knowing DenSco Was**
6 **Continuing its Business Operations and Selling Rollover**
7 **Promissory Notes.**

8 188. Clark Hill was negligent by never advising Chittick that DenSco could not
9 sell any promissory notes until it had issued a new POM.

10 189. The evidence that will be presented to a jury will establish that if Clark
11 Hill had done so when DenSco first retained Clark Hill in September 2013, DenSco
12 would have followed that advice and worked diligently with Clark Hill to begin the
13 process of preparing a new POM so that it could resume selling promissory notes. In
14 the course of conducting due diligence to prepare a new POM, it would have been
15 evident to Clark Hill that DenSco could not, given Chittick's previous mismanagement
16 of the Company, and its financial condition, sell any new securities. As the Receiver's
17 standard-of-care expert Neil Wertlieb has stated in his report, if Clark Hill had properly
18 advised DenSco when the firm first began representing the Company in September
19 2013, Clark Hill would have advised DenSco to conduct an orderly liquidation
20 (presumably through a Chapter 7 bankruptcy) for the benefit of its Noteholders, and
21 withdrawn from representing DenSco if Chittick failed to follow that advice. The
22 evidence to be presented at trial will establish that if Clark Hill had properly advised
23 DenSco, Chittick would have followed Clark Hill's advice.

24 a. Among other evidence is Clark Hill and Beauchamp's admission in
25 their initial disclosure statement (at 4), that "[o]ver the years, Mr. Chittick
26 showed himself to be a trustworthy and savvy businessman, and a good client.
27 . . . Despite complaining about the cost of legal services, Mr. Chittick appeared
28 to follow Mr. Beauchamp's advice and provided information when asked for it."

 b. Moreover, approximately six weeks before Clark Hill was retained,
DenSco had immediately followed Bryan Cave's advice to modify its website,
and Bryan Cave's files reflect that Chittick was prepared to cause DenSco to

1 refund all investor loans if that was necessary to correct the “general solicitation”
2 problem Bryan Cave had identified.

3 c. Chittick’s writings immediately before his death provide further
4 evidence that he would have followed the advice that Clark Hill should have
5 given, but failed to give.

6 190. Beauchamp, by testifying that Clark Hill did not work on a new POM in
7 2013 because Chittick conditioned DenSco’s execution of the firm’s engagement letter
8 on Clark Hill’s agreement to not perform any work on a new POM until Chittick was
9 “ready to go” – when he and Clark Hill knew that one-half of DenSco’s investors would
10 “roll over” their investments and purchase new promissory notes during the last six
11 months of 2013 – has admitted that from the moment DenSco retained Clark Hill in
12 September 2013, Clark Hill aided and abetted Chittick in breaching fiduciary duties
13 Chittick owed DenSco.

14 191. Between September and December 2013, Clark Hill substantially assisted
15 Chittick in breaching his fiduciary duties to DenSco by:

16 a. accepting DenSco as a client for purposes of preparing a new
17 POM, and then abiding by Chittick’s instruction to not do any work on that
18 POM, knowing DenSco was continuing its business operations, including the
19 sale of promissory notes;

20 b. failing to appropriately advise DenSco about, and investigate facts
21 regarding, DenSco’s loan portfolio because Chittick was allegedly “dealing” with
22 those problems; and

23 c. advising Chittick that DenSco could indefinitely delay the issuance
24 of an “update” to the 2011 POM,

25 192. The ongoing sale of “roll over” and new promissory notes was necessary
26 for DenSco to continue its business operations, and Clark Hill enabled DenSco to obtain
27 investor funds for a four-month period without making adequate disclosures to those
28 investors, exposing DenSco to substantial liability to its investors.

1 **6. During the First Four Months of Clark Hill’s Representation of**
 2 **DenSco, the Firm Aided and Abetted Chittick’s Breach of**
 3 **Fiduciary Duty to DenSco When He Caused DenSco to Sell**
 Approximately \$8.5 Million of Promissory Notes in Violation of
 the Securities Laws

4 193. As a result of Clark Hill’s and Beauchamp’s conduct, Chittick caused
 5 DenSco between September and December 2013 to sell promissory notes to some of the
 6 “approximately 60 investor[s]” whose promissory notes Beauchamp knew were
 7 “scheduled to expire [during the last six months of 2013] (and to probably be rolled
 8 over into new notes).”

9 194. In each case, an investor who had purchased a two-year promissory note
 10 in 2011, which expired in September, October, November or December 2013,
 11 purchased a new two-year promissory note. Those sales, which total \$4,148,162.79, are
 12 summarized in the following chart.

Investor	Amount	Date
Van Butler	\$50,000	9/1/13
Arden & Nina Chittick	\$100,000	9/1/13
Carysn Smith	\$10,000	9/2/13
Michael & Diana Gumbert	\$100,000	9/8/13
Kaylene Moss	\$10,000	9/8/13
McKenna Smith	\$10,000	9/8/13
Glen Davis	\$20,000	9/12/13
Averill Cate, Jr.	\$10,000	9/13/13
Craig Brown	\$25,000	9/20/13
Judy & Gary Siegford	\$40,000	9/20/13
Bill & Jean Locke	\$15,000	9/25/13
Bill & Jean Locke	\$30,000	9/25/13
Ralph Hey	\$60,000	9/29/13
Michael & Diana Gumbert	\$100,000	9/30/13

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Mary Kent	\$100,000	10/1/13
Jim McArdle	\$100,000	10/3/13
Caro McDowell	\$100,000	10/7/13
Jeff Phalen	\$20,000	10/14/13
Jeff Phalen	\$20,000	10/14/13
Jeff Phalen – IRA	\$200,000	10/18/13
Brian Imdieke	\$250,000	10/19/13
Bill Hughes – IRA	\$314,700	10/24/13
Judy Hughes – IRA	\$14,300	10/24/13
Manual A. Lent – IRA	\$40,000	10/25/13
Dave Preston	\$60,000	10/26/13
Michael & Diana Gumbert	\$100,000	11/1/13
Jolene Page	\$50,000	11/1/13
Stanley Scholz – IRA	\$50,000	11/5/13
Wade Underwood	\$50,000	11/5/13
Paul A. Kent	\$112,161.79	11/9/13
Scott D. Detota	\$50,000	11/14/13
Tom Smith	\$800,000	11/21/13
Mary Kent	\$100,000	11/21/13
Les Jones	\$100,000	11/21/13
Vince & Sharry Muscat	\$200,000	11/23/13
Lillian Lent – IRA	\$17,000	11/25/13
Jolene Page	\$50,000	12/1/13
Gary Thompson	\$20,000	12/4/13
Kennen Burkhart	\$150,000	12/15/13
Mo & Sam Chittick	\$50,000	12/20/13
Jolene Page	\$200,000	12/22/13

Brian Indieke	\$250,000	12/23/13
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195. In addition to these “rollover” promissory note sales, Chittick caused DenSco to sell \$4,029,066.71 of new promissory notes to existing and new investors during September, October, November and December 2013. Those sales are summarized in the following chart.²

Investor	Amount	Date
Ralph Hey	\$15,000	9/6/13
Marvin & Pat Miller	\$900,000	9/9/13
Marvin & Pat Miller	\$100,000	9/9/13
Marvin & Pat Miller	\$706,000	9/10/13
Ross Dupper	\$800,000	9/13/13
Jeff Phalen – IRA	\$150,000	9/17/13
Michael Zones	\$500,000	9/24/13
Erin Carrick – Trust	\$200,066.71	9/27/13
Averill Cate	\$10,000	10/15/13
Jemma Kopel	\$100,000	11/14/13
Averill Cate	\$10,000	11/15/13*
Brian Odenthal – IRA	\$8,000	12/1/13
Averill Cate	\$10,000	12/15/13*
Brian & Janice Odenthal	\$20,000	12/19/13
Steven Bunger	\$500,000	12/20/13**

² Each note was a two-year note, except those marked with an *, which were one-year notes, and the note marked with **, which matured on 3/31/14.

1 **D. Facts Regarding Clark Hill’s Representation of DenSco During 2014**

2 **1. Clark Hill Learned During the First Week of January 2014**
3 **That DenSco Had Suffered a Substantial Loan Loss Because of**
4 **Chittick’s Mismanagement and Failure to Follow the Lending**
5 **Procedures DenSco Had Told Its Investors It Would Follow.**

6 196. On Sunday, January 5, 2014, Beauchamp received an email from Chittick asking if he had time to meet with him during the coming week.

7 **a. On January 6, 2014, Beauchamp Received a Demand**
8 **Letter That Called into Question 52 Loans DenSco Had**
9 **Made to Menaged.**

10 197. On Monday, January 6, 2014, Beauchamp received an email from Chittick which stated: “read the first two pages, then give me a call.” Attached to the email was a three-page demand letter from Bryan Cave attorney Robert J. Miller; Exhibit A, a list of 52 properties; and two subordination agreements.

11 198. The letter was written on behalf of Azben Limited, LLC; Geared Equity, LLC; and 50780, LLC (the “Lienholders”). It asserted that Geared Equity, 50780, and Sell Wholesale Funding, LLC (the “Lenders”) had each loaned money to Arizona Home Foreclosures, LLC and Easy Investments, LLC, and that the loans Sell Wholesale Funding had made were subsequently assigned to Azben.

12 199. Exhibit A to the letter identified, with reference to specific loan numbers and street addresses, 52 loans that the Lenders had made to Easy Investments and Arizona Home Foreclosures to acquire 52 homes at trustee sales.

13 200. The letter asserted that the Lenders’ loans had been made by “certified funds delivered directly to the trustee” and secured by “promptly recorded deeds of trust confirming a senior lien position on each of the Properties.”

14 201. The letter went on to assert that DenSco had “engaged in a practice of recording a ‘mortgage’ on each of the [52 properties] on around the same time as the Lenders were recording their senior deeds of trust” and that *each such mortgage falsely stated that DenSco had “provided purchase money funding” and that its “loans are*

1 *'evidenced by a check payable' to the trustee for each of the Properties.'* (Emphasis
2 added.)

3 202. The letter asserted that DenSco could not claim to be in a senior lien
4 position on those properties "since in each and every instance, only the Lenders
5 provided the applicable trustee with certified funds supporting the Borrower's purchase
6 money acquisition for each of the Properties."

7 203. The letter demanded that DenSco sign subordination agreements
8 acknowledging that it did not have a first position lien on any of the 52 properties, and
9 said that if DenSco refused to do so, the Lienholders would assert claims against
10 DenSco for fraud and conspiracy to defraud; negligent misrepresentation; and wrongful
11 recordation pursuant to A.R.S. § 33-420.

12 204. The letter included "two forms of subordination agreement – one form
13 document applies to the Azben loans and the other form applies to the loans of Geared
14 Equity, LLC and 50780, LLC." A footnote stated that "[p]roperty addresses and other
15 'form' information will need to be included in each subordination agreement. My firm
16 will only commence preparing a subordination agreement for each loan when written
17 confirmation is provided that DenSco has unconditionally agreed to execute each
18 subordination agreement in the form enclosed herein."

19 **b. On January 6, 2014, Beauchamp Reviewed the Demand**
20 **Letter, Which Provided Clear Evidence That Chittick**
21 **Had Breached His Fiduciary Duties to DenSco and**
22 **Exposed DenSco to Substantial Financial Loss.**

23 205. Beauchamp spoke to Chittick by telephone on January 6, 2014, after
24 receiving the letter. Beauchamp's notes from that call state that Chittick told him
25 DenSco's "largest borrower" – who Beauchamp knew or should have known from the
26 *Freo* lawsuit he had received in June 2013 was Menaged – "had a guy working in his
27 office and was getting 2 loans on each property," and that Chittick and Menaged "had
28 already fixed about 6 loans." The notes reflect that Beauchamp planned to meet with
Chittick on Thursday, January 9, 2014.

1 206. Clark Hill’s billing records reflect that Beauchamp billed 2.4 hours on
2 January 6, 2014 to “[r]eview, work on and respond to several emails; review statutory
3 references; telephone conversation with office of D. Chittick [a reference to having left
4 a voice-mail message for Chittick, since he worked alone from his home office];
5 telephone conversation with D. Chittick regarding demand letter, issues, background
6 information and requirements; review notes and statute requirements; review
7 documents.”

8 207. From the demand letter alone, Beauchamp knew that:

9 a. Chittick had failed to follow the lending procedures called for by
10 the Receipt and Mortgage document Beauchamp had approved in 2007. That
11 document called for DenSco’s borrower to present a “check payable to _____
12 (‘Trustee’)” to the Trustee. It was evident from the demand letter that DenSco
13 had not done so. DenSco could not have issued 52 checks payable to Trustees,
14 since the letter asserted that the Lenders had issued checks to the Trustees when
15 they acquired those 52 properties.

16 b. DenSco’s borrowers, Arizona Home Foreclosures and Easy
17 Investments – which were both owned by Menaged – had obtained 52 loans from
18 the Lenders and 52 loans from DenSco, that were to be secured by the same 52
19 properties. If, as the Lenders claimed, they had actually paid a Trustee for each
20 property, DenSco had effectively made 52 unsecured loans and the disposition of
21 those monies was unknown.

22 c. The potential financial impact on DenSco was substantial.
23 Beauchamp knew from the 2011 POM that DenSco’s average loan amount was
24 \$116,000, so that DenSco’s potential losses from the 52 loans, if the loan
25 proceeds could not be traced and recovered, was \$6 million or more, or
26 approximately 13% of the \$47 million that Beauchamp understood DenSco had
27 raised from investors as of June 2013.
28

1 208. Beauchamp could have easily conducted a limited investigation to
2 evaluate the claims in the demand letter that the Lenders were in first position on each
3 of the 52 properties, or to assess the information he had received during his telephone
4 call with Chittick that “a guy working in [Menaged’s] office . . . was getting 2 loans on
5 each property.”

6 209. Beauchamp could have done so by searching for publicly recorded
7 documents that were identified in the two subordination agreements attached to the
8 demand letter.

9 a. The first of those subordination agreements identified, by reference
10 to the instrument number assigned by the Maricopa County Recorder (2013-
11 0832534), the Mortgage DenSco had recorded on September 16, 2013 on the
12 property at issue. The subordination agreement also identified, by reference to a
13 recorded instrument number (2013-0833010), the deed of trust that Sell
14 Wholesale Funding, LLC had recorded on September 16, 2013 for the same
15 property.

16 b. In January 2014, the Maricopa County Recorder’s Office had a free
17 “Recorded Document Search” function. The same tool is available today.

18 c. If Beauchamp had used that tool, two brief searches would have
19 shown that the DenSco Mortgage (2013-0832534) was signed by Menaged
20 before a notary on September 16, 2013, and that Menaged also signed the Sell
21 Wholesale Funding deed of trust (2013-0833010) before a notary on
22 September 16, 2013. Those searches would also have identified the property in
23 question as 977 S. Colonial Drive in Gilbert, Arizona.

24 d. Those two documents show that Menaged, not “a guy in his
25 office,” had secured both loans.

26 e. The second of the subordination agreements attached to the
27 demand letter identified, by reference to a recorded instrument number (2013-
28 0717135), the Mortgage DenSco had recorded on August 6, 2013 on the property

1 at issue. The subordination agreement also identified, by reference to a recorded
2 instrument number (2013-0721399), the deed of trust that Geared Equity, LLC
3 had recorded on August 7, 2013 for the same property.

4 f. If Beauchamp had used the Recorded Document Search tool, two
5 brief searches would have shown that the DenSco Mortgage (2013-0717135) was
6 signed by Menaged before a notary on August 6, 2013, and that Menaged also
7 signed the Sell Wholesale Funding deed of trust (2013-0721399) before a notary
8 on August 6, 2013. Those searches would have identified the property in
9 question as 39817 Messner Way in Anthem, Arizona.

10 g. Those two documents show that Menaged, not “a guy in his
11 office,” had secured both loans.

12 210. As for the remaining 49 properties on Exhibit A to the demand letter,
13 Beauchamp could have, either by himself, or through a paralegal, quickly discovered
14 that in each case, Menaged, and not “a guy in his office,” had signed the documents at
15 issue.

16 a. This could have been done by using a free search function on the
17 Maricopa County Assessor’s Office website that allows anyone to search for
18 property records using a street address (such as those given in Exhibit A to the
19 demand letter) or other means of customary due diligence. The Assessor’s
20 website provides a link to a recorded instrument on the Maricopa County
21 Recorder’s Office website for each property, and that information could have in
22 turn been used to quickly locate both the deed of trust recorded by the Lenders
23 and DenSco’s competing Mortgage by using the Recorded Document Search
24 tool.

25 b. Such a search, which would take less than five minutes for each
26 property, would produce records showing that for each of the 49 properties,
27 Menaged had signed both a DenSco Mortgage and another lender’s deed of trust
28 before a notary, providing further evidence that Menaged, not “some guy in his

1 office,” had secured all of the loans in question, and had purposefully defrauded
2 DenSco.

3 **c. On January 7, 2014, Clark Hill Received an Email From**
4 **Chittick in Which He Admitted That He Had Grossly**
5 **Mismanaged DenSco’s Loan Portfolio, Failed to Comply**
6 **With the Lending Practices Disclosed in the 2011 POM,**
7 **and Caused DenSco to Suffer Substantial Losses.**

8 211. On Tuesday, January 7, 2014, Beauchamp received an email from
9 Chittick, copied to Menaged, which contained information relevant to the demand letter
10 and said that Chittick was bringing Menaged to the planned January 9, 2014 meeting.

11 212. Chittick’s email said that DenSco had, since 2007, loaned \$50 million to
12 “a few different LLC’s” controlled by Menaged. Beauchamp knew or should have
13 known that those companies included the two entities identified in the demand letter:
14 Easy Investments (a defendant in the June 2013 *Freo* lawsuit) and Arizona Home
15 Foreclosures.

16 213. Chittick’s email said that “[b]ecause of our long term relationship, *when*
17 *[Menaged] needed money, [I] would wire the money to his account and he would pay*
18 *the trustee*” (emphasis added), Menaged would sign a Mortgage that referenced the
19 payment to the trustee, and Chittick would cause the Mortgage to be recorded.

20 214. Chittick attached to his email a form of Mortgage, Deed of Trust, and
21 Note Secured by Deed of Trust that he routinely used in making loans to Menaged,
22 which Chittick described as “docs you have reviewed and have been reviewed by a guy
23 at your last law firm, maybe two firms ago in 2007.”

24 215. Chittick’s email confirmed what was evident from the demand letter, and
25 brought home the red flags Beauchamp had missed when he prepared the 2011 POM
26 and when he reviewed the *Freo* lawsuit six months earlier:

27 a. Chittick had been grossly negligent in managing DenSco’s loan
28 portfolio, by not complying with the terms of the Mortgage, which called for

1 DenSco to issue a check payable to the Trustee, and instead wiring money to
2 Menaged, trusting Menaged to actually use those funds to pay a Trustee.

3 b. Chittick's admitted practice of giving DenSco's funds directly to
4 Menaged, rather than paying them directly to a Trustee through a check made
5 payable to the Trustee, made the statements in the 2011 POM about DenSco's
6 lending practices materially misleading.

7 216. Chittick's reference to "docs you have reviewed and have been reviewed
8 by a guy at your last law firm, maybe two firms ago in 2007" suggested that Chittick
9 might blame Beauchamp for the problems DenSco now faced because of DenSco's use
10 of those documents.

11 217. Chittick's email went on to say that Menaged had told him in November
12 2013 that DenSco had been defrauded by Menaged's "cousin," who allegedly worked
13 with Menaged in managing Easy Investments and Arizona Home Foreclosures.
14 Menaged claimed that his "cousin" had "receiv[ed] the funds from [DenSco], then
15 request[ed] them from . . . other lenders [who] cut a cashiers check for the agreed upon
16 loan amount . . . [took] it to the trustee and . . . then record[ed] a [deed of trust]
17 immediately."

18 218. Chittick explained that "sometimes" DenSco had recorded its mortgage
19 before another lender's deed of trust was recorded, but in other cases it had not.

20 219. According to Chittick, "[t]he cousin absconded with the funds.
21 [Menaged] figured this out in mid November. He came to me and told me what was
22 happening. He said he talked to the other lenders and they agreed that this was a mess,
23 and as long as they got their interest and were being paid off they wouldn't foreclose,
24 sue or anything else."

25 220. Chittick went on to describe the "plan" that he and Menaged had been
26 executing since November: to "sell off the properties and pay off both liens with
27 interest and make everyone whole." He acknowledged that there were "short falls" on
28 each property, representing the difference between the value of the property and the

1 combined amount of the two loans, and that “[c]oming up with the short fall on all these
2 houses is a challenge, but we believe it is doable. Our plan is a combination of injecting
3 capital and extending cheaper money.”

4 221. Chittick described the basic terms of the agreement with the “other
5 lenders” as including the following: (1) “all lenders will be paid their interest, except
6 [DenSco], I’m allowing [its] interest to accrue”; and (2) DenSco is “extending
7 [Menaged] a million dollars against a home at 3%.”

8 222. Chittick claimed that he and Menaged had “already cleared up about 10%
9 of the total \$’s in question” with the “other lenders.”

10 223. As for the “gentleman who handed me the paperwork” – a reference to a
11 person affiliated with one of the three entities identified in the demand letter – Chittick
12 wrote that he “believes because he physically paid the trustee that he is in first position,
13 but agrees it’s messy. [H]e wants me to subordinate to him, no matter who recorded
14 first. [W]e have paid off one of his loans, you’ll see on this list Pratt – paid in full, I’ve
15 attached the hud-1 and you can see that it shows me in first position versus his belief.
16 [N]ow that’s one title agent[’]s opinion, [I] understand that’s not settling [a] legal
17 dispute on who’s in first or second.”

18 224. Chittick went on to state: ***“I know that [I] can’t sign the subordination***
19 ***[agreement] because that goes against everything that [I] tell [DenSco’s] investors.”***
20 (Emphasis added.)

21 225. He also wrote that “there are several other lenders waiting to see what [I]
22 do[.] [I]f I sign with this group, they want to have me sign for them too.”

23 226. Chittick concluded his email by stating “[w]hat we need is an agreement
24 that as long as the other lenders are being paid their interest and payoffs continue to
25 come . . . that no one initiates foreclosure for obvious reasons, which will give us time
26 to execute our plan.”

1 interest on DenSco's loans to accrue, and lending Menaged \$1 million at 3%
2 interest.

3 e. Chittick was unwilling to cause DenSco to accept the losses his
4 gross negligence had caused by signing the subordination agreements attached to
5 the demand letter, "because that goes against everything that [he] tell[s]
6 [DenSco's] investors," or to make any disclosure to DenSco's investors while he
7 and Menaged pursued their plan.

8 230. Beauchamp also knew from his January 6 review of the demand letter and
9 the hours he had devoted on January 7 and 8 to analyzing Chittick's email and other
10 information he had received from Chittick, that Menaged's "cousin" story was
11 implausible and that by accepting the story without investigation and planning to
12 continue DenSco's lending relationship with Menaged, Chittick was breaching his
13 fiduciary duties to DenSco.

14 231. In addition to the information provided in the subordination agreements
15 and the list of the other 52 properties identified in the demand letter, Beauchamp should
16 have also reviewed the information attached to Chittick's January 6, 2014 email
17 regarding a loan for which Chittick claimed DenSco was in first position.

18 232. If Beauchamp had used the information in the settlement statement
19 attached to Chittick's email to investigate Chittick's claim that DenSco was in first
20 position with respect to the "Pratt" property, he could have used the Recorded
21 Document Search tool on the website maintained by Maricopa County Recorder's
22 Office.

23 233. A few brief searches would have confirmed Chittick's claim that DenSco
24 was the first to record: DenSco's Mortgage was recorded on September 18, 2013 as
25 instrument number 2013-0837513, while Geared Equity's deed of trust was recorded on
26 September 19, 2013 as instrument number 2013-0842640.

1 234. But those two documents would also have shown that Menaged signed
2 each document before a notary on September 17, 2013, making clear that Menaged, not
3 his “cousin,” had secured both loans.

4 235. Moreover, because the demand letter claimed that Geared Equity had
5 delivered funds to the Trustee, and Chittick had admitted he had not, the question
6 remained as to where DenSco’s funds had gone and whether they could be recovered.

7 **2. Clark Hill Failed to Properly Advise DenSco.**

8 **a. After Receiving the Demand Letter and Chittick’s**
9 **January 6 Email, Beauchamp Should Have Insisted on**
10 **Meeting with Chittick Alone So That He Could Advise**
11 **Chittick of the Actions He Was Required to Take to**
12 **Protect DenSco From Further Harm, But Beauchamp**
13 **Failed to Do So.**

14 236. Beauchamp, as DenSco’s attorney, should have recognized that he had an
15 obligation to meet privately with Chittick, without Menaged present, to confirm relevant
16 facts, and advise Chittick, as DenSco’s President, of the actions DenSco needed to take
17 and the consequences to DenSco if it failed to do so.

18 237. Beauchamp failed to do the following:

- 19 a. Tell Chittick he should not bring Menaged to their scheduled
20 January 9, 2014 meeting;
- 21 b. Tell Chittick that DenSco’s sale of promissory notes since July 1,
22 2013 to investors exposed DenSco and Chittick to civil and criminal liability;
- 23 c. Tell Chittick that DenSco should not have sold any notes without
24 first issuing a new POM and should not use the proceeds of sales made since
25 July 1, 2013 until the investors who bought those notes had been given a new
26 POM and afforded an opportunity to rescind those transactions;
- 27 d. Tell Chittick that DenSco could not sell any new promissory notes
28 until Clark Hill was able to conduct an adequate investigation of DenSco’s
 lending practices and other material information and a new POM had been
 issued;

1 e. Tell Chittick that DenSco should immediately cease doing business
2 with Menaged based on the implausibility of the “cousin” story and the readily
3 available public records discussed above;

4 f. Tell Chittick that, at a minimum, DenSco should not have any
5 further business dealings with Menaged until it had investigated the true facts of
6 the alleged fraud by Menaged’s “cousin”;

7 g. Tell Chittick that after discovering the true facts about Menaged’s
8 dealings with DenSco (whether through a review of public records or some other
9 investigation), DenSco should rescind all lending agreements it had made with
10 Menaged since November 2013 on the grounds of fraud in the inducement, and
11 seek to enforce its remedies for all other loans that Menaged had obtained
12 through fraud; and

13 h. Tell Chittick that DenSco had to assess the impact of the fraud on
14 DenSco’s financial position, and if that assessment resulted in a finding that
15 DenSco was insolvent, DenSco had to consider duties owed to its investors and
16 other creditors in making all business decisions.³

17 238. This advice should have been documented in writing.

18 239. If Chittick declined to follow the advice, Beauchamp should have
19 threatened to withdraw from representing DenSco, which may have caused Chittick to
20 relent and follow the advice.

21 240. Beauchamp did not tell Chittick he should not bring Menaged to the
22 planned January 9, 2014 meeting and did not give the advice described above.

23 241. The Receiver intends to offer evidence at trial establishing that if
24 Beauchamp had taken these actions, Chittick would have caused DenSco to follow that
25 advice.

26 _____
27 ³ DenSco was indisputably insolvent in January 2014, as Chittick’s statements to
28 Beauchamp at the time made clear and as the Receiver was able to determine after
reviewing DenSco’s QuickBooks records.

1 242. Evidence of Chittick’s long professional relationship with Beauchamp and
2 numerous instances of Chittick following Beauchamp’s legal advice establish that if
3 Beauchamp had properly advised DenSco during the first week of January 2014,
4 Chittick would have caused DenSco to: (i) stop selling promissory notes; (ii) terminate
5 its relationship with Menaged and his companies; (iii) pursue its remedies against
6 Menaged and his companies; and (iv) explore whether DenSco could survive as a going
7 concern or would have to liquidate. Such evidence includes:

8 a. Clark Hill and Beauchamp’s admission in their initial disclosure
9 statement (at 4), that “[o]ver the years, Mr. Chittick showed himself to be a
10 trustworthy and savvy businessman, and a good client. . . . Despite complaining
11 about the cost of legal services, Mr. Chittick appeared to follow Mr.
12 Beauchamp’s advice and provided information when asked for it.”

13 b. Moreover, only six months earlier, DenSco had immediately
14 followed Bryan Cave’s June 2013 advice to modify its website, and Bryan
15 Cave’s files reflect that Chittick was prepared to cause DenSco to refund all
16 investor loans if that was necessary to correct the “general solicitation” problem
17 Bryan Cave had identified.

18 c. Chittick’s writings shortly before his death.

19 **3. During the January 9, 2014 Meeting with Chittick and**
20 **Menaged, Beauchamp Learned That DenSco Faced an Even**
21 **Larger Financial Exposure as a Result of Chittick’s**
22 **Mismanagement Than the Exposure Presented by the Demand**
Letter, And Chittick Wanted to Try to Cover Up His
Mismanagement By Pursuing a “Work Out” Plan With
Menaged.

23 243. Clark Hill’s billing records reflect that Beauchamp billed 4.3 hours on
24 January 9, 2014 to “[p]repare for and meeting with D. Chittick and S. Menages [sic];
25 review and work on notes from meeting and outline follow-up; review and respond to
26 several emails; review documents and information.”
27
28

1 244. Beauchamp's notes from the January 9, 2014 meeting reflect that Chittick
2 and Menaged confirmed that DenSco faced exposure from both the Lienholders
3 identified in the January 6, 2014 demand letter and other lenders, including Active
4 Funding Group.

5 245. According to Beauchamp's notes, the number of loans made by DenSco
6 that were not in first position and were either unsecured or under-secured was between
7 100 and 125. Based on that information and the 2011 POM's average loan amount of
8 \$116,000, Beauchamp knew or should have known that DenSco's loans to Menaged
9 represented a potential loss of between \$11.6 and \$14.5 million, or between 25% and
10 30% of the \$47 million that Beauchamp understood DenSco had raised as of June 2013.

11 246. Beauchamp's notes from the January 9, 2014 meeting also reflect that
12 Chittick did not know what had happened to as much as \$14.5 million that DenSco had
13 loaned to Menaged, and that Chittick was not taking any meaningful steps to investigate
14 the loss and seek to recover those funds. The notes state: "What happened to the
15 money? -- Will pursue something or his cousin → but trying to determine where the
16 money has gone."

17 247. Beauchamp's notes from the January 9, 2014 meeting also reflect that,
18 although the money DenSco previously loaned Menaged was missing and Chittick had
19 taken no steps to investigate the circumstances under which the loan losses had occurred
20 and their impact on DenSco, Chittick and Menaged had agreed to pursue a "work out"
21 of the loan losses caused by Chittick's gross mismanagement of DenSco's lending
22 practices.

23 **4. After the January 9, 2014 Meeting, Clark Hill Helped Chittick**
24 **Breach Fiduciary Duties He Owed to DenSco and Negligently**
25 **Advised DenSco About the Practices It Should Follow in**
26 **Continuing to Loan Money to Menaged.**

26 248. After the January 9, 2014 meeting, Clark Hill helped Chittick breach
27 fiduciary duties he owed DenSco by negotiating a "Forbearance Agreement" that was
28 not in DenSco's interest and was instead intended to cover up Chittick's

1 mismanagement of DenSco's lending practices and protect Chittick from potential
2 claims by DenSco's investors.

3 249. Clark Hill also helped Chittick breach fiduciary duties by advising
4 Chittick that DenSco could continue to raise money from investors while Chittick was
5 implementing his "work out" plan, and that DenSco could indefinitely delay issuing a
6 new POM until Chittick felt comfortable doing so.

7 250. These actions served Chittick's interests, who hoped to "fix" the problem
8 created by his mismanagement and delay telling his investors about the problem until he
9 had minimized the financial harm and delay or avoid making disclosures to DenSco's
10 investors about the Forbearance Agreement and how it came to be put in place.

11 251. Clark Hill and Beauchamp, on the other hand, having failed to properly
12 advise Chittick in September 2013 that it could not sell promissory notes without first
13 issuing a new POM, and having agreed with Chittick to indefinitely delay work on the
14 POM, similarly saw the Forbearance Agreement as an opportunity to cover up their
15 negligence and potentially mitigate their exposure.

16 252. At the same time that it was drafting the Forbearance Agreement, which
17 obligated DenSco to continue loaning money to Menaged, Clark Hill failed to properly
18 advise DenSco about how the loans should be made.

19 **5. Clark Hill Aided and Abetted Chittick's Breach of Fiduciary**
20 **Duties Owed DenSco by Negotiating and Documenting a**
21 **Forbearance Agreement Between January and April 2014 That**
22 **Was Not in DenSco's Interests and Was Intended by Clark Hill**
23 **to Cover Up Chittick's Mismanagement of DenSco's Lending**
24 **Practices and Protect Chittick From Claims by DenSco's**
25 **Investors.**

26 253. On January 10, 2014, Beauchamp opened a "new matter" for DenSco in
27 Clark Hill's accounting and filing systems that was called "work-out of lien issue" to
28 enable and implement the "work out" plan Chittick and Menaged had developed.⁴

27 ⁴ A few days later, on January 14, 2014, Beauchamp opened a "new matter" for
28 DenSco in Clark Hill's accounting and file systems that was called "business matters."

1 254. Over the next three months, Beauchamp helped negotiate and finalize a
2 Forbearance Agreement that was not in DenSco's interests and was, as Beauchamp said
3 multiple times in writing, intended to protect Chittick from potential claims by his
4 investors by making it appear that the loan losses DenSco faced were caused by
5 Menaged, rather than by Chittick's gross mismanagement of DenSco's lending
6 practices, and that Chittick had taken appropriate steps to protect DenSco's interests.

7 **a. In January 2014, Beauchamp Negotiated the Terms of a**
8 **Nondisclosure Agreement and Term Sheet.**

9 255. During the week of January 12, 2014, Beauchamp prepared a
10 nondisclosure agreement and a term sheet. Beauchamp negotiated with Menaged's
11 attorney, Jeff Goulder, over the term sheet.

12 256. Beauchamp also communicated with Bryan Cave attorney Bob Miller,
13 who withdrew from representing his clients on January 16, 2014 because of a conflict
14 issue raised by Beauchamp and the scope of the consent DenSco would give Bryan
15 Cave.

16 257. Chittick (for DenSco) and Menaged signed the nondisclosure agreement
17 and term sheet on Friday, January 17, 2014. The term sheet contemplated that DenSco
18 would advance additional funds to Menaged, some of which would be used to pay off
19 (by February 28, 2014) the loans held by the lenders represented by Bryan Cave. The
20 term sheet also outlined the elements of a Forbearance Agreement and a process to
21 resolve the claims of the other competing lenders.

22 **b. During February 2014, Beauchamp Negotiated the**
23 **Terms of the Forbearance Agreement With Menaged's**
24 **Counsel, Repeatedly Stating That the Agreement Was**
25 **Needed to Protect Chittick's, Rather Than DenSco's,**
26 **Interests.**

27 258. During the first week of February, Beauchamp began negotiating with
28 Goulder over the terms of a Forbearance Agreement.

1 259. It is evident from Beauchamp's communications with Chittick and
2 Goulder during February 2014 that Clark Hill was looking out for Chittick's interests,
3 rather than the interests of DenSco and its investors.

4 260. One example of Clark Hill's misplaced loyalty to Chittick is a February 4,
5 2014 email that Beauchamp sent to Chittick, which said:

6 a. "Before we all get into a room, you and I need to make sure we
7 have a clear understanding of what you can do and what you cannot do without
8 going to all of your investors for approval. We have a deal that works for you
9 and your investors and is fair to [Menaged]. Now [Goulder] is trying to better
10 the deal for [Menaged]. But you already have been more than generous trying to
11 help [Menaged] out of [Menaged's] problem. Again, *this goes back to*
12 *[Goulder] not acknowledging that this is [Menaged's] problem and instead*
13 *insisting that this is your problem because you did not make sure that*
14 *[Menaged] handled the loans properly and that you did not take the necessary*
15 *actions so that DenSco had a first lien on each property. . . . [Goulder] is trying*
16 *to have you think that you have significant responsibility for creating this*
17 *problem as opposed to this being created by [Menaged's] cousin working for*
18 *[Menaged]. . . . [Goulder] is trying to make you feel that you are guilty so you*
19 *have to assume a significant responsibility in the agreement to share [Menaged's]*
20 *problem, but nobody stole the money from you. You can help and have helped*
21 *[Menaged], but you cannot OBLIGATE DenSco to further help [Menaged],*
22 *because that would breach your fiduciary duty to your investors."* (Emphasis
23 added.)

24 261. And in an email Beauchamp sent to Goulder on Friday, February 7, 2014
25 Beauchamp wrote: "*Based on your previous changes, the Forbearance Agreement*
26 *would be prima facia evidence that Denny Chittick had committed securities fraud*
27 *because the loan documents he had [Menaged] sign did not comply with DenSco's*
28 *representations to DenSco's investors in its securities offering documents.*

1 Unfortunately, this agreement needs to not only protect [Menaged] from having this
2 agreement used as evidence of fraud against him in litigation, ***the agreement needs to***
3 ***comply with Denny’s fiduciary obligation to his investors as well as not become***
4 ***evidence to be used against Denny for securities fraud.*** . . . We wanted the document
5 to set forth the necessary facts for Denny to satisfy his securities obligations to his
6 investors (including that the original loans had to have been written and secured by a
7 first lien on real property and that the workout agreed to by Denny complied with his
8 workout authorization) without having [Menaged] admit to facts that could cause
9 trouble to him. . . .To try to balance the respective interests, I have inserted sections
10 from the loan documents into the Forbearance Agreement. Referencing the language of
11 the Loan Documents is needed to satisfy Denny’s fiduciary obligations, but I have also
12 modified the other provisions so that the Borrower is not admitting that it was required
13 to provide first lien position in connection with the loans.” (Emphasis added.)

14 262. In an email exchange on Sunday, February 9, 2014 Beauchamp told
15 Chittick “[p]lease understand that you are limited in what risk or liability you can
16 assume. Your fiduciary duty to your investors makes this a difficult balancing act.”

17 263. Chittick’s response was that he “trusts that we are in balance and I have
18 even more confidence that [Menaged] and I can solve this problem without issue and we
19 never have to use the document that we’ve worked so long on getting completed.”

20 264. Beauchamp responded: “Your point is understood. If possible, please
21 recognize and understand that ***you will ‘use’ the document even if you and [Menaged]***
22 ***never refer to it again. It has to have the necessary and essential terms to protect you***
23 ***from potential litigation from investors and third parties.***” (Emphasis added.)

24 265. In his notes from a February 11, 2014 call with Chittick, which touched
25 on the status of Chittick’s and Menaged’s plan to pay off loans on the double-escrowed
26 properties, Beauchamp wrote “‘Material Disclosure’ – exceeds 10% of the overall
27 portfolio.” But in his discussions with Chittick about requests from Goulder for further
28 concessions, including an agreement not to pursue civil claims for fraud, Beauchamp’s

1 focus was on protecting Chittick's interests, including protecting him from a potential
2 investor claim.

3 266. In a February 14, 2014 email to Chittick, Beauchamp wrote: "[Goulder]
4 clearly thinks he can force you to agree to accept a watered down agreement and give
5 up substantial rights that you should not have to give up. Unfortunately, it is not your
6 money. It is your investors' money. So you have a fiduciary duty. . . . **[Menaged] is**
7 **the one responsible for this and not you.** (Emphasis added.) He failed to put out the
8 proper protection systems in place so his cousin could not do what his cousin did. . . .
9 **[Menaged's] actions to comply with the terms of this agreement will have a big effect**
10 **on whether or not you have to deal with a third party lawsuit filed against you in**
11 **court.** (Emphasis added.) In this situation, you can have an action brought against you
12 by any of the other lenders, and/or by any of your investors. . . . In addition, **you could**
13 **also face an action by the SEC or by the Securities Division of the ACC if an investor**
14 **is able to convince someone in a prosecutor's office that you** somehow assisted
15 [Menaged] to cover up this fraud or you **were guilty of gross negligence by failing to**
16 **perform adequate due diligence (on behalf of your investors' money) to determine**
17 **what was going on.** . . . (Emphasis added.) [Y]our duty and obligation is not to be fair
18 to [Menaged], but to completely protect the rights of your investors. I am sorry if
19 [Menaged] is hurt through this, but [Menaged's] hurt will give [Menaged] the necessary
20 incentive to go after his cousin. Your job is to protect the money that your investors
21 have loaned to DenSco."

22 267. Beauchamp advised Chittick not to make any further concessions.
23 Beauchamp then sought input from bankruptcy lawyers within Clark Hill about the risks
24 DenSco faced if Chittick were to agree to the concessions Goulder sought with respect
25 to a potential civil fraud claim.

26 268. Chittick ultimately followed Beauchamp's advice, and the concessions
27 sought by Goulder were not included in the final Forbearance Agreement.

28

1 269. On February 20, 2014, Beauchamp met with Chittick, Menaged and
2 Goulder to discuss the Forbearance Agreement. As Chittick described the meeting in
3 the DenSco journal, Beauchamp and Goulder “were no better in person then they were
4 in email. David lost his temper more than once. We went back and forth for 3 hours. We
5 broke up and came together, finally we are down to one point about the release. The
6 lawyers are trying to word it to make each other happy.”

7 270. It appears from Chittick’s February 20, 2014 entry in a corporate journal
8 Chittick maintained (the “2014 Corporate Journal”) that this meeting was the first time
9 Beauchamp learned of the full extent of DenSco’s exposure to Menaged. Chittick
10 wrote: “I told David the dollars today, he about shit a brick. I explained to him how I
11 got there and how far we have come and how much better we are today then in
12 November. Though I’m not sure he understands that. My balance sheet isn’t looking
13 much better, but it will start to swing in the right direction in the next 30 days. *I’m more
14 concerned about telling my investors and their reaction to the problem. I have to tell
15 them and hope they stick with me. If I get a run on the bank I’m in deep shit. I won’t
16 be able to fund new deals, I won’t be able to payoff investors and won’t be able to
17 support [Menaged]. The whole thing crators.*” (Emphasis added.)

18 271. Beauchamp’s notes from that day contain a summary of DenSco’s
19 exposure to Menaged. They state: “Approx. \$31 MM outstanding to [Menaged’s]
20 entities – total fund up to \$62-63 MM. Problem loans down to about \$17 MM for 122
21 loans.”

22 272. Chittick’s February 21, 2014 entry in the 2014 Corporate Journal has a
23 consistent summary of the advice he received from Beauchamp: “I talked to Dave, he
24 found out what we already suspected; there is no way we can give what [Menaged]
25 wants. I’m not sure where this will lead us. *We talked about telling my investors; we
26 are going to put that off as long as possible so that we can improve the situation as
27 much as possible.* (Emphasis added.) We’ve got another 15 more that are closing next
28 few weeks. We could be close to under a 100 problem loans within a month. I just have

1 to keep telling myself I'm doing the right thing to fix it, no matter how much anxiety I
2 have over this issue."

3 273. During the last week of February 2014, discussions with Goulder on the
4 Forbearance Agreement ended after Goulder sent Beauchamp a revised draft on
5 February 25, 2014.

6 274. Chittick sent Beauchamp an email that day describing his ongoing
7 discussions with Menaged about taking a different approach to the double encumbrance
8 problem by having DenSco advance additional monies to Menaged so that Menaged
9 could sell homes more quickly: "[H]e's throwing out all sorts of ideas in how this can
10 be done. [I] would be willing to release the UCC if he was able to secure the funds and
11 use them to pay some of these loans. [W]e've got about 3 more ideas, *but what both of*
12 *us are really concerned about is that when [I] tell my investors the situation, they*
13 *request their money back. [I] want to be able to say, this was the problem, we've*
14 *eliminated this much of the problem and this is what is left. [I] want to be able to say*
15 *what is left is as small as possible.*" (Emphasis added.)

16 275. Beauchamp responded by saying "*[g]ood ideas and probably something*
17 *we need to work on*" in light of the breakdown of discussions on the Forbearance
18 Agreement. (Emphasis added.)

19 276. Chittick sent Beauchamp an email the following day, February 26, 2014
20 describing his continuing discussions with Menaged. He wrote: "[W]hat if [Menaged]
21 just starts selling everything [I] take losses[.] [A]long with the several million that
22 [Menaged's] going to bring in from outside sources, we wipe the whole thing out in,
23 name a time frame, 90 days. [T]o secure the loss, [Menaged] signs a promissory note
24 with terms of repayment. [W]hat happens? [I] take a huge hit to my books, but [I] get
25 the money back in my hands. [I]'m no longer in violation of anything with my
26 investors. [I]'m in possession of money that now [I] can put to work with new loans
27 that are actually paying me interest versus right now that [I]'m having no interest
28 coming in. [O]r I can return the money to investors if I can't put it to work. [F]rom a

1 P/L standpoint it looks horrible, but at least [I] have the majority of the money back
2 except maybe 2-4 million. [Menaged] agrees to pay me interest and principle [sic] back
3 every month for whatever I write off[,] which fills in that hole. [I] put the money I get
4 back to work and make money on it, that fills the hole. ***[I] [would] rather take the loss
5 short term now, and get working on trying to make the money work th[a]n drag this
6 thing out over a year or more. . . . [I] don't have anything in my docs that say I have
7 to be profitable. [I] see this is a negative year obviously, but [I]'ll be profitable next
8 year; the problem is gone[.]*** [Menaged] will be paying me back interest and principle
9 [sic] for the loss that I took. [N]ow I know there are 100 legal things here, ***but now I'm
10 thinking this is the best way to get the problem solved from a fiduciary standpoint. . . .
11 [I] know this may sound crazy, but [I] can't come up with anything else that will bring
12 an end to this situation quickly. [T]ime is crucial. [L]et me know your thoughts."***

13 (Emphasis added.)

14 277. Beauchamp's email response was: "***Good ideas.*** Can we talk later today
15 to clarify a few things?" (Emphasis added.) Beauchamp also told Clark Hill attorney
16 Bill Price, who emailed him to say that the release provision in Goulder's latest draft of
17 the Forbearance Agreement was unacceptable, that "[t]here is another possibility to
18 resolve this," on which Beauchamp would be focusing his attention.

19 278. Chittick's entry in the 2014 Corporate Journal for February 26, 2014
20 contains a consistent summary of his discussions with Menaged and Beauchamp:
21 "We've decided it's better to sell these properties as quickly as possible, take the losses
22 and move on. [Menaged] will sign a promissory note, it frees up from paying interest, I
23 take a big hit, . . . and we move on. ***It will take me 2 years to get back to profitability
24 I'm guessing. This may allow me not to do what David wants me to do, I don't know.
25 I never got to talk to him. But what we are doing isn't going to work fast enough and
26 we'll have a big hill to climb in the end.*** (Emphasis added.) I'm just so sick over this I
27 can't function."

28

1 279. Beauchamp’s notes reflect that he discussed the proposed new plan with
2 Chittick the following day, February 27, 2014. They state, in part: “Denny explained
3 procedure and Denny is taking all of the shortfall. [Menaged] wants this resolved.
4 *Denny wants this resolved because Denny is losing money to make payments to his*
5 *investors* if DenSco is not getting paid interest from [Menaged]. Denny willing to take
6 loss this year -- so DenSco can return cash to investors and reduce interest obligation.
7 (Emphasis added.) *How to write this up for investors -- discussed. Do we still need*
8 *Forbearance Agmt. - yes but will be less problematic. Will need Forbearance Agmt.*
9 *to explain procedures and protect Denny for future revisions.* (Emphasis added.) Will
10 need multiple advance not (unsecured) so DenSco can advance cash on house w/ double
11 loans to be sold.”

12 280. Chittick’s entry in the 2014 Corporate Journal for that day is consistent
13 with Beauchamp’s notes. It states, in part: “I talked to [Menaged] again, he agreed to
14 everything this morning on how to work this out. *I talked to David, he thinks its fine.*
15 (Emphasis added.) So we are done. . . . [N]ow we just need to get this signed and start
16 working towards selling these houses.”

17 c. **During March 2014, Beauchamp Continued to Negotiate**
18 **the Terms of the Forbearance Agreement But Did So**
19 **With Menaged, Communicating With Him Through**
 Chittick.

20 281. Beauchamp had a telephone conversation with Chittick on March 3, 2014.
21 Chittick’s entry in the 2014 Corporate Journal that day says, in part: “David called me
22 telling me of ad lib info to scare me about dealing with [Menaged]. I can’t control what
23 others are saying in the lawyer community. I have to get this done so that I have
24 something in writing and do the best deal that I can do.”

25 282. Chittick sent Beauchamp an email on March 4, 2014 in apparent response
26 to that conversation. It stated, in part: “About what you said, I have no idea of the
27 timing of that person you [mentioned] as to when he spoke to [Goulder] about our
28 situation. I don’t doubt perhaps that he was positioning himself in some way; seems

1 logical for him to think that way. However, *now that [Menaged] has agreed to sign the*
2 *terms sheet that we originally agreed to, allowing you to write it, he says he's not*
3 *going to have [Goulder] review because [Goulder] already told him not to sign*
4 *anything.* Plus he's signing the promissory note which also confirms the situation . . .
5 in not so many words. But the fraud occurred and he's taking responsibility for it. . . .
6 *You probably have the only chance in your career to write an agreement without*
7 *conflicting counsel.* You can write it to our liking and in our best interests. *We CYA as*
8 *broad as the Grand Canyon.* I think that is pretty advantageous." (Emphasis added.)

9 283. Beauchamp's response was: "*Your thoughts make sense,* but we still
10 need an agreement that works." (Emphasis added.)

11 284. Beauchamp sent Chittick a draft of the Forbearance Agreement on
12 March 10, 2014.

13 285. Chittick gave him comments that day, one of which reflected Chittick's
14 and Menaged's request to modify the draft's confidentiality provision. As Chittick
15 described it in an email to Beauchamp: "*Only time I can disclose info is if I'm legally*
16 *required by investors. He wants me to not say a word unless I'm legally required to,*
17 because the reputation with his investors and buyers, clients etc. could be harmed."
18 (Emphasis added.)

19 286. In his email response, Beauchamp wrote: "The confidentiality change is a
20 problem, because who makes the decision if the disclosure is required? *I had language*
21 *that you could disclose if such disclosure is reasonably needed to be disclosed to your*
22 *investors or if a governmental agency requires such disclosure (after you give*
23 *[Menaged] notice and an opportunity to get the agency to change its mind).* Those are
24 standard confidentiality exceptions. *I will look at them again to see if there is anything*
25 *we can do to make it tighter."* (Emphasis added.)

26 287. Beauchamp's notes reflect that he had a telephone conference with both
27 Chittick and Menaged on March 11, 2014 to discuss the release and confidentiality
28

1 provisions of the Forbearance Agreement, as well as the terms of a \$ 1 million “workout
2 loan.”

3 288. Beauchamp’s notes reflect that he had a telephone conference with both
4 Chittick and Menaged on March 12, 2014 to discuss the release and confidentiality
5 provisions of the Forbearance Agreement.

6 289. On March 13, 2014, Beauchamp conferred with Chittick about the
7 security for the loans DenSco would be advancing to Menaged. He also revised the
8 confidentiality section of the Forbearance Agreement, sending the section to Chittick in
9 an email which stated, in part: ***“I have done a complete re-write of the Confidentiality
10 section. . . . In order to comply with the specific securities disclosure requirements, I
11 left ____ (blank) the amount of time for [Menaged] to be able to review and comment
12 upon the proposed disclosure (suggest 48 hours) and I did not give him the right to
13 disapprove and block what you can or cannot disclose. DenSco and you as the promoter
14 of DenSco’s offering have to make the decisions as to what is to be disclosed or not.”***
15 (Emphasis added.)

16 290. Between March 14 and March 20, 2014, Beauchamp communicated with
17 Chittick about revisions to the Forbearance Agreement, relying on Chittick to convey
18 drafts to Menaged and communicating with Menaged through Chittick.

19 291. One of the topics Beauchamp discussed with Chittick was his plans to
20 loan funds to Menaged and the impact of those loans, including loans up to 120% of
21 value. Beauchamp stated that he ***“completely agree[s] that [the proposed lending plan]
22 makes a lot of sense, but I am concerned about the disclosure to your investors.”***
23 (Emphasis added.)

24 292. Chittick’s entry in the 2014 Corporate Journal for March 20, 2014 stated,
25 in part: “[Menaged] finally agreed to [the] agreement. That’s done. I have to do some
26 numbers to fill in the blanks, but otherwise it’s ready to be signed. ***I have no idea if it
27 will ever be used, but David assured me I’m in a good position.***” (Emphasis added.)
28

1 **d. The Forbearance Agreement Was Signed in April 2014.**

2 293. The Forbearance Agreement was signed by Chittick (for DenSco) and
3 Menaged (for himself and his entities) on April 16, 2014.

4 294. Under the Forbearance Agreement, Menaged agreed to pay off the loans
5 of DenSco and other lenders by, inter alia, (i) liquidating various assets; (ii) renting or
6 selling real estate assets; (iii) attempting to recover the missing funds that his cousin
7 allegedly stole; and (iv) obtaining \$4.2 million in outside financing.

8 295. In turn, *DenSco agreed to, inter alia, (i) increase its loans to Menaged*
9 *on certain properties up to 120% of the loan-to-value ratio; (ii) loan Menaged up to*
10 *\$5 million more, at 18% interest; (iii) loan Menaged up to \$1 million more, at 3%*
11 *interest; and (iv) defer the collection of interest on loans that Menaged had already*
12 *defaulted on.*

13 296. The Forbearance Agreement included a schedule of the loans DenSco had
14 made to Menaged, members of his family, Easy Investments, and Arizona Home
15 Foreclosures, including loans DenSco made between December 2013 and April 15,
16 2014. *Those loans totaled \$37,456,620.47, well over half of the aggregate amounts*
17 *DenSco had raised from investors.*

18 297. The confidentiality provision in the Forbearance Agreement permitted
19 DenSco to disclose information “as may be necessary for [DenSco] to disclose to
20 [DenSco’s] current or future investors” subject to the following limitations:

21 [DenSco] agrees to use its good faith efforts *to limit such disclosure as much as*
22 *legally possible* pursuant to the applicable SEC Regulation D disclosure rules,
23 *which limitation is intended to have [DenSco] only describe:* 1. the multiple
24 Loans secured by the same Properties which created the Loans Defaults; 2. the
25 work-out plan pursuant to this Agreement in connection with the steps to be
26 taken to resolve the Loans Defaults; 3. the work-out plan shall also include
27 disclosing the previous additional advances that [DenSco] has made and the
28 additional advances that are intended to be made by [DenSco] to Borrower
pursuant to this Agreement in connection with increases in the loan amount of
certain specific Loans (up to 120% of the LTV of the applicable Property being
used as security for that Loan), the additional advances pursuant to both the
Additional Loan and the Additional Funds Loan; and 4. the cumulative effect
that all of such additional advances to Borrower will have on [DenSco’s]
business plan that [DenSco] has previously disclosed to its investors in
[DenSco’s] private offering documents and which [DenSco] committed to

1 follow, including the overall LTV loan ratios for all of [DenSco's] outstanding
2 loans to its borrowers in the aggregate and the concentration of all of [DenSco's]
3 outstanding loans among all of its borrowers. Further, [DenSco] will use its good
4 faith efforts not to include the names of Borrower, Guarantor, or New Guarantor
5 in [DenSco's] disclosure material. [DenSco] will also provide Borrower with a
6 copy of the applicable disclosure prior to dissemination to [DenSco's] investors
7 and allow Borrower to have 48 hours to review and comment upon such
8 disclosure. (Emphasis added.)

6 **6. Clark Hill Advised Chittick That DenSco Could Continue
7 Selling Promissory Notes Without First Issuing a New POM,
8 and that DenSco Could Indefinitely Delay Issuing a New POM.**

8 298. Clark Hill and Beauchamp claim in their initial disclosure statement
9 (at 10-11) that Beauchamp advised Chittick "during his January 9, 2014 meeting with
10 Mr. Chittick" and repeatedly thereafter that: (a) DenSco was not permitted to take new
11 money without full disclosure to the investor lending the money; (b) DenSco was not
12 permitted to roll over existing investments without full disclosure to the investor rolling
13 over the money; and (c) DenSco needed to update its POM and make full disclosure to
14 all its investors.

15 299. A jury will be asked to find that this claim is an after-the-fact untruth.

16 300. There are *no documents*, such as notes, emails or letters, which reflect
17 that Beauchamp *ever* gave that advice.

18 301. The documents in the file instead show that Beauchamp told Chittick that
19 DenSco could sell promissory notes, and that DenSco could put off preparing a new
20 POM while Chittick pursued his "work out" plan.

21 302. Moreover, Beauchamp admitted in his deposition that he knew Chittick
22 had caused DenSco to sell promissory notes but claims that he understood Chittick did
23 so only after making disclosures to each investor who purchased a promissory note.

24 303. Clark Hill and Beauchamp make a similar claim in their initial disclosure
25 statement (at 11) that "Mr. Chittick assured Mr. Beauchamp repeatedly that he was
26 making the requisite disclosures to investors on an as needed basis, and that he had
27 informed a select group of investors as to the double lien issue and the proposed
28 workout."

1 Chittick concluded the email by stating, “*that’s my plan, shoot holes in it.*” (Emphasis
2 added.)

3 308. Beauchamp responded in an email sent later that day which stated, in part,
4 “*[y]ou should feel very honored that you could raise that amount of money that*
5 *quickly.* I will outline a few thoughts tomorrow and get back to you.” (Emphasis
6 added.)

7 309. The “few thoughts” that Beauchamp conveyed the next day were
8 questions about the sources from whom Menaged would raise money. Beauchamp did
9 not tell Chittick that DenSco could not raise new money by selling promissory notes
10 without first issuing a new POM.

11 **b. During February, March and April 2014, While the**
12 **Forbearance Agreement Was Negotiated, Clark Hill**
13 **Advised Chittick That DenSco Could Delay Issuing a**
14 **New POM.**

15 310. After telling Chittick that DenSco could continue selling promissory notes
16 without first issuing a new POM, Beauchamp would periodically tell Chittick that a new
17 POM had to be issued to reveal information about DenSco’s operations, but let Chittick
18 believe the issuance of the POM could be delayed.

19 311. In a February 4, 2014 email that Beauchamp sent to Chittick, Beauchamp
20 wrote that the Forbearance Agreement would need to be described in a document “that
21 you HAVE to provide to your investors.”

22 312. Chittick’s February 7, 2014 entry in the 2014 Corporate Journal states, in
23 part, “I was on the phone with David and [Menaged] off and on trying to find middle
24 ground in this crap to make this agreement final. *Now [D]avid is telling me I have to*
25 *tell my investors.*”

26 313. Beauchamp’s notes reflect that he discussed with Chittick on February 21,
27 2014 DenSco’s upcoming annual meeting, which was scheduled for March 8. He
28 wrote: “*cannot be ready to tell everything.*” (Emphasis added.)

1 314. Beauchamp's notes went on to reflect his thoughts about what might
2 eventually be disclosed to investors. He wrote: "What to put into notice to the
3 investors. [E]xplain concentration to Scott to help Scott package homes to sell to a
4 Hedge Fund in \$5M groups. [T]he problem was discovered but to resolve the loans with
5 double leverage came up with a plan, but that required DenSco to make higher
6 leveraged loans. DenSco also made advances on new homes purchased."

7 315. Notably, Beauchamp notes reflect that he did not intend to advise Chittick
8 to disclose to investors that the "double leverage" problem was the result of Chittick's
9 grossly negligent lending practices.

10 316. Beauchamp's notes also show that he knew the workout plan was
11 increasing the loan-to-value ratios on many of DenSco's loans far above what DenSco
12 had disclosed to investors in any previous POM. For example, he wrote: "30 loans are
13 now at 95% LTV."

14 317. The entry Chittick made in the 2014 Corporate Journal for March 11,
15 2014 states, in part: "*David changed and said now I have to tell my investors.*
16 (Emphasis added.) [Menaged] and I are going to try to fix this mess in 30 days and that
17 way it will be a minor issue."

18 318. In a March 13, 2014 email to Chittick regarding the inclusion in the
19 Forbearance Agreement of a confidentiality provision that Menaged had sought,
20 Beauchamp wrote: With respect to timing, we are already **very late** in providing
21 information to your **investors about this problem and the resulting material changes**
22 **to your business plan. We cannot give [Menaged] and his attorney any time to**
23 **cause further delay in getting this Forbearance Agreement finished and the**
24 **necessary disclosure prepared and circulated.**" (Emphasis in original.)
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c. In May 2014, Clark Hill Made a Half-Hearted Effort to Prepare a New POM and Then, at Chittick's Request, Stopped Working on the New POM and Advised Chittick That DenSco Could Continue to Put Off Issuing a New POM While Chittick Pursued His "Work Out" Plan.

319. Chittick's entry in the 2014 Corporate Journal for April 16, 2014 reflected the signing of the Forbearance Agreement and concludes: "I'll send it up to David and then he and I can start on the memorandum."

320. Beauchamp's notes show that he had a call with Chittick on April 24, 2014. Those notes reflect that Beauchamp knew that DenSco's total loans to Menaged were approximately \$36 million in principal, with a \$5 million note (of which approximately \$1.78 million was principal), and a \$1 million note (of which approximately \$915,000 was principal).

321. Under the heading "POM update" he noted that 186 loans were double-encumbered when the workout started, which was down to 94 loans, representing \$12.3 million of principal, as of that date, which was down from a previous balance of approximately \$25 million.

322. That same day, Chittick sent Beauchamp by email another copy of the 2011 private offering memorandum.

323. It appears from the Clark Hill file that Beauchamp gave a printed copy of the memorandum to Schenck with a handwritten note asking him to mark up the memorandum and add "updates/forbearance, etc."

324. Beauchamp's handwritten notes and documents in the file reflect that some research was done on May 13, 2014 on "Dodd Frank and regulation."

325. On May 14, 2014, Schenck sent Beauchamp by email a redline of a draft private offering memorandum and a separate document with comments, some of which were for Beauchamp's attention. Schenck's email concluded by asking Beauchamp to "let me know what changes you prefer *before this draft is sent to Denny.*" (Emphasis

1 added.) His time entry describes the document as a “first draft” which he had
2 “finish[ed].”

3 326. The document with comments contained, in the “Prior Performance”
4 section, a discussion of the terms of the Forbearance Agreement, with limited
5 information about the circumstances that gave rise to it and a narrative that accepted, as
6 accurate and reliable, Menaged’s “cousin” story: “According to the Foreclosure
7 Debtors, an agent of the Foreclosure Debtors had secured the Outside Loans without the
8 Foreclosure Debtors’ knowledge.” The draft said nothing about Chittick’s gross
9 negligence in managing DenSco’s lending practices by giving funds directly to
10 Menaged, rather than to a Trustee.

11 327. Clark Hill’s time records reflect that Beauchamp billed 30 minutes of time
12 on May 14, 2014 to “review revisions to POM and work on same.”

13 328. But there is nothing in the Clark Hill file to reflect that Beauchamp
14 actually made any revisions to this first draft.

15 329. Neither the Clark Hill file nor Clark Hill’s billing statement reflect that
16 Beauchamp ever sent the draft POM to Chittick or discussed it with him.

17 330. Clark Hill’s files show that the firm simply stopped work on a new POM
18 in mid-May 2014. The last time entries referencing the draft POM were made on
19 May 14.

20 331. On May 15, 2014, Beauchamp sent Chittick e-mails with instructions on
21 making revisions to the Forbearance Agreement.

22 332. On May 23, 2014, Beauchamp sent Chittick a letter with billing
23 statements which said nothing about a termination of the representation and instead
24 offered to “assist [DenSco] with any other matter(s).”

25 333. On June 12, 2014, Beauchamp and Chittick exchanged emails about
26 revising the Forbearance Agreement.

27 334. Entries by Chittick in the 2014 Corporate Journal shortly thereafter reflect
28 that Chittick had decided not to issue a new POM at that time, and to continue selling

1 promissory notes while he pursued his “work out” plan in the hope of minimizing
2 DenSco’s losses before making a disclosure to investors. Clark Hill decided to abide by
3 Chittick’s instruction, just as the firm had agreed in September 2013 to prepare a new
4 POM and then followed Chittick’s instruction not to work on the new POM until
5 Chittick was ready to issue it.

6 a. The July 2, 2014 entry states, in part: “We are making progress,
7 just too damn slow, *but I’m sure much quicker than David expected us to do.*”
8 (Emphasis added.)

9 b. The July 25, 2014 entry states, in part: “My time is running out on
10 updating my private placement memorandum and notifying my investors.”

11 c. The July 31, 2014 entry states, in part: “It’s all going in the right
12 direction, just not sure if it’s going fast enough. *As long as David doesn’t bug*
13 *me, I feel like we are doing the right thing.*” (Emphasis added.)

14 335. Clark Hill’s blessing of Chittick’s plan to continue pursuing a work out
15 plan without telling DenSco’s investors is reflected in Beauchamp’s dealings with
16 Chittick the following March.

17 336. On March 13, 2015, Beauchamp sent Chittick an email which stated, in
18 part: “I would like to meet for coffee or lunch (at no charge to you) so we can sit down
19 and talk about how things have progressed for you since last year. I would also like to
20 listen to you about your concerns, and frustration with how the forbearance settlement
21 and the documentation process was handled. I have thought back to it a lot and I have
22 second guessed myself concerning several steps in the overall process, *but I wanted to*
23 *protect you as much as I could.* (Emphasis added.) *When I felt that your frustration*
24 *had reached a very high level, I stopped calling you about how things were going so*
25 *that you did not feel I was just trying to add more attorney’s fees.* (Emphasis added.)
26 I planned to call you after about 30 days, but then I let it slip all of last year because I
27 kept putting it off. I even have tried to write you several different emails, but I kept
28 erasing them before I could send them. I acknowledge that you were justifiably

1 frustrated and upset with the expense and how the other lenders (and [Menaged] at
2 times) seemed to go against you as you were trying to get things resolved last year for
3 [Menaged]. I have tried to let time pass so that we can discuss if you are willing to
4 move beyond everything that happened and still work with me. If not, I would like you
5 to know that I still respect you, what you have done and would still like to consider you
6 a friend. You stood up for [Menaged] when he needed it and I truly believe it was more
7 than just a business decision on your part. Hopefully, you will respond to this email and
8 we can try to talk and catch up.”

9 337. Chittick responded “[s]ure, give me some options on when to meet.”

10 338. Chittick forwarded Beauchamp’s email to Menaged, who wrote,
11 “[s]chedule coffee in 18 months when our balance is close to nothing.”

12 339. Chittick responded: “*I figure it’s a miracle he left me alone this long!*”
13 (Emphasis added.)

14 340. Chittick went on to write: “I have some legal reporting obligations that
15 are the real rub, *I will see what he has to say.*” (Emphasis added.) And when Menaged
16 wrote that Chittick should “delay the reporting a bit,” Chittick said: “That’s *what I*
17 *have to find out is the timing needed to report and stay in compliance* and be able to
18 show something that isn’t scary enough [t]o start a stampede on the bank!” (Emphasis
19 added.) Those statements reflect that Chittick did not believe Clark Hill’s
20 representation had been terminated in May of 2014, as Clark Hill now claims, and that
21 he continued to look to Beauchamp for advice about DenSco’s obligations under the
22 securities laws.

23 341. In his entry that day in the corporate journal Chittick maintained for 2015
24 (the “2015 Corporate Journal”), Chittick wrote: “*I got an email from Dave my attorney*
25 *wanting to meet. He gave me a year to straighten stuff out. We’ll see what pressure*
26 *I’m under to report now.*” (Emphasis added.)

27 342. Chittick had lunch with Beauchamp on March 24, 2015.
28

1	Mark & Debbie Wenig	\$50,000	1/24/14
2	Kirk Fischer	\$600,000	1/29/14 ⁵
3	Brian Imdieke	\$500,000	2/11/14 ⁶
4	Ryan Baughman	\$300,000	2/11/14
5	Kaylene Moss	\$10,000	3/5/14
6	Ryan Baughman	\$300,000	4/1/14 ⁷
7	Wayne Ledet	\$30,000	4/7/14
8	Alexandra Bunger	\$850,000	5/1/14
9	Cassidy Bunger	\$850,000	5/1/14
10	Connor Bunger	\$850,000	5/1/14
11	Bill Hughes	\$6,500	5/1/14
12	Bill Hughes -- IRA	\$6,500	5/1/14

13
14 346. DenSco's sale of those promissory notes was necessary for DenSco to
15 continue its business operations, and Clark Hill enabled DenSco to obtain investor funds
16 during that five-month period without making adequate disclosures to those investors,
17 exposing DenSco to substantial liability for those sales.

18 347. The Receiver will update this disclosure statement to identify additional
19 promissory note sales after May 2014.

20 **7. In Addition to Aiding and Abetting Chittick's Breach of**
21 **Fiduciary Duties, Clark Hill Also Negligently Advised Chittick**
22 **That DenSco Could Continue Giving Loan Proceeds to**
Menaged, Rather Than Paying Them Directly to a Trustee.

23 348. As of January 9, 2014, Clark Hill knew that Chittick had been grossly
24 negligent in managing DenSco's lending operations by giving tens of millions of loan
25 proceeds to Menaged, rather than paying them directly to a Trustee.

26 _____
27 ⁵ Five-year note.

28 ⁶ Six-month note.

⁷ Three-month note.

1 349. Clark Hill knew that this practice violated the terms of the Mortgage
2 document Clark Hill knew DenSco routinely employed to document loans, which stated
3 that “The undersigned borrower (“Borrower”) acknowledges receipt of the proceeds of
4 a loan from DenSco Investment Corporation (“Lender”) in the sum of \$ _____, *as*
5 *evidenced by check payable to: _____ (“Trustee”).* (Emphasis added.)

6 350. Clark Hill also knew that this practice was an extraordinary breach of the
7 representations in DenSco’s POMs. As Beauchamp has admitted in interrogatory
8 answers, DenSco’s POMs represented that DenSco employed appropriate due diligence
9 and loan procedures in making loans. An essential part of those loan procedures was
10 that “every mortgage evidencing a property purchase made with a DenSco loan stated
11 that the check purchasing the property was made to the Trustee.”

12 351. Clark Hill also knew, from Beauchamp’s January 9, 2014 meeting with
13 Chittick and Menaged, that Chittick’s failure to follow those loan procedures had
14 exposed DenSco to a substantial potential loss of between \$11.6 and \$14.5 million, or
15 between 25% and 30% of the \$47 million that Beauchamp understood DenSco had
16 raised as of June 2013.

17 352. And Clark Hill knew that those potential losses resulted from Chittick’s
18 dealings with one borrower, Scott Menaged.

19 353. After Clark Hill learned, through Beauchamp’s January 9, 2014 meeting
20 with Chittick and Menaged, that Chittick intended to cause DenSco to continue loaning
21 money to Menaged, Clark Hill should have issued immediate, clear written advice to
22 Chittick that: (1) DenSco must adhere to the lending practices identified in its POMs
23 and referenced in the Mortgage – i.e., disbursing loan proceeds directly to a Trustee,
24 through a check (as the Mortgage contemplated) or a wire transfer; and (2) never
25 disbursing loan proceeds directly to Menaged (or any other borrower) under any
26 circumstances.

1 354. Clark Hill had the opportunity to give that advice when Beauchamp
2 received an email from Chittick during the evening of January 9, 2014, in which
3 Chittick posed the following question:

4 If [I] [obtain] a cashier's check and take it to the trustee myself, [I] don[']t get a
5 receipt that DenSco [p]aid for it. [I] get a receipt saying that X property was paid
6 for, for X \$'s vested in borrower's name. [DenSco's] name doesn't appear on it.
7 [O]ther than having a cashier's check receipt saying [DenSco] made a check out
8 for it, there isn't anything from the trustee saying that it was [DenSco's] check.
9 ***[I] could wire [Menaged] the money, he could produce a cashier's check that
[a] cashier's check that said [DenSco's] the remitter. . . . [P]ut aside the
logistics for a second, what proof or what guarantee is there by me cutting the
check and handing it to [S]uzy at the trustee[']s office rather than my borrowers?
[I] know [I] must be missing something. (Emphasis added.)***

10 355. Clark Hill failed to tell Chittick that he could not "wire Menaged the
11 money" because: (1) doing so was contrary to representations in the POM and the terms
12 of the Mortgage; (2) doing so had previously exposed DenSco to a potential loss of
13 between \$11.6 and \$14.5 million; and (3) Menaged could not, given obvious questions
14 about the veracity of his "cousin" story, be trusted.

15 356. Beauchamp instead responded in an email that night in which he said:
16 ***"Let me see what the other lenders got from the Trustee and we can make a better
17 decision.*** There is either another way to do it or someone described a procedure that
18 does not work." (Emphasis added.)

19 357. On January 17, 2014, Beauchamp told two other lawyers at Clark Hill,
20 Dan Schenck and Bob Anderson, who specialized in real estate lending, that the firm
21 needed to review "the demand letter from Bryan Cave asserting the claim from the other
22 lenders" – i.e., that DenSco had fraudulently filed 52 Mortgage documents claiming that
23 52 Trustees had been paid to purchase properties at a Trustee's sale when no such
24 payment had occurred -- and ***"[i]f this claim has any merit, [Clark Hill] need[ed] to
25 advise DenSco to change its internal procedures."*** But neither Beauchamp, Schenck,
26 nor Anderson undertook that analysis.

1 358. Beauchamp later advised Chittick that DenSco could continue wiring
2 money to Menaged, trusting Menaged to pay the loan proceeds to a Trustee, so long as
3 Menaged provided written confirmation that he had done so. As Chittick wrote in July
4 2016:

5 a. “Going back to December of 2013, . . . [Menaged] knew he had to
6 make money to help cover the deficit [that] would be created by the double
7 encumbered properties and shortage that would be created at the time of
8 disposition. He wanted time to still fund him buying properties at auction and
9 flipping them, wholesaling them, etc. *I talked to Dave about this in January*
10 *[2014] and he was in agreement with it as long as I received copies of checks*
11 *and receipts showing that I was paying the trustee.”* (Emphasis added.)

12 b. “Dave, my lawyer, negotiated the work out agreement and
13 endorsed the plan. Then when [Menaged] said hey, let me buy some
14 foreclosures, flip them, wholesale them, etc. so I can make money. *All the other*
15 *lenders wouldn’t lend to him. I needed him to make money now more than*
16 *ever before. We went to Dave, and he gave some constraints on how we were*
17 *to operate.* I have all the documentation. I received copies of checks made out
18 to trustees, receipts from the trustees. I had all my docs signed. I recorded my
19 mortgages. I had evidence of insurance, and I did everything.” (Emphasis
20 added.)

21 359. Clark Hill and Beauchamp claim in their initial disclosure statement, and
22 Beauchamp claimed when he was deposed, that Clark Hill had advised Chittick in
23 January 2014 that it should not give loan proceeds to Menaged and should instead give
24 them to a Trustee. But a jury will find that this is yet another after-the-fact untruth. No
25 documents in Clark Hill’s file – not a letter, email, note or time entry – reflect that the
26 advice was ever given. Moreover, Beauchamp’s deposition testimony that he relied on
27 Anderson to give that advice to Chittick and understood it had been given is belied by
28 Anderson’s deposition testimony, who said he had not done so.

1 360. A jury will reject Clark Hill’s claim and find that DenSco followed
2 Beauchamp’s negligent advice to Chittick that DenSco could continue its long-standing
3 practice of giving loan proceeds directly to Menaged, trusting him to use those funds
4 only to pay a Trustee for property that would be fully secured, with DenSco in first
5 position. As a result, Menaged continued to have direct access to DenSco’s funds,
6 despite the tens of millions of dollars of losses that practice had caused DenSco, which
7 put Menaged in a position to misappropriate those funds, just as he had misappropriated
8 the loan proceeds DenSco had given him in previous years.

9 361. As a direct consequence of Clark Hill’s negligence, DenSco suffered
10 substantial losses.

11 362. If Clark Hill had instead advised Chittick that DenSco could never give
12 loan proceeds to Menaged and must instead independently cause those funds to be
13 delivered to a Trustee, Chittick would have followed that advice. Indeed, Chittick
14 acknowledged in his January 9, 2014 email that he “must be missing something.”

15 **E. Response to 2016 ADFI Investigation**

16 363. In March 2016, Chittick asked Beauchamp to help DenSco respond to
17 another investigation by the Arizona Department of Financial Institutions. Beauchamp
18 worked on the matter during March, April, May and June 2016, billing his time to a
19 “General” matter he had established in January 2013. As with previous inquiries by
20 ADFI, Clark Hill argued that DenSco should not be licensed and regulated by ADFI,
21 which would have included a review of DenSco’s lending procedures.

22 **F. Chittick’s Suicide**

23 364. Chittick committed suicide on July 28, 2016.

24 365. Shortly before his death, Chittick wrote an “Investor” letter that was never
25 sent to DenSco’s investors but was among the business records obtained by the
26 Receiver. Among the statements in that letter are the following: “Why didn’t I let all of
27 you know what was going on at any point? It was pure fear. . . . I have 100 investors. I
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1 had no idea what everyone would do or want to do or how many would just sue,
2 justifiably. *I also feared that there would be a classic run on the bank. . . I truly*
3 *believe we had a plan that would allow me to continue to operate, my investors would*
4 *receive their interest and redemptions as a normal course of business, and the rest of*
5 *my portfolio was performing. Dave blessed this course of action.* (Emphasis added.)
6 We signed this workout agreement and began executing it.”

7 366. The letter also stated: “Going back to December of 2013, . . . [Menaged]
8 knew he had to make money to help cover the deficit [that] would be created by the
9 double encumbered properties and shortage that would be created at the time of
10 disposition. He wanted time to still fund him buying properties at auction and flipping
11 them, wholesaling them, etc. *I talked to Dave about this in January [2014] and he was*
12 *in agreement with it as long as I received copies of checks and receipts showing that I*
13 *was paying the trustee.”* (Emphasis added.)

14 367. Chittick also wrote a detailed letter to his sister, Shawna Heuer (aka Iggy),
15 shortly before his death. He wrote: “[*Beauchamp*] *let me get the workout signed[,]*
16 *not tell the investors[,] and try to fix the problem. That was a huge mistake. . . .* Dave
17 did a workout agreement with [Menaged], we were executing to it and making
18 headway, *yet Dave never made me tell the investors. . . . I talked Dave my attorney*
19 *into allowing me to continue without notifying my investors. Shame on him. He*
20 *shouldn’t have allowed me. He even told me once I was doing the right thing.”*
21 (Emphasis added.)

22 368. The letter also stated: “*Dave, my lawyer, negotiated the work out*
23 *agreement and endorsed the plan.* (Emphasis added.) Then when [Menaged] said hey,
24 let me buy some foreclosures, flip them, wholesale them, etc. so I can make money. All
25 the other lenders wouldn’t lend to him. I needed him to make money now more than
26 ever before. *We went to Dave, and he gave some constraints on how we were to*
27 *operate.* I have all the documentation. I received copies of checks made out to trustees,
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1 receipts from the trustees. I had all my docs signed. I recorded my mortgages. I had
2 evidence of insurance, and I did everything.” (Emphasis added.)

3 369. This “Iggy Letter” contained detailed information about actions Chittick
4 had taken in managing DenSco’s affairs, including the location of funds and how he had
5 transferred funds.

6 **G. After Chittick’s Death, Clark Hill Agreed to Represent Both DenSco**
7 **and Chittick’s Estate, Despite an Unconsentable Conflict.**

8 370. According to Clark Hill’s billing records, Beauchamp learned of
9 Chittick’s suicide on Saturday, July 30, 2016 through a telephone call with Robert
10 Koehler and Shawna Heuer. Beauchamp billed his time for that call to the “Business
11 Matters” file he had caused to be established on January 14, 2014.

12 371. Robert Koehler was identified in the 2011 POM, under the heading
13 “Contingency Plan in the Event of Death or Disability of Mr. Chittick,” as the person
14 with whom Chittick had entered into a written agreement “to provide or arrange for any
15 necessary services for the Company” upon Chittick’s death or disability.

16 372. According to Beauchamp’s notes from his July 30, 2016 telephone
17 conversation with Koehler and Heuer, he was told that Chittick had sent him a letter
18 with instructions and a detailed letter to Koehler. Beauchamp wrote that he needed “to
19 get both letters & discuss how to deal w/ this.”

20 373. On Sunday, July 31, 2016, Beauchamp exchanged emails with Koehler
21 about scheduling a meeting with Koehler and Heuer the following afternoon.

22 374. Later that day, Beauchamp exchanged emails with Heuer in which
23 Beauchamp approved an email Heuer had drafted to send to DenSco’s investors which
24 stated, in part, “[a] meeting with Denny’s attorney is planned for Monday, August 1st,
25 to form a course of action.”

26 375. Heuer sent the e-mail to DenSco investors during the evening of July 31,
27 2016, forwarding a copy to Beauchamp, who thanked her for doing so.
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1 376. Heuer sent Beauchamp before their August 1 meeting a copy of Chittick's
2 Investor Letter and gave him at the meeting or in a meeting the following day a copy of
3 the Iggy Letter.

4 377. During the August 1st meeting, Beauchamp agreed that Clark Hill would
5 represent DenSco, reporting to Heuer, and also represent Heuer in her capacity as the
6 personal representative of the Estate of Denny Chittick.

7 378. On August 2, 2016, Beauchamp and Clark Hill attorney Michelle Tran
8 met with Heuer.

9 379. On August 4, 2016, Clark Hill initiated a probate proceeding and
10 continued to act as counsel for the Estate of Chittick until August 12, 2016.

11 380. Clark Hill should not have agreed to represent DenSco after Chittick's
12 death and should have instead terminated the representation because Clark Hill knew,
13 based on its own conduct since September 2013 and knowledge of Chittick's conduct,
14 that DenSco had potential claims against the firm.

15 381. Clark Hill should not have agreed to represent the Estate of Chittick
16 because Clark Hill knew, based on its knowledge of Chittick's conduct, that DenSco
17 had substantial claims against Chittick's Estate for Chittick's gross negligence in
18 managing DenSco's affairs. Indeed, in this litigation Clark Hill has identified the Estate
19 as a non-party at fault and seeks to blame Chittick for DenSco's losses. Moreover, soon
20 after his appointment, the Receiver filed a Notice of Claim in Probate Court against the
21 Estate, based in part on Chittick's gross mismanagement of DenSco and multiple
22 breaches of fiduciary duties Chittick owed DenSco.

23 382. A jury can assume that Clark Hill agreed to continue representing DenSco
24 and jointly represent the Estate of Chittick because it saw those representations as a
25 means to protect itself from liability. The firm's conduct during the months of August,
26 September and October 2016 provides further evidence that this was Clark Hill's
27 objective.

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1 **H. Between August 1 and August 18, 2016, Clark Hill Effectively Ran**
2 **DenSco's Day-to-Day Affairs.**

3 383. After Chittick's death, Beauchamp, in coordination with Heuer, managed
4 the day-to-day operations of DenSco until the Receiver was appointed on August 18,
5 2016.

6 384. Beauchamp opened a "Business Wind Down" file to which he charged his
7 time.

8 385. During that time period, Beauchamp communicated with investors and
9 representatives of the Securities Division of the Arizona Corporation Commission (the
10 "ACC"), which investigated securities law violations by DenSco and initiated on
11 August 17, 2016 a lawsuit alleging that DenSco had violated securities laws and sought
12 the appointment of a receiver.

13 386. Although Clark Hill knew that as securities counsel to DenSco it faced
14 potential claims by the ACC, DenSco's receiver, and/or DenSco's investors, it
15 continued to represent DenSco.

16 387. Clark Hill authored several communications to DenSco's investors
17 between August 1 and August 12, 2016 which failed to disclose information in Clark
18 Hill's possession about Clark Hill's role as DenSco's securities counsel; Chittick's
19 mismanagement of DenSco's lending practices; Chittick's decision to postpone the
20 issuance of a new POM while still selling promissory notes; Chittick's goals in
21 documenting the Forbearance Agreement; the actions Clark Hill had taken to assist
22 Chittick; and Clark Hill's negligent advice to Chittick about DenSco's continued
23 lending to Menaged.

24 388. Clark Hill also failed to provide that information to the ACC.

25 389. The investor communications Clark Hill drafted also suggested that
26 DenSco and its investors would not be well served if a receiver were appointed. For
27 example, in the first email Beauchamp sent to DenSco investors on August 3, 2016, he
28 wrote:

1 [T]he problem with DenSco's Troubled Loans developed over time and it will
2 take some time to understand those Troubled Loans [and] how those loans came
3 into existence. . . . If whoever is in charge of DenSco does not work with the
4 Investors, then DenSco will either be put into bankruptcy or have a Receiver
5 appointed, which will incur costs on behalf of the Investors and that will
6 significantly reduce what will be available to return to the Investors. For
7 example, *one of the recent reports concerning liquidation of companies owing*
8 *money to investors indicated that the costs associated with a bankruptcy or a*
9 *Receiver can reduce the amount to be paid to investors by almost half or even a*
10 *much more significant reduction. . . . [W]e would like to keep DenSco out of a*
11 *protracted bankruptcy or a contentious Receivership proceeding.* As indicated
12 above, various studies have shown that the third party costs and legal and other
13 professional fees and costs and the inherent delays in bankruptcy and/or
14 Receivership proceedings can consume more than 35% of the available money
15 that should or would otherwise be available to be returned to Investors.
16 (Emphasis added.)

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I. Beginning on August 15, 2016, Clark Hill Sought to Conceal Its Negligence and the Assistance It Gave Chittick in His Breach of Fiduciary Duties by Falsely Claiming It Had Terminated Its Representation of DenSco, and Continues to Claim, Without Any Supporting Records, That It Did So.

390. During its investigation of potential securities law violations by DenSco, the ACC sought documents from Clark Hill about the firm's work for DenSco.

391. It was during that investigation that Clark Hill claimed for the first time that it had terminated its representation of DenSco because Chittick allegedly refused to follow the firm's advice.

392. Clark Hill has made inconsistent claims about the alleged termination of its representation of DenSco since August 2016 and continues to claim that the termination occurred despite the absence of any records to support the claim, and records that are inconsistent with the claim.

393. The claim was first made on August 15, 2016, when ACC investigator Gary Clapper sent Beauchamp an email which stated, in part: "Can you please get a copy of the forbearance agreement. Since the offering document is updated every two years can you please get copies of all of them."

394. Beauchamp responded: "I only have access to some of DenSco's files. Despite my requests, Denny Chittick did not request for all of DenSco's previous files to be transferred to me. In addition, *Denny stopped our efforts to do an updated*

1 *offering memorandum in 2013*, so the initial work on that was never finished. Denny
2 also *did not engage us to prepare an amendment to the offering document or to*
3 *prepare a new disclosure document despite several conversations about that issue.*”

4 (Emphasis added.)

5 395. In an August 17, 2016 declaration, Beauchamp stated that “[i]n late 2014
6 *or 2015, I ended my formal relationship with Mr. Chittick and DenSco.*”

7 396. In an August 21, 2016 email to DenSco investor Rob Brinkman,
8 Beauchamp first wrote that “*my law firm started preparing the 2013 POM, but we*
9 *were put on hold.* After the Forbearance Agreement was signed by Scott Menaged, *we*
10 *started to amend the 2013 draft POM, but we stopped and withdrew as securities*
11 *counsel for DenSco. Denny was supposed to get other counsel and finish the POM in*
12 *2014, but I do not know if that did happen.*” (Emphasis added.) In a follow-up email to
13 Brinkman, he wrote that “[t]he 2013 POM was never finalized due to attorney client
14 *protected issues that I have been instructed not to discuss.*” (Emphasis added.)

15 397. In a February 8, 2017 email to the Receiver’s counsel, Beauchamp made
16 the following unsolicited statement: “Please note that my previous reference to
17 ‘securities work’ was for work done PRIOR to when *my firm terminated doing any*
18 *securities or other legal work for DenSco when Denny Chittick refused to send the*
19 *amended Private Offering Memorandum to his investors.* The amended Private
20 Offering Memorandum that we wanted to be sent described the Forbearance Agreement
21 and the changes to the lending criteria and security ratios that DenSco was to follow
22 when making its loans to Borrowers. *I believe that we terminated our representation*
23 *in approximately July 2014.*” (Emphasis added.)

24 398. Clark Hill now claims that the firm terminated the representation in May
25 2014, stating in Defendants’ initial disclosure statement (at 15) that

26 Mr. Chittick . . . refused to provide the necessary information to complete the
27 POM and refused to approve the description of the workout or the double lien
28 issue. . . .

1 ***In May 2014***, Mr. Beauchamp handed Mr. Chittick a physical copy of the draft
2 POM and asked him what Mr. Chittick’s specific issues were with the disclosure.
3 Mr. Chittick responded that there was nothing wrong with the disclosure, he was
4 simply not ready to make any kind of disclosures to his investors at this stage.
5 Mr. Beauchamp again explained that Mr. Chittick had no choice in the matter
6 and that he had a fiduciary duty to his investors to make these disclosures. Mr.
7 Chittick would not budge. ***Faced with an intransigent client who was now***
8 ***acting contrary to the advice Mr. Beauchamp was providing, and with***
9 ***concerns that Mr. Chittick may not have been providing any disclosures to***
10 ***anyone since January 2014, Mr. Beauchamp informed Mr. Chittick that***
11 ***Beauchamp and Clark Hill could not and would not represent DenSco any***
12 ***longer.*** Mr. Beauchamp also told Chittick that he would need to retain new
13 securities counsel, not only to provide the proper disclosure to DenSco’s
14 investors, but to protect DenSco’s rights under the forbearance agreement. Mr.
15 Chittick suggested that he has already started that process and was speaking with
16 someone else.

17 399. But there is not a single document in Clark Hill’s file to support this
18 claim, such as a termination letter that law firms commonly send when ending a client
19 relationship and especially when a law firm believes a client is disregarding advice
20 given by the firm.

21 400. The absence of ***any*** handwritten notes by Beauchamp about the alleged
22 termination of the representation is particularly telling, since by Beauchamp’s own
23 admission, his consistent practice was to “write up” notes after every meeting or call
24 with Chittick. The evidence of that practice is in a March 12, 2014 email to Chittick, in
25 which Beauchamp wrote: “Since I was driving to a meeting with another client, ***I did***
26 ***not get a chance to write up my notes after our call, as I usually do.***” (Emphasis
27 added.)

28 401. Moreover, Clark Hill makes this claim despite numerous documents in its
29 files reflecting that Clark Hill never terminated the representation and continued to
30 represent DenSco after May 2014. Those documents include:

31 a. Documents generated in June 2014 which reflected work Clark Hill
32 performed to amend the Forbearance Agreement and correct errors the firm had
33 made when the Forbearance Agreement was signed in April 2014. Chittick and
34 Menaged signed those documents on June 18, 2014.

1 b. In May, June, July and August 2014, Beauchamp sent Chittick
2 billing statements for work performed for DenSco through transmittal letters that
3 stated: “Thank you again for allowing Clark Hill and me to provide legal
4 services to DenSco Investment Corporation. If you have any question or if we
5 can assist you with any other matter(s), please let me know.”

6 c. As noted above, when Chittick asked Clark Hill to respond to the
7 ADFI inquiry in March 2016, Beauchamp billed his time to the “General” matter
8 Clark Hill had established in January 2014.

9 d. As noted above, after Chittick’s death, Beauchamp billed his time
10 to the “Business Matters” file Clark Hill had established in January 2014.

11 e. On June 22, 2017, approximately six months before this lawsuit
12 was filed, Clark Hill submitted two proofs of claim to the Receiver, seeking
13 \$53,820.00 for work performed between June 1, 2016 and August 17, 2016, and
14 \$23,046.00 for work performed between August 18, 2016 and September 30,
15 2016. Clark Hill claimed in an accompanying affidavit that “*[i]n 2016 and*
16 *earlier, the Firm represented DenSco Investment Corporation,*” providing
17 “general business advice and representation,” and that “[a]fter the death of
18 DenSco’s principal, in July 2016, the Firm transitioned the subject matter of its
19 work to advice and guidance to DenSco to assist in winding down its business.”
20 (Emphasis added.) Clark Hill did not claim then that it had terminated its
21 representation of DenSco at any previous time.

22 402. In claiming that Clark Hill had, in fact, terminated its representation of
23 DenSco in May 2014 – a claim verified by Clark Hill’s General Counsel – Clark Hill
24 concealed material information it should have disclosed pursuant to Rule 26.1. It was
25 only after the Receiver’s counsel served written discovery on Clark Hill that Clark Hill
26 admitted that it was not until May 2018 – *after* receiving the Receiver’s written
27 discovery – that Clark Hill closed the files it had opened in September 2013 to prepare a
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1 new POM and in January 2014 for the “lien workout.” The files established for
2 DenSco’s “General” and “Business Matters” were never closed and remain open.

3 **J. Clark Hill Colluded With the Estate of Chittick to Prevent the**
4 **Receiver From Obtaining Material Information.**

5 403. Clark Hill did not internally consider the conflicts created by its joint
6 representation of DenSco and the Chittick Estate until an investor raised the issue on
7 August 10, 2016.

8 404. Clark Hill then referred Heuer to lawyers whom Clark Hill believed
9 would aggressively protect the Estate from potential claims by investors and the
10 Receiver – Beauchamp’s former colleagues at Gammage & Burnham: James Polese and
11 Kevin Merritt.

12 405. Clark Hill then began colluding with Gammage & Burnham to protect the
13 Chittick Estate and Clark Hill from the Receiver.

14 406. Among other evidence of such collusion are emails exchanged between
15 Polese, Merritt and Beauchamp about seeking the appointment of a receiver other than
16 the Receiver.

17 407. Moreover, shortly before the August 18, 2016 hearing at which the
18 Receiver was appointed, Beauchamp, with the assistance and approval of Clark Hill’s
19 Assistant General Counsel, prepared a declaration for the Estate to submit to the
20 Receivership Court which Beauchamp has since acknowledged falsely stated that Clark
21 Hill had jointly represented DenSco and Chittick individually.

22 408. During the August 18, 2016 hearing, neither Beauchamp nor Clark Hill’s
23 Assistant General Counsel corrected false statements by the Estate’s counsel to the
24 effect that Clark Hill had jointly represented DenSco and Chittick personally.

25 409. That claim was integral to the Estate’s successful effort to obtain language
26 in the Order appointing the Receiver which recognized the existence of the spurious
27 joint representation claim and materially limited the Receiver’s ability to promptly and
28 efficiently obtain relevant records from Clark Hill’s files.

1 410. The Estate and Clark Hill used the Order as an excuse to decline to
2 provide the Receiver with immediate access to relevant records, such as the Iggy Letter,
3 and to “slow walk” Clark Hill’s production of its files to the Receiver.

4 411. The Receiver’s counsel sent a letter demanding the immediate production
5 of the files on August 29, 2016. Clark Hill did not produce them until October 13,
6 2016, and only after making multiple demands. During this time period, Clark Hill’s
7 Office of General Counsel was actively involved and directed the firm’s response to the
8 Receiver’s demands.

9 412. In the interim, Clark Hill and the Estate continued using the false claim
10 that Clark Hill had jointly represented DenSco and Chittick personally to delay
11 providing relevant information to the Receiver.

12 413. The Estate also proposed, with Clark Hill’s implicit consent, a “common
13 interest” agreement between the Estate, DenSco (represented by Clark Hill) and the
14 Receiver, which falsely stated that because of the alleged joint representation by Clark
15 Hill of DenSco and Chittick personally, the Estate, DenSco and the Receiver had a
16 common interest in defending lawsuits that investors might pursue.

17 414. After finally receiving Clark Hill’s files in October 2016, the Receiver
18 discovered critical documents, such as the Iggy Letter, that the Estate had sought to
19 prevent the Receiver from obtaining under a claim of personal privilege. That
20 document contained information that was material to claims the Receiver later brought
21 against the Estate of Chittick. Without the document, the Receiver had been required to
22 devote substantial resources to independently discovering information contained in the
23 Iggy Letter.

24 **K. Actions Taken by the Receiver**

25 415. After his appointment, the Receiver took possession of and analyzed
26 DenSco’s books and records, issuing a preliminary report on September 19, 2016,
27 which the Receiver incorporates by reference in this disclosure statement.
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1 416. On December 9, 2016, the Receiver filed a notice of claim in the probate
2 court against the Estate of Denny Chittick, asserting, inter alia, claims that Chittick had
3 breached fiduciary duties owed DenSco.

4 417. The Estate issued a notice of disallowance of the claim on February 3,
5 2017.

6 418. On December 23, 2016, the Receiver issued a status report, which the
7 Receiver incorporates by reference in this disclosure statement. That report contains,
8 among other things, the Receiver's conclusion that DenSco was insolvent in January
9 2014.

10 419. The Receiver monitored and took part in a bankruptcy proceeding that
11 Menaged initiated. Among other things, the Receiver's counsel conducted an
12 examination of Menaged, and the Receiver filed an adversary complaint and a
13 complaint to determine nondischargeability, and obtained a judgment against Menaged.

14 420. On June 22, 2017, Clark Hill submitted two proofs of claim to the
15 Receiver, which are discussed above.

16 421. On September 14, 2017, the Receiver filed a petition with the
17 Receivership Court seeking to file this action. The petition was granted on October 10,
18 2017.

19 422. On September 25, 2017, the Receiver filed in the Receivership Court
20 Petition No. 37 – Petition for Approval of Receiver's Final Recommendations
21 Approving Claims in DenSco Receivership, in which the Receiver recommended that
22 Clark Hill's claims be denied "because the Receiver has determined that Clark Hill had
23 a conflict of interest that precluded it from performing the legal services without
24 violating fiduciary duties to DenSco. Despite providing Clark Hill with notice of the
25 Receiver's recommendation of the denial of its two claims and a copy of the Claims
26 Report, Clark Hill failed to object or respond to the Receiver's recommendation that
27 their two non-investor claims submitted by Clark Hill be denied." The Petition was
28 granted on October 27, 2017.

1 423. This action was filed on October 16, 2017.

2 424. On December 22, 2017, the Receiver issued a status report describing the
3 status of the receivership, which the Receiver incorporates by reference in this
4 disclosure statement.

5 425. On March 15, 2019, the Receiver issued a status report describing the
6 status of the receivership, which the Receiver incorporates by reference in this
7 disclosure statement.

8 **II. LEGAL BASIS FOR CLAIMS**

9 The Receiver has filed substantive motions in the case. The Receiver
10 incorporates by this reference all substantive pleadings filed by the Receiver including
11 pleadings on a prima facie case for punitive damages, pleadings on the common law
12 defense of in pari delicto, and pleadings on matters of evidence.

14 **A. Count One (Legal Malpractice)**

15 The Receiver asserts that Defendants were negligent. To sustain that claim, the
16 Receiver “must prove the existence of a duty, breach of duty, that the defendant’s
17 negligence was the actual and proximate cause of injury, and the ‘nature and extent’ of
18 damages.” *Glaze v. Larsen*, 207 Ariz. 26, 29, ¶ 12, 83 P.3d 26, 29 (2004) (citing
19 *Phillips v. Clancy*, 152 Ariz. 415, 418, 733 P.2d 300, 303 (App. 1986)).

20 That Defendants owed a duty to DenSco is undisputed, established by, *inter alia*,
21 the engagement letter Clark Hill issued in September 2013.

22 The Receiver will establish, through expert testimony, that Clark Hill fell below
23 the standard of care by, *inter alia*, (i) failing to advise DenSco at the outset of
24 representation of DenSco in September 2013 that DenSco could not sell any promissory
25 notes without first issuing a new POM; (ii) failing to advise DenSco of the
26 consequences of having previously sold promissory notes without an adequate
27 disclosure document; (iii) accepting the responsibility of preparing a new POM and then
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1 following Chittick's instruction not to perform work on the new POM until Chittick
2 wished to do so, knowing that DenSco was continuing its business operations and
3 selling promissory notes to rollover investors and others; (iv) failing to properly advise
4 DenSco during the first week of January 2014 about the actions DenSco was required to
5 take in light of the loan losses caused by Chittick's gross mismanagement of DenSco's
6 lending practices and Chittick's intent to pursue a "work out" with Menaged; (v)
7 advising DenSco in January 2014 and thereafter that it could sell promissory notes
8 without first issuing a new POM and could continue its business operations, including
9 the sale of promissory notes, while indefinitely delaying the issuance of a new POM;
10 (vi) negligently advising DenSco during January 2014 about the procedures DenSco
11 should employ in loaning monies to Menaged; and (vii) failing to withdraw from the
12 representation of DenSco in September 2013 and at later points in time when it was
13 apparent that Chittick intended to take actions that were harmful to the interests of
14 DenSco and its creditors, including its investors.

15 The Receiver will establish that, but for Defendants' negligence, DenSco would
16 not have suffered the losses described in the expert report of David Weekly. Those
17 losses were reasonably foreseeable to Beauchamp and others at Clark Hill.

18 The Receiver alternatively asserts that Clark Hill and Beauchamp breached
19 fiduciary duties they owed DenSco. "[T]he essential elements of legal malpractice
20 based on breach of fiduciary duty include the following: (1) an attorney-client
21 relationship; (2) breach of the attorney's fiduciary duty to the client; (3) causation, both
22 actual and proximate; and (4) damages suffered by the client." *Cecala v. Newman*, 532
23 F. Supp. 2d 1118, 1135 (D. Ariz. 2007) (internal citations omitted).

24 The Receiver will establish through expert testimony that Defendants breached
25 their duty of loyalty to their only client, DenSco, by taking actions after September 12,
26 2013 that were intended to advance Chittick's rather than DenSco's interests, and by
27 failing to take actions that would have advanced DenSco's interests. The Receiver will
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1 establish that, but for Defendants’ breach of fiduciary duty, DenSco would not have
2 suffered the losses described in the expert report of David Weekly and that those losses
3 were reasonably foreseeable to Beauchamp and others at Clark Hill.

4 In addition to the losses DenSco suffered as a result of Defendants’ breach of
5 fiduciary duty, DenSco also seeks an order requiring Clark Hill to disgorge fees it
6 received from DenSco for work performed after Clark Hill breached its fiduciary duties.
7 DenSco relies on Restatement (Third) of the Law Governing Lawyers § 37, which
8 states: “A lawyer engaging in clear and serious violation of duty to a client may be
9 required to forfeit some or all of the lawyer’s compensation for the matter.
10 Considerations relevant to the question of forfeiture include the gravity and timing of
11 the violation, its willfulness, its effect on the value of the lawyer’s work for the client,
12 any other threatened or actual harm to the client, and the adequacy of other remedies.”
13 The Receiver relied on § 37 in denying Clark Hill’s proofs of claim.

14 **B. Count Two (Aiding and Abetting Breach of Fiduciary Duty)**

15 The Receiver asserts that Clark Hill and Beauchamp aided and abetted Chittick
16 in breaching fiduciary duties Chittick owed DenSco. Arizona recognizes that “lawyers
17 have no special privilege against civil suit” and are “subject to liability to a client or
18 nonclient when a nonlawyer would be in similar circumstances” including claims for
19 aiding and abetting. *Chalpin v. Snyder*, 220 Ariz. 413, 424, ¶¶ 44-45, 207 P.3d 666, 677
20 (2008) (internal citations omitted). It is also generally recognized that “a corporate
21 attorney may be liable . . . for aiding and assisting the directors and officers in breaching
22 their fiduciary duties.” 3 William Fletcher, *Cyclopedia of the Law of Private*
23 *Corporations* § 839.10 (Apr. 2018 update).

24 To sustain this claim, the Receiver must establish that: “(1) [Chittick breached a
25 fiduciary duty he owed DenSco] causing injury to [DenSco]; (2) [Defendants] knew
26 [Chittick] breached a duty; (3) [Defendants] substantially assisted or encouraged
27 [Chittick] in the breach; and (4) a causal relationship exists between the assistance or
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1 encouragement and [Chittick’s] breach.” *Security Title Agency, Inc. v. Pope*, 219 Ariz.
2 480, 491, ¶ 44, 200 P. 3d 977, 988 (App. 2008).

3 Chittick, as DenSco’s only director and officer, owed fiduciary duties to DenSco.
4 “In Arizona a director of a corporation owes a fiduciary duty to the corporation and its
5 stockholders. This duty is in the nature of a trust relationship” *Atkinson v.*
6 *Marquart*, 112 Ariz. 304, 306, 541 P.2d 556, 558 (1975) (citations omitted). These
7 fiduciary duties are both “implied by law,” *Dooley v. O’Brian*, 226 Ariz. 149, 154, ¶ 18,
8 244 P.3d 586, 591 (App. 2010), and codified by statute. *See* A.R.S. § 10-830 (duties of
9 directors); A.R.S. § 10-842 (duties of officers).

10 Chittick also owed fiduciary duties to DenSco’s creditors, including its investors.
11 Under Arizona law, a director’s fiduciary duties “can apply even to creditors when a
12 corporation enters the zone of insolvency, without regard to the terms of the underlying
13 contracts.” *Dooley*, 226 Ariz. at 154, ¶ 18, 244 P.3d at 591. “Once a corporation
14 becomes insolvent, the creditors join the class of persons to whom directors owe a
15 fiduciary duty to maximize the economic value of the firm for *all* of the firm’s
16 creditors.” *Dawson v. Withycombe*, 216 Ariz. 84, 107, ¶71, 163 P.3d 1034, 1057
17 (2008).

18 Among Chittick’s duties was the duty of loyalty. He was required to act in
19 “good faith” and in the manner he “reasonably believe[d] to be in the best interests of
20 the corporation.” A.R.S. § 10-830(A)(1), (3); A.R.S. § 10-842(A)(1), (3). “The duty of
21 loyalty mandates that the best interest of the corporation . . . take precedence over any
22 interest possessed by a director.” *Fletcher, supra*, at § 837.60; *see also AMERCO v.*
23 *Shoen*, 184 Ariz. 150, 160, 907 P.2d 536, 546 (App. 1995) (approving jury instruction
24 to the effect that “defendants were obliged to place the corporation’s interest before
25 their own”). Loyalty therefore includes “a duty to disclose information to those who
26 have a right to know the facts.” *Fletcher, supra*, at § 837.50.

27 Chittick also owed a separate duty of care. He was required to exercise a “high
28 degree of care,” *Atkinson*, 112 Ariz. at 306, 541 P.2d at 558, including “the care an

1 ordinarily prudent person in a like position would exercise under similar
2 circumstances.” A.R.S. §§ 10-830(A)(2), 10-842(A)(2). Care includes ensuring that
3 the corporation complies with the law. *See, e.g., Big 4 Advert. Co. of Phx. v. Clingan,*
4 15 Ariz. 34, 38, 135 P. 713, 715 (1913) (“It is the duty of the board of directors to see
5 that the law’s requirements are observed.”).

6 Care also includes investigation. For example, “[t]he existence of a ‘red flag’
7 that might cause suspicion may require a director to make reasonable inquiries.”
8 Fletcher, *supra*, at § 1034.80. While the business judgment rule sometimes calls for
9 judicial deference to a director’s decision, that rule does not apply when, for instance,
10 the director fails to gather “all material information reasonably available” or is
11 “personally interested” in the decision. *Resolution Trust Corp. v. Dean*, 854 F. Supp.
12 626, 636, 644 (first quoting *Blumenthal v. Teets*, 155 Ariz. 123, 128, 745 P.2d 181, 186
13 (App. 1987); then citing *Shoen v. Shoen*, 167 Ariz. 58, 65, 804 P.2d 787, 794 (App.
14 1990)); *see also* Fletcher, *supra*, at § 1040 (“To gain the protection of the business
15 judgment rule, a director must have been disinterested, independent, and informed.”).
16 Even under the business judgment rule, a director still is liable for “gross negligence.”
17 *Resolution Trust Corp.*, 854 F. Supp. at 635; *see also* Fletcher, *supra*, at § 1040 (“[T]he
18 presumptions arising from the business judgment rule may be overcome by showing
19 irrationality or inattention on the part of corporate officers or directors.”).

20 Clark Hill knew that Chittick owed fiduciary duties to DenSco and its investors,
21 as is evidenced by numerous emails Beauchamp authored. *See, e.g.,* Feb. 4, 2014 Email
22 from Beauchamp to Chittick, at DIC0006673 (“you cannot obligate DenSco to further
23 help Scott, because that would breach your fiduciary duty to your investors.”); Feb. 9,
24 2014 Email from Beauchamp to Chittick, at DIC0006703 (“Denny: Please understand
25 that you are limited in what risk or liability you can assume. Your fiduciary duty to
26 your investors makes this a difficult balancing act.”); Feb. 14, 2014 Email from
27 Beauchamp to Chittick, at DIC0006698 (“Unfortunately, it is not your money. It is
28 your investors’ money. So you have a fiduciary duty.”).

1 Clark Hill continues to acknowledge that Chittick owed these duties. *See*
2 Defendants' Fifth Supplemental Rule 26.1 Disclosure Statement at 12-13, 15 (referring
3 to Chittick's "fiduciary duty" to DenSco's investors); *see also* Deposition of David
4 George Beauchamp, 7/19/2018, at 135:8-10 (stating that Chittick's "fiduciary duty was
5 to DenSco and the investors"), 157:19-21 ("Q. Mr. Beauchamp, DenSco owed
6 fiduciary duties to its investors. True? A. Correct."), 162:17-20 ("Q. You understand
7 that DenSco owed a duty of loyalty to its investors. That's part of a fiduciary duty,
8 correct? A. Correct."), 172:22-173:1 ("Q. . . . DenSco has a fiduciary duty to disclose
9 material facts to its investor. True? A. That is correct."), 330:24-331:3 ("Q. . . .
10 DenSco had a fiduciary duty of loyalty and disclosure to its investors. True? A.
11 Correct."); 337:11-15 ("Q. DenSco had a fiduciary duty of diligence to its investors.
12 True? [Objection to form.] A. It had a fiduciary duty to use sound business judgment
13 in doing the loans, yes.").

14 Chittick breached these fiduciary duties by, *inter alia*,

- 15 • failing to acquire the manpower and resources necessary to effectively
16 manage DenSco's ever-increasing loan volume;
- 17 • using lax and grossly negligent lending practices that violated the terms of
18 DenSco's loan documents and representations made to investors in
19 DenSco's POMs;
- 20 • instructing Clark Hill not to do any work on a new POM while causing
21 DenSco to continue selling promissory notes between September and
22 December 2013;
- 23 • failing to acknowledge that the loan losses evident from Bryan Cave's
24 January 6, 2014 demand letter and the claims of other hard money lenders
25 were the result of his own grossly negligent practice of disbursing loan
26 proceeds to Menaged, contrary to the terms of the Mortgage form and
27 representations made to investors in DenSco's POMs;
- 28 • failing to question, much less investigate, the veracity of Menaged's claim

1 that his “cousin” had caused those losses;

- 2 • failing to investigate where the funds supposedly taken by Menaged’s
- 3 “cousin” had gone;
- 4 • pursuing a work out plan with Menaged that was not in the best interests
- 5 of DenSco and its investors and other creditors, instead of pursuing legal
- 6 remedies against Menaged;
- 7 • deciding to continue giving loan proceeds directly to Menaged, rather than
- 8 a Trustee, contrary to the terms of the Mortgage form and representations
- 9 made to investors in DenSco’s POMs;
- 10 • causing DenSco to sell promissory notes between January and May 2014
- 11 without first issuing a new POM;
- 12 • instructing Clark Hill to not do more work on a new POM other than the
- 13 limited work that Clark Hill performed in May 2014 to prepare a new
- 14 POM; and
- 15 • causing DenSco to sell promissory notes between June 2014 and June
- 16 2016 without first issuing a new POM;

17 Defendants’ knowledge of Chittick’s breaches of fiduciary duty can be inferred
18 from the circumstances. *Pope*, 219 Ariz. at 491, ¶ 45, 200 P. 3d at 988. Indeed, some
19 courts have held that “[c]onstructive knowledge is adequate when the aider and abettor
20 has maintained a long-term or in-depth relationship with the fiduciary.” *Chem-Age*
21 *Industries, Inc. v. Glover*, 652 N.W. 2d 756, 775 (S.D. 2002) (internal citation omitted).
22 The facts set forth above demonstrate Clark Hill’s intimate knowledge of, and
23 participation in, Chittick’s breaches of fiduciary duty.

24 Causation “requires proof of a causal connection between the defendant’s
25 assistance or encouragement and the primary tortfeasor’s commission of the tort,
26 although ‘but for’ causation is not required.” *Pope*, 219 Ariz. at 491, ¶ 47, 200 P.3d
27 at 988. “The test is whether the assistance makes it ‘easier’ for the violation to occur,
28 not whether the assistance was necessary.” *Wells Fargo Bank v. Ariz. Laborers*,

1 *Teamsters & Cement Masons Local No. 395 Pension Trust Fund*, 201 Ariz. 474, 485, ¶
2 31, 38 P.3d 12, 23 (2002). *Cf. Granewich v. Harding*, 329 Or. 47, 59, 985 P.2d 788,
3 800 (1999) (allegation that lawyer for corporate client took actions “outside the scope of
4 any legitimate employment on behalf of the corporation” sufficient to allege substantial
5 assistance in aiding and abetting non-client corporate constituent’s breach of fiduciary
6 duties).

7 The facts set forth above demonstrate that Clark Hill provided substantial
8 assistance to Chittick’s breaches of fiduciary duty over an extended period of time.

9 C. Punitive Damages

10 The Receiver seeks punitive damages. To recover punitive damages, the
11 Receiver must “prove by clear and convincing evidence that the defendant engaged in
12 aggravated and outrageous conduct with an ‘evil mind.’ A defendant acts with the
13 requisite evil mind when he intends to injure or defraud, or deliberately interferes with
14 rights of others, ‘consciously disregarding the unjustifiable substantial risk of significant
15 harm to them.’ Important factors to consider when deciding whether a defendant acted
16 with an evil mind include (1) the reprehensibility of defendant’s conduct and the
17 severity of the harm likely to result, (2) any harm that has occurred, (3) the duration of
18 the misconduct, (4) the defendant’s awareness of the harm or risk of harm, and (5) any
19 concealment of it.” *Hyatt Regency Phoenix Hotel Co. v. Winston & Strawn*, 184 Ariz.
20 120, 132, 907 P.2d 506 (App. 1995) (citations omitted).

21 Punitive damages are appropriately awarded when, as here, an attorney breaches
22 fiduciary duties, acts out of self-interest, and attempts to conceal his misconduct. *See,*
23 *e.g., Elliott v. Videan*, 164 Ariz. 113, 791 P.2d 639 (App. 1989) (punitive damages were
24 appropriate where attorney had conflict of interest, concealed it from client, and acted to
25 benefit at client’s expense); *Asphalt Engineers v. Galusha*, 160 Ariz. 134, 770 P.2d
26 1180 (App. 1989) (affirming award of punitive damages against attorney who breached
27 ethical duties to his client and concealed his misconduct).

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1 “[Clark Hill] can be vicariously liable in punitive damages for acts that its
2 partner [Beauchamp] performed in the ordinary course of the partnership’s business.”
3 *Hyatt Regency*, 184 Ariz. at 130, 907 P.2d at 130.

4 The Receiver has established a prima facie case for punitive damages based on
5 Beauchamp’s and Clark Hill’s: (i) aiding and abetting Denny Chittick’s breaches of
6 fiduciary duty to DenSco and investors of DenSco, which in turn breached duties they
7 owed DenSco; (ii) conflicts of interest; and (iii) actions taken to conceal their
8 misconduct.

9 Evidence of that prima facie case is drawn from the documents produced by
10 Clark Hill to date, Clark Hill’s Rule 26.1 Initial Disclosure Statement, Beauchamp’s
11 answers to interrogatories, the depositions and exhibits thereto of Beauchamp, Daniel
12 Schenck, and Robert Anderson, and the evidence supporting the Receiver’s motion that
13 it has made a prima facie case for punitive damages, which are incorporated herein by
14 reference. Without limiting the evidence on which the Receiver may rely, the evidence
15 developed to date includes the following facts or inferences drawn therefrom:

16 a. When Clark Hill undertook the representation of DenSco in
17 September 2013, it knew through Beauchamp that DenSco’s 2011 POM had expired on
18 July 1, 2013 and that DenSco had not issued a new POM, even though one-half of
19 DenSco’s investors held promissory notes that were due to expire, and would almost
20 certainly be renewed through the sale of new promissory notes between July and
21 December 2013. Despite that knowledge, Clark Hill and Beauchamp agreed with
22 Chittick, as a condition of opening a file to prepare a new POM, that the firm would do
23 no work on a new POM until Chittick instructed Clark Hill to do so.

24 b. As a result of Clark Hill’s and Beauchamp’s knowing participation
25 in this breach of fiduciary duty by Chittick, DenSco sold more than \$8 million of
26 promissory notes between September and December 2013 to investors who did not
27 receive a new POM, and were unaware of DenSco’s perilous financial condition and
28 Chittick’s gross mismanagement of DenSco’s loan portfolio. Those investors would not

1 have purchased promissory notes if they had known those facts. Without those funds,
2 and funds DenSco raised thereafter through Clark Hill's and Beauchamp's assistance,
3 DenSco could not have continued operating.

4 c. In January 2014, Clark Hill and Beauchamp received clear,
5 unequivocal evidence that Chittick's mismanagement of DenSco's loan portfolio,
6 specifically his decision to give loaned funds directly to borrowers, rather than to a
7 Trustee, as DenSco's loan documents required and as DenSco's POMs had represented,
8 had resulted in a potential loss to DenSco of between \$11.6 and \$14.5 million, or
9 between 25% and 30% of the \$47 million that Clark Hill understood DenSco had raised
10 as of June 2013.

11 d. Clark Hill and Beauchamp knew that DenSco's interests and
12 Chittick's interests were then in conflict, and that DenSco was their only client.

13 e. Clark Hill and Beauchamp nevertheless advised Chittick that:
14 (1) he could pursue a "work out" with Menaged that was eventually documented in the
15 Forbearance Agreement which was not in DenSco's interests and was intended to
16 protect Chittick from claims by DenSco's investors; (2) DenSco could continue to sell
17 promissory notes without issuing a new POM; and (3) DenSco could continually delay
18 the issuance of a new POM while Chittick pursued this workout plan.

19 f. Clark Hill and Beauchamp acted out of their own self-interest,
20 knowing that if DenSco instead terminated its relationship with Menaged and informed
21 its investors of Chittick's mismanagement, Clark Hill and Beauchamp faced potential
22 claims by investors who had purchased \$8 million of promissory notes from DenSco
23 without adequate disclosure during the four-month period that Clark Hill and
24 Beauchamp had been advising the firm on securities law matters, but failed to advise
25 Chittick that DenSco could not sell those notes without first issuing a new POM and had
26 abided by Chittick's instruction not to prepare the new POM the firm had been retained
27 to prepare.
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1 g. In January 2014, Clark Hill knew that Menaged was an unreliable
2 creditor, that Chittick had flagrantly disregarded DenSco's lending documents and
3 representations made to investors through DenSco's previous POMs by giving millions
4 of loaned funds directly to Menaged, rather than to a Trustee. Clark Hill also knew that
5 Chittick needed to continue loaning money to fund the planned "work out" and wanted
6 to continue his past practice of giving loaned funds directly to Menaged. Rather than
7 tell Chittick that his past practices were a breach of fiduciary duty and could not
8 continue, Clark Hill acquiesced in Chittick's plan to continue giving loaned funds
9 directly to Menaged, thereby exposing DenSco and its investors to even greater losses
10 than those caused by Chittick's gross mismanagement before that date.

11 h. With Clark Hill's knowing assistance, Chittick caused DenSco to
12 sell more than \$5 million of promissory notes between January and May 2014 to
13 investors who did not receive a new POM, and were unaware of DenSco's perilous
14 financial condition, Chittick's gross mismanagement of DenSco's loan portfolio, and his
15 pursuit of a "work out" with Menaged that was not in DenSco's interests and exposed
16 the company and its investors to additional financial loss. Those investors would not
17 have purchased promissory notes if they had known those facts. Without those funds,
18 and funds DenSco raised thereafter through Clark Hill's assistance, DenSco could not
19 have continued operating.

20 i. In May 2014, at Chittick's request, Clark Hill agreed to stop the
21 minimal steps it had taken to prepare a new POM and assured Chittick that DenSco
22 could continue its operations, including the sale of promissory notes, while indefinitely
23 delaying the issuance of a new POM.

24 j. Clark Hill continued to represent DenSco, awaiting his decision to
25 finally direct the firm to finish preparing a new POM. Chittick continued to operate
26 DenSco, selling still more promissory notes to investors who did not receive a new
27 POM and were not given information about DenSco's financial condition and Chittick's
28 management of the company.

1 k. After Chittick's death, Clark Hill and Beauchamp failed to
2 withdraw from representing DenSco despite their knowledge of Chittick's
3 mismanagement of DenSco and evidence that Chittick blamed Clark Hill and
4 Beauchamp for having negligently represented DenSco.

5 l. In addition to undertaking that conflicted representation, Clark Hill
6 and Beauchamp agreed to also represent the Estate of Denny Chittick, despite knowing
7 that the interests of DenSco and the Estate were adverse, because DenSco had
8 substantial claims against the Estate arising from Chittick's multiple breaches of
9 fiduciary duty he owed DenSco.

10 m. Clark Hill and Beauchamp sought to represent DenSco and the
11 Estate because it hoped to cover up evidence of its own misconduct and deter the ACC,
12 investors, or the Receiver from pursuing claims against them.

13 n. As part of their plan to protect themselves from liability, Clark Hill
14 and Beauchamp began stating, during their representation of DenSco, that they had
15 terminated their representation of DenSco because of Chittick's alleged failure to follow
16 their advice. They continued to make that claim and have done so in this litigation. The
17 Receiver believes the claims are untrue, as they are: (1) contrary to Clark Hill's and
18 Beauchamp's actual course of conduct; (2) not evidenced by any document; (3) in
19 conflict with certain documents in Clark Hill's possession, some of which Clark Hill
20 failed to disclose; and (4) inconsistent with what a reasonable law firm would have done
21 if it had, in fact, terminated the representation of a client who failed to follow the firm's
22 advice and was engaging in violations of law.

23 o. Clark Hill and Beauchamp also colluded with the Estate and its
24 counsel to conceal material information from the Receiver and/or delay his receipt of
25 that information by, among other things, making knowing false statements to the
26 Receivership Court. Clark Hill did so with the knowledge and participation of its Office
27 of General Counsel.

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1 **D. Joint and Several Liability**

2 Arizona law provides that a defendant is “responsible for the fault of another
3 person,” including non-parties, if both the defendant and the other person at fault acted
4 in concert. Ariz. Rev. Stat. § 12-2506(D)(1). That is, Clark Hill will be jointly and
5 severally liable if it “enter[ed] into a conscious agreement to pursue a common plan or
6 design to commit an intentional tort.” § 12-2506(F)(1).

7 Clark Hill has admitted that DenSco owed fiduciary duties to its investors, and
8 that Clark Hill was aware that DenSco owed these fiduciary duties. Aiding and abetting
9 a breach of fiduciary duty is an intentional tort. Part of Plaintiff’s theory of the case is
10 that Clark Hill initially advised DenSco that it did not need to disclose material facts to
11 investors while a forbearance agreement was drawn up. Then, Clark Hill negotiated and
12 recommended a forbearance agreement between DenSco and Menaged that itself was a
13 breach of fiduciary duty to DenSco’s investors. The forbearance agreement violated the
14 terms of the 2011 Private Offering Memorandum by subordinating DenSco’s debt to
15 other hard money lenders and was a fig leaf to fool investors that DenSco was working
16 itself out of an overwhelming debt. Then, Clark Hill sat quietly by and allowed DenSco
17 over a year to work itself out of the Menaged fraud problem – telling Chittick that
18 DenSco could do so without disclosing a thing to investors.

19 Plaintiff will argue that by its multiple acts of aiding and abetting a breach of
20 fiduciary duty that DenSco owed to its investors, Clark Hill is jointly and severally
21 liable with both Chittick and Menaged for damages. There were three parties who
22 negotiated and agreed to the forebearance agreement, Clark Hill, Managed and Chittick.
23 They acted in concert to create an agreement that on its face and in practice
24 subordinated Densco’s notes into junior positions.

25 **III. ANTICIPATED TRIAL WITNESSES**

26 The Receiver presently anticipates calling the following witnesses:
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1. **David Beauchamp** (c/o John DeWulf, Coppersmith Brockelman, PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr. Beauchamp will testify about the facts set forth above in a manner consistent with the deposition testimony he has given in this matter.

2. **Robert Anderson** (c/o John DeWulf, Coppersmith Brockelman, PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Consistent with his deposition testimony, Mr. Anderson will testify that he did not undertake any effort to advise DenSco about deficiencies in its lending practices during January 2014, as Mr. Beauchamp claimed in his deposition. Mr. Anderson may testify on other matters addressed during his deposition.

3. **Daniel Schenck** (c/o John DeWulf, Coppersmith Brockelman, PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr. Schenck will testify that he did not undertake any effort to advice DenSco about deficiencies in its lending practices during January 2014, as Mr. Beauchamp claimed in his deposition. Mr. Schenck may testify about other matters addressed during his deposition.

4. **Mark Sifferman** (c/o John DeWulf, Coppersmith Brockelman, PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr. Sifferman, Clark Hill's former Assistant General Counsel, will testify about his actions in reviewing and revising Beauchamp's declaration that was submitted to the Receivership Court, his attendance at the August 18, 2016 hearing, and other matters addressed during his deposition.

5. **Ed Hood** (c/o John DeWulf, Coppersmith Brockelman, PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr. Hood, Clark Hill's General Counsel, will testify about matters addressed during his deposition.

6. **Ryan Lorenz** (c/o John DeWulf, Coppersmith Brockelman, PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr. Lorenz

1 will testify about the proofs of claim he submitted to the Receiver in June 2017, his
2 accompanying affidavit, and the information contained therein.

3 7. **Michelle M. Tran** (c/o John DeWulf, Coppersmith Brockelman,
4 PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Ms.
5 Tran will testify about her meeting with David Beauchamp and Shawna Heuer in
6 August 2016, the conflict check conducted by Clark Hill at that time, and her work as
7 counsel to Ms. Heuer and the Estate of Denny Chittick.

8 8. **Shawna Chittick Heuer** (c/o James Polese, Gammage &
9 Burnham, PLC, Two N. Central Avenue, 15th Floor, Phoenix, AZ 85004; (602) 256-
10 0566): Plaintiff anticipates offering portions of Ms. Heuer's deposition testimony.

11 9. **Robert Koehler** (RLS Capital, Inc., 4455 E Camelback Road,
12 Suite D135, Phoenix, AZ 85018; (480) 945-2799): Mr. Koehler is expected to testify
13 consistent with his deposition testimony in this matter.

14 10. **Scott Gould** (contact information to be supplemented): Mr. Gould
15 is expected to testify consistent with his deposition testimony in this matter.

16 11. **Robert Brinkman** (15001 S. 5th Avenue, Phoenix, AZ 85045;
17 rbrinkman@cox.net; (480) 460-8646): Mr. Brinkman is expected to testify about his
18 communications with David Beauchamp in August 2016.

19 12. **Steven G. Bunger** (6134 W. Trovita Place, Chandler, AZ 85226;
20 steve@bunger.me; (480) 961-4002): Mr. Bunger is expected to testify consistent with
21 his deposition testimony in this matter.

22 13. **Brian Indieke** (6173 W. Victoria Place, Chandler, AZ 85226;
23 b-indieke@cox.net; bji6173@gmail.com; (480) 694-7850): Mr. Indieke is expected to
24 testify consistent with his deposition testimony in this matter.

25 14. **Warren Bush** (P.O. Box 92080, Albuquerque, NM 87199-2080;
26 wbush1120@comcast.net; (505) 856-7398; (505) 264-0773): Mr. Bush is expected to
27 testify consistent with his deposition testimony in this matter.
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1 15. **Paul A. Kent** (23 E. 15th Street, Tempe, AZ 85281;
2 paul_a_kent@yahoo.com; (480) 213-7231): Mr. Kent is expected to testify consistent
3 with his deposition testimony in this matter.

4 16. **Patricia S. Miller** (701 E. Front Street #602, Coeur d'Alene, ID
5 83814; patsmiller@verizon.net; (208) 818-6735 Marvin; (208) 818-6734 Pat): Mrs.
6 Miller is expected to testify consistent with her deposition testimony in this matter.

7 17. **Coralee Thompson** (23233 N. Pima Road #113-240, Scottsdale,
8 AZ 85255; thompseg2@cox.net; (480) 993-8080): Ms. Thompson is expected to testify
9 consistent with her deposition testimony in this matter.

10 18. **Bill Swirtz** (6054 W. Trovita Place, Chandler, AZ 85226;
11 Bill.Swirtz@apollogrp.edu; (602) 315-8080): Mr. Swirtz is expected to testify
12 consistent with his deposition testimony in this matter

13 19. **Barry Luchtel** (c/o Ryan Murphy, Esq., Fredrikson & Byron, P.A.,
14 Suite 4000, 200 South Sixth Street, Minneapolis, MN 55402; (612) 492-7310): Mr.
15 Luchtel is expected to testify consistent with his deposition testimony in this matter.

16 20. **Kevin R. Merritt** (Gammage & Burnham, PLC, Two N. Central
17 Avenue, 15th Floor, Phoenix, AZ 85004; (602) 256-0566): Mr. Merritt is expected to
18 testify about work he performed in 2007 for DenSco regarding its loan agreements, and
19 his interactions with David Beauchamp in August, September and October 2016, and
20 the securing and retention of DenSco corporate records and computer equipment.

21 21. **James F. Polese** (Gammage & Burnham, PLC, Two N. Central
22 Avenue, 15th Floor, Phoenix, AZ 85004; (602) 256-0566): Mr. Polese is expected to
23 testify about actions he took in August, September and October 2016 as counsel to the
24 Estate of Denny Chittick and Shawna Chittick Heuer in her capacity as the Personal
25 Representative of Denny Chittick's Estate, his interactions with David Beauchamp, the
26 August 18, 2016 receivership hearing, and the securing and retention of DenSco
27 corporate records and computer equipment.
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1 22. **Gary Clapper** (1300 W. Washington, Third Floor, Phoenix, AZ
2 85007; (602) 542-0152): Mr. Clapper is expected to testify about the ACC's
3 investigation of DenSco in August 2016, events leading to the ACC's filing of an
4 application for a preliminary injunction and the appointment of a receiver, and his
5 communications with Mr. Beauchamp in connection with the ACC's investigation.

6 23. **Peter S. Davis** (c/o Colin Campbell and Geoffrey Sturr, Osborn
7 Maledon, P.A., 2929 N. Central Avenue, Suite 2100, Phoenix, AZ 85012; (602) 640-
8 9377): Mr. Davis will testify consistent with his deposition testimony.

9 24. **Ryan W. Anderson** (Guttilla Murphy Anderson, 5415 E. High
10 Street, Suite 200, Phoenix, AZ 85054; (480) 304-8300): Mr. Anderson may be called to
11 testify about his interactions with David Beauchamp, Mark Sifferman, Kevin Merritt,
12 and James Polese between August 2016 and February 2017. He has knowledge of the
13 Receiver's attempts to obtain records and complications raised by Mr. Beauchamp's
14 assertion of the attorney-client privilege for Mr. Chittick individually and the late
15 disclosure by Clark Hill of such matters as the investor and Iggy letters and the
16 forbearance agreement.

17 25. **Sara Beretta** (c/o Colin Campbell and Geoffrey Sturr, Osborn
18 Maledon, P.A., 2929 N. Central Avenue, Suite 2100, Phoenix, AZ 85012; (602) 640-
19 9377): Ms. Beretta may be called to lay foundation for certain DenSco corporate
20 records.

21 26. **Custodian of Records for Bryan Cave** (contact information to be
22 supplemented): Plaintiff anticipates calling a representative of Bryan Cave to
23 authenticate records produced by Bryan Cave in response to a subpoena.

24 27. **Person to Authenticate Electronically Stored Information**
25 (contact information to be supplemented): Plaintiff anticipates calling a forensic
26 computer expert as a witness to authenticate documents maintained on computer
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1 devices used by Denny Chittick in order to lay foundation for business records and
2 contemporaneous recording of information.

3 28. **Persons Who Have Been Deposed:** Plaintiff reserves the right to
4 call any witness, in addition to those listed above, who has been deposed in this matter.

5 29. **Witnesses Identified by Defendants:** Defendants reserve the right
6 to call at trial any witness Defendants have identified as a trial witness, even if such
7 designation has been withdrawn.

8 **IV. PERSONS WHO MAY HAVE RELEVANT KNOWLEDGE OR**
9 **INFORMATION**

10 **A. Persons Affiliated With DenSco**

11 1. **Shawna Chittick Heuer** (c/o James Polese, Gammage &
12 Burnham, PLC, Two N. Central Avenue, 15th Floor, Phoenix, AZ 85004; (602) 256-
13 0566): Ms. Heuer is Denny Chittick's sister. She has knowledge of certain facts set
14 forth above and matters addressed during her deposition.

15 2. **Kurt Johnson** (3317 E. Bell Road, Suite 101-265, Phoenix, AZ
16 85032; (602) 505-8117): Mr. Johnson is an attorney who provided certain legal services
17 to DenSco and is believed to have knowledge of those services.

18 3. **Robert Koehler** (RLS Capital, Inc., 4455 E Camelback Road,
19 Suite D135, Phoenix, AZ 85018; (480) 945-2799): Mr. Koehler was described in the
20 July 2011 POM as having entered into a written agreement with Chittick pursuant to
21 which he was a signatory on DenSco's bank account, was to have received on a weekly
22 basis "an updated spreadsheet of all properties currently being used as collateral for a
23 loan" and, on a monthly basis, "a spreadsheet of all the investors and what is owed to
24 them, and receives the monthly statements for all investors." Mr. Koehler was an
25 investor in DenSco. After Mr. Chittick's death and at the request of Ms. Heuer, Mr.
26 Koehler conducted a preliminary analysis of DenSco's loan portfolio. He is believed to
27 have knowledge of DenSco's business operations, books and records, and written
28 communications he received from Mr. Chittick at or around the time of his death.

1 4. **David Preston:** (Preston CPA, P.C., 1949 E. Broadway Road,
2 Suite 101, Tempe, AZ 85282; (480) 820-4419): Mr. Preston is a Certified Public
3 Accountant and an investor in DenSco. He provided professional services to DenSco.
4 He commented on the 2007 POM. He communicated with David Beauchamp after
5 Chittick's death in 2016. He is believed to have knowledge of his dealings with Denny
6 Chittick, the professional services he provided to DenSco, his investment in DenSco, his
7 participation in the preparation of the 2007 POM, and his dealings with Mr.
8 Beauchamp.

9 **B. DenSco Investors**

10 1. **William and Helene Alber** (1551 W. Grand Canyon Drive,
11 Chandler, AZ 85248; wkalber@cox.net; (480) 200-8045): Mr. and Mrs. Alber are
12 believed to have knowledge of their communications with Mr. Chittick, investments in
13 DenSco through the Alber Family Trust, and their communications with Mr.
14 Beauchamp after Mr. Chittick's death.

15 2. **Angels Investments, LLC** c/o Yusuf Yildiz (1609 W. 17th Street,
16 Tempe, AZ 85281; yusif@comsiscomputer.com; 480-258-8171): Mr. Yildiz is believed
17 to have knowledge of his communications with Mr. Chittick, the company's
18 investments in DenSco, and his communications with Mr. Beauchamp after Mr.
19 Chittick's death.

20 3. **BLL Capital, LLC** c/o Barry Luchtel (5550 Wild Rose Lane,
21 Suite 400, West Des Moines, IA 50266; (480)256-2274; (515) 225-0300): Mr. Luchtel
22 is believed to have knowledge of his communications with Mr. Chittick, the company's
23 investments in DenSco, and his communications with Mr. Beauchamp after Mr.
24 Chittick's death.

25 4. **Robert Brinkman** (15001 S. 5th Avenue, Phoenix, AZ 85045;
26 rbrinkman@cox.net; (480) 460-8646): Mr. Brinkman is believed to have knowledge of
27 his communications with Mr. Chittick, investments in DenSco individually and through
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1 the Brinkman Family Trust, and his communications with Mr. Beauchamp after Mr.
2 Chittick's death.

3 5. **Craig and Tomie Brown** (6135 W. Trovita Place, Chandler, AZ
4 85226; Trovita@gmail.com; (480)287-4622): Mr. and Mrs. Brown are believed to have
5 knowledge of their communications with Mr. Chittick, their investments in DenSco
6 individually and through their trust, and their communications with Mr. Beauchamp
7 after Mr. Chittick's death.

8 6. **Steven G. and Mary E. Bunger** (6134 W. Trovita Place,
9 Chandler, AZ 85226; steve@bunger.me; (480) 961-4002): Mr. and Mrs. Bunger are
10 believed to have knowledge of their communications with Mr. Chittick, investments in
11 DenSco through the Bunger Estate, and their communications with Mr. Beauchamp
12 after Mr. Chittick's death.

13 7. **Anthony Burdett** (1623 Common Drive, El Paso, TX 79936-5235;
14 Burdett.anthony@gmail.com; (915) 373-1850): Mr. Burdett is believed to have
15 knowledge of his communications with Mr. Chittick, his investments in DenSco
16 through his IRA, and his communications with Mr. Beauchamp after Mr. Chittick's
17 death.

18 8. **Kennen Burkhardt** (2030 S. Minnewawa Avenue, Fresno, CA
19 93727; KennenL@yahoo.com; (515) 537-5494; (949) 361-4335): Mr. Burkhardt is
20 believed to have knowledge of his communications with Mr. Chittick, his investments
21 in DenSco individually and through his IRA, and his communications with Mr.
22 Beauchamp after Mr. Chittick's death.

23 9. **Warren V. and Fay L. Bush** (P.O. Box 92080, Albuquerque, NM
24 87199-2080; wbush1120@comcast.net; (505) 856-7398; (505) 264-0773): Mr. and
25 Mrs. Bush are believed to have knowledge of their communications with Mr. Chittick,
26 their investments in DenSco, their involvement in the preparation of the 2011 POM, and
27 their communications with Mr. Beauchamp after Mr. Chittick's death.
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1 10. **Mary L. Butler** (62 Cypress Court, Durango, CO 81301): Ms.
2 Butler is believed to have knowledge of her communications with Mr. Chittick, her
3 investments in DenSco through her IRA, and her communications with Mr. Beauchamp
4 after Mr. Chittick's death.

5 11. **Van H. Butler** (62 Cypress Court, Durrango, CO 81301;
6 butlerv@yahoo.com; (970) 749-9025): Mr. Butler is believed to have knowledge of his
7 communications with Mr. Chittick, his investments in DenSco individually and through
8 his IRA, and his communications with Mr. Beauchamp after Mr. Chittick's death.

9 12. **Thomas and Sara Byrne** (72 Commonwealth Avenue, San
10 Francisco, CA 94118; thomasbyrne11@gmail.com; (415) 990-4676): Mr. and Mrs.
11 Byrne are believed to have knowledge of their communications with Mr. Chittick, their
12 investments in DenSco through their trust, and their communications with Mr.
13 Beauchamp after Mr. Chittick's death.

14 13. **Erin P. Carrick Trust** c/o Gretchen P. Carrick (1404 W.
15 Lakeshore Drive, Whitefish, MT 59937; epcarrick@gmail.com; (541) 729-1990): Ms.
16 Carrick is believed to have knowledge of her communications with Mr. Chittick, her
17 investments in DenSco through the Trust, and her communications with Mr.
18 Beauchamp after Mr. Chittick's death.

19 14. **Gretchen P. Carrick** (P.O. Box 773656, Eagle River, AK 99577;
20 carricks3@ak.net; (541) 729-6878): Ms. Carrick is believed to have knowledge of her
21 communications with Mr. Chittick, her investments in DenSco through her Trust, and
22 her communications with Mr. Beauchamp after Mr. Chittick's death.

23 15. **Averill Cate, Jr. and Mary Kris McIlwaine** (3661 N. Campbell
24 Avenue, Suite 372, Tucson, AZ 85719; acatejr@gmail.com; (520) 370-6997): Mr. Cate
25 and Ms. McIlwaine are believed to have knowledge of their communications with Mr.
26 Chittick, their investments in DenSco, and their communications with Mr. Beauchamp
27 after Mr. Chittick's death.

1 16. **Arden and Nina Chittick** (8028 F 53rd Avenue West, Mukilteo,
2 WA 98275; artnina@hotmail.com; (425) 205-8997): Mr. and Mrs. Chittick are believed
3 to have knowledge of their communications with Denny Chittick, their investments in
4 DenSco, and their communications with Mr. Beauchamp after Mr. Chittick's death.

5 17. **Eldon and Charlene Chittick** (5869 W. Heine Road, Coeur
6 d'Alene, ID 83814; moandsam@yahoo.com; (208) 765-2702): Mr. and Mrs. Chittick
7 are believed to have knowledge of their communications with Denny Chittick, their
8 investments in DenSco through the Chittick Family Trust, and their communications
9 with Mr. Beauchamp after Mr. Chittick's death.

10 18. **Eileen Cohen** (1419 Peerless Place, Apt. 116, Los Angeles, CA
11 90035): Ms. Cohen is believed to have knowledge of her communications with Mr.
12 Chittick, her investments in DenSco, and her communications with Mr. Beauchamp
13 after Mr. Chittick's death.

14 19. **Herbert I. Cohen** (1419 Peerless Place, Apt. 116, Los Angeles,
15 CA 90035; (623) 866-3221): Mr. Cohen is believed to have knowledge of his
16 communications with Mr. Chittick, his investments in DenSco through his Trust, and
17 his communications with Mr. Beauchamp after Mr. Chittick's death.

18 20. **Dori Ann Davis** (5346 E. Herrera Road, Phoenix, AZ 85054;
19 doriann@cox.net; (602) 300-9740): Ms. Davis is believed to have knowledge of her
20 communications with Mr. Chittick, investments in DenSco through her Trust, and her
21 communications with Mr. Beauchamp after Mr. Chittick's death.

22 21. **Glen P. Davis** (5346 E. Herrera Road, Phoenix, AZ 85054;
23 glenbo@cox.net; (602) 692-5862): Mr. Davis is believed to have knowledge of his
24 communications with Mr. Chittick, his investments in DenSco through his IRA, and his
25 communications with Mr. Beauchamp after Mr. Chittick's death.

26 22. **Jack J. Davis** (543 West Avenue, Rifle, CO 81650;
27 jackdavisdds@hotmail.com; (970) 625-1391): Mr. Davis is believed to have knowledge
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1 of his communications with Mr. Chittick, his investments in DenSco, and his
2 communications with Mr. Beauchamp after Mr. Chittick's death.

3 23. **Samantha Davis** c/o Jack J. Davis (543 West Avenue, Rifle, CO
4 81650; jackdavisdds@hotmail.com; (970) 625-1391): Ms. Davis is believed to have
5 knowledge of her communications with Mr. Chittick, her investments in DenSco, and
6 her communications with Mr. Beauchamp after Mr. Chittick's death.

7 24. **Desert Classic Investments, LLC** c/o Steven G. Bunger (6134 W.
8 Trovita Place, Chandler, AZ 85226; steve@bunger.me; (602) 531-3100): Mr. Bunger is
9 believed to have knowledge of his communications with Mr. Chittick, the company's
10 investments in DenSco, and his communications with Mr. Beauchamp after Mr.
11 Chittick's death.

12 25. **Scott D. Detota** (1220 Ridgewood Land, Lake Villa, IL 60046
13 sdetota99@yahoo.com; (847) 736-0160): Mr. Detota is believed to have knowledge of
14 his communications with Mr. Chittick, his investments in DenSco, and his
15 communications with Mr. Beauchamp after Mr. Chittick's death.

16 26. **Amy Lee Dirks** (82 N. Acacia Drive, Gilbert, AZ 85233;
17 amydirks@hotmail.com; (480) 414-5552): Ms. Dirks is believed to have knowledge of
18 her communications with Mr. Chittick, her investments in DenSco through her IRA, and
19 her communications with Mr. Beauchamp after Mr. Chittick's death.

20 27. **Bradley Mark Dirks** (82 N. Acacia Drive, Gilbert, AZ 85233;
21 (602) 206-3041): Mr. Dirks is believed to have knowledge of his communications with
22 Mr. Chittick, his investments in DenSco through his IRA, and his communications with
23 Mr. Beauchamp after Mr. Chittick's death.

24 28. **Dave DuBay** (6921 Trevett Lane, Casper, WY 82604; (307) 262-
25 7708; davedubay@gmail.com): Mr. DuBay is believed to have knowledge of his
26 communications with Mr. Chittick, his investments in DenSco, and his communications
27 with Mr. Beauchamp after Mr. Chittick's death.
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1 29. **Ross H. Dupper** (6133 W. Victoria Place, Chandler, AZ 85261;
2 rdupper@rhdupper.com; (602) 768-8515): Mr. Dupper is believed to have knowledge
3 of his communications with Mr. Chittick, his investments in DenSco through his Trust,
4 and his communications with Mr. Beauchamp after Mr. Chittick's death.

5 30. **Todd F. Einick** (4757 E. Greenway Road, Suite 107B-107,
6 Phoenix, AZ 85032; switchback62@hotmail.com; (480) 202-6752): Mr. Einick is
7 believed to have knowledge of his communications with Mr. Chittick, investments in
8 DenSco through the Trust, and his communications with Mr. Beauchamp after Mr.
9 Chittick's death.

10 31. **Yusef Fielding** (1609 W. 17th Street, Tempe, AZ 85281; (480)
11 612-0666; yusef@comsiscomputer.com): Mr. Fielding is believed to have knowledge
12 of his communications with Mr. Chittick, his investments in DenSco, and his
13 communications with Mr. Beauchamp after Mr. Chittick's death.

14 32. **Fischer Family Holdings** (2011 N. 51st Avenue, B-240, Glendale,
15 AZ 85308; (480) 200-8730; kirkjfischer@yahoo.com): Mr. or Mrs. Fischer is believed
16 to have knowledge of their communications with Mr. Chittick, their investments in
17 DenSco, and their communications with Mr. Beauchamp after Mr. Chittick's death.

18 33. **GB 12, LLC** c/o Stanley Schloz (10050 E. Sonoran Vista Circle,
19 Scottsdale, AZ 85255; smschloz@msn.com; (480) 694-8868): Mr. Schloz is believed to
20 have knowledge of his communications with Mr. Chittick, the company's investments
21 in DenSco, and his communications with Mr. Beauchamp after Mr. Chittick's death.

22 34. **Stacy B. Grant** (2601 La Frontera Blvd., Round Rock, TX 78681;
23 (602) 499-9966): Ms. Grant is believed to have knowledge of her communications with
24 Mr. Chittick, her investments in DenSco through her IRA, and her communications with
25 Mr. Beauchamp after Mr. Chittick's death.

26 35. **Russell T. Griswold** (10 Suncrest Terrace, Onenta, NY 13820;
27 rgriswold3@stny.rr.com; (607) 437-3882): Mr. Griswold is believed to have
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1 knowledge of his communications with Mr. Chittick, his investments in DenSco
2 through his IRA, and his communications with Mr. Beauchamp after Mr. Chittick's
3 death.

4 **36. Michael and Diana Gumbert** (607 Hurst Creek Road, Lakeview,
5 TX 78734; anthjen@yahoo.com (480) 250-6063): Mr. and Mrs. Gumbert are believed
6 to have knowledge of their communications with Mr. Chittick, their investments in
7 DenSco through their Trust, and their communications with Mr. Beauchamp after Mr.
8 Chittick's death.

9 **37. Nihad Hafiz** (23 Rae's Creek Lane, Coto de Caza, CA 92679;
10 nihad@yahoo.com; (949) 246-8135): Mr. Hafiz is believed to have knowledge of his
11 communications with Mr. Chittick, his investments in DenSco, and his communications
12 with Mr. Beauchamp after Mr. Chittick's death.

13 **38. Robert B. and Elizabeth A. Hahn** (15239 E. Redrock Drive,
14 Fountain Hills, AZ 85268; hahnaz2@cox.net; (602) 769-8385): Mr. and Mrs. Hahn are
15 believed to have knowledge of their communications with Mr. Chittick, their
16 investments in DenSco through the Trust, and their communications with Mr.
17 Beauchamp after Mr. Chittick's death.

18 **39. Ralph L. Hey** (P.O. Box 62, Westcliffe, CO 82152;
19 hey.ralph01@gmail.com; (719) 207-1313): Mr. Hey is believed to have knowledge of
20 his communications with Mr. Chittick, his investments in DenSco, and his
21 communications with Mr. Beauchamp after Mr. Chittick's death.

22 **40. Dale W. and Kathy L. Hickman** (5477 W. Heine Road, Coeur
23 d'Alene, ID 83814; hikthestik@aol.com; (208) 215-6378): Mr. and Mrs. Hickman are
24 believed to have knowledge of their communications with Mr. Chittick, their
25 investments in DenSco, and their communications with Mr. Beauchamp after Mr.
26 Chittick's death.

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41. **Craig and Samantha Hood** (8420 E. Cactus Wren Road, Scottsdale, AZ 85250; greeraz@gmail.com; (602)317-3753): Mr. and Mrs. Hood are believed to have knowledge of their communications with Mr. Chittick, their investments in DenSco, and their communications with Mr. Beauchamp after Mr. Chittick's death.

42. **Doris and Levester Howze** (2864 E. Preston Street, Mesa, AZ 85213; dhowze@cox.net; (602) 568-0119): Ms. Howze and Mr. Howze are believed to have knowledge of their communications with Mr. Chittick, their investments in DenSco, and their communications with Mr. Beauchamp after Mr. Chittick's death.

43. **Bill Bryan Hughes** (23114 N. Pedregosa Drive, Sun City West, AZ 85375; jbhok@yahoo.com; (480) 244-8863): Mr. Hughes is believed to have knowledge of his communications with Mr. Chittick, his investments in DenSco through his IRA, and his communications with Mr. Beauchamp after Mr. Chittick's death.

44. **Judy Kay Hughes** (23114 N. Pedregosa Drive, Sun City West, AZ 85375; jbhok@yahoo.com; (480) 244-8864): Ms. Hughes is believed to have knowledge of her communications with Mr. Chittick, her investments in DenSco through her IRA, and her communications with Mr. Beauchamp after Mr. Chittick's death.

45. **Brian Indieke** (6173 W. Victoria Place, Chandler, AZ 85226; b-imdieke@cox.net; bji6173@gmail.com; (480) 694-7850): Mr. Indieke is believed to have knowledge of his communications with Mr. Chittick, his investments in DenSco through his Trust, and his communications with Mr. Beauchamp after Mr. Chittick's death.

46. **James K. Jetton and Debora I. Pekker-Jetton** (9213 SW 21st Street, Oklahoma City, OK 73128; jkjetto@yahoo.com; (904) 610-4213): Mr. and Mrs. Jetton are believed to have knowledge of their communications with Mr. Chittick, their

1 investments in DenSco, and their communications with Mr. Beauchamp after Mr.
2 Chittick's death.

3 47. **Leslie W. Jones** (2176 E. Gazania Lane, Tucson, AZ 85719): Ms.
4 Jones is believed to have knowledge of her communications with Mr. Chittick, her
5 investments in DenSco through her IRA, and her communications with Mr. Beauchamp
6 after Mr. Chittick's death.

7 48. **Ralph Kaiser** (3319 E. Piro Street, Phoenix, AZ 85044;
8 ralph@kaisertile.com; (602) 697-3189): Mr. Kaiser is believed to have knowledge of
9 his communications with Mr. Chittick, his investments in DenSco through his IRA, and
10 his communications with Mr. Beauchamp after Mr. Chittick's death.

11 49. **Mary Kent** (30 Laurel Court, Paramus, NJ 07652;
12 mbencekent@yahoo.com; (201) 845-6147): Ms. Kent is believed to have knowledge of
13 her communications with Mr. Chittick, her investments in DenSco, and her
14 communications with Mr. Beauchamp after Mr. Chittick's death.

15 50. **Paul A. Kent** (23 E. 15th Street, Tempe, AZ 85281;
16 paul_a_kent@yahoo.com; (480) 213-7231): Mr. Kent is believed to have knowledge of
17 his communications with Mr. Chittick, investments in DenSco through the Family
18 Trust, and his communications with Mr. Beauchamp after Mr. Chittick's death.

19 51. **Robert Z. Koehler** (5433 E. Osborn Road, Phoenix, AZ 85018;
20 rzkoehler@yahoo.com; (602) 330-4624): Mr. Koehler is believed to have knowledge of
21 his communications with Mr. Chittick, his investments in DenSco through his IRA, and
22 his communications with Mr. Beauchamp after Mr. Chittick's death.

23 52. **Jemma Kopel** (5304 S. Marine Drive, Tempe, AZ 85283;
24 jemmakopel@hotmail.com; (480) 696-0888): Ms. Kopel is believed to have knowledge
25 of her communications with Mr. Chittick, her investments in DenSco, and her
26 communications with Mr. Beauchamp after Mr. Chittick's death.

1 53. **LeRoy Kopel** (5304 S. Marine Drive, Tempe, AZ 85283;
2 lkopel22@hotmail.com; (480) 839-3787): Mr. Kopel is believed to have knowledge of
3 his communications with Mr. Chittick, his investments in DenSco through his IRA and
4 his Trust, and his communications with Mr. Beauchamp after Mr. Chittick's death.

5 54. **Robert F. Lawson** (400 Alta Vista Court, Danville, CA 94506;
6 robertflawson@gmail.com; (480) 221-9893): Mr. Lawson is believed to have
7 knowledge of his communications with Mr. Chittick, his investments in DenSco, and
8 his communications with Mr. Beauchamp after Mr. Chittick's death.

9 55. **Wayne J. Ledet** (16751 SW 23rd Street, El Reno, OK 73036;
10 uaflyor767@yahoo.com; (405) 824-3754): Mr. Ledet is believed to have knowledge of
11 his communications with Mr. Chittick, investments in DenSco through the Family
12 Trust, his IRA and his Roth IRA, and his communications with Mr. Beauchamp after
13 Mr. Chittick's death.

14 56. **The Lee Group, Inc.** c/o Terry and Lil Lee (6541 N. Paseo
15 Tamayo, Tucson, AZ 85750; terryleeaz@comcast.net; (520) 907-3828): Mr. and Mrs.
16 Lee are believed to have knowledge of their communications with Mr. Chittick, the
17 company's investments in DenSco, and their communications with Mr. Beauchamp
18 after Mr. Chittick's death.

19 57. **Terry and Lil Lee** (6541 N. Paseo Tamayo, Tucson, AZ 85750;
20 terryleeaz@comcast.net; (520) 907-3828): Mr. and Mrs. Lee are believed to have
21 knowledge of their communications with Mr. Chittick, their investments in DenSco, and
22 their communications with Mr. Beauchamp after Mr. Chittick's death.

23 58. **Lillian Lent** (4145 E. Blue Ridge Place, Chandler, AZ 85249;
24 (480) 813-7151): Ms. Lent is believed to have knowledge of her communications with
25 Mr. Chittick, her investments in DenSco through her Roth IRA, and her
26 communications with Mr. Beauchamp after Mr. Chittick's death.

1 59. **Manual A. Lent** (4145 E. Blue Ridge Place, Chandler, AZ 85249;
2 (480) 225-9538): Mr. Lent is believed to have knowledge of his communications with
3 Mr. Chittick, his investments in DenSco through his IRA, and his communications with
4 Mr. Beauchamp after Mr. Chittick's death.

5 60. **William Lent** (contact information to be added): Mr. Lent is
6 believed to have knowledge of his communications with Mr. Chittick, his investments
7 in DenSco through his IRA, and his communications with Mr. Beauchamp after Mr.
8 Chittick's death

9 61. **LJL Capital, LLC** c/o Landon Luchtel (5550 Wild Rose Lane,
10 Suite 400, West Des Moines, IA 50266; (515) 225-2800): Mr. Luchtel is believed to
11 have knowledge of his communications with Mr. Chittick, the company's investments
12 in DenSco, and his communications with Mr. Beauchamp after Mr. Chittick's death.

13 62. **W. Jean Locke** (12163 Country Meadows Lane, Silverdale, WA
14 98383; billandjean54@centurytel.net; (360) 638-1002): Ms. Locke is believed to have
15 knowledge of her communications with Mr. Chittick, her investments in DenSco, and
16 her communications with Mr. Beauchamp after Mr. Chittick's death.

17 63. **Long Time Holdings, LLC** c/o William Swirtz (6054 W. Trovita
18 Place, Chandler, AZ 85226; Bill.Swirtz@apollogrp.edu; (602) 315-8080): Mr. Swirtz is
19 believed to have knowledge of his communications with Mr. Chittick, the company's
20 investments in DenSco, and his communications with Mr. Beauchamp after Mr.
21 Chittick's death.

22 64. **Jim P. McArdle** (750 E. McLellan, Phoenix, AZ 85014;
23 jim@abdc-az.com; (602) 509-8635): Mr. McArdle is believed to have knowledge of his
24 communications with Mr. Chittick, his investments in DenSco, and his communications
25 with Mr. Beauchamp after Mr. Chittick's death.

26 65. **James and Lesley McCoy** (727 E. Verde Lane, Tempe, AZ 85284;
27 (602) 390-2506): Mr. and Mrs. McCoy are believed to have knowledge of their
28

1 communications with Mr. Chittick, investments in DenSco through the Trust, and their
2 communications with Mr. Beauchamp after Mr. Chittick's death.

3 **66. Caro McDowell** (9010 E. Range Ride Trail, Mesa, AZ 85207;
4 kayell121@cs.com; (480) 380-2062): Ms. McDowell is believed to have knowledge of
5 her communications with Mr. Chittick, her investments in DenSco through her Trust,
6 and her communications with Mr. Beauchamp after Mr. Chittick's death.

7 **67. Marvin G. Miller and Patricia S. Miller** (701 E. Front Street
8 #602, Coeur d'Alene, ID 83814; patsmiller@verizon.net; (208) 818-6735 Marvin; (208)
9 818-6734 Pat): Mr. and Mrs. Miller are believed to have knowledge of their
10 communications with Mr. Chittick, investments in DenSco through the Family Trust,
11 and their communications with Mr. Beauchamp after Mr. Chittick's death.

12 **68. Marian Minchuck** (contact information to be added): Ms.
13 Minchuck is believed to have knowledge of her communications with Mr. Chittick, her
14 investments in DenSco, and her communications with Mr. Beauchamp after Mr.
15 Chittick's death.

16 **69. Kaylene Moss** (2524 E. Silverwood Drive, Phoenix, AZ 85048;
17 kayleen.moss@avnet.com; (602) 692-6934; (480) 759-7811): Ms. Moss is believed to
18 have knowledge of her communications with Mr. Chittick, her investments in DenSco
19 through her IRA, and her communications with Mr. Beauchamp after Mr. Chittick's
20 death.

21 **70. Moss Family Trust** (2524 E. Silverwood Drive, Phoenix, AZ
22 85048; kayleen.moss@avnet.com; (602) 692-6934; (480) 759-7811): Mr. or Mrs. Moss
23 is believed to have knowledge of their communications with Mr. Chittick, investments
24 in DenSco through the Trust, and their communications with Mr. Beauchamp after Mr.
25 Chittick's death.

26 **71. Muscat Family** c/o Vince I. Muscat (14827 S. 20th Street,
27 Phoenix, AZ 85048; vimusat@gmail.com; (480) 460-5007): Mr. or Mrs. Muscat is
28

1 believed to have knowledge of their communications with Mr. Chittick, investments in
2 DenSco through the Trust, and their communications with Mr. Beauchamp after Mr.
3 Chittick's death.

4 72. **Non Lethal Defense, Inc.** c/o Dave Dubay (6921 Trevett Lane,
5 Casper, WY 82604): Mr. Dubay is believed to have knowledge of his communications
6 with Mr. Chittick, the company's investments in DenSco, and his communications with
7 Mr. Beauchamp after Mr. Chittick's death.

8 73. **Brian and Janice Odenthal** (1929 Canyon Drive, Coeur d'Alene,
9 ID 83815; bjodenthal@frontier.com; (208) 755-5499): Mr. and Mrs. Odenthal are
10 believed to have knowledge of their communications with Mr. Chittick, their
11 investments in DenSco through their IRA, and their communications with Mr.
12 Beauchamp after Mr. Chittick's death.

13 74. **Valerie J. Paxton** (1243 E. Glenhaven Drive, Phoenix, AZ 85048;
14 vpaxto@q.com; (602) 999-4339): Ms. Paxton is believed to have knowledge of her
15 communications with Mr. Chittick, her investments in DenSco, and her communications
16 with Mr. Beauchamp after Mr. Chittick's death.

17 75. **Marlene Pearce** (94 Acacia Drive, Gilbert, AZ 85233;
18 pearces@mailhaven.com; (480) 600-0955): Ms. Pearce is believed to have knowledge
19 of her communications with Mr. Chittick, her investments in DenSco through her IRA,
20 and her communications with Mr. Beauchamp after Mr. Chittick's death.

21 76. **Jeff Phalen** (11764 N. Adobe Village Place, Marana, AZ 85658;
22 jphalen00@aol.com; (520) 909-1018): Mr. Phalen is believed to have knowledge of his
23 communications with Mr. Chittick, his investments in DenSco individually and through
24 the Phalen Family Trust and his IRA, and his communications with Mr. Beauchamp
25 after Mr. Chittick's death.

26 77. **Kevin Potempa** (P.O. Box 5156, Scottsdale, AZ 85261; (480)
27 5120-0362): Mr. Potempa is believed to have knowledge of his communications with
28

1 Mr. Chittick, his investments in DenSco, and his communications with Mr. Beauchamp
2 after Mr. Chittick's death.

3 78. **Preston Revocable Living Trust** c/o David M. Preston (9010 E.
4 Range Rider Trail, Mesa, AZ 85207; dave@prestoncpa.biz; (602) 369-4418): The
5 Trustee is believed to have knowledge of his or her communications with Denny
6 Chittick, the Trust's investments in DenSco, and his or her communications with Mr.
7 Beauchamp after Mr. Chittick's death.

8 79. **Peter and Kay Rzonca** (140 E. Rio Salado Parkway #603, Tempe,
9 AZ 85281; krzonca1@cox.net; (602) 743-1801): Mr. and Mrs. Rzonca are believed to
10 have knowledge of their communications with Mr. Chittick, their investments in
11 DenSco, and their communications with Mr. Beauchamp after Mr. Chittick's death.

12 80. **Saltire, LLC** c/o William Stewart Sheriff (155 108th Avenue,
13 Suite 400, Bellevue, WA 98004; stewart.sherriff@cox.net; (602) 330-7776): Mr.
14 Sheriff is believed to have knowledge of his communications with Mr. Chittick, the
15 company's investments in DenSco, and his communications with Mr. Beauchamp after
16 Mr. Chittick's death.

17 81. **JoAnn Sanders** (780 E. Gregory Lane, Coeur d'Alene, ID 83815;
18 (406) 461-4462): Ms. Sanders is believed to have knowledge of her communications
19 with Mr. Chittick, her investments in DenSco, and her communications with Mr.
20 Beauchamp after Mr. Chittick's death.

21 82. **Satellite LLC** (contact information to be added): A Member of
22 Satellite LLC is believed to have knowledge of its communications with Mr. Chittick,
23 its investments in DenSco, and its communications with Mr. Beauchamp after Mr.
24 Chittick's death.

25 83. **Mary I. Schloz** (10050 E. Sonoran Vista Circle, Scottsdale, AZ
26 85255; smschloz@msn.com; (480) 694-8868): Ms Schloz is believed to have
27 knowledge of her communications with Mr. Chittick, her investments in DenSco
28

1 individually and through the Family Trust, and her communications with Mr.
2 Beauchamp after Mr. Chittick's death.

3 84. **Stanley Schloz** (10050 E. Sonoran Vista Circle, Scottsdale, AZ
4 85255; smschloz@msn.com; (480) 694-8868): Mr. Schloz is believed to have
5 knowledge of his communications with Mr. Chittick, his investments in DenSco
6 individually, through his IRA, and the Family Trust, and his communications with Mr.
7 Beauchamp after Mr. Chittick's death.

8 85. **Annette M. Scroggin** (124 Abby Lane, LaPorte, IN 46350;
9 mscroggin@me.com; (219) 608-2552): Ms. Scroggin is believed to have knowledge of
10 her communications with Mr. Chittick, her investments in DenSco through her IRAs,
11 and her communications with Mr. Beauchamp after Mr. Chittick's death.

12 86. **Michael Scroggin** (124 Abby Lane, LaPorte, IN 46350;
13 mscroggin@me.com; (219) 608-2552): Mr. Scroggin is believed to have knowledge of
14 his communications with Mr. Chittick, his investments in DenSco through his IRAs,
15 and his communications with Mr. Beauchamp after Mr. Chittick's death.

16 87. **William Stewart Sheriff** (155 108th Avenue, Suite 400, Bellevue,
17 WA 98004; stewart.sherriff@cox.net; (602) 330-7776): Mr. Sheriff is believed to have
18 knowledge of his communications with Mr. Chittick, his investments in DenSco, and
19 his communications with Mr. Beauchamp after Mr. Chittick's death.

20 88. **Gary E Siegford and Corrina C. Esvelt-Siegford** (11917 Hidden
21 Valley Road, Rathdrum, ID 83858; gsiegford@msn.com; (208) 661-1842): Mr. and
22 Mrs. Siegford are believed to have knowledge of their communications with Mr.
23 Chittick, their investments in DenSco, and their communications with Mr. Beauchamp
24 after Mr. Chittick's death.

25 89. **Gary D. and Judith Siegford** (212 Ironwood Drive, Suite D, PMB
26 #313, Coeur d'Alene, ID 83814): Mr. and Mrs. Siegford are believed to have
27 knowledge of their communications with Mr. Chittick, their investments in DenSco
28

1 through the Trust, and their communications with Mr. Beauchamp after Mr. Chittick's
2 death.

3 90. **Carsyn P. Smith** c/o Deanna M. Smith (4901 E. Tomahawk Trail,
4 Paradise Valley, AZ 85253; dmsmith99@me.com; (602) 432-4227): Ms. Smith is
5 believed to have knowledge of her communications with Mr. Chittick, her investments
6 in DenSco, and her communications with Mr. Beauchamp after Mr. Chittick's death.

7 91. **McKenna Smith** c/o Deanna M. Smith (4901 E. Tomahawk Trail,
8 Paradise Valley, AZ 85253): Ms. Smith is believed to have knowledge of her
9 communications with Mr. Chittick, her investments in DenSco, and her communications
10 with Mr. Beauchamp after Mr. Chittick's death.

11 92. **Branson and Sandra Smith** (9261 E. Northview Court, Tucson,
12 AZ 85749; aztonysmith@aol.com; (520) 299-9791): Mr. or Mrs. Smith is believed to
13 have knowledge of their communications with Mr. Chittick, their investments in
14 DenSco through the Trust and their IRA, and their communications with Mr.
15 Beauchamp after Mr. Chittick's death.

16 93. **Tom Smith** (4901 E. Tomahawk Trial, Paradise Valley, AZ
17 85253): Mr. Smith is believed to have knowledge of his communications with Mr.
18 Chittick, his investments in DenSco individually and through his IRA, and his
19 communications with Mr. Beauchamp after Mr. Chittick's death.

20 94. **Tony Smith** (9261 E. Northview Court, Tucson, AZ 85749): Mr.
21 Smith is believed to have knowledge of his communications with Mr. Chittick, his
22 investments in DenSco, and his communications with Mr. Beauchamp after Mr.
23 Chittick's death.

24 95. **Donald E. and Lucinda Sterling** (2101 Bonnie Drive, Payette, ID
25 83661; don-cindy@cableone.net; (208) 401-6156): Mr. and Mrs. Sterling are believed
26 to have knowledge of their communications with Mr. Chittick, their investments in
27 DenSco, and their communications with Mr. Beauchamp after Mr. Chittick's death.
28

1 96. **Bill Swirtz** (6054 W. Trovita Place, Chandler, AZ 85226;
2 Bill.Swirtz@apollogrp.edu; (602) 315-8080): Mr. Swirtz is believed to have knowledge
3 of his communications with Mr. Chittick, his investments in DenSco, and his
4 communications with Mr. Beauchamp after Mr. Chittick's death.

5 97. **Nancy Swirtz** (6054 W. Trovita Place, Chandler, AZ 85226): Ms.
6 Swirtz is believed to have knowledge of her communications with Mr. Chittick, her
7 investments in DenSco, and her communications with Mr. Beauchamp after Mr.
8 Chittick's death.

9 98. **Coralee Thompson** (23233 N. Pima Road #113-240, Scottsdale,
10 AZ 85255; thompseg2@cox.net; (480) 993-8080): Ms. Thompson is believed to have
11 knowledge of her communications with Mr. Chittick, her investments in DenSco, and
12 her communications with Mr. Beauchamp after Mr. Chittick's death.

13 99. **Gary L. Thompson** (23233 N. Pima Road #113-240, Scottsdale,
14 AZ 85255; thompseg2@cox.net; (480) 993-8080): Mr. Thompson is believed to have
15 knowledge of his communications with Mr. Chittick, his investments in DenSco, and
16 his communications with Mr. Beauchamp after Mr. Chittick's death.

17 100. **James A. Trainor** (6113 S. Greensferry Road, Coeur d'Alene, ID
18 83814; jimmy@flytrapproductions.com; (208) 676-8072): Mr. Trainor is believed to
19 have knowledge of his communications with Mr. Chittick, his investments in DenSco,
20 and his communications with Mr. Beauchamp after Mr. Chittick's death.

21 101. **Stephen Tuttle** (6428 E. Evans Drive, Scottsdale, AZ 85254;
22 steve@taser.com; (602) 451-8529): Mr. Tuttle is believed to have knowledge of his
23 communications with Mr. Chittick, his investments in DenSco, and his communications
24 with Mr. Beauchamp after Mr. Chittick's death.

25 102. **Wade A. Underwood** (P.O. Box 1311, Sisters, OR 97759;
26 wunderwood@boxer.com; (480) 227-4658): Mr. Underwood is believed to have
27

1 knowledge of his communications with Mr. Chittick, his investments in DenSco, and
2 his communications with Mr. Beauchamp after Mr. Chittick's death.

3 103. **Jolene Page Walker** (8620 N. 52nd Street, Paradise Valley, AZ
4 85253; jwalker113@cox.net; (480) 220-5200): Ms. Walker is believed to have
5 knowledge of her communications with Mr. Chittick, her investments in DenSco, and
6 her communications with Mr. Beauchamp after Mr. Chittick's death.

7 104. **Laurie A. Weiskopf** (P.O. Box 161097, Big Sky, MT 59716-
8 1000): Ms. Weiskopf is believed to have knowledge of her communications with Mr.
9 Chittick, her investments in DenSco through her IRA, and her communications with Mr.
10 Beauchamp after Mr. Chittick's death.

11 105. **Thomas D. Weiskopf** (P.O. Box 161097, Big Sky, MT 59716-
12 1000): Mr. Weiskopf is believed to have knowledge of his communications with Mr.
13 Chittick, his investments in DenSco through his IRA, and his communications with Mr.
14 Beauchamp after Mr. Chittick's death.

15 106. **Carol J. Wellman** (12119 Whitley Manor Drive, Chesterfield, VA
16 23838; mikewellman1@comcast.net; (804) 338-3006): Ms. Wellman is believed to
17 have knowledge of her communications with Mr. Chittick, her investments in DenSco
18 through her IRAs, and her communications with Mr. Beauchamp after Mr. Chittick's
19 death.

20 107. **Wellman Family Trust** (12119 Whitley Manor Drive,
21 Chesterfield, VA 23838; mikewellman1@comcast.net; (804) 338-3006): A Trustee of
22 the Wellman Family Trust is believed to have knowledge of its communications with
23 Mr. Chittick, its investments in DenSco, and its communications with Mr. Beauchamp
24 after Mr. Chittick's death.

25 108. **Brian and Carla Wenig** (19 E. Canterbury Court, Phoenix, AZ
26 85022; bwenig@cox.net; (602) 300-5665 Brian; (602) 703-7313 Carla): Mr. and Mrs.
27 Wenig are believed to have knowledge of their communications with Mr. Chittick, their
28

1 investments in DenSco through the Trust, and their communications with Mr.
2 Beauchamp after Mr. Chittick's death.

3 109. **Mark and Debbie Wenig** (4445 E. Desert Willow Drive, Phoenix,
4 AZ 85044; mwenig@insight.com; (480) 227-7777): Mr. and Mrs. Wenig are believed
5 to have knowledge of their communications with Mr. Chittick, their investments in
6 DenSco, and their communications with Mr. Beauchamp after Mr. Chittick's death.

7 110. **Yusuf Yuldiz** (1609 W. 17th Street, Tempe, AZ 85281; (480) 258-
8 8171): Mr. Yuldiz is believed to have knowledge of his communications with Mr.
9 Chittick, his investments in DenSco, and his communications with Mr. Beauchamp after
10 Mr. Chittick's death.

11 111. **Leslie Jones** c/o Michael Zones (8 Briarcliff Drive, Huntington,
12 WV 25704; czj528@hotmail.com; (304) 429-6741 ext. 2712): Mr. Zones is believed to
13 have knowledge of his communications with Mr. Chittick, his investments in DenSco,
14 and his communications with Mr. Beauchamp after Mr. Chittick's death.

15 112. **Michael Zones** (8 Briarcliff Drive, Huntington, WV 25704;
16 czj528@hotmail.com; (304) 429-6741 ext. 2712): Mr. Zones is believed to have
17 knowledge of his communications with Mr. Chittick, his investments in DenSco, and
18 his communications with Mr. Beauchamp after Mr. Chittick's death.

19 **C. DenSco Borrowers and Persons Affiliated With Them**

20 1. **Luigi Amoroso** (contact information to be added): Mr. Amoroso
21 worked with Menaged in bidding on and acquiring properties subject to foreclosure.

22 2. **Veronica Castro** (contact information to be added): Ms. Castro
23 was Scott Menaged's assistant and has knowledge of deeds, mortgages and other
24 instruments signed by Menaged during 2013 that she notarized.

25 3. **Jeffrey C. Goulder** (Stinson Leonard Street LLP, 1850 N. Central
26 Avenue, Suite 1200, Phoenix, AZ 85004; (602) 212-8531): Mr. Goulder is an attorney
27 who represented Scott Menaged in connection with the Term Sheet and Forbearance
28

1 Agreement. He is believed to have knowledge of those agreements and his
2 communications with Mr. Beauchamp regarding them.

3 4. **Cody Jess** (Schian Walker PLC, 1850 N. Central Avenue,
4 Suite 900, Phoenix, AZ 85004; (602) 277-1501): Mr. Jess is an attorney who
5 represented Scott Menaged in a bankruptcy proceeding. He is believed to have
6 knowledge of that proceeding and of his communications with Mr. Beauchamp relating
7 to that proceeding.

8 5. **Scott Menaged** (c/o Molly Patricia Brizgys, 2210 S. Mill Avenue,
9 Suite 7A, Tempe, AZ 85282; (602) 460-9013): Mr. Menaged has knowledge of his
10 dealings with Mr. Chittick and Mr. Beauchamp.

11 **D. Current or Former Clark Hill Attorneys and Employees**

12 1. **Robert Anderson** (c/o John DeWulf, Coppersmith Brockelman,
13 PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr.
14 Anderson is an attorney who was involved in Clark Hill's representation of DenSco.

15 2. **David Beauchamp** (c/o John DeWulf, Coppersmith Brockelman,
16 PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr.
17 Beauchamp is an attorney who was involved in Clark Hill's representation of DenSco.

18 3. **Lindsay Grove** (c/o John DeWulf, Coppersmith Brockelman,
19 PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Ms.
20 Grove is a legal assistant who worked with David Beauchamp during the relevant time
21 period and is believed to have knowledge of certain documents received or sent by Mr.
22 Beauchamp.

23 4. **Ryan Lorenz** (c/o John DeWulf, Coppersmith Brockelman, PLC,
24 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr. Lorenz
25 submitted proofs of claim to the Receiver in June 2017 and gave an affidavit in support
26 of those proofs of claim which summarized certain work Clark Hill performed during its
27 representation of DenSco.
28

1 5. **Darra Lynn Rayndon** (c/o John DeWulf, Coppersmith
2 Brockelman, PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-
3 0999): Ms. Rayndon is an attorney who initiated a probate proceeding on August 4,
4 2016 in which she and Clark Hill represented Shawna Chittick Heuer in her capacity as
5 the Personal Representative of Denny Chittick's Estate. She is believed to have
6 knowledge of any discussions within Clark Hill that may have occurred regarding
7 conflicts of interest arising from the firm's separate representation of DenSco.

8 6. **Daniel Schenck** (c/o John DeWulf, Coppersmith Brockelman,
9 PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr.
10 Schenck is an attorney who was involved in Clark Hill's representation of DenSco.

11 7. **Michelle M. Tran** (c/o John DeWulf, Coppersmith Brockelman,
12 PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Ms.
13 Tran is an attorney who initiated a probate proceeding on August 4, 2016 in which she
14 and Clark Hill represented Shawna Chittick Heuer in her capacity as the Personal
15 Representative of Denny Chittick's Estate. She is believed to have knowledge of any
16 discussions within Clark Hill that may have occurred regarding conflicts of interest
17 arising from the firm's separate representation of DenSco.

18 **E. Current or Former Bryan Cave Attorneys**

19 1. **Ray Burgan** (Zenfinity Capital LLC, 14850 N. Scottsdale Road,
20 No. 295, Scottsdale, Arizona, 85254; (480) 292-8111): Mr. Burgan is an attorney who
21 was formerly associated with Bryan Cave and is believed to have knowledge of work he
22 performed for DenSco and David Beauchamp's representation of DenSco while
23 Beauchamp was affiliated with Bryan Cave.

24 2. **Michael Dvoren** (Jaburg & Wilk PC, 3200 N. Central Avenue,
25 Suite 2000, Phoenix, Arizona 85012; (602) 248-1000): Mr. Dvoren is an attorney who
26 was formerly associated with Bryan Cave and is believed to have knowledge of work he
27

1 performed for DenSco and David Beauchamp's representation of DenSco while
2 Beauchamp was affiliated with Bryan Cave.

3 3. **Robert Endicott** (Bryan Cave LLP, One Metropolitan Square, 211
4 North Broadway, Suite 3600, St. Louis, MO 63102; (314) 259-2000): Mr. Endicott is
5 an attorney who is believed to have knowledge of his communications with David
6 Beauchamp in the summer of 2013 regarding DenSco.

7 4. **Kenneth L. Henderson** (Bryan Cave LLP, 1290 Avenue of the
8 Americas, New York, NY, 10104; (212) 541-2000): Mr. Henderson is an attorney who
9 is believed to have knowledge of his communications with David Beauchamp in the
10 summer of 2013 regarding DenSco.

11 5. **Garth Jensen** (Sherman & Howard L.L.C., 633 Seventeenth
12 Street, Suite 3000, Denver, CO 80202; (303) 297-2900): Mr. Jensen is an attorney who
13 was formerly associated with Bryan Cave and is believed to have knowledge of his
14 communications with David Beauchamp in the summer of 2013 regarding DenSco.

15 6. **Logan Miller** (Apollo Education Group, Inc., 4025 S. Riverpoint
16 Parkway, Phoenix, AZ 85040; (800) 990-2765): Mr. Miller is an attorney who was
17 formerly associated with Bryan Cave and is believed to have knowledge of work he
18 performed for DenSco and David Beauchamp's representation of DenSco while
19 Beauchamp was affiliated with Bryan Cave.

20 7. **Robert Miller:** (Bryan Cave LLP, Two N. Central, Suite 2100,
21 Phoenix, Arizona 85004; (602) 364-7099): Mr. Miller is an attorney who
22 communicated with David Beauchamp in January 2014 in connection with the demand
23 letter described above and is believed to have knowledge of those communications.

24 8. **Robert Pedersen** (Bryan Cave LLP, 1290 Avenue of the
25 Americas, New York, NY, 10104; (212) 541-2000): Mr. Pedersen is an attorney who is
26 believed to have knowledge of his communications with David Beauchamp in the
27 summer of 2013 regarding DenSco.
28

1 9. **Nancy Pohl** (Gallagher & Kennedy PA, 2575 E. Camelback Road,
2 Suite 1100, Phoenix, Arizona 85016; (602) 530-8052): Ms. Pohl is an attorney who was
3 formerly associated with Bryan Cave and is believed to have knowledge of work she
4 performed for DenSco and David Beauchamp's representation of DenSco while
5 Beauchamp was affiliated with Bryan Cave.

6 10. **Gus Schneider** (Bryan Cave LLP, Two N. Central, Suite 2100,
7 Phoenix, AZ 85004; (602) 364-7099): Mr. Schneider is an attorney who is associated
8 with Bryan Cave and is believed to have knowledge of work he performed for DenSco
9 and David Beauchamp's representation of DenSco while Beauchamp was affiliated with
10 Bryan Cave.

11 11. **Elizabeth Sipes** (Bryan Cave LLP, 1700 Lincoln Street,
12 Suite 4100, Denver, CO 80203; (303) 861-7000): Ms. Sipes is an attorney who is
13 believed to have knowledge of her communications with David Beauchamp in the
14 summer of 2013 regarding DenSco.

15 12. **Jonathan Stern** (contact information not known): Mr. Stern is an
16 attorney who is associated with Bryan Cave and is believed to have knowledge of work
17 he performed for DenSco and David Beauchamp's representation of DenSco while
18 Beauchamp was affiliated with Bryan Cave.

19 13. **Randy Wang** (Bryan Cave LLP, One Metropolitan Square, 211 N.
20 Broadway, Suite 3600, St. Louis, MO 63102; (314) 259-2000): Mr. Wang is an
21 attorney who is believed to have knowledge of his communications with David
22 Beauchamp in the summer of 2013 regarding DenSco.

23 14. **Mark Weakley** (Bryan Cave LLP, One Boulder Plaza, 1801 13th
24 Street, Suite 300, Boulder, CO 80302; (303) 444-5955): Mr. Weakley is an attorney
25 who is believed to have knowledge of his communications with David Beauchamp in
26 the summer of 2013 regarding DenSco.
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F. Current or Former Gammage & Burnham Attorneys

1. **Christopher L. Raddatz** (Gammage & Burnham, PLC, Two N. Central Avenue, 15th Floor, Phoenix, AZ 85004; (602) 256-0566): Mr. Raddatz is an attorney who represented the Estate of Denny Chittick and Shawna Chittick Heuer in her capacity as the Personal Representative of Denny Chittick’s Estate.

2. **Kevin R. Merritt** (Gammage & Burnham, PLC, Two N. Central Avenue, 15th Floor, Phoenix, AZ 85004; (602) 256-0566): Mr. Merritt is an attorney who in 2007 advised DenSco regarding its loan agreements. Beginning in August 2016, he represented the Estate of Denny Chittick and Shawna Chittick Heuer in her capacity as the Personal Representative of Denny Chittick’s Estate.

3. **James F. Polese** (Gammage & Burnham, PLC, Two N. Central Avenue, 15th Floor, Phoenix, AZ 85004; (602) 256-0566): Mr. Polese is an attorney who represented the Estate of Denny Chittick and Shawna Chittick Heuer in her capacity as the Personal Representative of Denny Chittick’s Estate.

G. Persons Affiliated With the Arizona Corporation Commission, Securities Division

1. **Gary Clapper** (1300 W. Washington, Third Floor, Phoenix, AZ 85007; (602) 542-0152): Mr. Clapper is Chief Investigator, Arizona Corporation Commission, Securities Division. He is believed to have knowledge of the ACC’s investigation of DenSco in August 2016, events leading to the ACC’s filing of an application for a preliminary injunction and the appointment of a receiver, and his communications with Mr. Beauchamp.

2. **Wendy Coy** (1300 W. Washington, Third Floor, Phoenix, AZ 85007; (602) 542-0633): Ms. Coy is Director of Enforcement, Arizona Corporation Commission, Securities Division. She is believed to have knowledge of the ACC’s investigation of DenSco in August 2016, events leading to the ACC’s filing of an application for a preliminary injunction and the appointment of a receiver, her communications with Mr. Beauchamp.

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H. The Receiver, His Employees and Attorneys

1. **Peter S. Davis** (c/o Colin Campbell and Geoffrey Sturr, Osborn Maledon, P.A., 2929 N. Central Avenue, Suite 2100, Phoenix, AZ 85012; (602) 640-9377): Mr. Davis has knowledge of work he has performed as DenSco’s Receiver, as set forth in reports he has issued in the course of his work.

2. **Ryan W. Anderson** (Guttilla Murphy Anderson, 5415 E. High Street, Suite 200, Phoenix, AZ 85054; (480) 304-8300): Mr. Anderson is an attorney who represents the Receiver. He has knowledge of the receivership proceeding and his communications with participants in that proceeding.

3. **Sara Beretta** (c/o Colin Campbell and Geoffrey Sturr, Osborn Maledon, P.A., 2929 N. Central Avenue, Suite 2100, Phoenix, AZ 85012; (602) 640-9377): Ms. Beretta is a Director of Simon Consulting and has knowledge of DenSco’s books and records and work performed by the Receiver, as set forth in reports he has issued in the course of his work.

I. Lenders Who Negotiated With Chittick and Menaged During January 2014

1. **Craig Cardon** (contact information to be added): Mr. Cardon is a member of Azben Limited, LLC and is believed to have knowledge of his communications with Chittick and Menaged regarding the January 6, 2014 demand letter discussed above.

2. **Daniel Diethelm** (contact information to be added): Mr. Diethelm is a manager of Geared Equity, LLC and is believed to have knowledge of his communications with Chittick and Menaged regarding the January 6, 2014 demand letter discussed above

3. **Lynn Hoebing** (contact information to be added): Mr. Hoebing is a manager of 50780, LLC and is believed to have knowledge of his communications with Chittick and Menaged regarding the January 6, 2014 demand letter discussed above.

1 **J. Other Persons**

2 1. **Rick Carney** (contact information to be added): Mr. Carney was
3 formerly affiliated with Quarles & Brady and provided legal services to DenSco as
4 described above. He is believed to have knowledge of those services and his
5 communications with Denny Chittick and David Beauchamp relating to those services.

6 2. **Gregg Reichman** (believed to be c/o Andrew Abraham, Burch &
7 Cracchiolo, P.A., 702 E. Osborn Road, Suite 200, Phoenix, AZ 85014; (602) 234-9917):
8 Mr. Reichman is a current or former member of Active Funding Group, LLC. He is
9 believed to have knowledge of dealings between Active Funding Group, LLC and
10 Menaged.

11 **V. PERSONS WHO HAVE GIVEN STATEMENTS**

12 1. **Luigi Amoroso** (contact information to be added): Mr. Amoroso gave a
13 deposition in the receivership proceeding on December 14, 2016. The Receiver's
14 counsel is the custodian of the transcript of that deposition.

15 2. **Robert Anderson** (c/o John DeWulf, Coppersmith Brockelman, PLC,
16 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr.
17 Anderson gave a deposition in this case, the original transcript of which is in the
18 possession of the Receiver's counsel.

19 3. **David Beauchamp** (c/o John DeWulf, Coppersmith Brockelman, PLC,
20 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr.
21 Beauchamp executed a declaration dated August 17, 2016 that was submitted to the
22 court in the Receivership Proceeding in support of the Estate's Recommendations re
23 Receiver and Attorney/Client Privilege. The Estate's counsel, Gammage & Burnham, is
24 believed to be the custodian of the original declaration. Mr. Beauchamp has also given
25 a deposition in this case, the original transcript of which is in the possession of the
26 Receiver's counsel.

27 4. **Shawna Chittick Heuer** (c/o Greg Fairbourne, Bonnett Fairbourn
28 Friedman & Balint PC 2325 E. Camelback Rd., Suite 300, Phoenix, AZ 85016): Ms.

1 Heuer gave a deposition in this case. Clark Hill's counsel is believed to be the
2 custodian of the original transcript of that deposition.

3 5. **Scott Menaged** (c/o Molly Patricia Brizgys, 2210 S. Mill Avenue,
4 Suite 7A, Tempe, AZ 85282; (602) 460-9013): On October 20, 2016, Mr. Menaged
5 gave testimony during a Rule 2004 Examination that was taken in connection with Mr.
6 Menaged's bankruptcy proceeding. The Receiver's counsel is the custodian of the
7 transcript of that deposition.

8 On December 8, 2017, Mr. Menaged was interviewed by Ken Frakes, Special
9 Counsel to the Receiver, before a court reporter. Mr. Frakes is believed to be the
10 custodian of the transcript of that interview.

11 6. **Ryan Lorenz** (c/o John DeWulf, Coppersmith Brockelman, PLC, 2800
12 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr. Lorenz gave
13 an affidavit in support of notices of claim Clark Hill submitted to the Receiver. He is
14 believed to be the custodian of the original affidavit.

15 7. **Daniel Schenck** (c/o John DeWulf, Coppersmith Brockelman, PLC,
16 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr.
17 Schenck gave a deposition in this case, the original transcript of which is in the
18 possession of the Receiver's counsel.

19 8. **Steve Bunger** (6134 W. Trovita Place, Chandler, AZ 85226): Mr.
20 Bunger gave a deposition in this case, the original transcript of which is in the
21 possession of Clark Hill's counsel.

22 9. **Anthony Burdett**: Mr. Burdett gave a deposition in this case, the
23 original transcript of which is in the possession of Clark Hill's counsel.

24 10. **Warren Bush**: Mr. Bush gave a deposition in this case, the original
25 transcript of which is in the possession of Clark Hill's counsel.

26 11. **Ranasha Chittick**: Ms. Chittick gave a deposition in this case, the
27 original transcript of which is in the possession of Clark Hill's counsel.
28

- 1 12. **Tony Crabill:** Mr. Crabill gave a deposition in this case, the original
2 transcript of which is in the possession of Clark Hill's counsel.
- 3 13. **Dori Ann Davis:** Ms. Davis gave a deposition in this case, the original
4 transcript of which is in the possession of Clark Hill's counsel.
- 5 14. **Peter Davis:** Mr. Davis gave a deposition in this case, the original
6 transcript of which is in the possession of Clark Hill's counsel.
- 7 15. **Russell Dupper:** Mr. Duper gave a deposition in this case, the original
8 transcript of which is in the possession of Clark Hill's counsel.
- 9 16. **Victor Gojcaj:** Mr. Gojcaj gave a deposition in this case, the original
10 transcript of which is in the possession of Clark Hill's counsel.
- 11 17. **Scott Gould:** Mr. Gould gave a deposition in this case, the original
12 transcript of which is in the possession of Clark Hill's counsel.
- 13 18. **Ralph Hey:** Mr. Hey gave a deposition in this case, the original
14 transcript of which is in the possession of Clark Hill's counsel.
- 15 19. **Dale Hickman:** Mr. Hickman gave a deposition in this case, the original
16 transcript of which is in the possession of Clark Hill's counsel.
- 17 20. **Ed Hood:** Mr. Hood gave a deposition in this case, the original
18 transcript of which is in the possession of the Receiver's counsel.
- 19 21. **Chris Hughes:** Mr. Hughes gave a deposition in this case, the original
20 transcript of which is in the possession of Clark Hill's counsel.
- 21 22. **Brian Imdieke:** Mr. Imdieke gave a deposition in this case, the original
22 transcript of which is in the possession of Clark Hill's counsel.
- 23 23. **Paul Kent:** Mr. Kent gave a deposition in this case, the original
24 transcript of which is in the possession of Clark Hill's counsel.
- 25 24. **Robert Koehler:** Mr. Koehler gave a deposition in this case, the original
26 transcript of which is in the possession of Clark Hill's counsel.
- 27 25. **Barry Luchtel:** Mr. Luchtel gave a deposition in this case, the original
28 transcript of which is in the possession of Clark Hill's counsel.

1 26. **Patricia Miller:** Ms. Miller gave a deposition in this case, the original
2 transcript of which is in the possession of Clark Hill's counsel.

3 27. **Kevin Olson:** Mr. Crabill gave a deposition in this case, the original
4 transcript of which is in the possession of Clark Hill's counsel.

5 28. **John Ray:** Mr. Ray gave a deposition in this case, the original transcript
6 of which is in the possession of Clark Hill's counsel.

7 29. **Gregg Reichman:** Mr. Reichman gave a deposition in this case, the
8 original transcript of which is in the possession of Clark Hill's counsel.

9 30. **Scott Rhodes:** Mr. Rhodes gave a deposition in this case, the original
10 transcript of which is in the possession of Clark Hill's counsel.

11 31. **GE Siegford:** Mr. Siegford gave a deposition in this case, the original
12 transcript of which is in the possession of Clark Hill's counsel.

13 32. **Mark Sifferman:** Mr. Sifferman gave a deposition in this case, the
14 original transcript of which is in the possession of the Receiver's counsel.

15 33. **Thomas Smith:** Mr. Smith gave a deposition in this case, the original
16 transcript of which is in the possession of Clark Hill's counsel.

17 34. **William Swirtz:** Mr. Swirtz gave a deposition in this case, the original
18 transcript of which is in the possession of Clark Hill's counsel.

19 35. **Coralee Thompson:** Ms. Thompson gave a deposition in this case, the
20 original transcript of which is in the possession of Clark Hill's counsel.

21 36. **Steven Tuttle:** Mr. Tuttle gave a deposition in this case, the original
22 transcript of which is in the possession of Clark Hill's counsel.

23 **VI. EXPERT WITNESSES EXPECTED TO BE CALLED AT TRIAL**

24 Certain fact witnesses in the case have expert credentials. For example, the
25 Receiver is an accountant and is certified in fraud investigations. The Receiver has
26 prepared various reports in the case which have been identified as trial exhibits. These
27 reports contain conclusions as to the frauds involved in the case, and the impact and loss
28

1 created by these frauds. In an excess of caution, the Receiver's counsel discloses that
2 certain fact witnesses in the case such as the Receiver also, by reason of their training
3 and experience, have expert opinions in the case by reason of the work they performed.

4 Densco's business records consist in large part on computer hard drives that have
5 been secured through discovery. Densco was a one-man shop, and that one man is now
6 deceased. For purposes of evidentiary foundation for records, the Receiver has retained
7 a computer data expert who can testify as to data characteristics of the business records
8 that were retained on the hard drive.

9 The Defendants have retained and disclosed expert witnesses. Some opinions of
10 the Defendants' expert witnesses support Plaintiff's case. For example, the mandatory
11 nature of Clark Hill's duty to withdraw in May 2014, or the ability to do a "noisy"
12 withdrawal, or how a reasonable and prudent risk manager in a law firm would act
13 under the circumstances of this case all support the Plaintiff's claim. In an excess of
14 caution, the Receiver discloses that it may play parts of the Defendants' expert witness
15 deposition testimony in its case in chief.

16 Experts hired for purposes of testimony in this case are:

17 1. **Neil Wertlieb:** *See* report dated March 26, 2019, a copy of which is
18 attached as **Appendix A**, and rebuttal report dated June 4, 2019, a copy of which is
19 attached as **Appendix B**.

20 2. **David Weekly:** *See* report dated April 4, 2019, a copy of which is
21 attached as **Appendix C**, and rebuttal report dated June 5, 2019, a copy of which is
22 attached as **Appendix D**.

23 **VII. COMPUTATION AND MEASURE OF DAMAGES**

24 The computation and measure of damages sought by the Receiver is set forth in
25 Mr. Weekly's reports attached as Appendices C & D. Those reports will be
26 supplemented to address the Receiver's claim for punitive damages when Clark Hill
27 discloses financial information the Receiver has sought through written discovery.
28

1 Although the Receiver in his reports calculated damages in a different conceptual
2 way, the Receiver's calculation of damages is corroborative of Mr. Weekly's reports.

3 **VIII. ANTICIPATED TRIAL EXHIBITS**

4 A list of exhibits the Receiver presently anticipates using at trial is attached as
5 **Appendix E.**

6 The Receiver notes that any document, whether marked as a trial exhibit or not,
7 may be used to refresh a witnesses' recollection. Any relevant document listed below
8 or disclosed in discovery may be used for that purpose. For example, investor witnesses
9 wrote victim impact letters to Judge Snow for the Managed sentencing. Such letters can
10 be used to refresh investor recollections as to what impact the loss of their funds had
11 upon them or their families.

12 Under the rules of evidence, a learned treatise may be introduced by a witness
13 reading the relevant part of a learned treatise into the record. The Receiver notes that it
14 may utilize learned treatises in examination of expert witnesses and read sections into
15 the record. For example, *see* learned treatises marked as exhibits in the deposition of
16 Scott Rhodes.

17 **IX. DOCUMENTS THAT MAY BE RELEVANT**

18 1. Documents maintained in the Document Depository established by the
19 Receiver pursuant to an underlying Court Order dated January 1, 2017 in the matter
20 entitled *Ariz. Corp. Comm'n v. DenSco Investment Corp.*, Maricopa County Superior
21 Court CV2016-014142. The most recent index is attached as **Appendix F.** Certain
22 documents relevant to the receivership are also publicly available on a website
23 maintained by the Receiver: <http://denscoreceiver1.godaddysites.com/>.

24 a. The Receiver's counsel has caused to be deposited into the
25 Depository documents received from Defendants' counsel and third parties, and
26 will continue to do so as this matter proceeds.
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1 b. The Receiver's counsel will provide Defendants' counsel with
2 updated indices of documents maintained in the Document Depository as they
3 become available. To update the index attached to Plaintiff's Fifth Disclosure
4 Statement, updated indices were sent to Clark Hill's counsel on January 10,
5 2019, March 12, 2019, and April 17, 2019.

6 c. The Receiver also updates the website periodically.

7 2. The Receiver will rely on documents maintained in the Document
8 Depository and on the Receiver's website to support his claims in this action, as well as
9 publicly available documents such as the recorded instruments referenced in the factual
10 narrative above.

11 3. The Receiver's counsel plans to compile, number, and produce to
12 Defendants' counsel certain documents it has obtained from the Depository, the
13 Receiver's website, and other publicly available documents that the Receiver may
14 designate as trial exhibits.

15 a. The Receiver's March 27, 2018 production (Second Disclosure
16 Statement) included documents numbered RECEIVER_000001- 001345.

17 i. The March 27, 2018 production included copies of the
18 DenSco Corporate Journals for 2013, 2014, 2015 and 2016, which have
19 been numbered RECEIVER_000001-000164. They replaced copies of
20 those documents that were produced on September 5, 2017 and which
21 were incorrectly numbered DIC0011918-0012081.

22 ii. The March 27, 2018 production included publicly available
23 documents, such as the recorded instruments referenced in the factual
24 narrative above (RECEIVER_000165-RECEIVER_001345).

25 b. The Receiver's May 15, 2018 production (Third Disclosure
26 Statement) included Clark Hill's documents numbered RECEIVER_001325-
27 RECEIVER_001497.

1 c. The Receiver's July 11, 2018 production (Fourth Disclosure
2 Statement) included Clark Hill's notices of claim, which were numbered
3 RECEIVER_001498-RECEIVER_001538, and publicly recorded documents,
4 which were numbered RECEIVER_001539-RECEIVER_001548.

5 d. The November 14, 2018 production (Fifth Disclosure Statement)
6 included documents obtained from the Document Depository numbered
7 RECEIVER_001549-RECEIVER_001711.

8 e. Other documents from the Document Depository, the Receiver's
9 website, or publicly available sources that the Receiver may designate as trial
10 exhibits will be numbered and produced through one or more supplemental
11 disclosure statements.

12 4. In addition to the documents set forth above,

13 a. on October 30, 2018, the Receiver's counsel produced to
14 Defendants' counsel documents evidencing communications between the
15 Receiver and the Estate of Chittick, which were numbered RECEIVER_
16 001712-002517.

17 b. on March 15, 2019, the Receiver's counsel produced to
18 Defendants' counsel documents numbered RECEIVER_002518-004487.

19 c. on March 15, 2019, the Receiver's counsel produced to
20 Defendants' counsel documents numbered RECEIVER_004488-004896.

21 d. on April 4, 2019, the Receiver's counsel produced to
22 Defendants' counsel documents numbered RECEIVER_004897-005186.

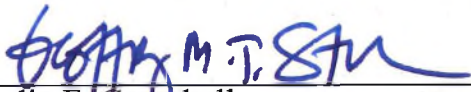
23 e. on April 16, 2019, the Receiver's counsel produced to
24 Defendants' documents numbered RECEIVER_005187-005188.

25 f. on May 2, 2019, the Receiver's counsel produced to
26 Defendants' counsel documents numbered RECEIVER_005189-005195.

27 g. on May 8, 2019, the Receiver's counsel produced to
28 Defendants' counsel a document numbered RECEIVER_005196.

1 h. on June 4, 2019, the Receiver's counsel produced to
2 Defendants' counsel documents numbered RECEIVER_ 005197-005542.
3 DATED this 28th day of June, 2019.

4 OSBORN MALEDON, P.A.

5
6 By 
7 Colin F. Campbell
8 Geoffrey M. T. Sturr
9 Joseph N. Roth
10 Joshua M. Whitaker
11 2929 N. Central Avenue, Suite 2100
12 Phoenix, Arizona 85012-2793

13 *Attorneys for Plaintiff*

14 COPY of the foregoing served by
15 hand delivery this 28th day of June,
16 2019, to:

17 John E. DeWulf
18 Marvin C. Ruth
19 Vidula U. Patki
20 Coppersmith Brockelman PLC
21 2800 N Central Ave., Suite 1900
22 Phoenix, AZ 85004
23 jdewulf@cblawyers.com
24 mruth@cblawyers.com
25 vpatki@cblawyers.com

26 *Attorneys for Defendants*

27 

28 8123385

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VERIFICATION

Peter S. Davis hereby states as follows:

1. I am the court-appointed receiver of DenSco Investment Corporation and in that capacity am the plaintiff in this action.
2. I have reviewed Plaintiff's Sixth Disclosure Statement.
3. That document was prepared by Special Counsel, Osborn Maledon, and reflects information that Special Counsel has compiled based on its review of relevant documents.
4. To the best of my knowledge, information and belief, the information contained in Plaintiff's Sixth Disclosure Statement is accurate.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on June 28, 2018.


Peter S. Davis

Exhibit A

1 Colin F. Campbell, 004955
2 Geoffrey M. T. Sturr, 014063
3 Joshua M. Whitaker, 032724
4 Osborn Maledon, P.A.
5 2929 N. Central Avenue, Suite 2100
6 Phoenix, Arizona 85012-2793
7 (602) 640-9000
8 ccampbell@omlaw.com
9 gsturr@omlaw.com
10 jwhitaker@omlaw.com

11 Attorneys for Plaintiff

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

Peter S. Davis, as Receiver of DenSco
Investment Corporation, an Arizona
corporation,

Plaintiff,

vs.

Clark Hill PLC, a Michigan limited
liability company; David G. Beauchamp
and Jane Doe Beauchamp, husband and
wife,

Defendants.

No. CV2017-013832

**PLAINTIFF'S DISCLOSURE OF
EXPERT WITNESS REPORT RE
STANDARD OF CARE**

(Commercial case)

(Assigned to the
Honorable Daniel Martin)

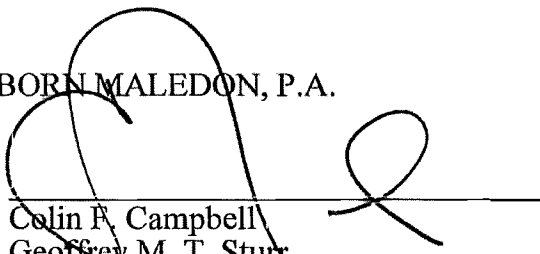
Pursuant to the scheduling order entered in this matter, Plaintiff Peter S. Davis, as Receiver of DenSco Investment Corporation, hereby discloses the attached report of Neil J. Wertlieb, which addresses the applicable standard of care, Defendants' departure from the standard of care and how that departure caused injury to DenSco.

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DATED this 3rd day of April 2019.

OSBORN MALEDON, P.A.

By



Colin F. Campbell
Geoffrey M. T. Sturt
Joshua M. Whitaker
2929 N. Central Avenue, Suite 2100
Phoenix, Arizona 85012-2793

Attorneys for Plaintiff

Original hand-delivered and
copy sent by e-mail this
3rd day of April, 2019, to:

John E. DeWulf, Esq.
Coppersmith Brockelman PLC
2800 N. Central Avenue, Suite 1900
Phoenix, AZ 85004
Attorneys for Defendants



7998651



EXPERT REPORT OF NEIL J WERTLIEB

In the matter of

Peter S. Davis, as Receiver of DenSco Investment Corporation

v.

Clark Hill PLC, David G. Beauchamp and Jane Doe Beauchamp

Submitted on March 26, 2019

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EXPERT REPORT OF NEIL J WERTLIEB

In the matter of

Peter S. Davis, as Receiver of DenSco Investment Corporation
v.
Clark Hill PLC, David G. Beauchamp and Jane Doe Beauchamp

Submitted on March 26, 2019

I. INTRODUCTION

By letters dated June 15, 2017 and October 3, 2017, the law firm of Osborn Maledon, P.A. (“Osborn Maledon”) retained me (through Wertlieb Law Corp, where I am principal) to serve as an expert witness in the matter of *Peter S. Davis, as Receiver of DenSco Investment Corporation v. Clark Hill PLC, David G. Beauchamp and Jane Doe Beauchamp* (this “Case”).¹

This Expert Report of Neil J Wertlieb (this “Report”) contains my opinions, together with the facts and analysis upon which my opinions are based and the reasons for my conclusions.

A. My Background and Qualifications

I am the principal of Wertlieb Law Corp, where (among other things) I have served as an expert witness in disputes involving business transactions and corporate governance, and in cases involving attorney malpractice and attorney ethics. I also serve as a Special Deputy Trial Counsel on behalf of the State Bar of the State of California, in which capacity I investigate and, when appropriate, prosecute attorney misconduct in certain matters where the State Bar’s Office of Chief Trial Counsel has determined that it may have a conflict of interest.

Prior to founding Wertlieb Law Corp in 2017, I was a partner at the law firm of Milbank, Tweed, Hadley & McCloy LLP (“Milbank”), where for over two decades my practice focused on corporate transactions, primarily securities offerings, acquisitions and restructurings. I have represented clients in a wide variety of business matters, including formation and early round financings, mergers and acquisitions, private placements and public offerings, international securities offerings and other international transactions, fund formations, joint ventures, real estate and hospitality matters, partnerships and limited liability companies, reorganizations and restructurings, independent investigations, and general corporate and contractual matters.

¹ See Plaintiff’s Disclosure of Areas of Expert Testimony dated September 7, 2018 (“the [Receiver] discloses the following areas of expert testimony he anticipates offering at trial: ... The applicable standard of care, Defendants’ departure from the standard of care and how that departure caused injury to DenSco. Departure from the standard of care will encompass all allegations in the Complaint, both legal malpractice and breaches of fiduciary duty, and will be premised on all actions described in Plaintiff’s Rule 26.1 statement of facts. Expert testimony may also address whether the departures from the standard of care are gross departures from the standard of care.”).

I would estimate that in the course of my 34 years of practicing law, I have worked on securities offerings that raised over \$20 billion in proceeds. Such offerings have included: initial public offerings and other securities offerings registered with the Securities and Exchange Commission (the "SEC"); international and intrastate securities offerings which have been outside of the jurisdictional scope of federal securities regulation; and venture capital and early stage financings, fund financings, real estate related financings, and private placements and other offerings which have been exempt from SEC registration. My responsibilities in such offerings included the following tasks: evaluating compliance with federal, state and foreign securities regulations; preparing, reviewing and advising with respect to disclosures and SEC filings; preparing, reviewing and advising with respect to other documentation, including subscription agreements and investor suitability questionnaires; rendering legal opinions and conducting due diligence; assessing the risks associated with non-compliance, conducting internal compliance investigations, and advising with respect to rescission offers and other remedies; and other tasks associated with the offer and sale of securities. I have also advised securities issuers and other entities, as well as their directors, officers and managers, with respect to their fiduciary duty obligations.

Prior to joining Milbank in 1995, I was the general counsel for a public telecommunications and broadcast company. I also served as the General Counsel and a member of the Board of Directors of the Los Angeles Kings Hockey Team. And before that, I worked for eight years at the law firm of O'Melveny & Myers LLP, as a transactional associate in the firm's Corporate Department.

I am also an Adjunct Professor of Law at the UCLA School of Law where (since 2002) I teach a transaction skills course, entitled "Life Cycle of a Business," which focuses on business transactions, negotiation, contract drafting and attorney ethics. The course subjects include fiduciary duties, securities offerings, disclosure documents and materiality.

I have been engaged by Harvard Law School Executive Education as Senior Advisor, Milbank@Harvard. This professional development program provides Milbank associates with immersive week-long programs to build leadership and business skills each year for four years, as they progress from mid-level associates to senior associates. Led by Harvard Law and Business School faculty, the program covers topics such as business, finance, accounting, marketing, law, management skills, client relations and personal and professional development. As Senior Advisor, I provide input, guidance and assistance in formulating the program and connecting it to the practice of law.

I am a former Chairman of each of the following committees of the California State Bar: the Executive Committee of the Business Law Section; the Corporations Committee; and the Committee on Professional Responsibility and Conduct. I am currently the Chairman of the Professional Responsibility and Ethics Committee of the Los Angeles County Bar Association. I also served as a Judicial Extern for Justice Stanley Mosk on the California Supreme Court.

I am the general editor of the legal treatise *Ballantine & Sterling: California Corporation Laws*. I have been recognized in *The Legal 500* for my mergers and acquisitions work and was

recognized as one of the top 100 most influential lawyers in California (*California Law Business*, October 30, 2000).

I received my law degree in 1984 from the UC Berkeley School of Law, and my undergraduate degree in Management Science from the School of Business Administration also at the University of California at Berkeley. I am admitted to practice law in California, New York and Washington, D.C.

My qualifications are described in more detail in my curriculum vitae, a current copy of which is attached as Exhibit A to this Report. A list of all cases in which I have testified as an expert at a deposition, hearing or trial during the past four years is attached as Exhibit B to this Report.

B. Description of this Case

This Case was initiated by the filing of a Complaint on October 16, 2017, by Peter S. Davis, as the court-appointed receiver (the "Receiver") of DenSco Investment Corporation, an Arizona corporation ("DenSco"), following the death of Denny Chittick, DenSco's sole owner, shareholder and operator. In the Complaint, the Receiver states two claims for relief against the law firm of Clark Hill PLC ("Clark Hill") and David G. Beauchamp (collectively, the "Defendants")²: (1) legal malpractice; and (2) aiding and abetting breach of fiduciary duties. The claims arise from the legal representation of DenSco by the Defendants.

C. Scope of Engagement

In the course of this engagement, I have reviewed certain documents provided or made available to me by, and have been in communication with, Osborn Maledon, the law firm representing Peter S. Davis, as Receiver of DenSco in this Case. The documents which have been provided or made available to me are listed on Exhibit C attached to this Report. In the event new information becomes available to me, I reserve the right to modify my opinions and conclusions accordingly.

At times during the course of this engagement, I have utilized the services of Christa Chan-Pak, who has acted an associate attorney at Wertlieb Law Corp during the preparation of this Report.

For purposes of this engagement, Wertlieb Law Corp charges Osborn Maledon an hourly rate of \$1,000 for my time. The compensation Wertlieb Law Corp receives for the services provided in formulating the opinions stated herein is not in any way contingent upon the conclusions I have reached in, or on the final outcome of, this Case.

D. Summary of Opinion

It is my opinion, as detailed below and based on the record that I have reviewed, that the Defendants violated the applicable standard of care in their representation of DenSco.

² Mr. Beauchamp's wife, identified as Jane Doe Beauchamp, is also named as a defendant in the Complaint.

II. SUMMARY OF FACTS

A. The Defendants and DenSco

Mr. Beauchamp started his legal career in 1981 and has practiced at no less than seven different law firms, starting as an associate at Fennemore Craig.³ Following Fennemore Craig, he moved to Storey & Ross, then to Moya Bailer Bowers & Jones, then to Quarles & Brady, then to Gammage & Burnham, then to Bryan Cave.⁴ In September 2013, Mr. Beauchamp joined Clark Hill,⁵ where he is currently a Member.⁶ His primary practice areas are corporate law, securities, venture capital and private equity transactions.⁷

Defendant Clark Hill is an international law firm. According to its website, it is “one of the largest firms in the United States - with more than 650 attorneys and professionals in 25 offices, spanning the United States as well as Dublin and Mexico City.”⁸

Denny Chittick formed DenSco in April 2001.⁹ Prior to forming DenSco, Mr. Chittick worked at Insight Enterprises, Inc. (“Insight”), a publicly traded company, for approximately 10 years. When he left Insight, he began investing his own money, and subsequently established DenSco where he invested his own money and solicited money from other investors.¹⁰

DenSco made “high-interest loans with defined loan-to-value ratios to residential property remodelers ... who purchase[d] houses through ... foreclosure sales all of which [were] secured by real estate deeds of trust (‘Trust Deeds’) recorded against Arizona residential properties.”¹¹ “From April, 2001, through June, 2011 [DenSco] engaged in 2622 loan transactions.”¹² Mr. Chittick was the sole shareholder, director, officer and employee of DenSco.¹³ Mr. Chittick raised money from investors by issuing general obligation notes (the “Notes”) at variable interest rates. The Notes were “secured by a general pledge of all assets owned by or later acquired by”

³ See page 33, line 21, Deposition of David G. Beauchamp on July 19 and 20, 2018 (“Deposition of Mr. Beauchamp”).

⁴ See page 33, lines 9-17, Deposition of Mr. Beauchamp.

⁵ See page 33, lines 17-18, Deposition of Mr. Beauchamp.

⁶ See Clark Hill website, <https://www.clarkhill.com/people/david-g-beauchamp> (retrieved March 2, 2019).

⁷ See Clark Hill website, <https://www.clarkhill.com/people/david-g-beauchamp> (retrieved March 2, 2019).

⁸ Clark Hill website, <https://www.clarkhill.com/pages/about> (retrieved March 2, 2019).

⁹ See page 1, *Arizona Corporation Commission v. DenSco Investment Corporation* (Case No. CV 2016-014142), Preliminary Report of Peter S. Davis, as Receiver of DenSco Investment Corporation, dated September 19, 2016.

¹⁰ See page 40, DenSco’s Confidential Private Offering Memorandum dated July 1, 2011 (the “2011 POM”); printout of the “Company Management” page from the DenSco website dated June 17, 2013.

¹¹ Page 1, 2011 POM.

¹² Page 1, 2011 POM.

¹³ Pages 40-41, 2011 POM.

DenSco.¹⁴ DenSco's largest assets were the Trust Deeds,¹⁵ which were intended to be secured through first position trust deeds.¹⁶

Mr. Beauchamp began providing securities advice to DenSco in the early 2000s.¹⁷ As DenSco's securities lawyer, Mr. Beauchamp, among other things, drafted DenSco's Private Offering Memoranda ("POMs")¹⁸ and related investor documents.¹⁹ The POMs offered Notes according to the terms set forth therein. In addition, Mr. Beauchamp advised DenSco on federal and state securities laws, mortgage broker regulations and rules and regulations promulgated by state and financial lending authorities.²⁰

Mr. Beauchamp "advised DenSco regarding its Private Offering Memoranda, which DenSco generally updated every two years. He helped draft the 2003, 2005, 2007, 2009 and 2011 POMs."²¹

B. Events from Mid-2013 to Mid-2014

1. DenSco's 2011 POM Expired

The 2011 POM provided for a two-year offering period.²² Thus, by its own terms, the 2011 POM expired on July 1, 2013. However, the Defendants never finalized and provided DenSco with an update to the 2011 POM or a replacement POM.

¹⁴ Page (i), 2011 POM.

¹⁵ Page (i), 2011 POM.

¹⁶ Page 37, 2011 POM.

¹⁷ Page 3, lines 2-3, Defendants' Sixth Supplemental Rule 26.1 Disclosure Statement dated March 12, 2019 ("Defendants' DS").

¹⁸ As discussed below, a private offering memorandum is a disclosure document used to solicit investment in private securities transactions. A POM is provided to prospective investors to provide such investors with information regarding the issuer and the securities it intends to issue. Generally, a POM describes the business, the investment opportunity, the associated risks, the management team, historical performance and expected performance of the business. Disclosures made in a POM are regulated under the federal securities laws by, among other laws and rules, Rule 10b-5 promulgated under the Securities Exchange Act of 1934.

¹⁹ See pages 3-4, lines 25-1, Defendants' DS.

²⁰ Page 4, lines 2-4, Defendants' DS.

²¹ Page 5, lines 7-8, Defendants' DS; see, also, pages 256-257, lines 22-3, Deposition of Mr. Beauchamp (Mr. Beauchamp testified that it was his practice to revise the POM every two years based on a suggestion "made by a former SEC official, that given the nature of this industry, two years would be an appropriate time. However, if something material happened before then, you need to tell your client this has to be disclosed.").

²² See page (i), 2011 POM ("The Company intends to offer the Notes on a continuous basis until the earlier of (a) the sale of the maximum offering, or (b) two years from the date of this memorandum.").

In early May 2013, Mr. Chittick prompted Mr. Beauchamp (who was then at Bryan Cave) to begin work on an updated POM.²³ On May 9, 2013, Mr. Beauchamp met with Mr. Chittick. However, when Mr. Beauchamp learned that DenSco was close to issuing \$50 million of Notes,²⁴ he ceased working on an updated POM.²⁵ Because of his concern that DenSco was approaching the maximum offering size, he began reaching out to his colleagues at Bryan Cave for advice on federal and state laws.²⁶ It appears that Mr. Beauchamp's concerns were misplaced, as no such legal issues existed.²⁷

Ultimately, the Defendants *never* completed the updated disclosure.²⁸

2. The Freo Lawsuit (the First of Four “Red Flag” Warnings)

On June 14, 2013, Mr. Chittick emailed Mr. Beauchamp to alert him that a lawsuit had been filed against DenSco (the “Freo Lawsuit”), and included the first four pages of the complaint.²⁹ Mr. Chittick stated that DenSco was being sued along with one of its borrowers – a borrower that DenSco “had done a ton of business with, millions in loans and hundreds of loans for several years.”³⁰ The borrower was Scott “Yomtov” Menaged, together with the businesses he operated through two Arizona limited liability companies, Easy Investments, LLC and Arizona Home Foreclosures, LLC.

²³ See email dated May 1, 2013 from Mr. Chittick to Mr. Beauchamp (“it’s the year when we have to do the update on the memorandum, when do you want to start?”).

²⁴ See DIC0003345, Mr. Beauchamp’s handwritten notes, dated May 9, 2013, that state “\$50MM (what is this a threshold for).”

²⁵ See email dated June 25, 2013 from Mr. Beauchamp to Elizabeth Kearny Sipes, his then colleague at Bryan Cave (“*We stopped updating [the POM] when we were told that the investments from the investors had jumped to approximately \$47.5 million. Given that significant increase I have been asking for help to determine what other federal or state laws might be applicable. Bob Pederson out of NY has said that the Trust Indenture Act will not be applicable so long as the client is under the Regulation D, Rule 506 exemption. The other big issues have waited for your help to discern if we need to comply with the Investment Advisors Act of 1940 and the Registered Investment Advisors requirements.*” [italics added]).

²⁶ Ibid.

²⁷ See email dated July 1, 2013 from Ms. Sipes to Mr. Beauchamp (“I don’t believe DenSco would ... need to register as an investment adviser.... It is also not necessary to count accredited investors at this time. DenSco is offering the notes under [SEC Rule] 506 which permits an unlimited number of accredited investors.”).

²⁸ See page 53, lines 11-13, Deposition of Mr. Beauchamp (“We never ... issued a private offering memorandum at Clark Hill for DenSco”); see, also, pages 178-179, lines 22-3 (“Q: So you made a decision with Mr. Chittick that you would not disclose anything until we had a private offering memorandum, irregardless of fiduciary duties? ... A. I did not have that agreement with Mr. Chittick. Over time, that’s what evolved.”).

²⁹ Email dated June 14, 2013 from Mr. Chittick to Mr. Beauchamp, copying Mr. Menaged (“David: I have a borrower, to which I’ve done a ton of business with, million in loans and hundreds of loans for several years, he’s getting sued along with me.”).

³⁰ Ibid.

The complaint in the Freo Lawsuit alleged that Mr. Menaged had secured two mortgages on one property: “Easy [Investments] attempted to encumber the property with deeds of trust to Active [Funding Group, LLC, an Arizona limited company, the other lender] and DenSco.”³¹ Mr. Beauchamp recognized that the Freo Lawsuit was material to DenSco’s investors, and immediately told Mr. Chittick, “we will need to disclose this in POM.”³² Mr. Chittick readily agreed.³³ The Freo Lawsuit put Mr. Beauchamp on notice that DenSco’s 2011 POM may be materially misleading because, if the allegations in the complaint were correct, DenSco was not following the methodology and procedures stated in the 2011 POM for funding its loans.³⁴ Based on the record I have reviewed in this Case, it appears that such disclosure was never made to DenSco’s investors nor included in any draft updates to the 2011 POM prepared by the Defendants.

Mr. Chittick also informed Mr. Beauchamp that Mr. Menaged’s attorney was working on the defense of the Freo Lawsuit, and that Mr. Chittick intended to “piggy back” on his borrower’s defense.³⁵ Despite this clear conflict of interest, and Mr. Chittick’s instruction that he speak with Mr. Menaged’s attorney³⁶ – and Mr. Menaged’s offer to pay for his time³⁷ – Mr. Beauchamp apparently took no action with respect to the Freo Lawsuit.³⁸

The Freo Lawsuit was the first of what I consider to be four “red flag” warnings, as discussed below.

³¹ See paragraph 20, Complaint dated May 24, 2013, *Freo Arizona, LLC v. Easy Investments, LLC, Active Funding Group, LLC, DenSco Investment Corporation, et al.*, brought in The Superior Court for the State of Arizona in and for the County of Maricopa.

³² Email dated June 14, 2013 from Mr. Beauchamp to Mr. Chittick.

³³ Email response dated June 14, 2013 from Mr. Chittick to Mr. Beauchamp (“ok 1 sentence should suffice!”).

³⁴ See page 6, Defendants’ DS (“DenSco and Mr. Chittick were both advised, and understood, ... that DenSco was representing to its investors that DenSco’s loans would be in first position, and ... that it was of fundamental importance that DenSco safeguard the use of its investors’ funds in conjunction with properly recording liens, in order to ensure that DenSco’s loans were in first position.”). See also paragraph 121 of Plaintiff’s Fifth Disclosure Statement dated November 14, 2018 (“Plaintiff’s DS”) (“It was apparent from the Freo complaint that Chittick had not conducted any due diligence before loaning money to Easy Investments to acquire this particular home, since the property had been sold, according to public records, five days before a trustee’s sale.”).

³⁵ Email dated June 14, 2013 from Mr. Chittick to Mr. Beauchamp, copying Mr. Menaged (“Easy Investments, has his attorney working on it, I’m ok to piggy back with his attorney to fight it.”).

³⁶ See Ibid (“Easy Investments [sic] willing to pay the legal fees to fight it. I just wanted you to be aware of it, and talk to his attorney. Contact info is below.”).

³⁷ Reply email dated June 14, 2013 from Mr. Menaged (“David Please bill me for your services and utilize my attorney for anything you may need.”).

³⁸ Mr. Beauchamp testified that he did not speak to the borrower’s attorney, Mr. Goulder, at this time. See page 240, lines 9-19, Deposition of Mr. Beauchamp.

3. Mr. Chittick's Instruction (the Second of Four "Red Flag" Warnings)

Although Mr. Beauchamp did some work on an updated POM in July and August of 2013 (after the 2011 POM had expired),³⁹ he was also preoccupied with changing law firms.⁴⁰ In late August 2013, he informed Mr. Chittick that he was leaving Bryan Cave for Clark Hill.⁴¹

In his deposition, Mr. Beauchamp asserted that the delay in updating the POM was caused by Mr. Chittick, and that Mr. Chittick instructed Mr. Beauchamp to stop working on the POM in August 2013 ("Mr. Chittick's Instruction").⁴² Based on the record I have reviewed, it appears there is no evidence confirming Mr. Beauchamp's assertion.⁴³ While I do not find Mr. Beauchamp's assertion credible under the circumstances, for the reasons discussed below, any such instruction from Mr. Chittick would not relieve Mr. Beauchamp of his obligation to take some form of corrective action.

In September 2013, Mr. Beauchamp left Bryan Cave and moved to Clark Hill. An engagement letter dated September 12, 2013 was signed by Mr. Beauchamp on behalf of Clark Hill, and by Mr. Chittick on behalf of DenSco as a new client at Clark Hill. Mr. Beauchamp requested that Mr. Chittick have certain DenSco files transferred from Bryan Cave to Clark Hill, including

³⁹ See Bryan Cave invoice dated August 14, 2013 to DenSco for legal services rendered through July 31, 2013 (Mr. Beauchamp billed 9.7 hours for work on the DenSco POM in July); Bryan Cave invoice dated September 14, 2013 to DenSco for legal services rendered through August 31, 2013 (0.4 hours regarding subscription documents and procedures in August).

⁴⁰ See pages 46-47, lines 22-1, Deposition of Mr. Beauchamp ("I don't remember when I first talked to Clark Hill ... but you are talking I believe the end of June – to mid-August [2013] was the time period where I explored different options and tried to deal with it.").

⁴¹ See Mr. Beauchamp's handwritten notes dated August 26, 2013 ("TCW Denny Chittick (8/26/13) – left message – need to work on the latest version of POM that Denny has w/ the prior experience charts – need to discuss timing + update. TCW Denny Chittick (8/26/13) – explained delay w POM – need to get copy of Denny's latest POM make changes to it – BC will be sending a letter to Denny + letting Denny decide if he wants files kept at BC or move to CH").

⁴² Page 289, lines 15-25, Deposition of Mr. Beauchamp ("Q. And you write, in your handwriting: Explained delay with POM. Did you write that? A. Yes, I did. ... I believe it was a reference, again, to his decision to put it on hold for the time being, because he wasn't able to focus on it and get us the information. Q. You weren't explaining your delay on the POM, Mr. Beauchamp? A. No."); page 290, lines 11-14 ("Q. But unequivocally, it's your testimony under oath that by August 26, 2013, he told you to stop working on the POM? A. That is correct."). But see Deposition of Mr. Hood, page 101, lines 17-22 ("Q. So would you agree with me that in September 2013, *while he is working at Clark Hill*, Mr. Beauchamp is ordered by Mr. Chittick to stop working on the POM? A. Well, that's what appears to have been the case, according to Mr. Beauchamp's interrogatory answers, yes." [italics added]).

⁴³ See page 288, lines 5-7, Deposition of Mr. Beauchamp ("Q. And again, this wasn't by letter or email. You think this was a telephone conversation? A. That's how Denny preferred it.").

“2011 and 2013 Private Offering.”⁴⁴ Although he asserts that Mr. Chittick directed him to stop all work on the POM just two weeks earlier,⁴⁵ Mr. Beauchamp also completed a “New Client/Matter Form” at Clark Hill to “Finish Private Offering Memorandum.”⁴⁶

Despite taking on DenSco as a client in September 2013, the Defendants appear to have done no work in updating the expired 2011 POM, nor made any effort to provide DenSco with a replacement POM, for over three months. By mid-December 2013, Mr. Chittick apparently had to prompt Mr. Beauchamp to resume work on an updated POM.⁴⁷

Mr. Chittick’s Instruction was the second of four “red flag” warnings, as discussed below.

4. The December 2013 Phone Call (the Third of Four “Red Flag” Warnings)

In December 2013, Mr. Chittick informed Mr. Beauchamp that certain properties DenSco had lent against had other liens competing for priority (the “December 2013 Phone Call”): “In December 2013, Mr. Chittick ... told Mr. Beauchamp over the phone that he had run into an issue with some of his loans to Menaged, and specifically, that properties securing a few DenSco loans were each subject to a second deed of trust competing for priority with DenSco’s deed of trust.”⁴⁸ When Mr. Beauchamp found out about the double lien issue, he advised Mr. Chittick to document a “plan” with Mr. Menaged to resolve the double lien issue.⁴⁹ Based on the record I have reviewed, and despite this potentially material problem with a borrower that Mr. Beauchamp knew to be very important to DenSco’s business (and the very same borrower that

⁴⁴ See email dated September 12, 2013 from Mr. Beauchamp to Mr. Chittick (“Denny: There should not be a cost associated with transferring your files. However, to be safe, we should just do the following: AZ Practice Review (contains previous research); Blue Sky Issues; Garnishments; General Corporate; 2011 and 2013 Private Offering.”).

⁴⁵ Page 289, lines 15-25, and page 290, lines 11-14, Deposition of Mr. Beauchamp.

⁴⁶ See DIC0008653, Clark Hill New Client/Matter Form signed by Mr. Beauchamp on September 13, 2013.

⁴⁷ See email dated December 18, 2013 from Mr. Chittick to Mr. Beauchamp (“Since you moved, we’ve never finished the update on the memorandum.”). The Defendants attempt to contradict the clear implication of this email by asserting that it was Mr. Beauchamp who reminded Mr. Chittick. See Defendants’ DS, page 8 (“Mr. Beauchamp reminded Mr. Chittick that he still needed to update DenSco’s private offering memorandum.”). While I do not find Defendants’ assertion credible under the circumstances, for the reasons discussed below, the Defendants were still obligated to take some form of corrective action.

⁴⁸ Defendants’ DS, page 8.

⁴⁹ Defendants’ DS, page 8 (“After briefly discussing the allegedly limited double lien issue, Mr. Chittick emphasized to Mr. Beauchamp that Mr. Chittick wanted to avoid litigation with other lenders. Mr. Chittick, however, did not request any advice or help. Rather, Mr. Chittick indicated that he wanted to continue working on a plan with Menaged to resolve the double-lien issue. Accordingly, Mr. Beauchamp suggested that Mr. Chittick and Menaged document their plan.”).

was the apparent cause of the Freo Lawsuit),⁵⁰ there was no discussion or effort to update the POM to disclose this fact, nor does it appear that the Defendants did any investigation into the matter.

The December 2013 Phone Call was the third of four “red flag” warnings, as discussed below.

5. The Bryan Cave Demand Letter (the Fourth of Four “Red Flag” Warnings)

On January 6, 2014, Mr. Beauchamp received a copy of a demand letter sent by Bryan Cave to DenSco (the “Bryan Cave Demand Letter”).⁵¹ The letter stated that Bryan Cave represented certain lenders and lienholders that had loaned money to Easy Investments, LLC and/or Arizona Home Foreclosures, LLC (both entities owned and controlled by Mr. Menaged), to enable such borrowers to purchase various properties. The letter asserted that DenSco engaged in a practice of recording a mortgage on those same properties on or around the same time that the Bryan Cave lenders were recording their deeds of trust. The Bryan Cave Demand Letter demanded that DenSco agree to sign subordination agreements in favor of such lenders and lienholders with respect to the properties.

It is clear that, despite this very serious and material problem with a borrower that Mr. Beauchamp knew to be very important to DenSco’s business (and the very same borrower that was the apparent cause of both the Freo Lawsuit and the December 2013 Phone Call),⁵² there was no effort made to update the POM to disclose this fact, nor does it appear that the Defendants did any investigation into the matter. In fact, as discussed below, once the Bryan Cave Demand Letter came to his attention, Mr. Beauchamp’s priority became drafting and negotiating the Forbearance Agreement (as defined below),⁵³ not updating the 2011 POM.

The Bryan Cave Demand Letter was the fourth of four “red flag” warnings, as discussed below.

6. The Defendants’ Efforts to Paper Over the Menaged Problem

⁵⁰ Email dated June 14, 2013 from Mr. Chittick to Mr. Beauchamp, copying Mr. Menaged (“I’ve done a ton of business with [Mr. Menaged], million in loans and hundreds of loans for several years”).

⁵¹ Email dated January 6, 2014 from Mr. Chittick to Mr. Beauchamp, attaching letter dated January 6, 2014 from Bryan Cave to DenSco, re: “Mortgage Recordation; Demand for Subordination.”

⁵² Email dated June 14, 2013 from Mr. Chittick to Mr. Beauchamp, copying Mr. Menaged (“I’ve done a ton of business with [Mr. Menaged], million in loans and hundreds of loans for several years”).

⁵³ See page 59, lines 19-24, Deposition of Mr. Beauchamp (“I was giving him clear advice as far as what to do, he would not let me independently confirm that he was giving that advice, which I – he said I’ve never lied to you, and on that basis, that was true, so we proceeded *the priority was the Forbearance Agreement at that time.*” [italics added])

a. **Mr. Beauchamp Learned of the Menaged Fraud and DenSco's Improper and Risky Lending Practices**

The day after receiving the Bryan Cave Demand Letter, Mr. Beauchamp was told that Mr. Chittick had not been following proper funding procedures to ensure DenSco's first lien position, and instead "would wire the money to [Mr. Menaged's] account and [Mr. Menaged, not DenSco] would pay the trustee."⁵⁴ Mr. Chittick explained his funding procedure, and also admitted that he did the same thing with several other borrowers and with respect to every auction property.⁵⁵ By funding directly to a borrower, rather than to a trustee or escrow company or in some other manner so as to ensure that DenSco had a perfected first lien priority position on the property securing its loan, DenSco was taking significant and unnecessary risk that it might not be in a first lien position with respect to such loans.⁵⁶ In fact, because DenSco was funding directly to borrowers *in anticipation* of a property acquisition, there was no way for DenSco to even ensure that the loan proceeds were actually used for such purpose. Mr. Beauchamp was well aware of the risks associated with this funding procedure as he had "provided advice to DenSco regarding proper loan documentation procedures since at least 2007."⁵⁷

⁵⁴ Email dated January 7, 2014 from Mr. Chittick to Mr. Beauchamp, copying Mr. Menaged ("I've been lending to Scott Menaged through a few different LLC's and his name since 2007. I've lent him 50 million dollars and I have never had a problem with payment or issue that hasn't been resolved. ... Because of our long term relationship, when Scott needed money, I would wire the money to his account and he would pay the trustee.").

⁵⁵ Ibid ("I do this same thing with several borrowers and bidding co's. As an example, he would buy a property at auction for 100k it's worth 145k, he would ask me for 80k. I would wire it to him, he would pay the trustee with my 80k and his 20k and he would sign the RM, which I've attached (all docs you have reviewed and have been reviewed [sic] by a guy at your last law firm, maybe two firms ago in 2007). I've attached them. I would record the RM the day he paid for the property. Then once the trustee's deed was recorded, which during the last few years has been at times 6 weeks from the auction date to the recorded date, I then would record my DOT. This is a practice that I have done for 14 years. It's recognized by all the escrow co's. Some title agents won't see anything before the trustee's deed recording as a valid lien, some look at the whole chain. For me to be covered, I would record the RM to muddy up title then record the DOT after the trustee's deed to ensure my first position lien. ... Again, *this is what I do on every single auction property no matter who is the borrower.*" [italics added]). See, also, Plaintiff's DS ¶ 211.

⁵⁶ Mr. Menaged testified in his Rule 2004 Examination conducted on behalf of the Receiver on October 20, 2016 that: DenSco's lending practices were not as uniform or *careful* as other lenders (page 27); DenSco *never* declined a loan amount proposed by Mr. Menaged (page 38); "There was never anything not approved" (page 53); DenSco would wire the funds directly to Mr. Menaged (pages 43-44); DenSco would wire funds before receiving signed documents (page 54); DenSco did not require proof of insurance (page 56); "The only way that DenSco ended up in this position is because he wired the money to the borrower, me, and did not pay the trustee directly" (page 74); and "I guess in general terms, *it was just a very lax hard money lending practice, very, very, lax*" (page 39 [italics added]).

⁵⁷ See page 6, Defendants' DS ("Mr. Beauchamp ... provided advice to DenSco regarding proper loan documentation procedures since at least 2007. DenSco and Mr. Chittick were both advised,

These improper and risky funding procedures were not disclosed in the 2011 POM. In fact, the 2011 POM incorrectly stated that DenSco's loans were funded so as to ensure first lien positions on such properties.⁵⁸

Mr. Menaged fabricated a story to explain the double lien issue – a story which we now know to be false. As told by Mr. Menaged, because he was distracted with his wife's illness, he turned over certain business operations to his "cousin." The cousin would obtain a loan from DenSco, which DenSco wired directly, and the cousin would also obtain a loan from another lender, which lender would wire funds directly to the trustee. The cousin would file deeds of trust on behalf of both lenders, and then ultimately absconded with DenSco's funds.⁵⁹

In fact, there was no such cousin. A simple search of records available on the County of Maricopa website showed that it was Mr. Menaged who executed those deeds of trust in the presence of a notary, and not any "cousin."⁶⁰

b. Mr. Chittick and Mr. Menaged Create the "Plan"

Mr. Chittick shared with Mr. Beauchamp that he thought his options were limited. Mr. Chittick claimed that DenSco could not sign the subordination agreements demanded by the Bryan Cave

and understood, (a) that DenSco should fund loans through a trustee, title company or other fiduciary, (b) that DenSco was representing to its investors that DenSco's loans would be in first position, and (c) that it was of fundamental importance that DenSco safeguard the use of its investors' funds in conjunction with properly recording liens, in order to ensure that DenSco's loans were in first position.").

⁵⁸ See, e.g., page 37, 2011 POM ("All real estate loans funded by the Company have been and are intended to be secured through first position trust deeds.").

⁵⁹ See email dated January 7, 2014 from Mr. Chittick to Mr. Beauchamp, copying Mr. Menaged ("Sometime last year, [Mr. Menaged's] wife became ill with cancer. His cousin was working with him and took on a stronger day to day role as scott [sic] was distracted with his wife. Scott always was the one that determined what properties to buy, how much etc. his cousin doing paperwork, checks and management of the day to day. At some point his cousin decided to take advantage of our relationship and started to steal money. Scott would request a loan from me, his cousin would request a loan from another borrower (I would say there are as many as ½ dozen different lenders in total.) ... What his cousin was doing was receiving the funds from me, then requesting them from the other lenders. These other lenders would cut a cashiers [sic] check for the agreed upon loan amount and then take it to the trustee and receive the receipt. ... The cousin absconded with the funds."). See, also, Plaintiff's DS ¶ 215.

⁶⁰ See, e.g., Exhibit 103 (Deed of Trust and Security Agreement with Assignment of Rents, recorded in the Official Records of Maricopa County Recorder March 25, 2013, for property located at "7089 W Andrew Lane Peoria, AZ 85383." The Trustor is Easy Investments, LLC. The Beneficiary is Active Funding Group, LLC.); see, also, Exhibit 104 (Deed of Trust and Assignment of Rents, recorded in the Official Records of Maricopa County Recorder April 2, 2013, for property located at "7089 W Andrew Lane Peoria, AZ 85383." The Trustor is Easy Investments, LLC. The Beneficiary is DenSco.).

Demand Letter, because doing so would be contrary to the disclosures made by Mr. Chittick to DenSco's investors.⁶¹ Further, Mr. Chittick claimed that DenSco could not litigate with the other lenders over the priority issue because doing so would somehow limit its ability to collect high interest on its loans.⁶²

Mr. Chittick also shared with Mr. Beauchamp that he did not want to disclose the problem to DenSco's investors until the problem had been addressed and DenSco's exposure had been minimized.⁶³ Otherwise, DenSco would start to "unravel."⁶⁴ Mr. Chittick was concerned that when investors learned of the situation, there would be a "run on the bank."⁶⁵ Presumably, any such disclosure would also be viewed as an acknowledgment that Mr. Chittick failed in his responsibilities to properly manage DenSco's mortgage loans and investor funds, and thus he fell prey to Mr. Menaged's fraud.

Instead, Mr. Chittick shared with Mr. Beauchamp that he and Mr. Menaged had come up with a plan (the "Plan") to get the other lenders paid off, which would keep them satisfied,⁶⁶ avoid

⁶¹ Email dated January 7, 2014 from Mr. Chittick to Mr. Beauchamp, copying Mr. Menaged ("I know that I can't sign the subordination because that goes against everything that I tell my investors.").

⁶² See pages 169-170, lines 25-9, Deposition of Mr. Beauchamp ("He had expressed that if we ended up in litigation, that he would have limitations on his ability to collect the high interest on his loans to his borrowers, so he would not be able to make the payments to his investors, which would in fact cause it to unravel. He had a very specific thought that he was concerned with, and that is why he wanted to be able to show: We have a plan to work this out. We have thought it through. And that was his whole focus, get the forbearance done first.").

⁶³ See Exhibit 360, email dated February 25, 2014 from Mr. Chittick to Mr. Beauchamp ("what both of us [Mr. Menaged and Mr. Chittick] are really concerned about is that when I tell my investors the situation, they request their money back. I want to be able to say, this was a problem, we've eliminated this much of the problem and this is what it left. I want to be able to say what is left is as small as possible."). See, also, pages 169-170, lines 25-9, Deposition of Mr. Beauchamp.

⁶⁴ See pages 169-170, lines 25-9, Deposition of Mr. Beauchamp.

⁶⁵ See excerpt from DIC0009464, Chittick Investor Letter dated July 28, 2016 ("Why I didn't let all of you know what was going on at any point? It was pure fear ... I have 100 investors, I had no idea what everyone would do or want to do ... I also feared that there would be a classic run on the bank.").

⁶⁶ See, e.g., email dated January 12, 2014 from Mr. Chittick to Mr. Menaged, copying Mr. Beauchamp ("Greg [Reichman, Principal of Active Funding Group, LLC, an Arizona corporation, the other lender with a deed of trust on the property that was the subject of the Freo lawsuit] has confirmed with Scott and has told me, as long as he gets his interest and payoffs come, he's happy.").

litigation,⁶⁷ and give Mr. Chittick time to minimize the damage caused by Mr. Menaged's fraud.⁶⁸

Mr. Chittick's Plan was to be memorialized in a forbearance agreement, which Mr. Beauchamp spent over three months negotiating until it was finalized and executed on April 16, 2014 (the "Forbearance Agreement").⁶⁹

Despite learning of the very serious issues raised by the Bryan Cave Demand Letter (which were consistent with the problems Mr. Beauchamp learned about earlier in the Freo Lawsuit and the December 2013 Phone Call), the material deficiencies in DenSco's funding procedures, the significant deficiencies in DenSco's first lien positions, and the fraud perpetrated on DenSco, the Defendants appear to have done no work in updating the 2011 POM, nor made any effort to provide DenSco with a replacement POM, for the entire period of time that Mr. Beauchamp was working on the Forbearance Agreement.

c. The Forbearance Agreement

⁶⁷ See, e.g., email dated January 7, 2014 from Mr. Chittick to Mr. Beauchamp, copying Mr. Menaged ("What we need is an agreement that as long as the other lenders are being paid their interest and payoffs continue to come (we have 12 more houses in escrow currently, all planned to close in the next 30 days), that no one initiates foreclosure for obvious reasons, which will give us time to execute our plan").

⁶⁸ Ibid ("The Plan: 1. All lenders will be paid their interest, except me, I'm allowing interest to accrue. 2. I'm extending him a million dollars against a home at 3%. 3. He is bringing in 4-5 million dollars over the next 120 days from liquidating some assets as well as getting some money back that the cousin stole, and other sources. 4. He's got a majority of these houses rented, this brings in a lot of money every month. 5. The houses that he's buying now and will be flipping will bring in money every week starting next week or two. 6. As the houses become vacant either because of ending the lease or the tenant leaves, scott [sic] will fix up the house and sell it retail. This will drive the order in which the houses will be sold. 7. He owns dozens of houses that only have one lien on them and have substantial equity in them, and he'll be selling these as the tenants vacate.").

⁶⁹ Forbearance Agreement dated April 16, 2014 by and among Arizona Home Foreclosures, LLC, Easy Investments, LLC (collectively defined therein as the "Borrower"), Mr. Menaged and DenSco (as "Lender").

The magnitude of the problems with Mr. Menaged are readily apparent from the Forbearance Agreement, which recited that as of April 16, 2014, “the total principal sum now due and payable under the [scheduled] Loans, in aggregate, is \$35,639,880.71.”⁷⁰

Although the Forbearance Agreement required Mr. Menaged to “acknowledge and agree that the Loans are in Default,”⁷¹ the principal economic commitment made by Mr. Menaged was for the Borrower to “use its *good faith efforts*” to pay off the other lenders, with “*any balance* to be paid to [DenSco] to reduce the amount of [DenSco’s] Additional Loan ... to Borrower as provided herein.”⁷² As Mr. Menaged testified, he was unwilling to make an unconditional commitment to do so.⁷³

On the other hand, the Forbearance Agreement imposed material obligations and economic burdens on DenSco, including:

- DenSco agreed to forbear from collecting on the loans to Mr. Menaged and his affiliated entities (the “Menaged Loans”), or otherwise exercising any of its rights or remedies under the Loan Documents and applicable law, for so as long as Mr. Menaged and the Borrower were in compliance with the Forbearance Agreement.⁷⁴
- DenSco agreed to extend the maturity date on all of the Menaged Loans to February 1, 2015 and reserved the right to further extend the maturity date for another year.⁷⁵

⁷⁰ Section 1, Forbearance Agreement. See also pages 9-10, lines 25-2; Defendants’ DS (“by the end of 2013, more than half of [DenSco’s] loan portfolio was tied up with Menaged--well in excess of the promised loan concentrations DenSco had set forth in its disclosures to investors”).

⁷¹ Section 2, Forbearance Agreement.

⁷² Sections 6(A) and 6(H), Forbearance Agreement [italics added]. The Forbearance Agreement did provide DenSco with a separate corporate guaranty from Furniture King, LLC (see Section 6(D)); however, Mr. Beauchamp failed to cause a UCC-1 to be filed against the new guarantor, and such entity ended up having no value. See email dated August 5, 2016 from Mr. Beauchamp to DenSco’s Noteholders.

⁷³ See pages 117-119, lines 23-9, Mr. Menaged’s Rule 2004 Examination conducted on behalf of the Receiver on October 20, 2016 (“Q. And did -- so at the time, when you signed [the Forbearance Agreement], did you believe that this was never going to happen? A. I said that I would make my best effort to do so, and in front of Beauchamp and DenSco I did explain to him -- what they both told me, both of them told me was, ‘Hey, this is all really best efforts. You do your best, but we’re going into this forbearance agreement. It’s protecting everyone. End of story.’ That’s all I really know about this forbearance agreement. Q. Okay. But these funds were not delivered on these dates and times, right? A. Correct. Q. And the reason for that was why? A. Like I said, it was best effort. My best effort couldn’t deliver those funds.”).

⁷⁴ Section 4, Forbearance Agreement.

⁷⁵ Section 5, Forbearance Agreement.

- DenSco committed to fund not less than an additional \$6 million to the Borrower, most of which would be used to pay off the other lenders.⁷⁶
- DenSco agreed to defer the collection of interest on all Menaged Loans,⁷⁷ and to waive its right to charge default interest on all defaulted loans.⁷⁸
- Contrary to the disclosures made in the 2011 POM, DenSco agreed to increase its loan-to-value ratio to up to 120% for loans on the double lien properties (meaning that the debt on such properties was materially in excess of the realizable value of such properties).⁷⁹
- DenSco committed, for the benefit of Mr. Menaged, to limit the information that DenSco could disclose to its investors (including omitting the names of Mr. Menaged and his entities), and granted Mr. Menaged the right to review and comment on any disclosure prior to it being released.⁸⁰

As a result, the benefit of the Forbearance Agreement to DenSco (as opposed to Mr. Menaged and perhaps Mr. Chittick individually) is unclear.⁸¹ In substance, because it had the effect of subordinating DenSco's recovery to the recovery of the other lenders (by conceding the priority of the other lenders' liens), the Forbearance Agreement was essentially the same as the subordination agreements that Mr. Chittick rejected as being inconsistent with assurances made to DenSco's investors. By allowing the other lenders to be paid off before DenSco, Mr. Chittick's Plan, as effectuated by the Forbearance Agreement, had the effect of worsening DenSco's financial position by increasing the leverage on the double lien properties such that there was insufficient residual equity value to repay DenSco's loans in full.

It does not appear to be the case that execution of the Forbearance Agreement itself (as opposed to the speculative benefits DenSco might possibly receive going forward, when and if so received) would provide Mr. Chittick with the positive message he wanted to share with investors that DenSco's exposure had been minimized (especially since DenSco committed to extend at least another \$6 million to Mr. Menaged). In other words, because Mr. Chittick had

⁷⁶ Sections 7(B) and 7(D), Forbearance Agreement.

⁷⁷ Section 7(C), Forbearance Agreement.

⁷⁸ Section 7(E), Forbearance Agreement.

⁷⁹ Section 7(A), Forbearance Agreement.

⁸⁰ Section 18, Forbearance Agreement ("With respect to the limitation on Lender's disclosure to its investors ... Lender agrees ... to limit such disclosure as much as legally possible").

⁸¹ See page 92 of Mr. Menaged's Rule 2004 Examination conducted on behalf of the Receiver on October 20, 2016, in which his testimony suggests that Mr. Chittick proposed the Forbearance Agreement in order to protect Mr. Chittick ("Q. ... Was it -- you know, when you learn or when you tell him that he's in second position, how does this forbearance agreement come to light? How does this get negotiated and drafted and prepared? A. He said to me that he was going to contact his attorney and *have an agreement drawn up to protect him*. That's how it came to light." [italics added]). See, also, page 98 ("He needed, the attorney, he needed to draft the agreement in a way that will *protect Denny* from any kind of liability with the investors." [italics added]).

explained to Mr. Beauchamp that he did not want to make disclosures until much of the double lien problem had been resolved,⁸² Mr. Beauchamp could not have reasonably believed that the completion of the Forbearance Agreement itself would prompt Mr. Chittick to make appropriate disclosures. In fact, the Defendants pursuit of the Forbearance Agreement had the effect of further delaying and limiting required disclosures to DenSco's investors.

7. Defendants Allege They Withdrew from Representing DenSco in May 2014

Mr. Beauchamp claimed he was not aware that DenSco had been continuing to offer Notes until after completion of the Forbearance Agreement, at the end of April or May 2014. Mr. Beauchamp further claimed that the Defendants withdrew from the attorney-client relationship with DenSco in May 2014 when Mr. Chittick refused to send updated disclosures to investors.⁸³

However, based on the record I have reviewed, and for the following reasons, it is clear that Mr. Beauchamp was aware that DenSco was continuing to offer Notes without updated disclosures, after the expiration of the 2011 POM, and despite his knowledge of the problems revealed in the Freo Lawsuit, the December 2013 Phone Call and the Bryan Cave Demand Letter.

First, despite his initial delay in updating the 2011 POM due to unfounded legal concerns about the size of the offering, there is no evidence that Mr. Beauchamp communicated to Mr. Chittick to cease offering Notes until an updated POM could be provided to investors.⁸⁴

⁸² See email dated February 25, 2014 from Mr. Chittick to Mr. Beauchamp ("I want to be able to say, this was a problem, we've eliminated this much of the problem and this is what it left. I want to be able to say what is left is as small as possible." [italics added]). See, also, Mr. Chittick's entry in his DenSco Journal on February 21, 2014 ("I talked to Dave ... we talked about telling my investors, we are going to put that off as long as possible so that we can improve the situation as much as possible.").

⁸³ See page 81, lines 1-8, Deposition of Mr. Beauchamp ("I was not aware that he was taking any new money from new investors or rollovers ... until the end of April or May [2014] which forced us to give him the disclosure ... for the Forbearance Agreement and say ... we have to finish this thing ... we need to send this to everybody before you proceed. ... And he did not do it so we quit."); Defendants' DS, page 23 ("In May 2014, ... Mr. Beauchamp informed Mr. Chittick that Beauchamp and Clark Hill could not and would not represent DenSco any longer.").

⁸⁴ I note, however, that Mr. Beauchamp asserted in his deposition testimony that he told Mr. Chittick that "he could not take any money from any new client [and]; he could not take any rollover money from an existing client, without giving them full disclosure." See page 78, lines 16-19, Deposition of Mr. Beauchamp. For the reasons stated herein, I do not find this assertion credible. However, even if true, such statement appears to simply be paying lip service to proper advice. See also Deposition of Mr. Hood, pages 83-84, lines 24-10 ("Q. Mr. Beauchamp never gave that advice prior to January 9th, 2014.... Clark Hill verified he gave the advice starting on January 9, 2014, and thereafter. True? ... THE WITNESS: ... I think that was right at the time that this issue was presented to Mr. Beauchamp."), pages 85-86, lines 21-5 ("Q. All right. In December 2013, Mr. Beauchamp did not tell Mr. Chittick he had to stop lending money. True? ... THE WITNESS: I - - I don't believe that he told Mr. Chittick that, no. Q. And in December

Second, Mr. Beauchamp knew that between June and December 2013, DenSco had 60 Notes that were scheduled to mature and that, consistent with Mr. Chittick's practice, a significant portion of those outstanding Notes would be rolled over into the issuance of new Notes.⁸⁵

Third, several days *after* receipt of the Bryan Cave Demand Letter and Mr. Chittick's explanation of his funding procedures, the Menaged fraud, and his Plan to address the problem, Mr. Chittick specifically informed Mr. Beauchamp that he was soliciting new investors. On January 12, 2014, Mr. Chittick emailed Mr. Beauchamp, stating that he had "spent the day contacting every investor that [had] told [him] they want[ed] to give [him] more money," and that he expected to raise between \$5 million and \$6 million from the sale of Notes.⁸⁶ Mr. Chittick further inquired whether such actions were acceptable to Mr. Beauchamp: "that's my plan, shoot holes in it."⁸⁷ Mr. Beauchamp responded that same day, and not only did he fail to "shoot holes in it" (e.g., by instructing Mr. Chittick to not sell Notes without updated and corrected disclosures), he congratulated Mr. Chittick for his ability to "raise that amount of money that quickly."⁸⁸

Fourth, shortly after receipt of the Bryan Cave Demand Letter, Mr. Chittick made a statement to such effect in the corporate journal that he maintained (the "DenSco Journal"). On January 10, 2014, he wrote in the DenSco Journal: "I can raise money according to Dave."⁸⁹

2013, he didn't tell Mr. Chittick that he couldn't take any rollover monies. True? ... THE WITNESS: I - - I don't believe so.").

⁸⁵ See email dated June 20, 2013 from Mr. Beauchamp to several colleagues at Bryan Cave ("According to his note schedule, Denny has approximately 60 investor notes that are scheduled to expire in the next 6 months (and to probably be rolled over into new notes)"). See also Plaintiff's DS ¶ 18 ("Beauchamp knew that the vast majority of DenSco's investors purchased two-year promissory notes. For example, Beauchamp's notes reflect that Chittick told him during a May 3, 2007 meeting that 90% of the promissory notes DenSco had issued to investors were two-year notes."); Plaintiff's DS ¶ 19 ("Beauchamp also knew that the vast majority of DenSco's investors did not redeem their promissory notes when those notes matured, and instead 'rolled over' their investments by executing a subscription agreement and buying a new promissory note when a previous promissory note matured. As Beauchamp wrote in a June 15, 2007 e-mail to Richard Carney, who was then doing 'Blue Sky' work for DenSco, 'DenSco has regular sales of roll-over investments' and an 'ongoing roll-over of the existing investors every 6 months or so.'").

⁸⁶ Email dated January 12, 2014 from Mr. Chittick to Mr. Beauchamp ("*I've spent the day contacting every investor that has told me they want to give me more money... I feel like if all goes well, I'll have my money in total of ... 5-6 million in this time frame. ... that's my plan, shoot holes in it.*" [italics added]).

⁸⁷ Ibid.

⁸⁸ Email response dated January 12, 2014 from Mr. Beauchamp to Mr. Chittick ("You should feel very honored that you could raise that amount of money that quickly.").

⁸⁹ See, also, Mr. Chittick's entry in the DenSco Journal on February 21, 2014 ("I talked to Dave ... we talked about telling my investors, we are going to put that off as long as possible so that we can improve the situation as much as possible.").

Fifth, although Mr. Beauchamp claimed that he believed Mr. Chittick provided full disclosure to every investor about the fraud,⁹⁰ that is implausible based on the record I have reviewed. Mr. Beauchamp knew that Mr. Chittick did not want to make *any* disclosures until the Plan had been implemented and the damage contained. Further, although the Defendants assert to the contrary,⁹¹ Mr. Beauchamp knew that there was no proper disclosure mechanism other than pursuant to a new or supplemental POM, and Mr. Beauchamp had neither provided nor reviewed any such documentation – oral disclosures by Mr. Chittick would have been insufficient (as Mr. Beauchamp acknowledged in his deposition).⁹² Mr. Beauchamp’s claim that Mr. Chittick had provided full disclosure about the fraud is also inconsistent with the purported rationale for withdrawing from the representation of DenSco. In other words, had Mr. Chittick on his own in fact prepared and actually made such disclosures (as Mr. Beauchamp asserted he believed at the time, according to his deposition testimony), then presumably Mr. Beauchamp would have no reason for withdrawing based on Mr. Chittick’s supposed failure to have done so.

Sixth, it does not appear that the Defendants in fact provided DenSco with the necessary disclosures that they claim Mr. Chittick refused to send to investors. Although the Defendants prepared a draft markup of the 2011 POM (the “Draft 2014 POM”),⁹³ that draft – which failed to even mention the Menaged fraud – did not contain adequate disclosure of the problems that DenSco had suffered, nor of its failures to comply with the commitments made in the 2011 POM, nor of the magnitude of DenSco’s potential losses.⁹⁴ Further, it is not clear from the

⁹⁰ See pages 343-344, lines 12-2, Deposition of Mr. Beauchamp (“Q. Mr. Beauchamp, are you telling me under oath that you thought from ... the end of January that he ... talked [to] every investor who had money in DenSco and told them about the fraud? ... A. Yes, I did believe he had.”); see, also, page 79, lines 3-6 (“he had assured me he wasn’t taking any new money or any rollover money, which was deemed new under the circumstances, from any investor without telling them exactly what was going on.”).

⁹¹ See page 15, lines 1-2, Defendants’ DS (“There was no reason for Mr. Beauchamp to question whether Mr. Chittick was in fact providing disclosures to limited investors.”).

⁹² See page v, 2011 POM (“No person has been authorized to give any information or to make any representations concerning the Company other than as contained in this Confidential Private Offering memorandum, and if given or made, such other information or representations must not be relied upon.” [quoted text was upper case bold in original]). See, also, page 161, lines 7-24, Deposition of Mr. Beauchamp (“His representations that he had advised everybody and told them to the contrary, we needed something much more formal than that.”).

⁹³ See Exhibit 11, Clark Hill invoice dated June 19, 2014 for services rendered through May 31, 2014 (“5/14/14 [Daniel A. Schenck]... Additional revisions to Private Offering Memorandum; finish first draft.”); pages 92-95, lines 7-8, Deposition of Daniel Schenck on June 19, 2018 (“Q. So it looks like you finished the first draft on May 14th, 2014, right? A. Yes.”). See, also, Exhibit 407 to the Deposition of Mr. Beauchamp, draft Confidential Offering Memorandum dated May 2014.

⁹⁴ While the Draft 2014 POM added a detailed (although incomplete) summary of the terms of the Forbearance Agreement, in my opinion such disclosure was inadequate for the following reasons. First, the added disclosure was buried on pages 39 and 40 of the 63-page Draft 2014 POM. Second, in neither the added disclosure nor anywhere else in the Draft 2014 POM did the

record I have reviewed that the Draft 2014 POM prepared by the Defendants was ever shared with Mr. Chittick.⁹⁵

Seventh, in a letter Mr. Chittick sent to his sister, Shawna Heuer (also known as “Iggy”; the “Iggy Letter”),⁹⁶ Mr. Chittick repeatedly stated that Mr. Beauchamp never made him tell investors about the Menaged fraud.⁹⁷ The letter also stated, “Shame on him. He shouldn’t have allowed me. He even told me once I was doing the right thing.”⁹⁸

Defendants include any mention of either of the following material facts: (a) DenSco’s improper and risky funding procedures (i.e., wiring funds directly to the borrower instead of a trustee or escrow agent) led to the Menaged fraud; and (b) DenSco had been named as a defendant in the Freo Lawsuit. Third, although the added disclosure may have suggested otherwise, the remainder of the Draft 2014 POM remained unchanged from the 2011 POM with respect to the following material and prominent disclosures: (i) “[t]he proceeds of the offering will be used as working capital primarily for lending secured by, and the purchase of, Trust Deeds” (see page 2, Draft 2014 POM), even though the additional loans to Mr. Menaged and his affiliated entities under the Plan were being used to pay off the other lenders; (ii) “[t]he Company does not intend to exceed a maximum loan size of \$1,000,000.00” (see page 1, Draft 2014 POM), even though DenSco agreed in the Forbearance Agreement to loan Mr. Menaged and his affiliated entities up to \$6 million; (iii) “[t]he Company intends to maintain a loan-to-value ratio below 70% in the aggregate for all loans in the portfolio” (see page 1, Draft 2014 POM), even though presumably most if not all of the properties subject to the Forbearance Agreement had a loan-to-value ratio well in excess of 100% (see pages 39-40, Draft 2014 POM: “many of the Forbearance Properties having an aggregate loan-to-value ratio in excess of 100%”); and (iv) “one borrower [would] not comprise more than 10 to 15 percent of the total portfolio” (see page 37, Draft 2014 POM), even though it was apparent that Mr. Menaged and his affiliated entities materially exceeded that cap. And, fourth, the “Risk Factors” section of the Draft 2014 POM (beginning on page 12) was not updated to address any of the foregoing risks nor to add any disclosure of the risks associated with the prior sale of Notes pursuant to materially inaccurate and outdated disclosures, including potential exposure to claims for rescission and securities fraud.

⁹⁵ See Plaintiff’s DS ¶ 326 (“Neither the Clark Hill file nor Clark Hill’s billing statement reflect that Beauchamp ever sent the draft POM to Chittick or discussed it with him.”).

⁹⁶ DIC0009476, the Iggy Letter dated July 28, 2016, the date Mr. Chittick committed suicide. On that date, Mr. Chittick also prepared, but did not send out, a letter to investors. Instead, he sent the investor letter to Mr. Beauchamp and Ms. Heuer, instructing Ms. Heuer to let Mr. Beauchamp “handle it.” See Iggy Letter dated July 28, 2016 (“I decided not to send the investor letter out, but I sent it to my attorney and you ... Don’t share it with anyone. Let Dave Beauchamp – 480-684-1100, handle it (keep his name and number you may need it later. [sic] The legal consequences are going to be huge.”).

⁹⁷ Ibid (“Dave did a work out agreement with Scott ... yet Dave never made me tell the investors”; “I talked Dave my attorney in to allowing me to continue without notifying my investors.”; “Dave my attorney ... let me get the workout signed not tell the investors and try to fix the problem. That was a huge mistake.”).

⁹⁸ Ibid. See, also, excerpt from DenSco Journal dated July 31, 2014, maintained by Mr. Chittick (“It’s all going in the right direction, just not sure if it’s going fast enough. *As long as David doesn’t bug me, I feel like we are doing the right thing.*” [italics added]).

Eighth, because Mr. Chittick would have been required to disclose, among other things, DenSco's failures with respect to its first lien positions, loan-to-value ratios, and diversity of its borrowers, and the cause of such failures (including Mr. Chittick's negligence), as well as its exposure to civil and criminal consequences for securities fraud (including the possible right of all Noteholders to demand rescission), Mr. Beauchamp could not have reasonably believed that the sophisticated accredited investors targeted by DenSco would have been inclined to invest in Notes.

As to Mr. Beauchamp's claim that the Defendants withdrew in May 2014 when Mr. Chittick refused to send updated disclosures to investors, the record I have reviewed does not contain any written communication or other documentation to corroborate such claim.⁹⁹ In my experience, based on custom and practice, I would have expected under these circumstances that the Defendants would have communicated the fact of their withdrawal in writing to Mr. Chittick, and would have also had some form of internal documentation as well (i.e., to close the file).¹⁰⁰ In addition, although they were no longer working toward updating the POM,¹⁰¹ the Defendants continued to provide, and bill for, legal services to DenSco through mid-July 2014,¹⁰² and solicited additional legal work from DenSco as late as August 20, 2014¹⁰³ – which further suggests that they did not withdraw at the time they assert they did.

⁹⁹ See Arizona Rules of Professional Conduct, Rule 1.3, Comment [4] (“If a lawyer has served a client over a substantial period in a variety of matters, the client sometimes may assume that the lawyer will continue to serve on a continuing basis unless the lawyer gives notice of withdrawal. Doubt about whether a client-lawyer relationship still exists should be clarified by the lawyer, *preferably in writing*, so that the client will not mistakenly suppose the lawyer is looking after the client's affairs when the lawyer has ceased to do so.” [italics added]).

¹⁰⁰ Not only did the Defendants not close their files, but Mr. Beauchamp continued to bill his time in 2016 to the “General” and “Business Matters” file matters that Clark Hill established in January 2014. See Plaintiff's DS ¶¶ 393(c) & 393(d).

¹⁰¹ See pages 218-219, lines 24-1, Deposition of Mr. Beauchamp (“Q. Were you bugging [Mr. Chittick] to do a private offering memorandum in July 2014? A. No.”).

¹⁰² See Exhibit 12, Clark Hill invoice dated July 19, 2014 for services rendered through June 31, 2014 (e.g., “06/11/14 DGB [David G. Beauchamp] Review and respond to multiple emails; transmit information to D. Chittick”; and “06/13/14 DAS [Daniel A. Schenck] Revise Authorization form and prepare new slip sheets for updated figures; attorney conference regarding Authorization form; prepare instruction letter to client”); Exhibit 13, Clark Hill invoice dated August 19, 2014, for services rendered through July 31, 2014 (e.g., “07/15/14 DGB Review, work on and respond to several emails; review documents, spread sheets and outline issues and additional schedule needed”; and “07/15/14 DAS Multiple correspondence regarding loan balance spreadsheets.”).

¹⁰³ See letters dated May 23, June 25, July 16 and August 20, 2014, from Mr. Beauchamp to Mr. Chittick, transmitting invoices for legal services (“Thank you again for allowing Clark Hill and me to provide legal services to DenSco Investment Corporation. If you have any question or *if we can assist you with any other matter(s), please let me know.*” [italics added]).

Although it is not at all clear from the record that the Defendants in fact withdrew, it is apparent that Mr. Chittick and Mr. Beauchamp had limited or no contact between July 2014 and March 2015. On March 13, 2015, Mr. Beauchamp emailed Mr. Chittick, expressing a desire to meet with Mr. Chittick, to discuss “how things have progressed for [Mr. Chittick] since [the prior] year.”¹⁰⁴ Mr. Beauchamp informed Mr. Chittick that he had been reflecting on the events surrounding the Menaged fraud, that he had second guessed himself about many things in the process, and that he wanted to protect Mr. Chittick as much as he could during the forbearance settlement process.¹⁰⁵ Mr. Beauchamp’s email suggests that the Defendants did not in fact withdraw, but rather Mr. Beauchamp just stopped calling Mr. Chittick so as to avoid any concerns Mr. Chittick might have had that he “was just trying to add more attorneys fees.”¹⁰⁶

Mr. Chittick’s entries in the DenSco Journal regarding Mr. Beauchamp’s invitation to meet and their subsequent lunch meeting suggest that the Defendants did not in fact withdraw from representing DenSco, but rather were simply giving him time to implement his Plan. Mr. Chittick wrote in his DenSco Journal on March 13, 2015, “At 11pm I got an email from Dave my attorney wanting to meet. *He gave me a year to straighten stuff out we’ll see what pressure I’m under to report now.*”¹⁰⁷ In a further entry dated March 24, 2015 (the date of their lunch meeting), Mr. Chittick wrote, “I had lunch with David Beauchamp, *I was nervous he was going to put a lot of pressure on me.* However, he was thrilled to know where we were at and I told him by April 15th, we’ll be down to 16 properties with seconds on them ... *He said he would give me 90 days ... I’m going to slow down the whole memorandum process too.*”¹⁰⁸

¹⁰⁴ Email dated March 13, 2015 from Mr. Beauchamp to Mr. Chittick (“Denny: I would like to meet for coffee or lunch ... so we can sit down and talk about how things have progressed for you since last year. I also would like to listen to you about your concerns, and frustrations with how the forbearance settlement and the documentation process was handled ... I have second guessed myself concerning several steps in the overall process, but I wanted to protect you as much as I could. When I felt that your frustration had reached a very high level, I stopped calling you about how things were going so that you did not feel I was just trying to add more attorneys fees. I planned to call you after about 30 days, but then I let it slip all of last year because I kept putting it off. I even have tried to write you several different emails, but I kept erasing them before I could send them. I acknowledge you were justifiably frustrated and upset with the expense and how the other lenders (and Scott at times) seemed to go against you as you were trying to get things resolved last year for Scott. I have tried to let time pass so that we can discuss if you are willing to move beyond everything that happened and still work with me. If not, I would like you to know that I still respect you, what you have done and I would like to still consider you a friend. You stood up for Scott when he needed it and I truly believe it was more than just a business decision on your part.”).

¹⁰⁵ *Ibid.* Notably, Mr. Beauchamp did not state that he wanted to protect DenSco.

¹⁰⁶ *Ibid.* (“When I felt that your frustration had reached a very high level, I stopped calling you about how things were going so that you did not feel I was just trying to add more attorneys fees.”). Had the Defendants in fact withdrawn, there would have been no basis for Clark Hill to charge DenSco for any such calls.

¹⁰⁷ Excerpt from DenSco Journal dated March 13, 2015 [italics added].

¹⁰⁸ Excerpt from DenSco journal dated March 24, 2015 [italics added].

Mr. Chittick and Mr. Beauchamp resumed actively working together again in 2016, when Mr. Beauchamp began helping Mr. Chittick with an issue involving an audit by the Arizona Department of Financial Institutions.¹⁰⁹ Mr. Beauchamp testified that, at that time, Mr. Chittick confirmed he had made full disclosure to DenSco's investors.¹¹⁰ However, it does not appear that Mr. Beauchamp asked any questions or took any action to verify Mr. Chittick's alleged statement, and I have seen no evidence that such alleged statement was in fact true.

C. Events Following Mr. Chittick's Suicide

In the months following Mr. Chittick's suicide on July 28, 2016, the Defendants continued representing DenSco.¹¹¹ Based on Clark Hill's invoices, it appears that beginning on July 30, 2016, and continuing at least through September 23, 2016, Mr. Beauchamp billed DenSco for matters relating to the wind down or transition of DenSco's business.¹¹² In August 2016, Mr. Beauchamp completed a New Business Intake Form to open a new matter for DenSco, entitled "Business Wind Down."¹¹³ In completing the Form, Mr. Beauchamp affirmed that "a check [had] been run for any client, issue or business conflict," and checked the box indicating "no" in response to the inquiry "Is there any potential for a client, issue or business conflict?"

During this same time period, the Defendants began representing the Estate of Denny J. Chittick (the "Chittick Estate").¹¹⁴ Also in August 2016, Mr. Beauchamp completed a New Business

¹⁰⁹ See page 23, Defendants' DS ("Clark Hill stopped working with DenSco and Mr. Chittick in any capacity until 2016, when Mr. Chittick requested that Mr. Beauchamp assist with a very limited issue involving an audit by the Arizona Department of Financial Institutions.").

¹¹⁰ See page 230, lines 4-8, Deposition of Mr. Beauchamp ("Q. Before you took him on as a client and billed him, did you ask him if he had ever complied with your advice and issued a new private offering memorandum? A. I had asked him if he had done full disclosure to his investors and he said yes.").

¹¹¹ See, e.g., Exhibit 425, Affidavit of Ryan Lorenz dated June 21, 2017 (in which Mr. Lorenz, a "member in the firm of Clark Hill," confirmed that after Mr. Chittick's death, "the Firm transitioned the subject matter of its work to advice and guidance to DenSco to assist it in winding down its business.").

¹¹² See Clark Hill invoices dated August 10, 2016 (e.g., time entry on July 30, 2106 referencing "Telephone call ... regarding transition after death of D. Chittick"), September 12, 2016 ("RE: Business Wind Down") and October 18, 2016 ("RE: Business Wind Down"). Such invoices reflect that Mr. Beauchamp recorded 164.8 hours of services from July 30, 2016 through September 23, 2016.

¹¹³ Clark Hill New Business Intake Form, Exhibit 708 to Deposition of Edward Joseph Hood, the Co-General Counsel of Clark Hill, on February 8, 2019. Although the Form appears to have been approved by Mr. Beauchamp on August 23, 2016, as indicated in the Clark Hill invoices Mr. Beauchamp began billing his time to this new matter on August 1, 2016.

¹¹⁴ See Exhibit 213 to Deposition of Mr. Beauchamp, email dated August 3, 2016 from Mr. Beauchamp to DenSco investors ("As part of the plan moving forward, we have filed the Will of Denny J. Chittick ('Denny's Will') and the necessary filings with the Probate Court to have Shawna designated as the Personal Representative of Denny's Estate, which is what Denny's Will provides.").

Intake Form for the Chittick Estate as a new client.¹¹⁵ In completing this Form, Mr. Beauchamp also affirmed that “a check [had] been run for any client, issue or business conflict,” and checked the box indicating “no” in response to the inquiry “Is there any potential for a client, issue or business conflict?”. Clark Hill entered into an engagement letter with Mr. Chittick’s sister, Shawna Heuer, dated August 2, 2016, with respect to the Chittick Estate.¹¹⁶

Despite the fact that Mr. Beauchamp indicated on both New Business Intake Forms that there was no potential for a conflict of interest, Mr. Beauchamp testified that he had “extensive” discussions with Ms. Heuer regarding the attorney-client relationship, including potential conflicts that he and Clark Hill had with respect to representing DenSco, and that Clark Hill was concerned about potential claims that could be made against it regarding Mr. Beauchamp’s representation of DenSco.¹¹⁷ In addition, Edward Joseph Hood, the Co-General Counsel of Clark Hill, testified that, as of early August 2016, “it was a possibility” that Clark Hill could reasonably anticipate that a receiver for DenSco might sue the firm for damages.¹¹⁸ I have seen no evidence in the record I have reviewed of any conflict waivers provided by or on behalf of either DenSco or the Chittick Estate.

With the assistance of Clark Hill as counsel to the Chittick Estate, Ms. Heuer was appointed the personal representative of the Chittick Estate on August 4, 2016.¹¹⁹ Mr. Beauchamp testified that the Defendants resigned from representing the Chittick Estate immediately after the probate proceeding,¹²⁰ although the record I have reviewed does not contain any paperwork terminating

¹¹⁵ Exhibit 707 to Deposition of Mr. Hood, Clark Hill New Business Intake Form. This Form appears to have been approved by Mr. Beauchamp on August 3, 2016.

¹¹⁶ Exhibit 707, Deposition of Mr. Hood.

¹¹⁷ See pages 447-448, lines 19-15, Deposition of Mr. Beauchamp (“Q. Did you have a discussion with Shawna about what the attorney/client relationship was with her, with respect to your representation of DenSco? A. Yes, extensive. Q. Did you discuss with her potential conflicts of interest that you and Clark Hill would have with respect to representing DenSco? A. Yes. ... Q. Did you disclose to her that Clark Hill was concerned about potential claims that could be made against Clark Hill regarding your representation of DenSco? A. Yes.”).

¹¹⁸ See page 140, lines 10-20, Deposition of Mr. Hood (“Q. All right. On August 2nd, August 3rd, 2016, with all of the information that Clark hill [sic] knew, could Clark Hill reasonably anticipate that a receiver might sue Clark Hill for damages? ... THE WITNESS: ... I suppose it was a possibility”). See also page 145, Deposition of Mr. Beauchamp (referring to a letter dated August 9, 2016 from Kevin Merritt of Gammage & Burnham to Mr. Beauchamp: “Since you are meeting with Wendy, for the moment it seems that you are still representing DenSco in some capacity. *While you have conflict issues, do you expect Clark Hill to have to resign from all representations* or do you think Clark Hill can continue to represent the estate since your firm filed the probate, or is it still being sorted through?” [italics added]).

¹¹⁹ See Exhibit 216, Deposition of Mr. Beauchamp, Letters of Appointment of Personal Representative and Acceptance of Appointment as Personal Representative, submitted by Clark Hill, signed by Clerk of the Superior Court on August 4, 2016.

¹²⁰ See page 476, lines 5-20, Deposition of Mr. Beauchamp (“Let’s turn to Exhibit 216. And just to get it in our timeframe, this is the probate petition ... for the appointment of a personal representative for Mr. Chittick’s estate. A. Correct. Q. So it’s filed on August 4th, and Clark Hill is representing the petitioner, right? A. And we resigned immediately after this. Q. Right. And

the attorney-client relationship with the Chittick Estate. However, on August 15, 2016, Mr. Beauchamp, in responding to an email inquiry from a title insurance company, stated that the Defendants were no longer counsel to the Chittick Estate, and that they had resigned “[d]ue to potential conflicts of interest.”¹²¹ Mr. Beauchamp’s former firm, Gammage & Burnham, became legal counsel for the Chittick Estate.

Despite concerns with respect to such conflicts of interest, on August 3, 2016, Mr. Beauchamp began corresponding directly with DenSco’s investors stating his intent “to determine the best procedure to close down DenSco’s business and return the capital contributed by DenSco’s investors.”¹²²

In his email to investors on August 3, 2016, Mr. Beauchamp suggested that it was not in the financial interests of the investors to have a receiver or trustee appointed to conduct the wind down of DenSco (nor in the financial interests of any investor to have a supervisory role by being appointed to DenSco’s board of directors):

“If whoever is in charge of DenSco does not work with the Investors, then DenSco will either be put into bankruptcy or have a Receiver appointed, which will incur costs on behalf of the Investors and DenSco that will *significantly reduce what will be available to return to the Investors*. For example, one of the recent reports concerning liquidation of companies owing money to investors indicated that *the costs associated with a bankruptcy or a Receiver can reduce the amount to be paid to investors by almost half or even a much more significant reduction....* In order to maximize the available return to all of the Investors ... we would like to keep DenSco out of a protracted bankruptcy or a contentious Receivership proceeding... As indicated above, various studies have shown that the third party costs and legal and other professional fees and costs and the inherent delays in bankruptcy and / or Receivership proceedings can consume more than 35% of the available money that should or would otherwise be available to be returned to Investors.... If we are going to proceed informally to keep costs down, ... we would like to create an ‘Advisory Board’ of 5 Investors to meet with and to advise DenSco with respect to the information obtained and how that information can be used to cost-effectively help DenSco recover funds that are owed to DenSco. *We intend to structure*

this was the issue you said you had a discussion with her about the conflict of interest and she waived it. True? ... A. I had the discussion, Michelle Tran had the discussion, and, yeah, that was one of the several conversations.”).

¹²¹ Exhibit 288A to Deposition of Mr. Beauchamp, email dated August 15, 2016 from Mr. Beauchamp to Chris Hyman, Executive Vice President, American Title Service Agency (“Given the need to move quickly on certain items, we only represented the Estate so that a Personal Representative would be appointed for The Estate right away. Due to potential conflicts of interest, we have resigned as counsel to the Estate and new counsel has been appointed or is being appointed for the Estate. ... Gammage & Burnham will be representing the Estate going forward.”).

¹²² Exhibit 213 to Deposition of Mr. Beauchamp, email dated August 3, 2016 from Mr. Beauchamp to DenSco investors (in which Mr. Beauchamp also indicates that part of the DenSco wind down includes the “need to better understand ... claims that DenSco has against either Auction.com or Scott Menaged (*or some other parties*)” [italics added]).

this as an Advisory Board to protect the members of this Advisory Board from any potential liability based upon their role with DenSco. Specifically, the Advisory Board would only have an advisory position with DenSco as opposed to a full authority position, which is to distinguish this situation from having these Investors appointed to the Board of Directors.”¹²³

Similarly, in his email correspondence with investors on August 8 and 9, 2016, Mr. Beauchamp suggested that it was not in the financial interests of the investors to have the Securities Division of the Arizona Corporation Commission take an active role either:

“We need to be willing but not overly anxious to turn it over to the Securities Division. Several people in government made names and careers with the Mortgages Ltd. matter and we do not want this to turn into anything like that.”¹²⁴

“With respect to your question concerning the Wednesday meeting, the Director of Enforcement had someone from her office relay a message to me that they do not want any Investors (or attorneys for Investors) at the Wednesday meeting.”¹²⁵

In contrast, at the court hearing to appoint a receiver little more than one week later, both new counsel for Chittick’s Estate’s, Mr. Polese of Gammage & Burnham, and Wendy Coy, Director of Enforcement, Securities Division, Arizona Corporation Commission, testified that it was urgent that a receiver be appointed.¹²⁶

¹²³ See Exhibit 213, email dated August 3, 2016 (11:35 pm) from Mr. Beauchamp to DenSco investors [italics added]. Curiously, it appears that earlier in the day, Mr. Beauchamp was instructed by the Director of Enforcement, Securities Division, Arizona Corporation Commission, that a receiver in fact may need to be appointed. See Exhibit 217 to Deposition of Mr. Beauchamp, letter dated August 4, 2016 from Wendy Coy, Director of Enforcement, Securities Division, Arizona Corporation Commission, to Mr. Beauchamp (“Thank you for contacting the Securities Division yesterday. I appreciate your willingness to speak with us and to take control of a very sad and problematic situation. We look forward to working with you to resolve any issues that may arise.... In addition, we discussed that *no assets should be dissipated until a receiver and/or a forensic accountant has reviewed the books and records of DenSco Investments Corporation and a plan is in place regarding the business.*” [italics added]).

¹²⁴ Exhibit 256, Deposition of Mr. Beauchamp, email dated August 9, 2016 from Mr. Beauchamp to investor Craig Hood, copying other investors.

¹²⁵ Exhibit 256, Deposition of Mr. Beauchamp, email dated August 8, 2016 from Mr. Beauchamp to investor Craig Hood, copying other investors.

¹²⁶ See Reporter’s Transcript of Digital Recording (pages 5-6, Mr. Polese: “In fact, we think the receiver needs to be appointed as soon as possible.... Everybody knows that we need to get somebody in place to protect the good notes that are out there that -- that are going to be collected”; page 6, Ms. Coy: “We, too, agree and believe that a receiver needs to be immediately appointed.”).

Mr. Beauchamp continued communicating directly with investors.¹²⁷ In addition, it appears that Mr. Beauchamp took it upon himself to act as a quasi-receiver or liquidator with respect to the wind down of DenSco. The time entries in the Clark Hill invoices for August and September 2016 (especially prior to the appointment of the Receiver) suggest that Mr. Beauchamp was much more involved in the wind down aspects of DenSco's business than, in my opinion, attorneys normally would be, and doing so with limited supervision or oversight by, or instruction from, an authorized and competent representative of his client DenSco.¹²⁸ Further, in the absence of a receiver or trustee, Mr. Beauchamp should have reasonably expected that he would bear considerable responsibility for the multitude of non-legal tasks required to liquidate DenSco's assets and wind down its business – e.g., collecting, properly handling, and accounting for funds received from borrowers; negotiating with borrowers and/or pursuing foreclosure proceedings; monitoring, analyzing and monetizing all other loans; completing projects and selling properties where appropriate; valuations; allocating and distributing funds to investors; and maintaining books and records, preparing financial statements; filing tax returns and paying taxes, reporting interest income of investors, and numerous other tasks.¹²⁹

On August 17, 2016, the Arizona Corporation Commission filed legal action alleging that DenSco violated various Arizona securities laws.¹³⁰ The Arizona Corporation Commission requested that the court appoint a receiver to preserve DenSco's assets for the benefit of its

¹²⁷ See, e.g., email dated August 20, 2016 from an investor, Robert Brinkman ("Mr. Beauchamp ... Can you please let me know if there was a POM for 2013 and 2015 or if 2011 was the last POM?"), to which Mr. Beauchamp responds one day later ("My law firm started preparing the 2013 POM, but we were put on hold. After the Forbearance agreement [sic] was signed by Scott Menaged, we started to amend the 2013 draft POM, but we stopped and withdrew as securities Counsel [sic] for DenSco. Denny was supposed to get other counsel and finish the POM in 2014, but I do not know if that happened. After that issue, I only was asked to help DenSco with the audit by the AZ Department of Financial Institutions.")). See also Exhibit 709, Deposition of Mr. Hood, letter dated August 9, 2016 from Scott A. Swinson (attorney for Mr. Brinkman) to Michelle Tran at Clark Hill ("I represent Rob Brinkman, as an investor/creditor of DenSco Investment Corporation. He has forwarded to me the various e-mails regarding Densco [sic] generated by Mr. Beauchamp. From some of the statements Mr. Beauchamp has made in his e-mails, it sounds as though your firm represented either Mr. Chittick and/or Densco prior to Mr. Chittick's death. If this is in fact the case, *I would appreciate a confirmation from your firm that you have considered the potential of a conflict of interest in your representation of the Chittick estate and you [sic] determination that no conflict exists.*" [italics added]).

¹²⁸ See, e.g., Clark Hill invoice time entries for 8/17/16 ("several telephone calls ... regarding loan payoffs, issues and procedure"); 8/19/16 and 8/23/16 ("several telephone calls with escrow agents, borrowers and real estate agents concerning loan payoffs, issues and procedure"). See also page 27, lines 2-3, Defendants' DS ("Ms. Heuer had no knowledge of DenSco's business, records, or hard money lending in general.").

¹²⁹ See section entitled "DenSco was a 'One-Man Shop'" below.

¹³⁰ Verified Complaint dated August 17, 2016 *Arizona Corporation Commission, Plaintiff v. DenSco, Defendant.*

investors.¹³¹ On August 18, 2016, the court held a receivership hearing and appointed Peter Davis as the Receiver for the assets of DenSco.¹³²

Although he made a contrary statement only one week prior,¹³³ at the receivership hearing Mr. Beauchamp testified that “he concurrently represented both DenSco and Denny Chittick personally.”¹³⁴ That assertion created certain joint attorney-client privilege issues that complicated and delayed the Receiver’s ability to obtain and utilize DenSco’s files from Clark Hill.¹³⁵ Accordingly, to obtain and utilize certain DenSco files in this Case, the Receiver needed to obtain a waiver of privilege from the Chittick Estate, which delayed the Receiver’s receipt of DenSco’s files and its ability to bring claims against the Defendants.

On December 9, 2016, the Receiver filed a Notice of Claim against the Chittick Estate based on the frauds perpetrated by Mr. Menaged and asserted, among other things, claims that Mr. Chittick breached his fiduciary duties owed to DenSco.¹³⁶

¹³¹ See paragraph 23, Verified Complaint dated August 17, 2016 *Arizona Corporation Commission, Plaintiff v. DenSco, Defendant* (“The ACC requests this Court appoint a Receiver on an interim basis to take control of the assets of DenSco and to marshal and preserve its assets for the benefit of the defrauded investors.”).

¹³² See page 1, Preliminary Report of Peter S. Davis, as Receiver of DenSco dated September 19, 2016 (“On August 18, 2016, Peter Davis (“Receiver”) was appointed the Receiver for the assets of DenSco by the Honorable Lori Horn Bustamante of the Maricopa County Superior Court.”).

¹³³ See Mr. Beauchamp’s letter dated August 10, 2016 to Ms. Coy, in which he claimed “I have not previously represented Denny Chittick.” But see pages 118-119, lines 23-9, Deposition of Mr. Beauchamp (Mr. Beauchamp asserted that he took action to correct the statement made to Ms. Coy).

¹³⁴ See Exhibit 317, email dated August 30, 2016 from Kevin Merritt (attorney for the Chittick Estate, and also Mr. Beauchamp’s former colleague at Gammage & Burnham) to Mr. Beauchamp and Ryan Anderson (an attorney representing the Receiver), copying the Receiver, Mr. Polese (attorney for the Chittick Estate), among others (“I would like to remind everyone that David testified at the receivership hearing that he concurrently represented both DenSco and Denny Chittick, personally.”); see also email dated August 15, 2016 from Mr. Polese to Ms. Coy, copying Mr. Beauchamp, among others (“It is my view and that of Dave Beauchamp, Denny viewed David as both his company attorney and personal attorney.”). See pages 133-134, lines 7-11, Deposition of Mr. Beauchamp (“Based on the information that I have now ... I would say it’s not true [that “Mr. Chittick considered that I was his counsel as well as counsel for DenSco”]. ... At the time I did this declaration [draft received August 17, 2016], I had a different understanding of what counsel was, ... I have since understood that, no, I’m representing the company”).

¹³⁵ See, e.g., Order Appointing Receiver dated August 18, 2016 (“It is further ordered the Receiver may not waive the attorney-client privilege as to Chittick’s communications with Beauchamp without the Estate’s consent. The Receiver must obtain court approval before waiving the privilege as to DenSco if the Estate does not consent to the waiver.”).

¹³⁶ See Notice of Claim Against Estate of Denny J. Chittick filed December 9, 2016 (“the Receiver has the following claims against Chittick: Conversion, common law fraud, breach of fiduciary duty as director and officer of DenSco, fraudulent transfer (both actual and

On September 14, 2017, the Receiver filed a petition seeking to initiate this Case. That petition was granted on October 10, 2017, and the Complaint in this Case was filed on October 16, 2017.¹³⁷

III. APPLICABLE STANDARD OF CARE

The standard of care generally applicable to the Defendants required the exercise of that degree of skill, care and knowledge commonly exercised by a member of the legal profession in similar circumstances.

A. General Application

Both the Model Rules of Professional Conduct adopted by the American Bar Association and the Restatement of the Law (Third), The Law Governing Lawyer's Civil Liability, adopted by the American Law Institutes, provide guidance in this regard:

- § 50 Duty of Care to a Client, Restatement of the Law (Third): "For purposes of liability ..., a lawyer owes a client the duty to exercise care within the meaning of § 52 in pursuing the client's lawful objectives in matters covered by the representation."
- § 52 The Standard of Care, Restatement of the Law (Third): "a lawyer who owes a duty of care must exercise the competence and diligence normally exercised by lawyers in similar circumstances."
- § 16A Lawyer's Duties to a Client – In General, Restatement of the Law (Third): "To the extent consistent with the lawyer's other legal duties and subject to the other provisions of this Restatement, a lawyer must, in matters within the scope of the representation: (1) proceed in a manner reasonably calculated to advance a client's lawful objectives, as defined by the client after consultation; (2) act with reasonable competence and diligence; [and] (4) fulfill valid contractual obligations to the client."
- Rule 1.1 (Competence) of the Model Rules of Professional Conduct: "A lawyer shall provide competent representation to a client. Competent representation requires the legal knowledge, skill, thoroughness and preparation reasonably necessary for the representation."¹³⁸

constructive) pursuant to A.R.S §§ 44-1004 et seq., unjust enrichment, or, alternatively, gross negligence or negligence as an officer or director of DenSco."). See also Plaintiff's DS ¶ 408.

¹³⁷ See Plaintiff's DS ¶¶ 413 & 415.

¹³⁸ See, also, Model Rules of Professional Conduct, Rule 1.1, Comment [1] ("In determining whether a lawyer employs the requisite knowledge and skill in a particular matter, relevant factors include the relative complexity and specialized nature of the matter, the lawyer's general experience, the lawyer's training and experience in the field in question, the preparation and study the lawyer is able to give the matter. ... Expertise in a particular field of law may be required in some circumstances."); and Comment [5] ("Competent handling of a particular matter includes inquiry into and analysis of the factual and legal elements of the problem, and

- Rule 1.3 (Diligence) of the Model Rules of Professional Conduct: “A lawyer shall act with reasonable diligence and promptness in representing a client.”¹³⁹
- Preamble (A Lawyer’s Responsibilities) [20] to the Model Rules of Professional Conduct: “since the Rules do establish standards of conduct by lawyers, a lawyer’s violation of a Rule may be evidence of breach of the applicable standard of conduct.”

Further, lawyers may not assist a client in conduct the lawyer knows is fraudulent. This prohibition is contained in paragraph (d) of Rule 1.2 (Scope of Representation and Allocation of Authority between Client and Lawyer), and illuminated in certain of the Comments to the Rule:

- “Comment [10]: When the client’s course of action has already begun and is continuing, the lawyer’s responsibility is especially delicate. The lawyer is required to avoid assisting the client, for example, by drafting or delivering documents that the lawyer knows are fraudulent or by suggesting how the wrongdoing might be concealed. A lawyer may not continue assisting a client in conduct that the lawyer originally supposed was legally proper but then discovers is criminal or fraudulent. The lawyer must, therefore, withdraw from the representation of the client in the matter. See Rule 1.16(a).
...
- Comment [11]: Where the client is a fiduciary, the lawyer may be charged with special obligations in dealings with a beneficiary.”

Lawyers take on enhanced responsibilities when the client is an organization, because an organization can only act through its individual representatives, who are not the client. See, for example, Rule 1.13 (Organization as Client) of the Model Rules of Professional Conduct:

- “(a) A lawyer employed or retained by an organization represents the organization acting through its duly authorized constituents.

use of methods and procedures meeting the standards of competent practitioners. It also includes adequate preparation. The required attention and preparation are determined in part by what is at stake; major litigation and complex transactions ordinarily require more elaborate treatment than matters of lesser consequence.”).

¹³⁹ See, also, Model Rules of Professional Conduct, Rule 1.3, Comment [3] (“A client’s interests often can be adversely affected by the passage of time”); and Comment [4] (“Unless the relationship is terminated as provided in Rule 1.16, a lawyer should carry through to conclusion all matters undertaken for a client. ... If a lawyer has served a client over a substantial period in a variety of matters, the client sometimes may assume that the lawyer will continue to serve on a continuing basis unless the lawyer gives notice of withdrawal. Doubt about whether a client-lawyer relationship still exists should be clarified by the lawyer, *preferably in writing*, so that the client will not mistakenly suppose the lawyer is looking after the client’s affairs when the lawyer has ceased to do so.” [italics added]).

- (b) If a lawyer for an organization knows that an officer, employee or other person associated with the organization is engaged in action, intends to act or refuses to act in a matter related to the representation that is a violation of a legal obligation to the organization, or a violation of law that reasonably might be imputed to the organization, and that is likely to result in substantial injury to the organization, then the lawyer shall proceed as is reasonably necessary in the best interest of the organization.¹⁴⁰

Lawyers must also be sensitive to conflicts of interest, both among clients and between clients and themselves. See, for example, Rule 1.7 (Conflict of Interest: Current Clients) of the Model Rules of Professional Conduct:

- “(a) Except as provided in paragraph (b), a lawyer shall not represent a client if the representation involves a concurrent conflict of interest. A concurrent conflict of interest exists if: (1) the representation of one client will be directly adverse to another client; or (2) there is a significant risk that the representation of one or more clients will be materially limited by the lawyer’s responsibilities to another client, a former client or a third person or by a personal interest of the lawyer.¹⁴¹

¹⁴⁰ See, also, Model Rules of Professional Conduct, Rule 1.13, paragraph (c) (“[...] if (1) despite the lawyer’s efforts in accordance with paragraph (b) the highest authority that can act on behalf of the organization insists upon or fails to address in a timely and appropriate manner an action, or a refusal to act, that is clearly a violation of law, and (2) the lawyer reasonably believes that the violation is reasonably certain to result in substantial injury to the organization, then the lawyer may reveal information relating to the representation whether or not Rule 1.6 permits such disclosure, but only if and to the extent the lawyer reasonably believes necessary to prevent substantial injury to the organization.”); and Comment [3] (“Paragraph (b) makes clear, however, that when the lawyer knows that the organization is likely to be substantially injured by action of an officer or other constituent that violates a legal obligation to the organization or is in violation of law that might be imputed to the organization, *the lawyer must proceed as is reasonably necessary in the best interest of the organization*. As defined in Rule 1.0(f), knowledge can be inferred from circumstances, and *a lawyer cannot ignore the obvious*.” [italics added]).

¹⁴¹ See, also, Model Rules of Professional Conduct, Rule 1.7, Comment [1] (“Loyalty and independent judgment are essential elements in the lawyer’s relationship to a client. Concurrent conflicts of interest can arise from the lawyer’s responsibilities to another client ... or from the lawyer’s own interests.”); Comment [2] (“Resolution of a conflict of interest problem under this Rule requires the lawyer to: 1) clearly identify the client or clients; 2) determine whether a conflict of interest exists; 3) decide whether the representation may be undertaken despite the existence of a conflict, i.e., whether the conflict is consentable; and 4) if so, consult with the clients affected under paragraph (a) and obtain their informed consent, confirmed in writing.”); Comment [3] (“A conflict of interest may exist before representation is undertaken, in which event *the representation must be declined*, unless the lawyer obtains the informed consent of each client ...”); Comment [6] (“... absent consent, a lawyer may not act as an advocate in one matter against a person the lawyer represents in some other matter, *even when the matters are wholly unrelated*.” [italics added]); Comment [8] (“Even where there is no direct adverseness, *a conflict of interest exists if there is a significant risk that a lawyer’s ability to consider, recommend or carry out an appropriate course of action for the client will be materially limited*”).

- (b) Notwithstanding the existence of a concurrent conflict of interest under paragraph (a), a lawyer may represent a client if: ... (4) each affected client gives informed consent, confirmed in writing.”

Under certain circumstances, a lawyer must withdraw from an attorney-client representation. See, for example, Rule 1.16 (Declining or Terminating Representation) of the Model Rules of Professional Conduct:

- “(a) ... a lawyer shall not represent a client or, where representation has commenced, shall withdraw from the representation of a client if: (1) the representation will result in violation of the rules of professional conduct or other law;”¹⁴²

The Rules of Professional Conduct in Arizona (where DenSco was based and Mr. Beauchamp was admitted to practice) are consistent with such Model Rules of Professional Conduct adopted by the American Bar Association.¹⁴³

In the course of working on a matter, lawyers sometimes make mistakes. However, not every mistake made by a lawyer is considered a violation of the standard of care. Instead, a violation of the standard of care happens when a lawyer handles a matter inappropriately due to a failure to exercise the ordinary care of a reasonably competent lawyer in the same or similar circumstances. The mistake must be viewed within the context of the facts and circumstances of the particular engagement, specifically considering whether the mistake made under such circumstances rises to the level of violating the standard of care. A lawyer may be liable only if the mistake rises to the level of violating the standard of care.

as a result of the lawyer’s other responsibilities or interests. ... The conflict in effect forecloses alternatives that would otherwise be available to the client. ... The critical questions [include] whether [the difference in interests] will ... foreclose courses of action that reasonably should be pursued on behalf of the client.” [italics added]; and Comment [10] (“The lawyer’s own interests should not be permitted to have an adverse effect on representation of a client. For example, *if the probity of a lawyer’s own conduct in a transaction is in serious question, it may be difficult or impossible for the lawyer to give a client detached advice.*”).

¹⁴² See, also, Model Rules of Professional Conduct, Rule 1.16, Comment [2] (“A lawyer ordinarily must decline or withdraw from representation if the client demands that the lawyer engage in conduct that is illegal or violates the Rules of Professional Conduct or other law.”). See also Model Rules of Professional Conduct, Rule 1.2, Comment [10] (“In some cases, withdrawal alone might be insufficient. It may be necessary for the lawyer to give notice of the fact of withdrawal and to disaffirm any opinion, document, affirmation or the like.”).

¹⁴³ See Arizona Rules of Professional Conduct, <https://www.azbar.org/ethics/rulesofprofessionalconduct/>. One difference between the Model Rules of Professional Conduct and the Arizona Rules of Professional Conduct is worth noting here: Comment [11] of Rule 1.2 of the Arizona Rules of Professional Conduct makes clear that “a lawyer may be required to disclose information relating to the representation to avoid being deemed to have assisted the client’s crime or fraud.”

It is important to evaluate compliance with the standard of care in each instance where relevant. The facts and circumstances of each engagement, and with respect to each task within each engagement, are different and often unique, and compliance must be measured by taking into account the particular facts and circumstances of each such engagement and task. And because the proper exercise of the standard of care is dependent on the knowledge of the lawyer, the particular facts and circumstances should take into account the information that the lawyer knew or should have known at all relevant times.

Further, in evaluating compliance with the standard of care, it is important to note the distinction between standard of care and best practices. While standard of care refers to the exercise of that degree of skill, care and knowledge commonly exercised by a member of the legal profession in similar circumstances, best practices is a much higher standard, one to which lawyers should aspire. Lawyers may be liable for failing to meet the standard of care, but not for failing to engage in best practices.

In my experience, when a lawyer or law firm takes on a new client engagement, there is an allocation of tasks and other responsibilities as between the lawyers, on the one hand, and the client or the client's other advisors, agents and representatives, on the other hand. Sometimes such allocations are expressly addressed in an engagement letter or some other documentation, but quite frequently such allocations are casually discussed, or even implicitly understood, between lawyers and their clients based on prior history, course of conduct and/or reasonable expectations. And when the client is an entity with limited personnel, and no in-house legal team, the lawyer should reasonably expect that he or she may need to play a more active role in the course of the attorney-client relationship, than under other circumstances.

Regardless of the allocation of responsibilities between the client and the lawyer, an experienced lawyer engaged on a legal matter is expected to have greater experience and expertise in that particular area of the law, especially where the lawyer has worked on similar matters in the specific area of the law many times, such as in securities offerings. The applicable standard of care may require that the lawyer take the time to ensure that the client understands its responsibilities and that it is capable of performing such responsibilities, and that the lawyer properly coordinates the client's responsibilities with the lawyer's responsibilities. For example, the applicable standard of care may require that the lawyer pay special attention to the adequacy of disclosures made in a securities offering, particularly when the offering is done on a continuous basis.

In addition, a law firm is generally subject to civil liability for the acts or omissions of any principal of the firm who was acting in the ordinary course of the firm's business.¹⁴⁴ "When a client retains a lawyer with [an affiliation with a law firm], the lawyer's firm assumes the

¹⁴⁴ Restatement (Third) of the Law Governing Lawyers § 58 (2000) ("A law firm is subject to civil liability for injury legally caused to a person by any wrongful act or omission of any principal or employee of the firm who was acting in the ordinary course of the firm's business or with actual or apparent authority.").

authority and responsibility of representing that client, unless the circumstances indicate otherwise ... and the firm is liable to the client for the lawyer's negligence."¹⁴⁵

B. Securities Laws

From the early 2000s to at least mid-2014,¹⁴⁶ Mr. Beauchamp provided securities advice to DenSco in connection with its offer and sale of Notes.¹⁴⁷ He "advised DenSco regarding its Private Offering Memoranda, which DenSco generally updated every two years. He helped draft the 2003, 2005, 2007, 2009 and 2011 POMs."¹⁴⁸ Because of his role as securities counsel for DenSco, the standard of care applicable to Mr. Beauchamp required a basic understanding of securities law applicable to DenSco's offering of Notes, including the following.

The issuance of securities is regulated by federal and state law. Under both the federal Securities Act of 1933 and the Arizona Securities Act, the offer and sale of securities must be registered with the appropriate regulatory agency (i.e., the SEC or the Arizona Corporation Commission, respectively), or be subject to an exemption from such registration. Issuers must strictly adhere to the requirements of an exemption, as the failure to do so results in an unlawful offering, with the accompanying penalties and liabilities, including potential criminal liability. DenSco's offerings were intended to fall within the "private placement" exemption from registration pursuant to Regulation D promulgated under the Securities Act of 1933.¹⁴⁹

Although Regulation D itself does not mandate that any specific disclosures be provided to investors that are "accredited investors,"¹⁵⁰ other provisions of the securities laws regulate disclosures provided to investors, including pursuant to a private placement. For example, SEC

¹⁴⁵ *Staron v. Weinstein*, 701 A.2d 1325 (N.J. Super. Ct. App. Div. 1997) at 1328 (citing Restatement (Third) of the Law Governing Lawyers § 79 (Tentative Draft No. 8, 1997) [ellipses in original]).

¹⁴⁶ See pages 3-4, Defendants' DS.

¹⁴⁷ See pages 2-3, Defendants' DS.

¹⁴⁸ Page 5, lines 7-8, Defendants' DS; see, also, pages 256-257, lines 22-3, Deposition of Mr. Beauchamp (Mr. Beauchamp testified that it was his practice to revise the POM every two years based on a suggestion "made by a former SEC official, that given the nature of this industry, two years would be an appropriate time. However, if something material happened before then, you need to tell your client this has to be disclosed.").

¹⁴⁹ See page ii, 2011 POM ("The Notes are offered pursuant to exemptions provided by Section 4(2) of the [Securities Act of 1933]; Regulation D thereunder, certain state securities laws and certain rules and regulations promulgated pursuant thereto." [quoted text was upper case bold in original]).

¹⁵⁰ Defined in Rule 501(a) of Regulation D to include high net worth individuals and certain other persons or entities. Rule 502(b) of Regulation D specifies the type of information that must be furnished "a reasonable time prior to sale" to any purchaser that is not an accredited investor. It is good practice to provide such information to accredited investors in addition to non-accredited investors.

Rule 10b-5, promulgated under Section 10(b) of the Securities Exchange Act of 1934,¹⁵¹ provides that it is unlawful, in connection with the sale of securities, “to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.”¹⁵²

Disclosures that are provided to investors in a private placement offering are typically contained in a written document, often called a private offering memorandum. Such a POM is a disclosure document used to solicit investment in private securities transactions. A POM is provided to prospective investors to provide such investors with information regarding the issuer and the securities it intends to issue. Generally, a POM describes the business, the investment opportunity, the associated risks, the management team, historical performance and expected performance of the business. Disclosures made in a POM are regulated under the federal securities laws by, among other laws and rules, Rule 10b-5. DenSco’s POMs offered Notes according to the terms set forth therein.

An important concept to bear in mind in private placement offerings is called “integration.” Essentially, Regulation D provides that all sales that are part of the same private placement offering are integrated, such that each and every sale of a security must meet all of the requirements for offerings pursuant to Regulation D.¹⁵³ In other words, unless the offerings of Notes by DenSco pursuant to its various sequential POMs were not of the “same or a similar class” as the Notes offered pursuant to the immediately prior POM, or such offerings were separated by at least six months, then under Regulation D *all* sales of Notes by DenSco would be integrated and treated as a single continuous offering (notwithstanding language to the contrary in the POMs).¹⁵⁴ As a result, if the sale of even a single Note was not made in compliance with the requirements of Regulation D, then by virtue of integration, the private placement exemption

¹⁵¹ The 2011 POM prepared by Mr. Beauchamp incorrectly refers to this provision of federal securities laws as “Section 10b-5.” See page 24.

¹⁵² 17 CFR 240.10b-5 [Employment of manipulative and deceptive devices]; see also Arizona Revised Statutes Section 44-1991 [Fraud in purchase or sale of securities] (“It is a fraudulent practice and unlawful for a person, in connection with a transaction or transactions within or from this state involving an offer to sell or buy securities, or a sale or purchase of securities, ... directly or indirectly to do any of the following: ... 2. Make any untrue statement of material fact, or omit to state any material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.”).

¹⁵³ Rule 502(a) of Regulation D (“All sales that are part of the same Regulation D offering must meet all of the terms and conditions of Regulation D. Offers and sales that are made more than six months before the start of a Regulation D offering or are made more than six months after completion of a Regulation D offering will not be considered part of that Regulation D offering, so long as during those six month periods there are no offers or sales of securities by or for the issuer that are of the same or a similar class as those offered or sold under Regulation D, other than those offers or sales of securities under an employee benefit plan as defined in rule 405 under the [Securities Act of 1933].”).

¹⁵⁴ See page (i), 2011 POM (“The Company intends to offer the Notes on a continuous basis until the earlier of (a) the sale of the maximum offering, or (b) two years from the date of this memorandum.”).

may have been rendered unavailable – resulting in an unlawful offering with respect to the sale of all Notes.

Continuous offerings, such as those conducted by DenSco, are especially challenging due to the continuous and uninterrupted obligation to be compliant with the exemption and other legal requirements. For example, under both federal and Arizona law, there is a risk that issuers may be committing securities fraud if they fail to provide current and accurate disclosures to investors in connection with the sale of securities. As a result, because of the continuous nature of its securities offerings, DenSco needed to be able to timely update the disclosures provided to investors so as to correct any material misstatement or omission before such investors purchased (or committed to purchase) DenSco securities.¹⁵⁵ This would require both the constant monitoring of the accuracy of the content of the POMs and the ability to promptly correct and distribute updated disclosures.

In my opinion, the applicable standard of care would require that Mr. Beauchamp be aware of at least the following requirements under the federal securities laws and advise his client DenSco accordingly:

- The offer and sale of all Notes was subject to compliance by DenSco with Regulation D and Rule 10b-5.
- If at any point in time, the applicable POM was no longer in compliance with Rule 10b-5, DenSco must immediately cease offering and selling Notes (whether to new or existing investors, and whether for new monetary consideration or in consideration of the rollover of Notes).
- In the event that the applicable POM was no longer in compliance with Rule 10b-5, DenSco must not resume offering or selling Notes unless and until updated and compliant disclosures are provided to investors.
- Because of the continuous nature of the offerings, both pursuant to each individual POM and presumably across all POMs, the apparently arbitrary two-year time period limitation imposed by Mr. Beauchamp and as set forth in the POMs would have had no impact on integration or compliance under Regulation D and Rule 10b-5.

¹⁵⁵ See page 24, 2011 POM (“In order to continue offering the Notes during this [two year] period, the Company will need to update this Memorandum from time to time. Keeping the information in the Memorandum current will cause the Company to incur additional costs. *A failure to update this Memorandum as required could result in the Company being subject to a claim under Section 10b-5 [sic] of the Securities Act for employing manipulative or deceptive device in the sale of securities, subjecting the Company, and possibly the management of the Company, to claims from regulators and investors.*” [italics added]). See, also, pages 92-95; lines 7-8, Deposition of Daniel Schenck on June 19, 2018 (“My understanding would be that [the POM] needs to be amended, you know, when there is new information or a change in circumstances from what’s described in there. That was my understanding”).

- DenSco's failure to comply at all times with Regulation D and Rule 10b-5 could result in material penalties and liabilities, including potential criminal liability.

IV. ANALYSIS AND OPINIONS

A. DenSco was a "High-Risk" Client

Prior to engaging with a new client and forming an attorney-client relationship with that new client, an attorney should evaluate the goals and requirements of the client and the ability of the attorney to reasonably address those requirements. This is implicit in the duties owed by attorneys to their clients once the attorney-client relationship is formed, including the obligation to "provide competent representation to a client"¹⁵⁶ and "act with reasonable diligence and promptness in representing a client."¹⁵⁷ In making such evaluation, it is important for the attorney to do an "analysis of the factual and legal elements"¹⁵⁸ and consider "the relative complexity and specialized nature of the matter."¹⁵⁹ Consistent with such obligations, in my opinion attorneys should, and in accordance with custom in practice do, evaluate and assess whether, and to what extent, the client is able to understand and comply with its legal obligations and the advice of the attorney in the particular matter.

In my experience, certain clients may require extraordinary monitoring and counseling due to the nature of their business operations, the regulatory environment in which they operate, a lack of critical resources (including manpower) or internal controls, an inability (or unwillingness) to comply with legal obligations and attorney advice, and other factors. Such a client poses a material risk to both itself and to its attorneys in the event of failure, crises or other material adverse events. Such risks to the client may include civil or criminal liability, financial losses or other damages to the client and its various constituencies (including investors), and an inability to achieve the goals of the subject of the representation. Attorneys should be aware that such a client also creates an enhanced risk of malpractice and related claims against the attorney, brought by or on behalf of the client. As a result, for purposes of this Report, I refer to such clients as "high-risk" clients.

In accepting DenSco as a client, and continuing to represent DenSco thereafter, the Defendants should have recognized that DenSco was a high-risk client. The factors that indicate DenSco was a high-risk client include the following:

1. DenSco was Engaged in a Highly Regulated Business

A core element of DenSco's business was raising money from investors, which in turn would be used to make mortgage loans. As noted above, the issuance of securities is regulated by federal

¹⁵⁶ Rule 1.1 of the Arizona Rules of Professional Conduct. See also ABA Model Rule 1.1.

¹⁵⁷ Rule 1.3 of the Arizona Rules of Professional Conduct. See also ABA Model Rule 1.3.

¹⁵⁸ Comment [5] to Rule 1.1 of the Arizona Rules of Professional Conduct. See also Comment [5] to ABA Model Rule 1.1.

¹⁵⁹ Comment [1] to Rule 1.1 of the Arizona Rules of Professional Conduct. See also Comment [1] to ABA Model Rule 1.1.

and state law. Under both the federal Securities Act of 1933 and the Arizona Securities Act, the offer and sale of securities must be registered with the appropriate regulatory agency (i.e., the SEC or the Arizona Corporation Commission, respectively), or be subject to an exemption from such registration. Issuers must strictly adhere to the requirements of an exemption, as the failure to do so results in an unlawful offering, with the accompanying penalties and liabilities, including potential criminal liability. DenSco's offerings were intended to fall within an exemption from registration.¹⁶⁰

Further, under Rule 10b-5, because of the continuous nature of its securities offerings, DenSco needed to be able to timely update the disclosures provided to investors so as to correct any material misstatement or omission before such investors purchased (or committed to purchase) DenSco securities.¹⁶¹ This would require both the constant monitoring of the accuracy of the content of the POMs and the ability to promptly correct and distribute updated disclosures.

Activities related to DenSco's mortgage lending business were also subject to regulation and licensing.¹⁶² DenSco potentially may have been subject to regulation and licensing under the Investment Advisers Act of 1940,¹⁶³ the Investment Company Act of 1939,¹⁶⁴ the Truth in Lending Act, the Homeownership and Equity Protection Act of 1994, the Equal Credit

¹⁶⁰ See page ii, 2011 POM ("The Notes are offered pursuant to exemptions provided by Section 4(2) of the [Securities Act of 1933], Regulation D thereunder, certain state securities laws and certain rules and regulations promulgated pursuant thereto." [quoted text was upper case bold in original]).

¹⁶¹ See page 24, 2011 POM ("In order to continue offering the Notes during this [two year] period, the Company will need to update this Memorandum from time to time. Keeping the information in the Memorandum current will cause the Company to incur additional costs. A failure to update this Memorandum as required could result in the Company being subject to a claim under Section 10b-5 [sic] of the Securities Act for employing manipulative or deceptive device in the sale of securities, subjecting the Company, and possibly the management of the Company, to claims from regulators and investors."). See, also, pages 92-95, lines 7-8, Deposition of Daniel Schenck on June 19, 2018 ("My understanding would be that [the POM] needs to be amended, you know, when there is new information or a change in circumstances from what's described in there. That was my understanding").

¹⁶² See page 8, 2011 POM ("The financing of construction loans and other types of real estate transactions are regulated by various federal and state government agencies, including the Arizona Department of Financial Institutions."). See, also, Arizona Revised Statutes, Chapter 9 [Mortgage Brokers, Mortgage Bankers and Loan Originators].

¹⁶³ See page 9, 2011 POM (The Company's management believes that it is not required to register or be licensed as an investment adviser with the State of Arizona or with the U.S. Securities Exchange Commission ("SEC") pursuant to the Investment Advisers Act of 1940"); page 23, 2011 POM ("The Company intends to take all reasonable steps to avoid such classification.").

¹⁶⁴ See page 22, 2011 POM ("If the Company was subject to the Investment Company Act of 1940, the Company would be required to comply with significant ongoing regulation which would have an adverse impact on its operations. ... The Company intends to take all reasonable steps to avoid such classification.").

Opportunity Act, the Fair Credit Reporting Act, the Real Estate Settlement Procedures Act, and the Home Mortgage Disclosure Act,¹⁶⁵ and similar state laws and regulations. To the extent applicable, such activities would require monitoring, periodic reporting and other documentation, and compliance generally.¹⁶⁶

2. DenSco was Handling High Volumes of Investor Money

At its core, DenSco was soliciting money from investors, which would be transferred to borrowers as mortgage loans. Such borrowers would pay interest and principal back to DenSco, which in turn would then use such funds to pay interest and principal back to its investors (with DenSco profiting from the arbitrage due to the difference in such interest rates). Rather than providing goods or services, DenSco was in the business of handling large sums of money. As of the date of the 2011 POM, DenSco had funded *over \$300 million* in loans.¹⁶⁷ As a result, DenSco was acting in a fiduciary capacity with its investors, and would have required prudent internal controls, careful accounting and secure money management.

3. DenSco was a “One-Man Shop”

Based on the record I have reviewed, it is clear that DenSco had only a single shareholder, director, officer and employee: namely, Denny Chittick.¹⁶⁸ The regulatory environment in which DenSco operated, as well as the volume of its business, would have necessitated active involvement by the management team at DenSco. Having only one member in its management team (its sole employee), would suggest that DenSco’s ability to manage its business operations and compliance obligations was severely constrained.

¹⁶⁵ See page 19, 2011 POM.

¹⁶⁶ Although DenSco may have concluded that it was not subject to such regulation and licensing, it was still required to take action to *avoid* the application of such regulation and licensing to its lending activities. See page 8, 2011 POM (“The Company’s management believes that it is not required to be licensed by the Arizona Department of Financial Institutions as a mortgage broker or mortgage banker nor under certain federal laws, such as Truth-In-Lending Act or the Real Estate Settlement Procedures Act. The Company intends to take the necessary steps to ensure that the borrowers it lends to and the projects covered by such loans will not fall within the requirements imposed by the foregoing agency and acts.”); page 19, 2011 POM (“If it is determined that the Company has not structured its operations so that it is exempt from regulation, *the Company could become subject to extensive regulation*” [italics added]).

¹⁶⁷ Page 39, 2011 POM (“Since inception through June 30, 2011, the Company has participated in 2622 loans, with an average loan amount of \$116,000, with the highest single loan being \$800,000 and the lowest being \$12,000. *The aggregate amount of loans funded is \$306,786,893 with property values totaling \$470,411,170.*” [italics added]).

¹⁶⁸ Page 40, 2011 POM (“The Director and Executive Officer of the Company are [sic]: Denny J. Chittick, 4, President, Vice President, Treasurer, and Secretary. ... With the assistance of outside consultants on an as-needed basis, *Mr. Chittick intends to operate the Company as its primary employee, analyzing, negotiating, originating, purchasing and servicing Trust Deeds by himself.*” [italics added]).

On the mortgage lending side of its business, DenSco made on average one loan every single weekday since its formation in 2001.¹⁶⁹ The level of its lending activity increased over the years, such that during the six months leading up to the 2011 POM, DenSco was making on average nearly three loans every single weekday,¹⁷⁰ and was seeking to further increase the volume of its lending business.¹⁷¹ These statistics are particularly significant in light of the required tasks to support that volume of business (as described below), which suggests an inordinate burden on Mr. Chittick in managing just the mortgage lending side of DenSco's business.

As described in the 2011 POM, before purchasing a trust deed or funding a loan, DenSco would "conduct a due diligence review by interviewing its owner, verifying the documentation and performing limited credit investigations ... and visiting the subject property in a timely manner."¹⁷²

The 2011 POM also describes certain standards for each loan to be made by DenSco.¹⁷³ Because of its stated goal of having each loan be secured by a first lien deed of trust,¹⁷⁴ DenSco would need to ensure that the loan documentation for each of its loans was properly prepared and timely recorded. Because of its stated goal of maintaining a loan-to-value ratio of between 50% and 65% across its portfolio of loans,¹⁷⁵ DenSco would need to conduct adequate and reliable property appraisals prior to consummating each loan, update such property appraisals periodically, and calculate the portfolio's loan-to-value ratio on a continuous basis. Because of its stated goal of maintaining diversity among its borrowers and the properties under

¹⁶⁹ See page 37, 2011 POM (2622 loans funded from April 2001 through June 2011).

¹⁷⁰ See page 37, 2011 POM (378 loans funded in 2011 through June 30, 2011).

¹⁷¹ See page 15, 2011 POM ("Success of the Company depends to a large extent on its ability to achieve growth in the number of applications and closings, the due diligence and servicing of these loans and the ability to manage growth effectively.").

¹⁷² Page 6, 2011 POM. Although DenSco disclosed that such work could be done on its behalf by "an authorized representative," Mr. Chittick himself would still need to spend the time to select and engage with the representative, direct the work of the representative, and review and evaluate the reports, conclusions and recommendations of the representative.

¹⁷³ Although DenSco reserved the right "to amend or revise [certain] policies, or approve transactions that deviate from these policies, from time to time without a vote of the Noteholders" (see page 25, 2011 POM), such reservation of rights and lack of Noteholder control had little relevance to a change in circumstances that may have occurred *prior* to the time an investor committed to become a Noteholder, thus potentially rendering the disclosures made in the POM materially misleading.

¹⁷⁴ See page 37, 2011 POM ("All real estate loans funded by the Company have been and are intended to be secured through first position trust deeds.").

¹⁷⁵ See page 37, 2011 POM ("The loan to value ratio of the Company's overall portfolio has averaged less than 70% and the Company intends to maintain a loan to value ratio of 50% to 65%."); page 10, 2011 POM ("the Company intends to maintain general loan-to-value guidelines that currently range from 50 percent to 65 percent (but it is intended not to exceed 70%), to help protect the Company's portfolio of loans.").

mortgage,¹⁷⁶ DenSco would need to monitor and track the identity of its borrowers (and their affiliates), and the location and type of properties in which it was taking an interest. And because of its goal of avoiding certain licensing requirements, DenSco would need “to take the necessary steps to ensure that the borrowers it lends to and the projects covered by such loans will not fall within [such licensing] requirements.”¹⁷⁷

In addition to the work involved with the initiation of each mortgage loan, DenSco’s mortgage lending business also required the servicing and monitoring of all loans.¹⁷⁸ As described in the 2011 POM, if a borrower were to become delinquent in making a payment, DenSco would contact the borrower within three to five days, and closely monitor the account until payment was made.¹⁷⁹ If a payment was late by more than five days, the company could impose a late charge, and if a payment was more than 30 days delinquent, the company could impose a default rate of interest and begin foreclosure proceedings.¹⁸⁰ Alternatively, DenSco could request the borrower execute a deed in lieu of foreclosure. Whether by virtue of a foreclosure sale or a deed in lieu of foreclosure, once DenSco gained control of the property, it would either “market the subject property at retail, which may require additional monies to improve the property to retail ready condition, or to wholesale the subject property ‘as is.’ The Company may also decide to rent the subject property as an investment property.”¹⁸¹ In addition, the repossessing of a property may require that DenSco “complete a project so repossessed by it, ... [and] inject additional capital.”¹⁸²

¹⁷⁶ See pages 36-37, 2011 POM (“The Company has endeavored to maintain a large and diverse base of borrowers as well as a diverse selection of properties as collateral for its loans to the borrowers.... The Company continues to strive to achieve a diverse borrower base by attempting to ensure that *one borrower will not comprise more than 10 to 15 percent of the total portfolio.*” [italics added]). See, also, page 10, 2011 POM (“The Company will attempt to maintain a diverse portfolio of Trust Deeds and loans by seeking a large borrowing base Currently, the Company’s base of borrowers exceed [sic] 150 approved and qualified borrowers. It is the Company’s plan that the base of borrowers eventually will exceed 250 qualified contractors and foreclosure specialists.”).

¹⁷⁷ See page 8, 2011 POM (“The Company’s management believes that it is not required to be licensed by the Arizona Department of Financial Institutions as a mortgage broker or mortgage banker nor under certain federal laws, such as Truth-In-Lending Act or the Real Estate Settlement Procedures Act. The Company intends to take the necessary steps to ensure that the borrowers it lends to and the projects covered by such loans will not fall within the requirements imposed by the foregoing agency and acts.”).

¹⁷⁸ See page 7, 2011 POM (“The Company services the contracts it purchases and originates.”); page 13, 2011 POM (“The Company’s ability to generate cash in amounts sufficient to pay interest on the Notes and to repay or otherwise refinance the Notes as they mature depends upon the Company’s receipt of payments due under the loans that are in the Company’s portfolio.”).

¹⁷⁹ Ibid.

¹⁸⁰ Ibid. See, also, page 13, 2011 POM (“The Company is responsible for collecting payments from loan obligors and for foreclosing under an applicable Trust Deed in the event of default by an obligor.”).

¹⁸¹ See page 7, 2011 POM.

¹⁸² See page 18, 2011 POM.

On the fund-raising side of its business, DenSco was conducting continuous offerings. Mr. Chittick himself was “making the private placement of the Notes on behalf of the Company.”¹⁸³ In my experience, such work would entail, at a minimum: (a) identifying, meeting with, and soliciting existing and new investors, and responding to their inquiries;¹⁸⁴ (b) preparing, distributing, collecting and reviewing all the necessary paperwork to accept new investors;¹⁸⁵ and (c) consummating each investor’s investment by the acceptance of payment and the issuance of a Note.

In order for DenSco’s offerings to fall within the private placement exemption from registration, the 2011 POM stated that Notes were “offered only to persons who are: (1) ‘Accredited Investors’ within the meaning of Rule 501(a) of Regulation D promulgated under the [Securities Act of 1933] and applicable state securities law; (2) able to bear the economic risk of an investment in the Notes, including a loss of the entire investment; and (3) sufficiently knowledgeable and experienced in financial and business matters to be able to evaluate the merits and risks of an investment in the Notes”¹⁸⁶ It was Mr. Chittick’s responsibility to devote the time, energy and resources to ensure that each investor in DenSco satisfied each of these requirements.¹⁸⁷

The 2011 POM also references a number of additional tasks to be completed by DenSco in connection with the issuance of each Note to investors. Because each POM offering was limited in size,¹⁸⁸ Mr. Chittick would need to monitor the aggregate proceeds received under each offering. Because each Note may have different terms, including principal amount, maturity

¹⁸³ Page iii, 2011 POM.

¹⁸⁴ See page 49, 2011 POM (“The offer to sell Notes must be directly communicated to the investor by [Mr. Chittick]”); page vi, 2011 POM (“Prior to the sale of any Notes offered hereby, the Company will make available to each investor the opportunity to ask questions of and receive answers from Mr. Chittick”) [quoted text was upper case bold in original]; page 50, 2011 POM (“The Company must have furnished and made available for inspection all documents and information that the investor has reasonably requested relating to an investment in the Company, including its Articles of Incorporation, stock records and financial account records.”); page 11, 2011 POM.

¹⁸⁵ Such paperwork would include a subscription agreement and suitability questionnaire for each investor. See pages vi and 55-57, 2011 POM.

¹⁸⁶ Page iv, 2011 POM [quoted text was upper case bold in original].

¹⁸⁷ See page iv, 2011 POM (“The Notes are not offered and will not be sold to any prospective investor unless such investor has established, *to the satisfaction of Denny J. Chittick*, that the investor meets all of the foregoing criteria.” [italics added; quoted text was upper case bold in original]).

¹⁸⁸ See cover page of 2011 POM (“The Company intends to offer the Notes on a continuous basis until the earlier of (a) the sale of the maximum offering [\$50 million in the case of the 2011 POM], or (b) two years from the date of this memorandum”).

date, interest rate, and timing and method of interest payments,¹⁸⁹ such terms would need to be carefully documented and monitored to ensure DenSco's compliance with all payment terms.

Because DenSco's offerings of Notes were continuous offerings, the applicable POMs would need to be updated from time to time. As acknowledged in the 2011 POM, "*failure to update this Memorandum as required could result in the Company being subject to a claim under Section 10b-5 [sic] of the Securities Act for employing manipulative or deceptive device in the sale of securities*, subjecting the Company, and possibly the management of the Company, to claims from regulators and investors."¹⁹⁰ As a result, Mr. Chittick would need to constantly monitor the activities of DenSco, and the environment in which it operated, to ensure that the POM was up to date and accurate.

Even once Notes were issued, DenSco (and therefore Mr. Chittick) had continuing responsibilities with respect to investors who became Noteholders. For example, in addition to timely and appropriately making interest and principal payments to Noteholders (as discussed

¹⁸⁹ See page 2, 2011 POM ("The interest rates of the Notes will vary and will depend on the denomination of the Note and the term selected by the investor. The Notes are offered in denominations ranging from \$50,000 to \$1,000,000.00 Investors may elect to have interest paid monthly, quarterly or at maturity."); page 17, 2011 POM ("Notes ... may be issued at higher or lower interest rates and shorter or longer maturities, depending upon market conditions and other factors."); pages 45-46, 2011 POM ("Interest is payable on the last day of each period to the investors of the Notes at the principal office of the Company in Chandler, Arizona. At the option of the Company, interest payments may be paid by check mailed to the address of the investor entitled thereto as it appears on the Subscription Agreement for the Notes. An investor may request in writing to the Company that a deposit be made to a designated bank or investment account.").

¹⁹⁰ Page 24, 2011 POM ("Until the maximum offering proceeds are attained or the Company terminates this Offering, *the Company expects to offer the Notes for placement on a continuing basis* for two years from the date of this Memorandum unless the Company changes its operations or method of offering in any material respect prior to the expiration of the two year offering period. ... *In order to continue offering the Notes during this period, the Company will need to update this Memorandum from time to time.* Keeping the information in the Memorandum current will cause the Company to incur additional costs. *A failure to update this Memorandum as required could result in the Company being subject to a claim under Section 10b-5 [sic] of the Securities Act for employing manipulative or deceptive device in the sale of securities*, subjecting the Company, and possibly the management of the Company, to claims from regulators and investors. In addition, an investor might seek to have the sale of the Notes hereunder rescinded which would have a serious adverse effect on the Company's operations." [italics added]). See, also, page 45, 2011 POM ("If the Company changes its operations ... in any material respect, *the Company will update the Memorandum as necessary to provide correct information to investors.*" [italics added]).

above), Noteholders were entitled to request from DenSco certain information and certifications,¹⁹¹ permission to transfer their Notes,¹⁹² and early redemption of their Notes.¹⁹³

In addition to the specific responsibilities associated with mortgage lending and fund-raising, DenSco would have had the same general responsibilities of any business, such as maintaining books and records, preparing financial statements, filing tax returns and paying taxes, reporting interest income of its Noteholders, and other tasks.

In my experience, the volume of business being conducted by DenSco, and the responsibilities of a single individual to adequately manage that business, are quite striking. There was no deep bench or internal team to support Mr. Chittick's enormous responsibilities, no one to cover in the event Mr. Chittick were to become ill or otherwise become unavailable, and no meaningful succession plans to replace Mr. Chittick.¹⁹⁴

4. Significant Risk of Confusion as to the Identity of the Defendants' Client

Although the engagement letter between Clark Hill and DenSco only identified DenSco as the client,¹⁹⁵ the nature of the attorney-client relationship with such a "one-man shop" was subject to an enhanced risk of confusion and conflict.

¹⁹¹ See page 46, 2011 POM ("On an annual basis and upon written request from an investor, the Company will certify to the requesting investor(s) that the aggregate outstanding principal amount of all cash accounts, other property and Trust Deeds is at least equal to the principal amount of outstanding Notes as of the date of the request.").

¹⁹² See page 46, 2011 POM ("The Notes are not transferable without the prior written consent of the Company").

¹⁹³ See page 47, 2011 POM ("the Company intends to use its good faith efforts to accommodate written requests from an investor to prepay any Note prior to maturity").

¹⁹⁴ Although the 2011 POM (under the heading "Contingency Plan in the Event of Death or Disability of Mr. Chittick") references a "written agreement with Robert Koehler ... to provide or arrange for any necessary services for the Company" should Mr. Chittick become "unable to perform his duties to continue the operation of the Company in any capacity," such agreement does not constitute a succession plan. In fact, the only action expected of Mr. Koehler pursuant to such agreement was "to close down the Company's business by collecting all of the monies due on the Trust Deeds and ... return all of the principal and interest owed to the investors pursuant to the Notes." Page 41, 2011 POM. It is unclear whether such agreement was enforceable (e.g., due to a lack of consideration), but it is apparent that Mr. Koehler in fact did not perform as described. See page 68, lines 18-23, Deposition of Shawna Chittick Heuer (Mr. Chittick's sister) on August 22, 2018 ("I remember ... Robert saying ... I don't want to be a part of this. I don't feel comfortable. ... I have my own business. This is too much for me to take on, is what I believe I remember him telling me.").

¹⁹⁵ Engagement Letter dated September 12, 2013, executed by Mr. Beauchamp on behalf of Clark Hill, and Mr. Chittick on behalf of DenSco ("This letter serves to record the terms of our engagement to represent DenSco Investment Corporation (the 'Client'), with regard to the legal matters transferred to Clark Hill PLC from Bryan Cave, LLP."). Such Engagement Letter was

As the only shareholder, director, officer and employee of DenSco, Mr. Chittick was the only point of contact for the Defendants in interacting with their client, DenSco. Based on the record I have reviewed, it does not appear that Mr. Chittick had separate legal counsel to represent him and his interests in his capacity as shareholder, director, officer or employee of DenSco. This situation could easily lead Mr. Chittick to reasonably believe that the Defendants were not only DenSco's attorneys, but his own as well.

Mr. Beauchamp himself appears to have been confused as to the identity of his client, as reflected in the 2011 POM which he prepared: "Legal counsel to the Company will represent the interests solely of the Company *and its President*."¹⁹⁶ Further, at the hearing to determine the appointment of the Receiver, Mr. Beauchamp testified that "he concurrently represented both DenSco and Denny Chittick personally."¹⁹⁷ In addition, as he testified in his deposition, Mr. Beauchamp apparently understood that Mr. Chittick was also his client, at least in some capacity, and that Mr. Chittick considered he was his attorney.¹⁹⁸

expressly "supplemented by our Standard Terms of Engagement for Legal Services, attached, which are incorporated in this letter and apply to this matter and the other matter(s) for which you engage us." The attached Standard Terms of Engagement for Legal Services, under the caption "Whom We Represent," provided: "The person or entity whom we represent is the person or entity identified in our engagement letter and *does not include any affiliates or related parties of such person or entity such as ... employees, officers, directors, shareholders of corporation, ... and/or other constituents of named client unless our engagement letter expressly provides otherwise*" [italics added].

¹⁹⁶ See page 30, 2011 POM [italics added].

¹⁹⁷ See Exhibit 317, email dated August 30, 2016 from Kevin Merritt (attorney for the Chittick Estate) to Mr. Beauchamp and Ryan Anderson (an attorney representing the Receiver), copying the Receiver, Mr. Polese (attorney for the Chittick Estate), et al. ("I would like to remind everyone that David testified at the receivership hearing that he concurrently represented both DenSco and Denny Chittick, personally."); see, also, email dated August 15, 2016 from Mr. Polese to Ms. Coy, copying Mr. Beauchamp, et al. ("It is my view and that of Dave Beauchamp, Denny viewed David as both his company attorney and personal attorney."). Although Mr. Beauchamp claimed that he corrected the statement made to Ms. Coy (see pages 118-119, lines 23-9, Deposition of Mr. Beauchamp), there appears to be no evidence of such action, and it appears to be contrary to his other testimony. See pages 133-134, lines 7-11, Deposition of Mr. Beauchamp ("Based on the information that I have now ... I would say it's not true [that "Mr. Chittick considered that I was his counsel as well as counsel for DenSco"]. ... At the time I did this declaration [draft received August 17, 2016], I had a different understanding of what counsel was, ... I have since understood that, no, I'm representing the company").

¹⁹⁸ See page 3, Defendants' DS ("Mr. Beauchamp averred in an August 17, 2016 declaration under oath that he represented DenSco and 'Mr. Chittick as the President of DenSco.' Mr. Beauchamp did not represent Mr. Chittick outside of his role as a corporate officer at DenSco."). See, also, pages 133-134, lines 7-11, Deposition of Mr. Beauchamp (counsel quotes from Exhibit 435 (paragraph 5, draft Declaration of David Beauchamp, dated August 27, 2016): "Q. ... 'During my involvement with Mr. Chittick and DenSco, I understood that Mr. Chittick considered that I was his counsel as well as counsel for DenSco.' That is not true, correct? A.

It is important to note that the interests of an entity client are not always aligned with, and are often in conflict with, the interests of the client's shareholders, directors, officers and employees, even when only one individual occupies all of those roles. As noted above, the Rules of Professional Conduct make clear that, when representing an entity as client, the attorney *must* recognize that it is the entity whose interests are to be protected, and *not* the interests of the individual or individuals through whom the entity acts.¹⁹⁹ As a result, it is important for the attorney to properly identify his or her client, and to ensure that when the client is an entity, such individual(s) understand who is and who is not the client of the attorney.²⁰⁰

This situation creates a material risk that each of the entity client, such individual(s) and perhaps even the attorney – in this Case, DenSco, Mr. Chittick and the Defendants, respectively – may be confused or conflicted with respect to the attorney-client relationship.

5. Implications

For the above reasons, in my opinion the applicable standard of care dictates that the Defendants should have recognized that DenSco was a high-risk client. To be clear, I am not suggesting that it was a violation of the standard of care for an attorney to engage with a high-risk client. However, in accepting and continuing to represent DenSco as a client, the Defendants should have recognized the enhanced risks associated with such representation, including the substantial risk (if not likelihood) that: (1) DenSco may be unable to comply with applicable law and the other requirements and guidelines as set forth in the 2011 POM; (2) investors may bring claims for securities fraud and/or breach of fiduciary duties; (3) disabling conflicts of interest may arise between DenSco and Mr. Chittick, thereby jeopardizing the role of the Defendants; and (4) malpractice and related claims may be brought against the Defendants by or on behalf of DenSco.

Based on the information that I have now ... I would say it's not true. Q. Did you ever think it was true? A. At the time I did this declaration, I had a different understanding of what counsel was, *and it was if you are providing advice to somebody as an officer or director of a company, then you represent them too.* And – Q. Individually? A. – *and that they would have the right to rely upon it and object.* ... Q. Okay but during the time you were representing DenSco at the material events in this case, you thought Mr. Chittick was your individual client? A. Not as an individual client. ... as an officer or director of DenSco ... And my analysis was based upon the right to rely upon the information provided, which I understand is not the appropriate standard now, determining who is your individual client." [italics added].

¹⁹⁹ See Arizona Rules of Professional Conduct, Rule 1.13 [Organization as Client] ("A lawyer employed or retained by an organization represents the organization acting through its duly authorized constituents."); see also ABA Model Rule 1.13.

²⁰⁰ See Deposition of Mr. Hood, page 110, lines 8-19 ("Q.... To your knowledge, from what you have reviewed, did Mr. Beauchamp ever clarify with Mr. Chittick that he was representing only DenSco? A. I don't know. Q. Okay. He should have, if there was any confusion. Don't you agree? ... THE WITNESS: If there was confusion, then I agree that the Rule 1.13 would require that David have a discussion with Mr. Chittick.").

As a result, the applicable standard of care dictates that the Defendants should have: (a) engaged in extraordinary monitoring and counseling with respect to DenSco; (b) maintained clear documentation of advice provided and actions taken; and, most importantly, (c) been prepared to recognize, and quickly act in response to, “red flag” warnings or indications of any problems (such as those described below). In my opinion, failure to do so would constitute a violation of the Defendants’ duties under the Rules of Professional Conduct, including but not limited to Rules 1.1 (Competence), 1.3 (Diligence) and 1.13 (Organization as Client) of the Arizona Rules of Professional Conduct and the ABA Model Rules.

B. The Four Red Flag Warnings that DenSco Needed Immediate and Focused Attention and Protection

1. The Freo Lawsuit

The Freo Lawsuit put Mr. Beauchamp on notice of allegations that one of DenSco’s major borrowers, Mr. Menaged and his affiliated entities, was taking money from DenSco and another third-party lender to purchase the same property and provide both lenders with a deed of trust on that same property – thereby potentially having the effect of subordinating DenSco’s interest in the property to that of the other lender (and diminishing the value of DenSco’s interest).

Mr. Beauchamp knew, or should have known, that DenSco’s interests (as lender) and Mr. Menaged’s interests (as borrower) were not aligned in the Freo Lawsuit and that, as a result, DenSco needed to have independent legal counsel, and not simply “piggy back” on Mr. Menaged’s defense.²⁰¹ Despite this clear conflict of interest, and Mr. Chittick’s instruction that he speak with Mr. Menaged’s attorney,²⁰² Mr. Beauchamp took no action with respect to the Freo Lawsuit.²⁰³

Had Mr. Beauchamp investigated the allegations in the complaint in the Freo Lawsuit, “he would have found within minutes, by reviewing records available through the Maricopa County Recorder’s website relating to the property described in the Freo lawsuit: (i) a Deed of Trust and Security Agreement With Assignment of Rents given by Easy Investments in favor of Active Funding Group, that Menaged had signed on March 25, 2013; and (ii) a Deed of Trust and Assignment of Rents given by Easy Investments in favor of DenSco, that Menaged had signed on April 2, 2013. Both signatures were witnessed by the same notary public.”²⁰⁴

²⁰¹ Email dated June 14, 2013 from Mr. Chittick to Mr. Beauchamp, copying Mr. Menaged (“Easy Investments, has his attorney working on it, I’m ok to piggy back with his attorney to fight it.”).

²⁰² See Ibid (“Easy Investments [sic] willing to pay the legal fees to fight it. I just wanted you to be aware of it, and talk to his attorney. Contact info is below.”).

²⁰³ Mr. Beauchamp testified that he did not speak to the borrower’s attorney, Mr. Goulder, at that time. See page 240, lines 9-19, Deposition of Mr. Beauchamp.

²⁰⁴ Plaintiff’s DS ¶ 129.

Upon becoming aware of the Freo Lawsuit, Mr. Beauchamp should have advised Mr. Chittick of the following action items, and should have assisted him in the completion of these action items:

- investigate the policies and procedures, and the trustworthiness, of Mr. Menaged and his affiliated entities;
- investigate where the excess funds from two different mortgage loans went;
- suspend making any further loans to Mr. Menaged and all entities managed by Menaged;
- review all other outstanding loans to Mr. Menaged and his affiliated entities to confirm that DenSco was the only lender on the property with a first lien deed of trust;
- review and reevaluate DenSco's internal procedures to ensure that it was not vulnerable to the type of double lien issue alleged in the Freo Lawsuit;
- contact the other lender to investigate the allegations; and
- evaluate the accuracy of the disclosures made in the 2011 POM, and update and correct them as may be necessary.

Based on the record I have reviewed, Mr. Beauchamp provided no such advice or assistance following the Freo Lawsuit. In fact, from mid-June 2013 when Mr. Beauchamp first learned of the significant allegations in the Freo Lawsuit,²⁰⁵ until at least January of the following year, Mr. Beauchamp took no such action to protect his client, DenSco.²⁰⁶

²⁰⁵ See email dated June 14, 2013 from Mr. Beauchamp to Mr. Chittick ("we will need to disclose this in POM").

²⁰⁶ If, instead, the Defendants had investigated and done proper due diligence with respect to the red flag warning raised by the Freo Lawsuit at or around the time that Mr. Beauchamp transitioned from Bryan Cave to Clark Hill, they would have discovered the magnitude of the damage caused by the Menaged fraud and Mr. Chittick's failure to follow proper funding procedures. Because of the materially inaccurate and incomplete disclosures made in the expired 2011 POM, upon such discovery the Defendants should have then instructed DenSco to immediately cease the offer and sale of all Notes. Any Rule 10b-5 compliant disclosures at that time would be required to disclose, among other things, DenSco's failures with respect to its first lien positions, loan-to-value ratios, and diversity of its borrowers, and the cause of such failures (including Mr. Chittick's negligence), as well as its exposure to civil and criminal consequences for securities fraud (including the possible right of all Noteholders to demand rescission). Because such disclosures would by necessity be so negative (especially in comparison to the disclosures contained in the 2011 POM), it appears to me unlikely that the sophisticated accredited investors targeted by DenSco would have been inclined to continue to invest in Notes. Further, because DenSco's business model was based on soliciting and investing money provided by Noteholders, and because many of the double lien properties were overleveraged, in my opinion the proper advice to be given to DenSco at that time would have been to conduct an

2. Mr. Chittick's Instruction

At the time of Mr. Chittick's Instruction to stop working on updating the POM, the 2011 POM was already out of date, had expired by its own terms, and contained no information regarding the Freo Lawsuit. As discussed above, because I have seen no evidence that Mr. Beauchamp communicated to Mr. Chittick to cease offering Notes until an updated POM could be provided to investors, he should have expected that Mr. Chittick would continue to solicit new investors. Further, Mr. Beauchamp knew that DenSco had dozens of Notes that were scheduled to mature, and that a significant portion of those Notes would be rolled over into new Notes.²⁰⁷

However, rather than take corrective action (such as insisting that Mr. Chittick cooperate in updating the POM or cease offering new Notes and/or terminating the attorney-client relationship), the Defendants instead accepted DenSco as a new client at Clark Hill, and continued to do no work in updating the expired 2011 POM for over three months.

In my opinion, Mr. Chittick's Instruction is an inflection point, in that it evidenced both (a) an inability or unwillingness on the part of Mr. Chittick to work with the Defendants in complying with applicable securities laws, and (b) a willingness on the part of the Defendants to knowingly accept and tolerate as a new client one that was failing to comply with applicable securities laws.

3. The December 2013 Phone Call

The December 2013 Phone Call once again put Mr. Beauchamp on notice that there were serious lien priority problems in connection with DenSco's dealings with Mr. Menaged and his affiliated entities.

Once again, following the December 2013 Phone Call, Mr. Beauchamp should have advised and assisted Mr. Chittick with respect to the above action items – this time with more urgency given the prior Freo Lawsuit and Mr. Chittick's Instruction. Instead, Mr. Beauchamp simply advised Mr. Chittick to document a “plan” to resolve the double lien issue.²⁰⁸

4. The Bryan Cave Demand Letter

The cumulative effect of the Freo Lawsuit, Mr. Chittick's Instruction, the December 2013 Phone Call and the Bryan Cave Demand Letter put the Defendants on notice that there were very serious problems at DenSco, especially with respect to Mr. Menaged and his affiliated entities (borrowers that the Defendants knew were material to DenSco's business). Further, it should

orderly liquidation (presumably in a Chapter 7 bankruptcy proceeding) for the benefit of its Noteholders.

²⁰⁷ See email dated June 20, 2013 from Mr. Beauchamp to several colleagues at Bryan Cave (“According to his note schedule, Denny has approximately 60 investor notes that are scheduled to expire in the next 6 months (and to probably be rolled over into new notes)”).

²⁰⁸ Defendants' DS, page 8 (“Mr. Beauchamp suggested that Mr. Chittick and Menaged document their plan ... to resolve the double-lien issue.”)

have become clear to Mr. Beauchamp that Mr. Chittick's strategy to "piggy back" on Mr. Menaged's defense in the Freo Lawsuit,²⁰⁹ and Mr. Chittick's Plan to resolve the double lien issue raised in the December 2013 Phone Call, had not only failed to address those problems, but were inappropriate actions to take on behalf of DenSco.

5. Call to Action

In my opinion, under such circumstances a reasonably prudent attorney would have immediately taken the following measures to protect DenSco and its Noteholders – none of which were taken by the Defendants:

a. Conduct Due Diligence

As discussed above, Arizona's Rules of Professional Conduct, Rule 1.3 (Diligence) would obligate such an attorney to "act with reasonable diligence and promptness in representing a client."²¹⁰

The Defendants themselves should have investigated the claims involving Mr. Menaged and his affiliated entities, which were raised in the Freo Lawsuit, the December 2013 Phone Call and the Bryan Cave Demand Letter, including Mr. Menaged's fabricated story involving his "cousin." As part of such investigation, the Defendants should have looked into where the proceeds from DenSco's loans went. The Defendants should have also reviewed all other outstanding loans to Mr. Menaged and his affiliated entities – and all other borrowers – so as to determine whether the problem was limited to the properties identified in the Freo Lawsuit, the December 2013 Phone Call and the Bryan Cave Demand Letter.

The Defendants themselves should have reviewed and reevaluated DenSco's internal procedures to ensure that it was not vulnerable to the type of double lien issue raised in the Freo Lawsuit, the December 2013 Phone Call and the Bryan Cave Demand Letter. As part of such review, the Defendants should have investigated the funding procedure used by DenSco to ensure that it was in fact obtaining first lien deeds of trust in properties owned by its borrowers (as it disclosed in the 2011 POM).

b. Terminate All Dealings with Mr. Menaged

The Defendants should have urged DenSco to sever its relationship with Mr. Menaged and his affiliated entities, and to immediately stop providing any additional funds to Mr. Menaged and his affiliated entities.

²⁰⁹ Email dated June 14, 2013 from Mr. Chittick to Mr. Beauchamp, copying Mr. Menaged ("Easy Investments, has his attorney working on it, I'm ok to piggy back with his attorney to fight it.").

²¹⁰ See, also, Comment [1] to Arizona Rule 1.3 ("A lawyer should pursue a matter on behalf of a client despite opposition, obstruction or personal inconvenience to the lawyer, and take whatever lawful and ethical measures are required to vindicate a client's cause or endeavor. A lawyer must also act with commitment and dedication to the interests of the client.").

The Defendants should have also researched, and advised DenSco with respect to, its rights and remedies with respect to Mr. Menaged and his affiliated entities and with respect to the double lien properties and the other lenders, and should have urged DenSco to take appropriate action against Mr. Menaged and his affiliated entities for fraud.

c. Update the 2011 POM Immediately and Cease All Solicitations

By the time of the Bryan Cave Demand Letter, the 2011 POM had already expired by its own terms over a half year earlier. In addition, it did not include any information about the Menaged fraud or DenSco's exposure in the Freo Lawsuit or pursuant to the Bryan Cave Demand Letter, nor did it describe Mr. Chittick's Plan. And, based on the information contained in the Freo Lawsuit, the December 2013 Phone Call and the Bryan Cave Demand Letter, the Defendants knew that the disclosures made in the 2011 POM were materially inaccurate,²¹¹ especially with respect to DenSco's first lien position,²¹² its loan-to-value ratio,²¹³ and the diversity of its borrowers.²¹⁴

The Defendants knew that the "failure to update [the 2011 POM] as required could result in the Company being subject to a claim under Section 10b-5 [sic] of the Securities Act for employing *manipulative or deceptive device in the sale of securities*, subjecting the Company, and possibly the management of the Company, to claims from regulators and investors."²¹⁵ Further, as Mr. Beauchamp acknowledged in February 2014, he was concerned that Mr. Chittick had committed securities fraud because the loan documents he had Mr. Menaged sign did not comply with DenSco's representations in the 2011 POM.²¹⁶ In addition, as Mr. Beauchamp testified, by "the end of April, beginning of May of 2014 ... *I believed he had committed a securities violation, and it was paramount that we get the disclosure statement out in writing to all of the investors as quickly as possible.*"²¹⁷

²¹¹ See Mr. Beauchamp's handwritten notes of a telephone call with Mr. Chittick on February 11, 2104 ("Material Disclosure – exceeds 10% of the overall portfolio").

²¹² See page 37, 2011 POM.

²¹³ See pages 10 & 37, 2011 POM.

²¹⁴ See pages 10 & 36-37, 2011 POM. See also pages 9-10, lines 25-2, Defendants' DS ("by the end of 2013, more than half of [DenSco's] loan portfolio was tied up with Menaged--well in excess of the promised loan concentrations DenSco had set forth in its disclosures to investors").

²¹⁵ Page 24, 2011 POM.

²¹⁶ Exhibit 70, email dated February 7, 2014 from Mr. Beauchamp to Mr. Goulder (Mr. Menaged's attorney), copying Mr. Chittick ("Based on your previous changes, the Forbearance Agreement would be prima facie evidence that Denny Chittick had committed securities fraud because the loan documents he had Scott sign did not comply with DenSco's representations to DenSco's investors in its securities offering documents.").

²¹⁷ See, also, page 161, lines 7-24, Deposition of Mr. Beauchamp ("Q. Was there any point in time, sir, where you learned that Mr. Chittick was continuing to raise money? A. ... the *end of April, beginning of May of 2014.* ... Q. And once you learned that, you knew he was committing a securities violation? ... A. I – *at that point in time, I believed he had committed a securities violation, and it was paramount that we get the disclosure statement out in writing to all of the*

For the reasons stated above,²¹⁸ it is clear that Mr. Beauchamp was aware that DenSco was continuing to offer Notes without updated disclosures, after the expiration of the 2011 POM, and despite his knowledge of the problems revealed in the Freo Lawsuit, the December 2013 Phone Call and the Bryan Cave Demand Letter.

Under these circumstances, and notwithstanding Mr. Chittick's Instruction, the Defendants should have insisted that DenSco immediately cease all solicitations of investors (including new investors and rollover investors) unless and until an updated and corrected POM, in compliance with Rule 10b-5, was prepared and provided to all such investors.

d. Advise Mr. Chittick of His Fiduciary Duties to DenSco and its Investors

As a result of the problems revealed in the Freo Lawsuit, the December 2013 Phone Call and the Bryan Cave Demand Letter, the Defendants should have advised Mr. Chittick of his fiduciary duties both to DenSco and to its Noteholders. For example, the duty of loyalty mandated that Mr. Chittick, as director,²¹⁹ officer²²⁰ and sole shareholder²²¹ of DenSco, act in the best interests of DenSco. Among other things, the Defendants should not have merely accepted and followed Mr. Chittick's Instruction, but rather urged Mr. Chittick of his obligations to update the POM.

And, to the extent that such problems may have rendered DenSco insolvent, Mr. Chittick would owe fiduciary duties to its creditors, and would be obligated to treat all assets of DenSco as "existing for the benefit" of the Noteholders and other creditors.²²² As a result, the Defendants should have assessed whether DenSco was insolvent or in the "zone of insolvency."

Because of such duties, the Defendants also should have urged Mr. Chittick, on behalf of their client DenSco, to protect and preserve the corporation's assets, and to not pursue a Plan that

investors as quickly as possible. His representations that he had advised everybody and told them to the contrary, we needed something much more formal than that." [italics added]).

²¹⁸ See the section entitled "Defendants Allege They Withdrew from Representing DenSco in May 2014" above in this Report.

²¹⁹ See Arizona Revised Statutes, Section 10-842 ("an officer's duties shall be discharged ... [i]n a manner the officer reasonably believes to be in the best interests of the corporation.").

²²⁰ See Arizona Revised Statutes, Section 10-830 ("a director's duties ... shall be discharged ... [i]n a manner the director reasonably believes to be in the best interests of the corporation.").

²²¹ See *Sports Imaging of Arizona, L.L.C. v. 1993 CKC Trust*, No. 1 CA-CV 05-0205, 2008 WL 4448063, *12 (unpublished opinion, Ariz. Ct. App. 2008) ("shareholders that have the ability to control a corporation owe a fiduciary duty to the corporation").

²²² See *A.R. Teeters & Assocs. v. Eastman Kodak Co.*, 172 Ariz. 324, 836 P.2d 1034 (Ariz. Ct. App. 1992) ("all of the assets of a corporation, immediately on its becoming insolvent, exist for the benefit of all of its creditors" [internal citation omitted]). See, also, *Dooley v. O'Brien*, 226 Ariz. 149, 244 P.3d 586 (Ariz. Ct. App. 2010); *Dawson v. Withycombe*, 216 Ariz. 84, 163 P.3d 1034 (Ariz. Ct. App. 2007).

would benefit Mr. Chittick individually (such as to preserve his reputation and/or equity stake in DenSco) at the risk of DenSco or the Noteholders.

Further, as legal counsel to DenSco, the Defendants should have advised Mr. Chittick as to how to best protect and preserve the corporation's assets, especially with respect to those outstanding loans that were not adequately protected by first lien mortgages. In order to render such advice, the Defendants would have needed to conduct due diligence and research in order to properly consider available alternatives.

e. Protect DenSco from the Negligent, Reckless and Disloyal Actions of Mr. Chittick

Because DenSco, and not Mr. Chittick, was the client, the Defendants owed duties to DenSco exclusively.²²³ Because the Defendants knew, or should have known, that Mr. Chittick was acting in a manner that violated his legal obligations to DenSco (e.g., breach of fiduciary duties), and that constituted a violation of the law that would be imputed to DenSco (e.g., securities fraud), in both instances that was likely to result in substantial injury to DenSco, the Defendants were obligated to "proceed as is reasonably necessary in the best interest of the organization."²²⁴ In accordance with Arizona's Rules of Professional Conduct, Rule 1.13 (Organization as Client), paragraph (c), such obligation may have included reporting Mr. Chittick to the proper authorities and/or the Noteholders in order to protect DenSco against Mr. Chittick.²²⁵

Here, again, is an issue that arises because DenSco is a high-risk client with only one person making all decisions. The Defendants did not have an opportunity to report to anyone else at DenSco that Mr. Chittick was causing harm to DenSco. Although Rule 1.13(c) itself does not mandate "reporting out," Rule 1.2 makes clear that, under the right set of circumstances, "a lawyer may be required to disclose information relating to the representation to avoid being deemed to have assisted the client's crime or fraud."²²⁶ Because the Defendants were obligated to protect their client against Mr. Chittick, in my opinion the standard of care applicable to them would have obligated them to report Mr. Chittick's inappropriate actions to either the proper authorities or the Noteholders or both.

f. Withdraw from the Representation of DenSco

²²³ See Arizona's Rules of Professional Conduct, Rule 1.13 (Organization as Client).

²²⁴ Arizona's Rules of Professional Conduct, Rule 1.13(b).

²²⁵ Arizona's Rules of Professional Conduct, Rule 1.13(c) ("if (1) despite the lawyer's efforts in accordance with ER 1.13(b) the highest authority that can act on behalf of the organization insists upon or fails to address in a timely and appropriate manner an action or refusal to act, that is clearly a violation of law, and (2) the lawyer reasonably believes that the violation is reasonably certain to result in substantial injury to the organization, then *the lawyer may reveal information relating to the representation* ... only if and to the extent the lawyer reasonably believes necessary to prevent substantial injury to the organization." [italics added]).

²²⁶ Comment [11] of Rule 1.2 (Scope of Representation and Allocation of Authority between Client and Lawyer) of the Arizona Rules of Professional Conduct.

Once it becomes clear that disclosures being provided to investors in DenSco fail to comply with Rule 10b-5, a reasonably prudent attorney would have three options: (1) cause DenSco to immediately update and correct the disclosures made available to all investors; (2) cause DenSco to immediately cease soliciting investors (including rollover investors); or (3) withdraw from the representation of DenSco. (In my experience, the threat to withdraw often induces an otherwise reluctant client to abide by one of the other options.)

Under the circumstances, because the Defendants failed to cause DenSco to update and correct the 2011 POM or cease soliciting investors, the Defendants had no option but to immediately withdraw from the representation of DenSco. Arizona's Rules of Professional Conduct, Rule 1.16 (Mandatory Withdrawal from the Representation), mandates that a lawyer "*shall withdraw from the representation of a client if the representation will result in violation of the Rules of Professional Conduct or other law.*"²²⁷ Further, because the Defendants were aware that DenSco was committing securities fraud by continuing to solicit investors without adequate disclosures, in my opinion such withdraw should have been made clear by written notice to Mr. Chittick on behalf of DenSco, together with a statement disaffirming the 2011 POM.²²⁸

C. The Defendants' Conduct Fell Below the Standard of Care

In my opinion, the Defendants' conduct fell below the applicable standard of care in each of the following respects:

- 1. The Defendants' Failures with Respect to the Menaged Fraud**
 - a. The Defendants Failed to Recognize that DenSco was a High-Risk Client**

For all the reasons stated above under "DenSco was a 'High-Risk' Client," the Defendants should have recognized that DenSco was a high-risk client, and apparently failed to do so. Had they recognized that DenSco was a high-risk client, the applicable standard of care dictates that they would have (a) engaged in extraordinary monitoring and counseling with respect to DenSco, (b) maintained clear documentation of advice provided and actions taken, and (c) been prepared to recognize, and quickly act in response to, red flag warnings or indications of any problems.

- b. The Defendants Failed to Conduct any Due Diligence on Mr. Menaged or on DenSco's Funding Procedure**

²²⁷ Italics added.

²²⁸ Comment [11] to Rule 1.2 of Arizona's Rules of Professional Conduct ("In some cases, withdrawal alone might be insufficient. It may be necessary for the lawyer to give notice of the fact of withdrawal and to disaffirm any opinion, document, affirmation or the like."). See also Model Rules of Professional Conduct, Comment [10] to Rule 1.2 (Scope of Representation and Allocation of Authority Between Client and Lawyer).

The Defendants were put on notice of the Menaged fraud by each of the four red flag warnings: the Freo Lawsuit, Mr. Chittick's Instruction, the December 2013 Phone Call, and the Bryan Cave Demand Letter. However, based on the record I have reviewed, at no point in time did the Defendants conduct any due diligence or investigation into the claims involving Mr. Menaged and his affiliated entities. A simple search of records available on the County of Maricopa website would have called into question the veracity of Mr. Menaged's fabricated story about his "cousin."²²⁹

Even if Mr. Menaged's story were credible, the fraud supposedly committed by his "cousin" still reflected gravely on Mr. Menaged's reliability, management and supervision – all issues that should have been investigated by the Defendants. Further, there appeared to be no inquiry into where the proceeds from DenSco's loans disappeared to.

The Defendants should have reviewed and reevaluated DenSco's internal procedures to ensure that it was not vulnerable to the type of double lien issue raised first in the Freo Lawsuit, then in the December 2013 Phone Call, and again in the Bryan Cave Demand Letter. As part of such review, the Defendants should have investigated the funding procedure used by DenSco to ensure that it was obtaining first lien deeds of trust in properties owned by its borrowers (as it disclosed in the 2011 POM).

Further, the Defendants apparently took no effort to investigate the magnitude of the double lien issue, relying instead only on those issues and properties specifically identified in the Freo Lawsuit, the December 2013 Phone Call, and the Bryan Cave Demand Letter.

In my opinion, these failures violated Rule 1.3 (Diligence) of the Arizona Rules of Professional Conduct and violated the standard of care applicable to the Defendants.

c. The Defendants Failed to Protect DenSco from Mr. Menaged

²²⁹ See, e.g., Exhibit 103 (Deed of Trust and Security Agreement with Assignment of Rents, recorded in the Official Records of Maricopa County Recorder March 25, 2013, for property located at "7089 W Andrew Lane Peoria, AZ 85383." The Trustor is Easy Investments, LLC. The Beneficiary is Active Funding Group, LLC.); see, also, Exhibit 104 (Deed of Trust and Assignment of Rents, recorded in the Official Records of Maricopa County Recorder April 2, 2013, for property located at "7089 W Andrew Lane Peoria, AZ 85383." The Trustor is Easy Investments, LLC. The Beneficiary is DenSco.). See also Plaintiff's DS ¶ 228 ("Beauchamp also knew from his January 6 review of the demand letter and the hours he had devoted on January 7 and 8 to analyzing Chittick's email and other information he had received from Chittick, that Menaged's 'cousin' story was implausible and that by accepting the story without investigation and planning to continue DenSco's lending relationship with Menaged, Chittick was breaching his fiduciary duties to DenSco."). See also Plaintiff's DS ¶¶ 207(b) & 207(c) ("In January 2014, the Maricopa County Recorder's Office had a free "Recorded Document Search" function. The same tool is available today. If Beauchamp had used that tool, two brief searches would have shown that ... Menaged, not 'a guy in his office,' had secured both loans.").

The Defendants failed to advise DenSco to sever its relationship with, and immediately stop providing additional funds to, Mr. Menaged and his affiliated entities. The Defendants also failed to advise DenSco of its rights and remedies with respect to either Mr. Menaged or the other lenders. Instead of urging DenSco to take appropriate action against Mr. Menaged and his affiliated entities for fraud, the Defendants did just the opposite – by encouraging and facilitating Mr. Chittick’s Plan.

The Defendants failed to recognize that the Forbearance Agreement provided little or no benefit to DenSco. In my experience, a forbearance agreement is utilized to provide short-term relief to a borrower that is experiencing a temporary hardship (such as a cash flow issue). As the name of the agreement suggests, a lender sometimes agrees to *forbear* from exercising its remedies, and delay exercising its right to institute foreclosure proceedings, for a limited period of time in order to provide the borrower with an opportunity to recover.²³⁰ However, the Forbearance Agreement here further acerbated DenSco’s risk and exposure by essentially conceding that Mr. Menaged’s other lenders had a superior lien position and allowing them to extract value out of the mortgaged properties ahead of DenSco.

Mr. Beauchamp’s failures with respect to the Forbearance Agreement raise a troubling question as to whether he simply fell below the applicable standard of care by failing to appreciate the potential damage to DenSco caused by pursuing the agreement, or whether he was in fact motivated by other interests, such as a conflicted desire to give Mr. Chittick’s Plan a chance to work so as to minimize the problems caused by Mr. Beauchamp’s negligent delay in providing updated and corrected disclosures.²³¹ To the extent Mr. Beauchamp’s pursuit of the Forbearance Agreement was motivated by such a personal conflict of interest, such conduct was so reckless and irresponsible that, in my opinion, it constituted a gross departure from the applicable standard of care.

2. The Defendants’ Failures with Respect to Disclosures

a. The Defendants Failed to Timely Update the 2011 POM

Because the 2011 POM provided for a two-year offering period,²³² by its own terms it expired on July 1, 2013. However, based on the record I have reviewed, it appears that the Defendants

²³⁰ It appears that the Defendants believed that it was in DenSco’s interest to forbear from exercising its remedies. See page 12, lines 21-26, Defendants’ DS (“As Mr. Beauchamp explained in a February 10, 2014 email to his colleagues, “we advised our client that *he needs to have a Forbearance Agreement in place to evidence the forbearance and the additional protections he needs.*” [italics added]).

²³¹ See Plaintiff’s DS ¶ 249.

²³² See page (i), 2011 POM (“The Company intends to offer the Notes on a continuous basis until the earlier of (a) the sale of the maximum offering, or (b) two years from the date of this memorandum.”).

never finalized and provided DenSco with an update to the 2011 POM nor a replacement POM.²³³

The July 1, 2013 deadline for updating the 2011 POM was known to Mr. Beauchamp, as he was the one who prepared the 2011 POM and advised DenSco with respect to such matters. The applicable standard of care obligated Mr. Beauchamp to be diligent in preparing an updated POM prior to July 2013 in order that DenSco could timely distribute the updated POM to investors. Mr. Beauchamp's apparent concern about DenSco being close to issuing \$50 million of Notes was misplaced,²³⁴ and in no event excused him from updating the 2011 POM as DenSco remained obligated to provide required disclosures to its investors.

Further, with each red flag warning, the Defendants were increasingly aware of the significance of the Menaged fraud and DenSco's inadequate funding procedures, and yet never provided DenSco with any Rule 10b-5 compliant disclosure document that described the facts and circumstances – and material consequences – of the Freo Lawsuit, the December 2013 Phone Call and the Bryan Cave Demand Letter. Even with the first red flag warning, Mr. Beauchamp recognized that the Freo Lawsuit needed to be disclosed to investors, and Mr. Chittick was cooperative,²³⁵ but no such disclosure was ever prepared by Mr. Beauchamp nor provided to Mr. Chittick.

Mr. Beauchamp appears to assert in the alternative that the Defendants were not obligated to update or correct the 2011 POM because either (1) Mr. Chittick on his own was providing the required disclosures to investors or (2) Mr. Beauchamp had advised Mr. Chittick to discontinue offering Notes to investors. In my opinion, under the circumstances described above, neither assertion is plausible nor in compliance with the standard of care applicable to the Defendants. Further, the Defendants' conduct in this regard was so reckless and irresponsible that such conduct, in my opinion, constituted a gross departure from the applicable standard of care.

²³³ Further, it does not appear that Mr. Beauchamp *ever* prepared, or advised DenSco to prepare, any update to any of DenSco's POMs during the two-period when such POMs were in effect. See Plaintiff's DS ¶¶ 28 & 29 ("DenSco's records do not reflect that DenSco ever took steps to '[k]eep[] the information in the [POMs DenSco issued in 2007, 2009 and 2011] current' by issuing updates to those POMs during the two-year period each of those POMs was in effect. The files that Beauchamp maintained, and the billing statements issued to DenSco by his respective law firms, do not reflect that Beauchamp ever advised DenSco to '[k]eep[] the information in the [POMs DenSco issued in 2007, 2009 and 2011] current' by issuing updates to those POMs during the two-year period each of those POMs was in effect."). Also see Plaintiff's DS ¶¶ 161 & 162 ("Clark Hill's records show that neither Beauchamp nor any other Clark Hill attorney performed any work on a new POM during September, October, or November 2013. The records also show that neither Beauchamp nor any other Clark Hill attorney even attempted to contact Chittick about the new POM.").

²³⁴ See DIC0003345, Mr. Beauchamp's handwritten notes dated May 9, 2013; email dated June 25, 2013 from Mr. Beauchamp to Ms. Sipes; email dated July 1, 2013 from Ms. Sipes to Mr. Beauchamp.

²³⁵ See email exchange dated June 14, 2013 between Mr. Beauchamp and Mr. Chittick.

b. The Defendants Failed to Conform DenSco Policies and Procedures to Those Disclosed in the POM – and Vice Versa

With each red flag warning, the Defendants became increasingly aware that material statements contained in the 2011 POM were no longer in compliance with Rule 10b-5, especially with respect to DenSco's first lien position,²³⁶ its loan-to-value ratio,²³⁷ and the diversity of its borrowers.²³⁸ In addition, the 2011 POM touted DenSco's historical success rate, including that "no Noteholder has sustained any diminished return or loss on their investment."²³⁹

In my opinion, the Defendants should have recognized that each of these statements was materially inaccurate in light of the Menaged fraud and DenSco's improper and risky funding procedure, and yet the Defendants failed to make any effort to update or correct these statements until after the Forbearance Agreement was completed in mid-April 2014. And even in the Draft 2014 POM which the Defendants prepared after the Forbearance Agreement was executed, the Defendants failed to modify or correct such statements.

3. The Defendants' Failures with Respect to Mr. Chittick

a. The Defendants Failed to Recognize that DenSco, and not Mr. Chittick, was the Client

The record is replete with evidence that the Defendants considered Mr. Chittick to be their client and/or that it was their responsibility to protect him. For example, in February 2014, Mr. Beauchamp communicated to Mr. Goulder (Mr. Menaged's attorney) that the Forbearance Agreement "needs to comply with *Denny's* fiduciary obligation to his investors as well as not become evidence to be used against *Denny* for securities fraud."²⁴⁰ Shortly thereafter, Mr. Beauchamp communicated to Mr. Chittick that the Forbearance Agreement "has to have the necessary and essential terms to protect *you* from potential litigation from investors and third parties."²⁴¹

²³⁶ See page 37, 2011 POM.

²³⁷ See pages 10 & 37, 2011 POM.

²³⁸ See pages 10 & 36-37, 2011 POM. See also pages 9-10, lines 25-2, Defendants' DS ("by the end of 2013, more than half of [DenSco's] loan portfolio was tied up with Menaged--well in excess of the promised loan concentrations DenSco had set forth in its disclosures to investors").

²³⁹ See page 39, 2011 POM ("Since inception through June 30, 2011, ... [e]ach and every Noteholder has been paid the interest and principle due to that Noteholder in accordance with the respective terms of the Noteholders Notes. Despite any losses incurred by the Company from its borrowers, no Noteholder has sustained any diminished return or loss on their investment in a Note from the Company.").

²⁴⁰ Email dated February 7, 2014 from Mr. Beauchamp to Mr. Goulder (Mr. Menaged's attorney), copying Mr. Chittick [italics added].

²⁴¹ Email dated February 9, 2014 from Mr. Beauchamp to Mr. Chittick [italics added]. See, also, email dated March 13, 2015 from Mr. Beauchamp to Mr. Chittick ("I wanted to protect *you* as much as I could." [italics added]); Mr. Beauchamp's handwritten notes of his telephone call with

Mr. Beauchamp failed to understand or recognize that it was DenSco, and not Mr. Chittick, that was his client and that of Clark Hill, even though the Clark Hill Engagement Letter that he signed made expressly clear that Mr. Chittick was *not* the client.²⁴² In my opinion, such failure was in violation of Rule 1.13 of the Arizona Rules of Professional Conduct and in violation of the applicable standard of care.

b. The Defendants Failed to Properly Advise Mr. Chittick as an Officer and Director of DenSco

The Defendants failed to properly advise Mr. Chittick that he was causing DenSco to engage in securities fraud by continuing to sell Notes based on disclosures in the outdated, incorrect and expired 2011 POM.

For the reasons stated above,²⁴³ the Defendants' conduct fell below the standard of care to the extent that they were relying on any purported claim by Mr. Chittick that he was making proper disclosures to investors without an updated and corrected POM.

The Defendants failed to properly advise Mr. Chittick that the Defendants would be required to withdraw from the attorney-client relationship unless he caused DenSco to either cease soliciting investors or provide investors with Rule 10b-5 compliant disclosures.

The Defendants failed to properly advise Mr. Chittick of his fiduciary duties to DenSco. The Defendants further failed to assess whether DenSco was insolvent (or in the zone of insolvency) as a result of the Menaged fraud, in which case Mr. Chittick should also have been advised of his fiduciary duties to the Noteholders.

The Defendants failed to properly advise Mr. Chittick that it was his obligation to protect and preserve DenSco's assets, and to not pursue a Plan that would benefit Mr. Chittick individually (such as to preserve his reputation and/or equity stake in DenSco) at the risk of DenSco or the Noteholders. The Defendants failed to promptly and definitively instruct Mr. Chittick to not fund loan proceeds to borrowers. When Mr. Chittick informed Mr. Beauchamp by email that he provides funds directly to Mr. Menaged and most other borrowers to acquire properties at auctions,²⁴⁴ rather than reaffirm the "fundamental importance" of adhering to the advice that he

Mr. Chittick on February 27, 2014 ("will need Forbearance Agmt to ... protect *Denny*" [italics added]).

²⁴² Engagement Letter dated September 12, 2013 (referenced above).

²⁴³ See "Defendants Allege They Withdrew from Representing DenSco in May 2014" above.

²⁴⁴ Email dated January 9, 2014 from Mr. Chittick to Mr. Beauchamp ("If i cut cashiers check and take it to the trustee myself, i dont' get receipt that DenSco Paid for it. i get a receipt saying that property was paid for, for X \$'s vested in borrower's name. my name doesn't appear on it. other than having a cashiers check receipt saying that i made a check out for it, there isn't anything from the trustee saying that it was my check. i could wire Scott the money, he could produce cashiers check that says remitter is DenSco and it would have the exact same affect as if

had been giving since 2007,²⁴⁵ Mr. Beauchamp simply replied “Let me see what the other lenders got from the Trustee and we can make a better decision.”²⁴⁶ There is nothing in the record that I have reviewed that indicates Mr. Beauchamp followed up with Mr. Chittick on this exchange or took appropriate action to ensure that Mr. Chittick ceased this improper and risky funding procedure.

And the Defendants failed to advise Mr. Chittick as to how to best protect and preserve the corporation’s assets, especially with respect to those outstanding loans that were not adequately protected by first lien mortgages. Nor did they conduct the requisite due diligence and research in order to properly consider available alternatives.

The Defendants’ conduct fell below the applicable standard of care by, in effect, aiding and abetting Mr. Chittick’s wrongful conduct by focusing their attention on the Forbearance Agreement rather than on DenSco’s rights and remedies in connection with the Menaged fraud and on updating and correcting the 2011 POM. In other words, by failing to terminate the attorney-client relationship, the Defendants provided substantial assistance in Mr. Chittick’s wrongful conduct. The Defendants’ conduct in this regard was so reckless and irresponsible that such conduct, in my opinion, constituted a gross departure from the applicable standard of care.

4. The Defendants Failed to Protect DenSco from Mr. Chittick

The Defendants’ conduct fell below the applicable standard of care by failing to realize, and act on the fact, that Mr. Chittick’s interests conflicted with those of DenSco’s. As the director, officer and sole shareholder of DenSco, Mr. Chittick had a fiduciary duty to act in the best interest of DenSco, and not in his own self-interest.

The Defendants failed to recognize that, while Mr. Chittick’s Plan and the Forbearance Agreement benefited Mr. Menaged and perhaps Mr. Chittick, the speculative benefit to DenSco (if any) was greatly outweighed by the burdens to DenSco. As discussed above, the Forbearance Agreement imposed material obligations and economic burdens on DenSco, including the obligation (in accordance with Mr. Chittick’s Plan) to misuse DenSco’s funds by throwing good

i got cashiers check that said I’m the remitter. i don’t just do this with scott, i do this with 90% of the guys that i fund at the auctions.” [SIC]),

²⁴⁵ See page 6, Defendants’ DS (“Mr. Beauchamp ... provided advice to DenSco regarding proper loan documentation procedures since at least 2007. DenSco and Mr. Chittick were both advised, and understood, (a) that DenSco should fund loans through a trustee, title company or other fiduciary, (b) that DenSco was representing to its investors that DenSco’s loans would be in first position, and (c) that it was of fundamental importance that DenSco safeguard the use of its investors’ funds in conjunction with properly recording liens, in order to ensure that DenSco’s loans were in first position.”).

²⁴⁶ Email dated January 9, 2014 from Mr. Beauchamp to Mr. Chittick. See, also, Plaintiff’s DS ¶ 213(a) (“Chittick had been grossly negligent in managing DenSco’s loan portfolio, by not complying with the terms of the Mortgage, which called for DenSco to issue a check payable to the Trustee, and instead wiring money to Menaged, trusting Menaged to actually use those funds to pay a Trustee.”).

money after bad in a manner that was inconsistent with the disclosures made to investors in the 2011 POM.

The Defendants fell below the applicable standard of care by allowing and assisting Mr. Chittick in protecting his own self-interest, by among other things: (1) continuing to provide additional funds to Mr. Menaged; (2) delaying disclosure to investors; (3) implementing Mr. Chittick's Plan before making appropriate disclosures to investors; and (4) negotiating and entering into the Forbearance Agreement to the detriment of DenSco and its Noteholders.

Under the circumstances, in accordance with Rules 1.13(b) and 1.2 of the Arizona Rules of Professional Conduct, the Defendants could have – and in my opinion should have – reported Mr. Chittick's breaches to the proper authorities and/or the Noteholders in order protect DenSco against Mr. Chittick.

5. The Defendants' Conflicts of Interest

The Defendants fell below the standard of care, and violated the applicable Rules of Professional Conduct, by failing to recognize and properly address two conflicts of interest: first, the conflict of interest created by concurrently representing both DenSco and the Chittick Estate, when DenSco had potential claims against the Estate for malfeasance by Mr. Chittick; and second, the conflict of interest in representing DenSco in wind down matters when DenSco had potential claims against the Defendants for malfeasance.

a. The Defendants Failed to Recognize the Concurrent Conflict of Interest Between DenSco and the Chittick Estate

For the reasons stated above, the Defendants knew that Mr. Chittick had violated his fiduciary duties to DenSco, and that as a result DenSco had potential claims against Mr. Chittick and, following his death, against the Chittick Estate.²⁴⁷ However, rather than consider and pursue such claims against the Chittick Estate, the Defendants concurrently took on the representation of the Chittick Estate. Such representation was in violation of Rule 1.7 of the Arizona Rules of Professional Conduct: “a lawyer shall not represent a client if ... the representation of one client will be directly adverse to another client.” It would have been contrary to the interests of the Chittick Estate for DenSco to consider or pursue claims against the Chittick Estate for Mr. Chittick's malfeasance, and yet, as wind down counsel to DenSco, it was the obligation of the Defendants to consider and pursue such claims (as independent legal counsel to DenSco would have done, and as the Receiver in fact has done).²⁴⁸

²⁴⁷ See, e.g., Exhibit 288A to Deposition of Mr. Beauchamp, email dated August 15, 2016 from Mr. Beauchamp to Mr. Hyman (“Due to potential conflicts of interest, we have resigned as counsel to the Estate and new counsel has been appointed or is being appointed for the Estate.”).

²⁴⁸ See Arizona Rules of Professional Conduct, Rule 1.7, Comment [3] (“A conflict of interest may exist before representation is undertaken, in which event the representation must be declined”); Comment [4] (“If a conflict arises after representation has been undertaken, the lawyer ordinarily must withdraw from the representation”); Comment [6] (“Loyalty to a current client prohibits undertaking representation directly adverse to that client ... a lawyer may not act

The Defendants failed to secure informed consent, confirmed in writing, to such conflict, as required by Rule 1.7. In fact, it's not clear that anyone could have provided such consent on behalf of the Chittick Estate prior to the appointment of Ms. Heuer as the personal representative of the Chittick Estate (which appointment was done during the course of the Defendants' representation of the Chittick Estate), and even after Ms. Heuer was appointed, it does not appear that the Defendants sought or received the required consent from her.

b. The Defendants Failed to Recognize the Conflict of Interest Between Wind Down Work for DenSco and the Defendants' Interests

For all the reasons stated above, the Defendants' conduct fell below the standard of care, resulting in potential claims that DenSco may bring against the Defendants for malfeasance. The Defendants were well aware of such risk and the resulting conflict of interest.²⁴⁹ Despite such conflict of interest, the Defendants actively stepped into the role as legal counsel to DenSco in connection with wind down and transition matters, and Mr. Beauchamp took it upon himself to act as a quasi-receiver or liquidator with respect to the wind down of DenSco.

Such representation was in violation of Rule 1.7 of the Arizona Rules of Professional Conduct: "a lawyer shall not represent a client if ... there is a significant risk that the representation ... will be materially limited ... by a personal interest of the lawyer." It would have been contrary to the personal interests of the Defendants for DenSco to consider or pursue claims against the Defendants for their malfeasance, and yet, as wind down counsel to DenSco, it was the

as an advocate in one matter against a person the lawyer represents in some other matter"); Comment [8] ("a conflict of interest exists if there is a significant risk that a lawyer's ability to consider, recommend or carry out an appropriate course of action for the client will be materially limited as a result of the lawyer's responsibilities The conflict in effect forecloses alternatives that would otherwise be available to the client. ... The critical questions [include] whether [the difference in interests] will ... foreclose courses of action that reasonably should be pursued on behalf of the client.").

²⁴⁹ See, e.g., DIC0009476, the Iggy Letter dated July 28, 2016 ("Dave never made me tell the investors"; "I talked Dave my attorney in to allowing me to continue without notifying my investors."; "Dave my attorney ... let me get the workout signed not tell the investors and try to fix the problem. That was a huge mistake."); email dated March 13, 2015 from Mr. Beauchamp to Mr. Chittick ("I have second guessed myself concerning several steps in the overall process, but I wanted to protect you as much as I could."); pages 447-448, lines 19-15, Deposition of Mr. Beauchamp ("Q. Did you discuss with [Ms. Heuer] potential conflicts of interest that you and Clark Hill would have with respect to representing DenSco? A. Yes. ... Q. Did you disclose to her that Clark Hill was concerned about potential claims that could be made against Clark Hill regarding your representation of DenSco? A. Yes."); page 140, lines 10-20, Deposition of Mr. Hood ("Q. ... On August 2nd, August 3rd, 2016, with all of the information that Clark hill [sic] knew, could Clark Hill reasonably anticipate that a receiver might sue Clark Hill for damages? ... THE WITNESS: ... I suppose it was a possibility").

obligation of the Defendants to consider and pursue such claims (as independent legal counsel to DenSco would have done, and as the Receiver in fact has done).²⁵⁰

The Defendants failed to secure informed consent, confirmed in writing, to such conflict, as required by Rule 1.7. In fact, it's not clear that anyone could have provided such consent on behalf of DenSco following the death of Mr. Chittick, and even after Ms. Heuer was appointed as the personal representative of the Chittick Estate (not that such appointment would have necessarily given her the authority to consent to the conflict of interest on behalf of DenSco), it does not appear that the Defendants sought or received the required consent from her.

Following Mr. Chittick's death, rather than consider and pursue claims that DenSco might have against the Defendants, it appears that Mr. Beauchamp actively tried to protect himself and Clark Hill. As discussed above, it appears that Mr. Beauchamp took it upon himself to act as a quasi-receiver or liquidator with respect to the wind down of DenSco, despite not necessarily having the requisite skills to do so nor having an authorized and competent client representative from whom to take instruction, receive approvals or seek guidance. Further, Mr. Beauchamp advocated against each of the following: (1) having a receiver or trustee appointed to conduct the wind down of DenSco;²⁵¹ (2) having any investor become an authorized representative of DenSco;²⁵² and (3) having the state regulator take any active role.²⁵³

In my opinion, these actions violated the standard of care applicable to Mr. Beauchamp, and suggest that Mr. Beauchamp was attempting to persuade the investors to support him as the

²⁵⁰ See Arizona Rules of Professional Conduct, Rule 1.7, Comment [8] (“a conflict of interest exists if there is a significant risk that a lawyer’s ability to consider, recommend or carry out an appropriate course of action for the client will be materially limited as a result of the lawyer’s ... interests. ... The conflict in effect forecloses alternatives that would otherwise be available to the client. ... The critical questions [include] whether [the difference in interests] will ... foreclose courses of action that reasonably should be pursued on behalf of the client.”); Comment [10] (“The lawyer’s own interests should not be permitted to have an adverse effect on representation of a client. For example, if the probity of a lawyer’s own conduct in a transaction is in serious question, it may be difficult or impossible for the lawyer to give a client detached advice.”).

²⁵¹ See, e.g., Exhibit 213, email dated August 3, 2016 from Mr. Beauchamp to DenSco investors (“the costs associated with a bankruptcy or a Receiver can reduce the amount to be paid to investors by almost half or even a much more significant reduction”).

²⁵² See, e.g., Exhibit 213, email dated August 3, 2016 from Mr. Beauchamp to DenSco investors (“We intend to structure this as an Advisory Board to protect the members of this Advisory Board from any potential liability based upon their role with DenSco. Specifically, the Advisory Board would only have an advisory position with DenSco as opposed to a full authority position, which is to distinguish this situation from having these Investors appointed to the Board of Directors”).

²⁵³ See, e.g., Exhibit 256, Deposition of Mr. Beauchamp, email dated August 9, 2016 from Mr. Beauchamp to investor Craig Hood, copying other investors (“We need to be willing but not overly anxious to turn it over to the Securities Division. Several people in government made names and careers with the Mortgages Ltd. matter and we do not want this to turn into anything like that.”).

appropriate person to wind down the business, thereby avoiding or delaying the pursuit of claims that DenSco might have against the Defendants. One could reasonably infer that Mr. Beauchamp wanted to control the wind down so as to protect himself because if a receiver were to be appointed, he or she would file a claim against the Defendants on behalf of DenSco – which is exactly what happened in this Case.

In addition, Mr. Beauchamp's testimony at the receiver appointment hearing that he represented both DenSco and Mr. Chittick, together with his former law firm's assertion of a joint attorney-client privilege premised on that testimony, further complicated and delayed the Receiver's ability to obtain and utilize DenSco's files from Clark Hill. One could also reasonably infer that Mr. Beauchamp intended such result so as to protect himself, especially with respect to preventing disclosure of the Iggy Letter, the Chittick Investor Letter dated July 28, 2016, and the DenSco Journal, all of which implicate the Defendants.

Under the circumstances, the Defendants' conduct in this regard was so reckless and irresponsible that such conduct, in my opinion, constituted a gross departure from the applicable standard of care.

6. The Defendants Failed to Withdraw from Representing DenSco

Finally, in my opinion, the Defendants failed to properly withdraw from the representation of DenSco on a timely basis, as required by Rules 1.16 and 1.2 of the Arizona Rules of Professional Conduct.

V. CONCLUSION

It is my opinion, as detailed above and based on the record I have reviewed, that the Defendants violated the applicable standard of care in their representation of DenSco.

* * *

I reserve the right to supplement, update or amend my opinions as new information becomes available or is brought to my attention.

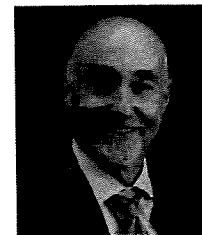

Neil J Wertlieb

March 26, 2019

Exhibit A

Curriculum Vitae of Neil J Wertlieb

NEIL J WERTLIEB
15332 Antioch Street, Unit 802
Pacific Palisades, CA 90272
(424) 265-9659
Neil@WertliebLaw.com



CURRENT PROFESSIONAL ACTIVITIES



Wertlieb Law Corp
Principal

2017 – Present

- Wertlieb Law Corp provides expert witness and expert consulting services to attorneys in their litigation and arbitration matters
 - Our engagements have been focused primarily in two areas:
 - Disputes involving business transactions, corporate governance and fiduciary duties
 - Cases involving attorney ethics and attorney malpractice
 - I have served as an expert in dozens of such disputes and cases
 - I have testified numerous times, in court (both bench and jury trials), in arbitration and in depositions
- Other services provided by Wertlieb Law Corp include:
 - Mediation services for business disputes
 - Board of director appointments
 - Ethics consulting
 - MCLE presentations
 - Legal services
- For more detailed information, see www.WertliebLaw.com



UCLA School of Law
Adjunct Professor / Lecturer in Law

2002 – Present

- I teach a transaction skills course entitled “Life Cycle of a Business,” a course of my own design focusing on deals, negotiation, contract drafting and ethics
- 3-unit course satisfies one of the requirements for students seeking a Business Law and Policy Specialization



Ballantine & Sterling: California Corporation Laws
General Editor

2012 – Present

- 7-volume treatise on the laws governing businesses in the State of California
- In-depth practical guidance concerning the formation, operation and dissolution of corporations, partnerships, limited liability companies and other business entities
- Cited as authority in over 500 federal and state court opinions, 25 SEC No-Action Letters and other administrative reference materials, and 50 law review articles



Milbank@Harvard
Senior Advisor

2018 – Present

- Engaged by Harvard Law School Executive Education
- This professional development program provides attorneys at Milbank, Tweed, Hadley & McCloy LLP with immersive week-long programs to build leadership and business skills each year for four years, as they progress from mid-level associates to senior associates
- Led by Harvard Law School and Harvard Business School faculty, the program covers topics such as business, finance, accounting, marketing, law, management skills, client relations and personal and professional development
- As Senior Advisor, I attend program sessions at Harvard and provide input, guidance and assistance in formulating the program and connecting it to work at Milbank



State Bar of California, Office of Chief Trial Counsel
Special Deputy Trial Counsel

2017 – Present

- The State Bar Office of Chief Trial Counsel must recuse itself when it receives a disciplinary complaint against an attorney who has a close professional, personal, family or financial connection with the State Bar of California
- To avoid an appearance of impropriety under such circumstances, an independent Special Deputy Trial Counsel is appointed, with all the powers and duties of the Chief Trial Counsel, to investigate and, if warranted, prosecute alleged misconduct by such an attorney
- Since my appointment as a Special Deputy Trial Counsel, I have worked on several such matters

EMPLOYMENT HISTORY



Milbank, Tweed, Hadley & McCloy LLP, Los Angeles
Partner

1995 – 2016

- General Practice Areas: Business transactions, primarily acquisitions, finance, securities offerings and restructurings
- Representative transactions:
 - Represented an NYSE-listed company as regular outside corporate counsel in numerous transactions, including IPO, acquisitions, financings and a change-in-control transaction
 - Represented underwriters in the initial public offering of a California-based home builder, considered by *The Daily Journal* to be one of the Top 10 IPOs of 2013
 - Led the restructuring of a social network company for which Milbank received an “M&A Advisor” Award for Deal of the Year (2014) from *The M&A Advisor*
 - Represented the finance subsidiary of one of the world’s largest automotive companies in numerous debt financings totaling almost \$20 billion

- Represented the venture capital investing subsidiaries of three major public companies – a multinational conglomerate, a leading telecom company and a large U.S. bank – in over 50 different investments in early stage companies
- Represented two different alternative energy companies in sale transactions for which Milbank received the “Top Legal Advisor Award for M&A” from *Bloomberg New Energy Finance*
- Represented family owners in disposition transactions for a fashion optical company, a broadcast company and a hair care company
- Represented unsecured lenders in the restructuring of a print media company with over \$10 billion in debt
- **Administrative Responsibilities:**
 - Chair of Ethics Group for California Practices
 - Corporate Governance Group
 - Professional Development Committee
 - Milbank@Harvard (training program for associates)
 - Hiring Partner for Los Angeles Office



IDB Communications Group, Inc., Culver City, CA
Vice President, General Counsel & Secretary

1992 – 1995

- IDB was the fourth-largest U.S.-based provider of international telephone service when it was acquired by WorldCom, Inc. in December 1994
- As General Counsel, responsible generally for all legal matters, including acquisitions, financings and loan transactions, securities law compliance, litigation and crisis management, employment disputes, real estate transactions, board of director meetings, corporate records and customer contracts
- Responsibilities included what was then the second largest equity offering by a NASDAQ-listed company
- Named Executive Officer & Member of Executive Committee
- Established and supervised legal department of nine attorneys and five legal assistants



Los Angeles Kings Hockey Team, Culver City, CA
General Counsel (part-time) & Director

1994 – 1995

- Responsible for the acquisition transaction in which the Chairman of IDB Communications Group, Inc. acquired a controlling interest in the Kings
- General ongoing responsibilities included management, player and broadcast contracts and interaction with the National Hockey League and lenders
- Member of Board of Directors



O'Melveny & Myers, Los Angeles, CA
Associate

1984 – 1992

- **Practice Areas:** Transactional work focused on public and private securities financings (including initial public offerings), mergers and acquisitions, joint ventures and general corporate and contractual matters

- Administrative Responsibilities: Monitoring of legislative developments in California, training seminars, summer committee, executive compensation group, and “blue sky overseer”



California Supreme Court, San Francisco, CA
Judicial Extern for Associate Justice Stanley Mosk

1983

- Responsible for reviewing and evaluating Petitions for Hearing and drafting judicial opinions for the longest-serving justice on the California Supreme Court

EDUCATION

UC Berkeley School of Law, Berkeley, CA
Juris Doctor Degree

1982 – 1984

- Juris Doctor awarded 1984
- Associate Editor, *International Tax & Business Lawyer*

UC Hastings College of the Law, San Francisco, CA

1981 – 1982

- Top 1% (ranked number 5 in first-year class of 503 students)
- Transferred to UC Berkeley School of Law after first year
- Law Review (awarded based on both grades and writing competition)

UC Berkeley School of Business Administration, Berkeley, CA
Bachelor of Science Degree

1976 – 1980

- Bachelor of Science awarded 1980 in Management Science
- Honor Students Society
- Alumni Scholarship Award
- Dormitory Government Chairman

LEADERSHIP POSITIONS

STATE BAR OF CALIFORNIA & CALIFORNIA LAWYERS ASSOCIATION

- **Committee on Professional Responsibility and Conduct** 2008 – 2014
Chairman
 - COPRAC is a standing committee of the Board of Trustees of the State Bar of California, whose primary charge is the development and issuance of advisory ethics opinions to assist attorneys in understanding their professional responsibilities under the California Rules of Professional Conduct
 - Chair during 2012-2013, Vice Chair during 2011-2012, Advisor during 2013-2014
 - Organized, moderated and participated on numerous panel presentations on various ethical issues, including at the Annual Meeting of the State Bar and at the Annual Ethics Symposium

- Authored several ethics opinions and, as Chair of COPRAC's Rules Revision Commission Subcommittee, led COPRAC's efforts in reviewing and commenting on proposed new rules of professional conduct

- **Business Law Section** 2003 – 2008
Chairman
 - The Business Law Section serves as a forum to educate attorneys on recent developments and current issues in all fields of business law
 - Chair during 2006-2007, Vice Chair for Legislation during 2005-2006, and Member of the Executive Committee the remaining duration of my 5-year term

- **Corporations Committee** 1999 – 2003
Chairman
 - The Corporations Committee is a standing committee of the Business Law Section, focused on the laws relating to corporations and business transactions
 - Co-Chair during 2001-2002, Vice Chair for Legislation during 2000-2001
 - As Vice Chair for Legislation, responsible for the Section's efforts to prepare and advocate for legislative proposals to amend the California Corporations Code

- **Business Litigation Committee** 2016 – Present
Vice Chair
 - The Business Litigation Committee is a standing committee of the Business Law Section, focused on the laws relating to business disputes in California
 - Co-Vice Chair during 2018-2019

- **Business Law News** 2008 – Present
Editorial Advisor
 - The *Business Law News* is the official publication of the Business Law Section of the California Lawyers Association (formerly the California State Bar)
 - Providing advice and guidance to the Editorial Board of the *Business Law News*

LOS ANGELES COUNTY BAR ASSOCIATION

- **Professional Responsibility and Ethics Committee** 2013 – Present
Chairman
 - PREC is a standing committee of the Board of Trustees of the Los Angeles County Bar Association, whose primary mission is to prepare written opinions and responses to questions concerning the ethical duties and responsibilities of lawyers
 - Chair during 2018-2019, Vice Chair during 2017-2018, Secretary during 2016-2017
 - As Chair of PREC's Rules Revision Commission Subcommittee, led PREC's efforts in reviewing and commenting on proposed new rules of professional conduct

BOARD APPOINTMENTS

- **Windward School** 2013 – Present
Chair & Member, Board of Trustees
 - Windward School is an independent middle and high school in Los Angeles

- Also served on Executive Committee and as Co-Chair of Committee on Trustees and Chair of Strategic Planning Committee

- **Los Angeles Arts Association** 2010 – 2018
Member, Board of Directors
 - As a 501(c)(3) nonprofit organization, LAAA's mission since 1925 is to provide opportunities, resources, services and exhibition venues for Los Angeles artists, with an emphasis on emerging talent

- **Village School** 2008 – 2014
Member, Board of Trustees & Executive Committee
 - Village School is a TK through Sixth Grade independent school in Los Angeles
 - Also served on the Finance Committee and as Chair of the Legal Committee

- **Los Angeles Kings Hockey Team** 1994 – 1995
Member, Board of Directors
 - Also served as General Counsel of this National Hockey League team

- **821 Bay Street Homeowners Association, Inc.** Early 1990s
President & Member, Board of Directors
 - Homeowners association for 15-unit condominium complex in Santa Monica

- **Co-Opportunity Consumers Cooperative, Inc.** Late 1980s
Member, Board of Directors
 - The “co-op” is a community owned and operated market based in Santa Monica

RECOGNITIONS, SPEAKING ENGAGEMENTS & PUBLICATIONS

Recognitions & Honors

- “AV Preeminent” peer review rated (5.0 out of 5.0) on Martindale-Hubbell (Present)
- Profiled in *The Lexis Practice Advisor Journal*: “An Overview of Corporate Transactional Practice & Expert Witnessing: Q&A with Neil J Wertlieb” (Spring 2016)
- Led transactions for which Milbank received an “M&A Advisor” Award for Deal of the Year and an “M&A Advisor Turnaround” Award from *The M&A Advisor* (2014)
- Advised underwriters on an initial public offering selected by *The Daily Journal* as one of the Top 10 IPOs (2013)
- Recognized in *The Legal 500* for M&A work (2012)
- Led two transactions for which Milbank received the “Top Legal Advisor” Award for M&A from *Bloomberg New Energy Finance* (2009)
- Recognized by *Super Lawyers* as a Top Rated Mergers & Acquisitions Attorney and for his Corporate Finance work (2004)
- Profiled in *California Law Business*: “The 100 Most Influential Lawyers in California” (October 30, 2000)
- Profiled in *Los Angeles Business Journal*: “Who’s Who Banking & Finance: Roadkill Warriors” (October 16, 2000)

- Profiled in *California Law Business*: “Dealmaker of the Week” (October 9, 2000)
- Profiled in *Los Angeles Business Journal*: “Wall Street West: Cyber Lawyer” (September 20-26, 1999)

Speaking Engagements (since 2000)

- Presenter, “California’s New Rules of Professional Conduct,” presentations to various law firms and other organizations in Southern California (2018 – Present)
- Moderator, “Ethical Issues for In-House Counsel,” Lowell Milken Institute for Business Law and Policy at UCLA School of Law, Palo Alto, CA (January 30, 2019)
- Presenter, “The New Rules of Professional Conduct,” California Lawyers Association, Webinar (January 29, 2019)
- Presenter, “The New Rules of Professional Conduct,” J. Reuben Clark Law Society, Irvine, CA (January 17, 2019)
- Presenter, “The New Rules of Professional Conduct (for Transactional Lawyers),” Los Angeles County Bar Association’s Business and Corporations Law Section, Webinar (January 15, 2019)
- Panelist, “Ethics – All You Need to Know: Conflicts, Conflicts, Conflicts – What the New Rules and the *Sheppard Mullin v. J-M* Case have To Say,” Los Angeles County Bar Association’s Annual Program on Ethics, Los Angeles, CA (January 13, 2019)
- Moderator, “How to Keep Your Expert In and Their Expert Out,” California Lawyers Association’s Business Law Section, Webinar (November 6, 2018)
- Presenter, “A New Chapter in Professional Responsibility,” Lowell Milken Institute for Business Law and Policy at UCLA School of Law, Los Angeles, CA (October 30, 2018)
- Presenter, “Trials and Tribulations – Tactics, Strategies and Updates for the Business Litigator: The Ethical Use of Expert Witnesses,” California Lawyers Association’s Solo and Small Firm Section, Los Angeles, CA (October 18, 2018)
- Panelist, “Conflict Waivers, Mediation Waivers, New Rules - Oh My! Avoiding Ethical Traps Triggered by Recent Developments Under California Law,” Beverly Hills Bar Association, Los Angeles, CA (October 11, 2018)
- Presenter, “New Rules of Professional Conduct go into Effect on November 1, 2018 – Are You Ready?,” California Lawyers Association Annual Meeting, San Diego, CA (September 14, 2018)
- Panelist, “New Rules of Professional Conduct go into Effect Later this Year – *ARE YOU READY?*,” Los Angeles County Bar Association, Los Angeles, CA (August 21, 2018)
- Panelist, “Brave New World: What Business Lawyers Need to Know About the Sea Change to New Rules Of Professional Conduct,” Beverly Hills Bar Association, Beverly Hills, CA (July 12, 2018)
- Presenter, “Contracts 101: The Contract of the Year – *But is it Enforceable?*” presentations to various law firms and other organizations in Southern California (2018)
- Presenter, “Teach the Basics of Contract Drafting, Corporate Governance & Transactional Law . . . *in One Single Sentence!*” Emory Law’s 6th Biennial Conference on Teaching Transactional Law and Skills, Atlanta, GA (June 1, 2018)

- Panelist, “Advising Clients on the Formation of Legal Entities in California – Ethical Issues,” California Lawyers Association’s Business Law Section, Los Angeles, CA (March 30, 2018)
- Presenter, “The Proposed Rules of Professional Conduct – What Every Litigator Should Know,” California Lawyers Association’s Litigation Section, Webinar (March 1, 2018)
- Presenter, “Proposed Changes to California Professional Conduct Rules for Transactional Attorneys,” Los Angeles County Bar Association’s Business and Corporations Law Section, Webinar (January 29, 2018)
- Presenter, “The Proposed Rules of Professional Conduct,” presentations to various law firms in Southern California (2017 – 2018)
- Moderator, “Conflicts of Interest: Guidelines for Every Lawyer’s Success,” American Bar Association’s Center for Professional Development, Webinar (July 20, 2017)
- Panelist, “Ethics Issues Relating to the Use of Expert Witnesses,” American Bar Association’s National Conference on Professional Responsibility, St. Louis, MO (June 2, 2017)
- Panelist, “Ethics in, and Negotiating and Preserving Privilege in, M&A Transactions,” American Bar Association’s Business Law Section Spring Meeting, New Orleans, LA (April 6, 2017)
- Moderator, “Venture Capital Panel,” Law and Entrepreneurship Association of UCLA School of Law, Los Angeles, CA (April 4, 2017)
- Panelist, “Ethics – All You Need to Know: The Ethical Use of Expert Witnesses,” Los Angeles County Bar Association’s Annual Program on Ethics, Los Angeles, CA (January 14, 2017)
- Presenter, “The Ethical Use of Expert Witnesses,” presentations to various litigation groups in Southern California (2016 – Present)
- Panelist, “The Effective and Ethical Use of Expert Witnesses,” Annual Meeting of the California State Bar, San Diego, CA (September 30, 2016)
- Presenter, “Key Ethical Issues When Ending the Attorney-Client Relationship,” Bloomberg BNA Ethics, Webinar (April 12, 2016)
- Panelist, “Phantom Clients and How to Exorcise Them,” LMRM Conference, Chicago, IL (March 3, 2016)
- Presenter, “How to Be, and How to Use, an Expert Witness,” California State Bar, Webinar (November 4, 2015)
- Presenter, “Ethics for the In-House Attorney,” presentations to 15 legal departments in California and New York, approximately 1,000 in-house attorneys (2011 – 2014)
- Panelist, “Ethics Update 2014: Significant Developments in the Law of Lawyering,” Annual Meeting of the California State Bar, San Diego, CA (September 12, 2014)
- Panelist, “Ethics Update 2013: Significant Developments in the Law of Lawyering,” Annual Meeting of the California State Bar, San Jose, CA (October 11, 2013)
- Moderator, “Doing Good Made Easy (or at Least Easier): Ethical Issues Arising in *Pro Bono* Representations,” Annual Ethics Symposium of the California State Bar, Los Angeles, CA (April 20, 2013)
- Panelist, “Ethics Update 2012: Significant Developments in the Law of Lawyering,” Annual Meeting of the California State Bar, Monterey, CA (October 12, 2012)
- Moderator, “The No Contact Rule: Up Close and Personal,” Annual Ethics Symposium of the California State Bar, San Francisco, CA (May 19, 2012)

- Co-Teacher, “Negotiations: Creating and Claiming Value,” Harvard University, Cambridge, MA (February 16, 2012 & November 17, 2011)
- Co-Teacher, “Negotiations: Strategies of Influence,” Harvard University, Cambridge, MA (November 15, 2011)
- Moderator & Panelist, “Dealing with Difficult Clients While Maintaining Your Professional Responsibility,” Annual Meeting of the California State Bar, Long Beach, CA (September 17, 2011)
- Moderator, “Ethics on the Inside (Ethical Issues Faced by In-House Attorneys),” Annual Ethics Symposium of the California State Bar, Irvine, CA (April 9, 2011)
- Moderator & Panelist, “Conflicts for Lawyers: How to Get Yourself Disqualified, Sued and Disciplined,” Annual Meeting of the California State Bar, Monterey, CA & San Diego, CA (September 24, 2010 & September 11, 2009)
- Panelist, “When Private Equity Comes Calling: The Role of Corporate Counsel in Takeover Transactions,” 2007 Institute for Corporate Counsel, Los Angeles, CA (December 6, 2007)
- Presenter, “Basics of Mergers & Acquisitions,” Southern California Chapter of ACCA, Los Angeles & Orange Counties, CA (November 8, 2006)
- Panelist, “Developments in Corporate Governance: Revisiting Director Voting and other Hot Potatoes,” ABA Business Bar Leaders Conference, Chicago, IL (May 10, 2006)
- Panelist, “Legislation: Turning Ideas into Law: Effective Legislative Strategies for Business Law Organizations,” ABA Business Bar Leaders Conference, Chicago, IL (May 10, 2006)
- Panelist, “Mergers & Acquisitions: Growth, Access to Capital and Liquidity through Mergers, Acquisitions and Strategic Alliances,” The Investment Capital Conference 2004, Los Angeles, CA (April 27, 2004)
- Guest Lecturer, “Corporate Governance,” USC Business School, Course on Advanced Finance, Los Angeles, CA (July 26, 2004)
- Moderator & Panelist, “Doing Business Online: Financing Online Operations,” Law Seminars International, Los Angeles, CA (August 25, 2000)

Publications (since 2004)

- *Ballantine & Sterling: California Corporation Laws*, General Editor (2012 – Present)
- *Life Cycle of a Business: Transaction Skills*, UCLA Law Course Reader, Editor (2002 – Present)
- *Lexis Practice Advisor: Ethics For In-House Counsel*, Contributing Author (2015 – Present)
- “Teach the Basics of Contract Drafting, Corporate Governance & Transactional Law in One Sentence,” *20 Tennessee Journal of Business Law* 387 (2019)
- “An Update: Rules of Professional Conduct,” *The Practitioner* (Summer 2018)
- “New Rules of Professional Conduct,” *Business Law News* (2018)
- “New Rules: The Entirely New Rules,” *The Daily Journal* (Part 3 of 3-part series) (June 1, 2018)
- “New Rules of Conduct: The Uncontroversial, But Important,” *The Daily Journal* (Part 2 of 3-part series) (May 25, 2018)

- “New Rules of Conduct: The Disruptive and Controversial,” *The Daily Journal* (Part 1 of 3-part series) (May 18, 2018)
- “Proposed New Ethics Rules, and Their Impact on Solo Practitioners,” *The Practitioner* (Spring 2018)
- “The Proposed Rules of Professional Conduct,” *Business Law News* (2018)
- “Proposed New Ethics Rules: What You Need to Know,” *Family Law News* (2018)
- “Best Behavior: Proposed Conduct Rules,” *Los Angeles Lawyer* (November 2017)
- “Ethics Issues in the Use of Expert Witnesses,” *The Professional Lawyer* (2017)
- “Special Coverage – Proposed Rules of Professional Conduct: Lawyer as Third-Party Neutral (Rule 2.4),” *The Daily Journal* (September 11, 2017)
- “Special Coverage – Proposed Rules of Professional Conduct: Organization as Client (Rule 1.13),” *The Daily Journal* (April 24, 2017)
- “What Transactional Lawyers Should Know About Conflicts of Interest,” *Business Law News* (with Nancy T. Avedissian) (2016)
- “The No Contact Rule Actually DOES Apply to Transactional Lawyers,” *Business Law News* (with Nancy T. Avedissian) (2015)
- “The Rules of Professional Conduct DO Apply to In-House Lawyers,” *Business Law News* (with Adam S. Bloom) (2015)
- “Ethical Issues for the In-House Transactional Lawyer,” *Business Law News* (with Adam S. Bloom) (2010)
- “Ex Parte Communications in a Transactional Practice,” *Business Law News* (with Nancy T. Avedissian) (2009)
- “Addressing Conflicts of Interest in a Transactional Practice,” *Business Law News* (with Nancy T. Avedissian) (2008)
- “Hostage Situation: Holders of Preferred Stock Can Become the Victims of Legal Blackmail by Common Stockholders When an Early-Stage Firm Fails – Unless They Take a Simple Step Up Front,” *The Deal* (October 25, 2004)

Quoted as Authority (since 2017)

- “Rules of Professional Conduct Approved by the Supreme Court,” *Ethics News*, State Bar of California website (2018 – Present)
- “Avenatti Saga Spotlights Attorney Ethics, When to Draw Lines,” *Bloomberg Law* (March 26, 2019)
- “Women on board: California law requiring female corporate directors could be unconstitutional,” *CBC News* (March 8, 2019)
- “Michael Avenatti’s Ex Mareli Miniutti Got Money Allegedly Hidden From Bankruptcy Court,” *The Daily Beast* (February 18, 2019)
- “Former Client Accuses Michael Avenatti of Operating Law Firm Like a ‘Ponzi Scheme,’” *The Daily Beast* (January 22, 2019)
- “Michael Avenatti Preps for Two Weeks of Hell: Child Support, Debts, and Abuse Allegations,” *The Daily Beast* (December 3, 2018)
- “Raging Wildfires Bring Concerns of Legal Fraud in California,” *Bloomberg Law* (November 16, 2018)
- “California Rules of Professional Conduct Update,” *Legal Talk Network* (October 16, 2018)

- “Media Companies Could Run Afoul of California Law Banning All-Male Boardrooms,” *The Hollywood Reporter* (October 4, 2018)
- “California is One of Few States Implementing New Anti-Harassment Rule,” *The Daily Journal* (September 27, 2018)
- “Judge Puts Brief Pause on CBS-Shari Redstone Legal Battle,” *Variety* (May 16, 2018)
- “Trump Boasts NDAs a Common Practice for ‘Celebrities and People of Wealth,’” *NBC News* (May 3, 2018)
- “Hidden Expert-Pay Ruling Won’t Improve J&J Odds at Retrial,” *Law360* (April 30, 2018)
- “Federal Judge Rejects Stormy Daniels’ Request for Expedited Trial,” *ABC News* (March 29, 2018)
- “Porn Star Raising Funds for Legal Expenses in Trump Disclosure Fight,” *ABC News* (March 14, 2018)
- “Corporations Must Embrace Diversity to Prevent Misconduct and Liability Costs from Sexual Harassment,” *Variety* (December 13, 2017)
- “Weinstein Scandal Triggers Questions of Corporate Liability and Even Complicity,” *Variety* (October 25, 2017)
- “California Cases To Watch In 2017,” *Law360* (January 2, 2017)

MISCELLANEOUS

Bar Admissions & Memberships

- Admitted to practice in California, New York & District of Columbia
- Member:
 - American Bar Association
 - Association of Professional Responsibility Lawyers
 - California Lawyers Association
 - Los Angeles County Bar Association

Personal

- Married; father to 3 teenage boys
- Marathon runner: New York, Los Angeles, Ventura, Long Beach . . . and still going!



Exhibit B

List of Cases in Which I Have Testified as an Expert During the Past Four Years

Robert Hayman v. Michael Treiman

- Arbitration, Los Angeles County; Arbitrator Barbara A. Reeves (JAMS Case No. 1210035620)

Feldman v. GearShift Inc., T. Blinn, N. Safyurtlu, E. Cwiertny & N. Tribe

- Superior Court of the State of California for the County of Orange, Civil Complex Center; Judge Ronald L. Bauer (Case No. 30-2017-00951741)

Kenneth D. Rickel v. Martin W. Enright, Littman Krooks, LLP, et al.

- Superior Court of the State of California for the County of Los Angeles, Central District; Honorable Frederick C. Shaller (Case No. BC595770)

Jeffrey I. Golden, Trustee of Aletheia Research and Management, Inc., v. O'Melveny & Myers LLP, Steven J. Olson and J. Jorge deNeve

- Arbitration, Orange County; Arbitrator Honorable Gary A. Feess (Phillips ADR)

Adam Levin v. Weingarten Brown LLP et al.

- Arbitration, Los Angeles County; Arbitrator Edward J. Wallin (JAMS Ref. No. 1200051061)

William Atkins, Gregory Smith, and John Waite v. Allen Z. Sussman

- Arbitration, Los Angeles County; Arbitrator Irma E. Gonzalez (JAMS Ref. No. 1240054486)

Sork v. Slaughter

- Superior Court of the State of California for the County of San Diego, North County District; Honorable Timothy M. Casserly (Case No. 30-2015-00783369-CU-MC-CJC)

Marino, et al. v. Greenberg Traurig, P.A.

- Florida Circuit Court, Palm Beach County (Case No. 50-2016-CA-007297)

EQT Production Company v. Vorys, Sater, Seymour and Pease LLP and John Keller

- United States District Court, Eastern District of Kentucky, Southern Division (Case No. 6:15-CV-00146-DLB)

Brezoczky v. Domtar Corporation and Polsinelli PC

- United States District Court, Northern District of California (Case No. 5:16-CV-04995-EJD)

Drake Kennedy v. Regency Outdoor Advertising, Inc. et al.

- Superior Court of the State of California, Los Angeles County (Case No. BC522560)

Association for Los Angeles Deputy Sheriffs v. Armando Macias, Bruce Nance, et al.

- Superior Court of the State of California, Los Angeles County (Case No. BC540789)

Thomas A. Vogele, Gimino Vogele Associates, LLP v. Richard D. Williams, Susan D. Lintz, Kelly Lytton & Williams, LLP

- Superior Court of the State of California, Orange County; Honorable Michael Brenner, Judge Presiding (Case No. 30-2012-00558522-CU-NP-CJC)

Wood River Capital Resources, LLC, et al. v. CapitalSource, Inc., et al. (Asset Real Estate & Investment Company Consolidated Cases)

- Superior Court of the State of California, Los Angeles County; Honorable Elihu M. Berle (Case No. JCCP-4730)

Dyadic International, Inc. v. Ernst & Young, LLP, et al.

- Florida Circuit Court, Palm Beach County; Circuit Judge Richard Oftedal (Case No. 50 2009 CA 010680 XXXXMBAA)

maxIT Healthcare Holdings, Inc. v. Acumen Technology Solutions for Healthcare, LLC

- Arbitration, Orange County; Honorable Gary L. Taylor (JAMS Ref. No. 1200046297)

Exhibit C

Documents Provided or Made Available

1. Verified complaint of Arizona Corporation Commission (“ACC”) against DenSco Investment Corporation (8/17/16)
2. ACC’s Memorandum of Points and Authorities in Support of Application for Preliminary Injunction and Appointment of Receiver (8/17/16)
3. Receiver’s Preliminary Report (9/19/16)
4. Receiver’s Status Report (12/23/16)
5. Declaration of David Beauchamp (8/17/16)
6. Letter from D. Beauchamp to D. Chittick (5/7/07)
7. DenSco Confidential Private Offering Memorandum (6/1/07)
8. Letter from D. Beauchamp to D. Chittick (3/18/08)
9. E-mail exchanges between D. Beauchamp and D. Chittick and e-mail exchange between D. Beauchamp and M. McCoy (4/1/09)
10. D. Beauchamp handwritten notes (4/9/09)
11. E-mail exchanges between D. Beauchamp and R. Burgan (4/22/09)
12. E-mail exchanges between D. Beauchamp, D. Chittick and R. Burgan (4/23/09)
13. E-mail exchanges between D. Beauchamp and D. Chittick (5/15/09)
14. D. Beauchamp handwritten notes (6/30/09)
15. DenSco Confidential Private Offering Memorandum (7/1/09) w/ handwritten notes from 2011
16. E-mail exchanges between D. Beauchamp and D. Chittick (4/6/11)
17. D. Beauchamp handwritten notes (4/13/11)
18. E-mail exchanges between D. Beauchamp, D. Chittick and G. Schneider (5/3/11)
19. E-mail exchanges between D. Beauchamp, D. Chittick and G. Schneider (5/25/11)
20. E-mail exchanges between D. Beauchamp, D. Chittick and G. Schneider (6/10/11)
21. E-mail exchanges between D. Beauchamp, D. Chittick and G. Schneider (6/14/11)
22. E-mail exchanges between D. Beauchamp, D. Chittick and G. Schneider (6/20/11)
23. E-mail exchanges between D. Beauchamp and D. Chittick (7/11/11)
24. DenSco Confidential Private Offering Memorandum (7/1/11)
25. E-mail from D. Chittick to D. Beauchamp, DenSco investors (7/19/11)
26. Letter from Arizona Department of Financial Institutions (“ADFI”) to DenSco (8/11/11)
27. Letter from D. Beauchamp to ADFI (8/22/11)
28. E-mail exchanges between D. Beauchamp and D. Chittick (5/1/13)
29. D. Beauchamp handwritten notes re mtg. w/ D. Chittick (5/9/13)
30. Excerpt from DenSco corporate journal maintained by D. Chittick (5/9/13)
31. Draft DenSco Confidential Private Offering Memorandum (5/XX/13)
32. E-mail from D. Beauchamp to R. Pederson (6/10/13)
33. E-mail exchange between D. Beauchamp and M. Weakley (6/10/13)
34. E-mail exchanges between D. Beauchamp and D. Chittick (6/11/13)
35. E-mail from D. Chittick to D. Beauchamp (6/14/13)
36. E-mail from S. Menaged to D. Beauchamp, D. Chittick (6/14/13)
37. E-mail exchanges between D. Beauchamp and D. Chittick (6/14/13)
38. E-mail exchanges between D. Beauchamp and R. Wang (6/17/13)

39. Excerpt from DenSco website (6/17/13)
40. D. Beauchamp handwritten notes re call w/ D. Chittick (6/17/13)
41. E-mail from D. Beauchamp to R. Wang (6/17/13)
42. D. Beauchamp handwritten notes re call w/ R. Wang (6/17/13)
43. E-mail from D. Beauchamp to M. Weakley (6/17/13)
44. Excerpt from DenSco corporate journal maintained by D. Chittick (6/17/13)
45. D. Beauchamp handwritten notes re call w/ R. Wang (6/18/13)
46. D. Beauchamp handwritten notes re call w/ M. Weakley (6/18/13)
47. E-mail exchanges between D. Beauchamp, R. Wang, K. Henderson, R. Endicott, G. Jensen (6/20-21/13)
48. E-mail from D. Beauchamp to E. Sipes (6/25/13)
49. D. Beauchamp handwritten notes re E. Sipes (6/25/13)
50. D. Beauchamp handwritten notes re call w/ E. Sipes (6/27/13)
51. D. Beauchamp handwritten notes re call w/ D. Chittick (6/27/13)
52. E-mails from D. Chittick to D. Beauchamp (6/27/13)
53. E-mail exchange between E. Sipes and D. Beauchamp (7/1/13)
54. E-mail exchanges between D. Beauchamp and D. Chittick (7/10/13)
55. E-mail exchanges between D. Beauchamp and D. Chittick (7/11/13)
56. Draft DenSco Confidential Private Offering Memorandum (7/XX/13)
57. E-mail exchanges between D. Beauchamp and G. Jensen (8/6/13)
58. D. Beauchamp handwritten notes re calls w/ D. Chittick (8/26/13)
59. Letter from D. Beauchamp and J. Zweig to D. Chittick (8/30/13)
60. E-mail exchanges between D. Beauchamp and D. Chittick (9/12/13)
61. Letter from D. Beauchamp to D. Chittick (9/12/13)
62. E-mail exchanges between D. Beauchamp and D. Chittick (9/12/13)
63. Clark Hill New Client/New Matter form (9/13/13)
64. E-mail from S. Brewer to L. Stringer (9/17/13)
65. E-mail from D. Chittick to D. Beauchamp re "few things" (12/18/13)
66. E-mail from D. Chittick to D. Beauchamp re "2011 memorandum" (12/18/13)
67. E-mail from D. Beauchamp to D. Chittick re "2011 memorandum" (12/18/13)
68. E-mail exchange between D. Chittick and D. Beauchamp (1/5/14)
69. E-mail from D. Chittick to D. Beauchamp (1/6/14)
70. E-mail from D. Chittick to D. Beauchamp (1/7/14)
71. D. Beauchamp handwritten notes from meeting with D. Chittick and S. Menaged (1/9/14)
72. E-mail exchange between D. Chittick and D. Beauchamp (1/9/14)
73. Clark Hill New Client/Matter form (1/10/14)
74. D. Beauchamp handwritten notes from telephone call with D. Chittick (1/10/14)
75. Excerpt from DenSco corporate journal (1/10/14)
76. E-mail exchange between D. Chittick and D. Beauchamp (1/12/14)
77. E-mail from D. Beauchamp to D. Chittick (1/15/14)
78. E-mail from S. Menaged to D. Beauchamp and D. Chittick (1/16/14)
79. E-mail exchange between D. Chittick and D. Beauchamp (1/16/14)
80. E-mail exchange between D. Chittick, D. Beauchamp, S. Menaged, J. Goulder (1/17/14)
81. Executed Term Sheet (1/17/14)
82. E-mail exchange between D. Chittick and D. Beauchamp (1/21/14)
83. E-mail exchange between D. Chittick and D. Beauchamp (1/21/14)

84. E-mail exchange between D. Chittick and D. Beauchamp (1/21/14)
85. Excerpt from DenSco corporate journal (1/10/14)
86. E-mail exchange between D. Chittick and D. Beauchamp (1/23/14)
87. E-mail exchange between D. Chittick and D. Beauchamp (1/31/14)
88. E-mail from D. Beauchamp to D. Chittick (2/4/14)
89. E-mail from D. Beauchamp to D. Chittick (2/4/14)
90. D. Beauchamp handwritten notes from call with D. Chittick (2/6/14)
91. E-mail exchange between D. Beauchamp and D. Chittick (2/7/14)
92. E-mail exchange between D. Beauchamp and D. Chittick (2/7/14)
93. D. Beauchamp handwritten notes from call with D. Chittick and S. Menaged (2/7/14)
94. D. Beauchamp handwritten notes from calls with D. Chittick (2/7/14)
95. Excerpt from DenSco journal (2/7/14)
96. E-mail exchange between D. Beauchamp and D. Chittick (2/9/14)
97. E-mail exchange between D. Beauchamp and D. Chittick (2/10/14)
98. D. Beauchamp handwritten notes from calls with D. Chittick (2/11/14)
99. E-mail exchange between D. Beauchamp and D. Chittick (2/14/14)
100. E-mail exchange between D. Beauchamp and D. Chittick (2/15/14)
101. E-mail exchange between D. Beauchamp and D. Chittick (2/20/14)
102. E-mail exchange between D. Beauchamp and D. Chittick (2/20/14)
103. D. Beauchamp handwritten notes from meeting with D. Chittick, S. Menaged, J. Goulder (2/20/14)
104. Excerpt from DenSco journal (2/20/14)
105. D. Beauchamp handwritten notes from call with D. Chittick (2/21/14)
106. Excerpt from DenSco journal (2/21/14)
107. D. Beauchamp handwritten notes from call with D. Chittick (2/24/14)
108. Excerpt from DenSco journal (2/24/14)
109. E-mail exchange between D. Beauchamp and D. Chittick (2/25/14)
110. Excerpt from DenSco journal (2/25/14)
111. E-mail exchange between D. Beauchamp and D. Chittick (2/26/14)
112. E-mail exchange between D. Beauchamp and D. Chittick (2/26/14)
113. E-mail exchange between D. Beauchamp and B. Price (2/26/14)
114. Excerpt from DenSco journal (2/26/14)
115. D. Beauchamp handwritten notes from call with D. Chittick (2/27/14)
116. E-mail exchange between D. Beauchamp and B. Price (2/27/14)
117. Excerpt from DenSco journal (2/26/14)
118. D. Beauchamp handwritten notes from call with D. Chittick (3/3/14)
119. Excerpt from DenSco journal (3/3/14)
120. E-mail exchange between D. Beauchamp and D. Chittick (3/4/14)
121. D. Beauchamp handwritten notes from call with D. Chittick (3/7/14)
122. Excerpt from DenSco journal (3/7/14)
123. E-mail exchange between D. Beauchamp and D. Chittick (3/10/14)
124. D. Beauchamp handwritten notes from calls with D. Chittick (3/11/14)
125. Excerpt from DenSco journal (3/11/14)
126. D. Beauchamp handwritten notes from calls with D. Chittick (3/12/14)
127. D. Beauchamp handwritten notes from calls with D. Chittick and S. Menaged (3/12/14)
128. E-mail exchange between D. Beauchamp and D. Chittick (3/12/14)

129. E-mail exchange between D. Beauchamp and D. Chittick (3/12/14)
130. E-mail exchange between D. Beauchamp and D. Chittick (3/13/14)
131. E-mail exchange between D. Beauchamp and D. Chittick (3/13/14)
132. E-mail exchange between D. Beauchamp and D. Chittick (3/13/14)
133. E-mail exchange between D. Beauchamp and D. Chittick (3/14/14)
134. Excerpt from DenSco journal (3/17/14)
135. E-mail exchange between D. Beauchamp and D. Chittick (3/17/14)
136. E-mail exchange between D. Beauchamp and D. Chittick (3/18/14)
137. E-mail exchange between D. Beauchamp and D. Chittick (3/19/14)
138. Excerpt from DenSco journal (3/20/14)
139. Forbearance Agreement (4/16/14)
140. Excerpt from DenSco journal (4/16/14)
141. E-mail exchange between D. Beauchamp and D. Chittick (4/18/14)
142. D. Beauchamp handwritten notes from call with D. Chittick (4/24/14)
143. E-mail from D. Chittick to D. Beauchamp (4/24/14)
144. Copy of DenSco Confidential Private Offering Memorandum dated July 2011 with handwritten notes (4/24/14)
145. E-mail exchange between D. Beauchamp and D. Chittick (4/25/14)
146. E-mail exchange between D. Beauchamp and D. Chittick (4/28/14)
147. E-mail exchange between D. Beauchamp and D. Chittick (4/28/14)
148. E-mail exchange between D. Beauchamp and D. Chittick (4/28/14)
149. D. Beauchamp handwritten notes from calls with D. Chittick (4/29/14)
150. D. Beauchamp handwritten notes re private offering memorandum (4/29/14)
151. Excerpt from DenSco journal (4/29/14)
152. D. Beauchamp handwritten notes re private offering memorandum (5/13/14)
153. E-mail from D. Schenck to D. Beauchamp (5/14/14)
154. Draft of DenSco Confidential Private Offering Memorandum (5/14/14)
155. Draft of DenSco Confidential Private Offering Memorandum (5/14/14)
156. E-mail exchanges between D. Beauchamp and D. Chittick (6/12/14)
157. E-mail exchange between D. Beauchamp and D. Schenck (6/13/14)
158. Authorization to Update Forbearance Documents (6/18/14)
159. Excerpt from DenSco journal (7/2/14)
160. Excerpt from DenSco journal (7/25/14)
161. Excerpt from DenSco journal (7/31/14)
162. E-mail exchange between D. Beauchamp and D. Chittick (3/13/15)
163. E-mail exchange between D. Chittick and S. Menaged (3/13/15)
164. Excerpt from DenSco journal (3/13/15)
165. Excerpt from DenSco journal (3/24/15)
166. Excerpt from DenSco journal (6/18/15)
167. Letter to Investors (7/28/16)
168. Iggy List (7/28/16)
169. E-mail from D. Beauchamp to DenSco investors (8/3/16)
170. E-mail from D. Beauchamp to DenSco investors (8/5/16)
171. E-mail exchange between D. Beauchamp and K. Johnson (8/8/16)
172. E-mail exchange between D. Beauchamp and R. Brinkman (8/21/16)
173. E-mail exchange between D. Beauchamp and R. Brinkman (8/21/16)

174. Letter from D. Beauchamp to D. Chittick with enclosed invoices (2/20/14)
175. Letter from D. Beauchamp to D. Chittick with enclosed invoices (3/14/14)
176. Letter from D. Beauchamp to D. Chittick with enclosed invoices (4/24/14)
177. Letter from D. Beauchamp to D. Chittick with enclosed invoices (5/23/14)
178. Letter from D. Beauchamp to D. Chittick with enclosed invoices (6/25/14)
179. Letter from D. Beauchamp to D. Chittick with enclosed invoice (7/16/14)
180. Letter from D. Beauchamp to D. Chittick with enclosed invoice (8/20/14)
181. Plaintiff's Initial Disclosure Statement w/ Appendices (3/9/18)
182. Defendant's Initial Disclosure Statement (3/9/18)
183. Notice of Service of Preliminary Expert Opinion Declaration – M.Hiraide (3/9/18)
184. Plaintiff's Second Disclosure Statement documents (3/27/18), [RECEIVER_000001-1497]
185. Plaintiff's Third Disclosure Statement documents (5/15/18), [RECEIVER_000001-1497]
186. Defendant's Third Supplemental Disclosure Statement documents (6/13/18), [AF000001-002448, AZBEN000001-005248, CH_0013387-0013616, GE000001-000257, SELL000001-000766]
187. Beauchamp's Responses to Plaintiff's First Set of Non-Uniform Interrogatories No.1 thru 14; including breakdown of each NUI with the referenced documents (6/21/18)
188. Plaintiff's Fourth Disclosure Statement documents (7/11/18), [RECEIVER_001498-001548]
189. Daniel Schenck Deposition Transcript, Exhibits, Errata sheet (6/19/18)
190. Robert Anderson Deposition Transcript and Exhibits (6/21/18)
191. David Beauchamp Deposition Transcript, Exhibits, Errata sheet and video deposition (7/19-20/18)
192. Shawna Heuer Deposition Transcript (8/22/18)
193. Mark Sifferman Deposition Transcript (8/31/18)
194. Scott Menaged 2004 Exam Transcript
195. Edward Hood Deposition Transcript and Exhibits (2/8/19)
196. Letter from R. Miller to D. Chittick w/ attachment re Mortgage Recordation; Demand for Subordination (1/6/14), [CH_0000828-0000848]
197. Notice of Claim Against Estate of Denny J. Chittick (12/9/16)
198. Exhibits A thru H re Motion to Modify Receivership Order re Alleged Joint Privilege (12/7/17)
199. Receiver's Petition No. 48 for Reconsideration of the Order Appointing Receiver with Respect to Alleged Joint Attorney Client Privilege (12/11/17)
200. Chittick Estate's Response to Receiver's Petition No. 48 re Attorney-Client Relationship (1/3/18)
201. Chittick Estate's Sur-Response to Receiver's Petition No. 48 re Attorney-Client Relationship (1/9/18)
202. Receiver's Reply in Support of Petition No. 48 for Reconsideration of the Order Appointing Receiver with Respect to Alleged Joint Attorney Client Privilege (1/12/18)
203. Plaintiff's Third Set of Requests for Production of Documents to Defendant Clark Hill (8/1/18)
204. Defendants' Sixth Supplemental Disclosure Statement (3/13/19)
205. Blackline Fifth Supplemental Disclosure Statement to Sixth Supplemental Disclosure Statement (3/13/19)

206. Signed Verification to Defendants' Sixth Supplemental Disclosure Statement (3/12/19)

Exhibit B

1 Colin F. Campbell, 004955
Geoffrey M. T. Sturr, 014063
2 Joshua M. Whitaker, 032724
Osborn Maledon, P.A.
3 2929 N. Central Avenue, Suite 2100
Phoenix, Arizona 85012-2793
4 (602) 640-9000
ccampbell@omlaw.com
5 gsturr@omlaw.com
jwhitaker@omlaw.com

6 Attorneys for Plaintiff
7

8 IN THE SUPERIOR COURT OF THE STATE OF ARIZONA
9 IN AND FOR THE COUNTY OF MARICOPA
10

12 Peter S. Davis, as Receiver of DenSco
Investment Corporation, an Arizona
13 corporation,

14 Plaintiff,

15 vs.

16 Clark Hill PLC, a Michigan limited
liability company; David G. Beauchamp
17 and Jane Doe Beauchamp, husband and
18 wife,

19 Defendants.
20

No. CV2017-013832

**PLAINTIFF'S DISCLOSURE OF
EXPERT WITNESS REPORT RE
DAMAGES**

(Commercial case)

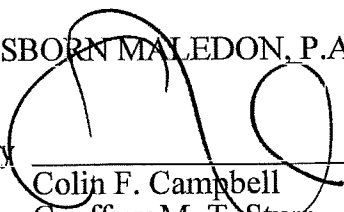
(Assigned to the
Honorable Daniel Martin)

21 Pursuant to the scheduling order entered in this matter, Plaintiff Peter S. Davis, as
22 Receiver of DenSco Investment Corporation, hereby discloses the attached report of
23 David Weekly, Felix Financial Forensics, LLC, which provides an analysis of the
24 damages suffered by DenSco as a result of Defendants' conduct.
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DATED this 4th day of April 2019.

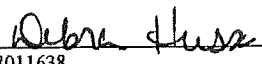
OSBORN MALEDON, P.A.

By 
Colin F. Campbell
Geoffrey M. T. Sturr
Joshua M. Whitaker
2929 N. Central Avenue, Suite 2100
Phoenix, Arizona 85012-2793

Attorneys for Plaintiff

Original hand-delivered and
copy sent by e-mail this
4th day of April, 2019, to:

John E. DeWulf, Esq.
Coppersmith Brockelman PLC
2800 N. Central Avenue, Suite 1900
Phoenix, AZ 85004
Attorneys for Defendants


8011638



**Peter S. Davis, as Receiver of DenSco
Investment Corporation, an Arizona
Corporation,**

Plaintiff,

v.

**Clark Hill PLC, a Michigan limited liability
Company; David G. Beauchamp and Jane
Doe Beauchamp, husband and wife,**

Defendants.

**In the Superior Court of the State of Arizona
In and For the County of Maricopa**

Case No. CV2017-013832

Expert Report of:

**David B. Weekly
Fenix Financial Forensics LLC**

April 4, 2019

Peter S. Davis, as Receiver of DenSco Investment Corporation

v.

Clark Hill PLC, et al.

(Case No. CV2017-013832)

Expert Report of David B. Weekly

April 4, 2019

Background¹

1. DenSco Investment Corporation (“DenSco”) is an Arizona corporation that began operating in April 2001. DenSco’s primary business was making short-term, high-interest loans to foreclosure specialists, usually through a trustee’s sale. Denny Chittick (“Chittick”) was DenSco’s sole shareholder and only employee.
2. David G. Beauchamp (“Beauchamp”) is an attorney who advised DenSco on general business, securities transactions and other legal matters. He worked at several law firms while advising DenSco, including Clark Hill from September 2013 through 2016.
3. DenSco issued promissory notes to private investors under Private Offering Memoranda (POM) prepared by Beauchamp in 2003, 2005, 2007, 2009 and 2011. Each POM expired two years after issuance. The 2011 POM expired July 1, 2013, and no new POM was ever finalized after that date.
4. Yomotov “Scott” Menaged (“Menaged”) borrowed money from DenSco to purchase foreclosed homes at trustees’ sales. Menaged operated several companies, including Easy Investments, LLC and Arizona Home Foreclosures, LLC.
5. In November 2013, Chittick learned from Menaged that a number of his DenSco loans were double encumbered, making it uncertain whether DenSco had sufficient collateral value in these loans. Menaged informed Chittick his cousin perpetrated a fraud against Menaged and absconded with the funds DenSco lent to him. When Chittick learned about the double encumbering of loans, he and Menaged created a plan in an attempt to resolve the issue.
6. On January 6, 2014, Chittick learned from an attorney at Bryan Cave, there were over 50 properties with deeds of trust with a first position security interest in which DenSco also had recorded mortgages. On January 7, 2014, Chittick outlined his plan in an email to Beauchamp. Chittick and Menaged met with Beauchamp on January 9, 2014 to discuss the plan, which led to the development of a Forbearance Agreement dated April 16, 2014.
7. On July 28, 2016, Chittick committed suicide, and on August 18, 2016, Peter S. Davis was appointed as the Receiver of DenSco (“Receiver”). The Receiver reviewed DenSco’s files and other books and records and concluded DenSco had claims against Beauchamp and Clark Hill (collectively referred to herein as “Defendants”).

¹ Statements in the Background section are sourced from the Complaint and various Disclosure Statements or other documents provided to F3. These statements are made to provide a brief overview of this matter and are not intended to be an exact summary of facts or to provide any legal determinations or conclusions.

8. The Receiver disclosed two frauds were perpetrated against DenSco and its investors (also referred to as two Ponzi schemes by the Receiver). The First Fraud ("First Fraud" or "First Ponzi") occurred when DenSco made certain loans to Menaged expecting to be in first position, when in fact DenSco held a second position lien on many properties. The Second Fraud ("Second Fraud" or "Second Ponzi") occurred when DenSco continued to loan funds to Menaged, but Menaged created fictitious documents giving the impression DenSco actually held liens. Menaged stole additional funds during the Second Fraud without ever buying properties.
9. On October 16, 2017, the Receiver filed a Complaint against the Defendants. The Receiver (also referred to as "Plaintiff") alleges the Defendants committed legal malpractice and aided and abetted Chittick in breaching his fiduciary duties. The Receiver is seeking damages related to DenSco's financial losses associated with loans made to Menaged, and recovery of legal fees paid to Defendants.

The Role of F3

10. Fenix Financial Forensics LLC ("F3") was retained by Osborn Maledon, P.A. ("Counsel") on behalf of the DenSco Receiver to quantify the financial losses to DenSco. In performing our work to date we have: 1) considered the documents listed in Exhibit A; 2) held discussions with the Receiver, and analyzed the work performed by the Receiver related to four status reports issued between September 19, 2016 and March 11, 2019; 3) analyzed relevant DenSco financial records including information related to DenSco loans and DenSco's QuickBooks file; 4) reviewed numerous DenSco bank account statements, analyzed relevant property records, deeds of trust and closing statements; 5) reviewed certain depositions, testimony transcripts and Chittick's corporate journal (2013 to 2016); and 6) prepared this expert report.
11. This expert report summarizes the opinions of David B. Weekly, a Senior Managing Director for F3. Mr. Weekly is a Certified Public Accountant, a Certified Fraud Examiner, a Certified Insolvency and Restructuring Advisor, a Certified Internal Controls Auditor, a Certified Global Management Accountant and is Certified in Financial Forensics. A copy of Mr. Weekly's resume and recent testimony experience is attached as Exhibit B.
12. We express no opinion regarding liability in this matter. The opinions and conclusions expressed in this report are Mr. Weekly's, and are based on the information made available as of the date of this report. Mr. Weekly was assisted by other F3 professionals, working under his direction and supervision. This report refers to Mr. Weekly and other F3 professionals involved in the work collectively as "we", "us", "our", and/or F3.

Summary of Opinion

13. Menaged perpetrated two frauds against DenSco. In the First Fraud, Menaged used DenSco and a second lender to obtain two separate loans against the same property. DenSco wired the borrowed funds directly to Menaged's bank account instead of delivering the funds directly to the trustee handling the sale. Had DenSco followed the practice other hard money lenders used of delivering the borrowed funds directly to the trustee, Menaged would not have been able to steal DenSco's

funds. Menaged stated during a bankruptcy examination, "The only way that DenSco ended up in this position is because he [Chittick] wired the money to the borrower, me, and did not pay the trustee directly."²

14. In an attempt to recover the loan losses created by Menaged from the First Fraud (the additional funding paid by DenSco to resolve the double encumbered properties from the First Fraud are referred to as "Workout Loans"), Chittick continued making loans to Menaged to buy foreclosed properties (these loans commenced on January 22, 2014 and are referred to as "Non-Workout Loans"). Chittick, Menaged and Beauchamp were all aware of the plan to continue making loans and use expected profits from these new loans to recover the losses from the First Fraud. The Non-Workout Loans are the basis of the Second Fraud.
15. When funding Non-Workout Loans, Chittick continued to wire money directly to Menaged's bank account. Chittick instructed Menaged to provide a copy of a cashiers' check and trustees' receipt for each transaction. Menaged sent Chittick copies of cashiers' checks and fictitious trustees' receipts, giving Chittick the impression Menaged was actually acquiring properties.³ During the Second Fraud, Menaged typically returned funds DenSco previously loaned him, to continue to give Chittick the false impression he was actually purchasing properties, generating profits and paying off the loans.
16. DenSco's total losses related to Workout Loans from the First Fraud were over \$14 million by the time of Chittick's death. The net impact of the fictitious Non-Workout Loans during the Second Fraud resulted in over \$24 million in losses.
17. F3 calculated DenSco's loan losses related to Workout Loans for transactions where the economic damages occurred after September 30, 2013.⁴ Loan loss damages for Workout Loans represent cash paid by DenSco to resolve their Menaged loan shortfalls ("Cash Out") less payments made by Menaged to DenSco on these loans ("Cash In").
18. F3 calculated DenSco's loan losses related to Non-Workout Loans beginning on January 22, 2014. These damage amounts were also calculated by determining the total "Cash Out" minus "Cash In" for Non-Workout Loans.
19. The total loan losses were reduced by applicable Receiver recoveries and increased by costs and expenses the Receiver incurred to obtain recoveries as of the date of this report. Table 1 summarizes DenSco's net Loan Loss Damages.

² Menaged sworn testimony dated October 20, 2016, page 74.

³ Menaged obtained actual cashiers' checks, sent photos of the checks to Chittick, and then redeposited the checks.

⁴ Based on advice from Counsel.

Table 1: DenSco Net Loan Loss Damages (excluding prejudgment interest)

Description	Amount
Workout Loans	\$ 69,123
Non-Workout Loans	24,436,100
Total Loan Losses	\$ 24,505,223
Less: Menaged-Related Recoveries	(667,585)
Add: Menaged-Related Costs and Expenses	875,581
Net Loan Losses	\$ 24,713,219

Opinion

DenSco's net financial losses related to Workout Loans and Non-Workout Loans total \$24,713,219 (before prejudgment interest) as of April 4, 2019.

Detailed Findings in Support of Opinion

20. There were deficient business practices and a lack of compliance with DenSco's POMs that created red flags. Plaintiff claims DenSco's loan losses could have been limited had Defendants not breached their legal standard of care or aided and abetted DenSco and Chittick. Some of these deficiencies are summarized in Table 2.

Table 2: Deficiencies

Description	Source	Deficiency/Red Flag
[1] Loaned funds should be evidenced by check payable to "Trustee"	Mortgage document used by DenSco	Funds were wired to Menaged and were not paid directly to Trustee; Mortgage document required this procedure
[2] Lien priority (required first position)	Menaged Testimony; 2011 POM (BC_002957)	Chittick did not validate whether DenSco was in a first position on loans; Freo Lawsuit and other notifications were red flags
[3] Loan-to-value ratios (not to exceed 70%)	2011 POM (BC_002924)	Menaged double encumbered properties causing LTV ratio to be exceeded; LTV ratio exceeded for unsecured workout loans
[4] One borrower will not comprise more than 10 to 15% of total portfolio	2011 POM (BC_002957)	Loans to Menaged exceeded 15% beginning in 2013 and reached nearly 90% by 2016 (refer to Exhibit C for history of Menaged loan %)
[5] Offering Maximum of \$50 million	2011 POM (BC_002915)	Investor balance exceeded \$50 million April 2013, reached a high point of \$61.9 million May 2014 and stayed above \$50 million in every month but one after April 2013

21. Delivering funds directly to the trustees and verification of lien positions would have prevented Menaged from double encumbering properties, and would have prevented Menaged from borrowing more than 15% of the \$50 million offering maximum. The 15% borrowing limit itself, would have prevented DenSco from loaning Menaged more than \$7.5 million, therefore the Second Fraud could not have occurred.
22. The double encumbering of properties caused DenSco to become insolvent. In the Receiver's December 23, 2016 Status Report, the Receiver concluded, "As a result of the First Fraud and the Second Fraud, DenSco became insolvent as of December 31, 2012 and remained insolvent through June 30, 2016."⁵ Based on our review and analysis of the Receiver's calculations and DenSco's QuickBooks file, we agree with the Receiver's conclusion that DenSco was insolvent on a Balance Sheet basis by at least the end of 2012.

Workout Loans

23. When Chittick learned about the double encumbering of loans in November 2013, he and Menaged created a plan in an attempt to recover the expected losses. Chittick outlined his plan in an email to Beauchamp dated January 7, 2014. Chittick and Menaged met with Beauchamp on January 9, 2014 to discuss the plan, which led to the development of a Forbearance Agreement dated April 16, 2014.
24. The plan included DenSco loaning Menaged: a) \$1 million at 3% interest (referred to as the "Work Out 1 Million"), and b) \$5 million at 18% interest (referred to as the "Work Out 5 Million"). The plan contemplated if Menaged continued flipping properties, the expected profits would allow DenSco to recover the funds to pay-off the \$1 million and \$5 million Workout Loans. Between January and April of 2014, Beauchamp continued to work with Chittick and Menaged to finalize the Forbearance Agreement.
25. The plan was to either refinance the loans or sell the properties in order to pay off the additional lien held by another lender.⁶ Any deficit between the property value or sales price and the combined liens on the property were recorded by DenSco as new borrowing by Menaged, and were put on the DenSco books under either the "Work Out 1 Million" account or the "Work Out 5 Million" account.

Example of actual Workout Loan – 18146 W. Puget Ave.

26. This property was double encumbered by DenSco and Sell Wholesale Funding, LLC ("SWF"). DenSco's original loan on October 16, 2013 was \$90,000 and SWF's original loan was \$95,200 on the same day. On March 14, 2014, DenSco and Menaged refinanced the property. To remove the SWF lien, DenSco wired \$98,861.07 to the title company at closing. This cleared SWF's lien, but left DenSco with an outstanding loan to Menaged of \$188,861.07.⁷ DenSco recorded \$125,000 in the Menaged loan account (by adding \$35,000 to the existing \$90,000 loan balance) and recorded

⁵ Receiver Status Report dated December 23, 2016, page 11.

⁶ There were instances where DenSco actually held a first position lien on a property, but wanted to avoid action by other lenders or issues with DenSco's investors learning of the fraud.

⁷ This amount equals the original loan of \$90,000 plus DenSco's refinancing payment of \$98,861.07.

\$63,861.07 in a separate account called "Work Out 5 Million". DenSco was now the sole lienholder and Menaged's debt on DenSco's books was \$188,861.07.

27. On October 9, 2014, Menaged sold the property for \$132,000. To complete this transaction at closing, Menaged paid \$23,355.12 and received a credit for assessments of \$270.99, for total settlement proceeds of \$155,626.11. The total settlement proceeds were used to pay: 1) DenSco's recorded loan amount of \$125,000 (excluding the Workout Loan), 2) DenSco's accrued interest of \$18,542.50 and 3) other closing costs of \$12,083.61. Once the transaction was complete, DenSco was left with the unsecured "Work Out 5 Million" loan of \$63,861.07, which was never repaid. We subtracted the interest received at closing of \$18,542.50, to calculate DenSco's Workout Loan loss of \$45,318.57.

Summary of F3's Analysis and Calculations of DenSco's "Work Out 1 Million" Damages

28. There were 14 properties either: 1) sold or 2) refinanced and sold, where the deficit between the property value and DenSco loan amount was recorded in the "Work Out 1 Million" account. Chittick started making entries into QuickBooks on December 13, 2013 to record these losses. The original loan dates for these properties (when they became double encumbered) were between April 22, 2013 and October 7, 2013. The total unpaid balance in the "Work Out 1 Million" account on DenSco's books was \$1,002,533.

29. To calculate damages related to the "Work Out 1 Million" loans, we identified original loans made by DenSco after September 30, 2013 where DenSco lost money as a result of eliminating the property double encumbrance. DenSco originated two loans in this time period that were recorded in the "Work Out 1 Million" account. DenSco's losses on these two loans totaled \$236,307.⁸

Summary of F3's Analysis and Calculations of DenSco's "Work Out 5 Million" Damages

30. There were 107 properties either: 1) sold or 2) refinanced and sold, where the deficit between the property value and the DenSco loan amount was recorded in the "Work Out 5 Million" account. Chittick started making entries into QuickBooks on March 7, 2014 to record these losses. The original loan dates for these properties (when they became double encumbered) were between August 20, 2012 and December 5, 2013. The gross unpaid balance in this account on DenSco's books was \$15,059,652. Menaged made principal payments periodically to DenSco which reduced the "Work Out 5 Million" account.⁹ These payments totaled \$1,722,845 leaving a net unpaid "Work Out 5 Million" account balance of \$13,336,807.

31. To calculate damages related to the "Work Out 5 Million" account, we identified loans made by DenSco after September 30, 2013 where DenSco lost money as a result of eliminating the property double encumbrance. DenSco originated 22 loans in this time period that were recorded in the "Work Out 5 Million" account. DenSco's losses on these 22 loans totaled \$1,663,266.

⁸ DenSco's losses represent the amount paid at closing to resolve the double encumbrance reduced by loan interest.

⁹ F3 found no payments recorded by DenSco in the "Work Out 1 Million" account.

Summary of DenSco's Workout Loan Damages

32. DenSco's net loan losses related to Workout Loans are \$69,123. The net loan losses include the \$236,307 for the "Work Out 1 Million" account plus \$1,663,266 for the "Work Out 5 Million" account reduced by Managed principal and interest payments of \$1,830,450.
33. In addition to the losses on Workout Loans, we identified several additional Managed loans where losses were likely incurred when DenSco made workout payments. These workout payments were not recorded in the Workout Loan accounts, and they involved complex transaction entries by Chittick to allocate the losses from these workout payments to other Managed loans. This resulted in the full extent of certain losses being transferred to other Managed loans as opposed to being recorded in the Workout Loan accounts.
34. We continue to review these complex loan transactions to identify whether the ultimate loss amounts should be added to our calculation of Workout Loan losses, and we may amend our calculations in this report as a result of this additional analysis.

Non-Workout Loans

35. The Non-Workout Loans represented new borrowings by Managed under the plan Chittick and Managed communicated to Beauchamp. The plan contemplated if Managed continued flipping properties, Managed's expected profits would allow DenSco to recover the funds lost from the First Fraud. With minimal exception, no properties were ever acquired related to the Non-Workout Loans. During the Second Fraud, Managed typically returned funds Chittick previously loaned him, giving Chittick the false impression he was actually purchasing properties, generating profits and paying off the loans.
36. Beginning in January 2014, Chittick continued to wire money directly to Managed's bank account. Chittick instructed Managed to provide a copy of a cashiers' check and trustees' receipt for each transaction. Managed sent Chittick copies of cashiers' checks and fictitious trustees' receipts, giving Chittick the impression Managed was actually acquiring properties. Managed testified he redeposited the cashier's checks into his bank account.
37. Between January 22, 2014 and October 24, 2014, Chittick and Managed wired millions of dollars back and forth for what Managed represented were individual and group loan transactions and pay-offs. On October 23, 2014, Chittick's corporate journal noted Bank of America expressed concerns regarding the dollar amount of activity in his accounts. For example, in September 2014, over \$58 million was deposited and over \$61 million was withdrawn from DenSco's two Bank of America accounts.
38. On October 24, 2014, Chittick and Managed began to net their banking transaction activity (the "Netting Process"). For example, on October 27, 2014, Managed requested \$804,200 from DenSco to allegedly purchase six properties. On the same date, Managed planned to pay-off four loans from DenSco totaling \$1,054,584. Chittick and Managed agreed to net this transaction and Managed wired \$250,384 into DenSco's bank account. Chittick recorded each individual property loan in DenSco's books, even though the bank account activity showed only the actual net transaction.

39. On November 6, 2014, Chittick's corporate journal noted Bank of America requested DenSco to close its accounts. On November 18, 2014, Chittick opened a new account at First Bank. Bank of America records show all account activity stopped for DenSco on November 21, 2014. Beginning December 1, 2014, Chittick's corporate journal noted he and Menaged stopped the Netting Process and resumed exchanging transactions via bank wires. This process continued until July 8, 2015. Chittick's corporate journal noted on July 7, 2015, "I'm so low on cash, we are going to have to go back to wiring the difference instead of the whole thing."¹⁰
40. On November 4, 2015, the wire activity between DenSco and Menaged stopped.¹¹ Chittick did not mention this change in his corporate journal, but our review of DenSco's bank records confirmed the wire activity did not continue. On November 23, 2015, Chittick noted, "the ins and outs to [Scott] are so one sided my way this month." Chittick was referring to a new process where no cash changed hands related to his transactions with Menaged. After November 4, 2015 DenSco's records reflected 809 "loans" were originated totaling approximately \$255.4 million and Menaged "paid" DenSco approximately \$260.2 million, even though no cash changed hands.
41. Exhibit D summarizes the transaction activity between DenSco and Menaged from January 22, 2014 through June 21, 2016. During this time period DenSco's QuickBooks reflects 2,718 loans were originated with Menaged totaling \$735.5 million. With minimal exception, all of these loans were fictitious.

Summary of F3's Analysis and Calculations of DenSco's Non-Workout Loan Damages

42. The first Non-Workout Loan was made by DenSco on January 22, 2014, approximately two weeks after Chittick and Menaged met with Beauchamp. Between January 22, 2014 and November 4, 2015, DenSco bank records show hundreds of wire transfers between DenSco's and Menaged's bank accounts related to originations and pay-offs of Non-Workout Loans. Since there were no cash transactions between DenSco and Menaged after November 4, 2015, our calculation of losses was based on transactions recorded on DenSco's books between January 22, 2014 and November 4, 2015 where actual cash transactions were traced to bank statements and reconciled with entries made by Chittick in DenSco's books.
43. To calculate damages related to the Non-Workout Loans, we analyzed Menaged transactions using: 1) the Receiver Reports and various loan activity schedules prepared by the Receiver's staff; 2) DenSco's QuickBooks; 3) Bank of America and First Bank account statements; 4) Chittick's corporate journal; and 5) relevant communications from Chittick's email file. We also reconciled our analysis with what the Receiver did to ensure we had considered all Non-Workout Loan transactions in DenSco's books and bank statements.
44. Table 3 summarizes the principal amount of all Menaged Non-Workout Loans reduced by principal pay-offs recorded by DenSco. In addition, DenSco collected and recorded \$5,053,796 of interest

¹⁰ Chittick corporate journal (RECEIVER_000114).

¹¹ There was one minor transaction totaling \$12,600 that was reflected in the DenSco bank account on 2/4/2016 and 3/18/2016, but all regular activity ceased on 11/4/2015.

payments on paid off loans. We reduced the net unpaid principal amount by the interest payments to determine the net financial loss (Cash In minus Cash Out) for Non-Workout Loans.

Table 3: Non-Workout Loans Transaction Summary

Description	Timeframe	Number [1]	Amount
Loans Originated:			
Non-Workout Loans-Fully Repaid	1/22/14 - 7/7/15	1,229	\$ 290,179,835
Non-Workout Loans-Not Fully Repaid	10/7/14 - 11/4/15	680	\$ 189,959,906
Subtotal Loans Originated		1,909	\$ 480,139,741
Payoffs Received:			
Non-Workout Loans-Fully Repaid	1/22/14 - 7/7/15	1,229	\$ (290,179,835)
Non-Workout Loans-Not Fully Repaid	10/7/14 - 11/4/15	589	\$ (160,458,706)
Subtotal Payoffs Received		1,818	\$ (450,638,541)
Net Unpaid Principal			\$ 29,501,200
Less: Interest Payments/Adjustments			(5,065,100)
Non-Work Out Loan Losses, net			\$ 24,436,100
[1] - The number column represents individual properties. DenSco combined multiple properties and grouped loan originations and principal and interest pay-offs when recording transactions.			

45. Exhibit E is a summary of amounts paid by DenSco to Managed for fictitious property loans (Cash Out) minus the principal and interest amounts Managed returned to DenSco from these same monies (Cash In). We traced each transaction to DenSco bank accounts and reviewed other receipts of cash to ensure amounts received from Managed have been properly considered or offset against DenSco's Non-Workout Loan losses.

Recoveries net of Costs and Expenses

46. When Plaintiff was appointed as Receiver, he set-up a new bank account and began recording all DenSco transactions in a new set of books. The Receiver Status Report dated March 11, 2019 ("March 2019 Status Report") identifies "Managed-Related Recoveries" and "Managed-Related Disbursements" as of March 11, 2019. The March 2019 Status Report discloses the Plaintiff has recovered \$667,585 from Managed related enterprises. Plaintiff has also incurred \$875,581 of costs and expenses to recover these amounts, which consists of \$292,809 of direct costs and \$582,772 of Receiver allocated costs and expenses.
47. The March 2019 Status Report describes settlements with Managed and the Chittick Estate along with potential claims against Financial Institutions, Active Funding Group, LLC and Property of Joseph Managed. We understand that these settlements and claims could impact the damages we have computed. We express no opinion in this report regarding apportionment of damages. However, we will amend this report if necessary, for any net recoveries or other costs and expenses that may impact our calculations.

Prejudgment Interest

48. At Counsel's direction, we calculated prejudgment interest on the total loan losses, net of recoveries, costs and expenses using both 10% simple interest based on A.R.S. 44-1201(A) and the current rate of 6.5% based on A.R.S. 44-1201(B). We also calculated a range of prejudgment interest using two different time periods. The first time period is from August 31, 2016¹² through the date of this report, and the second time period is from October 17, 2017¹³ through the date of this report. Prejudgment interest using 10% is between \$3.62 million and \$6.41 million, and the daily rate of interest beyond our report date is approximately \$6,770. Prejudgment interest using 6.5% is between \$2.35 million and \$4.16 million, and the daily rate of interest beyond our report date is approximately \$4,400 (See Exhibit F for interest calculations).

49. Damage Summary as of April 4, 2019

Table 4: DenSco Net Loan Loss Damages (excluding prejudgment interest)

Description	Amount
Workout Loans	\$ 69,123
Non-Workout Loans	24,436,100
Total Loan Losses	\$ 24,505,223
Less: Menaged-Related Recoveries	(667,585)
Add: Menaged-Related Costs and Expenses	875,581
Net Loan Losses	\$ 24,713,219

Other Matters

50. This expert report is based on information provided to F3 as of the date of this report. We reserve the right to modify or supplement this report should additional information become available to us or if we are requested to perform additional tasks including, but not limited to updated recoveries reduced by costs and expenses, updated calculations of prejudgment interest, analyses performed as a result of the production of additional documents, or matters related to additional discovery. In addition, F3 may prepare illustrative or demonstrative exhibits for use during testimony from the information contained in this report, any supplemental report, our work papers, or the documents considered.

51. F3 is being compensated for Mr. Weekly's time at \$450 per hour. F3's other professional staff billing rates range between \$100 and \$375. F3's compensation is not contingent on the conclusions contained herein or any supplemental report(s) prepared pursuant to this engagement, or the ultimate resolution of this matter.

¹² Per Geoffrey M.T. Sturr letter to John E. DeWulf dated January 17, 2018, August 2016 represents the date Defendant's received Chittick's pre-suicide writings blaming Clark Hill for the losses.

¹³ The date Plaintiff filed the Complaint against Defendants.

52. The report has been prepared only for the purposes stated herein and shall not be used for any other purpose. Neither this report nor any portions thereof shall be disseminated to third parties by any means without the prior written consent and approval of F3.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David B. Weekly", written in a cursive style.

David B. Weekly
Senior Managing Director
Fenix Financial Forensics LLC

List of Documents Considered

Purpose: To list the documents considered by F3.

Item	Description	Bates Start [1]	Bates End [1]
1	Complaint	-	-
2	Plaintiff's Disclosure of Areas of Expert Testimony	-	-
3	Defendants' Disclosure of Areas of Expert Testimony	-	-
4	Plaintiff's Initial Disclosure Statement	-	-
5	Plaintiff's Second Disclosure Statement	-	-
6	Plaintiff's Third Disclosure Statement	-	-
7	Plaintiff's Fourth Disclosure Statement	-	-
8	Plaintiff's Fifth Disclosure Statement	-	-
9	Defendants' Initial Rule 26.1 Disclosure Statement	-	-
10	Defendants' First Supplemental Rule 26.1 Disclosure Statement	-	-
11	Defendants' Second Supplemental Rule 26.1 Disclosure Statement	-	-
12	Defendants' Third Supplemental Rule 26.1 Disclosure Statement	-	-
13	Defendants' Fourth Supplemental Rule 26.1 Disclosure Statement	-	-
14	Defendants' Sixth Supplemental Rule 26.1 Disclosure Statement	-	-
15	Defendants' Sixth Supplemental Rule 26.1 Disclosure Statement (Blackline Fifth Supplemental to Sixth Supplemental)	-	-
16	Deposition of David Beauchamp and Exhibits	-	-
17	Deposition of Peter Davis and Exhibits	-	-
18	Deposition of Shawna Chittick Heuer	-	-
19	Deposition of Victor Gojcaj and Exhibits	-	-
20	Rule 2004 Examination of Scott Menaged and Exhibits	-	-
21	Schenck Deposition Exhibit 20 (Chittick DenSco Corporate Journal)	-	-
22	Schenck Deposition Exhibit 51 (Chittick Email to Beauchamp dated 1/7/14)	-	-
23	Preliminary Report of Peter S. Davis, as Receiver of DenSco Investment Corporation dated 9/19/16	-	-
24	Status Report of Peter S. Davis, as Receiver of DenSco Investment Corporation dated 12/23/16	-	-
25	Status Report of Peter S. Davis, as Receiver of DenSco Investment Corporation dated 12/22/17	-	-
26	Status Report of Peter S. Davis, as Receiver of DenSco Investment Corporation dated 3/11/19	-	-
27	DenSco Investment Corporation QuickBooks File (Backup Dated 7/27/16)	-	-
28	Receiver Work Product - Excel file, "Schedules Supporting Receiver's Solvency Analysis.xlsx"	-	-
29	Receiver Work Product - Excel file, "Analysis of Menaged Loan Transactions Per QuickBooks that Did Not Clear the Bank.xlsx"	-	-
30	Receiver Work Product - Excel file, "Analysis of Menaged Loans as of 01.09.14 - Property Details.xlsx"	-	-
31	Receiver Work Product - Excel file, "Data for Interest Calculation.xlsx"	-	-
32	Receiver Work Product - Excel file, "Receiver's QuickBooks Adjustments.xlsx"	-	-
33	Receiver Work Product - Excel file, "Densco-Menaged Cash Disbursements & Receipts.xlsx"	-	-
34	Receiver Work Product - Excel file, "Analysis of Menaged Loans - Per F3 Request.xlsx"	-	-
35	Receiver Work Product - Excel file, "Menaged Loans 10.02.13-01.21.14.xlsx"	-	-
36	Receiver Work Product - Excel file, "Densco-Menaged Cash Disbursements & Receipts 03 05 19.xlsx"	-	-
37	Selected emails, Denny Chittick Outlook file	-	-
38	Selected emails, Scott Menaged Outlook file	-	-
39	2015 First Bank Records.PDF	D100857	D100930
40	2006 Bank of America Records.PDF	D107539	D107819

<i>Item</i>	<i>Description</i>	<i>Bates Start [1]</i>	<i>Bates End [1]</i>
41	2007 Bank of America Records.PDF	D107973	D108276
42	2008 Bank of America Records.PDF	D108601	D109119
43	2009 Bank of America Records.PDF	D109199	D109857
44	2010 Bank of America Records (Acct 7509).PDF	D110295	D110630
45	2010 Bank of America Records (Acct 8555).PDF	D110631	D110952
46	2011 Bank of America Records (Acct 7509).PDF	D111124	D111674
47	2011 Bank of America Records (Acct 8555).PDF	D111675	D111795
48	2012 Bank of America Records (Acct 8555).PDF	D147530	D147764
49	2013 Bank of America Records (Acct 8555).PDF	D147765	D147961
50	2014 Bank of America Records (Acct 8555).PDF	D147962	D148176
51	2012 Bank of America Records (Acct 7509).PDF	D148177	D148877
52	2013 Bank of America Records (Acct 7509).PDF	D148878	D149352
53	2014 Bank of America Records (Acct 7509).PDF	D149353	D149699
54	2014 First Bank Records.PDF	D150089	D150101
55	First Bank Statements 11.18.14-09.30.16.pdf	-	-
56	Various HUD-1 Statements produced by Receiver in folder "Docs from Denny Chittick's Computer (Box 96) - HUD Statements"	-	-
57	Various property documents produced by Receiver in folder "Property Documents Re Selected Menaged Loans - Public Records"	-	-
58	Letter from Geoffrey M.T. Sturr to John DeWulf dated 1/17/18 re: Davis V. Clark Hill,	-	-
59	DenSco Investment Corporation in Receivership Profit & Loss Statement (All Transactions) dated 3/5/19	-	-
60	Expert Report of Neil J. Wertlieb dated 3/26/19	-	-
61	Receivership Fees and Costs Allocable to Scott Menaged 8/2016-2/2019	-	-

[1] - Documents listed without bates labels indicate the documents were produced without them, except for deposition exhibits. Due to the volume and nonconsecutive nature of deposition exhibits, the corresponding bates labels have not been identified within.



Fenix Financial Forensics LLC

10565 N. 114th Street, Suite 100, Scottsdale AZ 85259

www.F3AZ.com

David B. Weekly, CPA, CFE, CFF, CIRA, CICA, CGMA Senior Managing Director

Tel: 480.717.6789

Fax: 480.717.6759

Email: dweekly@F3AZ.com



David's experiences include expert witness testimony on a wide range of commercial damage issues in U.S. district, state and bankruptcy courts as well as arbitrations and mediations, with particular emphasis on accounting and financial issues, commercial disputes, constructions claims, internal controls and investigations of fraud matters.

David has additional expertise with complex financial investigations, contract compliance, theft and misappropriation of assets, bankruptcy, and workout services. He has conducted numerous investigations in connection with failed companies, including evaluating financial reporting controls and causes of business failure. These investigations typically require the assessment of a business enterprise or an alleged scheme, the quantification of losses or diverted funds, and the identification of potentially responsible parties.

David's industry experience includes aerospace and airlines, construction, financial services, banking, commodities, distribution, manufacturing, mining, real estate, healthcare, insurance, golf course operations, multilevel marketing, and retail bowling centers. Specific case experience includes class actions, Ponzi schemes, criminal allegations, stock option backdating, internal investigations, post-acquisition disputes, breach of fiduciary duty, deepening insolvency, leveraged buyouts, fraudulent transfers, and insurance claims.

Prior to establishing F3, David was a member of the national Forensic and Litigation Consulting team for FTI Consulting, Inc. He was also the partner-in-charge of KPMG's U.S. Dispute Advisory Services practice. Before joining KPMG, David served as the worldwide director of Litigation Services, partner-in-charge of the U.S. Complex Claims and Events practice and partner-in-charge of National Law Firm Relationships for Arthur Andersen LLP.

David has been a frequent speaker at conferences on such topics as expert witness issues, damage analysis, construction claims and alternative billing methods. In addition, he is the founder of the Arizona Corporate Counsel Forum, which hosts meetings quarterly on topics of interest to its members. David also serves on the professional advisory board of Arizona State University's School of Accountancy.

Professional History

- Fenix Financial Forensics LLC (F3) – Senior Managing Director – Scottsdale, AZ (10/08 – Present)
- Independent Contractor – FTI Consulting, Inc. – Phoenix, AZ (09/06 – 09/08)
- FTI Consulting, Inc. – Senior Managing Director, National Forensic and Litigation Consulting Leadership Team member and Forensic Services leader for Western and Central Regions – Phoenix, AZ (11/03 – 09/06)
- KPMG LLP – Partner in Charge of U.S. Dispute Advisory Services Practice – Phoenix, AZ (05/02 – 10/03)
- Arthur Andersen LLP – Partner in Charge of National Law Firm Relationships and Arizona Claims and Disputes Practice – Phoenix, AZ (09/01 – 05/02)

- Arthur Andersen LLP – Partner in Charge of Business Consulting (Desert Southwest) and Partner in Charge of Pacific Region Claims and Disputes Practice – Phoenix, AZ (02/00 – 08/01)
- Arthur Andersen LLP – Firmwide Director of Litigation Services and Partner in Charge of the U.S. Complex Claims and Events Practice – Phoenix, AZ (09/95 – 09/00)
- Arthur Andersen LLP – Partner in Charge of Strategy, Finance & Economics (SFE) in the Desert Southwest – Phoenix, AZ (08/88 – 02/00)
- Arthur Andersen LLP – Manager, Litigation & Bankruptcy Consulting; Audit Manager – Phoenix, AZ (11/84 – 08/88)
- North American Coin & Currency, Ltd. (Public Company – Reorganized) – Executive Vice President, Secretary and Treasurer. Also served as General Manager for Court Appointed Trustee from September 1982 through November 1983. Acquired Series 7, 24 and 63 Securities licenses and acted as Principal for NASD Broker/Dealer operation formed during reorganization – Phoenix, AZ (09/82 – 11/84)
- North American Coin & Currency, Ltd. – Controller – Phoenix, AZ (04/80 – 09/82)
- Arthur Andersen LLP – Audit Division Senior Accountant, Financial Institutions and Construction Industry emphasis – Phoenix, AZ (12/76 – 04/80)
- United States Navy (Vietnam veteran) – (05/70 – 05/74)

Education

- Bachelor of Science in Accounting, Arizona State University (1976)

Certifications

- Certified Public Accountant (CPA) licensed in both Arizona and Missouri
- Certified Fraud Examiner (CFE)
- Certified in Financial Forensics (CFF)
- Certified Insolvency and Restructuring Advisor (CIRA)
- Certified Internal Controls Auditor (CICA)
- Chartered Global Management Accountant (CGMA)

Professional Affiliations

- American Institute of Certified Public Accountants
- Arizona Society of Certified Public Accountants
- Association of Certified Fraud Examiners
- American Bankruptcy Institute
- Association of Insolvency and Restructuring Advisors
- The Institute for Internal Controls
- American Bar Association Litigation Section, Associate Member and former Co-Chair of Corporate Counsel Subcommittee on Expert Witnesses
- Professional Advisory Board, ASU School of Accountancy

Civic Affiliations

- Served on two Maricopa County Bar Association committees to recommend judicial salaries in Arizona
- Served on Board of Directors and Executive Committee – Junior Achievement of Arizona
- Served on Valley Citizens League
- Consultant to Team USA Bowling and Young Bowling Alliance (YABA)
- Coordinated/coached numerous youth activities

Publications and Presentations

- None in last 10 years

Deposition and Testimony Experience (2015 – Present)

- Santosh George Kottayil v. Insys Therapeutics, Inc., Superior Court of Arizona, County of Maricopa, Testimony (2015)
- Pivotal 650 California St., LLC v. Dickinson Wright PLLC, Superior Court of Arizona, County of Maricopa, Deposition (2015)
- Cardiovascular Consultants, Ltd. v. David R. Sease, et al. and David R. Sease, et al. v. Andrei Damian, Superior Court of Arizona, County of Maricopa, Deposition (2015)
- Pam Case Bobrow v. Kenmark Deeds, LLC et. al., Superior Court of Arizona, County of Maricopa, Deposition (2016)
- John J. Hurry et al. v. Financial Industry Regulatory Authority, Inc. et al., US District Court for the District of Arizona, Deposition (2017)
- Responsive Data, LLC v. Isagenix International, LLC, AAA Arbitration – Phoenix, Arizona, Deposition (2017)
- John C. Pritzlaff III, et al. v. Ann Pritzlaff Symington, et al., Superior Court of Arizona, County of Maricopa, Deposition (2017)
- Frost Management Company, LLC, et al. v. Hollencrest Bayview Partners L.P., et al., JAMS Arbitration – Orange County, California, Testimony (2018)
- Wision Investments, LLC v. Hirschler Fleischer, et al., US District Court for the District of Arizona, Deposition (2018)
- eMove, Inc. et al. v. Hire A Helper LLC, et al., US District Court for the Southern District of California, Deposition (2018)
- Premier CM, LLC, dba Level CM, Claimant/Counter-Respondent, vs. Great Wash Park, LLC, Respondent/Counter-Claimant – Dispute Resolution Board – Las Vegas, Nevada, Deposition (2018); Testimony (2018)

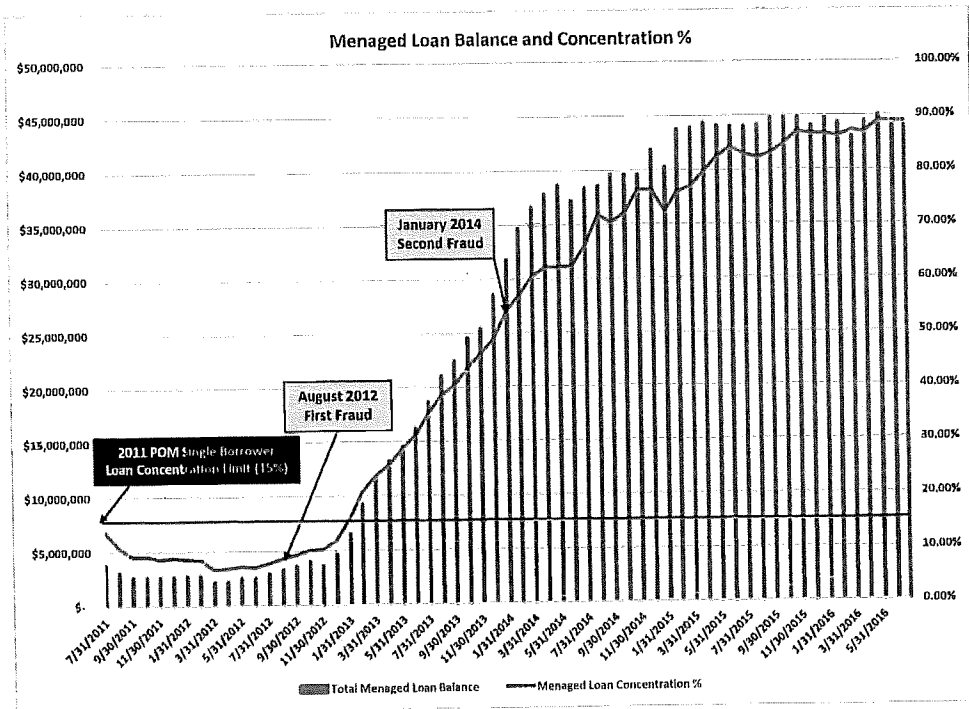
Expert Report of David B. Weekly

Peter S. Davis, as Receiver v. Clark Hill PLC, et al.
 Menaged Loan Concentration

Purpose: To summarize DenSco's Menaged loan concentration.

Source: DenSco QuickBooks file

Period		Average Menaged Loan Balance	Average DenSco Total Loan Portfolio	Menaged Loan Concentration Range
Begin	End			
November 2007	April 2010	\$ 1,065,280	\$ 16,414,765	Less than 10%
May 2010	August 2011	\$ 2,733,063	\$ 22,781,244	Above 10%
September 2011	October 2012	\$ 2,805,179	\$ 34,536,309	Less than 10%
November 2012	December 2012	\$ 4,205,000	\$ 38,569,212	10% - 15%
January 2013	August 2013	\$ 13,897,625	\$ 49,826,271	16% - 38%
September 2013	March 2014	\$ 29,100,693	\$ 58,004,385	40% - 60%
April 2014	July 2016	\$ 42,373,377	\$ 54,095,638	62% - 89%



Expert Report of David B. Weekly

Peter S. Davis, as Receiver v. Clark Hill PLC, et al.

PURPOSE: To summarize the Non-Workout Loan activity between DenSco and Menaged between January 2014 and June 2016.

SOURCE: Bank of America and First Bank Statements; Chittick Journal; DenSco QuickBooks; Various emails between Chittick and Menaged

Loan Category	Number	Amounts	Loan Activity Time Period		
Fully Repaid Loans [1]	1,229	\$290,179,834	1/22/2014 - 10/24/2014	12/1/2014 - 7/7/2015	
Not Fully Repaid Loans [2]	680	\$189,959,906		10/7/2014 - 12/1/2014	7/8/2015 - 11/4/2015
Non-Cash Loans [3]	809	\$255,401,500			11/2/2015 - 6/21/2016
Total	2,718	\$735,541,240			

[1] - Loans during these periods were disbursed and paid off (aggregate CASH OUT equals CASH IN), excluding interest paid.
 [2] - Loans made and paid off during these time periods were made in groups either using Gross Cash Transactions or Net Cash Transactions (see definitions on Exhibit E).
 [3] - Loans were recorded as disbursed and recorded as paid, but no cash transactions took place. None of these transactions are included in F3's damage calculations.

Expert Report of David B. Weekly
 Peter S. Davis, as Receiver v. Clark Hill PC, et al.
 PURPOSES: To calculate Dausse charges for Non-Workout Loan Losses.
 SOURCE: Simon Consulting Prepared Transaction Report, Bank of America and First Bank Statements

Bank Cash Transactions - Groups of loans combined because banking transaction amount. Payoffs under this caption relate to one payoff per banking transaction.
Net Cash Transactions - Groups of loans netted against loan payoffs in one banking transaction (e.g. multiple transactions result in one banking transaction).

EXHIBIT E

A	B	C	D	E	F	G	H=F-G	I=H-F-G	J=I-H	K=J-I	L	M=K+L
Date	Bank Reference	Trans. No.	Payment Method	Transaction Account	Loan Account (CASH/INT)	Principal Payment (CASH/INT)	Committed Principal (CASH/INT)	Principal Payment (CASH/INT)	Principal Payment (CASH/INT)	Advance Payment (CASH/INT)	Retention Payment (CASH/INT)	Net Cash (CASH/INT)
1	10/07/2014	1150	31014 Escrow Dr	365,100.00	365,100.00	-	365,100.00	-	-	-	-	3,159,400.00
2	10/07/2014	1151	11531 W. H. St. 10110	3,117,900.00	3,117,900.00	-	792,500.00	-	-	-	-	3,474,300.00
3	10/08/2014	1457	17716 E. Montpelier Dr.	183,700.00	183,700.00	-	867,200.00	-	-	-	-	-
4	10/08/2014	1458	1881 E. Montpelier Dr.	184,000.00	184,000.00	-	1,022,800.00	-	-	-	-	-
5	10/08/2014	1459	11111 E. Conifer Terrace	219,600.00	219,600.00	-	1,392,300.00	-	-	-	-	-
6	10/08/2014	1465	1220 E. Shady Ln Dr	277,200.00	277,200.00	-	1,529,000.00	-	-	-	-	1,032,300.00
7	10/09/2014	1460	170 E. Southhope Rd #115	1,013,000.00	1,013,000.00	-	1,876,000.00	-	-	-	-	-
8	10/09/2014	1469	1723 17th St. Pkwy	137,500.00	137,500.00	-	3,818,000.00	-	-	-	-	-
9	10/09/2014	1471	1831 14th St. Nw	341,000.00	341,000.00	-	2,723,000.00	-	-	-	-	-
10	10/09/2014	1472	1831 14th St. Nw	341,000.00	341,000.00	-	2,723,000.00	-	-	-	-	-
11	10/09/2014	1473	1831 14th St. Nw	341,000.00	341,000.00	-	2,723,000.00	-	-	-	-	-
12	10/09/2014	1474	1831 14th St. Nw	341,000.00	341,000.00	-	2,723,000.00	-	-	-	-	-
13	10/10/2014	1475	15419 W. Maple Dr	147,000.00	147,000.00	-	3,047,000.00	-	-	-	-	-
14	10/10/2014	1476	17467 W. Calaver Dr.	199,200.00	199,200.00	-	3,317,000.00	-	-	-	-	-
15	10/10/2014	1477	17467 W. Calaver Dr.	199,200.00	199,200.00	-	3,317,000.00	-	-	-	-	-
16	10/10/2014	1478	15111 E. 45th St	151,500.00	151,500.00	-	3,468,000.00	-	-	-	-	-
17	10/10/2014	1479	15286 W. Stone Bridge Dr	249,000.00	249,000.00	-	3,717,000.00	-	-	-	-	-
18	10/10/2014	1480	141 Hillcrestwood	143,700.00	143,700.00	-	4,101,000.00	-	-	-	-	-
19	10/10/2014	1481	141 Hillcrestwood	143,700.00	143,700.00	-	4,101,000.00	-	-	-	-	-
20	10/10/2014	1482	141 Hillcrestwood	143,700.00	143,700.00	-	4,101,000.00	-	-	-	-	-
21	10/10/2014	1483	141 Hillcrestwood	143,700.00	143,700.00	-	4,101,000.00	-	-	-	-	-
22	10/10/2014	1484	141 Hillcrestwood	143,700.00	143,700.00	-	4,101,000.00	-	-	-	-	-
23	10/10/2014	1485	141 Hillcrestwood	143,700.00	143,700.00	-	4,101,000.00	-	-	-	-	-
24	10/10/2014	1486	141 Hillcrestwood	143,700.00	143,700.00	-	4,101,000.00	-	-	-	-	-
25	10/10/2014	1487	141 Hillcrestwood	143,700.00	143,700.00	-	4,101,000.00	-	-	-	-	-
26	10/10/2014	1488	141 Hillcrestwood	143,700.00	143,700.00	-	4,101,000.00	-	-	-	-	-
27	10/10/2014	1489	141 Hillcrestwood	143,700.00	143,700.00	-	4,101,000.00	-	-	-	-	-
28	10/10/2014	1490	141 Hillcrestwood	143,700.00	143,700.00	-	4,101,000.00	-	-	-	-	-
29	10/10/2014	1491	141 Hillcrestwood	143,700.00	143,700.00	-	4,101,000.00	-	-	-	-	-
30	10/10/2014	1492	141 Hillcrestwood	143,700.00	143,700.00	-	4,101,000.00	-	-	-	-	-
31	10/10/2014	1493	141 Hillcrestwood	143,700.00	143,700.00	-	4,101,000.00	-	-	-	-	-
32	10/10/2014	1494	141 Hillcrestwood	143,700.00	143,700.00	-	4,101,000.00	-	-	-	-	-
33	10/10/2014	1495	141 Hillcrestwood	143,700.00	143,700.00	-	4,101,000.00	-	-	-	-	-
34	10/10/2014	1496	141 Hillcrestwood	143,700.00	143,700.00	-	4,101,000.00	-	-	-	-	-
35	10/10/2014	1497	141 Hillcrestwood	143,700.00	143,700.00	-	4,101,000.00	-	-	-	-	-
36	10/10/2014	1498	141 Hillcrestwood	143,700.00	143,700.00	-	4,101,000.00	-	-	-	-	-
37	10/10/2014	1499	141 Hillcrestwood	143,700.00	143,700.00	-	4,101,000.00	-	-	-	-	-
38	10/10/2014	1500	141 Hillcrestwood	143,700.00	143,700.00	-	4,101,000.00	-	-	-	-	-
39	10/10/2014	1501	141 Hillcrestwood	143,700.00	143,700.00	-	4,101,000.00	-	-	-	-	-
40	10/10/2014	1502	141 Hillcrestwood	143,700.00	143,700.00	-	4,101,000.00	-	-	-	-	-
41	10/10/2014	1503	141 Hillcrestwood	143,700.00	143,700.00	-	4,101,000.00	-	-	-	-	-
42	10/10/2014	1504	141 Hillcrestwood	143,700.00	143,700.00	-	4,101,000.00	-	-	-	-	-
43	10/10/2014	1505	141 Hillcrestwood	143,700.00	143,700.00	-	4,101,000.00	-	-	-	-	-
44	10/10/2014	1506	141 Hillcrestwood	143,700.00	143,700.00	-	4,101,000.00	-	-	-	-	-
45	10/10/2014	1507	141 Hillcrestwood	143,700.00	143,700.00	-	4,101,000.00	-	-	-	-	-
46	10/10/2014	1508	141 Hillcrestwood	143,700.00	143,700.00	-	4,101,000.00	-	-	-	-	-
47	10/10/2014	1509	141 Hillcrestwood	143,700.00	143,700.00	-	4,101,000.00	-	-	-	-	-

Expert Report of David B. Weekly
 Peter S. Davis, as Receiver v. Clark Hill PLC, et al.

PURPOSE: To calculate DonSca damages for Non-Workout Loan Losses.

SOURCE: Simon Consulting Prepared Transaction Report, Bank of America and First Bank Statements

Definitions of terms used in this analysis

Gross Cash Transactions - Groups of loans combined into one banking transaction amount. Payoffs under this caption relate to one property per banking transaction.

Net Cash Transactions - Groups of loans netted against loan payoffs in one banking transaction (e.g. multiple transactions result in one banking transaction).

A	B	C	D	E	F	G	H=F-G	I	J=H-I	K=J-I	L	M=L+I	N
#	Bank Statement Date	Loan No.	Property Address	Transaction Amount (\$)	Loan Amount (CASH OUT) (\$)	Principal Payment (CASH IN) (\$)	Cumulative Principal (CASH OUT) (CASH IN) (\$)	Interest/Pay Payments (CASH IN) (\$)	Total Payment (Principal + Interest) (CASH IN) (\$)	Net Transaction Before Adjustment (\$)	Transaction Adjustment (\$)	Transaction Amount (\$)	Notes
43	10/22/2014	5697	3800 S Lincoln Dr #30		409,800.00		11,423,700.00						
44	10/22/2014	5699	3835 S 54th Cir		122,800.00		11,546,500.00						
45	10/22/2014	5702	12433 W Avalon Dr	1,101,900.00	389,100.00		11,729,600.00					1,101,900.00	
46	10/22/2014	5704	1637 E Calle de Caballeros		392,800.00		11,132,400.00						
47	10/22/2014	5703	4642 E Blue Spruce Ln		264,600.00		12,497,000.00						
48	10/22/2014	5705	4742 N Greenview Cir W		751,400.00		12,648,400.00						
49	10/23/2014	5707	20055 Portland Ave	1,032,400.00	178,400.00		11,826,800.00					1,032,400.00	
50	10/23/2014	5709	10553 Dresden		174,500.00		13,001,700.00						
51	10/23/2014	5708	1382 S Ponderosa Dr		184,200.00		13,186,000.00						
52	10/23/2014	5711	1728 N Chestnut St		196,700.00		13,382,700.00						
53	10/23/2014	5710	3917 E Preston St		294,200.00		13,676,900.00						
54	10/24/2014	5713	2735 S White Creek Rd #1003	993,200.00	126,700.00		13,803,700.00					993,200.00	
55	10/24/2014	5714	28437 N 312th Way		489,400.00		14,293,100.00						
56	10/24/2014	5715	3934 E Aquarius Pl		377,100.00		14,670,200.00						
57	12/01/2014	5759	10484 E Arcata Dr	(514,411.40)		507,800.00	14,166,200.00	6,611.40	514,411.40			(514,411.40)	Payoff made in 2 separate banking transactions. The combined transaction amount is shown in Column E.
58	12/01/2014	5776	28479 W Pezeta Cir	(133,259.80)		131,800.00	14,034,400.00	1,459.80	133,259.80			(133,259.80)	
59	12/01/2014	5609	15424 W Mesquite St	(154,783.90)		153,700.00	13,880,700.00	2,083.90	154,783.90			(154,783.90)	
60	12/01/2014	5757	1912 E Bedford Rd	(224,509.60)		221,400.00	13,659,300.00	3,109.60	224,509.60			(224,509.60)	
61	12/01/2014	5772	3840 S Beverly Ck	(170,043.15)		168,200.00	13,491,200.00	1,843.15	170,043.15			(170,043.15)	
62	12/01/2014	5767	105 W Oregon Ave	(34,418.20)		231,400.00	13,259,800.00	3,018.20	34,418.20			(34,418.20)	
63	12/01/2014	5762	595 N Solon Ln	(152,469.80)		151,100.00	13,108,700.00	1,369.80	152,469.80			(152,469.80)	
64	12/01/2014	5808	849 E Manor Dr	(153,449.85)		151,400.00	12,957,300.00	1,749.85	153,449.85			(153,449.85)	
65	12/01/2014	5777	19278 W Adams St	(156,566.40)		154,700.00	12,802,600.00	1,866.40	156,566.40			(156,566.40)	
66	12/01/2014	5775	435 W Hazelwell Rd	(159,044.80)		157,000.00	12,645,700.00	1,804.80	159,044.80			(159,044.80)	
67	12/01/2014	5806	1608 N 7th Place	(189,893.50)		187,400.00	12,447,300.00	1,493.50	189,893.50			(189,893.50)	
68	12/01/2014	5766	3546 E Sandra Terrace	(410,274.80)		404,800.00	12,042,500.00	5,474.80	410,274.80			(410,274.80)	
69	12/01/2014	5778	7124 E Drayton Ave	(311,015.60)		309,600.00	11,732,900.00	1,415.60	311,015.60			(311,015.60)	
70	12/01/2014	5779	26140 N Wrenster Rd	(443,252.35)		438,000.00	11,294,900.00	5,252.35	443,252.35			(443,252.35)	
71	12/01/2014	5781	658 N Emery	(166,306.60)		164,000.00	11,130,900.00	2,306.60	166,306.60			(166,306.60)	
72	12/01/2014	5780	830 E Kirby Pl	(592,142.10)		585,400.00	10,544,200.00	6,742.10	592,142.10			(592,142.10)	
73	12/01/2014	5785	16661 W Bellevue St	(225,638.30)		224,200.00	10,319,900.00	1,438.30	225,638.30			(225,638.30)	
74	12/01/2014	5829	3136 E Larkspur Dr	(257,413.35)		253,700.00	10,066,200.00	3,713.35	257,413.35			(257,413.35)	
75	12/01/2014	5796	3241 E Emile Zola Ave			131,700.00	10,144,900.00	1,203.15	131,700.00				
76	12/01/2014	5800	3729 E 295th Ave	(124,986.10)		123,800.00	10,021,100.00	1,186.10	124,986.10			(124,986.10)	Payoff made in 2 separate banking transactions. The combined transaction amount is shown in Column E.
77	12/01/2014	5782	8144 E Del Baquero Dr	(96,188.10)		95,400.00	9,925,700.00	7,88.10	96,188.10			(96,188.10)	
78	12/01/2014	5789	15469 W Conine Dr	(155,970.00)		152,800.00	9,772,900.00	3,170.00	155,970.00			(155,970.00)	
79	12/01/2014	5793	2805 Evergreen Rd #1328	(148,948.75)		147,100.00	9,625,800.00	1,848.75	148,948.75			(148,948.75)	
80	12/01/2014	5817	5169 S John Lane	(105,491.20)		104,800.00	9,519,000.00	691.20	105,491.20			(105,491.20)	
81	12/01/2014	5788	6331 W Teitel Trill	(231,379.20)		228,400.00	9,290,600.00	2,979.20	231,379.20			(231,379.20)	
82	12/01/2014	5784	7186 E Golden Sable Way	(287,803.30)		284,100.00	8,986,500.00	3,703.30	287,803.30			(287,803.30)	
83	12/01/2014	5791	20802 E Greyhawk Dr #1084	(369,640.70)		363,900.00	8,622,600.00	4,740.70	369,640.70			(369,640.70)	
84	12/01/2014	5790	6648 W Elgin St	(187,313.70)		184,300.00	8,438,300.00	2,413.70	187,313.70			(187,313.70)	
85	12/01/2014	5792	4701 E Michigan Ave	(301,938.20)		299,100.00	8,139,200.00	2,838.20	301,938.20			(301,938.20)	
86	12/01/2014	5836	5173 N 11th Ave	(162,701.20)		158,400.00	7,980,800.00	1,301.20	162,701.20			(162,701.20)	
87	12/10/2014	5834	15860 W Tasha Dr	(155,947.60)		154,700.00	7,772,200.00	1,247.60	155,947.60			(155,947.60)	
88	12/10/2014	5799	3574 S 154th Street	(117,387.60)		114,800.00	7,657,400.00	2,587.60	117,387.60			(117,387.60)	
89	12/10/2014	5795	2932 E Shady Spring Trl	(187,128.80)		184,300.00	7,473,100.00	2,828.80	187,128.80			(187,128.80)	
90	12/10/2014	5798	3830 E Humberg Way	(185,456.40)		184,300.00	7,288,800.00	1,156.40	185,456.40			(185,456.40)	
91	12/11/2014	5835	4618 W Bathany Home Rd	(105,648.40)		104,800.00	7,184,000.00	848.40	105,648.40			(105,648.40)	
92	12/10/2014	5816	4403 W Canal Ave	(154,963.50)		153,800.00	6,990,200.00	1,163.50	154,963.50			(154,963.50)	
93	12/11/2014	5797	10363 W Cameo Dr	(136,393.75)		134,700.00	6,855,500.00	1,693.75	136,393.75			(136,393.75)	
94	12/11/2014	5810	1228 E Veruca Dr	(105,648.40)		104,800.00	6,750,700.00	848.40	105,648.40			(105,648.40)	
95	12/11/2014	5844	15651 W 29th View	(457,234.25)		453,500.00	6,297,200.00	3,734.25	457,234.25			(457,234.25)	
96	12/11/2014	5844	21024 W Lark St			171,100.00	5,866,100.00	951.00	172,051.00				
97	12/11/2014	5818	2631 W Nancy Ln			118,100.00	5,748,000.00	954.80	119,054.80				

Expert Report of David B. Weekly

Peter S. Davis, as Receiver v. Clark Hill PLC, et al.

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SOURCE: Simon Consulting Prepared Transaction Report, Bank of America and First Bank Statements

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A	B	C	D	E	F	G	H = F - G	I	J = G + I	K = F - J	L	M = K + L	N
Bank Statement #	Bank Statement Date	Loan No.	Property Address	Transaction Amount (\$)	Loan Amount (CASH OUT) (\$)	Principal Payment (CASH IN) (\$)	Commodities Payment (CASH OUT) (\$)	Interest/ Fees Payments (CASH IN) (\$)	Total Payment (Principal + Interest) (CASH IN) (\$)	Net Transaction Before Adjustment (\$)	Transaction Adjustment (\$)	Revised Transaction Amount (\$)	Notes
98	12/11/2014	5819	2923 W Bluebird Ave	-	164,800.00	-	-	1,328.40	164,800.00	-	-	164,800.00	
99	12/11/2014	5804	4531 E Via Dona Rd	(298,246.40)	-	234,200.00	5,282,900.00	3,546.40	298,246.40	-	-	(298,246.40)	
100	12/12/2014	5803	21321 N 73rd Way	(570,553.75)	-	563,500.00	4,719,400.00	7,053.75	570,553.75	-	-	(570,553.75)	
101	12/12/2014	5802	19335 E Lynn Way	(250,698.75)	-	287,100.00	4,432,300.00	3,598.75	290,698.75	-	-	(290,698.75)	
102	12/15/2014	5810	10219 W Robin Ln	(207,372.10)	-	204,600.00	4,227,700.00	2,772.10	207,372.10	-	-	(207,372.10)	
103	12/15/2014	5814	11843 N 146th Ave	(202,458.05)	-	199,850.00	4,027,850.00	2,608.05	202,458.05	-	-	(202,458.05)	
104	12/15/2014	5818	1819 E Medfield Rd	(185,512.50)	-	184,700.00	3,843,650.00	2,312.50	186,512.50	-	-	(186,512.50)	
105	12/15/2014	5817	20834 N 7th Place	(203,117.50)	-	200,600.00	3,545,050.00	2,317.50	203,117.50	-	-	(203,117.50)	
106	12/15/2014	5811	31822 N 54th Place	(400,930.60)	-	395,600.00	3,247,450.00	5,350.60	400,930.60	-	-	(400,930.60)	
107	12/15/2014	5815	11212 N 126th Place	(443,618.95)	-	437,700.00	2,409,750.00	5,918.95	443,618.95	-	-	(443,618.95)	
108	12/16/2014	5816	6326 E Alta Hacienda Dr	(680,169.85)	-	671,100.00	2,139,850.00	9,069.85	680,169.85	-	-	(680,169.85)	
109	12/17/2014	5807	3520 W Calle Escudo	(376,795.30)	-	371,400.00	1,767,250.00	5,395.30	376,795.30	-	-	(376,795.30)	
110	12/17/2014	5828	18201 W Westpark Blvd	(150,190.80)	-	148,400.00	1,638,350.00	1,790.80	150,190.80	-	-	(150,190.80)	
111	12/17/2014	5811	30602 N 45th Place	(298,698.45)	-	294,700.00	1,324,150.00	3,998.45	298,698.45	-	-	(298,698.45)	
112	12/17/2014	5839	6417 N 84th Lane	(180,311.65)	-	177,900.00	1,146,250.00	2,411.65	180,311.65	-	-	(180,311.65)	
113	12/17/2014	5824	8133 E Whitton Ave	(199,581.20)	-	197,600.00	948,650.00	2,981.20	199,581.20	-	-	(199,581.20)	
114	12/18/2014	5840	3226 E Green St	(314,363.25)	-	319,900.00	729,250.00	35,453.25	314,363.25	-	-	(314,363.25)	
115	12/18/2014	5822	23275 56th Avenue	(201,902.50)	-	163,900.00	565,350.00	38,002.50	201,902.50	-	-	(201,902.50)	
116	12/18/2014	5827	15775 Haledale Ct	(383,848.75)	-	379,100.00	186,750.00	4,748.75	383,848.75	-	-	(383,848.75)	
117	12/18/2014	5825	4223 E Park Ave	(221,427.35)	-	199,400.00	(13,650.00)	22,027.35	221,427.35	-	-	(221,427.35)	
118	12/18/2014	5832	1623 W Karibab Dr	(405,945.00)	-	490,800.00	(203,450.00)	6,145.00	496,945.00	-	-	(496,945.00)	
119	12/18/2014	5833	4412 E Maplewood St	(308,721.25)	-	304,900.00	(68,350.00)	3,821.25	308,721.25	-	-	(308,721.25)	
120	12/22/2014	5845	31204 N 169th Ave	(651,801.70)	-	644,700.00	(1,453,050.00)	7,101.70	651,801.70	-	-	(651,801.70)	Payoff made in 2 separate banking transactions. The combined transaction amount is shown in Column E.
121	01/02/2015	6113	12221 N 58th Way	361,700.00	361,700.00	-	(1,091,350.00)	-	-	-	-	3,282,500.00	Total loan amount was \$1,282,500 made up of loan 6108 (\$370,400), 6109 (\$186,400), 6110 (\$133,100), 6111 (\$361,700), 6112 (\$229,500), 6113 (\$101,200), and 6114 (\$99,800). All loans were paid off except loan 6111.
122	02/03/2015	6125	3601 E Sweetwater Ave	298,566.00	298,566.00	-	(792,794.00)	-	-	-	-	298,566.00	
123	06/10/2015	6637	3901 E Sharon Dr	394,200.00	394,200.00	-	(398,594.00)	-	-	-	-	1,153,700.00	Total loan amount was \$1,153,700 made up of loan 6636 (\$476,700), 6637 (\$394,200), and 6638 (\$282,800). All loans were paid off except loan 6637.
124	06/12/2015	6658	314 E Horseshoe Ave	1,280,500.00	231,700.00	-	(166,894.00)	-	-	-	-	3,580,500.00	
125	06/12/2015	6659	6301 W Kings Ave	194,500.00	194,500.00	-	27,606.00	-	-	-	-	-	
126	06/12/2015	6656	6807 E Peak View Rd	886,400.00	886,400.00	-	914,606.00	-	-	-	-	-	
127	06/12/2015	6657	7715 Scan Dr	1,621,900.00	287,200.00	-	1,281,506.00	-	-	-	-	1,621,900.00	
128	06/15/2015	6660	11087 E Mission Ln	713,400.00	713,400.00	-	1,686,306.00	-	-	-	-	-	
129	06/15/2015	6662	11321 W Rocky Ave	157,800.00	157,800.00	-	2,048,106.00	-	-	-	-	-	
130	06/15/2015	6663	14426 W Lexington Ave Unit B	187,900.00	187,900.00	-	2,216,006.00	-	-	-	-	-	
131	06/15/2015	6661	2405 S El Dorado	238,700.00	238,700.00	-	2,474,706.00	-	-	-	-	-	
132	06/15/2015	6664	3133 E Harvard Ave	329,400.00	329,400.00	-	2,803,806.00	-	-	-	-	-	
133	06/16/2015	6669	20006 E Peace Dr	1,594,000.00	1,594,000.00	-	3,353,306.00	-	-	-	-	1,594,000.00	
134	06/16/2015	6668	2148 E Meola St	795,500.00	795,500.00	-	3,449,806.00	-	-	-	-	-	
135	06/16/2015	6667	4502 E Douglas Ave	164,800.00	164,800.00	-	3,614,606.00	-	-	-	-	-	
136	06/16/2015	6666	4513 E Durnmouth St	445,800.00	445,800.00	-	3,930,006.00	-	-	-	-	-	
137	06/16/2015	6665	824 W Azalea	1,573,200.00	1,573,200.00	-	4,549,006.00	-	-	-	-	1,573,200.00	
138	06/17/2015	6674	3002 E Edgewood Ave	278,500.00	278,500.00	-	4,827,806.00	-	-	-	-	-	
139	06/17/2015	6673	164 E Bayton Ln	353,200.00	353,200.00	-	5,181,106.00	-	-	-	-	-	
140	06/17/2015	6675	3702 W 35th Street	364,700.00	364,700.00	-	5,545,406.00	-	-	-	-	-	
141	06/17/2015	6672	3916 E Valley Dr	251,800.00	251,800.00	-	5,797,206.00	-	-	-	-	-	
142	06/17/2015	6676	4108 W Hoop Trl	173,400.00	173,400.00	-	5,970,606.00	-	-	-	-	-	
143	06/17/2015	6671	635 W Adams Way	213,700.00	213,700.00	-	6,184,706.00	-	-	-	-	1,615,000.00	
144	06/18/2015	6679	11641 N Ventura St	251,100.00	251,100.00	-	6,435,806.00	-	-	-	-	-	
145	06/18/2015	6682	14446 N 184th Avenue	246,700.00	246,700.00	-	6,682,506.00	-	-	-	-	-	
146	06/18/2015	6683	14611 N 83rd Avenue	-	-	-	-	-	-	-	-	-	

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A	B	C	D	E	F	G	H=F-G	I	J=G+I	K=F-J	L	M=K+L	N
#	Bank Statement Date	Loan No.	Property Address	Transaction Amount (\$)	Loan Amount (CASH OUT) (\$)	Principal Payment (CASH IN) (\$)	Cumulative Principal CASH OUT/(CASH IN) (\$)	Interest/Pay Payments (CASH IN) (\$)	Total Payment (Principal + Interest) (CASH IN) (\$)	Net Transaction Before Adjustment (\$)	Transaction Adjustment (\$)	Reconciled Transaction Amount (\$)	Notes
147	06/16/2015	6678	1691 W Maplewood St		227,000.00		227,000.00						
148	06/16/2015	6681	17566 W Gabeling Dr		204,100.00		204,100.00						
149	06/16/2015	6680	3505 S Stacia Madie Ave		297,100.00		297,100.00						
150	06/18/2015	6684	610 W Kent Pl		174,900.00		174,900.00						
151	06/19/2015	6690	11218 W Vernon Ave	3,343,400.00	182,100.00		182,100.00						1,341,400.00
152	06/19/2015	6686	3401 W Coll Rd		183,000.00		183,000.00						
153	06/19/2015	6685	2519 E Geneva Dr		211,500.00		211,500.00						
154	06/19/2015	6688	3810 Lakewood Pkwy E #1017		133,900.00		133,900.00						
155	06/19/2015	6687	6760 E Venue St		241,100.00		241,100.00						
156	06/19/2015	6689	9553 W Kerner Dr		289,700.00		289,700.00						
157	06/22/2015	6692	16435 E Happy Rd	1,611,000.00	413,600.00		413,600.00						1,611,000.00
158	06/22/2015	6694	3315 N Marshall Dr		319,700.00		319,700.00						
159	06/22/2015	6693	3153 E Powell Way		346,800.00		346,800.00						
160	06/22/2015	6695	4710 S Carmine		286,800.00		286,800.00						
161	06/22/2015	6696	8045 E Windsor Ave		324,200.00		324,200.00						1,563,600.00
162	06/22/2015	6698	1938 S Shannon St	1,563,600.00	185,300.00		185,300.00						
163	06/22/2015	6701	15783 W Country Club Dr		210,200.00		210,200.00						
164	06/23/2015	6702	2535 S 227th Avenue		428,700.00		428,700.00						
165	06/23/2015	6697	3187 E Happy Rd		341,100.00		341,100.00						
166	06/23/2015	6699	8934 S Swell Dr		173,500.00		173,500.00						
167	06/23/2015	6700	7228 W Sunbeam Ave	1,634,800.00	257,800.00		257,800.00						1,634,800.00
168	06/24/2015	6706	1244 N Hubka St		304,500.00		304,500.00						
169	06/24/2015	6703	18626 E Purple Sage Dr		210,300.00		210,300.00						
170	06/24/2015	6705	2548 E Wescott Dr		192,500.00		192,500.00						
171	06/24/2015	6708	6907 W Carson Dr		185,600.00		185,600.00						
172	06/24/2015	6704	7408 S 20th Lane		327,900.00		327,900.00						
173	06/24/2015	6709	8043 E Madison Ave		756,200.00		756,200.00						1,593,100.00
174	06/24/2015	6707	908 N Swallow Ln	1,593,100.00	154,800.00		154,800.00						
175	06/25/2015	6710	1745 S Parkcrest St		272,500.00		272,500.00						
176	06/25/2015	6711	18911 E Canby Way		142,100.00		142,100.00						
177	06/25/2015	6714	1317 E Kelly St		184,600.00		184,600.00						
178	06/25/2015	6713	3513 S Stevia Ln		502,700.00		502,700.00						
179	06/25/2015	6716	6441 E Cowas Dr		164,400.00		164,400.00						
180	06/25/2015	6715	7735 E Verde Ln		123,800.00		123,800.00						
181	06/25/2015	6712	950 E Glenmeade Dr		147,300.00		147,300.00						1,587,700.00
182	06/25/2015	6719	10415 W Oakure Ln	1,587,700.00	130,100.00		130,100.00						
183	06/25/2015	6724	1095 S 223rd Lane		314,800.00		314,800.00						
184	06/26/2015	6725	1134 W Vera Ln		124,400.00		124,400.00						
185	06/26/2015	6723	213 W Villa Rita Dr		110,100.00		110,100.00						
186	06/26/2015	6720	2109 S 43rd Lane		151,700.00		151,700.00						
187	06/26/2015	6722	1831 W Sabal Kateris Dr		133,800.00		133,800.00						
188	06/26/2015	6721	532 E Hawthorn St		162,100.00		162,100.00						
189	06/26/2015	6717	7165 W Gardenia Ave		314,400.00		314,400.00						
190	06/26/2015	6718	7884 E Bolo Dr		272,700.00		272,700.00						1,501,000.00
191	06/29/2015	6731	13265 S 183rd Avenue	1,501,000.00	287,100.00		287,100.00						
192	06/29/2015	6727	14004 N 44th Place		323,900.00		323,900.00						
193	06/29/2015	6729	18837 N 45th Street		207,600.00		207,600.00						
194	06/29/2015	6718	3624 E Baha Dr		281,400.00		281,400.00						
195	06/29/2015	6716	5139 S Marshall St		174,200.00		174,200.00						
196	06/29/2015	6740	7630 S 26th Way		141,500.00		141,500.00						976,600.00
197	06/29/2015	6725	1421 W Emeralds Cir	976,600.00	259,400.00		259,400.00						
198	06/30/2015	6736	18210 W Desert Willow Dr		157,800.00		157,800.00						
199	06/30/2015	6734	18601 E Via Del Jardin		214,700.00		214,700.00						
200	06/30/2015	6732	5008 W Pedro Ln		193,200.00		193,200.00						
201	06/30/2015	6733	924 W Hale Ave		218,200.00		218,200.00						1,193,800.00
202	07/01/2015	6740	12514 W Hanzho Crk	1,193,800.00	174,300.00		174,300.00						
203	07/01/2015	6738	15985 W Shiloh St		174,300.00		174,300.00						

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#	Bank Statement Date	Loan No.	Property Address	Transaction Amount (\$)	Loan Amount (CASH OUT) (\$)	Principal Payment (CASH IN) (\$)	Current/In Progress (CASH OUT) (\$)	Interest/Fee Payments (CASH IN) (\$)	Total Payment (Principal + Interest) (CASH IN) (\$)	Net Transaction Before Adjustment (\$)	Transaction Adjustment (\$)	Transaction Amount (\$)	Notes
204	07/01/2015	6739	3507 W Palumbo Dr		357,500.00								
205	07/01/2015	6737	9542 E Cavalry Dr		433,800.00		20,550,006.00						
206	07/02/2015	6748	1152 E Westchester Dr	1,485,300.00	239,700.00		20,829,706.00						3,486,300.00
207	07/02/2015	6742	13006 N 130th Lane		100,200.00		20,929,906.00						
208	07/02/2015	6747	17019 S 27th Drive		200,450.00		21,210,306.00						
209	07/02/2015	6741	21038 W Ridge Rd		189,800.00		21,400,106.00						
210	07/02/2015	6746	27849 N 31st Avenue		169,200.00		21,589,306.00						
211	07/02/2015	6744	39217 W Cactus Wien Dr		134,200.00		21,703,606.00						
212	07/02/2015	6743	4008 E Traylorwood Dr		384,900.00		21,818,506.00						
213	07/02/2015	6745	8227 S Cable Moxezuma		387,800.00		21,976,306.00						
214	07/02/2015	6753	11117 W Della Ln	1,377,100.00	334,700.00		22,411,006.00						1,377,100.00
215	07/06/2015	6754	1210 W Amblerwood Dr		329,500.00		22,740,306.00						
216	07/06/2015	6751	16615 Mesonoya Ln		273,800.00		23,014,306.00						
217	07/06/2015	6752	18638 E Saegull Dr		181,300.00		23,195,606.00						
218	07/06/2015	6755	6064 E Beck Ln		252,800.00		23,448,406.00						
219	07/07/2015	6757	18936 E Trevino Dr	1,690,900.00	555,200.00		24,009,106.00						1,690,900.00
220	07/07/2015	6758	6039 S Smokehouse Trl		354,800.00		24,363,906.00						
221	07/07/2015	6759	9216 E Pershing Ave		347,200.00		24,711,106.00						
222	07/07/2015	6760	9423 N Summer Hill Blvd		433,200.00		25,144,306.00						
Net Cash Transactions [3]													
223	10/24/2014	5650	8340 W Cavalier Dr	(73,790.30)	10,300.00		25,154,606.00	9,390.30	9,390.30	909.70	(74,700.00)	(73,790.30)	Transaction Included a \$75,000 Workout Loan payoff minus a \$100 math error for a net payoff of \$74,700. Net payment has been removed from Workout Loan Losses.
224	10/27/2014	5655	3220 E Shagan Ln Rd	(250,383.80)		240,100.00	24,814,506.00	10,283.80	250,383.80	(250,383.80)	-	(250,383.80)	
225	10/28/2014	5661	28706 W 64th Ave	269,150.55	276,700.00		25,191,206.00	7,549.45	7,549.45	269,150.55	-	269,150.55	DenSco received \$1,000 less than it recorded in its books. Loan Losses will be increased by \$1,000.
226	10/29/2014	5666	533 E Kyle Ckt	(223,624.30)		213,100.00	24,970,106.00	11,524.30	224,624.30	(224,624.30)	1,000.00	(223,624.30)	
227	10/29/2014	5669	6087 S Darbee Dr	211,535.30	217,000.00		25,195,106.00	5,464.70	5,464.70	211,535.30	-	211,535.30	Managed made a \$75,000 payment on the Workout Loan balance. This \$75,000 has been removed from Workout Loan Losses.
228	10/31/2014	5673	39823 N 56th Street	(59,664.70)	22,300.00		25,217,406.00	6,964.70	6,964.70	35,335.30	(25,000.00)	(59,664.70)	
229	11/03/2014	5689	2848 N 107th Lane	69,361.00	83,400.00		25,290,806.00	12,039.00	12,039.00	69,361.00	-	69,361.00	
230	11/04/2014	5684	8758 W Buckhorn Trl	355,878.80	170,800.00		25,469,606.00	14,921.20	14,921.20	355,878.80	-	355,878.80	
231	11/05/2014	5688	4923 S Wildflower Pl	(89,886.15)		29,000.00	25,440,606.00	10,876.15	39,876.15	(39,876.15)	(10.00)	(89,886.15)	Net payoff included a \$10 math error. DenSco received \$10 more than what was recorded. Loan Losses will be decreased by \$10.
232	11/06/2014	5752	939 N Shannon Cir	212,880.05	70,200.00		25,510,806.00	10,453.40	10,453.40	59,746.60	353,133.45	212,880.05	There was a net wkg difference of \$333.45 which will be adjusted to increase loan losses. DenSco also formed an additional \$152,800 to Managed. This loan was paid off by Donald Kinble on 11/14/14, so there is no impact on loan losses for this amount.
233	11/07/2014	5697	3800 E Lincoln Dr #30	(102,112.95)	5,400.00		25,516,206.00	7,512.95	7,512.95	(2,112.95)	(100,000.00)	(102,112.95)	Managed made a \$100,000 payment on the Workout Loan balance. This \$100,000 has been removed from Workout Loan Losses.
234	11/10/2014	5705	4742 N Greenleaf Cir W	(144,925.55)		128,500.00	25,887,706.00	16,425.55	144,925.55	(144,925.55)	-	(144,925.55)	
235	11/12/2014	5710	1917 E Preston St	384,720.15	388,000.00		25,785,706.00	13,278.85	13,278.85	384,720.15	-	384,720.15	
236	11/14/2014	5720	4138 W Cocoon Dr	44,590.55	145,100.00		25,930,806.00	19,509.45	19,509.45	175,590.55	(81,000.00)	44,590.55	\$81,000 adjustment represents a Managed pay down on the Workout Loan. \$75,000 was recorded against the Workout Loan and \$6,000 to Interest Income. The \$75,000 has been removed from Workout Loan Losses, and Non-Workout Loan Losses will be decreased by \$6,000.
237	11/17/2014	5725	850 W Whitton Ave	(69,821.10)		59,300.00	25,871,506.00	10,521.10	69,821.10	(69,821.10)	-	(69,821.10)	The \$94,900 represented new borrowing, but it was paid off by 1/27/15 and has no impact on loan losses.
238	11/18/2014	5735	986 S Wanda Dr	337,107.15	252,300.00		26,123,806.00	10,092.85	10,092.85	242,207.15	94,900.00	337,107.15	
239	11/19/2014	5728	2646 E Bear Creek Ln	(88,130.60)		78,250.00	26,045,556.00	11,883.60	90,133.60	(90,133.60)	7,003.00	(88,130.60)	Net payoff was recorded as \$90,133.60, but due to a \$3 math error and a \$2,000 adjustment booked by CHHick, DenSco only received \$88,130.60. The underpayment of \$2,000 will be adjusted to increase loan losses.
240	11/20/2014	5768	7446 S 40th Lane	163,412.05	170,400.00		26,215,956.00	6,987.95	6,987.95	163,412.05	-	163,412.05	

Expert Report of David B. Weekly

Peter S. Davis, as Receiver v. Clark Hill PLC, et al.

PURPOSE: To calculate DonSoco damages for Non-Workout loan losses.

SOURCE: Simon Consulting Prepared Transaction Report, Bank of America and First Bank Statements

Definitions of terms used in this analysis

Gross Cash Transactions - Groups of loans combined into one banking transaction amount. Payments under this caption relate to one property per banking transactions.

Net Cash Transactions - Groups of loans netted against loan payments in one banking transaction (e.g. multiple transactions result in one banking transaction).

A	B	C	D	E	F	G	H = F - G	I	J = G + I	K = F - J	L	M = K + L	N
Bank Statement #	Bank Statement Date	Loan ID#	Property Address	Transaction Amount (\$)	Loan Amount (CASH OUT) (\$)	Principal Payment (CASH IN) (\$)	Cumulative Principal (CASH IN) (\$)	Interest/Payments (CASH IN) (\$)	Total Payment (Principal + Interest) (CASH IN) (\$)	Net Cash Payoff (CASH IN) (\$)	Transaction Adjustment (\$)	Transaction Amount (\$)	Notes
241	11/21/2014	5729	9255 E DuJays Rd	(9,364.40)	93,600.00	-	26,301,556.00	11,964.40	11,964.40	80,635.60	(100,000.00)	(19,364.40)	Managed made a \$100,000 payment on the Workout loan balance. This \$100,000 has been removed from Workout Loan Losses.
242	11/24/2014	5783	7129 N 111st Ave	58,730.10	59,300.00	-	26,377,656.00	10,369.50	10,369.50	58,730.10	-	58,730.10	
243	11/24/2014	5740	3099 W Via De Pedro Miguel	247,665.20	255,600.00	-	26,634,156.00	7,934.80	7,934.80	247,665.20	-	247,665.20	
244	11/26/2014	5753	27647 N 70th Street	(45,278.70)	-	35,900.00	26,597,356.00	9,378.70	45,278.70	(45,278.70)	-	(45,278.70)	The \$218,550 represented net new borrowing, but it was paid off on 6/16/15 and has no impact on Loan Losses.
245	02/17/2015	6125	3691 E Sweetwater Ave	(445,538.25)	-	660,356.00	25,937,100.00	3,831.25	664,088.25	(664,088.25)	218,550.00	(445,538.25)	
246	07/08/2015	6657	771 S Stan Dr	49,002.50	68,600.00	-	26,005,700.00	19,597.50	19,597.50	49,002.50	-	49,002.50	
247	07/09/2015	6671	635 W Anway Way	(34,560.80)	-	19,500.00	25,985,100.00	15,060.80	34,560.80	(34,560.80)	-	(34,560.80)	
248	07/10/2015	6675	3702 N 35th Street	(6,681.80)	10,800.00	-	25,995,900.00	19,481.80	19,481.80	(6,681.80)	-	(6,681.80)	
249	07/13/2015	6665	824 W Aranea	(19,643.75)	400.00	-	25,997,400.00	20,043.75	20,043.75	(19,643.75)	-	(19,643.75)	
250	07/14/2015	6140	3905 E Sierra Madre Ave	240,436.35	259,400.00	-	26,256,800.00	18,963.85	18,963.85	240,436.35	-	240,436.35	
251	07/15/2015	6684	616 W Horn Pl	(72,924.85)	-	56,500.00	26,300,300.00	16,424.85	72,924.85	(72,924.85)	-	(72,924.85)	
252	07/16/2015	6687	6760 E Verme St	(58,519.60)	-	41,600.00	26,341,900.00	16,919.60	58,519.60	(58,519.60)	-	(58,519.60)	
253	07/17/2015	6689	9553 W Keyser Dr	50,303.45	68,000.00	-	26,392,200.00	17,696.55	17,696.55	50,303.45	-	50,303.45	
254	07/20/2015	6700	7729 W San Juan Ave	(16,640.85)	-	18,000.00	26,410,200.00	17,760.85	17,760.85	(16,640.85)	-	(16,640.85)	
255	07/21/2015	6740	7616 S 20th Way	24,070.30	44,800.00	-	26,434,200.00	14,719.70	14,719.70	24,070.30	-	24,070.30	
256	07/21/2015	6709	8648 S Inlandia Ave	31,312.25	44,000.00	-	26,465,500.00	12,687.75	12,687.75	31,312.25	-	31,312.25	
257	07/23/2015	6712	950 E Glenmore Dr	(32,291.55)	-	16,900.00	26,482,400.00	15,391.55	32,291.55	(32,291.55)	-	(32,291.55)	
258	07/24/2015	6738	7634 E Bolo Dr	146,310.75	165,200.00	-	26,647,600.00	18,885.25	18,885.25	146,310.75	-	146,310.75	
259	07/27/2015	6735	7735 E Verde Ln	(139,897.35)	-	117,800.00	26,765,400.00	21,097.35	139,897.35	(139,897.35)	-	(139,897.35)	
260	07/18/2015	6743	4008 E Tanglewood Dr	83,477.80	101,400.00	-	26,848,800.00	17,923.20	17,923.20	83,477.80	1.00	83,477.80	Managed received \$1 more than the calculated net amount. Loan Losses will be increased by \$1.
261	07/19/2015	6737	9562 E Cavalry Dr	(74,724.50)	-	53,900.00	26,902,700.00	19,823.50	74,724.50	(74,724.50)	-	(74,724.50)	
262	07/30/2015	6745	8227 S Cafe Molezuma	66,251.40	85,600.00	-	26,968,500.00	16,446.60	16,446.60	66,251.40	-	66,251.40	
263	07/31/2015	6762	488 E Gall Dr	(74,377.50)	-	59,100.00	27,027,600.00	15,277.50	74,377.50	(74,377.50)	-	(74,377.50)	
264	08/01/2015	6759	9218 E Peaching Ave	78,819.65	98,200.00	-	27,086,800.00	19,389.35	19,389.35	78,819.65	9.00	78,819.65	Managed received \$9 more than the calculated net amount. Loan Losses will be increased by \$9.
265	08/03/2015	6758	6019 E Smokehouse Trl	(66,391.60)	-	81,000.00	27,167,800.00	15,391.90	66,391.60	(66,391.60)	-	(66,391.60)	
266	08/03/2015	6760	9423 N Summer Hill Blvd	76,176.65	90,300.00	-	27,258,100.00	14,129.35	14,129.35	76,176.65	-	76,176.65	Managed received \$0.50 more than the calculated net amount. Loan Losses will be increased by \$0.50.
267	08/06/2015	6758	6408 E Honoance Ave	(46,583.80)	-	28,200.00	27,344,300.00	18,384.40	46,584.40	(46,584.40)	0.50	(46,583.90)	
268	08/07/2015	6771	6701 E Hochingbird Ln	177,694.20	191,000.00	-	27,535,300.00	18,305.80	18,305.80	177,694.20	-	177,694.20	
269	08/10/2015	6774	3431 S W 340th Street	(77,541.00)	-	55,800.00	27,591,100.00	21,741.00	77,541.00	(77,541.00)	-	(77,541.00)	
270	08/10/2015	6776	7136 W Kings Ave	(17,329.60)	7,000.00	-	27,608,100.00	20,015.60	20,015.60	(17,329.60)	-	(17,329.60)	
271	08/12/2015	6786	4643 E Laredo Ln	27,748.45	47,000.00	-	27,655,100.00	19,651.55	19,651.55	27,748.45	-	27,748.45	Due to a wiring error, DenSoco loaned \$9,000 less than planned. An adjustment will be made to decrease Loan Losses by \$9,000.
272	08/13/2015	6791	4608 E Kelly Dr	39,548.35	67,200.00	-	27,724,600.00	19,651.65	19,651.65	39,548.35	(9,000.00)	30,548.35	
273	08/14/2015	6800	6505 Bay Dr	31,959.85	45,100.00	-	27,766,700.00	13,140.15	13,140.15	31,959.85	-	31,959.85	
274	08/17/2015	6805	7722 N Via De Palma	(9,985.75)	32,000.00	-	27,784,000.00	21,957.75	21,957.75	(9,985.75)	-	(9,985.75)	
275	08/18/2015	6819	4345 E Bluefield Ave	(35,274.95)	-	33,900.00	27,817,900.00	21,774.95	35,274.95	(35,274.95)	-	(35,274.95)	
276	08/19/2015	6817	7131 N Hill Access	56,930.45	76,400.00	-	27,874,300.00	19,469.55	19,469.55	56,930.45	-	56,930.45	
277	08/20/2015	6819	8729 W Potter Dr	(38,721.80)	-	19,400.00	27,893,700.00	19,331.80	38,721.80	(38,721.80)	-	(38,721.80)	Net new borrowing was recorded as \$63,368.35, but one property was misreported in an email by \$7,800. DenSoco loaned \$7,800 less than it recorded so Loan Losses will be decreased by \$7,800.
278	08/24/2015	6842	5839 W Highland Dr	60,568.15	83,300.00	-	27,977,000.00	17,933.85	17,933.85	60,568.15	(7,800.00)	52,768.15	DenSoco paid \$12,700 more to Managed than the amount recorded in DenSoco's books. Loan Losses will be increased \$12,700.
279	08/24/2015	6867	315 E Pebble Beach Dr	(51,167.65)	-	22,100.00	28,036,000.00	19,167.65	41,267.65	(41,267.65)	(9,500.00)	(50,767.65)	DenSoco received \$9,500 more than the payout amount recorded in DenSoco's books. Loan Losses will be decreased by \$9,500.
280	08/25/2015	6845	8819 N 85th Place	84,131.80	91,700.00	-	28,098,400.00	20,268.20	20,268.20	84,131.80	12,700.00	96,831.80	
281	08/26/2015	6970	9950 W Iuka Ave	357,297.70	373,600.00	-	28,171,600.00	16,302.30	16,302.30	357,297.70	-	357,297.70	Managed received \$300 more than the calculated net amount due to a math error. Loan Losses will be increased by \$300.
282	08/27/2015	6914	9252 S Sanna Cir	316,678.05	335,100.00	-	28,207,700.00	18,771.95	18,771.95	316,678.05	300.00	316,978.05	
283	08/28/2015	6855	5210 N Mammoth Way	11,854.90	30,800.00	-	28,229,500.00	18,955.10	18,955.10	11,854.90	-	11,854.90	
284	08/31/2015	6864	7812 E Via Del Futuro	116,026.40	138,000.00	-	28,367,500.00	19,973.60	19,973.60	116,026.40	-	116,026.40	
285	09/01/2015	6868	5235 E Montel Dr	(17,410.50)	3,800.00	-	28,371,300.00	19,210.50	19,210.50	(17,410.50)	-	(17,410.50)	

Expert Report of David B. Weekly
 Peter S. Davis, as Receiver v. Clark Hill PLC, et al.

PURPOSE: To calculate DenSeco damages for Non-Workout Loan losses.

SOURCE: Simon Consulting Prepared Transaction Report, Bank of America and First Bank Statements

Definitions of terms used in this analysis

Gross Cash Transactions - Groups of loans combined into one banking transaction amount. Payoffs under this caption relate to one property per banking transaction.

Net Cash Transactions - Groups of loans netted against loan payoffs in one banking transaction (e.g. multiple transactions result in one banking transaction).

A	B	C	D	E	F	G	H=F-G	I	J=I-I	K=F-J	L	M=K+L	N
Bank Statement #	Date	Loan No.	Property Address	Transaction Amount (\$)	Loan Amount (CASH OUT) (\$)	Principal Payment (CASH IN) (\$)	Cumulative Principal (CASH OUT) (CASH IN) (\$)	Interest/Fee Payments (CASH IN) (\$)	Total Payment (Principal + Interest) (CASH IN) (\$)	Net Transaction Before Adjustment (\$)	Transaction Adjustments (\$)	Transaction Amount (Net Cash Only) (\$)	Notes
285	09/02/2015	6879	8717 E Chaparral Rd	14,810.05	36,400.00	-	27,589.95	21,589.95	21,589.95	21,589.95	-	14,810.05	
287	09/03/2015	6875	901 E Williams Ln	(1,631.00)	39,100.00	-	27,923,000.00	20,731.00	20,731.00	(1,631.00)	-	(1,631.00)	
288	09/04/2015	6882	4109 E Dewett Dr	24,859.90	45,800.00	-	27,969,000.00	20,900.10	20,900.10	24,859.90	-	24,859.90	
289	09/08/2015	6915	4102 E Everett Dr	(27,124.40)	-	4,000.00	27,965,000.00	21,114.40	21,114.40	(27,124.40)	-	(27,124.40)	
290	09/09/2015	6905	7033 W Beverly Rd	29,503.15	50,300.00	-	28,015,200.00	20,795.85	20,795.85	29,503.15	-	29,503.15	
291	09/10/2015	6906	4894 E Rusty Spur Trl	205,055.90	235,500.00	-	28,241,800.00	19,694.10	19,694.10	205,055.90	-	205,055.90	
292	09/11/2015	6916	855 E Glenway St	(24,810.20)	-	6,600.00	28,235,200.00	18,220.20	18,220.20	(24,810.20)	-	(24,810.20)	
293	09/14/2015	6916	530 W Ray Rd	30,809.80	51,400.00	-	28,286,600.00	20,590.20	20,590.20	30,809.80	-	30,809.80	
294	09/15/2015	6923	2416 E Lizza Pl	(18,472.40)	-	6,900.00	28,279,700.00	20,272.40	20,272.40	(18,472.40)	-	(18,472.40)	
295	09/16/2015	7001	8358 W Bluefield Ave	27,359.95	45,500.00	-	28,235,200.00	18,100.05	18,100.05	27,359.95	-	27,359.95	
296	09/17/2015	7006	9121 S 55th Avenue	211,883.00	228,200.00	-	28,554,400.00	17,317.00	17,317.00	211,883.00	-	211,883.00	
297	09/18/2015	6946	5818 E Aracata Dr	(27,257.40)	-	8,400.00	28,546,000.00	18,857.40	27,257.40	(27,257.40)	-	(27,257.40)	
298	09/21/2015	6974	6902 W Sunnyvale Dr	107,731.05	121,100.00	-	28,667,500.00	16,178.95	16,178.95	107,731.05	360.00	107,731.05	Net new borrowing was calculated and recorded as \$102,373.05, but there was a math error of \$360. DenSeco loaned \$360 more than it recorded, so loan losses will be increased by \$360.
299	09/21/2015	6956	9074 E Justice Way	(101,364.40)	-	80,800.00	28,586,700.00	20,564.40	101,364.40	(101,364.40)	-	(101,364.40)	
300	09/23/2015	6957	6127 E Calle Del Palatino	30,589.70	51,100.00	-	28,638,000.00	21,510.30	21,510.30	30,589.70	-	30,589.70	
301	09/24/2015	6964	57 Dillmore Estates Dr	193,536.65	215,200.00	-	28,854,000.00	21,863.35	21,863.35	193,536.65	-	193,536.65	
302	09/25/2015	6982	903 W Oxford Dr	(32,968.15)	-	37,100.00	28,891,000.00	20,869.15	21,099.15	(32,968.15)	-	(32,968.15)	
303	09/28/2015	6989	6437 E Merino St	36,888.50	58,000.00	-	28,929,000.00	21,111.50	21,111.50	36,888.50	-	36,888.50	
304	09/29/2015	7000	6609 S 44th Street	(41,925.30)	-	23,600.00	28,977,300.00	19,315.30	41,925.30	(41,925.30)	-	(41,925.30)	
305	09/30/2015	6999	7216 E Fillmore St	54,423.30	75,100.00	-	28,952,400.00	20,676.50	20,676.50	54,423.30	(0.30)	54,423.30	Managed received \$0.30 less than the calculated net amount due to a math error. Loan losses will be decreased by \$0.30.
306	10/01/2015	7015	5916 W Edvard Dr	(16,948.55)	-	5,300.00	28,947,100.00	21,648.55	16,948.55	(16,948.55)	-	(16,948.55)	
307	10/02/2015	7026	6609 W Superior Ave	28,731.45	46,800.00	-	28,993,900.00	18,668.55	18,668.55	28,731.45	-	28,731.45	
308	10/05/2015	6998	9390 E Thompson Peak Pkwy #142	(12,353.95)	30,100.00	-	29,004,000.00	27,453.95	27,453.95	(12,353.95)	-	(12,353.95)	
309	10/06/2015	7019	5440 W Grove St	18,760.05	37,100.00	-	29,041,100.00	18,393.95	18,393.95	18,760.05	51.00	18,760.05	Net new borrowing was calculated and recorded as \$18,706.05, but there was a math error of \$54. DenSeco loaned \$54 more than it recorded, so loan losses will be increased by \$54.
310	10/07/2015	7031	3409 W Orchard Ln	(32,053.50)	-	14,400.00	29,016,700.00	17,553.50	32,053.50	(32,053.50)	-	(32,053.50)	
311	10/09/2015	7030	3545 N 73rd Drive	31,204.35	48,100.00	-	29,074,800.00	16,895.85	16,895.85	31,204.35	-	31,204.35	
312	10/13/2015	7034	2507 E Chambers St	20,607.50	40,600.00	-	29,115,400.00	19,992.50	19,992.50	20,607.50	-	20,607.50	
313	11/04/2015	7040	6759 W Crabapple Dr	93,900.14	385,000.00	-	29,501,200.00	191,245.85	291,245.85	94,454.35	(54.01)	93,900.14	Managed received \$54.01 less than the calculated net amount due to a math error. Loan losses will be decreased by \$54.01.
				47,837,956.00	18,336,756.00	29,501,200.00	2,142,681.25	20,479,437.25		Total Adj:	30,046.64		
										Adjustments Excluded:	(41,350.00)		
										Total Adjustments:	(11,303.36)		
										Total Unpaid Loan Balance	\$	29,503,200	
										Less: Interest Payments (Above)	\$	(2,142,681)	
										Less: Interest Payments on Fully Paid Loans [11]	\$	(7,941,113)	
										Less: Adjustments (see Notes)	\$	(11,303)	
										Unpaid Loan Balance (Net of Interest Payments)	\$	24,618,103	

- [1] - For transactions that were done in the "Holding Process" the Loan Number/Property Address represents one of the loan numbers/property addresses referenced in the records of DenSeco.
- [2] - Represents the amount of the transaction on the DenSeco bank statement unless "Notes" column indicates otherwise. Positive numbers are loans and negative numbers are payments.
- [3] - For Gross Cash Transactions, this is the property loan amount (CASH OUT). For Net Cash Transactions, the amount in this column is the CASH OUT portion of the netted transaction.
- [4] - For Gross Cash Transactions, this is the property principal payoff amount (CASH IN). For Net Cash Transactions, the amount in this column is the CASH IN portion of the netted transaction.
- [5] - Represents the cumulative unpaid loan principal balance.
- [6] - Represents the amount of interest/fee payments (CASH IN) made by Managed to DenSeco.
- [7] - Represents sum of principal and interest payments (CASH IN).
- [8] - For Net Cash Transactions only. Represents the net difference between CASH OUT and CASH IN before any adjustments.
- [9] - For Net Cash Transactions only. Represents the net difference between CASH OUT and CASH IN after any adjustments.
- [10] - Transaction amount (Net Cash Only) recorded to the DenSeco bank statement.
- [11] - Represents interest received by DenSeco on Non-Workout Loans that were fully repaid, therefore the loans and related interest payments are not included in this listing.

Expert Report of David B. Weekly

Peter S. Davis, as Receiver v. Clark Hill PLC, et al.
 Calculation of Prejudgment Interest

PURPOSE: To calculate prejudgment interest on damages associated with the DenSco Workout and Non-Workout Loan Losses.

SOURCE: F3 Expert Report; Letter from Geoffrey M.T. Sturr to John E. DeWulf dated January 17, 2018 ("Sturr Letter"); A.R.S 44-1201; Receiver March 2019 Status Report

Report Date 04/04/2019 Date of F3 Report
 Prejudgment Interest Rate 10.0% ARS 44-1201(A)
 Prejudgment Interest Rate 6.50% ARS 44-1201(B)

Prejudgment Interest Calculation @ 10%

Description	Interest Start Date	Interest End Date [3]	# of Days	Daily Interest Rate	Workout Loan Losses	Non-Work Out Loan Losses	Total Loan Losses	Net Receiver Recoveries	Loan Losses net of Recoveries	Prejudgment Interest	Damages Including Interest	Daily Interest Amount
Interest Starts August 31, 2016 [1]	08/31/2016	04/04/2019	946	0.0274%	\$ 69,123	\$ 24,436,100	\$ 24,505,223	\$ 207,996	\$ 24,713,219	\$ 6,405,125	\$ 31,118,344	\$ 6,771
Interest Starts on the Complaint Date [2]	10/17/2017	04/04/2019	534	0.0274%	\$ 69,123	\$ 24,436,100	\$ 24,505,223	\$ 207,996	\$ 24,713,219	\$ 3,615,578	\$ 28,328,797	\$ 6,771

Prejudgment Interest Calculation @ 6.50%

Description	Interest Start Date	Interest End Date [3]	# of Days	Daily Rate	Work Out Loan Losses	Non-Work Out Loan Losses	Total Loan Losses	Net Recoveries	Loan Losses net of Recoveries	Prejudgment Interest	Total Damages	Daily Interest
Interest Starts August 31, 2016 [1]	08/31/2016	04/04/2019	946	0.0178%	\$ 69,123	\$ 24,436,100	\$ 24,505,223	\$ 207,996	\$ 24,713,219	\$ 4,163,331	\$ 28,876,550	\$ 4,401
Interest Starts on the Complaint Date [2]	10/17/2017	04/04/2019	534	0.0178%	\$ 69,123	\$ 24,436,100	\$ 24,505,223	\$ 207,996	\$ 24,713,219	\$ 2,350,126	\$ 27,063,345	\$ 4,401

[1] - Approximate date Defendants received Chittick's pre-suicide writings blaming Clark Hill for the losses (see Sturr Letter).
 [2] - Date Plaintiff filed the Complaint against Defendants.
 [3] - Date of the F3 Report.

Exhibit C

1 Colin F. Campbell, No. 004955
Geoffrey M. T. Sturr, No. 014063
2 Joseph N. Roth, No. No. 027725
Joshua M. Whitaker, No. 032724
3 Osborn Maledon, P.A.
2929 N. Central Avenue, Suite 2100
4 Phoenix, Arizona 85012-2793
(602) 640-9000
5 ccampbell@omlaw.com
gsturr@omlaw.com
6 jroth@omlaw.com
jwhitaker@omlaw.com

7 Attorneys for Plaintiff
8

9
10 IN THE SUPERIOR COURT OF THE STATE OF ARIZONA
11 IN AND FOR THE COUNTY OF MARICOPA
12

13 Peter S. Davis, as Receiver of DenSco
Investment Corporation, an Arizona
14 corporation,

15 Plaintiff,

16 vs.

17 Clark Hill PLC, a Michigan limited
liability company; David G. Beauchamp
18 and Jane Doe Beauchamp, husband and
wife,

19 Defendants.
20

No. CV2017-013832

**PLAINTIFF'S DISCLOSURE OF
REBUTTAL EXPERT WITNESS
REPORT RE STANDARD OF CARE**

(Commercial case)

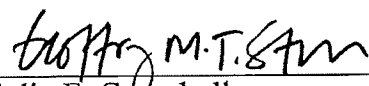
(Assigned to the
Honorable Daniel Martin)

21
22 Pursuant to the scheduling order entered in this matter, Plaintiff Peter S. Davis, as
23 Receiver of DenSco Investment Corporation, hereby discloses the attached rebuttal
24 report of Neil J. Wertlieb, which addresses the Preliminary Expert Report of J. Scott
25 Rhodes and the Expert Report of Kevin Olson, served by Defendants on April 5, 2019.
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DATED this 7th day of June 2019.

OSBORN MALEDON, P.A.

By 

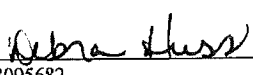
Colin F. Campbell
Geoffrey M. T. Sturr
Joseph N. Roth
Joshua M. Whitaker
2929 N. Central Avenue, Suite 2100
Phoenix, Arizona 85012-2793

Attorneys for Plaintiff

Original hand-delivered and
copy sent by e-mail this
7th day of June, 2019, to:

John E. DeWulf, Esq.
Coppersmith Brockelman PLC
2800 N. Central Avenue, Suite 1900
Phoenix, AZ 85004
jdewulf@cblawyers.com

Attorneys for Defendants


8095682

**REBUTTAL REPORT OF NEIL J WERTLIEB
TO DEFENDANTS' EXPERT REPORTS**

In the matter of

Peter S. Davis, as Receiver of DenSco Investment Corporation

v.

Clark Hill PLC, David G. Beauchamp and Jane Doe Beauchamp

Submitted on June 4, 2019

**REBUTTAL REPORT OF NEIL J WERTLIEB
TO DEFENDANTS' EXPERT REPORTS**

In the matter of

Peter S. Davis, as Receiver of DenSco Investment Corporation
v.
Clark Hill PLC, David G. Beauchamp and Jane Doe Beauchamp

Submitted on June 4, 2019

I. INTRODUCTION

By letters dated June 15, 2017 and October 3, 2017, the law firm of Osborn Maledon, P.A. ("Osborn Maledon") retained me (through Wertlieb Law Corp, where I am principal) to serve as an expert witness in the matter of *Peter S. Davis, as Receiver of DenSco Investment Corporation v. Clark Hill PLC, David G. Beauchamp and Jane Doe Beauchamp* (this "Case").

This Case was initiated by the filing of a Complaint on October 16, 2017, by Peter S. Davis, as the court-appointed receiver (the "Receiver") of DenSco Investment Corporation, an Arizona corporation ("DenSco"), following the death of Denny Chittick, DenSco's sole owner, shareholder and operator. In the Complaint, the Receiver states two claims for relief against the law firm of Clark Hill PLC ("Clark Hill") and David G. Beauchamp (collectively, the "Defendants"): (1) legal malpractice; and (2) aiding and abetting breach of fiduciary duties. The claims arise from the legal representation of DenSco by the Defendants.

I submitted an Expert Report in this Case on March 26, 2019 ("my Expert Report").¹ On April 5, 2019, the Defendants filed the Preliminary Expert Declaration of J. Scott Rhodes (the "Rhodes Declaration") and the Expert Report of Kevin Olson (the "Olson Report"). Mr. Rhodes' deposition (the "Rhodes Deposition") was taken on May 15, 2019, and Mr. Olson's deposition (the "Olson Deposition," and together with the Rhodes Deposition, the "Defendants' Experts' Depositions") was taken on May 17, 2019. This Rebuttal Report contains my observations with respect to the Rhodes Declaration and the Olson Report and the Defendants' Experts' Depositions.

II. THE RHODES DECLARATION AND DEPOSITION

With respect to the Rhodes Declaration and the Rhodes Deposition:

- First, I note that Mr. Rhodes expressly qualified his Declaration by stating that he is not opining with respect to "the standard of care specific to lawyers practicing in the area of

¹ Terms used in my Expert Report which are referenced in this Rebuttal Report without definition are intended to have the same meaning as used in my Expert Report.

securities law.”² Further, Mr. Rhodes acknowledged in his deposition that he has not practiced in the area of securities law,³ nor was he asked to form any opinions regarding the standard of care of securities lawyers with respect to securities laws in the state of Arizona.⁴ Consequently, in my opinion, Mr. Rhodes is not qualified to opine on what Mr. Beauchamp would have or should have known in his capacity as the securities lawyer for DenSco, nor is he qualified to opine on Mr. Beauchamp’s responsibilities and obligations in light of the risks of securities fraud and related aiding and abetting (as discussed in my Expert Report).

- Mr. Rhodes informs his opinions on Mr. Beauchamp’s conduct based on “Chittick’s history of substantially following Mr. Beauchamp’s advice over the years.”⁵ However, Mr. Chittick in fact was not following Mr. Beauchamp’s advice, at least with respect to his advice as to how to fund DenSco’s loans so to ensure that such loans were in a first lien position (as disclosed in the 2011 POM).⁶ As described in my Expert Report, Mr. Beauchamp had a series of “red flag” warnings that Mr. Chittick was not following such advice, beginning with the Freo Lawsuit in June 2013, through the December 2013 Phone Call, and culminating with the Bryan Cave Demand Letter in early January 2014. Certainly by January 7, 2014, when Mr. Chittick expressly acknowledged that he was not following Mr. Beauchamp’s advice, if not earlier, it was undeniable that Mr. Beauchamp knew Mr. Chittick was not following his advice on this matter of fundamental importance (as characterized by Mr. Beauchamp). Because of the materially inaccurate statements and material omissions made in the 2011 POM, which Mr. Chittick was continuing to use to solicit investors, Mr. Beauchamp knew that his client was committing securities fraud. As a result, any reliance that Mr. Beauchamp may have placed on his incorrect belief as to Mr. Chittick’s history of following legal advice was misplaced and should be irrelevant in evaluating the Defendants’ conduct following the red flag warnings.
- The Rhodes Declaration asserts that, “In late 2013 and early 2014, Mr. Beauchamp had no reason to suspect, much less to ‘know’ that Chittick himself was engaging [...] in any illegal conduct.”⁷ The Rhodes Declaration further asserts that “Beauchamp was ethically

² Rhodes Declaration, paragraph D, Qualifications.

³ Rhodes Deposition, page 23, lines 5-7. Mr. Rhodes also acknowledged in his deposition that he does not practice in the area of drafting private offering memorandums (page 23), hard-money lending (page 23), fiduciary duties owed by a hard-money lender to its investors (page 23), forbearance agreements (page 30), and when a corporation owes fiduciary duties to its stockholders or its investors (page 79).

⁴ Rhodes Deposition, page 28, lines 20-24.

⁵ Rhodes Declaration, paragraph 25; see also paragraph 31.

⁶ See page 6, Defendants’ DS (“DenSco and Mr. Chittick were both advised [...] that it was of *fundamental importance* that DenSco safeguard the use of its investors’ funds in conjunction with properly recording liens, in order to ensure that DenSco’s loans were in first position.” [italics added]).

⁷ Rhodes Declaration, paragraph 26. Note that “a violation of law” is only one of two categories of misconduct that trigger an attorney’s obligations under Rule 1.13. The other category is “violation of a legal obligation to the organization” (such as a breach of fiduciary duty).

prohibited in late 2013 and early 2014 from taking any action [pursuant to] ER 1.13's requirement to take action contrary to Chittick's business decisions."⁸ However, beginning in June 2013, Mr. Beauchamp had a series of red flag warnings that, as DenSco's securities lawyer, should have at least given him reason to suspect illegal conduct on the part of Mr. Chittick. Further, Mr. Beauchamp knew that, beginning in July 2013, Mr. Chittick was causing DenSco to improperly issue securities based on the expired and out-of-date 2011 POM. Regardless, by January 7, 2014, Mr. Beauchamp knew Mr. Chittick was not following his advice, which was causing his client DenSco to commit securities fraud. The Rhodes Declaration does not dispute this fact. As described in my Expert Report, this knowledge imposed an obligation on the part of the Defendants to immediately withdraw from the representation of DenSco. However, the Rhodes Declaration acknowledges that this did not happen.⁹

- The Rhodes Declaration asserts that "Mr. Beauchamp acted within the standard of care [...] by promptly communicating [...] about the legal ramifications to DenSco of the 'double lien' issue."¹⁰ However, in my opinion (as described in my Expert Report), merely paying lip service to the client's disclosure obligations does not satisfy the standard of care applicable to a securities lawyer when that lawyer knows that his client was committing securities fraud, and is continuing to commit securities fraud following such communication. The Rhodes Declaration also asserts that "Chittick never indicated he would not disclose; the only issue appeared to be about when he would disclose."¹¹ However, this assertion ignores the fact that it was the timing of such updated and corrected disclosure that was critically important, due to the fact that Mr. Chittick was causing DenSco to commit securities fraud in the interim.
- The Rhodes Declaration asserts that Mr. Beauchamp was acting within the standard of care by deferring to Mr. Chittick's "plan to resolve the 'double lien' issue so as to include the plan with the disclosure of the issue to investors."¹² This assertion, however, ignores the fact that the Chittick Plan included preparation of a Forbearance Agreement, an unnecessary document that delayed disclosure by three months, while Mr. Beauchamp's client continued to offer and sell securities in violation of the disclosure requirements under applicable securities laws. The Rhodes Declaration further asserts that Mr. Beauchamp was not obligated "to seize control of the DenSco decision-making process from Chittick."¹³ This assertion, however, ignores the fact that Mr. Beauchamp was not simply passive with respect to the Chittick Plan, but rather he encouraged Mr. Chittick to

⁸ Rhodes Declaration, paragraph 30.

⁹ Rhodes Declaration, paragraph 42; page 12, lines 21-26, Defendants' DS ("As Mr. Beauchamp explained in a February 10, 2014 email to his colleagues, 'we advised our client that he needs to have a Forbearance Agreement in place to evidence the forbearance and the additional protections he needs.'").

¹⁰ Rhodes Declaration, paragraph 28.

¹¹ Rhodes Declaration, paragraph 35.

¹² Rhodes Declaration, paragraph 33.

¹³ Rhodes Declaration, paragraph 33.

document the Plan and Mr. Beauchamp himself took the lead in documenting and in advocating for the Forbearance Agreement.¹⁴

- The Rhodes Declaration asserts that Mr. Beauchamp was not obligated “to perform an independent investigation into Menaged,” and that “to have done so [...] would have violated his ethical duties” – “[u]nless Chittick had asked him to investigate Menaged.”¹⁵ The Rhodes Declaration, however, ignores the fact that Mr. Chittick specifically asked Mr. Beauchamp to do exactly that, at the time of the Freo Lawsuit.¹⁶
- The Rhodes Declaration includes the following statement: “Beauchamp reasonably could consider that [...] DenSco and Chittick were one client.”¹⁷ This strikes me as an incorrect and fundamentally flawed statement of the law. While DenSco was wholly-owned by Mr. Chittick, they are not the same person nor the same client, nor should they have been treated as such by the Defendants. It was DenSco, and not Mr. Chittick, that was issuing Notes to investors, and it was DenSco, and not Mr. Chittick, that was using the proceeds from those sales to fund mortgage loans. The problems with Mr. Rhodes’ statement become obvious when viewed in the context of the events that occurred in this Case. Following the death of Mr. Chittick, Mr. Beauchamp acknowledged that it was a conflict of interest for the Defendants to represent both DenSco and its owner, the Chittick Estate.¹⁸ Further, as described in my Expert Report, the fiduciary duties owed individually by Mr. Chittick as director, officer and sole shareholder shifted to DenSco’s creditors once DenSco became insolvent (or entered the zone of insolvency), such that Mr. Chittick was obligated to treat all assets of DenSco as “existing for the benefit” of the Noteholders and other creditors.
- The Rhodes Declaration asserts as a factual matter that Mr. Beauchamp “terminated the attorney-client relationship in May 2014.”¹⁹ However, the Rhodes Declaration fails to cite to any evidence in support of this factual assertion, and Mr. Rhodes in his deposition acknowledged that he had “seen no writing indicating one way or another whether Mr. Chittick believed that Clark Hill had withdrawn.”²⁰ Mr. Rhodes conceded during his deposition that, if in fact Mr. Beauchamp did not withdraw in May 2014, “he did not

¹⁴ Defendants’ DS, page 8 (“Mr. Beauchamp suggested that Mr. Chittick and Menaged document their plan.”);

¹⁵ Rhodes Declaration, paragraph 34.

¹⁶ Email dated June 14, 2013 from Mr. Chittick to Mr. Beauchamp, copying Mr. Menaged (“Easy Investments [sic] willing to pay the legal fees to fight it. I just wanted you to be aware of it, and talk to [Menaged’s] attorney. Contact info is below.”).

¹⁷ Rhodes Declaration, paragraph 27.

¹⁸ Exhibit 288A to Deposition of Mr. Beauchamp, email dated August 15, 2016 from Mr. Beauchamp to Chris Hyman, Executive Vice President, American Title Service Agency (“Due to potential conflicts of interest, we have resigned as counsel to the Estate”).

¹⁹ Rhodes Declaration, paragraph 42.

²⁰ Rhodes Deposition, pages 49-50, lines 19-2.

meet his duties.”²¹ As discussed in my Expert Report, there is substantial evidence that the Defendants did not in fact terminate its relationship with DenSco in May 2014.

- The Rhodes Declaration suggests that it was appropriate for the Defendants to represent both DenSco and the Chittick Estate following the death of Mr. Chittick because “Lawyers are permitted to give legal assistance in an emergency if the assistance is ‘limited to that reasonably necessary under the circumstances,’” citing to Rule 1.1, Comment [3], of the Arizona’s Rules of Professional Conduct.²² What the Rhodes Declaration ignores, however, is that Rule 1.1 is the rule relating to competence. As such, Rule 1.1, as extended by Comment [3] with respect to emergency situations, only pertains to competence (e.g., the quality of the work performed in an emergency) and not as to whether the attorney is otherwise permitted to engage with a particular client. As discussed in my Expert Report, the Defendants failed to recognize and properly address the conflicts of interest they had (a) in representing DenSco in wind down efforts due to their own interests, and (b) in representing DenSco and the Chittick Estate due to the potential claims that DenSco had against the Chittick Estate. While the sudden and unexpected death of Mr. Chittick may have created an emergency of the type contemplated by Rule 1.1, such emergency does not excuse the Defendants’ violation of Rule 1.7 pertaining to conflicts of interest – whether in taking on a new matter for an existing or former client (in the case of DenSco) or taking on an entirely new client (in the case of the Chittick Estate). In other words, contrary to what is suggested in the Rhodes Declaration, there is no emergency exemption to Rule 1.7, and therefore no excuse for the Defendants’ improper representation of DenSco or the Chittick Estate following the death of Mr. Chittick.
- Finally, at his deposition, Mr. Rhodes offered an additional opinion on the above topic: that there was no conflict of interest for the Defendants in opening a file after Mr. Chittick’s death to represent DenSco in wind down efforts.²³ Mr. Rhodes appeared to be of the opinion that no conflict of interest could exist until someone asserted a claim against Clark Hill.²⁴ He further testified that eventually “Clark Hill informed individuals that they were going to be withdrawing because they anticipated that there was a conflict, and that’s because they had received some indications of questions being posed about their conduct.”²⁵ But Mr. Rhodes was unable to identify when the obligation to withdraw arose, because he was “not sure when the first communication came to Clark Hill that [...] gave them the first indication of an actual review of their conduct.”²⁶ Mr. Beauchamp approved the opening of the file for wind down efforts on August 23, 2016, five days after the Receiver was appointed. The Defendants represented DenSco in wind down efforts for at least eight weeks following Mr. Chittick’s suicide (beginning on July

²¹ Rhodes Deposition, pages 186-187, lines 24-2.

²² Rhodes Declaration, paragraph 42.

²³ Rhodes Deposition, page 194, lines 15-17, and page 196, line 4. Mr. Rhodes offered no such opinion with respect the Defendants’ representation of the Chittick Estate.

²⁴ Rhodes Deposition, page 196, lines 17-24.

²⁵ Rhodes Deposition, page 198, lines 18-22.

²⁶ Rhodes Deposition, page 200, lines 10-15.

30, 2016, and continuing at least through September 23, 2016). Even absent the assertion of a claim against Clark Hill, the Defendants were well aware of the risk that claims for malfeasance could be brought against them on behalf of DenSco, as evidenced, inter alia, in the Iggy Letter and by Mr. Beauchamp's "extensive" discussions with Ms. Heuer regarding potential conflicts he had in representing DenSco.²⁷ Contrary to Mr. Rhodes' apparent opinion, Arizona Rule 1.7 (Conflict of Interest: Current Clients) does not require that a claim be asserted on behalf of a client in order for a conflict to exist: "A [...] conflict of interest exists if [...] there is a significant risk that the representation [...] will be materially limited [...] by a personal interest of the lawyer." As stated in Comment [10] to the Rule: "The lawyer's own interests should not be permitted to have an adverse effect on representation of a client. For example, if the probity of a lawyer's own conduct in a transaction is in serious question, it may be difficult or impossible for the lawyer to give a client detached advice." In my opinion, that is exactly what occurred here. As stated in my Expert Report, independent legal counsel to DenSco would have considered and pursued claims against the Defendants for their malfeasance; instead, it appears that Mr. Beauchamp actively tried to protect himself and Clark Hill against such claims.

III. THE OLSON REPORT AND DEPOSITION

With respect to the Olson Report and the Olson Deposition:

- Consistent with my Expert Report, the Olson Report acknowledges that "DenSco did not have any directors, officers, or employees other than Mr. Chittick," who "was responsible for managing DenSco's business, with only occasional assistance from experts, consultants and contractors."²⁸ The Olson Report appears to dismiss this serious problem by explaining that Mr. Chittick "sought to operated DenSco with very low overhead."²⁹ While perhaps a desirable goal on the part of Mr. Chittick, the Olson Report fails to recognize that DenSco's ability to manage its business operations and compliance obligations was severely constrained – a serious problem that should have been obvious to Mr. Beauchamp, as described in my Expert Report.
- Like Mr. Rhodes, Mr. Olson informs his opinions on Mr. Beauchamp's conduct based on Mr. Chittick appearing to be "trustworthy [...] and a good client," who "appeared to follow Mr. Beauchamp's advice."³⁰ Under a section entitled "Reasonableness of Mr. Beauchamp's reliance on Mr. Chittick," the Olson Report states that Mr. Chittick "appeared to have followed appropriate procedures," which "properly informed Mr. Beauchamp's perception of, and advice to, Mr. Chittick."³¹ However, Mr. Chittick in fact was not following Mr. Beauchamp's advice, at least with respect to his advice as to

²⁷ See pages 447-448, lines 19-15, Deposition of Mr. Beauchamp.

²⁸ Olson Report, page 2.

²⁹ Olson Report, page 2.

³⁰ Olson Report, page 4.

³¹ Olson Report, page 14.

how to fund DenSco's loans so to ensure that such loans were in a first lien position (as disclosed in the 2011 POM).³² As described in my Expert Report, Mr. Beauchamp had a series of "red flag" warnings that Mr. Chittick was not following such advice, beginning with the Freo Lawsuit in June 2013, through the December 2013 Phone Call, and culminating with the Bryan Cave Demand Letter in early January 2014. Certainly by January 7, 2014, when Mr. Chittick expressly acknowledged that he was not following Mr. Beauchamp's advice, if not earlier, it was undeniable that Mr. Beauchamp knew Mr. Chittick was not following his advice on this matter of fundamental importance (as characterized by Mr. Beauchamp). Because of the materially inaccurate statements and material omissions made in the 2011 POM, which Mr. Chittick was continuing to use to solicit investors, Mr. Beauchamp knew that his client was committing securities fraud. As a result, any reliance that Mr. Beauchamp may have placed on his incorrect belief as to Mr. Chittick's history of following legal advice was misplaced and should be irrelevant in evaluating the Defendants' conduct following the red flag warnings.

- I generally agree in concept with the summary description of "Securities Regulations and Context" contained on pages 4 through 8 of the Olson Report.³³ However, this description (and other portions of the Olson Report, as described below) fails to recognize that, while the issuer of securities in a Rule 506 offering to accredited investors "is not required to provide substantive information in *any particular format*,"³⁴ because the disclosure of such information is subject to Rule 10b-5 (among other applicable securities laws and rules), the issuer's own statements regarding such format are highly relevant. As noted in my Expert Report, the 2011 POM contained the following statements:
 - The Company intends to offer the Notes on a continuous basis until the earlier of (a) the sale of the maximum offering, or (b) two years from the date of this memorandum.³⁵
 - In order to continue offering the Notes during this [two year] period, the Company will need to update this Memorandum from time to time. [...] A failure to update this Memorandum as required could result in the Company being subject to a claim under Section 10b-5 [sic] of the Securities Act for employing manipulative or deceptive device in the sale of securities, subjecting the Company, and possibly the management of the Company, to claims from regulators and investors.³⁶

³² See page 6, Defendants' DS ("DenSco and Mr. Chittick were both advised [...] that it was of *fundamental importance* that DenSco safeguard the use of its investors' funds in conjunction with properly recording liens, in order to ensure that DenSco's loans were in first position." [italics added]).

³³ Although it appears that the last sentence of Section 4.5 of the Olson Report is misstated.

³⁴ Olson Report, page 7 [italics added].

³⁵ 2011 POM, page (i).

³⁶ 2011 POM, page 24.

- No person has been authorized to give any information or to make any representations concerning the Company other than as contained in this Confidential Private Offering memorandum, and if given or made, such other information or representations must not be relied upon.³⁷

These statements, taken together, convey to investors that Notes were being offered exclusively pursuant to written POMs, that such POMs will be updated or replaced as required, and that any information provided outside of a POM should be disregarded. As a result, because of the language contained in the 2011 POM prepared by Mr. Beauchamp, DenSco was not permitted to offer Notes by providing substantive information in “any particular format” nor was it permitted to provide such information verbally.

- At his deposition, Mr. Olson was questioned about the form of Subscription Agreement utilized by DenSco with its investors in April 2013 and thereafter, which form was prepared by Mr. Beauchamp. The Subscription Agreement contained the following representations and warranties to be made by investors:
 - Section 2(a): “The undersigned has carefully reviewed the POM [incorrectly defined as the 2009 POM]. The undersigned has relied solely on the information contained therein, and information otherwise provided to me *in writing* by the Company.”³⁸
 - Section 2(b): “No representations have been made or information furnished to me or my advisor(s) relating to the Company or the Note which were *in any way inconsistent with the POM*.”³⁹

Contrary to the language of such representations, Mr. Olson suggested that it was reasonable and acceptable for Mr. Beauchamp to rely on Mr. Chittick’s alleged assurances in January 2014 that he was making disclosures to investors, orally and not in writing, that were inconsistent with the applicable POM.⁴⁰ In my experience, POMs are often used in private placement offerings to accredited investors, even though not required under the securities laws.⁴¹ One of the principal reasons for doing so is to create a paper trail such that, if there is a subsequent dispute with an investor as to the adequacy of disclosures made, the issuer can introduce the POM as clear evidence of what was disclosed. Relying solely on oral disclosures to update and correct material misstatements and omissions in a POM creates unnecessary exposure to the issuer. Further, the language of the Subscription Agreement indicates to investors that they must not even take into account any disclosures made orally nor any disclosures (whether orally or in writing) that were inconsistent with the POM. For these reasons, I disagree

³⁷ 2011 POM, page (v).

³⁸ Italics added.

³⁹ Italics added.

⁴⁰ See, e.g., Olson Deposition, page 68, lines 10-14; pages 71-72, lines 13-4.

⁴¹ Mr. Olson is in accord. See Olson Deposition, pages 74-75, lines 16-1.

with Mr. Olson. In my opinion, it would have been neither reasonable nor acceptable for Mr. Beauchamp to rely on any such assurances by Mr. Chittick.

- The Olson Report appears to suggest that, “[f]rom the start of its capital raising efforts, DenSco’s offerings [...] were intended to qualify under Regulation D, Rule 506(c) and appear to have so qualified.”⁴² However, Rule 506(c) did not go into effect until September 23, 2013, months after the 2011 POM expired.
- The Olson Report asserts that “DenSco could comply with its Regulation D obligations by disclosing information orally,” that “DenSco could stop using the expired POM entirely, but make other disclosures (both orally and in writing) to replace those in the expired POM,” and that “DenSco could continue to use the POM [...] and use it’s [sic] supplemental oral and written disclosures to bring the information provided to investors up to date.”⁴³ As explained above, however, because of the statements made in the 2011 POM, DenSco could do no such thing. As described in my Expert Report, the failure to provide updated and corrected information, in the manner required by the 2011 POM, resulted in a violation of Rule 10b-5 and constituted securities fraud. Further, as described in my Expert Report, Mr. Beauchamp knew or should have known that Mr. Chittick was not providing the disclosures (whether orally or in writing) that would have been required in order to update and correct the information contained in the 2011 POM.
- The Olson Report suggests that, *because* Notes were only being offered in a manner that did not mandate “specific written information that the SEC requires in [...] non-accredited investor offerings,” the Defendants did “not have to [...] confirm the information.”⁴⁴ This suggestion, however, is incorrect. Regardless of whether they were required by the specific disclosure requirements of Regulation D, POMs were in fact utilized, and as DenSco’s securities lawyer, Mr. Beauchamp bears certain responsibility for ensuring their accuracy – especially when he knew that the disclosures contained therein were materially inaccurate or incomplete.
- The Olson Report attempts to deflect what he characterizes as the Receiver’s position that “Mr. Chittick [had] taken on too much responsibility,” by observing that “[t]he amount of money being lent and raised was consistent with a ‘hot’ market as the real estate market finally recovered from the 2007 to 2010 collapse.”⁴⁵ However, although such observation may explain *why* Mr. Chittick had taken on too much responsibility, it in no way explains *how* he could possibly manage such responsibility. As detailed in my Expert Report, DenSco was operating a high-volume business in a regulated environment that would have necessitated active involvement by Mr. Chittick. Because DenSco was a “one-man shop,” its ability to manage its business operations and compliance obligations was severely constrained – a fact that should have been readily apparent to Mr. Beauchamp.

⁴² Olson Report, page 8.

⁴³ Olson Report, page 9.

⁴⁴ Olson Report, page 10.

⁴⁵ Olson Report, page 12.

- The Olson Report asserts as a factual matter that it was Mr. Chittick, and not Mr. Beauchamp, that caused delay in timely preparing the 2013 POM: “Mr. Chittick [...] did not provide all the updated detail, including financial detail, that was needed for the 2013 POM. Mr. Beauchamp also understood that Mr. Chittick preferred to wait to issue an updated POM until after he scaled down the amount outstanding to investors. Mr. Beauchamp advised against waiting.”⁴⁶ However, the Olson Report fails to cite to any evidence in support of this factual assertion. As discussed in my Expert Report, it was Mr. Chittick who prompted Mr. Beauchamp to begin work on the 2013 POM in early May 2013, but shortly thereafter it was Mr. Beauchamp who stopped working on the POM when he identified what he thought was an issue with respect to the amount outstanding. After consulting with his colleagues, Mr. Beauchamp learned that the amount outstanding was a non-issue, but by then the 2013 POM had already expired – and the Defendants never completed the updated disclosure.
- Even though it acknowledges that Mr. Chittick specifically asked Mr. Beauchamp to speak with Mr. Menaged’s attorney, the Olson Report asserts that “Mr. Chittick did not ask Mr. Beauchamp to [...] investigate the factual allegations in the [Freo Lawsuit] Complaint.”⁴⁷ The Olson Report further asserts that “neither the information in the FREO lawsuit, nor the information Mr. Chittick shared with Beauchamp about the FREO lawsuit, would have or should have prompted Mr. Beauchamp to raise additional concerns about DenSco’s business practices.”⁴⁸ Despite this, the Olson Report acknowledges that Mr. Beauchamp explained to Mr. Chittick that the Freo Lawsuit would need to be disclosed to investors.⁴⁹ However, Mr. Beauchamp failed to follow through with Mr. Menaged’s attorney as instructed by Mr. Chittick,⁵⁰ and failed to prepare any disclosures with respect to the Freo Lawsuit or ensure that such disclosures were provided to investors. As described in my Expert Report, the Freo Lawsuit was the first in a series of red flag warnings that alerted Mr. Beauchamp to the fact that his client was committing securities fraud.
- The Olson Report asserts that, aside from correspondence transitioning a portion of DenSco’s files from Bryan Cave to Clark Hill, there was no communication between Mr. Chittick and Mr. Beauchamp from August 2013 to December 2013.⁵¹ This appears to be contrary to the Defendants’ position that Mr. Chittick instructed Mr. Beauchamp to stop working on the POM in either August or September 2013, as referenced in footnote 42 in my Expert Report. Further, because Mr. Beauchamp knew that DenSco was continuing to sell Notes to investors, and that the 2011 POM contained outdated and inaccurate information – in addition to failing to disclose the Freo Lawsuit, which Mr. Beauchamp

⁴⁶ Olson Report, page 14.

⁴⁷ Olson Report, page 15.

⁴⁸ Olson Report, page 15.

⁴⁹ Olson Report, page 15.

⁵⁰ Mr. Beauchamp testified that he did not speak to the borrower’s attorney, Mr. Goulder, at this time. See page 240, lines 9-19, Deposition of Mr. Beauchamp.

⁵¹ Olson Report, page 16.

knew needed to be disclosed to investors – Mr. Beauchamp knew or should have known that his client was committing securities fraud during this time period.

- The Olson Report asserts that “Mr. Beauchamp’s advice regarding, and documentation of, a Forbearance Agreement, was an appropriate approach to provide a framework to resolve the problems with Menaged’s loans.”⁵² The Olson Report further asserts that “it was appropriate for Mr. Beauchamp to try and ascertain the facts and determine a course of action before a wholesale and meaningful disclosure to the investors could be made.”⁵³ However, as detailed in my Expert Report, the Forbearance Agreement imposed material obligations and economic burdens on DenSco, including subordinating DenSco’s recovery to the recovery of the other lenders, and had the effect of further delaying and limiting required disclosures to DenSco’s investors. The Forbearance Agreement was entered into as of mid-April 2014, nearly a year after the 2011 POM expired and three months after the Defendants’ undeniably knew that the disclosures contained in the 2011 POM were outdated and contained materially incorrect information and that the 2011 POM omitted material information required to be contained therein. And Mr. Beauchamp knew that his client had committed and was continuing to commit securities fraud during this entire time period.
- The Olson Report asserts that “[i]t was reasonable for Mr. Beauchamp to rely on Mr. Chittick’s description of the timing and extent of the double liening and other issues with Menaged,” based on (among other factors) Mr. Chittick being “a seemingly competent and reasonable client.”⁵⁴ However, as described above, Mr. Chittick in fact was not following Mr. Beauchamp’s advice, at least with respect to his advice as to how to fund DenSco’s loans so to ensure that such loans were in a first lien position (as disclosed in the 2011 POM). Certainly by January 7, 2014, when Mr. Chittick expressly acknowledged that he was not following Mr. Beauchamp’s advice, if not earlier, it was undeniable that Mr. Beauchamp knew Mr. Chittick was not following his advice on this matter of fundamental importance (as characterized by Mr. Beauchamp). This knowledge, as well as the series of red flag warnings, should have informed the Defendants’ actions thereafter.
- The Olson Report asserts that “Mr. Beauchamp informed Mr. Chittick [in early January 2014] that Mr. Chittick could not accept new money, or roll over existing investments, unless he informed the investors involved about the Menaged issues,” and that “Mr. Chittick had represented that he was following Mr. Beauchamp’s advice.”⁵⁵ The Olson Report further asserts that “[s]o long as the disclosures were being made, the update to the POM was not urgent and it was reasonable to wait to update the POM until the Forbearance Agreement was complete.”⁵⁶ However, as described in detail (with eight

⁵² Olson Report, page 20.

⁵³ Olson Report, pages 21-22.

⁵⁴ Olson Report, page 22.

⁵⁵ Olson Report, page 24.

⁵⁶ Olson Report, page 25.

distinct supporting points) in my Expert Report, it is clear that Mr. Beauchamp was aware that DenSco was continuing to offer Notes without updated disclosures.

- The Olson Report appears to attach some significance to the fact that Mr. Chittick may have informed an “advisory council” consisting of “a select group of investors [presumably existing investors] to whom he turned for advice and approval” regarding “the double line issue and proposed workout.”⁵⁷ I fail to see any significance to this, even if true. As Mr. Beauchamp knew, Rule 10b-5 and the other disclosure requirements under applicable securities laws relate to the adequacy of the disclosures made to each investor as of the time that such investor makes a commitment to invest. Disclosures made to an advisory council of Noteholders, and any advice or approvals received from such council, are simply not relevant to the issue of whether Mr. Beauchamp’s client was committing securities fraud with respect to any other investors.
- The Olson Report asserts as a factual matter that Mr. Beauchamp informed Mr. Chittick in May 2014 that the Defendants would no longer represent DenSco on securities matters.⁵⁸ However, the Olson Report fails to cite to any evidence in support of this factual assertion. As discussed in my Expert Report, there is substantial evidence that the Defendants did not in fact terminate its representation in May 2014.
- The Olson Report asserts that “Mr. Beauchamp’s conduct after Mr. Chittick’s suicide, including helping Mr. Chittick’s sister Shawna to get appointed P.R. of Chittick’s Estate, communicating with investors and coordinating with the Arizona Corporation Commission was a *reasonable* effort to help resolve the problems Mr. Chittick had created.”⁵⁹ The Olson Report, however, fails to recognize that the Defendants were prohibited by the applicable Rules of Professional Conduct from undertaking the representation of either DenSco or the Chittick Estate at that time. As discussed in my Expert Report, the Defendants failed to recognize and properly address the conflicts of interest they had (a) in representing DenSco in wind down efforts due to their own interests, and (b) in representing DenSco and the Chittick Estate due to the potential claims that DenSco had against the Chittick Estate. In his deposition, Mr. Olson acknowledged that he was expressing no opinion as to whether there was a conflict of interest, and that he was deferring to Mr. Rhodes as to such issues.⁶⁰ As a result, it is unclear what was intended by Mr. Olson’s use of the term “reasonable” in this context, as he expresses no opinion with respect to the Mr. Beauchamp’s compliance with the standard of care after Mr. Chittick’s suicide.

⁵⁷ Olson Report, page 26.

⁵⁸ Olson Report, page 27.

⁵⁹ Olson Report, page 29 [italics added].

⁶⁰ Olson Deposition, page 100, lines 15-22.

IV. CONCLUSION

There is nothing in the Rhodes Declaration or the Olson Report, nor in the Defendants' Experts' Depositions, that has caused me to alter any of my opinions in my Expert Report.

* * *

I reserve the right to supplement, update or amend my opinions as new information becomes available or is brought to my attention.



Neil J Wertlieb

June 4, 2019

Exhibit D

1 Colin F. Campbell, No. 004955
Geoffrey M. T. Sturr, No. 014063
2 Joseph N. Roth, No. No. 027725
Joshua M. Whitaker, No. 032724
3 Osborn Maledon, P.A.
2929 N. Central Avenue, Suite 2100
4 Phoenix, Arizona 85012-2793
(602) 640-9000
5 ccampbell@omlaw.com
gsturr@omlaw.com
6 jroth@omlaw.com
jwhitaker@omlaw.com

7 Attorneys for Plaintiff
8

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10 IN THE SUPERIOR COURT OF THE STATE OF ARIZONA
11 IN AND FOR THE COUNTY OF MARICOPA
12

13 Peter S. Davis, as Receiver of DenSco
Investment Corporation, an Arizona
14 corporation,

15 Plaintiff,

16 vs.

17 Clark Hill PLC, a Michigan limited
liability company; David G. Beauchamp
18 and Jane Doe Beauchamp, husband and
wife,

19 Defendants.
20

No. CV2017-013832

**PLAINTIFF'S DISCLOSURE OF
REBUTTAL EXPERT WITNESS
REPORT RE DAMAGES**

(Commercial case)

(Assigned to the
Honorable Daniel Martin)

21
22 Pursuant to the scheduling order entered in this matter, Plaintiff Peter S. Davis, as
23 Receiver of DenSco Investment Corporation, hereby discloses the attached rebuttal
24 report of David Weekly, Felix Financial Forensics, LLC, which addresses the Expert
25 Report of David R. Perry, served by Defendants on April 5, 2019.
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DATED this 7th day of June 2019.

OSBORN MALEDON, P.A.

By Geoffrey M. T. Sturr
Colin F. Campbell
Geoffrey M. T. Sturr
Joseph N. Roth
Joshua M. Whitaker
2929 N. Central Avenue, Suite 2100
Phoenix, Arizona 85012-2793

Attorneys for Plaintiff

Original hand-delivered and
copy sent by e-mail this
7th day of June, 2019, to:

John E. DeWulf, Esq.
Coppersmith Brockelman PLC
2800 N. Central Avenue, Suite 1900
Phoenix, AZ 85004
jdewulf@cblawyers.com

Attorneys for Defendants

Debra Huss
8095689

**Peter S. Davis, as Receiver of DenSco
Investment Corporation, an Arizona
corporation,**

Plaintiff,

v.

**Clark Hill PLC, a Michigan limited liability
company; David G. Beauchamp and Jane
Doe Beauchamp, husband and wife,**

Defendants.

**In the Superior Court of the State of Arizona
In and For the County of Maricopa**

Case No. CV2017-013832

Rebuttal Expert Report of:

**David B. Weekly
Fenix Financial Forensics LLC**

June 5, 2019

Peter S. Davis, as Receiver of DenSco Investment Corporation
v.
Clark Hill PLC, et al.
(Case No. CV2017-013832)

Rebuttal Expert Report of David B. Weekly
June 5, 2019

Introduction

1. On April 4, 2019, F3 issued the Expert Report of David B. Weekly (“F3 Original Report”) in the above referenced matter. The entire F3 Original Report and this Rebuttal Expert Report should be considered collectively.
2. On April 5, 2019, Sterling Group LLC issued the Expert Report of David R. Perry (“Perry Report”). The Perry Report states Mr. Perry was engaged by counsel for Defendants to “perform financial and economic analyses related to (i) the frauds perpetrated by Mr. Menaged, (ii) DenSco’s financial situation and (iii) the Receiver’s claim for economic damages.”¹

Scope and Opinions

3. This Rebuttal Expert Report summarizes the rebuttal opinions of David B. Weekly, a Senior Managing Director for F3. Exhibit A contains a list of documents considered subsequent to the issuance of the F3 Original Report. All other information and statements included in the F3 Original Report should be considered collectively with this Rebuttal Expert Report unless otherwise stated.
4. The Perry Report was prepared prior to the issuance of the F3 Original Report and does not address the F3 Original Report or its calculation of damages. Mr. Perry provides his observations primarily on areas disclosed in various Receiver Status Reports or Plaintiff Disclosure Statements.
5. The Perry report is organized in five main sections: 1) Background, 2) Summary of Main Opinions, 3) Mr. Menaged’s Frauds, 4) DenSco’s Financial Situation, and 5) Receiver’s Economic Damage Claims. Section 2 of the Perry Report (“Summary of Main Opinions”) contains a number of observations that are grouped into three categories: “*Mr. Menaged’s Frauds*,” “*DenSco’s Financial Condition*,” and “*Receiver’s Economic Damage Claims*.”²
6. Mr. Perry’s observations related to Mr. Menaged’s Frauds and DenSco’s Financial Condition are not relevant to the scope of the F3 Original Report and will not be addressed in this Rebuttal Expert Report. However, if Mr. Perry asserts in any subsequent report or testimony that any of his observations related to Mr. Menaged’s Frauds or DenSco’s Financial Condition are relevant to F3’s opinions or damage calculations, we reserve the right to comment at that time. This Rebuttal Expert Report will address Mr. Perry’s three observations related to “*Receiver’s Economic Damages Claims*,” which are contained in Section 5 of the Perry Report.

¹ Perry Report, Section 1.2.

² Perry Report, Section 2.

Opinions

- I. The Perry Report incorrectly assumes Plaintiff's disclosure statements contain Plaintiff's claim for economic damages.
- II. The Perry Report's observations of the Receiver's Economic Damages Claims are based on estimates and unsupported assumptions, and Mr. Perry does not provide any definitive alternate calculations.

Detailed Findings in Support of Opinions

7. Section 5 of the Perry Report contains his findings and observations related to the "Receiver's Economic Damage Claims." F3 will address each subsection of Section 5 in this Rebuttal Expert Report.
8. Mr. Perry's initial statement in Section 5 that the disclosure statement identifies the Receiver's economic damage claims is wrong. All of Plaintiff's five disclosure statements contain similar remarks regarding damages: "***The Receiver will rely on expert testimony to testify about damages*** DenSco suffered as a result of Defendants' conduct. The Receiver has previously disclosed to Defendants' counsel the following ***preliminary information relating to damages*** and prejudgment interest." (emphasis added) The Receiver's disclosure statements do not contain Plaintiff's damage claims. Plaintiff's claim for damages is contained in the F3 Original Report.

Perry Report Section 5.1 – January 2014 Relationship Termination

9. In this subsection, Mr. Perry states "Even if it is assumed that Defendants would have been able to persuade Mr. Chittick to sever DenSco's relationship with Mr. Menaged in the first week of January 2014, the First Fraud had already been completed and the Second Fraud had already started by this time." He then states that the Receiver's economic damage claim is overstated because it fails to deduct \$17.7 million in losses that Mr. Perry "estimated" DenSco would have realized if DenSco terminated its relationship with Mr. Menaged in January 2014.
10. While we agree the assumptions used to determine the period for calculating damages will impact the results, Mr. Perry's observation is incorrect because the Receiver's reported \$43,155,342 of damage components is not the Plaintiff's claim for damages. The F3 Original Report calculates Plaintiff's damages based on net loan losses for Workout Loans originated after September 30, 2013 and Non-Workout Loans beginning January 22, 2014. As a result, the F3 Original Report does not include the actual Workout Loan losses on loans to Menaged that originated prior to October 1, 2013. Therefore, Mr. Perry's conceptual argument for his estimated loan loss of \$17.7 million has already been addressed in F3's damage calculation.
11. In addition, Mr. Perry's \$17.7 million loss "estimate" is incomplete and speculative because: 1) his calculations are based on assumed second lien positions and assumed market values where the sale occurred after January 9, 2014³, 2) he has not demonstrated these values would have been known

³ For these 72 properties, Mr. Perry's assumed market value is based on a date averaging 4.44 months past January 9, 2014.

or knowable as of January 9, 2014, 3) he made no adjustment for loans where DenSco may have been in a first lien position, and 4) he states, "Sterling has insufficient information on the 204 properties underlying DenSco's loans to Mr. Menaged as of January 9, 2014 to accurately quantify the effect on DenSco's net worth if DenSco had stopped doing business with Mr. Menaged on January 9, 2014."⁴

12. Mr. Perry claims that the alleged economic damage claims in the Receiver's disclosure statement are overstated because the Receiver failed to offset his alleged damage claims for estimated loan losses prior to January 9, 2014. However, he does not offer an alternative calculation of alleged damages. Section 5.1 of the Perry Report implies the adjusted damage claim in the Receiver's disclosure statement should be \$25,444,340 (i.e. \$43,155,342 less \$17,711,002). While I disagree with Mr. Perry's methodology and calculations, I note this amount is close to the \$24,713,219 in net loan loss damages calculated in the F3 Original Report.

13. The Perry Report contains no discussion of DenSco's losses related to Non-Workout Loans. Mr. Perry offers no opinion or calculation of what amount of Non-Workout Loan losses DenSco incurred as a result of Defendants' alleged actions, should Defendants be found liable. The F3 Original Report quantified this amount as \$24,436,100.⁵

Perry Report Section 5.2 – Net Loss from Frauds

14. Section 5.2 of the Perry Report discusses the settlement the Receiver reached with Menaged resulting in a nondischargeable civil judgment of \$31 million against Menaged. Mr. Perry states, "Based on the above, the Receiver determined in 2017 that DenSco's net loss from Mr. Menaged's fraudulent activities was approximately \$31 million. Accordingly, the upper limit of the Receiver's claims related to actions that allegedly would have prevented DenSco from suffering losses related to Mr. Menaged's frauds should be \$31 million." This assertion is wrong.

15. The Receiver initially sought a judicial determination of at least \$47.2 million against Menaged. The Receiver's analysis to determine the \$31 million was used for the purpose of obtaining a negotiated settlement with Menaged and this amount is not referred to in the Settlement Agreement as DenSco's damages. The settlement amount was determined by deducting the entire amount of interest Menaged paid to DenSco beginning in 2007 against the Receiver's calculation of the final outstanding loan balance due from Menaged in 2016.

Perry Report Section 5.3 – Net Loss by Investors

16. Section 5.3 of the Perry Report refers to the Receiver's discussion of investor losses contained in his December 2016 Status Report and distributions made by the Receiver to DenSco's investors/creditors as of March 11, 2019. The Perry Report states, "The net investment loss is \$24.9 million based on the distributions so far and will be reduced further by future distributions."⁶ F3 was not asked to analyze or determine the net investment loss suffered by DenSco's investors. Mr. Perry fails to provide any definitive calculations related to his observations.

⁴ Perry Report, Section 4.4.4, p. 26.

⁵ F3 Original Report, Table 1. This amount is included in the total net loan losses of \$24,713,219.

⁶ Perry Report, Section 5.3.

Perry Report Section 5.4 – Potential Future Distributions/Recoveries

17. Section 5.4 of the Perry Report refers to potential future recoveries from several individuals and entities including: 1) Mr. Menaged and his bankruptcy estate, 2) Mr. Chittick's estate, 3) Net investment winners from the Ponzi scheme, 4) Banks involved in the cashier's check scheme, 5) Active Funding Group ("AFG"), and 6) One DenSco borrower other than Mr. Menaged.
18. Mr. Perry states that any damage claim should subtract some, if not all, of the expected future distributions and/or recoveries from individuals other than Defendants. However, he makes no attempt to analyze or quantify any of these amounts. F3's damage calculation was reduced by the amount of net Menaged-related recoveries received to date.⁷ Paragraph 47 of the F3 Original Report states that we understand that potential settlements and claims against other parties could impact the damages F3 has computed, and that we would amend the F3 Original Report for any net recoveries or other costs and expenses that may impact our calculations.

Perry Report Section 5.5 – Non-Parties at Fault

19. Section 5.5 of the Perry Report states, "Sterling understands an appropriate damage award against Defendants, if any, should take account of the relative contribution of all individuals and entities."⁸ Mr. Perry also states that the alleged economic damage claims in the Receiver's disclosure statement fails to include an offset for the relative contribution of individuals and entities other than Defendants. Again, the Receiver's disclosure statement information is not the Plaintiff's damages claim, and Mr. Perry provides no definitive or alternate calculation of what amount, if any, he believes should be offset against damages for the relative contributions of other individuals and entities other than the Defendants.

Perry Report Section 5.6 – Workout Loan Balances

20. F3's findings related to Mr. Perry's \$17.7 million estimate are discussed previously in this report. The F3 Original Report calculates DenSco's net loan losses associated with Workout Loans after September 30, 2013 of \$69,123⁹ and properly excludes losses incurred by DenSco which resulted from Workout Loans originated prior to October 1, 2013.

Perry Report Section 5.7 – Prejudgment Interest

21. Mr. Perry claims the economic damages resulting from the Alleged Actions identified in the disclosure statement are not liquidated or a sum certain. Mr. Perry implies that prejudgment interest is not applicable. His observations in this section relate only to his assertion that the Receiver's disclosure statements are the Plaintiff's damage claims. This is an incorrect assertion because F3's Original Report contains the Plaintiff's damage claims.

⁷ F3 Original Report, Table 1.

⁸ Perry Report, Section 5.5.

⁹ F3 Original Report, Table 1.

22. F3 calculated DenSco's actual loan losses related to Workout Loans for transactions where the economic damages occurred after September 30, 2013. Loan loss damages for Workout Loans represent cash paid by DenSco to resolve their Menaged loan shortfalls ("Cash Out") less payments made by Menaged to DenSco on these loans ("Cash In"). Loan losses related to Non-Workout Loans beginning January 22, 2014 were also calculated by determining the total "Cash Out" minus "Cash In". These amounts were determined using Receiver Reports, loan activity schedules prepared by the Receiver's staff, DenSco's QuickBooks file, DenSco's bank account statements, Chittick's corporate journal and relevant communications from emails produced by Chittick and Menaged.
23. Professional guidance published by the American Institute of Certified Public Accountants (AICPA) related to prejudgment interest states, "Claims may be liquidated or unliquidated. A claim is liquidated if its specific dollar amount is known. A claim is unliquidated if the exact amount owed has not been determined."¹⁰ The F3 Original Report identifies the specific amount of DenSco's Menaged-related cash net loan loss and applied all known Menaged-related offsets. The F3 Original Report calculates prejudgment interest on the amount of net loan losses based on time periods and interest rates provided by Counsel.¹¹

Perry Report Section 5.8 – Receiver's Economic Damage Claims Summary

24. F3's findings and opinions related to the statements in this section of the Perry Report have been addressed throughout this Rebuttal Expert Report. The following is a summary of F3's findings.
- ***The economic damage claims in the Receiver's disclosure statement are substantially overstated for several reasons:*** The Receiver's disclosure statements do not contain the Receiver's claim for damages. The Receiver stated on multiple occasions that his damages would be quantified and testified to by an expert. F3 calculated loan loss damages based on actual cash losses that properly excluded Workout Loan losses occurring prior to October 1, 2013 and offset by recoveries to date.
 - ***The economic damages resulting from the Alleged Actions, if any, are not liquidated or a sum certain:*** F3 calculated DenSco's actual "Net Loan Losses" on a "Cash Out/Cash In" basis as described in the F3 Original Report. All known Menaged-related offsets have been applied. These calculated net loan losses represent a liquidated amount.
 - ***Numerous assumptions are needed to estimate how, if at all, the losses suffered by DenSco and/or its investors would have differed from the realized amounts if Defendants had acted differently:*** The F3 Original Report calculates damages based on actual cash losses suffered by DenSco during the stated damage period and does not rely on estimates of loan losses that would have occurred prior to the damage period. In addition, Mr. Perry has not provided any definitive alternate damages calculation that could clarify this observation.

¹⁰ AICPA Forensic & Valuation Services Practice Aid, *Calculating Lost Profits*, paragraph 101.

¹¹ F3 Original Report, Exhibit F.

Other Matters

25. This Rebuttal Expert Report is based on information provided to F3 as of the date of this report. We reserve the right to modify or supplement this report should additional information become available to us or if we are requested to perform additional tasks including, but not limited to updated recoveries reduced by costs and expenses, updated calculations of prejudgment interest, analyses performed as a result of the production of additional documents, or matters related to additional discovery. In addition, F3 may prepare illustrative or demonstrative exhibits for use during testimony from the information contained in this report, the F3 Original Report, any supplemental reports, our work papers, or the documents considered.
26. The report has been prepared only for the purposes stated herein and shall not be used for any other purpose. Neither this report nor any portions thereof shall be disseminated to third parties by any means without the prior written consent and approval of F3.

Respectfully submitted,



David B. Weekly
Senior Managing Director
Fenix Financial Forensics LLC

List of Documents Considered Subsequent to the Issuance of the F3 Original Report

1. Defendants' Disclosure of Expert Witness David Perry including the Expert Report of David R. Perry dated April 5, 2019
2. AICPA Forensic & Valuation Services Practice Aid – Calculating Lost Profits
3. Menaged Interest Income Analysis.xlsx
4. Menaged Loan Bal per Receiver's 12 22 17 Status Report.xlsx
5. Analysis of Menaged Loans as of 01.09.14 - Priority Lien Calcs.xlsx
6. Petition for Order Approving Settlement Agreement with Yomtov Scott Menaged and Francine Menaged

Exhibit E

Proposed Trial Exhibits

Exhibit Number	Document Date	Description	Bates No.
1.	7/01/11	E-mail exchange between D. Chittick and D. Beauchamp	BC 000005 – 000009
2.	7/18/11	E-mail exchanges between D. Chittick and D. Beauchamp	BC 000086 – 000087
3.	7/31/08	E-mail exchanges between D. Beauchamp and D. Chittick	BC_000096 – 000098
4.	8/04/08	E-mail exchange between D. Beauchamp and D. Chittick	BC_000100 – 000101
5.	7/30/11	E-mail exchange between D. Chittick and DenSco Investors	BC 000111
6.	10/01/08	E-mail exchange between D. Beauchamp and D. Chittick	BC_000112 – 000113
7.	8/10/11	E-mail exchange between D. Chittick and rpc@quarles.com	BC 000121
8.	7/08/09	E-mail exchange between L. Bliven and D. Chittick	BC_000796; 000797 – 000865
9.	7/09/09	E-mail exchange between L. Bliven and D. Chittick	BC_000934 – 001005
10.	7/09/09	E-mail exchange between L. Bliven and D. Chittick	BC_001006 – 001009
11.	7/09/09	E-mail exchanges between L. Bliven and D. Chittick	BC_001010 – 001014
12.	7/10/09	E-mail exchanges between D. Beauchamp and D. Chittick	BC_001015 – 001019
13.	7/10/09	E-mail exchange between L. Bliven and D. Chittick	BC_001027 – 001095
14.	2/01/10	E-mail exchange from D. Chittick to D. Beauchamp	BC_001176
15.	6/21/10	E-mail exchange between D. Chittick and D. Beauchamp	BC_001177 - 001178
16.	6/25/10	E-mail exchange between D. Chittick and D. Beauchamp	BC_001194 – 001195
17.	6/30/10	E-mail exchange between D. Chittick and DenSco investors	BC_001198
18.	7/02/10	E-mail exchange between D. Chittick and D. Beauchamp	BC_001206 – 001208
19.	7/07/10	E-mail exchange between D. Beauchamp and D. Chittick	BC_001209 – 001210
20.	7/19/10	E-mail exchange between D. Beauchamp and D. Chittick	BC_001215 – 001217
21.	7/20/10	E-mail exchanges between D. Beauchamp, M. Dvoren, and D. Chittick	BC_001218 – 001223
22.	7/21/10	E-mail exchanges between D. Beauchamp, M. Dvoren, and D. Chittick	BC_001224 – 001228
23.	7/21/10	E-mail exchange between D. Chittick and D. Beauchamp	BC_001229 – 001231
24.	7/21/10	E-mail exchanges between D. Beauchamp, M. Dvoren, and D. Chittick	BC_001232 – 001238
25.	7/22/10	E-mail exchanges between D. Beauchamp, D. Chittick, and L. Miller	BC_001239 – 001248
26.	7/22/10	E-mail exchanges between D. Beauchamp and D. Chittick	BC_001249 – 001252
27.	7/23/10	E-mail exchanges between D. Beauchamp and D. Chittick	BC_001253 – 001257
28.	7/23/10	E-mail exchanges between D. Beauchamp, D. Chittick, R. Wang	BC_001258 – 001259
29.	7/23/10	E-mail exchange between D. Beauchamp and D. Chittick	BC_001260 – 001261

Davis v. Clark Hill, et al
 CV2017-013832
 File No. 15698.3

Proposed Trial Exhibits

Exhibit Number	Document Date	Description	Bates No.
30.	7/27/10	E-mail exchanges between D. Beauchamp and D. Chittick	BC_001262 – 001263
31.	8/03/10	E-mail exchange between D. Beauchamp and D. Chittick	BC_001265
32.	8/16/10	E-mail exchange between D. Beauchamp and D. Chittick	BC_001266 – 001267
33.	9/07/10	E-mail exchanges between D. Chittick and D. Beauchamp	BC_001268 – 001269
34.	9/07/10	E-mail exchange between D. Chittick and D. Beauchamp	BC_001270
35.	9/30/10	E-mail exchanges between D. Beauchamp, D. Chittick, and DenSco Investors	BC_001273 – 001274
36.	12/25/10	E-mail exchange between D. Beauchamp and D. Chittick	BC_001303 – 001304
37.	1/25/11	E-mail exchange between D. Chittick and DenSco investors	BC_001305
38.	3/03/11	E-mail exchange between D. Chittick and D. Beauchamp	BC_001306
39.	3/11/11	E-mail exchanges between D. Chittick and D. Beauchamp	BC_001310 – 001312
40.	4/11/11	E-mail exchanges between D. Chittick and D. Beauchamp	BC_001327 – 001329
41.	4/20/11	E-mail exchange between D. Chittick and DenSco investors	BC_001333
42.	5/25/11	E-mail exchange between G. Schneider and D. Chittick	BC_001395 – 001465
43.	6/11/11	E-mail exchange between D. Beauchamp and D. Chittick	BC 001473 – 001613
44.	6/15/11	E-mail exchange between G. Schneider and D. Chittick	BC 001635 – 001775
45.	6/20/11	E-mail exchange between G. Schneider and D. Chittick	BC 001788 – 001791
46.	9/16/11	E-mail exchanges between D. Beauchamp and D. Dahlberg	BC 001798 – 001804
47.	9/16/11	E-mail exchanges between D. Beauchamp and G. Jewett	BC 001805 – 001807
48.	9/23/11	E-mail exchange between D. Beauchamp and D. Chittick	BC 001817 – 001819
49.	9/30/11	E-mail exchange between D. Chittick and DenSco investors	BC 001828
50.	9/10/11	E-mail exchange between D. Beauchamp and D. Chittick	BC 001829 – 001830
51.	9/15/11	E-mail exchange between D. Beauchamp and D. Chittick	BC 001831 – 001835
52.	10/05/11	E-mail exchange between D. Beauchamp and D. Chittick	BC 001836 – 001837
53.	10/06/11	E-mail exchange between D. Beauchamp and D. Chittick	BC 001838 – 001839
54.	12/11/11	E-mail exchange between D. Beauchamp and D. Chittick	BC 001856
55.	3/08/12	E-mail exchange between D. Beauchamp and Evite	BC 001859 – 001860
56.	5/25/12	E-mail exchanges between T. Kellett, D. Beauchamp, and D. Chittick	BC 001863 – 001865
57.	6/28/12	E-mail exchange between D. Beauchamp and D. Chittick	BC 001866 – 001868
58.	6/28/12	E-mail exchange between D. Chittick and D. Beauchamp	BC 001869 – 001872

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Exhibit Number	Document Date	Description	Bates No.
59.	8/07/12	E-mail exchange between D. Beauchamp and D. Chittick	BC 001878 – 001880
60.	1/08/13	E-mail exchange between D. Beauchamp and D. Chittick	BC 001886 – 001887
61.	3/25/13	E-mail exchange between First Legal Network and D. Beauchamp re	BC 001892 – 001905
62.	3/17/13	E-mail exchange between D. Beauchamp and D. Chittick	BC 001906
63.	3/14/13	E-mail exchanges between D. Beauchamp and D. Chittick	BC 001908 – 001909
64.	4/12/13	Letter to R. Sanders from D. Beauchamp re Jessica Pinckney	BC 001911 – 001912
65.	4/11/13	Letter to R. Sanders from D. Beauchamp re Jessica Pinckney	BC 001913 – 001914
66.	4/12/13	E-mail exchange between D. Beauchamp and D. Chittick	BC 001925 – 001929
67.	4/04/13	Confidential Settlement Agreement and Release draft	BC 001936 – 001939
68.	4/04/13	Letter to R. Sanders from D. Beauchamp re Jessica Pinckney	BC 001940
69.	6/17/13	E-mail exchange between D. Chittick and D. Beauchamp	BC 001959 – 001960
70.	6/14/13	E-mail exchanges between D. Beauchamp and D. Chittick	BC 001961 – 001962
71.	6/14/13	E-mail exchange between D. Chittick and D. Beauchamp	BC 001965
72.	6/14/13	E-mail exchange between D. Chittick and D. Beauchamp	BC 001966 – 001967
73.	6/14/13	E-mail exchange between D. Chittick and D. Beauchamp	BC 001968 – 001978
74.	7/19/13	E-mail exchange between D. Beauchamp and D. Chittick	BC 002013
75.	8/30/13	E-mail exchange between T. Daniels and D. Chittick	BC 002021 – 002025
76.	7/01/09	DenSco Confidential Private Offering Memorandum	BC 002357 - 002424
77.	7/18/11	DenSco Investment Corporation Officer's Certificate	BC 002906 – 002911
78.	7/01/11	DenSco Confidential Private Offering Memorandum	BC 002912 - 002981
79.	9/22/11	Bryan Cave bill issued to DenSco	BC 003053 – 003058
80.	10/11/11	Bryan Cave bill issued to DenSco	BC 003059 – 003064
81.	11/10/11	Bryan Cave bill issued to DenSco	BC 003065 – 003067
82.	7/17/12	Bryan Cave bill issued to DenSco	BC 003068 – 003070
83.	9/19/12	Bryan Cave bill issued to DenSco	BC 003071 – 003073
84.	5/07/13	Bryan Cave bill issued to DenSco	BC 003074 – 003077
85.	6/17/13	Bryan Cave bill issued to DenSco	BC 003078 – 003080
86.	7/23/13	Bryan Cave bill issued to DenSco	BC 003081 – 003086
87.	8/14/13	Bryan Cave bill issued to DenSco	BC 003087 - 003090

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88.	9/24/13	Bryan Cave bill issued to DenSco	BC 003091 – 003093
89.	6/16/08	Bryan Cave bill issued to DenSco	BC_003094 – 003097
90.	7/21/08	Bryan Cave bill issued to DenSco	BC_003098 – 003100
91.	8/08/08	Bryan Cave bill issued to DenSco	BC_003101 – 003103
92.	7/14/09	Bryan Cave bills issued to DenSco	BC_003104 – 003109
93.	8/12/09	Bryan Cave bill issued to DenSco	BC_003110 – 003113
94.	10/12/09	Bryan Cave bill issued to DenSco	BC_003114 – 003116
95.	11/18/09	Bryan Cave bill issued to DenSco	BC_003117 – 003119
96.	1/22/10	Bryan Cave bill issued to DenSco	BC_003120 – 003122
97.	2/18/10	Bryan Cave bill issued to DenSco	BC_003123 – 003125
98.	3/12/10	Bryan Cave bill issued to DenSco	BC_003126 – 003128
99.	6/20/10	Bryan Cave bill issued to DenSco	BC_003129 – 003131
100.	6/20/10	Bryan Cave bill issued to DenSco	BC_003132 – 003134
101.	7/14/10	Bryan Cave bills issued to DenSco	BC_003135 – 003142
102.	8/13/10	Bryan Cave bills issued to DenSco	BC_003143 – 003150
103.	9/15/10	Bryan Cave bill issued to DenSco	BC_003151 – 003153
104.	10/13/10	Bryan Cave bill issued to DenSco	BC_003154 - 003156
105.	4/27/11	Bryan Cave bill issued to DenSco	BC_003157 – 003159
106.	5/24/11	Bryan Cave bill issued to DenSco	BC_003160 – 003166
107.	6/17/11	Bryan Cave bill issued to DenSco	BC 003167 – 003173
108.	7/26/11	Bryan Cave bill issued to DenSco	BC 003174 – 003180
109.	8/23/11	Bryan Cave bill issued to DenSco	BC 003181 – 003183
110.	5/03/11	Letter fom D. Beauchamp to D. Chittick	BC_003184 – 003188
111.	6/01/13	Voice mail message (Wav.file)	BC_003189
112.	4/18/14	E-mail exchange between D. Schenck and D. Chittick	CH 0000007
113.	4/25/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0000008 – 0000013
114.	3/20/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0000027; CH 0000028 – 0000045
115.	1/21/14	E-mail exchange between D. Beauchamp and D. Schenck	CH_0000046; CH 0000047 – 0000049

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116.	2/06/14	E-mail exchange between D. Beauchamp and D. Schenck	CH 0000212 – 0000227
117.	4/25/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0000235 – 0000236
118.	3/25/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0000245; CH 0000246 – 0000265
119.	4/25/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0000266 – 0000267
120.	4/25/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0000270 – 0000275
121.	2/07/14	E-mail exchange between D. Beauchamp and D. Schenck	CH 0000368 – 0000376
122.	5/23/14	Letter from D. Beauchamp to D. Chittick with enclosed invoices	CH 0000513 - 0000523
123.	12/18/13	E-mail exchange between D. Chittick and D. Beauchamp	CH 0000636
124.	12/18/13	E-mail from D. Chittick to D. Beauchamp	CH 0000708
125.	12/18/13	E-mail exchange between D. Beauchamp and D. Schenck	CH 0000709 – 0000710
126.	9/12/13	E-mail from D. Beauchamp to D. Chittick	CH 0000803 – 0000810
127.	9/12/13	E-mail from D. Chittick to D. Beauchamp	CH_0000816 – 0000818 DIC0008653 – 0008656
128.	1/06/14	E-mail exchange between D. Chittick and D. Beauchamp	CH 0000828 – 0000848
129.	1/06/14	E-mail exchange between D. Beauchamp, D. Chittick, D. Schenck	CH 0000849 – 0000850
130.	1/05/14	E-mail exchange between D. Chittick and D. Beauchamp	CH 0000852 – 0000853
131.	1/16/14	E-mail exchange between D. Chittick and D. Beauchamp	CH 0000914
132.	1/16/14	E-mail exchange between D. Schenck, D. Chittick and D. Beauchamp	CH 0000956 - 0000968
133.	1/16/14	E-mail exchange between D. Beauchamp, D. Chittick, and D. Schenck	CH 0001015 – 0001021
134.	9/12/13	E-mail exchanges between D. Beauchamp and D. Chittick	CH 0001087 – 0001091
135.	1/17/14	E-mail exchange between D. Chittick and D. Beauchamp	CH 0001129 – 0001135
136.	1/17/14	E-mail exchange between D. Chittick and D. Beauchamp	CH 0001136
137.	1/17/14	E-mail exchange between D. Beauchamp and D. Chittick re Term Sheet	CH 0001176 – 0001182
138.	1/15/14	E-mail exchange between D. Chittick and D. Beauchamp	CH 0001224 – 0001228
139.	1/15/14	E-mail exchange between D. Schenck and D. Beauchamp	CH 0001392; CH 0001393 – 0001397
140.	1/21/14	E-mail exchange between D. Chittick and D. Schenck	CH 0001410 – 0001418
141.	1/22/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0001433 – 0001434
142.	1/17/14	E-mail exchange between D. Beauchamp and R. Anderson	CH 0001445 – 0001465
143.	1/09/14	E-mail exchange between D. Chittick and D. Beauchamp	CH 0001494 – 0001495

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144.	1/09/14	E-mail exchange between D. Beauchamp, D. Chittick, T. Daniels	CH 0001496 – 0001499
145.	1/09/14	E-mail exchange between D. Chittick and D. Beauchamp	CH 0001502 – 0001503
146.	1/07/14	E-mail from D. Chittick to D. Beauchamp, S. Menaged	CH 0001506 – 0001523
147.	1/14/14	E-mail exchange between L. Stringer and D. Beauchamp	CH 0001574 – 0001575
148.	1/31/14	E-mail exchange D. Chittick and S. Menaged; D. Chittick and D. Beauchamp	CH 0001595
149.	1/28/14	E-mail exchange D. Schenck, R. Anderson and D. Beauchamp with attach.	CH 0001606 – 0001618
150.	1/23/14	E-mail exchange between D. Beauchamp and D. Schenck with attach.	CH 0001632 – 0001644
151.	1/23/14	E-mail exchange between D. Beauchamp, R. Anderson and D. Schenck with attachment.	CH_0001645 – 0001654
152.	1/24/14	E-mail exchange between D. Chittick and D. Beauchamp	CH 0001672 – 0001686
153.	1/29/14	E-mail exchanges between D. Chittick and S. Menaged; and D. Beauchamp	CH 0001689
154.	2/05/14	E-mail exchanges between D. Beauchamp and D. Chittick	CH 0001696
155.	2/05/14	E-mail exchange between D. Chittick and D. Beauchamp	CH 0001726
156.	2/04/14	E-mail between D. Beauchamp and D. Chittick	CH 0001758
157.	2/04/14	E-mail scan between D. Beauchamp and D. Schenck	CH 0001787 – CH 0001803
158.	2/04/14	E-mail between D. Chittick, S. Menaged and cc: D. Beauchamp with attach.	CH 0001807 – 0001815
159.	2/04/14	E-mail between D. Beauchamp and D. Chittick	CH 0001819 – 0001835
160.	2/06/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0001928 – 0000962
161.	2/07/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0002014
162.	2/06/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0002017 – 0002021
163.	2/06/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0002024 – 0002032
164.	2/07/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0002042
165.	2/07/14	E-mail exchange between J. Goulder and D. Beauchamp	CH 0002045 – 0002079
166.	2/07/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0002080 – 0002132
167.	2/07/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0002203; 00002220
168.	2/20/14	Letter from D. Beauchamp to D. Chittick with enclosed invoices	CH 0002308 – 0002317
169.	2/27/14	E-mail exchange between D. Beauchamp and R. Anderson	CH 0002321 – 0002322
170.	2/27/14	E-mail exchange between D. Chittick and D. Beauchamp	CH 0002331
171.	2/28/14	E-mail exchange between R. Anderson and D. Beauchamp	CH 0002338 – 0002340

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Exhibit Number	Document Date	Description	Bates No.
172.	2/25/14	E-mail exchange between D. Beauchamp and J. Goulder	CH_0002346; CH_0002347 – 0002363; CH_0002364 – 0002379
173.	2/26/14	E-mail exchange between D. Beauchamp and D. Chittick	CH_0002380 – 0002383
174.	2/26/14	E-mail exchange between D. Beauchamp and D. Chittick	CH_0002405
175.	2/13/14	E-mail exchange between D. Beauchamp, J. Goulder, D. Chittick, S. Menaged	CH_0002465; CH_0002466 – 0002481; CH_0002482 – 0002498
176.	2/13/14	E-mail between D. Beauchamp, D. Chittick and S. Menaged	CH_0002503
177.	2/13/14	E-mail between D. Schenck, D. Beauchamp	CH_0002507; CH_0002508 – 0002523; CH_0002524 – 0002540
178.	3/12/14	E-mail exchange between L. Stringer and D. Chittick	CH_0002591; CH_0002592 – 0002608
179.	3/12/14	E-mail exchange between L. Stringer and D. Chittick	CH_0002611; CH_0002612 – 0002629
180.	3/14/14	Letter from D. Beauchamp to D. Chittick with enclosed invoices	CH_0002673 – 0002680
181.	3/17/14	E-mail exchange between D. Beauchamp and D. Chittick	CH_0002739; CH_0002740 – 0002774
182.	3/13/14	E-mail exchange between D. Beauchamp and D. Chittick	CH_0002825 – 0002827
183.	3/14/14	E-mail exchange between D. Beauchamp and D. Chittick	CH_0002887; CH_0002888 – 0002923
184.	3/05/14	E-mail exchange between R. Anderson and D. Beauchamp	CH_0002935 – 0002937
185.	03/07/14	E-mail exchange between L. Stringer, D. Chittick and cc D. Beauchamp	CH_0002938; CH_0002939 – 0002973
186.	3/2/14	E-mail between D. Beauchamp, K. Beauchamp and D. Chittick	CH_0002974
187.	3/04/14	E-mail exchange between R. Anderson and D. Beauchamp	CH_0002975 – 0002977
188.	3/06/14	E-mail exchange between R. Anderson and D. Beauchamp	CH_0002978 – 0002981
189.	3/26/14	E-mail exchange between D. Schenck, D. Chittick and CC D. Beauchamp	CH_0002988 – 0003105
190.	3/31/14	E-mail exchange D. Schenck and D. Beauchamp with attach.	CH_0003147 – 0003304
191.	3/31/14	E-mail exchange between D. Beauchamp and D. Chittick	CH_0003305 – 0003311
192.	3/24/14	E-mail exchange between D. Beauchamp and D. Chittick	CH_0003609 – 0003627
193.	3/20/14	E-mail exchange between D. Beauchamp and D. Chittick	CH_0003696; CH_0003697 – 0003714
194.	3/21/14	E-mail exchange between D. Beauchamp and D. Chittick	CH_0003715
195.	3/20/14	E-mail exchange between D. Beauchamp and D. Chittick	CH_0003716
196.	3/20/14	E-mail exchange between D. Beauchamp and D. Chittick	CH_0003741
197.	3/18/14	E-mail exchange between D. Beauchamp and D. Chittick	CH_0003746; CH_0003747 – 0003782
198.	3/31/14	Attachment to E-Mail	CH_0003784 - 0003801

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Exhibit Number	Document Date	Description	Bates No.
199.	4/02/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0003869 – 0003871
200.	4/04/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0003876 – 0003878
201.	4/04/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0003879 – 0003882; 0003883 – 0003893
202.	4/03/14	E-mail exchange between D. Schenck and D. Beauchamp with attach.	CH 0003895 – 0004075
203.	4/04/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004076 – 0004081
204.	4/04/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004082 – 0004086
205.	4/04/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004087 – 0004093
206.	4/04/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004094 – 0004099
207.	4/04/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004100 – 0004105
208.	4/04/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004106 – 0004110
209.	4/03/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004117 – 0004201
210.	4/03/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004202 – 0004203
211.	4/03/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004204 – 0004205
212.	4/03/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004206 – 0004208
213.	4/03/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004209 - 0004211
214.	4/03/14	E-mail exchange between D. Beauchamp and D. Schenck	CH 0004212 - 0004313
215.	4/18/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004241 – 0004244; 0004245 – 0004247
216.	4/18/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004248 – 0004252
217.	4/18/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004253 – 0004256
218.	4/18/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004257 – 0004259
219.	4/18/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004260
220.	4/15/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004278 – 0004280
221.	4/15/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004281
222.	4/14/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004286
223.	4/15/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004294 - 0004314
224.	4/15/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004315 – 0004318
225.	4/23/14	E-mail exchange between Gary Thompson and D. Chittick	CH 0004319 – 0004321

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226.	4/25/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004322
227.	4/24/14	Letter from D. Beauchamp to D. Chittick with invoices	CH 0004324 – 0004332
228.	4/21/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004409 – 0004411
229.	4/22/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004414
230.	4/09/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004416 – 0004417
231.	4/04/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004421 – 0004442
232.	4/04/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004443 – 0004452
233.	4/04/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004453 – 0004474
234.	4/04/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004475 – 0004495
235.	4/04/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004496 – 0004520
236.	4/04/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004666 – 0004681
237.	4/04/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004682 – 0004712
238.	4/04/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004713 – 0004744
239.	4/04/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004789 – 0004790
240.	4/11/14	E-mail exchange between D. Schenck and D. Beauchamp	CH 0004879 – 0004880
241.	4/13/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004886
242.	4/11/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004889
243.	4/28/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004915 – 0004921
244.	4/28/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004922 – 0004927
245.	4/28/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004929
246.	4/28/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004931
247.	4/28/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0004960 – 0004967
248.	5/14/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0005126
249.	5/23/14	Letter from D. Beauchamp to D. Chittick	CH 0005146 – 0005156
250.	5/15/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0005160
251.	6/25/14	Letter from D. Beauchamp to D. Chittick with enclosed invoices	CH 0005221 – 0005226
252.	7/16/14	Letter from D. Beauchamp to D. Chittick with enclosed invoices	CH 0005263 - 0005265
253.	8/20/14	Letter from D. Beauchamp and D. Chittick with enclosed invoices	CH 0005289 – 0005291
254.	9/12/13	E-mail exchanges between D. Beauchamp and D. Chittick	CH 0005451 – 0005453

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255.	12/18/13	E-mail from D. Beauchamp to L. Stringer	CH 0005474
256.	1/06/14	E-mail exchange between D. Beauchamp and L. Stringer	CH_0005550 CH 0005551
257.	1/17/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0005728
258.	1/17/14	E-mail exchange between D. Beauchamp and D. Schenck	CH 0005790 – 0005807
259.	1/09/14	E-mail from D. Beauchamp to L. Stringer	CH 0005916 – 0005920
260.	5/13/14	Letter from D. Beauchamp to D. Chittick with enclosed invoices	CH 0006376 – 0006379
261.	4/27/16	Letter from D. Beauchamp to D. Chittick with enclosed invoice	CH 0006381 – 0006383
262.	2/05/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0006655
263.	2/04/14	E-mail between D. Beauchamp, D. Schenck with draft forbearance agreement	CH 0006694 – 0006708
264.	3/07/14	E-mail exchange between R. Anderson and D. Beauchamp	CH 0007183 – 0007186
265.	3/19/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0007296 – 0007298
266.	10/20/16	Letter from D. Beauchamp to P. Davis with enclosed invoice	CH_0008016
267.	10/20/14	Letter from D. Beauchamp to D. Chittick with enclosed invoices	CH 0008016 – 0008019
268.	9/26/16	E-mail exchanges between R. Anderson, D. Beauchamp, K. Merritt and J. Polese	CH 0008020 – 0008024
269.	12/22/16	E-mail exchange between D. Beauchamp and R. Anderson	CH_0008025 – 0008026
270.	12/22/16	E-mail exchange between R. Anderson and D. Beauchamp	CH_0008027
271.	10/20/16	Letter from D. Beauchamp to P. Davis with enclosed invoice	CH_0008028 – 0008031
272.	9/15/16	Letter from D. Beauchamp to P. Davis with enclosed invoice	CH_0008032 – 0008045
273.	8/30/16	E-mail exchanges between R. Anderson, J. Polese, and D. Beauchamp	CH 0008046 – 0008047
274.	8/29/16	E-mail exchanges between J. Polese, R. Anderson, D. Beauchamp	CH 0008052 – 0008053
275.	8/29/16	E-mail exchanges between R. Anderson, J. Polese, and D. Beauchamp	CH 0008067 – 0008081
276.	8/27/16	E-mail exchange between M. Tetreault to D. Beauchamp	CH 0008085 – 0008087
277.	8/23/16	E-mail exchanges between R. Anderson, J. Polese, and K. Merritt	CH 0008320 – 0008343
278.	8/23/16	E-mail exchange between R. Anderson, J. Polese, and K. Merritt	CH 0008361 – 0008369
279.	8/22/16	E-mail exchange between D. Beauchamp and R. Anderson	CH 0008413 – 0008419
280.	8/21/16	E-mail exchange between D. Beauchamp and R. Brinkman	CH 0008434 – 0008437
281.	8/21/16	E-mail exchanges between D. Beauchamp and R. Brinkman	CH 0008442 – 0008444
282.	8/21/16	E-mail exchange between D. Beauchamp and R. Brinkman	CH 0008445 – 0008448

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283.	8/20/16	E-mail exchange between D. Beauchamp and R. Anderson	CH_0008465 – 0008470
284.	8/20/16	E-mail exchange between D. Beauchamp and R. Brinkman	CH_0008472 – 0008474
285.	8/20/16	E-mail exchange between R. Anderson, D. Beauchamp	CH_0008475 - 0008479
286.	8/19/16	E-mail exchange between D. Beauchamp and R. Anderson	CH_0008492 – 0008493
287.	8/19/16	E-mail exchanges between D. Beauchamp and K. Johnson	CH_0008495 – 0008496
288.	7/22/16	Letter from D. Beauchamp to D. Chittick with enclosed invoice	CH_0008940 – 0008942
289.	6/15/16	Letter from D. Beauchamp to D. Chittick with enclosed invoice	CH_0008985 – 0008987
290.	8/12/16	E-mail exchange between P. Meloserdoff, W. Coy, G. Clapper	CH 0009027 – 0009030
291.	8/11/16	E-mail from R. Brinkman to D. Beauchamp & S. Swinson w/ attachment	CH 0009095 – 0009096
292.	8/10/16	E-mail from D. Beauchamp to S. Schloz & T. Byrne	CH 0009129 – 0009134
293.	8/10/16	Beauchamp letter to W.Coy	CH 000915 – 0009196
294.	8/10/16	E-mail from L. Grove to W. Coy & D. Beauchamp w/ attached letter	CH 0009197 – 0009199
295.	8/10/16	E-mail exchange between M. Tran & D. Beauchamp and attached letter from S. Swinson	CH_0009219 – 0009222
296.	8/8/16	E-mail from D. Beauchamp to DenSco investors	CH 0009351 – 0009358
297.	8/7/16	E-mail exchange between B. Imdeike & D. Beauchamp	CH 0009474 – 0009477
298.	8/04/16	E-mail exchange between W. Coy and D. Beauchamp	CH 0009714 – 0009715
299.	1/09/14	E-mail from D. Schenck to D. Beauchamp, L. Stringer	CH 0009889
300.	2/15/14	E-mail between D. Chittick and D. Beauchamp	CH 0009952
301.	2/15/14	E-mail between D. Beauchamp and D. Chittick	CH 0009955
302.	3/14/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0009968
303.	4/06/14	E-mail exchange between D. Beauchamp and D. Chittick	CH 0010000
304.	1/06/14	Calendar entry	CH 0010087
305.	8/06/16	E-mail exchange between D. Beauchamp and D. Chittick	CH 0010219
306.	8/03/16	Letters of Appointment of Personal Representative and Acceptance	CH 0010225 – 0010226
307.	8/4/16	Letters of Appointment of Personal Representative and Acceptance of Appointment as Personal Representative	CH_0010225 – 0010226
308.	8/10/16	E-mail from S. Tran to S. Swinson, R. Brinkman, D. Beauchamp	CH 0010228 – 0010229
309.	12/24/13	E-mail exchanges between D. Beauchamp, D. Chittick, D. Schenck	CH 0010243 – 0010244
310.	8/3/16	E-mail exchange between D. Beauchamp and K. Johnson	CH 0010340 – 0010341
311.	8/3/16	E-mail from G. Clapper to D. Beauchamp	CH 0010343

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312.	9/23/16	E-mail exchanges between R. Anderson, K. Merritt, and J. Polese	CH 0010345 – 0010348
313.	9/23/16	E-mail exchanges between K. Merritt, R. Anderson and J. Polese	CH 0010349 – 0010352
314.	9/16/16	E-mail exchange between R. Anderson and J. Polese	CH 0010357 – 0010359
315.	9/15/16	Letter from D. Beauchamp to P. Davis with enclosed invoice	CH 0010364
316.	8/2/16	Calendar Appointment D. Beauchamp	CH 0010467
317.	8/2/16	Calendar Appointment D. Beauchamp	CH 0010468
318.	8/2/16	Calendar Appointment D. Beauchamp	CH 0010469
319.	8/30/16	E-mail exchange between R. Anderson and J. Polese	CH 0010474 – 0010483
320.	2/05/14	D. Schenck message re scanned image	CH 0011140
321.	2/05/14	E-mail scan between D. Beauchamp and S. Schenck	CH 0011141 – 0011145
322.	3/31/14	E-mail exchange D. Schenck and D. Beauchamp	CH 0012295
323.	2/17/14	R. Anderson Appointment	CH 0013387
324.	2/20/14	R. Anderson Appointment	CH 0013388
325.	1/29/14	Calendar Appointment R. Anderson	CH 0013389
326.	2/12/14	R. Anderson Appointment	CH 0013390
327.	1/31/14	Calendar Appointment R. Anderson	CH 0013391
328.	3/04/14	Calendar Appointment R. Anderson	CH 0013392
329.	2/23/15	R. Anderson message to self	CH 0013393
330.	UNDATED	Preliminary Legal Closing Checklist form	CH_0013481 - 0013483
331.	UNDATED	Preliminary Legal Closing Checklist form	CH_0013484 - 0013487
332.	8/17/16	E-mail exchange between D. Beauchamp, K. Merritt and J. Polese Beauchamp Declaration	CH_0014215 - 0014217
333.	8/17/16	E-mail exchange between K. Merritt, D. Beauchamp and J. Polese	CH_0014225 – 0014227
334.	7/31/16	E-mail exchange between D. Beauchamp and R. Koehler	CH 0014460 – 0014461
335.	8/8/16	E-mail exchange between S. Heuer, D. Beauchamp & P. Erbland	CH 0014535 – 0014537
336.	8/7/16	E-mail exchange between B. Imdeike, D. Beauchamp & S. Heuer	CH 0014548 – 0014549
337.	8/8/16	E-mail from D. Beauchamp to S. Heuer	CH 00145538 – 0014542
338.	8/5/16	E-mail exchange between D. Beauchamp and S. Heuer	CH 0014569 - 0014571
339.	8/5/16	E-mail exchange between D. Beauchamp, S. Heuer and R. Koehler	CH 0014572 – 0014575
340.	8/3/16	E-mail exchange between D. Beauchamp and S. Heuer	CH 0014603 – 0014605
341.	8/3/16	E-mail exchange between D. Beauchamp and S. Heuer	CH 0014606 – 0014608

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342.	8/3/16	E-mail exchange between D. Beauchamp, S. Heuer and R. Koehler	CH 0014611 – 0014613
343.	8/3/16	E-mail exchange between D. Beauchamp, S. Heuer and R. Koehler	CH 0014619 – 0014620
344.	8/3/16	E-mail exchange between D. Beauchamp and S. Heuer	CH 0014622 – 0014623
345.	8/3/16	E-mail exchange between S. Heuer and D. Beauchamp	CH 0014625
346.	8/2/16	E-mail exchange between S. Heuer and D. Beauchamp	CH 0014628 – 0014629
347.	8/1/16	E-mail from S. Heuer to D. Beauchamp	CH 0014634 - 0014641
348.	8/2/16	Calendar Appointment D. Beauchamp	CH 0014775
349.	8/3/16	E-mail exchange between R. Koehler and D. Beauchamp	CH 0014851 – 0014583
350.	8/5/16	E-mail exchange between D. Beauchamp and S. Heuer	CH 0015050
351.	5/04/10	E-mail exchange between D. Chittick and D. Beauchamp	CHIT000155 – 000156
352.	5/13/10	E-mail exchange between D. Chittick and D. Beauchamp	CHIT000164 – 000166
353.	6/07/10	E-mail exchange between D. Chittick, R. Koehler, S. Gould	CHIT000176 – 000177
354.	6/14/10	E-mail exchange between D. Chittick and D. Beauchamp	CHIT000178 – 000179
355.	6/14/10	E-mail exchange between D. Chittick and D. Beauchamp	CHIT000183 – 000186
356.	7/21/10	E-mail exchanges between D. Beauchamp, M. Dvoren, and D. Chittick	CHIT000244 – 000247
357.	3/13/15	E-mail exchange between D. Chittick and S. Menaged	CHIT001879 – 001880
358.	3/13/15	E-mail exchange between D. Chittick and S. Menaged	CHIT001885 – 001886
359.	6/14/13	E-mail from S. Menaged to D. Beauchamp, D. Chittick	DIC0000053 – 0000054
360.	6/14/13	E-mail from D. Chittick to D. Beauchamp	DIC0000055 – 0000069
361.	5/09/08	E-mail exchange between D. Beauchamp and L. Miller	DIC0000109
362.	3/31/10	Printed excerpt from DenSco website	DIC0000521 – 0000522
363.	9/30/11	Printed excerpt from DenSco website	DIC0000554 – 0000556
364.	12/31/08	Printed excerpt from DenSco website	DIC0000557 – 0000559
365.	9/28/07	E-mail exchange between D. Beauchamp and Joanne Odze	DIC0000560 – 0000562
366.	7/05/05	Printed excerpts from DenSco website	DIC0000563 – 0000592
367.	6/27/08	E-mail exchange between D. Chittick, D. Beauchamp and DenSco Investors	DIC0000609
368.	5/21/08	E-mail exchange between D. Chittick and D. Beauchamp	DIC0000615
369.	5/05/08	E-mail exchanges between D. Beauchamp, L. Bliven, and D. Chittick	DIC0000624 – 0000634
370.	2/24/09	E-mail exchange from D. Beauchamp	DIC0000684 – 0000686
371.	9/04/07	E-mail exchanges between R. Carney and D. Chittick	DIC0000693
372.	6/25/07	E-mail exchange between D. Chittick and D. Beauchamp	DIC0000701

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373.	6/29/07	E-mail exchange between D. Chittick and DenSco investors	DIC0000702
374.	6/05/07	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0000719
375.	6/01/07	E-mail exchange between D. Chittick and D. Beauchamp	DIC0000726
376.	6/01/07	E-mail exchange between D. Chittick and D. Beauchamp	DIC0000727
377.	6/01/07	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0000728 – 0000729
378.	5/29/07	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0000732 – 0000734
379.	5/22/07	E-mail exchange between D. Beauchamp and N. Lutter	DIC0000749 – 0000755
380.	5/19/07	E-mail exchanges between K. Merritt and D. Chittick	DIC0000781 – 0000783
381.	5/17/07	E-mail exchange between A. Damos and D. Chittick	DIC0000792 – 0000860
382.	5/17/07	E-mail exchange between D. Chittick and D. Beauchamp	DIC0000861
383.	5/16/07	E-mail exchange between D. Beauchamp and D. Chittick	DIC0000880 – 0000881
384.	5/15/07	E-mail exchange between D. Beauchamp and D. Chittick	DIC0000888
385.	5/17/07	D. Beauchamp handwritten notes	DIC0000937
386.	5/03/07	D. Beauchamp handwritten notes	DIC0000939 – 0000941
387.	5/01/07	D. Beauchamp handwritten notes	DIC0000942
388.	6/01/07	DenSco Confidential Private Offering Memorandum	DIC0000965 - 0001032
389.	5/16/07	E-mail exchange between A. Damos and D. Chittick	DIC0001191 – 0001201
390.	5/16/07	E-mail exchange between A. Damos and D. Chittick	DIC0001202 – 0001211
391.	6/01/07	DenSco Confidential Private Offering Memorandum	DIC0001254 – 0001319
392.	7/06/09	DenSco Prospective Purchaser Questionnaire (Accredited Investors)	DIC0001457 – 0001464
393.	7/06/09	DenSco Subscription Agreement	DIC0001482 – 0001486
394.	12/30/09	E-mail exchange between D. Chittick, D. Beauchamp, and DenSco Investors	DIC0001988
395.	9/08/09	E-mail exchange between D. Beauchamp and D. Chittick	DIC0001991 – 0001993
396.	12/08/09	E-mail exchanges between D. Chittick, D. Beauchamp, R. Carney	DIC0002002 – 0002006
397.	7/06/09	E-mail exchange between D. Beauchamp and D. Chittick	DIC0002128 – 0002130
398.	7/06/09	E-mail exchange between D. Beauchamp and D. Chittick	DIC0002140
399.	7/06/09	E-mail exchange between D. Beauchamp and D. Chittick re POM	DIC0002141 – 0002212
400.	6/06/09	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0002213 – 0002215
401.	5/17/09	E-mail exchange between D. Chittick and C. Mulder	DIC0002222 – 0022297

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402.	5/15/09	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0002298 – 0002300
403.	5/15/09	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0002308 – 0002310
404.	4/23/09	E-mail exchanges between D. Beauchamp, D. Chittick and R. Burgan	DIC0002316 – 0002319
405.	4/01/09	E-mail exchange between D. Chittick and D. Beauchamp	DIC0002323 – 0002324
406.	5/18/09	E-mail exchanges between D. Beauchamp, R. Burgan, L. Bliven and D. Chittick	DIC0002365 – 0002371
407.	6/30/09	D. Beauchamp handwritten notes	DIC0002427
408.	5/15/09	D. Beauchamp handwritten notes	DIC0002429
409.	4/09/09	D. Beauchamp handwritten notes	DIC0002433 – 0002434
410.	1/13/14	Letter from R. Miller to D. Beauchamp re DenSco files	DIC0002445
411.	3/18/08	Letter from D. Beauchamp to D. Chittick	DIC0002450 – 0002451
412.	6/26/07	E-mail exchanges between R. Carney and D. Chittick	DIC0002457 – 0002458
413.	6/15/07	E-mail exchange between D. Beauchamp, D. Chittick, and R. Carney	DIC0002468 – 0002469
414.	6/15/07	E-mail exchange between D. Beauchamp and R. Carney	DIC0002470 – 0002471
415.	6/15/07	E-mail exchange between D. Beauchamp, and R. Carney	DIC0002474
416.	6/05/07	E-mail exchange between D. Chittick and K. Merritt	DIC0002475 – 0002476
417.	5/24/07	E-mail exchange between D. Chittick and D. Beauchamp	DIC0002502
418.	5/24/07	E-mail exchange between N. Lutter and D. Chittick	DIC0002503
419.	5/23/07	E-mail exchange between D. Beauchamp and D. Chittick	DIC0002505
420.	5/23/07	E-mail exchange between D. Chittick and K. Merritt	DIC0002507
421.	5/22/07	E-mail exchange between N. Lutter and D. Beauchamp	DIC0002526 – 0002528
422.	5/21/07	E-mail exchanges between K. Merritt and D. Chittick	DIC0002534
423.	5/21/07	E-mail exchange between K. Merritt and D. Chittick	DIC0002535
424.	5/21/07	E-mail exchange between K. Merritt and D. Chittick	DIC0002536
425.	5/21/07	E-mail exchanges between D. Beauchamp and N. Lutter	DIC0002537
426.	5/21/07	E-mail exchange between D. Beauchamp and N. Lutter	DIC0002539
427.	5/21/07	E-mail exchange between D. Chittick and D. Beauchamp	DIC0002540; DIC0002544 – 0002546
428.	5/18/07	E-mail exchange between A. Damos and D. Chittick	DIC0002547
429.	5/18/07	E-mail exchanges between K. Merritt and D. Chittick	DIC0002548 – 0002549
430.	5/18/07	E-mail exchange between D. Beauchamp and D. Chittick	DIC0002553

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431.	5/18/07	E-mail exchange between D. Beauchamp and D. Chittick	DIC0002554
432.	5/17/07	E-mail exchange between D. Beauchamp and D. Chittick and K. Merritt	DIC0002626 – 0002627
433.	5/17/07	E-mail exchange between K. Merritt and D. Beauchamp	DIC0002630
434.	5/17/07	E-mail exchange between D. Beauchamp and D. Chittick	DIC0002634 – 0002635
435.	5/17/07	E-mail exchanges between K. Merritt and D. Chittick	DIC0002637
436.	5/17/07	E-mail exchange between D. Chittick and K. Merritt	DIC0002638
437.	5/17/07	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0002639 – 0002640
438.	5/09/07	E-mail exchange between D. Beauchamp and K. Merritt	DIC0002666
439.	5/09/07	E-mail exchange between D. Chittick and D. Beauchamp	DIC0002667
440.	5/09/07	E-mail exchange between K. Marsh and D. Chittick	DIC0002669
441.	5/09/07	E-mail exchange between D. Beauchamp and D. Chittick	DIC0002670
442.	5/07/07	Letter from D. Beauchamp to D. Chittick	DIC0002674 – 0002678
443.	5/22/07	E-mail exchange between A. Damos and D. Beauchamp	DIC0002709 – 0002737
444.	5/18/07	E-mail exchange between S. Weeks and D. Chittick	DIC0002739 – 0002755
445.	6/05/07	E-mail exchange between S. Weeks and D. Chittick	DIC0002757 – 0002761
446.	6/27/13	D. Beauchamp handwritten notes	DIC0003336
447.	6/27/13	D. Beauchamp handwritten notes	DIC0003337
448.	6/25/13	D. Beauchamp handwritten notes	DIC0003338
449.	6/18/13	D. Beauchamp handwritten notes	DIC0003340 – 0003341
450.	6/18/13	D. Beauchamp handwritten notes	DIC0003342
451.	6/17/13	D. Beauchamp handwritten notes	DIC0003344
452.	5/09/13	D. Beauchamp handwritten notes	DIC0003345
453.	5/01/13	Draft DenSco Confidential Private Offering Memorandum	DIC0003348 – 0003418
454.	8/30/13	Due Diligence folder materials	DIC0003427 – 0003442
455.	6/17/13	Printed excerpt from DenSco website	DIC0003429 – 0003434
456.	8/26/13	D. Beauchamp handwritten notes	DIC0003481
457.	8/06/13	E-mail exchanges between D. Beauchamp and G. Jensen	DIC0003482 – 0003483
458.	7/11/13	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0003486 – 0003487
459.	7/10/13	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0003490 – 0003491

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460.	7/01/13	E-mail exchange between E. Sipes and D. Beauchamp	DIC0003495 – 0003496
461.	7/01/13	Draft DenSco Confidential Private Offering Memorandum with handwritten notes	DIC0003497 – 0003571
462.	6/27/13	E-mails from D. Chittick to D. Beauchamp	DIC0003572 – 0003573
463.	6/25/13	E-mail from D. Beauchamp to E. Sipes	DIC0003574 – 0003575
464.	6/17/13	E-mail from D. Beauchamp to M. Weakley	DIC0003612 – 0003614
465.	6/17/13	E-mail from D. Beauchamp to R. Wang	DIC0003615
466.	6/17/13	E-mail exchanges between D. Beauchamp and R. Wang	DIC0003616 – 0003620
467.	6/14/13	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0003633 – 0003634
468.	6/11/13	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0003637 – 0003639
469.	6/21/13	E-mail exchanges between D. Beauchamp, R. Wang, K. Henderson, R. Endicott, G. Jensen	DIC0003655 – 0003657
470.	6/10/13	E-mail exchange between D. Beauchamp and M. Weakley	DIC0003660 – 0003661
471.	6/10/13	E-mail from D. Beauchamp to R. Pederson	DIC0003667 – 0003668
472.	5/01/13	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0003693 – 0003696
473.	8/22/11	E-mail exchanges between G. Schneider and D. Chittick	DIC0003803 – 0003804; DIC0003806 – 0003819
474.	8/22/11	E-mail exchange between D. Beauchamp and P. Carman and M. Parsons	DIC0003805
475.	8/20/11	E-mail exchange between D. Beauchamp and D. Chittick, G. Schneider	DIC0003820 – 0003821
476.	8/20/11	E-mail exchanges between G. Schneider and D. Chittick	DIC0003824 – 0003825
477.	8/19/11	E-mail exchange between D. Beauchamp and D. Chittick	DIC0003828 – 0003830
478.	8/19/11	E-mail exchanges between D. Beauchamp, G. Schneider, M. Dvoren, and D. Chittick	DIC0003831 – 0003836
479.	8/12/11	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0003837 – 0003838
480.	8/12/11	D. Beauchamp handwritten notes from call with D. Chittick	DIC0003927
481.	8/22/11	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0003932 – 0003933
482.	7/19/11	E-mail exchange between D. Chittick and DenSco investors	DIC0003934 – 0003935
483.	7/19/11	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0003936 – 0003939
484.	7/19/11	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0003946 – 0003948
485.	7/18/11	E-mail exchange between D. Beauchamp, M. Parsons, D. Chittick	DIC0003969 – 0003970
486.	7/11/11	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0003972 – 0003973

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487.	7/20/11	E-mail exchange between D. Chittick and D. Beauchamp	DIC0003976 – 0004046
488.	6/30/11	E-mail exchanges between D. Chittick, and D. Beauchamp	DIC0004047 – 0004049
489.	6/30/11	E-mail exchange between D. Chittick and DenSco Investors	DIC0004056 – 0004059
490.	6/16/11	E-mail exchange between D. Chittick and D. Beauchamp and W. Bush	DIC0004061
491.	6/15/11	E-mail exchanges between D. Beauchamp, D. Chittick and G. Schneider	DIC0004062 – 0004063
492.	6/14/11	E-mail exchange between D. Beauchamp and D. Chittick	DIC0004065 – 0004067
493.	6/14/11	E-mail exchange between D. Chittick, and D. Beauchamp	DIC0004069 – 0004070
494.	6/13/11	E-mail exchanges between D. Chittick and W. Bush	DIC0004076 – 0004078
495.	6/12/11	E-mail exchange between D. Chittick and W. Bush	DIC0004082 – 0004083
496.	6/11/11	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0004084 – 0004086
497.	6/11/11	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0004093 – 0004095
498.	6/06/11	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0004097
499.	6/02/11	E-mail exchange between A. Gleason and D. Chittick	DIC0004098 – 0004099
500.	6/02/11	E-mail exchange between A. Gleason and D. Beauchamp	DIC0004100
501.	5/25/11	E-mail exchanges between D. Beauchamp, D. Chittick and G. Schneider	DIC0004101 – 0004103
502.	5/23/11	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0004114 – 0004119
503.	5/23/11	E-mail exchange between D. Beauchamp and A. Gleason and D. Chittick	DIC0004139 – 0004142
504.	5/23/11	E-mail exchanges between D. Chittick and D. Beauchamp D. Arnce	DIC0004143 – 0004146
505.	5/20/11	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0004150 – 0004152
506.	5/09/11	E-mail exchange between G. Schneider and J. Stern	DIC0004156
507.	5/05/11	E-mail exchange between G. Schneider and J. Stern	DIC0004157
508.	5/05/11	E-mail exchange between G. Schneider and D. Beauchamp	DIC0004158
509.	5/03/11	E-mail exchanges between D. Beauchamp, D. Chittick and G. Schneider	DIC0004159 – 0004160
510.	5/02/11	E-mail exchanges between, D. Beauchamp, G. Schneider and J. Stern	DIC0004162 – 0004164
511.	4/15/11	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0004171 – 0004172
512.	4/13/11	E-mail exchange between G. Schneider and D. Beauchamp	DIC0004175
513.	4/13/11	E-mail exchange between G. Schneider and Lawyers	DIC0004176
514.	4/06/11	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0004181 – 0004183
515.	4/04/11	E-mail exchanges between R. Carney and D. Chittick	DIC0004193

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516.	4/01/11	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0004194 – 0004196
517.	9/21/09	Arizona Department of Financial Institutions Regulatory Alert	DIC0004213 – 0004214
518.	5/21/10	Arizona Administrative Register - Notice of Emergency Rulemaking	DIC0004216 – 0004220
519.	4/13/11	D. Beauchamp handwritten notes	DIC0004378 – 0004379
520.	3/01/11	D. Beauchamp handwritten notes	DIC0004380
521.	7/19/11	DenSco Confidential Private Offering Memorandum	DIC0004461 – 0004530
522.	9/30/09	E-mail exchange between D. Chittick, D. Beauchamp, and DenSco Investors	DIC0004952
523.	1/10/14	Clark Hill New Client/Matter form	DIC0005382 – 0005386
524.	4/04/14	Letter from J. Zaporowski to D. Chittick	DIC0005387
525.	3/19/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0005388 – 0005391
526.	4/29/14	D. Beauchamp handwritten notes	DIC0005393 – 0005394
527.	4/23/14	D. Beauchamp handwritten notes	DIC0005395
528.	1/13/14	D. Beauchamp handwritten notes	DIC0005398 – 0005399
529.	1/10/14	D. Beauchamp handwritten notes	DIC0005400 – 0005402
530.	1/09/14	D. Beauchamp handwritten notes	DIC0005403 – 0005404
531.	1/06/14	D. Beauchamp handwritten notes	DIC0005405
532.	1/09/14	Printed copy of A.R.S. 33-705	DIC0005406
533.	1/09/14	Printed copy of A.R.S. 33-729	DIC0005407
534.	2/20/14	Jeffrey Goulder Stinson Leonard Street Bio	DIC0005408 – 0005409
535.	2/11/14	D. Beauchamp handwritten notes	DIC0005410
536.	2/10/14	D. Beauchamp handwritten notes	DIC0005411
537.	2/10/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0005412
538.	2/07/14	D. Beauchamp handwritten notes	DIC0005413 – 0005416
539.	2/06/14	D. Beauchamp handwritten notes	DIC0005417
540.	2/03/14	D. Beauchamp handwritten notes	DIC0005418
541.	1/29/14	D. Beauchamp handwritten notes	DIC0005419
542.	1/21/14	D. Beauchamp handwritten notes	DIC0005420
543.	1/21/14	D. Beauchamp handwritten notes	DIC0005421
544.	1/17/14	D. Beauchamp handwritten notes	DIC0005422

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Exhibit Number	Document Date	Description	Bates No.
545.	1/16/14	D. Beauchamp handwritten notes	DIC0005423
546.	1/16/14	D. Beauchamp handwritten notes	DIC0005424
547.	1/15/14	D. Beauchamp handwritten notes	DIC0005425
548.	1/15/14	D. Beauchamp handwritten notes	DIC0005426
549.	1/15/14	D. Beauchamp handwritten notes	DIC0005427
550.	1/15/14	D. Beauchamp handwritten notes	DIC0005428
551.	1/14/14	D. Beauchamp handwritten notes	DIC0005429 – 0005430
552.	1/13/14	D. Beauchamp handwritten notes	DIC0005431
553.	1/13/14	D. Beauchamp handwritten notes	DIC0005432
554.	3/12/14	D. Beauchamp handwritten notes	DIC0005433
555.	3/12/14	D. Beauchamp handwritten notes	DIC0005434
556.	3/11/14	D. Beauchamp handwritten notes	DIC0005435 – 0005436
557.	3/07/14	D. Beauchamp handwritten notes	DIC0005437
558.	3/03/14	D. Beauchamp handwritten notes	DIC0005438
559.	2/27/14	D. Beauchamp handwritten notes	DIC0005439
560.	2/25/14	D. Beauchamp handwritten notes	DIC0005440
561.	2/24/14	D. Beauchamp handwritten notes	DIC0005441
562.	2/21/14	D. Beauchamp handwritten notes	DIC0005442
563.	2/20/14	D. Beauchamp handwritten notes	DIC0005444 – 0005447
564.	2/20/14	D. Beauchamp handwritten notes	DIC0005448
565.	4/23/14	UCC Financing Statement - Furniture King, LLC.	DIC0005450 – 0005451
566.	4/23/14	Exhibit A to Forbearance Agreement	DIC0005550 – 0005567
567.	1/16/14	E-mail exchange between D. Chittick and D. Beauchamp	DIC0006049
568.	1/16/14	E-mail from S. Menaged to D. Beauchamp and D. Chittick	DIC0006050
569.	3/21/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006165 – 0006168
570.	3/21/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006173 – 0006174
571.	3/25/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006177
572.	3/25/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006179 – 0006181
573.	3/26/14	E-mail exchange between D. Beauchamp and D. Schenck	DIC0006182 – 0006184

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574.	3/26/14	E-mail exchange between D. Beauchamp and D. Schenck	DIC0006185 – 0006186
575.	3/26/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006187 – 0006190
576.	3/26/14	E-mail exchange between D. Schenck and D. Beauchamp	DIC0006191 – 0006192
577.	3/26/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006193 – 0006194
578.	3/26/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006195 – 0006196
579.	3/26/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006197 – 0006199
580.	3/26/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006200 – 0006202
581.	3/30/14	E-mail exchange between D. Beauchamp and D. Schenck	DIC0006203 – 0006205
582.	3/30/14	E-mail exchange between D. Beauchamp and D. Schenck	DIC0006206 – 0006208
583.	3/30/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006209 – 0006211
584.	3/30/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006212 – 0006213
585.	3/30/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006214 – 0006215
586.	3/27/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006216 – 0006217
587.	3/27/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006218 – 0006220
588.	1/16/14	E-mail exchange between D. Chittick and D. Beauchamp	DIC0006236 – 0006238
589.	1/16/14	E-mail exchanges between D. Beauchamp and B. Miller	DIC0006239 – 0006241
590.	1/16/14	E-mail exchange between D. Chittick and D. Beauchamp	DIC0006242 – 0006244
591.	1/16/14	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0006261 – 0006263
592.	1/16/14	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0006266 – 0006267
593.	1/16/14	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0006268 – 0006269
594.	1/16/14	E-mail exchange between D. Chittick and D. Beauchamp and S. Menaged	DIC0006272 – 0006273
595.	1/16/14	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0006274 – 0006281
596.	1/15/14	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0006282 – 0006288
597.	3/19/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006302 – 0006304
598.	3/19/14	E-mail exchange between D. Beauchamp and D. Schenck	DIC0006305 – 0006307
599.	1/16/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006321 – 0006322
600.	1/16/14	E-mail exchanges between D. Beauchamp, B. Miller, D. Chittick	DIC0006323 – 0006324
601.	1/16/14	E-mail exchanges between D. Beauchamp and B. Miller	DIC0006325 – 0006326
602.	1/16/14	E-mail exchange between D. Chittick and D. Beauchamp, S. Menaged	DIC0006330 – 0006331

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Exhibit Number	Document Date	Description	Bates No.
603.	1/16/14	E-mail exchanges between D. Beauchamp and D. Schenck	DIC0006334 – 0006335 DIC0007521 – 0007525
604.	1/16/14	E-mail exchange between D. Chittick, D. Diethelm, C. Cardon, L Hoebing	DIC0006340 – 0006341
605.	1/16/14	E-mail exchanges between D. Beauchamp and B. Miller	DIC0006346 – 0006347
606.	1/16/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006364 – 0006365
607.	1/16/14	E-mail exchanges between D. Beauchamp, D. Chittick, and D. Schenck	DIC0006371 – 0006372
608.	1/16/14	E-mail exchanges between D. Beauchamp and B. Miller	DIC0006384 – 0006385
609.	1/16/14	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0006388 – 0006389
610.	1/16/14	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0006397 – 0006398
611.	1/16/14	E-mail exchange between D. Chittick and D. Beauchamp	DIC0006402 – 0006403
612.	1/16/14	E-mail exchanges between D. Beauchamp, D. Chittick, and D. Schenck	DIC0006420 – 0006421
613.	1/17/14	E-mail exchange between D. Chittick, D. Diethelm, C. Cardon, L Hoebing	DIC0006429 – 0006431
614.	1/17/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006435 – 0006436
615.	1/17/14	E-mail exchange between D. Chittick, D. Beauchamp, S. Menaged, J. Goulder	DIC0006441 – 0006443
616.	1/17/14	E-mail exchange between D. Beauchamp and S. Menaged	DIC0006449 – 0006551
617.	1/17/14	E-mail exchanges between D. Beauchamp, S. Menaged, and D. Chittick	DIC0006452 – 0006453
618.	1/21/14	E-mail exchange between D. Chittick and D. Beauchamp	DIC0006458
619.	1/21/14	E-mail exchange between D. Chittick and D. Beauchamp	DIC0006462 – 0006463
620.	1/17/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006465 – 0006482
621.	1/17/14	E-mail exchange between D. Chittick and D. Beauchamp	DIC0006495 – 0006499
622.	1/17/14	E-mail exchange between D. Chittick and D. Beauchamp	DIC0006504 – 0006506
623.	1/30/14	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0006516 – 0006518
624.	1/21/14	E-mail exchange between D. Chittick and D. Beauchamp	DIC0006526
625.	1/21/14	E-mail exchange between D. Chittick, D. Beauchamp, S. Menaged	DIC0006533 – 0006534
626.	1/16/14	E-mail exchanges between D. Beauchamp, S. Menaged, and D. Chittick	DIC0006535 – 0006536
627.	1/16/14	E-mail exchanges between D. Beauchamp and B. Miller	DIC0006539 – 0006542
628.	1/17/14	E-mail exchange between D. Beauchamp, S. Menaged, and D. Chittick	DIC0006549 – 0006550
629.	1/17/14	E-mail exchange between S. Menaged, and D. Chittick	DIC0006552 – 0006554
630.	1/17/14	E-mail exchange between D. Beauchamp, L. Stringer, D. Schenck	DIC0006558 – 0006559

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Exhibit Number	Document Date	Description	Bates No.
631.	1/21/14	E-mail exchanges between D. Beauchamp and D. Schenck	DIC0006568 – 0006569
632.	1/25/14	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0006576 – 0006577
633.	1/24/14	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0006578 – 0006581
634.	1/23/14	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0006590 – 0006591
635.	1/21/14	E-mail exchange between D. Beauchamp, R. Anderson, D. Chittick	DIC0006592 – 0006593
636.	1/21/14	E-mail exchange between D. Beauchamp, R. Anderson, and D. Chittick	DIC0006594 – 0006597
637.	2/04/14	E-mail exchange between D. Chittick and D. Beauchamp	DIC0006598 – 0006599
638.	1/31/14	E-mail exchange between D. Chittick and D. Beauchamp	DIC0006607 – 0006609
639.	1/31/14	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0006611 – 0006614
640.	2/04/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006621 – 0006622
641.	2/04/14	E-mail exchanges between D. Beauchamp and J. Goulder	DIC0006623 – 0006624
642.	2/04/14	E-mail from D. Beauchamp to D. Chittick	DIC0006625 – 0006626
643.	2/03/14	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0006627 – 0006632
644.	2/03/14	E-mail exchange between D. Chittick and D. Beauchamp	DIC0006651 – 0006653
645.	2/07/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006656 – 0006658
646.	2/07/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006659 – 0006660
647.	2/07/14	E-mail exchanges between D. Beauchamp and D. Schenck	DIC0006663 – 0006664
648.	2/07/14	E-mail exchanges between D. Beauchamp and D. Chittick; Beauchamp and L. Stringer	DIC0006665 - 0006666
649.	2/06/14	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0006667 – 0006668
650.	2/05/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006669 – 0006670
651.	2/05/14	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0006671 – 0006672
652.	2/04/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006673 – 0006674
653.	2/04/14	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0006676 – 0006678
654.	2/26/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006679 – 0006681
655.	2/26/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006686 – 0006688
656.	2/26/14	E-mail exchange between D. Beauchamp and William Price	DIC0006689
657.	2/27/14	E-mail exchange between D. Beauchamp and B. Price	DIC0006696
658.	2/09/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006702 – 0006704

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659.	2/24/14	E-mail exchanges between W. Price and D. Beauchamp	DIC0006733 – 0006737
660.	2/25/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006757 – 0006758
661.	2/13/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006761 – 0006763
662.	2/21/14	E-mail exchange between D. Beauchamp, W. Price, K. Wakim, R. Gordon, J. Applebaum	DIC0006776 – 0006779
663.	2/17/14	E-mail exchanges between S. Menaged, J. Goulder, and D. Chittick	DIC0006786 – 0006787
664.	2/15/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006790 – 0006791
665.	2/15/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006797 – 0006802
666.	2/14/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006803 – 0006806
667.	2/18/14	E-mail exchange between D. Chittick, J. Goulder, and D. Beauchamp, S. Menaged	DIC0006816 – 0006818
668.	2/20/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006822 – 0006824
669.	2/20/14	E-mail exchange between D. Beauchamp, R. Gordon, K. Wakim, J. Applebaum	DIC0006831 – 0006833
670.	2/20/14	E-mail exchange between W. Price, D. Beauchamp, R. Gordon, K. Wakim, J. Applebaum	DIC0006834 – 0006836
671.	3/18/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006837
672.	3/10/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006844 – 0006846
673.	3/12/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006847 – 0006848
674.	3/12/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006849 – 0006850
675.	3/11/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006851 – 0006855
676.	3/17/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006865 – 0006867
677.	3/14/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006868 – 0006869
678.	3/10/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006874 – 0006876
679.	3/10/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006877 – 0006878
680.	3/04/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006879 – 0006880
681.	3/06/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006881 – 0006882
682.	2/19/14	E-mail exchanges between S. Menaged, J. Goulder, and D. Beauchamp	DIC0006890 – 0006893
683.	2/20/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006894 – 0006895
684.	3/13/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006904 – 0006905
685.	3/13/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006906 – 0006909

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686.	3/13/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006911 – 0006914
687.	3/13/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006915 – 0006918
688.	3/13/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006919 – 0006921
689.	3/13/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006929 – 0006930
690.	3/12/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006931 – 0006932
691.	3/12/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006933 – 0006934
692.	1/15/14	E-mail exchange between D. Chittick and D. Beauchamp	DIC0006935 – 0006937
693.	3/18/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006941 – 0006944
694.	3/18/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006952 – 0006954
695.	3/18/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006958 – 0006960
696.	3/17/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006963 – 0006966
697.	3/17/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0006968 – 0006971
698.	3/17/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0006976 – 0006978
699.	1/15/14	E-mail exchange between D. Chittick and D. Beauchamp and S. Menaged	DIC0006992 – 0006994
700.	1/15/14	E-mail exchanges between D. Chittick, D. Beauchamp, B. Miller	DIC0006995 – 0006999
701.	1/15/14	E-mail exchange between D. Chittick, D. Beauchamp, S. Menaged	DIC0007000 – 0007002
702.	1/15/14	E-mail exchange between D. Beauchamp, L. Stringer, D. Schenck	DIC0007012 – 0007014; DIC0007512 – 0007515
703.	1/15/14	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0007017 – 0007019
704.	1/15/14	E-mail exchange between D. Chittick and D. Beauchamp	DIC0007028 – 0007029
705.	1/15/14	E-mail from D. Beauchamp to D. Chittick	DIC0007032 – 0007033; DIC0008586 – 0008590
706.	1/15/14	E-mail exchanges between D. Beauchamp and J. Goulder	DIC0007034 – 0007035
707.	1/15/14	E-mail exchanges between D. Beauchamp and B. Miller	DIC0007037 – 0007038
708.	1/15/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0007039 – 0007041
709.	1/15/14	E-mail exchanges between D. Beauchamp and B. Miller	DIC0007061 – 0007062
710.	1/14/14	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0007070 – 0007071
711.	1/14/14	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0007074
712.	1/13/14	E-mail exchanges between D. Chittick, S. Menaged, D. Beauchamp	DIC0007075 – 0007076

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Exhibit Number	Document Date	Description	Bates No.
713.	1/13/14	E-mail exchanges between D. Chittick and D. Beauchamp	DIC0007084 – 0007087
714.	1/12/14	E-mail exchanges between D. Chittick, S. Menaged, D. Beauchamp	DIC0007094 – 0007096
715.	1/10/14	E-mail exchanges between R. Miller, D. Beauchamp, K. Velazquez, D. Chittick, T. Daniels	DIC0007102 – 0007118
716.	1/10/14	E-mail exchange between D. Chittick and D. Beauchamp	DIC0007125 – 0007126
717.	6/13/14	E-mail exchange between D. Beauchamp and D. Schenck	DIC0007152
718.	6/12/14	E-mail exchange between D. Beauchamp and D. Schenck	DIC0007165; DIC0007171 – 0007175
719.	5/14/14	E-mail exchange between D. Chittick and D. Beauchamp	DIC0007209 – 0007216
720.	5/14/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0007217
721.	5/02/14	E-mail exchange between D. Schenck and D. Beauchamp	DIC0007221 – 0007222
722.	4/28/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0007226
723.	4/28/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0007236 – 0007237
724.	4/28/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0007274 – 0007276
725.	4/26/14	E-mail exchange between D. Beauchamp and D. Chittick	DIC0007288 – 0007290
726.	4/24/14	E-mail exchange between D. Schenck and D. Beauchamp	DIC0007293
727.	4/25/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0007297 – 0007298
728.	4/18/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0007313 – 0007314
729.	4/18/14	E-mail exchanges between D. Beauchamp and D. Chittick	DIC0007324 - 0007327
730.	1/17/14	Executed Term Sheet	DIC0007521 – 0007525
731.	4/03/14	Handwritten Notes	DIC0007595 – 0007597
732.	2/04/14	Draft Forbearance Agreement	DIC0007598 – 0007613
733.	2/06/14	Draft Forbearance Agreement	DIC0007614 – 0007629
734.	2/06/14	Draft Forbearance Agreement	DIC0007630 – 0007646
735.	2/06/14	Draft Forbearance Agreement	DIC0007647 – 0007662
736.	2/06/14	Draft Forbearance Agreement	DIC0007663 – 0007679
737.	2/06/14	Draft Forbearance Agreement	DIC0007695 – 0007711
738.	4/03/14	E-mail exchange between D. Beauchamp and D. Schenck	DIC0008063
739.	1/15/14	ACC corporate inquiry re AZBEN Limited	DIC0008579 - 0008581
740.	1/15/14	ACC corporate inquiry re Arizona Home Foreclosures, LLC	DIC0008584 – 0008585

Proposed Trial Exhibits

Exhibit Number	Document Date	Description	Bates No.
741.	1/06/14	Letter from R. Miller to D. Chittick with handwritten notes	DIC0008607 – 0008626
742.	5/14/14	E-mail exchange between D. Schenck and D. Beauchamp	DIC0008639
743.	5/13/14	D. Beauchamp handwritten notes	DIC0008658
744.	4/24/14	E-mail exchange between D. Chittick and D. Beauchamp w/ POM	DIC0008660 – 0008730
745.	4/24/14	DenSco Confidential Private Offering Memorandum dated July 2011	DIC0008731 – 0008800
746.	5/14/14	Draft of DenSco Confidential Private Offering Memorandum	DIC0008802 – 0008873
747.	5/14/14	Draft of DenSco Confidential Private Offering Memorandum	DIC0008874 – 0008945
748.	5/01/14	D. Beauchamp handwritten notes	DIC0008947 – 0008949
749.	5/14/14	Draft of DenSco Confidential Private Offering Memorandum	DIC0008950 – 0009019
750.	1/14/14	Clark Hill New Client/Matter form	DIC0009315 – 0009318
751.	8/10/16	Letter from D. Beauchamp to W. Coy	DIC0009319 – 0003920
752.	12/18/13	E-mail between D. Beauchamp and D. Chittick	DIC0009430
753.	7/27/16	Letter to Investors	DIC0009462 – 0009475
754.	7/28/16	Iggy List	DIC0009476 – 0009487
755.	7/28/16	To Do List before you kill yourself	DIC0009488
756.	8/01/16	Letter to Robert Koehler	DIC0009489 – 0009500
757.	8/07/16	Letter from G. Clapper to DenSco	DIC0009519 – 0009522
758.	8/23/16	Receipt Acknowledgment from Simon Consulting	DIC0009523
759.	8/29/16	E-mail exchange between K. Merritt, D. Beauchamp, R. Anderson	DIC0009528
760.	8/12/16	E-mail exchanges between D. Beauchamp, S. Hearer, J. Polese and W. Coy	DIC0009565 – 0009570
761.	8/12/16	E-mail exchanges between S. Hearer, J. Polese and W. Coy	DIC0009575 – 0009580
762.	8/12/16	E-mail exchange between D. Beauchamp and J. Polese	DIC0009581 – 0009584
763.	8/12/16	E-mail exchanges between D. Beauchamp and K. Merritt	DIC0009587 – 0009590
764.	8/12/16	E-mail exchange between W. Coy and J. Polese	DIC0009596
765.	8/12/16	E-mail exchange between J. Polese and W. Coy	DIC0009610
766.	8/12/16	E-mail between P. Meloserhoff and D. Beauchamp	DIC0009620 – 0009621
767.	8/12/16	E-mail exchanges between D. Beauchamp, K. Merritt, G. Clapper	DIC0009632 – 0009634
768.	8/11/16	E-mail exchanges between D. Beauchamp, T. Byrne, and DenSco Investors	DIC0009636 – 0009645
769.	8/11/16	E-mail exchange between D. Beauchamp, T. Byrne, and DenSco Investors	DIC0009678 – 0009685

Proposed Trial Exhibits

Exhibit Number	Document Date	Description	Bates No.
770.	8/11/16	E-mail exchange between D. Beauchamp and G. Clapper	DIC0009702 – 0009704
771.	8/10/16	E-mail exchange between D. Beauchamp, W. Coy, and G. Clapper	DIC0009771 – 0009773
772.	8/10/16	E-mail exchange between D. Beauchamp and DenSco Investors	DIC0009777 – 0009778
773.	8/10/16	E-mail exchange between T. Smith and S. Schloz	DIC0009825 – 0009829
774.	8/10/16	E-mail exchange between L. Grove and W. Coy	DIC0009832
775.	8/09/16	E-mail exchange between G. Davis and M. Scroggin	DIC0009840 – 0009844
776.	8/09/16	E-mail exchanges between K. Merritt and D. Beauchamp	DIC0009865 – 0009867
777.	8/09/16	E-mail exchange between D. Beauchamp and DenSco Investors	DIC0009874 – 0009875
778.	8/09/16	E-mail exchange between D. Beauchamp and C. Hood	DIC0009876 – 0009879
779.	8/09/16	E-mail exchanges between K. Merritt and D. Beauchamp	DIC0009904 – 0009905
780.	8/09/16	E-mail exchange between D. Beauchamp and C. Gorman	DIC0009906; 0010993 - 0011005
781.	8/09/16	E-mail exchange between K. Merritt and D. Beauchamp	DIC0009907 – 0009909
782.	8/08/16	E-mail exchange between D. Beauchamp and R. Imdieke	DIC0009932 – 0009936
783.	8/08/16	E-mail exchange between D. Beauchamp and T. Smith	DIC0009939 – 0009946
784.	8/08/16	E-mail exchange between D. Beauchamp and C. Hood	DIC0010017 – 0010022
785.	8/08/16	E-mail exchange between D. Beauchamp and D. Hickman	DIC0010035 – 0010039
786.	8/08/16	E-mail exchange between D. Beauchamp and K. Johnson	DIC0010042
787.	8/08/16	E-mail exchange between S. Heuer and D. Beauchamp	DIC0010071 – 0010073
788.	8/08/16	E-mail exchange between S. Heuer and D. Beauchamp	DIC0010074
789.	8/08/16	E-mail exchange between S. Heuer and D. Beauchamp	DIC0010075 – 0010076
790.	8/08/16	E-mail exchange between S. Heuer and D. Beauchamp	DIC0010077 - 0010079
791.	8/07/16	E-mail exchange between D. Beauchamp and C. Brown	DIC0010111 – 0010115
792.	8/07/16	E-mail exchange between D. Beauchamp and L. Grove	DIC0010125 – 0010126
793.	8/07/16	E-mail exchange between T. Byrne and DenSco Investors	DIC0010140 – 0010143
794.	8/07/16	E-mail exchange between S. Heuer and D. Beauchamp	DIC0010150
795.	8/07/16	E-mail exchange between S. Heuer and D. Beauchamp	DIC0010151
796.	8/07/16	E-mail exchange between D. Beauchamp and R. Imdieke	DIC0010157
797.	8/07/16	E-mail exchange between D. Beauchamp and R. Imdieke	DIC0010158
798.	8/07/16	E-mail exchange between A. Burdett and D. Beauchamp	DIC0010160 – 0010161

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Exhibit Number	Document Date	Description	Bates No.
799.	5/08/14	UCC Financing Statement – Furniture King, LLC	DIC0010162
800.	8/06/16	E-mail exchange between W. Ledet and DenSco Investors	DIC0010163
801.	08/06/16	E-mail exchange R. Griswold and D. Beauchamp	DIC0010220
802.	8/05/16	E-mail exchange between D. Beauchamp and T. Smith	DIC0010221
803.	8/05/16	E-mail exchange between D. Beauchamp, W. Coy, G. Clapper	DIC0010228 – 0010230
804.	8/05/16	E-mail from D. Beauchamp to DenSco investors	DIC0010234 – 0010236
805.	8/05/16	E-mail exchange between D. Beauchamp and E. Cohen	DIC0010237 – 0010241
806.	8/05/16	E-mail exchange between D. Beauchamp, W. Coy, G. Clapper	DIC0010242 – 0010245
807.	8/05/16	E-mail exchange between S. Heuer and D. Beauchamp	DIC0010248
808.	8/04/16	E-mail exchanges between W. Coy and D. Beauchamp	DIC0010264 – 0010265
809.	8/04/16	E-mail exchanges between W. Coy and D. Beauchamp	DIC0010328
810.	8/04/16	E-mail exchange between D. Beauchamp, R. Koehler, S. Heuer	DIC0010341 – 0010342
811.	9/23/16	E-mail exchanges between K. Merritt, R. Anderson and J. Polese	DIC0010460 – 0010462
812.	9/23/16	E-mail exchanges between K. Merritt and D. Beauchamp	DIC0010463 – 0010464
813.	9/23/16	E-mail exchanges between K. Merritt and D. Beauchamp	DIC0010465 – 0010466
814.	9/23/16	E-mail between K. Merritt, D. Beauchamp and J. Polese	DIC0010469
815.	9/23/16	E-mail exchange between D. Beauchamp and K. Merritt	DIC0010471 – 00010473
816.	9/23/16	E-mail between K. Merritt and D. Beauchamp	DIC0010474
817.	9/16/16	E-mail exchanges between R. Anderson and J. Polese	DIC0010481 – 0010483
818.	9/16/16	E-mail exchange between J. Campanaro and D. Beauchamp	DIC0010486 – 0010488
819.	9/15/16	E-mail exchange between L. Grove and P. Davis	DIC0010487
820.	9/16/16	Letter from R. Anderson to D. Beauchamp	DIC0010488 – 0010506
821.	9/14/16	Letter from D. Beauchamp to P. Davis with Invoice	DIC0010490 – 0010503
822.	9/14/16	E-mail exchanges between T. Osborne, D. Beauchamp, K. Merritt	DIC0010507 – 0010508
823.	9/14/16	E-mail exchanges between D. Beauchamp, K. Merritt, and S. Beretta	DIC0010512 – 0010514
824.	9/14/16	E-mail exchanges between D. Beauchamp, K. Merritt, and S. Beretta	DIC0010522 – 0010523
825.	9/12/16	E-mail exchange between D. Beauchamp and S. Beretta	DIC0010524 – 0010525
826.	9/12/16	E-mail exchanges between D. Beauchamp, K. Merritt, and S. Beretta	DIC0010527 – 0010528
827.	9/10/16	E-mail exchange between D. Beauchamp and S. Beretta re missing loan files	DIC0010529 – 0010531

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Exhibit Number	Document Date	Description	Bates No.
828.	9/05/16	E-mail exchanges between M. Blackford and D. Beauchamp	DIC0010532 – 0010535
829.	8/16/16	Chandler Police Department General Occurrence Hardcopy	DIC0010544 – 0010562
830.	8/26/16	E-mail exchanges between J. Polese, K. Merritt, D. Beauchamp, T. Forsman	DIC0010598 – 0010599
831.	8/17/16	Declaration of David Beauchamp	DIC0010609 – 0010610
832.	4/16/14	Forbearance Agreement, Guaranty Agreements, Secured Line of Credit, Authorization to Update Forbearance Agreement, Exhibits, Secured Line of Credit, Representation and Disclaimer Agreement, Security Agreement, UCC Financing Statement (executed copies)	DIC0010731 – 0010834 DIC0010731 – 0010754 DIC0010755 – 0010772 DIC0010773 – 0010790 DIC0010791 – 0010800 DIC0010801 – 0010806
833.	8/12/16	D. Beauchamp handwritten notes	DIC0010894
834.	8/12/16	D. Beauchamp handwritten notes	DIC0010896
835.	8/12/16	D. Beauchamp handwritten notes	DIC0010900
836.	8/12/16	D. Beauchamp handwritten notes	DIC0010901
837.	8/11/16	D. Beauchamp handwritten notes	DIC0010902
838.	8/11/16	D. Beauchamp handwritten notes	DIC0010903
839.	8/10/16	D. Beauchamp handwritten notes	DIC0010904 – 0010907
840.	8/10/16	D. Beauchamp handwritten notes	DIC0010908
841.	8/10/16	D. Beauchamp handwritten notes	DIC0010909
842.	8/10/16	D. Beauchamp handwritten notes	DIC0010910 – 0010911
843.	8/09/16	D. Beauchamp handwritten notes	DIC0010912
844.	8/09/16	D. Beauchamp handwritten notes	DIC0010913
845.	8/09/16	D. Beauchamp handwritten notes	DIC0010914
846.	8/09/16	D. Beauchamp handwritten notes	DIC0010915
847.	8/09/16	D. Beauchamp handwritten notes	DIC0010916
848.	8/08/16	D. Beauchamp handwritten notes	DIC0010917
849.	8/08/16	D. Beauchamp handwritten notes	DIC0010918 – 0010919
850.	8/05/16	D. Beauchamp handwritten notes	DIC0010920

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Exhibit Number	Document Date	Description	Bates No.
851.	8/05/16	D. Beauchamp handwritten notes	DIC0010921
852.	8/05/16	D. Beauchamp handwritten notes	DIC0010922 - 0010923
853.	8/05/16	D. Beauchamp handwritten notes	DIC0010924
854.	8/04/16	D. Beauchamp handwritten notes	DIC0010925
855.	8/04/16	D. Beauchamp handwritten notes	DIC0010926
856.	8/03/16	D. Beauchamp handwritten notes	DIC0010927
857.	8/03/16	D. Beauchamp handwritten notes	DIC0010928
858.	8/03/16	D. Beauchamp handwritten notes	DIC0010929
859.	8/03/16	D. Beauchamp handwritten notes	DIC0010930
860.	8/03/16	D. Beauchamp handwritten notes	DIC0010931
861.	8/03/16	D. Beauchamp handwritten notes	DIC0010932
862.	8/02/16	D. Beauchamp handwritten notes	DIC0010933 – 0010934
863.	8/02/16	D. Beauchamp handwritten notes	DIC0010936
864.	8/01/16	D. Beauchamp handwritten notes	DIC0010937 – 0010939
865.	7/31/16	D. Beauchamp handwritten notes	DIC0010940
866.	7/28/16	D. Beauchamp handwritten notes	DIC0010941
867.	9/12/16	D. Beauchamp handwritten notes	DIC0010942
868.	8/26/16	D. Beauchamp handwritten notes	DIC0010943 – 0010945
869.	8/15/16	D. Beauchamp handwritten notes	DIC0010946
870.	8/15/16	D. Beauchamp handwritten notes	DIC0010947
871.	8/17/16	D. Beauchamp handwritten notes	DIC0010948
872.	8/17/16	D. Beauchamp handwritten notes	DIC0010949
873.	8/17/16	D. Beauchamp handwritten notes	DIC0010950
874.	8/17/16	D. Beauchamp handwritten notes	DIC0010951 – 0010952
875.	8/17/16	D. Beauchamp handwritten notes	DIC0010953
876.	8/17/16	D. Beauchamp handwritten notes	DIC0010954
877.	8/17/16	D. Beauchamp handwritten notes	DIC0010955
878.	8/16/16	D. Beauchamp handwritten notes	DIC0010956
879.	8/17/16	D. Beauchamp handwritten notes	DIC0010957

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Exhibit Number	Document Date	Description	Bates No.
880.	8/17/16	D. Beauchamp handwritten notes	DIC0010958
881.	8/18/16	D. Beauchamp handwritten notes	DIC0010959
882.	8/19/16	D. Beauchamp handwritten notes	DIC0010960
883.	8/22/16	D. Beauchamp handwritten notes	DIC0010961
884.	8/22/16	D. Beauchamp handwritten notes	DIC0010962
885.	8/22/16	D. Beauchamp handwritten notes	DIC0010963
886.	8/23/16	D. Beauchamp handwritten notes	DIC0010964; DIC0010966
887.	8/23/16	D. Beauchamp handwritten notes	DIC0010965
888.	8/23/16	D. Beauchamp handwritten notes	DIC0010967
889.	8/30/16	D. Beauchamp handwritten notes	DIC0010970
890.	9/02/16	D. Beauchamp handwritten notes	DIC0010972
891.	9/14/16	D. Beauchamp handwritten notes	DIC0010973
892.	9/14/16	D. Beauchamp handwritten notes	DIC0010974
893.	8/09/16	Sunnyside Dr., Scottsdale residential home info	DIC0010976
894.	8/09/16	Active Funding Group, LLC current financing programs	DIC0010977 – 0010983
895.	8/08/16	Scott Menaged Corporations List	DIC0010984 – 0010985
896.	8/09/16	Company officers with names matching Menaged	DIC0011006 – 0011007
897.	8/22/16	E-mail exchanges between D. Beauchamp and R. Anderson	DIC0011018 – 0011025
898.	8/22/16	E-mail exchanges between D. Beauchamp and R. Anderson	DIC0011036 – 0011037
899.	8/22/16	E-mail exchange between D. Beauchamp and L Grove	DIC0011044
900.	8/21/16	E-mail exchange between W. Coy, R. Anderson, D. Beauchamp	DIC0011045 – 0011050
901.	8/23/16	E-mail exchanges between D. Beauchamp and R. Anderson	DIC0011051 – 0011054
902.	8/23/16	E-mail exchanges between R. Anderson, J. Polese, and K. Merritt	DIC0011084 – 0011093
903.	8/23/16	E-mail exchanges between R. Anderson, J. Polese, and K. Merritt	DIC0011094 – 0011103
904.	8/23/16	E-mail exchanges between D. Beauchamp, J. Polese, R. Anderson	DIC0011104 – 0011113
905.	8/23/14	E-mail exchange between J. Polese, R. Anderson and K. Merritt	DIC0011128 - 0011136
906.	8/23/16	E-mail exchanges between R. Anderson, J. Polese, and K. Merritt	DIC0011128 – 0011136
907.	8/23/16	E-mail exchanges between D. Beauchamp and R. Anderson	DIC0011146 – 0011148
908.	8/24/16	E-mail exchange between P. Davis and D. Beauchamp	DIC0011194 – 0011195

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Exhibit Number	Document Date	Description	Bates No.
909.	8/24/16	E-mail exchange between J. Polese, P. Davis, D. Beauchamp	DIC0011196 – 0011197
910.	8/23/16	E-mail exchanges between R. Anderson, J. Polese, and K. Merritt	DIC0011198 – 0011208
911.	8/26/16	E-mail exchanges between D. Beauchamp, R. Anderson, S. Heuer, and J. Polese	DIC0011210 – 0011211
912.	8/26/16	E-mail exchanges between D. Beauchamp and J. Polese	DIC0011212 – 0011214
913.	8/26/16	E-mail exchanges between D. Beauchamp, J. Polese, and K. Merritt	DIC0011215 – 0011217
914.	8/24/16	E-mail exchange between R. Anderson, J. Polese, and P. Davis	DIC0011227 – 0011228
915.	8/26/16	E-mail between R. Anderson and J. Polese and D. Beauchamp	DIC0011232 – 0011244
916.	8/18/16	Order Appointing Receiver	DIC0011237 – 0011244
917.	8/29/16	E-mail exchange between J. Campanaro and D. Beauchamp	DIC0011254
918.	8/18/16	E-mail exchange between D. Beauchamp and L. Grove	DIC0011255 – 0011265
919.	8/15/16	E-mail exchanges between D. Beauchamp and B. Locke	DIC0011339 – 0011342
920.	8/15/16	E-mail exchanges between K. Merritt, J. Polese and W. Coy	DIC0011343 – 0011344
921.	8/15/16	E-mail exchanges between D. Beauchamp and C. Hyman	DIC0011356 – 0011357
922.	8/15/16	E-mail exchange between D. Beauchamp and L. Grove	DIC0011362
923.	8/15/16	E-mail between J. Polese and W. Coy	DIC0011367
924.	8/15/16	E-mail between D. Beauchamp and G. Clapper	DIC0011373
925.	8/17/16	E-mail exchange between D. Beauchamp and J. Mannino	DIC0011391 – 0011399
926.	8/17/16	E-mail exchange between M. Sifferman and D. Beauchamp	DIC0011416 – 0011417
927.	8/17/16	E-mail exchanges between D. Beauchamp and C. Gorman	DIC0011427 – 0011428
928.	8/17/16	E-mail exchanges between D. Beauchamp and K. Merritt	DIC0011444 – 0011445
929.	8/16/16	E-mail between D. Beauchamp and K. Merritt	DIC0011513
930.	8/13/16	E-mail exchange between D. Beauchamp and G. Clapper	DIC0011626
931.	8/18/16	E-mail exchange between M. Sifferman and D. Beauchamp	DIC0011665 – 0011666
932.	8/18/16	E-mail exchanges between D. Beauchamp, K. Merritt, J. Polese and W. Coy	DIC0011667
933.	8/19/16	E-mail between D. Beauchamp and K. Merritt	DIC0011682
934.	8/19/16	E-mail exchanges between D. Beauchamp and K. Merritt	DIC0011693 – 0011699
935.	8/19/16	E-mail exchange between D. Beauchamp and R. Anderson	DIC0011710
936.	8/19/16	D. Beauchamp handwritten notes	DIC0011711 – 0011719
937.	8/19/16	E-mail exchanges between D. Beauchamp and K. Merritt	DIC0011727 – 0011736

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Exhibit Number	Document Date	Description	Bates No.
938.	8/21/16	E-mail exchanges between D. Beauchamp and R. Brinkman	DIC0011786 – 0011791
939.	8/21/16	E-mail exchanges between D. Beauchamp and R. Anderson	DIC0011792 – 0011797
940.	8/21/16	E-mail exchange between D. Beauchamp and R. Anderson	DIC0011807 – 0011812
941.	8/21/16	E-mail between D. Beauchamp and R. Brinkman	DIC0011813
942.	8/03/16	E-mail exchange between S. Heuer and D. Beauchamp	DIC0011830 – 0011833
943.	8/03/16	E-mail exchange between D. Beauchamp and investors	DIC0011836 – 0011838
944.	8/02/16	D. Beauchamp handwritten notes	DIC0011876 – 0011878
945.	8/01/16	E-mail exchange between S. Heuer and D. Beauchamp	DIC0011892
946.	7/31/16	E-mail exchange between D. Beauchamp and S. Heuer	DIC0011893 – 0011894
947.	7/31/16	E-mail exchange between S. Heuer and D. Beauchamp	DIC0011897 – 0011898
948.	7/31/16	E-mail exchange between D. Beauchamp, R. Koehler, S. Heuer	DIC0011899 – 0011900
949.	7/31/16	E-mail exchange between D. Beauchamp and R. Koehler	DIC0011901 – 0011902
950.	12/31/13	DenSco 2013 Corporate Journal	RECEIVER 000001 - 000043
951.	12/31/14	DenSco 2014 Corporate Journal	RECEIVER 000044 – 000092
952.	12/31/15	DenSco 2015 Corporate Journal	RECEIVER 000093 – 000135
953.	12/31/16	DenSco 2016 Corporate Journal	RECEIVER_000136 – 000164
954.	Various	Recorded Documents	RECEIVER_000165 – 001324
955.	3/25/13	Deed of Trust on Andrew Lane Property	RECEIVER 001320 – 001324
956.	9/23/13	Clark Hill - Press release re D. Beauchamp	RECEIVER 001325
957.	1/17/14	Robert Anderson Bio	RECEIVER 001326
958.	3/9/18 (produced)	Exhibit A to Plaintiff's Initial Disclosure Statement DenSco Analysis of Investor Transactions after 1/9/14	RECEIVER_001328 – 001331
959.	3/9/18 (produced)	Exhibit B to Plaintiff's Initial Disclosure Statement DenSco \$5 million workout loan as of 7/28/16	RECEIVER_001332 – 001336
960.	3/9/18 (produced)	Exhibit C to Plaintiff's Initial Disclosure Statement DenSco \$1 million workout loan as of 7/28/16	RECEIVER_001337
961.	3/9/18 (produced)	Exhibit D to Plaintiff's Initial Disclosure Statement DenSco Non-Workout Loans to Menaged as of 7/28/16	RECEIVER_001338 – 001339
962.	12/18/13	Clark Hill PLC – Daniel Schenck bio	RECEIVER 001340 – 001342

Proposed Trial Exhibits

Exhibit Number	Document Date	Description	Bates No.
963.	9/23/13	Clark Hill David Beauchamp member info	RECEIVER 001343 – 001345
964.	Various	Receiver's communications with Investors	RECEIVER_001346 – 001497
965.	3/25/13	Deed of Trust on Andrew Lane property	RECIEVER 001308 – 001319
966.	Various	Recorded Documents for Colonial Drive and Messner Way	RECEIVER 001539 - 001548
967.	8/12/16	Heuer email to Investors	RECEIVER 001549 - 001551
968.	1/24/12	Chittick email thread with Heuer	RECEIVER 001552 - 001553
969.	2011	1099 Int. Calculation	RECEIVER 001554
970.	4/1/12	Chittick email to Koehler	RECEIVER 001555
971.	4/1/12	Statement Spreadsheet	RECEIVER 001556
972.	12/31/11	Chittick email to Nihad Hafiz	RECEIVER 001557 - 001558
973.	8/3/12	Chittick, Heuer and Matt Gallaher email thred	RECEIVER 001559 - 001660
974.	3/31/15	Chittick email to Heuer	RECEIVER 001661
975.	11/29/15	Chittick email to Koehler	RECEIVER 001562
976.	11/29/15	Statement Spreadsheet	RECEIVER 001563
977.	3/31/15	Chittick email to Koehler	RECEIVER 001564
978.	3/31/15	Statement Spreadsheet	RECEIVER 001565
979.	10/13/16	Sifferman letter to Anderson	RECEIVER 001566 - 001573
980.	Various	3 - Engagement Agreements	RECEIVER 001574 - 001590
981.	Various	Densco Statement Spreadsheets	RECEIVER 001591-001628
982.	Various	Receiver's Reports	RECEIVER 001629-001711
983.	Various	Receiver Communications with Chittick Estate	RECEIVER 001712-002517
984.	3/25/13	Civil Court Case Information - Case History CV2013-092630	UN NUMBERED
985.	6/21/18	Beauchamp's Responses to First Set of Non-Uniform Interrogatories	UNNUMBERED
986.	3/08/18	Declaration of Mark T. Hiraide	UNNUMBERED
987.	6/22/17	Clark Hill letter and two proofs of claims filed with Receiver	UNNUMBERED
988.		State Bar of Arizona Rules of Professional Conduct ER 1.3	UNNUMBERED
989.		State Bar of Arizona Rules of Professional Conduct ER 1.2	UNNUMBERED
990.	10/20/16	Rule 2004 Examination of Scott Menaged Transcript	UNNUMBERED
991.	07/18/18	DeWulf cover letter with Beauchamp signed Verifications	UNNUMBERED

Proposed Trial Exhibits

Exhibit Number	Document Date	Description	Bates No.
992.	8/17/16	ACC's Memorandum of Points and Authorities in Support of Application for Preliminary Injunction and Appointment of Receiver	UNNUMBERED
993.	8/18/16	Reporter's Transcript of Digital Recording	UNNUMBERED
994.	8/18/16	Notice of Appearance on behalf of Personal Representative	UNNUMBERED
995.	8/18/16	Recommendations re Receiver and Attorney Client Privilege	UNNUMBERED
996.	9/16/16	Receiver's Preliminary Report	UNNUMBERED
997.	10/13/16	Letter from M. Sifferman to R. Anderson re files transferred	UNNUMBERED
998.	12/23/16	Receiver's Status Report	UNNUMBERED
999.	8/17/16	Motion for Expedited Hearing for Preliminary Injunction and Appointment of Receiver	UNNUMBERED
1000.	8/17/16	Application for Preliminary Injunction and Appointment of Receiver	UNNUMBERED
1001.	8/17/16	Verified complaint of Arizona Corporation Commission ("ACC") against DenSco Investment Corporation	UNNUMBERED
1002.	3/09/18	Defendants' Initial Rule 26.1 Disclosure Statement	UNNUMBERED
1003.	10/24/16	Gammage & Burnham Confidential Privilege Log	UNNUMBERED ATT EYES ONLY
1004.	10/24/16	Gammage & Burnham Confidential Letter re privilege log	UNNUMBERED ATT EYES ONLY
1005.	10/24/16	Gammage & Burnham Privilege Log	UNNUMBERED ATT EYES ONLY
1006.	6/07/18	Defendants' Notice of Non-Parties at Fault	UNNUMBERED
1007.	7/xx/16	Transcript of Recorded Conversation between D. Chittick and S. Menaged	UNNUMBERED

Plus all marked deposition exhibits

Exhibit F

DENSCO BOX INVENTORY

BOX #	CONTENTS	SOURCE	LOCATION	COMMENTS
1	12/28/11 – 2/21/12; Loan files: 2945, 3033, 2948, 2828, 28883026, 3027, 2815, 2863, 2534, 2936, 2553, 2711, 2874, 2656, 2785, 3045, 2829, 2965, 2438, 2779, 2870, 3048, 3037, 2703, 2906, 2970, 2821, 2662, 3004, 2995, 2996, 2841, 2096, 2967, 2947, 1576, 2810, 2918, 2926, 2879, 3050, 3068, 2684, 2781, 2956, 2948, 2984, 2954, 2737, 2975, 2880, 3105, 2985, 2911, 2902, 3075, 3047, 2699, 2912, 2834, 2891, 1844, 2959, 2864, 2969, 3015, 2916, 2861, 2894, 2929, 2966, 3009, 2901, 3013, 2968, 3032, 2937, 3042, 2913, 2795, 2100, 2875, 2964, 2811, 2910, 3096, 2792, 3138, 3002, 2904, 3124, (3), 3134, 2974, 3069, 3110, 3029, 3034, 3074, 3088,3123, 2976, 2943, 2972, 3099, 3053, 2773, 2931, 3041, 3089, 2798, 3055, 2997, 2987, 2941, 2988, 2796, 2777, 3007, 3064, 2722, 2899, 2963, 3135, 1273, 1155	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
2	2/12/12 – 4/16/12; Loan files: 2497, 2849, 2919, 3149, 2958, 2923, 2807, 3713, 2867, 2971, 2896, 2917, 3067, 3125, 3146, 3025, 3001, 2900, 3054, 3178, 3144, 3164, 2979, 3011, 3060, 3006, 3201, 3183, 2933, 3019, 3030, 3100, 3197, 3197, 3119, 2761, 2778, 3061, 3091, 3106, 3031, 3185, 2846, 2686, 3018, 3059, 3184, 2767, 3012, 3005, 3079,3218, 2939, 3228, 2977, 2739, 2994, 3003,3243, 2961, 3205, 3148, 3165, 3241, 2951,2905, 3070, 3080, 3090, 3151, 1877, 3056,3078, 2990, 2766, 3101, 3215, 2481, 3035, 3000, 3020, 3103, 3010, 3077, 3081, 3258, 2696, 2585, 3071, 2942, 3040, 2876, 2877, 3039, 3083,3162, 3169, 2909, 3121, 3057, 2685, 2868, 3122, 3242, 3058, 3166, 2915, 3200, 3128, 3272, 2490, 2791, 3186, 3204, 3076, 3098, 3176, 3232, 3036	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
3	4/16/12 – 5/17/12; Loan files: 3245, 2153, 2416, 2419, 3262, 3156, 3107, 3139, 3085, 3136, 1157, 1178, 1181, 1177, 3063, 3120, 3086, 2670, 3046, 3102, 3207, 3167, 3320, 3073, 2052, 1862, 3051, 3300, 3234, 3132, 3087, 3239, 2742, 3232, 3266, 2802, 3203, 3159, 3292, 2921, 1132, 1140, 1079, 1235, 1236, 3084, 3062, 2185, 3140, 3117, 3225, 3093, 3044, 3180, 3227, 3355, 3143, 3280, 3255, 3212, 3193, 2035, 2940, 3072, 2908, 2992, 2748, 2757, 2831, 2848, 3065, 2934, 2477, 3155, 3224	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
4	5/18/12 – 7/13/12; Loan files: 3226, 3209, 3130, 3181, 3305, 3157,, 3137, 3254, 3381, 3253, 3315, 3223, 3142, 3214, 2726, 3189, 2454, 3175, 3369, 3316, 2452, 3172, 3270,	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	

4	<p>3154, 3267, 3244, 3229, 3373, 3375, 3396, 3170, 3372, 3097, 3160, 3153, 3303, 3393, 3179, 3168, 3363, 3399, 3269, 3317, 3264, 3174, 3419, 3246, 3362, 3330, 3238, 3271, 3353, 2989, 3297, 2291, 3161, 3427, 3411, 3021, 3324, 3265, 3158, 3082, 3095, 3360, 3334, 3293, 3291, 3387, 3263, 2808, 3342, 3344, 3108, 3304, 3314, 3206, 3391, 3339, 3318, 3028, 2112, 2538, 3453, 3182, 3279, 3252, 3022, 3316, 3431, 3309, 3374, 3152, 3259, 3199, 3402, 3290, 3177, 2330, 2622, 3306, 3163, 3231, 3376, 2539, 2367, 2062, 2518, 3329, 3385, 3405, 3442, 3461, 3240, 3115, 3397, 3129, 3415, 3287, 2587, 3413, 3418, 3331, 3476 (File contains Deed for Sammy Gullate -see 3331), 3365, 3484, 3194, 3049, 3235, 2180, 3276, 3384</p>			
5	<p>7/16/12 – 9/19/12; Loan files: 3504, 3371, 3513, 3302, 3438, 3313, 3133, 3483, 3310, 3126, 3343, 3321, 3340, 3261, 3357, 3257, 3416, 2244, 2643, 3328, 3482, 2618, 3023, 3346, 3301, 3503, 3358, 3341, 3141, 3116 3401, 3345, 3480, 3248, 3422, 3547, 3187, 3213, 3354, 3394, 3389, 3288, 3409, 3410, 3407, 2704, 3379, 3528, 3383, 3289, 3111, 3435, 1107, 2944, 3516, 3573, 3388, 3403, 3567, 3406, 3556, 3424, 3517, 3188, 3452, 2938, 3333, 3536, 3016, 3382, 3312, 3298, 3608, 3440, 2544, 2727, 1898, 3359, 3514, 3325, 1972, 3367, 3578, 3217, 3208, 3612, 3619, 3247, 3592, 3443, 3192, 3534, 3323, 3433, 3479, 3501, 3460, 3595, 3475, 3557, 3361, 1660, 3524, 3561, 3523, 3629, 3609, 3319, 3586, 3620, 3529, 3066, 3127, 3370, 3604, 3506, 3597, 3515, 3637, 3398, 3565, 3481, 3421, 3596, 3425, 3628, 2530, 2467, 2442, 3615, 3338, 3432, 3446, 3474, 3509, 3458, 3527, 3512, 3563, 3335, 3593, 3611, 3634, 3094</p>	<p>Gammage and Burnham boxes received 8/24/16</p>	<p>Simon Consulting, LLC</p>	
6	<p>9/19/12 - 11/6/12; Loan files: 3522, 3462, 3525, 3659, 2600, 3568, 3660, 3400, 3249, 3250, 3566, 3677, 3308, 3421, 2229, 3579, 3486, 3550, 3485, 3459, 3386, 3562, 2825, 3092, 2682, 3471, 3221, 3544, 3445, 3669, 3377, 3603, 3695, 3439, 3696, 3356, 3519, 3684, 2221, 2222, 2224, 2230, 3420, 3591, 3655, 2219, 2220, 2223, 2225, 2226, 2227, 2228, 2231, 3530, 3626, 3468, 3587, 3654, 3191, 3548, 3664, 3683, 3670, 3008, 3456, 3546, 3390, 3538, 931 (Very full folder containing numerous documents including attorney correspondence regarding foreclosure/trustee sale, DenSco statements and invoices. Duplicate in 3747), 3617, 3531, 3743, 3210, 3518, 3751, 3737, 3734 (Correspondence from Denny</p>	<p>Gammage and Burnham boxes received 8/24/16</p>	<p>Simon Consulting, LLC</p>	

	<p>Chittick regarding conditional approval for hard money loan in the amount of \$105,000.00 from DenSco), 3552, 3236, 3639, 3237, 3758, 3745, 3457, 3532, 3454, 3551, 3621, 3614, 3651, 3590, 3392 (Correspondence from Denny Chittick regarding explanation of payment breakdown for note), 1864, 1920, 2702, 3774, 3575, 3605, 3773, 3679, 3646, 3630, 3268, 3782, 3564, 3725, 3632, 3423, 3426 (Correspondence from Denny Chittick regarding conditional approval for hard money loan in the amount of \$100,000.00 from DenSco), 3710, 3722, 3652, 3256, 3311, 3472, 3653, 3463, 3667, 3723, 3747, 3744, 3428, 3636, 3649, 3701, 3715, 3451, 3675, 3444</p>			
7	<p>11/7/12 – 12/24/12; Loan files:3507, 3464, 3542, 3467, 3811, 3661, 3673, 3322 (Deed of Trust notarized by Ranasha Chittick. Two notes: one for \$15,000 and one for \$30,000), 3540, 3220, 3624,3584, 3718, 3733, 3404, 3539, 3582, 3685, 2606, 3588, 3803, 3281, 1527, 1476, 2319, 1473, 1513, 2445, 1512,1525, 1456, 1658, 1514, 2413, 2156, 2671, 3691, 3731, 3690, 1832, 3224, 3607, 3347, 3571, 3837, 3794, 3757, 3776, 3756, 3640, 2744, 2683, 3840, 3491, 3492, 3493, 3494, 3495, 3496, 3497, 3498, 855, 3692, 3643, 2850, 3801, 3849, 3508, 3616, 3337, 3784, 3644, 3674, 3766, 3553, 3662, 3777, 3792, 3716, 3816, 3823, 3466, 3285, 3589, 1055, 3470, 3533, 3656, 3606, 3510, 3307, 3352, 3434, 3545, 3805, 3717, 3441, 3645, 3824, 3702, 3796, 1101, 3711, 3874, 3740, 3698, 3505, 3580, 3765, 3694, 3822, 3767, 3631, 980, 3860, 3833, 3682, 3844, 3477, 3693, 3857, 3748, 3502</p>	<p>Gammage and Burnham boxes received 8/24/16</p>	<p>Simon Consulting, LLC</p>	
8	<p>12/24/12 – 2/25/13; Loan files:3763, 3841, 3720, 3704, 3705, 3706, 3707, 3769, 3909,3450, 3635, 3862, 3623, 3469, 3895, 3489, 3672, 3785, 3676, 3911, 3754, 3753, 3869, 3879, 3915, 3650, 3818, 3712, 3888, 3793, 3858, 3746, 3852 , 3804, 3526, 3923, 2674, 3688, 3226, 3859, 3812, 3762, 3511, 3918, 3671, 3732, 3647, 3799, 3864, 3831, 3633, 1226, 3912, 3819, 3764, 3687, 2713, 3742, 3795, 3721, 3663, 3727, 3750, 3395, 3455, 3979, 3150, 3735, 3943, 3974, 3658, 3052, 3686, 3689, 3789, 3853, 3761, 3775, 3813, 3484, 3966, 3714, 3884, 3638, 3408, 4007, 2607, 3962, 3783, 3845, 3968, 3719, 3856, 3786, 3865, 3807, 3797, 3832, 3847, 3986, 3991, 3985, 4024, 3949, 3851, 2948, 4028, 3738, 3114, 3336, 3648(4), 3919, 3788, 3980, 3820, 3839, 3038, 3876, 2351,</p>	<p>Gammage and Burnham boxes received 8/24/16</p>	<p>Simon Consulting, LLC</p>	

	2486, 2627, 2729, 2893, 2920, 3043, 3118, 3196, 3380, 3594, 3274, 3543, 3598, 3559, 3602, 3599, 3599, 3577, 3558, 3559, 4009, 3953, 3941, 3826, 3961, 3846, 3627, 3772, 3697, 3972, 3541, 3806, 3843, 3827, 4002, 3901			
9	2/25/13 – 4/17/13; Loan files: 3873, 3760, 3965, 3877, 4014, 3908, 3993, 1710, 3932, 3834, 3892, 3970, 3863, 3880, 3678, 2697, 3861, 3821, 3870, 3759, 1714, 2597, 3838, 3865, 3910, 3945, 4012, 3741, 4082, 3899, 3730, 2321, 3808, 3809, 3900, 4048, 3447, 3855, 3940, 3866, 3791, 4114, 3798, 4018, 3978, 4098, 3988, 3982, 4123, 4073, 3112, 3273, 3326, 3412, 3448, 3787, 3700, 3867, 3921, 3939, 4010, 4049, 3657, 3286, 2960, 2980, 2986, 2885, 3251, 3771, 3728, 4064(4), 4059, 2604, 4000, 4021, 3854, 3282, 3950, 2609, 3109, 3574, 3955, 4042, 3969, 3668, 4119, 3937, 3713, 3585, 3830, 4025, 3708, 4065, 3891, 3917, 3872, 3989, 3749, 3825, 3960, 3928, 4040, 3570, 3709, 3729, 4005, 4173, 3893, 2507, 3790, 1757, 1758, 3755, 4057, 3963, 3583, 3938, 3897, 4155, 4143, 2749, 3535, 3815, 4126, 4026, 4172, 4154, 4164, 3930, 4072, 4108, 4107, 3878, 3944, 4186, 4178, 3903, 3954, 3473, 3886, 3904, 3906, 4062, 4171, 3905, 3554, 4050, 4121, 4008	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
10	4/8/13 – 6/21/13; Loan files: 4182, 2710, 2854, 2981, 3113, 4075, 3284, 4145, 3368, 3625, 3680, 3699, 3907, 4175, 3681, 3332, 3275, 4135, 3572, 3973, 4120, 4088, 4001, 3922, 4218, 4041, 3925, 4016, 4251, 3875, 4248, 3890, 4036, 4165, 3299, 4124, 4097, 3896, 3569, 4223, 4054, 3916, 3964, 3983, 4156, 3951, 4198, 4151, 4015, 3971, 4127, 4047, 4079, 4163, 4149, 4273, 4056, 4141, 4150, 3924, 4091, 4242, 4202, 4176, 3549, 3931, 4246, 4159, 4058, 4045, 3131, 4039, 4031, 4262, 3936, 4184, 3622, 4239, 4265, 4023, 4254, 4139, 4133, 4285, 4046, 3902, 4250, 4236, 3958, 4022, 4144, 4213, 4257, 4174, 4013, 4086, 4283, 4089, 4085, 3881, 4296, 3956, 4261, 3802, 4222, 4331, 4304, 4169, 4263, 4235, 4298, 4320, 3465, 4209, 4110, 4084, 4029, 3836, 2516, 2608, 4131, 4161, 4258, 4168, 4293, 4203, 4100, 4249, 4316, 4055, 4334, 4315, 4192, 4166, 4336, 4226, 4157, 4195, 3942, 4197, 3946, 4125, 4052, 4177, 4112, 4264, 4260, 4158, 2993, 4297, 4299, 4306, 4269, 4188, 4295, 4037	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
11	6/21/13 – 8/20/13; Loan files: 3934, 4138, 3195, 4167, 4340, 4355, 4074, 4354, 4102, 4329, 4187, 4267, 4189, 4326, 4204, 4132, 4051, 4179, 3995, 3752, 4343, 4066, 2168,	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	

	2169, 3437, 3230, 3222, 3277, 3436, 4272, 3211, 3219, 4327, 4115, 4407, 3449, 4374, 4375, 3429, 4380, 4348, 4216, 4396, 4117, 4376, 4194, 3278, 4244, 4256, 4220, 4290, 3920, 4104, 4083, 4377, 4087, 4099, 4433, 3780, 4324, 4207, 1584, 1728, 1744, 1922, 2184(2), 2483, 2514, 2517, 2535, 2549 (Per county website, correct address is 27128 N Desert Sky Rd, Florence, AZ 85132), 2595, 2596, 2598, 2599, 2601, 2602, 2603, 2605, 2824, 4080, 4369, 4370, 4268, 4053, 4305, 4111, 4333, 4328, 4371, 4402, 4181, 4217, 4078, 4221, 4214, 4427, 3871, 4441, 4366, 4330, 4071, 4063(2), 4226, 3537, 4076, 3990, 4363, 4368, 4134, 4443, 4101, 4311, 4401, 3781, 3366, 4403, 4404, 4323, 3768, 3894, 4435, 4420, 4496, 4449, 4332, 4521, 4414, 4520, 4526, 4480, 3842, 4346, 3935			
12	8/20/13 – 11/7/13; Loan files: 4349, 4517, 4310, 4527, 4199, 4437, 4210, 4301, 4389, 4387, 4225, 4234, 4485, 4466, 4365, 4442, 4070, 4245, 4240, 4428, 4439, 4479, 4142, 4170, 4383, 4274, 4351, 3981, 4190, 4219, 4399, 4547, 4364, 4453, 4309, 4448, 4279, 4551, 4317, 4317, 3665, 4277, 4461, 4113, 4325, 4507, 4362, 4469, 3302, 3260, 3478, 3613, 4347, 4103, 4237, 4162, 4291, 4552, 4559, 4406, 4224, 4415, 4425, 4067, 3996, 4137, 4353, 4436, 4312, 3576, 4183, 4548, 4282, 4535, 3931, 4560, 4596, 4339, 4457, 4092, 4200, 4372, 4613, 3967, 4499, 4030, 4445, 2528, 2743, 2914, 3017, 3147, 3198, 3581, 4467, 4468, 4470, 4471, 4472, 4473, 4474, 4475, 4476, 4477, 3145, 4382, 4614, 4647, 4044, 4424, 4565, 4581, 4345, 4191, 4478, 4498, 4587, 4440, 4275, 4558, 3739, 4538, 4638, 4575, 4458, 2268, 4252, 4208, 4356, 4357, 4358, 4359, 4360, 1270, 4206, 4447, 4654, 4463, 4464, 4549, 4153, 3294, 4533, 4462	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
13	11/7/13 – 12/16/13; Lon files: 433, 434, 1788, 4394, 4593, 4594, 4595, 4550, 3499, 3500, 4193, 4193, 2629, 4060, 4192, 4292, 4493, 4492, 4646, 4270, 4148, 4582, 4379, 4681, 4278, 4632, 4561, 4586, 4570, 4302, 3487, 4390, 4705, 4695, 4603, 4388, 4542, 4716, 4566, 4572, 4679, 4667, 4668, 4321, 4392, 4451, 4502, 4641, 4583, 4571, 4019, 4455, 4215, 4525, 4068, 4160, 4511, 4606	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
14	12/16/13 – 3/3/14; Loan files: 4648, 4713, 4465, 3800, 4734, 4706, 4488, 4601, 4529, 4704, 4398, 4608, 4633, 4707, 4745, 4423, 4564, 4510, 4494, 4378, 4580, 4661, 4673, 4746, 4747, 4750, 4631, 4460, 3898, 4786, 4767, 3618, 4350, 4563, 3520, 4489, 4748, 4751, 4752, 4676, 4772, 4773, 4774, 4775,	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	

	4528, 4621, 4318, 4543, 4798, 4450, 4809, 4702, 4284, 4757, 4650, 4749, 4490, 4685, 4784, 4418, 4577, 4657, 4555, 4733, 4793, 4680, 4294, 4778, 4649, 4639, 4813, 4588, 4712, 4800, 4756, 4787, 4818, 4682, 4286, 4686, 4610, 4781, 4768, 4807, 4429, 4766, 4577, 4726, 4678, 4497, 4413, 4827, 4830, 4769, 4805, 4683, 4709, 4255, 4090, 4531, 4721, 2922, 4600, 4830, 4760, 4836, 4691, 4867, 4814, 4694, 4868, 4770			
15	3/3/14 – 4/21/14; Loan files: 4612, 4817, 4623, 4799, 4869, 4211, 4861, 4605, 4096, 4303, 4808, 4105, 4875, 4335, 4823, 4811, 4736, 4567, 4651, 4866, 4842, 4835, 4653, 4850, 4693, 3641, 4763, 4844, 4412, 4735, 4826, 4909, 4810, 4271, 4883, 4851, 4337, 4762, 4854, 4742, 4664, 4568, 4896, 4892, 4615, 4862, 4927, 4893, 4341, 4728, 4537, 3889, 4825, 4939, 4928, 4140, 4432, 4675, 4597, 4855, 4518, 4932, 4655, 4720, 4900, 4880, 4456, 4743, 4692	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
16	4/21/14 – 5/30/14; Loan files: 4666, 4677, 4973, 4576, 4936, 4960, 4609, 4961, 3349, 4708, 4553, 4739, 4986, 4006, 4820, 4886, 4987, 3770, 5032, 5049, 4486, 4821, 4821, 4792, 5023, 4590, 5095, 4522, 5067, 4400, 4405, 5038, 4067	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
17	5/30/14 – 7/11/14; Loan files: 4629, 4491, 5138, 4620, 4620, 4940, 4848, 4874, 4947, 4838, 4968, 4901, 4725, 4834, 4980, 4853, 4919, 1036, 4660, 5044, 4904, 4860, 4839, 4426, 5056, 5053, 4872, 4674, 3850, 5231, 2705	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
18	7/12/14 – 8/15/14; Loan files: 5239, 4833, 5000, 5108, 5008, 5072, 5192, 5193, 5194, 5195, 5196, 5197, 5198, 5161, 4837, 4231, 4782, 4847, 4951, 4914, 5154, 4794, 5356, 5404, 4942, 4897, 4515, 5223, 3351, 4416, 4765, 4915, 5120, 5171, 5244, 5386, 4741, 4764, 5257, 5087	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
19	8/15/14 – 9/26/14; Loan files: 5553, 5555, 5562, 5560, 5163, 5545, 5554, 5547, 5550, 5561, 5532, 5548, 5540, 5541, 5531, 5542, 5546, 5549, 5522, 5530, 5520, 4779, 5533, 5502, 5535, 5534, 5512, 5504, 5529, 5243, 5264, 5079, 5285, 5409, 4943, 5068, 5114, 5146, 4802, 4803, 4761, 5418, 4367, 5281, 5315, 5316, 5332, 5037, 5536, 4723, 5355, 5271, 5398, 5539, 5190, 5208, 5527, 5354	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
20	9/29/14 – 11/3/14; Loan files: 5107, 3947, 5189, 5277, 4852, 4622, 5590, 4259(2), 5162, 5270, 5589, 5563, 5314, 4698, 5045, 5410, 5679, 4724, 4717, 5242, 5475, 5186, 3779, 3350, 3327, 5031, 4640, 5222, 3778, 5634, 5635, 5097, 5588, 3348, 5424, 5377, 5241, 5603, 5325, 4714	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	

21	11/4/14 - 12/15/14; Loan files: 4990, 5018, 3378, 5517, 5429, 5452, 5191, 5701, 5765, 5544, 5741, 5096, 5088, 5543, 4634, 4635, 5672, 5526, 5155, 4128, 5438, 5623, 5556, 5624, 5678, 5751, 5207, 4506, 5801, 5569, 5240, 5326, 5474, 4801, 5881, 5625, 5842, 5813, 5480, 5469, 3555, 4212	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
22	12/16/14 – 1/30/15; Loan files: 5815, 5816, 5807, 5819, 5821, 5824, 5828, 5840, 5827, 5825, 5822, 5853, 4645, 5832, 5833, 5848, 4663, 5845, 5847, 5858, 5849, 5851, 5850, 5071, 5864, 5863, 5857, 5855, 5856, 5871, 5865, 5862, 5861, 5872, 5500, 5879, 5091, 5922, 5938, 5940, 5887, 5912, 5886, 5885, 5868, 5869, 5870, 5873, 5876, 5878, 5898, 5936, 5883, 5941, 5877, 5882, 5884, 5890, 5926, 5935, 5915, 5891, 5931, 5889, 5916, 5893, 4501, 5923, 5943, 5895, 5901, 5939, 5911, 5894, 5913, 5897, 5909, 5416, 5907, 5908, 5951, 5899, 5903, 5904, 5900, 5905, 5910, 5958, 5930, 5946, 5953, 5956, 5948, 5906, 5952, 5924, 5920, 5925, 5942, 5921, 5932, 5934, 5947, 5914, 5949, 5960, 5963, 5962, 5967, 5969, 5955, 5964, 5959, 5970, 5968, 5971, 5972, 5973, 5974, 5977, 5982, 5980, 6000, 5954, 5978, 5979, 5961, 5976, 5992, 5989, 5981, 5985, 5986, 6002, 5999, 6001, 6025, 5983, 6004, 4845, 4616, 6008, 6010, 6007, 5991, 5998, 6006, 5984, 5997, 5994, 5993, 5990, 5996, 6014, 6015, 6021, 6022, 6026, 4338, 4129, 3976, 3913, 4027, 4034, 5367, 5224, 5537, 5731, 4281, 5706, 5613, 5927, 5607, 5516, 5919, 5764, 5514, 5557, 5596, 5712, 5727, 5892, 5121, 5758, 5700, 5716, 5987, 5805, 4891, 6078, 5823	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
23	1/30/15 – 3/5/15; Loan files: 5496, 5501, 5595, 5945, 6080, 5995, 5880, 5846(2), 4602, 5614, 6019, 5875, 5874, 5055, 4421, 6152, 6144, 4408, 6100, 6093, 5001, 5929, 4247, 6027, 6009, 4081, 3703, 5637, 5854, 5859, 6079, 5812	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
24	3/6/15 – 4/22/15; Loan files: 6228, 6203, 6212, 6210, 4625, 6204, 6208, 6234, 6217, 6209, 6227, 6225, 6215, 6214, 6211, 6216, 6224, 6233, 6235, 6221, 6226, 6219, 6218, 6249, 6220, 6232, 6231, 3810, 6239, 6241, 6265, 6250, 6255, 6252, 6253, 6254, 6263, 6279, 6276, 6245, 6284, 6283, 6282, 6261, 6260, 4410, 6262, 6291, 6264, 6268, 6267, 6289, 6273, 6270, 6303, 6271, 6286, 6266, 6272, 6287, 6290, 6281, 6294, 6292, 6305, 6293, 6306, 6302, 6307, 6304, 6329, 6327, 6338, 6328, 6330, 6331, 6332, 6369, 6370, 6371, 6376, 6158, 6169, 6175, 6176, 6156, 5262, 6168, 6177, 6179, 6178, 6191, 6188, 6192, 6193, 6185, 6184, 6187, 6196, 6199,	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	

	6183, 6195, 6197, 6206, 6189, 6200, 6256, 6238, 6246, 6242, 6240, 6054, 6251, 6348, 6247, 6257, 6259, 6258, 6278, 6277, 6280, 6300, 6298, 6297, 6315, 6301, 6296, 6299, 6288, 6295, 6316, 6347, 6309, 6312, 6311, 6313, 6308, 6319, 6317, 6323, 6318, 6326, 6324, 6321, 6310, 6320, 6322, 6333, 6336, 6335, 6341(2), 6342, 6343, 6344, 6339, 6367, 3994, 4004, 4035, 4352, 6223, 4230(2), 5736, 5917, 5866, 6045, 6037, 4759, 5975, 4831, 2436, 6198, 4697, 5918, 4452, 4701, 6202, 6174, 5896, 5965, 6146, 5933, 4630, 6275, 4829, 6134			
25	4/22/15 – 6/2/15; Loan files: 6368, 6374, 6375, 6373, 6359, 6377, 6360, 6361, 6358, 6356, 6352, 6353, 6354, 6355, 6345, 6346, 6348, 6351, 5597, 6366, 6363, 6365, 6390, 6362, 6381, 6398, 6395, 6384, 6382, 6394, 6385, 6383, 6357, 6396, 6397, 6166, 6387, 6386, 6389, 6388, 6393, 6401, 6399, 6400, 6404, 6406, 6407, 6405, 6403, 6479, 6424, 6425, 6410, 6426, 6428, 6427, 6423, 5357, 6408, 6411, 6402, 6409, 6413, 6421, 6417, 6420, 6412, 6480, 6432, 6431, 6430, 6416, 6415, 6422, 6429, 6236, 6442, 6451, 6438, 6435, 6436, 6437, 6441, 6444, 6440, 6443, 6446, 6455, 6450, 6439, 6470, 6471, 6447, 6454, 6456, 6449, 6448, 6463, 6476, 6488, 6494, 6461, 6474, 6469, 6462, 6464, 6473, 4652, 6487, 6468, 6477, 6478, 6500, 6472, 6485, 6484, 6507, 6493, 6495, 6486, 6491, 6506, 6492, 6496, 6124, 6497, 6498, 6499, 6508, 6510, 4438, 6501, 6504, 6505, 6523, 6529, 6509, 6502, 6503, 6522, 4508, 6070, 4422, 6516, 6511, 6512, 4637, 6534, 6537, 6536, 6535, 6533, 6519, 6517, 4229, 4322, 3829, 4033, 4069, 4109, 6350, 6391, 3992, 4758, 6035, 5888, 6445, 6489, 5988, 5302, 5843, 6378, 5651, 6167, 6222, 6314, 6088, 5950, 6482, 4815, 5937, 6285, 4205(4)	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
26	6/2/15 – 7/17/15; Loan files: 3977, 4116, 3957, 4308, 1192, 3998, 6544, 6518, 6513, 6515, 6538, 6514, 6531, 6525, 6524, 6521, 6520, 6539, 6530, 6550, 6528, 6527, 6526, 6571, 6558, 6541, 6547, 6554, 6540, 6542, 6551, 6545, 6548, 6540, 6552, 6543, 6562, 6555, 6557, 6563, 4540, 6568, 6556, 6560, 6559, 6561, 6564, 6570, 6566, 6567, 6569, 6565, 6604, 6575, 6573, 6574, 6578, 6087, 6577, 6576, 6580, 6590, 6115, 6584, 6587, 6581, 6582, 6579, 6593, 6586,, 6597, 6591, 6592, 6583, 6591, 6603, 6647, 6600, 6595, 6611, 6612, 6165, 6615, 6598, 6602, 6599, 6606, 6613, 6610, 6619, 5004, 6605, 6616, 6617, 6623, 6608, 6607, 6609, 6614, 6618, 6621, 6633, 6620, 6622, 6624, 6626, 6627,	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	

	6628, 6629, 6635, 6207, 6634, 6632, 6641, 6639, 6643, 6642, 6644, 6638, 6636, 6640, 6648, 6650, 6646, 6652, 6649, 6653, 6645, 6651, 6656, 6657, 6637, 6673, 6671, 6661, 6658, 6659, 6662, 6660, 6663, 6664, 6675, 6190, 6674, 6676, 6681, 6667, 6666, 6665, 6668, 6669, 6678, 6679, 6680, 6770, 6672, 6690, 6684, 6683, 6682, 6686, 6687, 6685, 6692, 6694, 4500, 6689, 6688, 6695, 6646, 6693, 6018, 6453, 6334, 5902, 6229, 6372, 5831, 6181, 6379, 6419, 6433, 6452, 6434, 6458, 6457, 6003, 6145, 6414, 6012, 5362, 6490, 6380			
27	7/20/15 – 9/1/15; Loan files: 6698, 6700, 6710, 6697, 6699, 6730, 6742, 6705, 6703, 6701, 6702, 6720, 6709, 6714(2), 6704, 6707, 6713, 6712, 6708, 6711, 6724, 6718, 6716, 6724, 6717, 6719, 6715, 6725, 6723, 6722, 6726, 6728, 6727, 6201, 6743, 6738, 6734, 6735, 6744, 6729, 6740, 6736, 6737, 6739, 6741, 6733, 6731, 6747, 6746, 6732, 6748, 6763, 6751, 6762, 6755, 6753, 6754, 6757, 6752, 6759, 6764, 6766, 6780, 6758, 6779, 6775, 6778, 6760, 6761, 6773, 6767, 6768, 6765, 6771, 6772, 6783, 6774, 6769, 6847, 6123, 6782, 6784, 6785, 6777, 6776, 6789, 6794, 6788, 6786, 6792, 6791, 6790, 6792, 6800, 6802, 6799, 6804, 6823, 6806, 6801, 6803, 6814, 6805, 6815, 6810, 6820, 6807, 6812, 6813, 6821, 6822, 6811, 6824, 6827, 6825, 6832, 6833, 6838, 6826, 6828, 6835, 6830, 6829, 6831, 6834, 6836, 6839, 6841, 6858, 6848, 6842, 6840, 6843, 6880, 6849, 6859, 6867, 6844, 6885, 4642, 6891, 6909, 6911, 6913, 6846, 6920, 6914, 6853, 6857, 6910, 6856, 5966, 6855, 6854, 6895, 6900, 6871, 6865, 6862, 6894, 6864, 6889, 6890, 6863, 6868, 6888, 3959, 4343, 4093, 6392, 2857, 3295, 3296, 3490, 3642, 3984, 4106(6), 4276, 6787, 6798, 5537, 6816, 6588, 5636, 5054, 6243, 6817, 5694, 6837, 6460, 6818, 6182, 6572, 6585, 6325, 6866	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
28	9/25/15 – 10/14/15; Loan files: 6873, 6879, 6878, 4687, 4444, 6875, 6869, 6876, 6877, 6885, 6870, 6882, 6881, 6883, 6884, 6897, 6901, 6887, 6915, 6896, 6898, 6898, 6893, 4684, 6908, 6899, 6904, 6902, 6903, 6907, 6905, 6922, 6941, 6918, 6926, 6906, 6912, 6936, 6929, 6930, 6919, 6921, 6949, 6932, 6934, 6916, 6917, 6923, 6928, 6937 6940, 6943, 6953, 6927, 6438, 6950, 6944 7001, 6933, 7006, 7005, 6939, 6935, 6942, 6951, 6954, 6947, 6945, 6946, 6960, 6958, 6974, 6970, 6962, 7007, 6961, 6948, 6952, 6956, 6955, 6959, 6984, 6967, 6965, 6957, 6966, 6971, 6972, 6981, 6964, 6976, 6973,	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	

	6969, 6977, 6978, 6975, 6987, 6992, 6979, 6980, 6988, 6989, 6982, 7000, 7002, 6996, 7003, 6983, 6985, 7013, 6986, 6990, 6991, 6997, 6999, 7008, 7014, 7015, 6994, 6995, 7017, 7026, 7011, 7012, 7010, 7009, 6998, 7004, 7016, 7021, 7024, 7018, 7020, 7022, 7019, 7037, 7032, 7031, 7033, 7027, 7025, 7023, 7029, 7035, 7028, 7030, 7038, 7034, 7052, 7036, 7039, 7040, 7042, 7051, 7046, 7060, 7047, 7048, 7043, 7043, 7049, 4361, 4253, 4241, 4130, 4118, 3999, 6924, 6459, 6677, 6349, 6475, 6230, 6756, 6036, 6601, 4999, 6654, 6237, 6594, 5574, 6886, 6274, 6797, 6892, 6872, 6244			
29	10/14/15 – 11/30/15; Loan files: 7050, 7044, 7045, 7054, 7058, 7053, 7055, 7067, 7063, 7057, 7061, 7056, 7062, 7059, 6269, 7074, 7066, 7064, 7070, 7072, 7065, 7071, 7069, 7073, 7079, 7077, 7068, 5867, 7076, 7082, 7081, 7084, 7080, 7082, 7075, 7078, 7091, 7086, 7085, 7097, 7090, 7089, 7083, 7109, 7107, 7099, 7093, 7095, 7096, 7094, 7087, 7101, 7103, 7100, 7108, 7104, 7102, 7106, 7110, 7105, 7113, 7114, 7112, 7116, 7098, 7119, 7120, 7118, 7122, 7132, 7133, 7124, 7127, 7136, 7121, 7125, 7134, 7130, 7131, 7137, 7126, 7129, 7138, 6546, 7140, 7139, 7153, 7151, 7159, 7157, 7142, 7144, 7162, 7156, 7158, 7154, 7166, 7145, 7143, 7155, 7147, 7150, 7152, 7141, 7146, 7160, 7161, 7163, 7665, 7164, 7172, 7167, 7169, 7170, 7174, 7180, 7181, 7173, 7175, 7178, 7176, 7179, 7177, 7191, 7195, 7182, 7196, 7192, 7193, 7194, 7197, 7198, 7183, 7188, 7189, 7186, 7184, 7190, 7185, 7216, 7224, 7203, 7215, 7201, 7204, 7226, 7217, 7206, 7213, 7223, 6213, 6819, 6851, 7117, 7148, 5928, 7088, 6094, 7115, 7171, 6655, 6750, 7128, 6553, 6968(2), 6630, 7135, 6963, 7149, 6749, 6631, 6465, 6466, 6467, 7168, 7207, 7242, 7289, 6670, 6861, 6874	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
30	11/30/15 – 1/15/16; Loan files: 7212, 7222, 7225, 7227, 7220, 7218, 7235, 7225, 7221, 7243, 7231, 7229, 7238, 7239, 7240, 7232, 7211, 7236, 7234, 7230, 7249, 7246, 7210, 7237, 7199, 7214, 7205, 7187, 7245, 7248, 7247, 7255, 7254, 7257, 7252, 7244, 7200, 7250, 7283, 7301, 7251, 7256, 7300, 7275, 7273, 7272, 7258, 7282, 7259, 7261, 7276, 7266, 7260, 7264, 7313, 7265, 7263, 7268, 7267, 7270, 7271, 7310, 7277, 7280, 7281, 7274, 7283, 7279, 7287, 7288, 7305, 7294, 7283, 7278, 7284, 7293, 7297, 7303, 7290, 7299, 7285, 7298, 7291, 7302, 7304, 7392, 7307, 7306, 7311, 7315, 7312, 7296, 7318, 7316, 7317, 7309, 7323, 7328, 7322,	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	

	7321, 7325, 7327, 7324, 7326, 7333, 7331, 7329, 7332, 7334, 7330, 7335, 7336, 7348, 7349, 7361, 7341, 7337, 7340, 7344, 7338, 7339, 7363, 7346, 4755, 7357, 7347, 7356, 7355, 7354, 7345, 7353, 7351, 7362, 7352, 7350, 7358, 7368, 7369, 7370, 7371, 7360, 7364, 7365, 7367, 7376, 7374, 7381, 7372, 7379, 7378, 7384, 7373, 7375, 7377, 7380, 7383, 7409, 7385, 7394, 7386, 7390, 7392, 7398, 7389, 7405, 7388, 7391, 7382, 7393, 7387, 7404, 7431, 7396, 7397, 7399, 7411, 7408, 7407, 4395, 4384, 6850, 6931, 7241, 4699, 4700, 5327, 7209, 6852, 7366, 5047, 5525, 7111, 7427, 7426, 7269			
31	1/15/16 – 3/4/16; Loan files: 7402, 7416, 7418, 7414, 7410, 7412, 7395, 7403, 7417, 7415, 7430, 7413, 7424, 7432, 7419, 7420, 7423, 7422, 7401, 7406, 7438, 7436, 7439, 7435, 7429, 7428, 7440, 7450, 7451, 7445(2), 7444, 7452, 7434, 7433, 7437, 7443, 7447, 7448, 7449, 7442, 7446, 7441, 7458, 7456, 7454, 7359, 7453, 7455, 7457, 7464, 7462, 7463, 7461, 7468, 7466, 7476, 7474, 7467, 7460, 7465, 7479, 7472, 7469, 7475, 7470, 7498, 7484, 7478, 7481, 7480, 7493, 7477, 7483, 7489, 7482, 7485, 7487, 7486, 7522, 7509, 7488, 7492, 7473, 7524, 7528, 7529, 7517, 7512, 7520, 7495, 7491, 7494, 7506, 7496, 7501, 7500, 7507, 7503, 7499, 7490, 7505, 7504, 7527, 7526, 7523, 7508, 7518, 7516, 7513, 7519, 7511, 7510, 7502, 7531, 7541, 7534, 7530, 7521, 7525, 7547, 7637, 7542, 7638, 7535, 7536, 7548, 7640, 7550, 7549, 7559, 7544, 7555, 7546, 7545, 7573, 7566, 7551, 7558, 7557, 7569, 7567, 7543, 7556, 7554, 7570, 7568, 7588, 7560, 7576, 7574, 7572, 7577, 7571, 7565, 7575, 7580, 7585, 7589, 7578, 7581, 7579, 7582, 7591, 7594, 7583, 7584, 7586, 7599, 7593, 7595, 7590, 7587, 7597, 7596, 7600, 7598, 7606, 7615, 7603, 7605, 7614, 7604, 7607, 7608, 7610, 4280, 7425, 6691, 7515, 5944, 5957, 7343, 7533, 7601, 7563, 6781, 7319, 7295, 7514	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
32	3/7/16 – 4/14/16; Loan files: 7618, 7613, 7602, 7619, 7623, 7628, 7634, 7620, 7625, 7616, 7626, 7641, 7621, 7622, 7636, 7640, 7634, 7639, 7627, 7632, 7642, 7643, 7629, 7633, 7635, 7630, 7645, 7638, 7637, 7666, 7680, 7665, 7652, 7651, 7646, 7647, 7684, 7644, 7656, 7659, 7650, 7649, 7662, 7661, 7653, 7654, 7617, 7655, 7681, 7691, 7671, 7682, 7674, 7663, 7660, 7664, 7670, 7677, 7685, 7690, 7683, 7688, 7689, 7707, 7698, 7679, 7668, 7673, 7672, 7693, 7676, 7696, 7695, 7692, 7667, 7678, 7700, 7701, 7702,	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	

	<p>7697, 7715, 7699, 7675, 7709, 7705, 7703, 7718, 7706, 7712, 7727, 7725, 7724, 7704, 7708, 7711, 7716, 7743, 7742, 7722, 7723, 7721, 7710, 7714, 7726, 7729, 7728, 7713, 7717, 7719, 7731, 7734, 7741, 7745, 7744, 7737, 7730, 7736, 7732, 7735, 7733, 7740, 7750, 7744, 7752, 7755, 7739, 7753, 7751, 7771, 7767, 7770, 7768, 7763, 7762, 7761, 7760, 7754, 7773, 7758, 7784, 7756, 7757, 7759(2), 7799, 7817, 7801, 7792, 7791, 7766, 7793, 7764, 6795, 7208, 6481, 7658, 7497, 7532, 7552, 7746, 6925, 7780 (File number lists 7780 on folder but 7581 on sheet), 7779 (File number lists 7779 on folder but 7580 on sheet), 7778 (File number lists 7778 on folder but 7579 on sheet), 7777 (File number lists 7777 on folder but 7578 on sheet), 7776 (File number lists 7776 on folder but 7577 on sheet), 7782 (File number lists 7782 on folder but 7583 on sheet), 7781 (File number lists 7781 on folder but 7582 on sheet), 7233, 7202, 5263, 6364, 7612, 7561, 6625, 7747, 7219, 7314, 6483, 7611, 4391, 7657, 7609, 7849</p>			
33	<p>4/15/16 – 6/13/16; Loan files: 7765, 7800, 7812, 7786, 7775, 7783, 7772, 7769, 7790, 7794, 7774, 7789, 7787, 7785, 7816, 7796, 7797, 7806, 7818, 7788, 7811, 7810, 7808, 7807, 7802, 7803, 7804, 7805, 7814, 7813, 7809 (Discrepancy: New Bank Info sheet shows 3003 W Madison St. Mortgage sheet shows 3001 W Madison St.), 7815, 7824, 7828, 7828, 7798, 7825, 7826, 7821, 7820, 7819, 7830, 7831, 7829, 7827, 7833, 7834, 7843, 7841, 7865, 7832, 7838, 7847, 7835, 7848, 7846, 7836(2), 7845, 7842, 7858, 7861, 7840, 7837, 7872, 7857, 7859, 7862, 7864, 7850(3), 7860, 7844, 7856, 7869, 7868, 7866, 7867, 7863, 7870, 7871, 7877, 7873, 7876, 7879, 7888, 7895, 7884, 7883, 7874, 7875, 7880, 7887, 7885, 7886, 7898, 7881, 7896, 7878, 7893, 7894, 7900, 7892, 7903, 7891(2), 7904, 7902, 7906, 7905, 7882, 7909, 7907, 7913, 7908, 7910, 7901, 7899, 7922, 7917, 7915, 7911, 7921, 7912, 7928, 7925, 7919, 7931, 8037, 7914, 8011, 7916, 7918, 7927, 7943, 7924, 7947, 7923, 7920, 7956, 7935, 7934, 7930, 7937, 7936, 7938, 7933, 7926, 7948, 7950, 7940, 7941, 7929, 7957, 7945, 7954, 7942, 7944, 7953, 7960, 7962, 7949, 7951, 7946, 7955, 7952, 7963, 7959, 7961, 7958, 7967, 7968, 7969, 7971, 7970, 7966, 7976, 7977, 7975, 7980, 7972, 8013, 7973, 7974, 7979, 7978, 7746, 6860, 7421, 6993, 7852, 7564, 7890, 7648,</p>	<p>Gammage and Burnham boxes received 8/24/16</p>	<p>Simon Consulting, LLC</p>	

	7889, 7839, 7631, 6589, 4788, 7308, 8020, 7562, 7669 (Duplicate in 6631. Discrepancy: New Bank Info sheet states 4807 N 84th Dr. Deed of Trust states 2607 W Sunrise Dr.), 7262, 6532, 6809			
34	6/14/16 – End; Loan files: 8015, 8002, 8006, 8033, 8001,, 8010, 7991, 7993, 8024, 7987, 7985, 7997, 7996, 7994, 7995, 8004, 7998, 7992, 7990, 7989, 7988, 8009, 8014, 8012, 8003, 7986, 7981, 7984, 7982, 7983, 7897, 8112, 7939, 8000, 8107, 7592, 7854, 7539, 7553, 7687, 7738, 7823, 7822	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
35	10/10/08 – 1/29/09; Loan files: 1331, 1223, 1294, 1354, 1226, 1349, 1216, 1289, 1328, 1332, 1365, 1298, 1382, 1224, 1318, 1327, 1230, 1329, 1374, 1341, 1233, 1333 1358, 1383, 1368, 1275, 1359, 1384, 1344, 1337, 1376, 1357, 1315, 1187, 1305, 1362, 1313, 1085, 1375, 1220, 1343, 1039, 1377, 1351, 1308, 1303, 1409, 1295, 1423, 1301, 1369, 1317, 1242, 1399, 1412, 1385, 1417, 1372, 1391, 1319, 1323, 1428, 1408, 1115, 1406, 1356, 1418, 1249, 1392, 1413, 1390, 1189, 1401, 1347, 1431, 1444, 1393, 1355, 1345, 1397, 1395, 1388, 1387, 1443	Clark Hill boxes received 8/23/16	Simon Consulting, LLC	
36	2/2/09 – 4/30/09; Loan files: 1430, 1340, 1380, 1386, 1441, 1272, 1352, 1378, 1353, 1435, 1434, 1193, 1363, 1370, 1455, 1415, 1461, 1465, 1411, 1471, 1436, 1360, 1404, 1405, 1389, 1290, 1367, 1371, 1437, 1394, 1428, 1361, 1410, 1487, 1454, 1459, 1348, 1469, 1481, 1479, 1462, 1477, 1496, 1373, 1474, 1381, 1486, 1493, 1497, 1312, 1509, 1449, 1268, 1491, 1432, 1504, 1429, 1488, 1379, 1494, 1457, 1501, 1398, 1447, 1284, 1502, 1346, 1400, 1296, 1448, 1197, 1478, 1529, 1536, 1419	Clark Hill boxes received 8/23/16	Simon Consulting, LLC	
37	5/1/09 – 7/16/09; Loan files: 1467, 1433, 1440, 1338, 1490, 1495, 1463, 1538, 1551, 1531, 1472, 1325, 1450, 1439, 1451, 1519, 1535, 1149, 1453, 1336, 1416, 1421, 1339, 1366, 1517, 1515, 1506, 1533, 1500, 1549, 1427, 1575, 1424, 1475, 1521, 1492, 1590, 1578, 1414, 1583, 1206, 1526, 1544, 1499, 1464, 1442, 1420, 1528, 1565, 1468, 1446, 1144, 1566, 1539, 1480, 1554, 1604, 1581, 1592, 1560, 1569, 1522, 1577, 1624, 1530, 1630, 1553, 1639, 1547, 1466, 1571, 1196, 1202, 1503, 1558, 1585, 1458, 1160	Clark Hill boxes received 8/23/16	Simon Consulting, LLC	
38	7/16/09 – 9/29/09; Loan files: 1151, 1542, 1559, 1094, 1234, 1489, 1574, 1621, 1605, 1487, 1141, 1606, 1194, 1601, 1145, 1552, 1616, 1598, 1636, 1628, 1612, 1618, 1516, 1402, 1619, 1615, 1240, 1593, 1642, 1422, 1483, 1609, 1661, 1518, 1131, 1679, 1452, 1330, 1641, 1655, 1689, 1562, 1460, 1586,	Clark Hill boxes received 8/23/16	Simon Consulting, LLC	

	1545, 1613, 1537, 1498, 1608, 1568, 1561, 1632, 1579, 1629, 1644, 1664, 1620, 1635, 1587, 1650, 1651, 1550, 1678, 1692, 1548, 1666, 1572, 1683, 1540, 1614, 1637, 1426, 1677, 1711, 1649, 1656, 1669, 1564, 1673, 1742, 1659, 1602, 1567, 1507, 1445, 1556, 1698, 1691, 1625, 1543			
39	9/30/09 – 1/28/10; Loan files: 1631, 1541, 1600, 1470, 1706, 1686, 1611, 1733, 1721, 1425, 1570, 1307, 1665, 1739, 1774, 1716, 1627, 1768, 1610, 1741, 1713, 1719, 1685, 1712, 1647, 1670, 1596, 1050, 1752, 1751, 1762, 1573, 1591(2), 1626, 1623, 1603, 1779, 1695, 1696, 1580, 1772, 1594, 1674, 1798, 1723, 1771, 1582, 1732, 1697, 1735, 1595, 1709, 1555, 1731, 1787, 1597, 1657, 1729, 1767, 1705, 1703, 1792, 1645, 1816, 1676, 1825, 1791, 1745, 1775, 1671, 1702, 1714, 1663, 1786, 1737, 1508, 1776, 1722, 1667, 1753, 1403, 1845, 1534, 1823, 1699, 1589, 1707, 1756, 1701, 1738, 1718, 1505, 1754, 1749, 1755, 1761, 1759	Clark Hill boxes received 8/23/16	Simon Consulting, LLC	
40	2/1/10 – 5/25/10; Loan files: 1750, 1680, 1778, 1828, 1860, 1730, 1640, 1859, 1879, 1646, 1878, 1532, 1804, 1881, 1652, 1849, 1801, 1708, 1485, 1782, 1858, 1796, 1725, 1690, 1854, 1817, 1869, 1863, 1821, 1852, 1668, 1887, 1765, 1700, 1789, 1799, 1850, 1868, 1867, 1843, 1026, 1834, 1766, 1836, 1822, 1797, 1853, 1643, 1837, 1777, 1588, 1727, 1918, 1806, 1815, 1838, 1770, 1717, 1875, 1805, 1734, 1847, 1736, 1824, 1682, 1892, 1866, 1916, 1895, 1835, 1894, 1913(2), 1882, 1813, 1861, 1607, 1748, 1856, 1715, 1870, 1785, 1800, 1884, 1807, 1681, 1826, 1743, 1921, 1793, 1704, 1810, 1833, 1688, 1783, 1784, 1872, 19641897	Clark Hill boxes received 8/23/16	Simon Consulting, LLC	
41	5/26/10 – 8/20/10; Loan files: 1563, 1634, 1648, 1653, 1654, 1693, 1694, 1726, 1790, 1911, 1831, 1934, 1968, 1803, 1724, 1865, 1827, 1883, 1937, 1839, 1933, 1886, 1938, 1945, 1926, 1965, 1407, 1520, 1940, 1908, 1876, 1747, 1511, 1820, 1781, 1763, 1523, 1871, 1780, 1928, 1546, 1830, 1900, 1841, 1906, 1939, 1672, 1910, 1675, 1912, 1524, 1944, 1993, 1932, 1948, 1842, 1746, 1917, 1622, 1935, 1662, 1633, 1905, 1924, 1855, 1617, 1915, 1812, 1925, 1851, 1874, 2008, 1946, 2006, 1983, 1909, 1840, 1963, 1893, 2017, 1951, 1857, 1364, 2013, 1988, 2018, 1957, 1987, 1936, 1982, 1986, 1977, 1949, 1873, 1811, 1930, 1890, 1992, 2020, 1956, 1896, 1687, 1996, 2028, 1947, 1952, 1960, 1848, 2023, 2024, 1967, 2071, 1903, 1975, 1984, 1769, 2069	Clark Hill boxes received 8/23/16	Simon Consulting, LLC	
42	8/24/10 – 12/31/10; Loan files: 2004,	Clark Hill boxes	Simon Consulting,	

	2022, 2082, 1997, 2027, 1891, 1927, 1760, 2010, 2037, 2016, 2021, 1976, 1969, 1985, 1880, 2048, 1943, 2014, 2088, 1907, 2038, 2040, 2091, 2036, 2005, 1931, 2003, 1973, 1901, 1989, 2002, 2067, 1942, 1980, 1950, 1888, 1919, 1990, 1994, 2025, 2105, 2043, 2132, 2042, 1999, 1899, 2103, 2103, 2069, 2063, 2099, 2047, 2044, 2089, 2081, 2060, 2065, 2078, 2093, 1953, 1971, 2001, 2144, 2084, 2123, 2026, 2086, 1979, 2083, 2061, 1962, 2114, 2118, 2121, 1684, 2161, 2101, 2073, 2090, 2015, 2000, 1981, 2155, 2055, 2080, 2133, 2117, 2142, 1808, 2077, 2108, 2111, 2007, 2094, 2107, 2041, 2154, 1998, 2097, 2087, 2113, 2137, 2130, 2135, 2205, 2110, 2098, 1978, 2199, 2136, 2032, 1802, 2151, 2102, 2131, 2012, 2116, 2057, 1902, 2215, 2046, 2076, 1814, 1970, 2181, 2195, 2034, 2064	received 8/23/16	LLC	
43	1/1/11 – 4/5/11; Loan files: 2150, 1510, 1941, 2106, 2146, 2201, 2104, 2196, 2109, 2246, 2239, 2191, 2212, 1955, 2162, 2209, 2009, 2247, 2186, 2152, 2198, 2254, 1958, 1809, 2075, 2273, 1995, 2296, 2174, 2252, 2258, 2263, 2188, 2189, 2213, 2286, 2287, 2240, 2218, 2290, 2236, 2164, 2253, 1904, 2204, 2272, 2070, 2045, 2251, 2126, 2255, 2265, 2313, 2282, 2298, 2243, 1819, 2095, 2234, 2170, 2260, 2127, 2207, 2233, 2249, 2190, 2257, 2139, 2050, 2079, 2092, 1885, 2039, 2056, 2128, 2163, 2149, 2129, 2192, 2210, 2051, 2238, 2271, 2314, 2310, 2302, 2030, 2206, 2208, 2183, 2346, 2316, 2277, 2288, 2159, 2066, 1954, 2029, 2085, 2141, 1966, 2339, 2326, 2359, 2378, 2332, 2211, 2343, 2274, 2053, 2259, 2266, 2235, 2166, 2318, 1773, 2289, 2354, 2294, 2200, 2248, 2307, 2283, 2300, 2217, 2331, 2295, 2393, 2143, 2396, 2293, 1846	Clark Hill boxes received 8/23/16	Simon Consulting, LLC	
44	4/6/11 – 6/2/11; Loan files: 2049, 2317, 2384, 2284, 2357, 2348, 2281, 2011, 2261, 2374, 2134, 2362, 2401, 2278, 2327, 2368, 2292, 2148, 2370, 2122, 2323, 2382, 2398, 2355, 2369, 2058, 1396, 1889, 2187, 2276, 2333, 2344, 2392, 2394, 2264, 2403, 2237, 2337, 2391, 2390, 2315, 2306, 2216, 2406, 2262, 2377, 2347, 2138, 2329, 2356, 2242, 2059, 2311, 2375, 2426, 2491, 2250, 2424, 2395, 2267, 2167, 2140, 2068, 2340, 2214, 2241, 2285, 2444, 2301, 2383, 2365, 2400, 2471, 2472, 2489, 2443, 2463, 2457, 2480, 2488, 2125, 2371, 2402, 2338, 2358, 2270, 2376, 2459, 2504, 2423, 2303, 2072, 2405, 2529, 2197, 2476, 2031, 2177, 2308, 2342, 2407, 2412, 2322, 2372, 2033, 2334, 2350, 2379, 2352, 2349, 2353, 2387, 2269, 2408,	Clark Hill boxes received 8/23/16	Simon Consulting, LLC	

	2433, 2434, 2305			
45	8/4/11 – 10/27/11; Loan files: 2335, 2388, 2492, 2556, 2366, 2495, 2557, 1914, 2493, 2320, 2428, 2464, 1795, 1961, 2430, 2409, 2453, 2439, 1991, 2309, 2515, 2508, 2312, 2422, 2421, 2560, 2451, 2404, 2478, 2165, 2500, 2579, 2447, 2194, 2524, 2147, 2487, 2551, 2576, 1276, 2256, 2385, 2410, 2380, 2526, 2456, 2510, 2512, 2513, 2559, 2432, 2461, 2345, 2511, 2440, 2361, 2620, 2325, 2160, 2419, 2543, 2427, 1929, 2565, 2619, 2450, 2574, 2545, 2582, 2193, 2465, 1829, 2202, 1818, 2232, 2485, 2572, 2381, 2145, 2501, 1959, 2364, 2054, 2637, 2437, 2475, 2499, 2299, 2431, 2328, 2532, 2548, 2435, 2385, 2297, 2304, 2470, 2679, 2521, 2531, 2547, 2564, 2561, 2562, 2336, 2677, 2585, 2245, 2628, 2446, 2455, 2581, 2542, 2469, 2540, 2474, 2541, 2411, 2691, 2592, 2373(3)	Clark Hill boxes received 8/23/16	Simon Consulting, LLC	
46	8/4/11 – 10/27/11; Loan files: 2119, 2399, 1557, 2468, 2550, 2563, 2425, 1974, 2505, 2583, 2689, 2693, 2735, 2657, 2732, 2640, 2716, 2750, 2715, 2536, 2617, 2626, 2621, 2639, 2341, 2280, 2275, 2555, 2573, 2613, 2570, 2649, 2632, 2690, 2644, 2675, 2571, 2584, 2652, 2706, 2681, 2441, 2615, 2554, 2525, 2630, 2673, 2663, 2701, 2634, 2520, 2466, 2482, 2503, 2523, 2546, 2588, 2590, 2591, 2645, 2655, 2669, 2733, 2740, 2756, 2718, 2625, 2650, 2360, 2784, 2784, 2794, 2728, 2638, 2763, 2641, 2386, 2527, 2567, 2623, 2496, 2765, 2724(2), 2660, 2676, 2687, 2173, 2714, 2725, 2698, 2647, 2760, 2667, 2747, 2651, 2578, 2731, 2755, 2182, 2782, 2624, 2772, 2460, 2752, 2593, 2498, 2809, 2847, 2124, 2429, 2462, 2568, 2805, 2816, 2771, 2770, 2279, 2760, 2788, 2717, 2666, 2473, 2695, 1923, 2586, 2448, 2764, 2420, 2479, 2642, 2754, 1740, 2680, 2532, 2799, 1484, 2813, 2759	Clark Hill boxes received 8/23/16	Simon Consulting, LLC	
47	10/27/11 – 12/28/11; Loan files: 2636, 2397, 2869, 2668, 2707, 2775, 2837, 2859, 2751, 2616, 2645, 2745, 2610, 2074, 2665, 2787, 2856, 2839, 2736, 2614, 2700, 2646, 2836, 2658, 2780, 2577, 2890, 2797, 2575, 2826, 2694, 2753, 2678, 2855, 2635, 2786, 2820, 2862, 2594, 2502, 2506, 2522, 2533, 2580, 2612, 2661, 2708, 2709, 2790, 2793, 2817, 2818, 2842, 2843, 2851, 2833, 2812, 2789, 2930, 2814, 2664, 2631, 2823, 2838, 2653, 2719, 2955, 2746, 2800, 2889, 2844, 2801, 2768, 2519, 2712, 2203, 2720, 2494, 2769, 2895, 2928, 2688, 2835, 2872, 2721, 2935, 2659, 2827, 2692, 2853, 2840, 2830, 2887, 2978, 2776, 2881, 2428, 2589, 2633,	Clark Hill boxes received 8/23/16	Simon Consulting, LLC	

	2758, 2774, 2804, 2819, 2860, 2873, 2932, 2866, 2845, 2458, 2871, 2878, 2363, 2924, 2925, 2997, 2907, 2741, 2991, 2957, 2803, 2999, 2882, 2952, 2953, 2903, 2832, 2962, 2852, 2898, 2611, 2762, 2806, 2723, 2950, 2886, 3014, 2558, 2865, 2927, 2983, 2973, 2883, 2569, 2949, 2734, 2822			
48	July 2016; Loan files: 3736, 3828, 3838, 3885, 4523, 4604, 8005, 8008, 8017, 8016(2), 8018, 8019, 8021, 8022, 8023, 8025, 8026, 8027, 8028, 8029, 8030, 8032, 8034, 8035, 8036, 8039, 8040, 8041, 8047, 8044, 8045, 8046, 8047, 8048, 8049, 8050, 8051, 8052, 8053, 8054, 8055, 8056, 8057, 8058, 8059, 8095	AZ Corporate Commission boxes received 8/24/16	Simon Consulting, LLC	
49	July 2016; Loan files: 8096, 8097, 8098, 8099, 8100, 8101, 8102, 8103, 8104, 8105, 8106, 8088, 8089, 8090, 8091, 8092, 8093, 8094, 8074, 8075, 8076, 8077, 8078, 8079, 8080, 8081, 8084, 8085, 8086, 8087, 8060, 8061, 8062, 8063, 8064, 8065, 8066, 8067, 8068, 8069, 8071, 8072, 8073	AZ Corporate Commission boxes received 8/24/16	Simon Consulting, LLC	
50	July 2016; Loan files: 2566, 3190, 3835, 4419, 4617, 5046, 5048, 5050, 5051, 5052, 5486, 5794, 5830, 6418, 6796, 6808, 7123, 7320, 7342, 7359, 7400, 7471, 7686, 7694, 7720, 7795, 7851, 7853, 7855, 7932, 7965, 7965, 7999, 8007, 8031, 8038, 8043, 8070, 8082, 8083, 8108, 8109, 8110, 8111, 8113, 8114, 8115, 8116	AZ Corporate Commission boxes received 8/24/16	Simon Consulting, LLC	
51	July 2016; Corporate Files: 2015 First Bank Statements; 2015 941, AZ Unemployment, AZ State Taxes; 2015 Accountancy; 2015 Legal; QuickBooks Account Info (Account number, password, data encryption key); State Filings Form D; AZ Corp Commission Annual Filing; 2003 AZ DES; Originals of Memorandum, Questionnaire, Subscription; 2105 Expenses; LLC's A – H (Operating Agreements); LLC's I – P (Operating Agreements); LLC's Q – Z (Operating Agreements); Articles of Incorporation / Minutes	AZ Corporate Commission boxes received 8/24/16	Simon Consulting, LLC	
52	DenSco Tax 01 – 05; Corporate Files: 2005 940 + 941; 2005 Legal; 2005 Expenses; 2005 BofA; 2005 AZ A1-QRT & DES; 2005 Accounting; 2004 940 + 941; 2004 Legal; 2004 Receipts; 2004 BofA; 2004 AZ A1-QRT & DES; 2004 Accounting; 2003 BofA; 2003 S-Corp Tax Return and correspondence; 2003 AZ A1-QRT & DES; 2003 940 + 941; 2003 Expenses; 2003 Accounting; 2003 Legal; 2002 BofA; 2002 AZ A1-QRT & DES; 2002 940 + 941; 2002 S-Corp Tax Return and correspondence; 2002 Expenses; 2002 Accounting; 2002 Legal; BofA Treasury	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	

	Services Terms and Conditions; 2001 AZ A1-QRT & DES; 2001 940 + 941; 2001 S-Corp Tax Return and correspondence; 2001 BofA; 2001 Accounting; 2001 Receipts; 2001 Legal			
53	DenSco Tax 06 – 11; Corporate files: 2006 S-Corp Tax Return; 2006 Accounting; 2006 Expenses; 2006 Legal; 2006 BofA; 2006 AZ A1-QRT & DES; 2006 940 + 941; 2007 S-Corp Tax Return; 2007 Accounting; 2007 BofA; 2007 Expenses; 2007 AZ Dept. of Revenue; 2007 AZ DES; 2007 Legal; 2008 Accounting; 2008 Legal; 2008 Expenses; 2008 Fed Tax FICA / 940/941; 2008 AZ DES; 2008 AZ QRT; 2008 S-Corp Tax Return; 2008 BofA; 2009 Legal; 2009 Expenses; 2009 BofA; 2009 AZ QRT; 2009 Fed Tax FICA / 940/941; 2010 S-Corp Tax Return; 2010 Accounting; 2010 Expenses; 2010 Legal; 2010 AZ A1-QRT & DES; 2010 BofA 7509; 2010 BofA 8555; 2011 Expenses; 2011 Legal; 2011 Accounting; 2011 BofA 7509; 2011 BofA 8555	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
54	CNET, AuctionGate, Polar Peaks CRG; Files: Attorney folders and documents	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
55	Black OfficeWare Box; Taxes 84, 85; Taxes 86; Taxes 87; Taxes 88; Taxes 89; Taxes 90; Taxes 91; Taxes 92; Taxes 93; Taxes 94; Taxes 95; Taxes 96; Taxes 97; Taxes 98; Taxes 99; Taxes 2000; Taxes 2001; Taxes 2002; Taxes 2003; Taxes 2004; Taxes 2005; Taxes 2006; Taxes 2007; Taxes 2008	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
56	Access box; Loan files: 5279, 4812, 5451, 5447, 5445, 5442, 6126, 6180, 6132, 6131, 6122, 6140, 6205, 6121, 6150, 6142, 6106, 6105, 6109, 6104, 6148, 6102, 6108, 6107, 6103, 6101, 6098, 6099, 6089, 6097, 6110, 6171, 6112, 6137, 6117, 6114, 6151, 6116, 6120, 6081, 6086, 6113, 6083, 6095, 6096, 6097, 6091, 6062, 6063, 6065, 6073, 6090, 6061, 6077, 6125, 6133, 4509, 6173, 6159, 6172, 6164, 6163, 6162, 6161, 6160, 6194, 6139, 6170, 6154, 6153, 6147, 6149, 6136, 6135, 6138, 5013, 6157, 5118, 5116, 5115, 5129, 5117, 5111, 5104, 4988, 5106, 5105, 5119, 4870, 5101, 5100, 5099, 5098, 4777, 5112, 4711, 5462, 5454, 5467, 5468, 4796, 5093, 5092, 5090, 5113, 5085, 4411, 5453, 5464, 5463, 5461, 5456, 5455, 5448, 5443, 5081, 5077, 5086, 5089, 5080, 5078, 5076, 5075, 5073, 5070, 4727, 4753, 4431, 4618, 5066, 5063, 5065, 4658, 5064, 5057, 4965, 5043, 5060, 4669, 5029, 5061, 5062, 4703, 4689, 4993, 5039, 4519, 5040, 4976, 5083, 5059, 5058(2), 5036, 5030, 4981, 5026,	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	

	4738, 5015, 5024, 5017, 4020, 5014, 5035, 4512, 4021, 4985, 4996, 5005, 5010, 5012, 4994, 4729, 4636, 4536, 4754, 5034, 5016, 5027, 5006, 4710, 5002, 4997, 4995, 4991, 4740, 4672, 4998, 4611, 4019, 4955, 4984, 4992, 4989, 4978, 4975, 4977, 4459			
57	Access box; Loan files: 3987, 3997, 4228, 2178, 2179, 2414, 2415, 2417, 2418, 2672, 4201, 3929, 4011, 4344, 4094, 4314, 4233, 1285, 4043, 4288, 4095, 4319, 3488, 1097, 4232, 4147, 4017, 4300, 3283, 4122, 4146, 2509, 2120, 2892, 4287, 4505, 3814, 2897, 3024, 3104, 2982, 2171, 2157, 2158, 2172, 2175, 2176, 4061, 4185, 3817, 4386, 4383, 4152, 4313, 4307, 4180, 3926, 3914, 4342, 4038, 4227, 4020, 4289, 3882, 4393, 4077, 4136, 4381, 4397, 3975, 3933, 3927, 4003	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
58	Access box; Loan files: 5384, 5168, 5022, 5396, 5385, 5383, 4970, 5393, 5392, 5390, 5403, 5402, 5400, 5397, 5395, 5394, 5388, 4789, 4797, 4806, 4816, 4822, 4562, 4785, 4628, 4532, 4771, 4744, 4626, 4545, 4487, 4865, 4516, 4864, 4715, 4858, 4876, 4591, 4857, 4879, 4539, 4841, 4843, 4856, 4828, 4824, 4592, 4790, 4780, 4783, 4795, 4556, 4524, 4649, 4846, 4832, 4656, 4819, 4607, 4878, 4871, 4569, 4957, 4887, 4888, 4584, 5379, 4974, 4952, 4972, 4969, 5102, 4967, 5391, 5388, 4665, 4873, 4840, 4881, 4573, 4877, 4859, 4690, 4910, 4925, 4923, 4920, 4905, 4922, 4899, 4890, 4503, 4907, 4902, 4889, 4906, 4894, 4898, 4908, 4882, 4895, 4933, 5284, 4946, 5283, 4935, 4971, 4944, 4288, 5294, 5282, 4431, 5278, 5082, 5275, 5273, 5246, 4916, 4624, 4912, 4934, 4931, 4941, 4926, 4921, 4911, 4483, 4722, 4930, 4929, 4446, 4918, 4598, 5303, 5299, 5295, 4495, 5307, 5297, 5293, 5292, 5291, 5287, 5286, 4589, 5338, 4937, 5329, 5341, 5324, 5323, 5320, 5165, 5042, 5333, 5318, 5310, 4945, 5003, 4662, 4950, 5334, 5319, 5317, 5313, 5322, 4949, 5321, 5311, 4454, 5312, 5306, 5305, 5304, 5300, 5298, 5296, 4619, 5308, 5301	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
59	Access box; Loan files: 5499, 5510, 5511, 5519, 5508, 5274, 5280, 5266, 5272, 4737, 5268, 5261, 5267, 5258, 5265, 5259, 4034, 5253, 5247, 5260, 5252, 5153, 5249, 5251, 5256, 5269, 5254, 5255, 5232, 5236, 5250, 5238, 5237, 5227, 5235, 5234, 5233, 5230, 5225, 5226, 5221, 5220, 5218, 5217, 4530, 5228, 5213, 5212, 5205, 4417, 5219, 5211, 5210, 5206, 4671, 4534, 5216, 5215, 5209, 5201, 5202, 5214, 5204, 5203, 5200, 5199, 5187(2), 5141, 4032, 5184, 4544, 5041, 5183, 5182, 5181, 4924, 5180, 5179, 5172,	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	

	<p>4670, 5176, 5175, 5173, 4731, 5166, 5160, 4514, 5169(2), 5158, 5156, 4983, 4659, 4917, 5157, 5151, 5150, 5178, 5174, 5145, 5152, 5149, 5147, 4513, 5148, 5136, 4430, 4885, 5144, 5170, 5143, 5142, 5033, 5137, 5133, 4579, 5132, 5131, 4948, 4791, 5128, 5127, 5126, 5135, 5124, 5122, 5134, 5123, 5109, 5094, 4546, 5125, 5140, 5009, 5130, 5491, 5177, 5487, 5490, 5524, 5492, 5470, 5483, 5494, 5495, 5493, 5441, 5139, 5457, 5450, 5437, 5025, 5503, 5435, 5446, 4643, 5074, 5449, 5432, 5431, 4849, 5484, 5426, 5444, 5440, 5439, 5436, 5498, 5434, 5064, 5433, 5427, 5422, 5430, 5420, 5428, 5423, 5421, 5229, 5425, 5419, 5413, 5489, 5412, 5411, 5414, 5401, 5407, 5509, 5507, 5513, 5514, 5518, 5521, 5528, 5497, 5523, 5506, 5505, 5406, 5405, 5415, 5408, 5399, 4982</p>			
60	<p>Access box; 2016 Accountancy-Preston CPA and Pension Strategies invoices; 1 Denny Chittick-DenSCO note, prospective purchaser questionnaire, subscription agreement; 2 Paul Kent 3 Eldon and Carlene Chittick-Prospective purchaser questionnaires, subscription agreements; 4 Michael Gumbert-Prospective purchaser questionnaires, subscription agreements; 5 Rob Brinkman-Prospective purchaser questionnaires, subscription agreements; 6 Brian Odenthal-Prospective purchaser questionnaires, subscription agreements; 9 Gary Siegford-Prospective purchaser questionnaires, subscription agreements; 10 Nihad Hafiz-Prospective purchaser questionnaires, subscription agreements; 11 Vince Muscat-Prospective purchaser questionnaires, subscription agreements; 13 Kennen Burkhardt-Prospective purchaser questionnaires, subscription agreements; 14 Kaylene Moss-Prospective purchaser questionnaires, subscription agreements; 15 Dale Hickman-Prospective purchaser questionnaires, subscription agreements; 18 Tom Smith-Prospective purchaser questionnaires, subscription agreements; 20 Glen Davis-Prospective purchaser questionnaires, subscription agreements; 21 Mark Wenig-Prospective purchaser questionnaires, subscription agreements; 24 Hahn and Associates LLC-Prospective purchaser questionnaires, subscription agreements; 25 Jack Davis-Check for \$75,000 (cancelled), correspondence, prospective purchaser questionnaires, subscription</p>	<p>Gammage and Burnham boxes- Investor and Corporate files, received 8/24/16</p>	<p>Simon Consulting, LLC</p>	

<p>agreement; 26 Arden Chittick-Prospective purchaser questionnaires, subscription agreements; 27 David DuBay-Prospective purchaser questionnaires, subscription agreements; 28 Carol Wellman-Prospective purchaser questionnaires, subscription agreements; 29 Warren Bush-Prospective purchaser questionnaires, subscription agreements; 31 Doris Howze-Prospective purchaser questionnaires, subscription agreements; 32 Russell Griswold-Prospective purchaser questionnaires, subscription agreements; 33 Wellman Family Trust-Prospective purchaser questionnaire, subscription agreements, Affidavit/Abstract of Trust; 35 Wade Underwood-Prospective purchaser questionnaires, subscription agreements; 36 Manuel Lent, IRA-Prospective purchaser questionnaire, subscription agreement, First Trust Company of Onaga Purchase Authorization, DenSco note; 38 Lillian Lent, IRA-Prospective purchaser questionnaire, subscription agreement, First Trust Company of Onaga Purchase Authorization, DenSco note, correspondence; 41 Tony Smith-Prospective purchaser questionnaires, subscription agreements; 42 Phalen Family Trust-Prospective purchaser questionnaires, subscription agreements; 43 Robert Koehler-Prospective purchaser questionnaires, subscription agreements; 44 Gary Siegford-Prospective purchaser questionnaires, subscription agreements; 45 Bill Hughes-Prospective purchaser questionnaires, subscription agreements; 46 Judy Hughes-Prospective purchaser questionnaire, subscription agreement, First Trust Company of Onaga Purchase Authorization, correspondence; 47 Bill and Jean Locke-Prospective purchaser questionnaires, subscription agreements; 48 Caro McDowell-Prospective purchaser questionnaires, subscription agreements; 49 Dori Ann Petranek-Prospective purchaser questionnaires, subscription agreements, correspondence, Living Trust document; 51 Stewart Sherriff-Prospective purchaser questionnaires, subscription agreement; 52 Satellite, LLC-Prospective purchaser questionnaires, subscription agreements; 53 Kevin Potempa-Prospective purchaser questionnaire; 55 Bill Swirtz-Prospective purchaser</p>			
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<p>questionnaires, subscription agreements, DenSco note; 56 Glen Davis, IRA-Subscription agreement; 57 Jim McCoy-Prospective purchaser questionnaires, subscription agreement; 58 Dave Preston-Prospective purchaser questionnaires, subscription agreement; 61 Scott Detota-Prospective purchaser questionnaires, subscription agreement; 62 Mary Kent-Prospective purchaser questionnaires, subscription agreement; 64 Brian Imdieke-Prospective purchaser questionnaires, subscription agreements, correspondence, Living Trust document; 65 Lee Group Inc.-Prospective purchaser questionnaires, subscription agreements; 66 Jemma Kopel-Prospective purchaser questionnaires, subscription agreements; 67 Carsyn Smith-Prospective purchaser questionnaires, subscription agreements; 68 McKenna Smith-Prospective purchaser questionnaires, subscription agreements; 69 Coralee Thompson-Prospective purchaser questionnaires, subscription agreements; 70 Roy Kopel-Prospective purchaser questionnaires, subscription agreements; 71 Ralph Kaiser-Prospective purchaser questionnaire, subscription agreement, First Trust Company of Onaga Purchase Authorization, IRA application, correspondence; 72 Gary Thompson-Prospective purchaser questionnaires, subscription agreement; 73 Van Butler-Prospective purchaser questionnaires, subscription agreement; 75 Jim McArdle-Prospective purchaser questionnaires, subscription agreement; 76 Tom Smith, IRA-Prospective purchaser questionnaires, subscription agreement, DenSco note, correspondence, IRA application, First Trust Company of Onaga Purchase Authorization; 79 Carol William, IRA-Prospective purchaser questionnaire, subscription agreement; 80 Michael Zones-Prospective purchaser questionnaire, subscription agreement; 81 Marv Miller-Prospective purchaser questionnaire, subscription agreement, correspondence; 82 Craig Brown-Prospective purchaser questionnaire, subscription agreement; 84 Wayne Ledet, IRA-Prospective purchaser questionnaires, subscription agreement, correspondence, IRA application, First Trust Company of Onaga Purchase Authorization, First Trust Company of Onaga Transfer/Rollover form, Transfer on Death</p>			
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<p>Instruction; 85 Terry and Lil Lee-Subscription agreement; 86 Nancy Swirtz-Subscription agreement; 87 Stanley Schloz-Prospective purchaser questionnaire, subscription agreements; 88 Stanley Schloz, IRA-First Trust Company of Onaga Purchase Authorization, Subscription agreements; 93 Bill Hughes-Subscription agreement; 94 Valerie Paxton-Prospective purchaser questionnaire, subscription agreements; 95 Wayne Ledet-Subscription agreements; 96 Craig Hood-Subscription agreements; 97 Leslie Jones, IRA-Mainstar Trust Change of Ownership Request, Irrevocable Stock/Bond Power, DenSco note, Subscription agreement; 98 Anthony Burdett-Prospective purchaser questionnaire, subscription agreements, First Trust Company of Onaga Purchase Authorization, First Trust Company of Onaga IRA application, First Trust Company of Onaga Transfer/Direct Rollover Request, First Trust Company of Onaga Purchase Authorization; 99 Mary Schloz-Subscription agreements, First Trust Company of Onaga Sale Authorization; 100 Marlene Pearce-Subscription agreements, Promissory Note, Prospective purchaser questionnaire, Equity Trust Company Note Modification Form; 101 Bill Alber-Prospective purchaser questionnaire, subscription agreement; 102 Stacy Grant-Subscription agreements, First Trust Company of Onaga Transfer/Direct Rollover Request, Merrill Lynch statement, First Trust Company of Onaga IRA application, First Trust Company of Onaga Purchase Authorization, Prospective purchaser questionnaire, W-9; 103 Gretchen Carrick-Prospective purchaser questionnaire, subscription agreement; 104 Ralph Hey-Prospective purchaser questionnaire, subscription agreements; 105 Jeff Phalen, IRA-Subscription agreements, First Trust Company of Onaga Transfer/Direct Rollover Request, First Trust Company of Onaga IRA application; 106 Jolene Page-Prospective purchaser questionnaire, subscription agreements; 107 Brian Odenthal, IRA-Subscription agreements, W-9; 110 Todd Einck-Subscription agreements; 111 Averill Cate-Prospective purchaser questionnaire, subscription agreements; 112 JoAnn Sanders-Prospective purchaser</p>			
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<p>questionnaire, subscription agreements; 113 Kaylene Moss, IRA-Subscription agreements, W-9, First Trust Company of Onaga Purchase Authorization, First Trust Company of Onaga Transfer/Direct Rollover Request, First Trust Company of Onaga IRA application; 114 Van Butler, IRA-Subscription agreements, First Trust Company of Onaga Purchase Authorization; 115 Mary Butler, IRA-Subscription agreements, First Trust Company of Onaga Purchase Authorization; 116 Robert Lawson-Prospective purchaser questionnaire, subscription agreements; 118 Kennen Burkhardt, IRA-Subscription agreements, W-9, First Trust Company of Onaga Transfer/Direct Rollover Request, correspondence, DenSco note; 119 Amy Dirks, IRA-Subscription agreements, First Trust Company of Onaga Purchase Authorization, First Trust Company of Onaga Transfer/Direct Rollover Request, First Trust Company of Onaga IRA application, Prospective purchaser questionnaire, US Bancorp retirement plan statement; 120 Mike Scroggin-Prospective purchaser questionnaire, subscription agreement; 121 Wayne Ledet, Roth IRA-Subscription agreements, First Trust Company of Onaga Purchase Authorization, First Trust Company of Onaga Transfer/Direct Rollover Request, First Trust Company of Onaga IRA application; 122 Russell Griswold-Subscription agreements; 123 James Jetton, Roth IRA-Prospective purchaser questionnaire, subscription agreement, Prospective purchaser questionnaire; 124 Mike Scroggin, Roth IRA-Subscription agreements; 125 Annette Scroggin, Roth IRA-Subscription agreements; 126 Michael Scroggin, IRA-Subscription agreements, First Trust Company of Onaga Purchase Authorization, First Trust Company of Onaga Transfer/Direct Rollover Request; 127 Herb and Eileen Cohen-Voided check (Bank of America a/c Cohen Revocable Trust dtd6/3/04), Subscription agreements, Prospective purchaser questionnaire; 128 Annette Scroggin, IRA-Subscription agreements, First Trust Company of Onaga Purchase Authorization, First Trust Company of Onaga Transfer/Direct Rollover Request; 130 Don Sterling-Prospective purchaser questionnaire, subscription agreement; 131</p>			
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<p>Pete Rzonca-Voided check (Wells Fargo a/c Kay and Pete Rzonca), Subscription agreements, Prospective purchaser questionnaire; 133 Tom Byrne-Prospective purchaser questionnaire, subscription agreement; 134 Steve Bunger-Subscription agreements, DenSco notes, Prospective purchaser questionnaire; 135 GB 12, LLC-Subscription agreement; 136 Bradley Dirks, IRA-Subscription agreements, First Trust Company of Onaga Purchase Authorization, First Trust Company of Onaga Transfer/Direct Rollover Request, Fidelity 401k statement; 137 Brian Wenig-Prospective purchaser questionnaire, subscription agreement, Certification of trust, correspondence; 139 Dupper Living Trust-Prospective purchaser questionnaire, subscription agreement; 140 Erin Carrick-Prospective purchaser questionnaire, subscription agreement; 141 Bunger Estate-Prospective purchaser questionnaire, subscription agreement; 148 Angels Investments, LLC, Yusuf Yildiz-Two cancelled checks (\$100k apiece), Prospective purchaser questionnaires, subscription agreement; 143 Barry Luchtel-Prospective purchaser questionnaire, subscription agreement; 144 Landon Luchtel-Prospective purchaser questionnaire, subscription agreement; Sundance Debt Partners, LLC-Prospective purchaser questionnaire; 145 Thomas Weiskopf, IRA-Subscription agreement, W-9; 146 Laurie Weiskopf, IRA-Subscription agreement, W-9; 109 James Trainor-Subscription agreements, Prospective purchaser questionnaire; 2016 Expenses-Variou invoices; 2016 First Bank-Two returned/rejected transaction listing documents, voided DenSco check, deposit receipt; Fed Tax FICA-Electronic Federal Tax Payment System (EFTPS) enrollment docs; AZ State Unemployment Tax-Internet wage reporting forms, AZ DES notice of delinquent reports, Determination of unemployment tax rate reports, AZ DES report of changes forms; AZ Tax-AZ Dept. of Revenue Notice of Employer Withholding Identification Number, correspondence, AZ New Hire Reporting Program brochure; Loose papers--no file folder-Subscription agreement for Wayne Ledet Revocable Trust, DenSco note for same, Subscription agreement for Mainstar Trust, fbo Amy Dirks, DenSco note for same; DenSco Corp</p>			
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	(manila envelope)-Articles of Amendment, Articles of Incorporation, Certificate of Corporate Resolution, Bylaws of DenSco Corp, Blank Subscription agreement and Prospective purchaser questionnaire; 3.5-inch black floppy disk (loose)-No label			
61	Access box; Loan files: 4719, 5763, 5749, 5728, 5748, 5756, 5007, 5658, 5657, 5656, 5655, 5660, 5654, 5652, 5650, 5649, 5647, 5653, 5648, 5643, 5646, 5644, 5245, 5638, 5626, 5644, 5641, 5642, 5780, 5781, 5779, 4482, 5806, 5778, 5777, 5775, 5766, 5772, 5757, 5762, 5809, 5808, 5767, 5759, 5776, 5084, 4484, 5372, 5753, 4979, 5740, 5737, 5733, 5787, 5783, 5734, 5738, 5604, 5591, 5602, 5610, 5609, 5611, 5587, 5584, 5585, 5994, 5578, 5582, 5581, 5761, 5993, 4409, 5564, 5598, 4903, 5576, 5755, 5600, 5747, 5786, 5592, 5739, 5383, 5732, 5729, 5276, 5774, 5570, 5773, 5771, 5580, 5770, 5579, 5769, 5768, 5754, 5575, 5571, 5586, 5599, 5633, 5632, 5309, 5620, 5631, 5608, 5628, 5629, 5627, 5621, 5619, 5621, 5617, 3364, 5289, 5248, 5606, 5615, 5630, 5605, 5616, 5618, 5612, 4644, 5336, 5335, 4554, 5347, 5339, 5348, 5343, 4958, 3610, 4718, 5330, 5340, 4599, 5337, 4956, 5359, 5352, 5350, 4884, 5328, 5360, 5349, 5344, 5331, 4963, 5342, 5346, 4953, 5353, 4959, 5368, 5364, 5358, 4688, 5351, 5345, 5361, 4954, 4541, 5370, 5365, 5363, 5103, 5369, 4776, 5366, 4585, 4574, 5371, 4966, 4962, 5382, 5378, 5376, 5375, 4913, 5374, 4964, 5373, 5381, 5380, 4481, 5185	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
62	Access box; Loan files: 5478, 5481, 5477, 5485, 5167, 5466, 5488, 4804, 4732, 6143, 6129, 6128, 6141, 6130, 6127, 6155, 6118, 6119, 6186, 4578, 6076, 6074, 6075, 6111, 6052, 6085, 6082, 6072, 6053, 6055, 4938, 6047, 6044, 6058, 6071, 6068, 6059, 6046, 6028, 6016, 6042, 6038, 6084, 6033, 6051, 6043, 6041, 6069, 6064, 6066, 6034, 6029, 6040, 6060, 6056, 6057, 6032, 6020, 6024, 6039, 6050, 6023, 6049, 6031, 6048, 6011, 6005, 6067, 6017, 6030, 6013, 5818, 5817, 5814, 5811, 5810, 5860, 5803, 5802, 4504, 5844, 5839, 5838, 5797, 5820, 5804, 5841, 5852, 5387, 5795, 5836, 5834, 5799, 5164, 5476, 5479, 5482, 5471, 5473, 5465, 5460, 5472, 5459, 5458, 5798, 5835, 5792, 5790, 5826, 5791, 5784, 5789, 5793, 5788, 5837, 5829, 5796, 5785, 5782, 5800, 5720, 5715, 5551, 5714, 5565, 5290, 5573, 5722, 5719, 5718, 5713, 5711, 5710, 5708, 5707, 5709, 5705, 5704, 5703, 5702, 5699, 5698, 5697, 5695, 5690, 4627, 5752, 5693, 5691, 5667,	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	

	<p>5696, 5688, 5687, 5685, 5683, 5684, 5692, 5682, 5681, 5680, 5674, 5677, 5676, 5689, 5417, 5673, 5686, 5671, 5669, 5666, 5665, 5664, 5663, 5670, 5668, 5675, 5662, 5661, 5659, 5746, 5558, 5744, 5577, 5735, 5730, 5568, 5572, 5601, 5760, 5750, 5742, 5552, 5726, 5559, 5725, 5567, 6835, 5566, 5721, 5110, 5743, 5717, 5745, 5723, 4863, 5639, 5640</p>			
	<p><u>Investor Files/Closet; Subscription Agreements for the following investors:</u> 2 Paul Kent; 3 Eldon Chittick; 4 Mike Gumbert; 5 Rob Brinkman; 6 Brian Odenthal; 10 Nihad Hafiz; 13 Kennen Burkhardt; 15 Dale Hickman; 17 Steve Tuttle; 18 Tom Smith ; 20 Glen Davis; 21 Mark Wenig; 24 Robert & Elizabeth Hawn Family Trust; 25 Jack Davis; 26 Arden Chittick; 27 Dave DuBay ; 28 Carol Wellman; 29 Warren Bush; 31 Doris Howze; 32 Russ Griswold; 33 Wellman Family Trust; 35 Wade Underwood; 36 Manuel Lent, IRA; 38 William Lent, IRA; 41 Tony Smith; 42 Jeff Phalen; 43 Robert Koehler, IRA; 45 Bill Hughes; 46 Judy Hughes; 47 Bill and Jean Locke; 48 Caro McDowell; 49 DoriAnn Davis; 50 Leslie Jones; 51 Stewart Sherriff; 52 Satellite, LLC; 53 Kevin Potempa; 55 Bill Swirtz; 57 Jim McCoy; 58 Dave Preston; 61 Scott Detota; 64 Brian Imdieke; 65 Terry Lee, The Lee Group; 66 Jemma Kopel; 67 Carsyn Smith; 68 McKenna Smith; 69 Coralee Thompson; 71 Ralph Kaiser; 72 Gary Thompson; 73 Van Butler; 75 Jim McArdle; 76 Tom Smith, IRA; 79 Carol William, IRA; 80 Michael Zones; 81 Marv Miller; 82 Craig Brown; 84 Wayne Ledet, IRA; 85 Terry Lee; 86 Nancy Swirtz; 87 Stanley Schloz; 88 Stanley Schloz, IRA; 89 Stanley Schloz, Roth IRA; 90 Marion Minchuk; 93 Bill Hughes; 94 Smalerie; 95 Wayne Ledet; 96 Craig Hood; 98 Anthony Burdett; 99 Mary Schloz; 100 Marlene Pearce; 101 Bill Alber; 102 Stacy Grant; 104 Ralph Hey; 105 Jeff Phalen; 106 Jolene Page; 106 Jolene Page; 107 Brian Odenthal, IRA; 109 James Trainor; 110 Todd Einck; 111 Averill Cate; 112 JoAnn Sanders; 113 Kaylene Moss, IRA; 116 Robert Lawson; 117 Fischer Family Holdings; 118 Kennen Burkhardt, IRA; 119 Amy Dirks, IRA; 120 Mike Scroggin; 121 Wayne Ledet, Roth IRA; 122 Russell Griswold; 123 James Jetton; 124 Mike Scroggin, Roth IRA; 125 Annette Scroggin, Roth IRA; 126 Michael Scroggin, IRA; 127 Herb Cohen; 128 Annette</p>	<p>Gammage and Burnham boxes-“Old” Investor files received 8/24/16</p>	<p>Simon Consulting, LLC</p>	

	<p>Scroggin, IRA; 130 Donald Sterling; 131 Pete Rzonca; 132 Weiskopf Family Trust; 133 Thomas Byrne; 134 Steve Bunger; 135 GB 12, LLC; 137 Brian Wenig; 139 Russ Dupper; 140 Erin Carrick; 142 Yusuf Yildiz; DC-Stubs for check # 2308, 2310, 2283; 9 Gary Siegford-</p> <p>Subscription agreements, DenSco statements; 11 Vince Muscat-Subscription agreements, DenSco note; 14 Moss Family Trust-Subscription agreements, Court documents regarding garnishment; 56 Glen Davis, IRA-Subscription agreements, First Trust Company of Onaga Purchase Authorization; 62 Mary Kent-Subscription agreements, First Trust Company of Onaga Transfer/Direct Rollover Request, First Trust Company of Onaga Purchase Authorization, First Trust Company of Onaga Transfer Letter, First Trust Company of Onaga Withdrawal Request, First Trust Company of Onaga Change of Beneficiary, Traditional IRA Financial Disclosure, First Trust Company of Onaga Trading Authorization, First Trust Company of Onaga Sale Authorization, First Trust Company of Onaga Transaction Advise, IRA Rollover Certification, correspondence; 70 Roy Kopel-Subscription agreements, First Trust Company of Onaga Purchase Authorization, DenSco note; 97 Leslie Jones- Subscription agreements, First Trust Company of Onaga Transfer/Direct Rollover Request, DenSco note (copy), W-9, First Trust Company of Onaga Purchase Authorization, First Trust Company of Onaga Roth IRA Application</p>			
64	<p>Employee Files: Akers, Zachary; Almeida, Lluvia Marisol; Amoroso, Giuseppe; Amoroso, Agatino (Dino); Amoroso, Luciano; Avita, Carlos; Ayon, Vianey; Baker, Caleb; Banuelos, Edgar (Alex); Baratto, Salvatore; Borja, Angel; Borja, German; Brown, Mike; Bulfair, Gary; Campa, Steisy; Cardo, Salvatore; Cardona, Jesus; Carlos, Chuck; Castro, Alexandra; Castro, Blanca; Castro-Gutierrez, Veronica; Cervantes, Richard; Chagolla, Angelo; Chalmers III, Paul; Chevalier, Steven; Cintron, Francisco; Cobb, Caleb; Coffin, Jared; Contreras, Ricardo; Cook, Linda; Cota, Javier; Cuspard, Otis; Dalby, John; Delgado, Santiago; Dear, Antonio; Dickson, Vanessa; Dirks, Jeremy; Dominguez, Isaac; Dominguez, Jeremias; Duarte, Abraham; Enos, Ronald; Enriquez, Francisco; Esquer, Jesus; Flores, Jose;</p>	<p>Furniture King Store(Bell location) boxes received 9/22/16</p>	<p>Simon Consulting, LLC</p>	

Frankel, Harry (Bill); Galeano, Mariah; Garcia, Alma; Gil-Richard, Jocelyn; Goode, Alexander; Gutierrez, Isaiah; Hakimzadeh, Jack; Hamilton, Erika; Hannon, Regina; Harris, Israel; Hartt, Britan; Hayes, Jennifer; Hayes, Mark; Hernandez, Mary; Horne, Anthony; Hofmann, Kelli; Jackson, Melissa; James, Lionel; Jordan, Tracey; Kerbs, Alejandrina; Jon Kirkby; Komorowski, Renee; Kowall, Paul; Ledezma, Rafael; Lipari-Menaged, Francine; Martin, Amber; Martinez, Alejandro; Martinez, Esmeralda; Martinez, Jasmine; Martinez, Ruben; Mata, Steven; Medina, Sergio; Medrano, Francisco; Melou, Ashur; Menaged, Jess; Menaged, Michelle; Vasquez, Merina; Merjech, George; Morales, Jose; Moss, Karen; Neptune, Stephen; Olivas, Jesus; O'Sullivan, Daniel; Parker, Paul; Pena, Alberto; Porcayo, Andres; Presley, Prince; Pursel, Ernesto; Rames, Keaton; Rice, Jason; Rise, Shakia; Ritchie, Brian; Renteria, Javier; Rodriguez, Mario; Rogers, Winifred (Terrell); Romeo-Torres, Jose; Romeo, Andy; Romeo Rubio, Salvador; Romero, Luis; Romero, Magdalena; Romero, Salvador; Smith, Hugh; Suastegui, Jonathan; Tabanico, Francisco; Tabanico, Ricardo; Tinsley, Jacob; Trotter, Bobbie; Torres, Antonio; Vidal, Albert; Villegas, Karen; Washington, Rod; Welsh, Christopher; Williams, Dennis; Williams, Jermaine; Wood, Noel; Yeoman-Bargar, Colin; Rosen, Jeremy; Roud, Jeremy; Sanchez, Claudia; Sandretto, Christina; Schenkman, Jared; Schultz, Jason; Sepulveda, Mario; Serrano, Paul; Serrano, Xochitl; Shelley, Betty; Shelley, Racquel; Shelley, Richard; Walker, Charles; Crouner, Valerie **Employee W-2s:** Britan M Hartt; Caleb R Baker; Albert V Vidal; Richard C Shelley; Xochitl Serrano; Edgar M Banuelos; George Merjech; Jeremy D Roud; Alberto A Pena; Alma Y Garcia; Jeremias E Dominguez; Dennis J Williams; Bobbie L Trotter; Jasmine Martinez; Hugh Smith; Mary Hernandez; Jose Morales; Andy Romero; C Brian Ritchie; Paul A Chalmers; Hugh Smith; Edgar G Aguilar; Stephen Nuptune; Alejandro Martinez; Mariel Quezada; Mario Rodriguez; Jeremy Dirks; Andres Porcayo; Christiana M Freire; Gary T Bulfair; Chuck E Carlos; Blanca Castro; Francisco Cintron; Steven M Chevalier; Javier A Cota-Renteria; Santiago E Delgado; Abraham R Duarte; Alexander W Goode; Jack Hakimzadeh; Jose Morales;

	<p>Karen L Moss; Claudia P Sanchez; Jason M Schultz; Mario A Sepulveda; Jacob F Tinsley; Rod K Washington; Agatino Amoroso; Giuseppe Amoroso; Esmeralda Martinez; Jess Menaged; Michelle Menaged; Keaton D Rames</p>			
66	<p>HOA Notices/Litigation: Court Document: Rancho Gabriela HOA vs. AZ Home Foreclosures LLC-10/26/2015-Litigation for unpaid assessments. Note on document reads "Sent settlement request of \$1,000 on 11/06. Denied Settlement."; Correspondence-7/16/2014-Letter from Mack Watson & Stratman, PLC to Easy Investments regarding outstanding balance of \$3,027.90 for Encanto Garden Townhouses HOA; Correspondence-2/17/2015-Letter from AAM, LLC to Easy Investments regarding outstanding balance of \$868 for Travis Park HOA. Note on letter reads "Offered \$700 3/19 Declined"; Correspondence-4/6/2015- Letter from Arrowhead Ranch HOA to Arizona Home Foreclosures regarding outstanding balance of \$581.91; Park Wood Ranch HOA Invoice-3/30/2015-Addressed to Arizona Home Foreclosures. \$1,645 amount due; Correspondence-7/27/2015-Letter from Ladera Vista HOA to Easy Investments regarding outstanding balance of \$1,035 for Travis Park HOA; Court Document: Westcreek Villas HOA vs. Easy Investments, LLC-8/19/2015-Application for attorneys' fees and costs of \$1,313.10; Correspondence-8/20/2015- Letter from Rita West HOA to Easy Investments regarding outstanding balance of \$2,075.17; Court Document: Westcreek Villas HOA vs. Easy Investments, LLC-8/20/2015-Order entering judgment for \$1,390; Maricopa County Justice Courts Judgment-8/18/2015-Judgment ordering Easy Investments to pay Riata West HOW \$2,075.17; Correspondence-8/31/2015-Letter from Arizona Corporation Commission to Arizona Home Foreclosures documenting that a summons and complaint regarding Rancho Gabriela HOA was served. Court documents attached; Correspondence-9/8/2015-Letter from Mulcahy Law Firm to Easy Investments regarding outstanding balance of \$2,423.97 for Canyon Trails HOA; Correspondence-9/11/2015-Letter from Mulcahy Law Firm to Easy Investments regarding judgment awarded for an outstanding balance of</p>	<p>Furniture King Store (Bell location) boxes, Easy Investments and Arizona Home Foreclosures correspondence and documents on judgements, liens, etc. Received 9/22/16</p>		

<p>\$3,031.10 for Westcreek Villas HOA; Correspondence-9/10/2015-Letter from Brown, Olcott, PLLC to Arizona Home Foreclosures regarding lien placed upon 707 E Potter Dr for an outstanding balance of \$838.50 for Arroyo Rojo HOA; Correspondence-9/11/2015-Letter from Mulcahy Law Firm to Easy Investments regarding judgment awarded for an outstanding balance of \$3,031.10 for Westcreek Villas HOA; Court Document: Biltmore Gardens HOA vs. Easy Investments, LLC-9/21/2015-Affidavit in support of attorneys' fees and costs for writ of garnishment in the amount of \$2,466.80; Court Document: Award for Biltmore Gardens HOA vs. Easy Investments, LLC-10/26/2015-Amount of \$2,466.80 awarded to plaintiff; Correspondence-4/8/2015-Letter from AAM, LLC to Arizona Home Foreclosures regarding outstanding balance of \$496.76 for Country Place HOA; Correspondence-4/13/2015-Letter from AAM, LLC to Easy Investments regarding outstanding balance of \$1,209 for Anasazi Village HOA; Correspondence-4/13/2015-Letter from Montana Vista HOA to Easy Investments regarding outstanding balance of \$564.80; Correspondence-2/17/2015-Letter from Mulcahy Law Firm to Easy Investments regarding outstanding balance of \$669.50 for Westcreek Villas HOA; Correspondence-2/3/2015-Letter from The Travis Law Firm to Arizona Home Foreclosures regarding outstanding balance of \$655.40 for Hurley Ranch HOA; Correspondence-1/27/2015-Letter from Mark Vander Stoep Attorney at Law to Arizona Home Foreclosures regarding outstanding balance of \$552.50 for Rancho Gabriela HOA; Correspondence-2/25/2015-Letter from Brown, Olcott, PLLC to Easy Investments regarding outstanding balance of \$1,172.84 for Watson Estates HOA. Note on letter states "Offered \$800 3/19 Declined"; Correspondence: Final Demand Notice-3/17/2015-Letter from Avalon Village to Arizona Home Foreclosures regarding outstanding balance of \$2,082.80. Note on letter states "Offered \$1,600 3/19"; Correspondence-4/30/2015-Letter from Mulcahy Law Firm to Easy Investments regarding outstanding balance of \$1,087 for Westcreek Villas HOA; Correspondence: Notice of Property Lien-4/21/2015-Letter from Sienna Community</p>			
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Association to Easy Investments regarding lien filed for unpaid balance of \$695.20. Court document attached: Notice and Claim of Lien by Homeowners' association; Correspondence: Intent to Sue-5/1/2015-Letter from Parkwood Ranch HOA to Arizona Home Foreclosures regarding outstanding balance of \$1,875; Maricopa County Justice Courts Judgment - 5/11/2015-Judgment ordering Easy Investments to pay Riata West HOA \$2,075.17; Court document: Westcreek Villas HOA vs. Easy Investments-6/2/2015-Summons; Court document: Westcreek Villas HOA vs. Easy Investments,- 7/14/2015-Affidavit in support of application for default; Court document: Westcreek Villas HOA vs. Easy Investments-7/14/2015-Application for default and entry of default; Court document: Westcreek Villas HOA vs. Easy Investments-7/14/2015-Affidavit in support of application for default; Court document: Westcreek Villas HOA vs. Easy Investments-7/14/2015-Application for default and entry of default; Notice of Lien--Easy Investments LLC-7/24/2015-Lien placed for \$1,593.31 judgment for Canyon Trails HOA; Correspondence: Lien letter-7/30/2015-Letter from Dove Valley Ranch Community Association to Easy Investments regarding the lien placed for the \$580.50 judgment; Correspondence-8/6/2015-Letter from AAM, LLC to Arizona Home Foreclosures regarding outstanding balance of \$833 for Mountain View Ridge HOA; Correspondence-9/19/2014-Letter from Carpenter Hazelwood PLC to Easy Investments regarding an outstanding balance of \$4,730.65 for Stetson Valley HOA. Note on letter reads "Offered \$3,700 9/22. Declined 10/14. Paid \$5,179.90 10/14"; Correspondence: Lien letter-9/24/2014-Letter from Westcreek Villas HOA to Easy Investments regarding the lien placed for the \$875.50 judgment. Note on letter reads "Paid 10/9"; Correspondence: Lien letter-9/24/2014-Letter from Cottonflower Goodyear HOA to Arizona Home Foreclosures regarding the lien placed for the \$633.44 judgment. Note on letter reads "Paid 10/9"; Correspondence: Lien letter-9/5/2014-Letter from Ladera Vista HOA to Easy Investments regarding the lien placed for the \$1,153 judgment. Note on letter reads "Offered \$700 9/18.

<p>Declined. Paid 10/9"; Court Document: Release of Lien of Assessment-9/25/2014-Release of lien against Arizona Home Foreclosures by South Mountain Community Association; Correspondence-8/15/2014-Letter from Maxwell & Morgan P.C. to Easy Investments regarding an outstanding balance of \$5,817.78 for Canyon Crest at Scottsdale Horizon Association. Note on letter reads "Offered \$4,500 8/21. Accepted. Sent check"; Correspondence: Lien letter-8/27/2014-Letter from Laveen Meadows HOA to Arizona Home Foreclosures regarding the lien placed for the \$413.50 judgment. Note on letter reads "Offered \$300 9/10. Accepted. Paid 9/22"; Court Document: Sienna Community Association vs. Easy Investments LLC-2/13/2014-Summons and Complaint documents for an outstanding balance of \$2,425.26. Note on document reads "Sent offer of \$1600 8/7. Balsam. Paid 9/22"; Correspondence-8/22/2014-Letter from FirstService Residential to Easy Investments informing that the \$75 violation fine has been waved; Email-8/29/2014-Receipt showing Easy Investments paying \$3,091.04 to Sundance Residential Homeowners Association; Court document: Sundance Residential HOA vs. Easy Investments-9/10/2014-Notice of Dismissal; Correspondence: Satisfaction and Release of Lien-9/10/2014-Documents showing that Arizona Home Foreclosures has paid the balance due to Superstition Springs Community and thereby released the lien; Correspondence: Notice of Intent to Lien-7/7/2014-Letter from Palisades at Country Place to Arizona Home Foreclosures regarding an unpaid balance of \$453 and notification of an intent to place a lien on the property; Correspondence: Notice of Intention to Create Lien-8/15/2014-Letter from Mountain Gate Community Association to Arizona Home Foreclosures regarding an unpaid balance of \$466.19 and notification of an intent to place a lien on the property. Note on letter reads "Paid 8/25 \$453"; Correspondence: Lien Letter-6/25/2014-Letter from Dove Valley Ranch HOA to Easy Investments regarding an unpaid balance of \$395.50 and notification that a lien has been placed on the property. Note on letter reads "Emailed for amount. \$575.50. Paid 8/25"; Correspondence: Lien Letter-</p>			
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<p>8/13/2014-Letter from Montana Vista HOA to Arizona Home Foreclosures regarding an unpaid balance of \$384.85 and notification that a lien has been placed on the property. Note on letter reads "Paid." Receipt of electronic payment attached; Correspondence: Notice of Lien Recording-7/28/2014-Letter from Summit at South Mountain Community Association to Arizona Home Foreclosures regarding an unpaid balance of \$1,856.13 and notification that a lien has been placed on the property. Note on letter reads "Offered \$1,000 8/26. Paid 8/25 payment plan. \$898.07 8/29, \$509.03 9/30, 509.03 10/31"; Court Document: Anthem Parkside Community Association vs. Arizona Home Foreclosures-6/29/2014-Notice of Voluntary Dismissal; Court Document: Los Paseos Condominium Owners Association vs. Easy Investments-8/11/2014-Notice of Voluntary Dismissal with Prejudice by Plaintiff; Account Statement: Redhawk at Rogers Ranch HOA-10/21/2013-Balance due of \$930.61. Note on statement reads "Properties in escrow 5/22; Court Document: Lindsay Ranch HOA vs. Arizona Home Foreclosures-5/5/2014-Notice and Claim of Lien; Court Document: Carriage Lane 10 HOA vs. Arizona Home Foreclosures-5/1/2014-Notice and Claim of Lien; Correspondence-5/15/2014-Letter from The Travis Law Firm to Arizona Home Foreclosures regarding outstanding balance of \$1,208 for Goldman Ranch HOA; Correspondence-3/14/2014-Letter from Mark Vander Stoep Attorney at Law to Arizona Home Foreclosures regarding outstanding balance of \$1,339.60 for Tartesso Community Association; Correspondence-7/2/2014-Letter from Ekmark & Ekmark LLC to Easy Investments regarding outstanding balance of \$1,277 for Grayhawk Community and \$1,607.39 for Retreat Village. Note on letter reads "Sold"; Court Document: Grayhawk Community vs. Easy Investments-4/22/2014-Notice and Claim of Lien. Note on document reads "Offered \$600 on 5/1. Declined. Requested payment plan. Sold"; Court document: Sundance Residential HOA vs. Easy Investments-7/31/2014-Notice of Dismissal; Court document: Marbeya Condominium HOA vs. Easy Investments-4/7/2014-Judgment of \$4,993.89. Note on document reads: "Offered \$4,000 5/15. E-</p>			
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mailed 5/22, 5/28. Check from Magnus Title???? Paid by Magnus"; Court document: Anthem Parkside Community Association vs. Arizona Home Foreclosures-6/2/2014-Summons. Note on document reads: "6/19 Check back next week for payoff. 7/2 Offered \$3,000. Owe \$4,394.86. Accepted \$3,628.36"; Court document: Anthem Parkside Community Association vs. Arizona Home Foreclosures-5/20/2014-Order to show cause; Court document: Anthem Parkside Community Association vs. Arizona Home Foreclosures-5/14/2014-Request for preliminary and permanent injunctions; Court document: Anthem Parkside Community Association vs. Arizona Home Foreclosures-5/14/2014-Plaintiff's request to schedule hearing Re: order to show cause; Court document: Anthem Parkside Community Association vs. Arizona Home Foreclosures-5/14/2014-Plaintiff's request to schedule hearing Re: order to show cause; Court document: Anthem Parkside Community Association vs. Arizona Home Foreclosures-5/14/2014-Verified complaint; Court document: Anthem Parkside Community Association vs. Arizona Home Foreclosures-5/14/2014-Certificate of compulsory arbitration; Court document: Northern Manor Two Townhouse Association vs. Easy Investments-7/11/2014 -Satisfaction of judgment; Correspondence: Satisfaction and Release of Lien-7/11/2014-Documents showing that Easy Investments has paid the balance due to Northern Manor Two Townhouse Association and thereby released the lien; Court document: Sundance Residential HOA vs. Easy Investments-1/12/2014 -Complaint. Note on document reads "Owe \$4,423.22. Offered \$3,000. Accepted \$3,200. Paid 7/11"; Court document: Sundance Residential HOA vs. Easy Investments-2/20/2014-Summons; Correspondence: Satisfaction and Release of Notice of Association Assessment Lien-7/1/2014-Documents showing that Arizona Home Foreclosures has paid the balance due to White Tank Foothills Community Association and thereby released the lien; Correspondence-5/9/2014-Letter from AAM, LLC to Easy Investments regarding outstanding balance of \$4,217.60 for Anasazi Village Condominiums HOA. Note on letter reads "Offered \$3,300 5/28.

Accepted 6/30. \$4,548.60 accepted.
Waived \$785. Owe \$3,763.60 by July 30th";
Correspondence-6/10/2014-Letter from
AAM, LLC to Easy Investments regarding
outstanding balance of \$1,407.56 for
Watson Estates HOA. Note on letter reads
"Offered \$600 6/18. Waived \$400. Owe
\$1,007.56"; Correspondence-6/11/2014-
Letter from Vistancia Village HOA to Easy
Investment regarding outstanding balance
of \$2,543.17. Note on letter reads "Offered
\$2,000 6/16. Paid 7/2"; Correspondence-
9/19/2014-Letter from Carpenter
Hazelwood PLC to Easy Investments
regarding a CC&R violation in regards to
turf in the front yard needing repairs;
Correspondence-6/23/2014-Release of
notice and claim of lien by Rancho
Gabiielda for Arizona Home Foreclosures;
Correspondence-6/23/2014-Release of
notice and claim of lien by Lantana Village
HOA for Easy Investments; Court
Document: Latana Village HOA vs. Easy
Investments-6/23/2014-Notice of Voluntary
Dismissal Without Prejudice; Court
Document: Dreaming Summit HOA vs.
Arizona Home Foreclosures-6/23/2014-
Notice of Voluntary Dismissal Without
Prejudice; Court Document: Rancho
Gabriela HOA vs. Arizona Home
Foreclosures-6/23/2014-Notice of
Voluntary Dismissal Without Prejudice;
Correspondence-6/13/2014-Letter from
Ekmark & Ekmark LLC to Easy Investments
regarding receipt of a check for \$11,303.10
for Los Paseos Condos to bring account
current; Correspondence: Satisfaction and
Release of Lien-6/10/2014-Document
showing that Arizona Home Foreclosures
has paid the balance due to Sonoran Vista
HOA and thereby released the lien;
Correspondence-3/4/2014-Letter from
CMCC to Easy Investments regarding
outstanding balance of \$1,668.13 for
Spectrum Community Association. Note on
letter reads "Sent offer of \$1,100 4/17.
Board meeting at the end of May 5/2. Re
emailed 5/22. Should have an answer by
5/28. Re-emailed"; Correspondence-
6/2/2014-Letter from The Spectrym at Val
Vista to Easy Investments stating the
\$1,100 offer (see above) was denied;
Correspondence-5/6/2014-Letter from
Courtyards at Northern HOA to Easy
Investments regarding outstanding balance
of \$920.19. Note on letter reads "5/22

	<p>Offered \$700. Re-emailed 5/28. Won't settle"; Correspondence: Notice of Intention to Lien-5/31/2014-Letter from Pepperwood Townhomes HOA to Arizona Home Foreclosures regarding outstanding balance of \$621 and an intent to place a lien on the property; Correspondence-3/13/2014-Letter from Ekmark & Ekmark LLC to Easy Investments regarding outstanding balance of \$2,206 for Sienna Condominiums HOA. Note on letter reads "5/22 Offered \$2,000. Waiting for response from board"; Correspondence-5/7/2014-Letter from Carpenter Hazelwood PLC to Arizona Home Foreclosures regarding an outstanding balance of \$1,251.61 for Country Place Community Master Association. Note on letter reads "Offered \$800"; Correspondence: Lien Letter-5/19/2014-Letter from Canyon Trails HOA to Arizona Home Foreclosures regarding outstanding balance of \$1,041.87 and that a lien has been placed on the property. Note on letter reads "5/22 offered \$700. Won't settle"; Correspondence-4/14/2014-Letter from AAM, LLC to Arizona Home Foreclosures regarding outstanding balance of \$1,032.90 for White Tanks Foothills Community Association. Note on letter reads "Offer \$750 4/21. Sent email to board 5/2. Emailed 5/15 board meeting at end of month. Will receive something by mail. Contacted 5/28. Just pay"; Correspondence: Satisfaction and Release of Lien-6/2/2014-Letter from Glenhurst HOA to Easy Investments stating the account has been paid in full and the lien has been released; Correspondence-3/17/2014-Email from the Town of Buckeye to Jennifer Hayes regarding five Arizona Home Foreclosures and Easy Investments properties undergoing foreclosure collection process for total arrears of \$3,514.89. Note on email reads "Paid 3/18/14"; Correspondence: Demand Letter-1/7/2014-3 letters from Ladera Vista to Easy Investments regarding outstanding balance; MANY OTHER NOTICES/HOA DOCS; Utility Service Requests, Property violation notices, Auto King records, Employee forms</p>			
67	<p>Expando labeled, "DenSco Investment Corporation-Blue Sky issues"; Folder titled Blue Sky issues-Correspondence; Folder titled Blue Sky issues-Memoranda; Expando labeled, "DenSco Investment Corporation-</p>	<p>Clark Hill boxes received 10/14/16</p>	<p>Simon Consulting, LLC</p>	<p>Bates Stamp DIC0000001-0011917; Covers boxes #67-#72</p>

	<p>General Corporate"; Folder titled General Corporate-Correspondence 2; Folder titled General Corporate-Memoranda; Expando labeled "DenSco Investment Corporation-General Corporate"; Folder titled General Corporate-Correspondence; Folder titled General Corporate-Drafts; Folder titled General Corporate-Research; Folder titled General Corporate-Attorney Notes; Folder titled General Corporate-Client Documents; Folder titled General Corporate-Demand Letter-NYAZ Properties LLC; Folder titled General Corporate-Kaylene Moss Garnishment; Expando labeled "DenSco Investment Corporation-2007 Private Offering"; Folder titled 2007 Private Offering-Correspondence; Folder titled Private Offering-Attorney Notes; Folder titled Private Offering-Drafts; Folder titled 2007 Private Offering-Legal</p>			
68	<p>Expando labeled "DenSco Investment Corporation-2009 Private Offering Update-Drafts"; Expando labeled "DenSco Investment Corporation-2009 Private Offering Update"; Folder titled 2009 Private Offering Update-Correspondence; Folder titled 2009 Private Offering Update-Memoranda; Folder titled 2009 Private Offering Update-Research; Folder titled 2009 Private Offering Update-Attorney Notes; Expando labeled "DenSco Investment Corporation-2008 Private Offering"; Folder titled 2008 Private Offering-Correspondence; Folder titled 2008 Private Offering-Memoranda; Folder titled 2008 Private Offering-Drafts; Folder titled 2008 Private Offering-Legal; Folder titled 2008 Private Offering-Research; Folder titled 2008 Private Offering-Attorney Notes; Folder titled 2008 Private Offering-Due Diligence; Folder titled 2008 Private Offering-Client Documents; Expando labeled "DenSco Investment Corporation-2007 Private Offering"; Folder titled 2007 Private Offering-Correspondence; Folder titled 2007 Private Offering-Attorney Notes; Expando labeled "DenSco Investment Corporation-2007 Private Offering #2"; Folder titled 2007 Private Offering-Distribution Package dated 5/18/07 and 5/22/07; Folder titled 2007 Private Offering-Distribution Package dated 6/5/07; Folder titled 2007 Private Offering-Draft #2; Folder titled 2007 Private Offering-Draft #3</p>	Clark Hill boxes received 10/14/16	Simon Consulting, LLC	Bates Stamp DIC0000001-0011917; Covers boxes #67-#72

69	<p>Expando labeled "DenSco Investment Corporation-2013 Private Offering Memorandum"; Folder titled 2013 Private Offering Memorandum-Attorney Notes; Folder titled 2013 Private Offering Memorandum-Elizabeth Sipes Attorney Working File; Folder titled 2013 Private Offering Memorandum-Due Diligence; Folder titled 2013 Private Offering Memorandum-Correspondence; Folder titled 2013 Private Offering Memorandum-Drafts; Expando labeled "DenSco Investment Corporation-Formation of Affiliated Entity with Partners"; Folder titled Formation of Affiliated Entity with Partners-Correspondence; Folder titled Formation of Affiliated Entity with Partners-Due Diligence; Expando labeled "DenSco Investment Corporation-Garnishments"; Folder titled Garnishments-Correspondence; Folder titled Garnishments-Memorandum; Folder titled Garnishment-Legal; Expando labeled DenSco Investment Corporations-AZ Practice Review; Folder titled AZ Practice Review-Correspondence; Folder titled AZ Practice Review-Drafts; Folder titled AZ Practice Review-Legal Research; Folder titled AZ Practice Review-Attorney Notes; Expando labeled "DenSco Investment Corporation-2011 Private Offering Update"; Folder titled 2011 Private Offering Update-Correspondence; Folder titled 2011 Private Offering Update-Legal Research; Folder titled 2011 Private Offering Update-Attorney Notes; Expando labeled "DenSco Investment Corporation-2011 Private Offering Update; Contents: Drafts of Private Offering Memorandum; Expando labeled "DenSco Investment Corporation-2009 Private Offering Update"; Folder titled 2009 Private Offering Update-Correspondence; Folder titled 2009 Private Offering Update-Memorandum; Folder titled 2009 Private Offering Update-Legal; Folder titled 2009 Private Offering Update-Attorney Notes; Folder titled 2009 Private Offering Update-Research</p>	Clark Hill boxes received 10/14/16	Simon Consulting, LLC	Bates Stamp DIC0000001-0011917; Covers boxes #67-#72
70	<p>Expando labeled "DenSco Investment Corporation-Workout of Lien Issue (43820.170082)"; Folder titled Workout of Lien Issue-Correspondence; Folder titled Workout of Lien Issue-Attorney Notes; Folder titled Workout of Lien Issues-Client Documents; Folder titled Workout of Lien</p>	Clark Hill boxes received 10/14/16	Simon Consulting, LLC	Bates Stamp DIC0000001-0011917; Covers boxes #67-#72

	Issues-Final Documents; Folder titled Workout of Lien Issue-Work Papers; Folder titled Drafts-DGB; Folder titled Workout of Lien Issue-Drafts; Expando labeled "DenSco Investment Corporation-Workout of Lien Issue(43820.170082)-Correspondence #2"; Expando labeled "DenSco Investment Corporation -Workout of Lien Issue(43820.170082)-Correspondence #3"			
71	Expando labeled "DenSco Investment Corporation-Workout of Lien Issue(43820.170082)" Contents: Drafts of Term Sheet, Forbearance Agreement, Guaranty Agreement, Secured Line of Credit Promissory Note, Security Agreement; Folder titled DAS Working File(contains emails and draft agreements); Folder titled DAS Working File(contains drafts of Authorized Update, Forbearance Agreement, Confidentiality and Non-Disclosure Agreement); Expando labeled "DenSco Investment Corporation-2003 Private Offering Memorandum"-this date on the label is incorrect, it should read 2013 and applies to all the contents within this Expando; Folder titled 2003 Private Offering Memorandum-Correspondence; Folder titled 2003 Private Offering Memorandum-Correspondence; Folder titled 2003 Private Offering Memorandum-Work Papers; Folder titled 2003 Private Offering Memorandum-Drafts; Folder titled (handwritten) DenSco PPM; Folder titled 2003 Private Offering Memorandum-Client Documents; Folder titled 2003 Private Offering Memorandum-Final Documents; Expando labeled "DenSco Investment Corporation-Business Matters(43820.170145); Folder titled ADFI Response-Documents; Folder titled ADFI Response-Correspondence; Folder titled Business Matters-Attorney Notes; Folder titled Business Matters-Final Documents; Folder titled Business Matters-Drafts; Folder titled Business Matters-Client Documents; Folder titled Business Matters-Work Papers; Folder titled Business Matters-Correspondence	Clark Hill boxes received 10/14/16	Simon Consulting, LLC	Bates Stamp DIC0000001-0011917; Covers boxes #67-#72
72	Expando labeled "DenSco Investment Corporation-Business Wind Down(43820.307376); Folder titled Business Wind Down-Correspondence; Folder titled Business Wind Down-Client Documents; Folder titled Business Wind Down-Attorney Notes; Folder titled Business Wind Down-Drafts; Folder titled	Clark Hill boxes received 10/14/16	Simon Consulting, LLC	Bates Stamp DIC0000001-0011917; Covers boxes #67-#72

	Business Wind Down-Documents; Expando labeled "DenSco Investment Corporation-Business Wind Down(43820.307376)-Correspondence(1)"; Expando labeled "DenSco Investment Corporation-Business Wind Down(43820.307376)-Correspondence(2)"			
73	<p>1 Master CD-ROM of box contents scanned and Bates Stamped by ALTEP Digital Discovery; Box contents include:</p> <p>13 CD-ROMs containing statements for:</p> <ul style="list-style-type: none"> ●Beneficial Finance LLC - #1-517-0572-2727 ●Arizona Home Foreclosure LLC- #1-517-0572-2735 ●Furniture King LLC - #1-517-0426-4440 ●Easy Investments LLC - #1-517-0426-4457 ●Yomtov & Francine Menaged - #1-517-0553-6416 <p>Paper documents: Correspondence with US Bank, original subpoenas; Copies of signature cards, checks, withdrawals, deposits, cashier check purchases for the accounts</p>	US Bank document production for Scott Menaged related entities received 11/17/16	Simon Consulting, LLC	Bates Stamp DIC0011918-0016612
74	<p>Paper hard copies of US Bank statements for:</p> <ul style="list-style-type: none"> ●Beneficial Finance LLC - #1-517-0572-2727 ●Arizona Home Foreclosure LLC- #1-517-0572-2735 ●Furniture King LLC - #1-517-0426-4440 ●Easy Investments LLC - #1-517-0426-4457 ●Yomtov & Francine Menaged - #1-517-0553-6416 <p>Paper hard copies of signature cards, checks, withdrawals, deposits, cashier check purchases for the accounts</p>	US Bank document production for Scott Menaged related entities received 11/17/16	Simon Consulting, LLC	
75	<p>1 Master CD-ROM of Chase boxes scanned and Bates Stamped (DIC0016613-0025330) by ALTEP Digital Discovery:</p> <ul style="list-style-type: none"> ●Arizona Home Foreclosures LLC - #582551151 ●Yomtov S Menaged - #590218371(Checking) ● Yomtov S Menaged - #3317775525(Savings) ● Yomtov S Menaged - #663708290(Checking) ●Furniture King LLC - #904531381 ●Furniture King LLC - #788855893 ●Scott's Fine Furniture LLC - #817256758 <p>Paper copies of signature cards, statements, wires, deposits, checks and withdrawals for:</p> <ul style="list-style-type: none"> ●Arizona Home Foreclosures LLC - #582551151 	Chase Bank document production for Scott Menaged related entities received 1/15/07	Simon Consulting, LLC	Bates Stamp DIC0016613-0020261
76	Paper copies of signature cards,	Chase Bank document	Simon Consulting,	Bates Stamp

	statements, wires, deposits, checks and withdrawals for: <ul style="list-style-type: none"> ●Arizona Home Foreclosures LLC - #582551151(continued) ●Yomtov S Menaged - #590218371(Checking) ● Yomtov S Menaged - #3317775525(Savings) ● Yomtov S Menaged - #663708290(Checking) ●Furniture King LLC - #904531381 	production for Scott Menaged related entities received 1/15/07	LLC	DIC0020262-0023577
77	Paper copies of signature cards, statements, wires, deposits, checks and withdrawals for: <ul style="list-style-type: none"> ●Furniture King LLC - #904531381 ●Furniture & Electronic King LLC - #788855893 ●Scott's Fine Furniture LLC - #817256758 	Chase Bank document production for Scott Menaged related entities received 1/15/07	Simon Consulting, LLC	Bates Stamp DIC0023578-0025330
78	Tidewater Finance Company; Customer financial paperwork 12/13 – 3/15	Furniture King Store(Bell location) boxes received 9/22/16	Simon Consulting, LLC	
79	Accounts Payable for various Menaged entities 4/14 – 10/15	Furniture King Store(Bell location) boxes received 9/22/16	Simon Consulting, LLC	
80	Customer Invoices(2015-2016), Sign-in sheets, Miscellaneous notebooks & loose papers	Furniture King Store(Bell location) boxes received 9/22/16	Simon Consulting, LLC	
81	Multiple property files, Customer sign-in sheets	Furniture King Store(Bell location) boxes received 9/22/16	Simon Consulting, LLC	
82	Customer credit applications, Menaged divorce folder, Beneficial Financial LLC folder, Menaged mortgage docs (10510 E. Sunnyslope),	Furniture King Store(Bell location) boxes received 9/22/16	Simon Consulting, LLC	
83	Customer invoices 2012 – February 2015	Furniture King Store(Bell location) boxes received 9/22/16	Simon Consulting, LLC	
84	Property files: <ul style="list-style-type: none"> ●2025 N.106th Dr. ●23805 N. Papago St. ●15835 N. 47th St. ●3826 E. Palmer St. ●1814 E. Kenwood St. ●1020 E. Osborn Rd. #A ●3938 N. Sapphire ●18131 N. Roth Ave. ●5357 S. Ranger Trail ●320 S. 70th St. #9 Plus many others	Furniture King Store(Bell location) boxes received 9/22/16	Simon Consulting, LLC	
85	Property files, Payroll taxes, Rental property files, Miscellaneous utility bills, Blank forms, 2014 Payroll journals,	Furniture King Store(Bell location) boxes received 9/22/16	Simon Consulting, LLC	
86	Customer invoices, Credit applications	Furniture King Store(Bell location) boxes received 9/22/16	Simon Consulting, LLC	
87	Intentionally skipped for now			

88	<ul style="list-style-type: none"> ●DenSco Bank of America statements for account #004672028555 covering 2012, 2013, 2014 ●DenSco Bank of America statements for account #004657167509 covering 2012, 2013, 2014; Folder labeled Expenses 2012; Folder labeled 2012 940, 941, AZ State; Folder labeled Accounting 2012; Other tax and accounting files for years 2012, 2013, 2014; Folder labeled FICA;	Gammage and Burnham boxes received 8/26/16	Simon Consulting, LLC	
89	Past Investor files	Gammage and Burnham boxes received 8/24/16	Simon Consulting, LLC	
90	Furniture price lists; Customer invoices & credit applications; Consumer complaints; Employee files	Furniture King Store(Bell location) boxes received 9/22/16	Simon Consulting, LLC	
91	Property lease files; Eviction files 2011, 2012, 2013, 2014, 2015	Furniture King Store(Bell location) boxes received 9/22/16	Simon Consulting, LLC	
92	Property lease files	Furniture King Store(Bell location) boxes received 9/22/16	Simon Consulting, LLC	
93	Notice of default letter; Vendor invoices; Original re-finance documents for Sunnyside property; Forbearance agreement between AHF, Furniture King, Scott Menaged and DenSco-executed except by DenSco; Purchase contracts-4 properties, appears the seller is AHF	Furniture King Store(Van Buren location) boxes received 10/4/16	Simon Consulting, LLC	
94	Main desk files: Miscellaneous, DenSco, Scott's Fine Furniture, Furniture & Electronics King, American Furniture, Auto King, Beneficial Finance, AZ Home Foreclosures, Lease Files:-5905 W. Bell Rd., 13350 W. Van Buren, 424 W. Thomas Rd., 7320 W. Bell Rd., 64 N. 45 th Ave., 1660 S. Alma School, 6905 W. Bell Rd., Furniture King, Auto King: 2015 1099 Forms, Menaged's DL, Veronica's personal, Veronica's paystubs, Veronica's notary and Real Estate license, Veronica's Marriage certificate, Tempoe, Gafco, Sandberg, Auto King-Francine Menaged, Consumer complaint, Furniture King-Liquidation sale, Penske Truck Rental, Advertising, Customer applications, B of A Merchant Services account, Insurance-Workers comp, Business insurance-Allstate, Coaster, Miscellaneous employee paperwork, Auto King logs, Furniture store list, Office supply orders, Tidewater, Beneficial Finance loans to 3 rd parties, Alexandra Castro auto loan, Sales/TPT tax 2013, 2014, 2015	Furniture King Store(Van Buren location) boxes received 10/4/16	Simon Consulting, LLC	
95	CD containing documents produced by Scott Menaged in response to Receiver's	Schian Walker, PLC; Chandler Police Dept.;	Simon Consulting, LLC	

<p>2004 request for production; CD containing photos from the police investigation surrounding Denny Chittick's death; Death Investigation Report from the police investigation surrounding Denny Chittick's death; 10/24/16 cover letter, privilege log, and hard drive containing Denny Chittick's Yahoo emails; USB drive containing electronic Bates labeled copies of DenSco and selected Furniture King records scanned by the ACC (duplicate of hard copies); Clark Hill, PLC billing statements; Bank statements and correspondence for the DenSco Defined Benefit Pension Plan's FirstBank account ending in 1963; Bank statements, canceled checks, detailed wire spreadsheets, and correspondence for DenSco's FirstBank account ending in 5264; Mainstar Trust billing statements and correspondence; Undated letter (rcvd 02/27/17) regarding Mortgage on property at 5219 E Anderson Dr, Scottsdale, AZ; 08/23/16 letter from the Office of the Arizona Attorney General regarding Jolene Page Walker; 10/04/16 letter from the Office of the Arizona Attorney General regarding Jolene Page Walker; 05/25/12 Petition for Dissolution of Marriage in re: Ranasha Dawn Chittick, Petitioner, and Denny Jeff Chittick, Respondent; Various original deposited checks from Denny Chittick's office; Corporate records for Furniture King, LLC including Articles of Organization, litigation documents re: Michael Evans, litigation documents re: Transamerican Capital, LLC; Contents from the box held in the dryer at the residence of Denny Chittick's parents (excluding cash); Miscellaneous documents found under files in Denny Chittick's desk drawer, including request for credit information; complaint re: Bruce Church; notice of trustee's sale; etc.; Miscellaneous documents received from investors: BLL Capital, LLC c/o Barry Luchtel; Rob Brinkman; Craig & Tomie Brown; Anthony Burdett; Dori Ann Davis; Glen Davis; Jack Davis; Amy Dirks; Judy Hughes; Paul Kent; Wayne Ledet; LJI Capital, LLC c/o Landon Luchtel; Jim McArdle; Brian Odenthal; Jeff Phalen; Michael & Annette Scroggin; Stewart Sherriff; Branson (aka Tony) & Sandra Smith; Don Sterling; Gary & Coralee Thompson; Stephen Tuttle; Wade Underwood; Form 1120S US Income Tax Returns for</p>	<p>Gammage & Burnham, PLC; Arizona Corporation Commission; Clark Hill, PLC; FirstBank; Mainstar Trust; Campbell & Coombs, PC; Arizona Attorney General; Clerk of the Maricopa County Superior Court; Shawna Heuer; Various Investors; Internal Revenue Service; Internal Revenue Service (via Lisa Reilly, Esq.); David Preston of Preston CPA, PC</p>		
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	<p>DenSco Investment Corporation for 2011-2015; IRS correspondence and Form 1120S Tax Return Transcripts for DenSco Investment Corporation for 2013-2015; K-1 and 1099 Form Transcripts for DenSco Investment Corporation for 2011-2015; IRS fax coversheets to Lisa Reilly and Form 1120S Tax Return Transcripts for DenSco Investment Corporation for 2014; K-1 and 1099 Form Transcripts for DenSco Investment Corporation for 2013-2015; Account Transcripts for DenSco Investment Corporation for 2013-2015; Preston CPA, PC's tax files for DenSco Investment Corporation, including Form 1120S US Income Tax Returns and work papers for 2010-2015</p>			
96	<p>USB drive containing images from Denny Chittick's iPhone and iPad; USB drive containing Denny Chittick's Yahoo emails; QuickBooks files and audio file of recorded conversation between Scott Menaged and Denny Chittick; 09/06/16 cover letter, privilege log, and CD containing electronic copies of the corporate logs/journals maintained by Denny Chittick; 08/31/16 cover letter and USB drive containing various electronic files extracted from Denny Chittick's computer; 09/29/16 cover letter and USB drive containing miscellaneous restored DropBox files; 08/31/116 cover letter, privilege log, and DenSco legal files (redacted and unredacted): Legal 2012, Legal 2013, Legal 2014, 2016 Legal; 10/24/16 cover letter, privilege log, and hard drive containing Denny Chittick's Yahoo emails; Hard drive and backup drive each containing data extracted by Forensic Consulting Solutions from American Furniture's computer and Scott Menaged's computer, iPhone, and AOL email account; thumb drive containing "Hot Docs" identified by FCS from aforementioned devices; thumb drive containing data extracted from Scott Menaged's iPhone.</p>	<p>D4, LLC; Gammage & Burnham, PLC</p>	<p>Simon Consulting, LLC</p>	<p>PRIVILEGED</p>
97	<p>Customer invoices, Credit applications, Promotional materials, Miscellaneous sales and return records/receipts</p>	<p>Furniture King</p>	<p>Simon Consulting, LLC</p>	
98	<p>Customer invoices, Credit applications, Promotional materials, Miscellaneous sales and return records/receipts</p>	<p>Furniture King</p>	<p>Simon Consulting, LLC</p>	
99	<p>Customer invoices, Credit applications, Promotional materials, Miscellaneous sales and return records/receipts</p>	<p>Furniture King</p>	<p>Simon Consulting, LLC</p>	

118	Customer invoices, Credit applications, Promotional materials, Miscellaneous sales and return records/receipts	Furniture King	Simon Consulting, LLC	
119	Customer invoices, Credit applications, Promotional materials, Miscellaneous sales and return records/receipts	Furniture King	Simon Consulting, LLC	
120	Business bank statements-Chase #1381; AMEX receipts; Wells Fargo account statements; Copies of checks, deposits, wire transfers; Customer applications; Vendor invoices; Miscellaneous financial institution statements; 2009 1040 tax return and state tax receipts; Employee medical evaluation reports	Furniture King	Simon Consulting, LLC	
121	Customer invoices, Credit applications, Promotional materials, Miscellaneous sales and return records/receipts	Furniture King	Simon Consulting, LLC	
122	Customer invoices, Credit applications, Promotional materials, Miscellaneous sales and return records/receipts	Furniture King	Simon Consulting, LLC	
123	Customer invoices, Credit applications, Promotional materials, Miscellaneous sales and return records/receipts	Furniture King	Simon Consulting, LLC	
124	Customer invoices, Credit applications, Promotional materials, Miscellaneous sales and return records/receipts	Furniture King	Simon Consulting, LLC	
125	Customer invoices, Credit applications, Promotional materials, Miscellaneous sales and return records/receipts	Furniture King	Simon Consulting, LLC	
126	Customer invoices, Credit applications, Promotional materials, Miscellaneous sales and return records/receipts	Furniture King	Simon Consulting, LLC	
127	Copies of deposits for Easy Investments- B of A account #5496; Easy Investments account statements, deposits and withdrawals for #2190 and #1944 - 12/12 through 1/13; B of A bank statements from 1/10 through 1/13 for Easy Investments account #5496; Redwell with Wells Fargo production totaling 29 pages(not Bates Stamped)	Subpoena requests to Bank of America and Wells Fargo	Simon Consulting, LLC	Bates Stamp DIC0025331-0028632
128	Denny's Files consisting of email correspondence	Veronica Castro	Simon Consulting, LLC	Bates Stamp DIC0028634-0032150
129	Denny's Files consisting of email correspondence	Veronica Castro	Simon Consulting, LLC	Bates Stamp DIC0032151-0035600
130	Denny's Files consisting of email correspondence; Files labeled as "Docs"	Veronica Castro	Simon Consulting, LLC	Bates Stamp DIC0035601-0039200
131	Scott Menaged email correspondence	Veronica Castro	Simon Consulting, LLC	Bates Stamp DIC0039201-0042699

132	Scott Menaged email correspondence	Veronica Castro	Simon Consulting, LLC	Bates Stamp DIC0042701-0046200
133	Scott Menaged email correspondence	Veronica Castro	Simon Consulting, LLC	Bates Stamp DIC0046201-0049700
134	Scott Menaged email correspondence	Veronica Castro	Simon Consulting, LLC	Bates Stamp DIC0049701-0053169
135	Scott Menaged email correspondence	Veronica Castro	Simon Consulting, LLC	Bates Stamp DIC0053166-0053950
136	Scott Menaged Rule 2004 Production; Bank statements including AZ Home Foreclosure at Chase #1151; These are Bates Stamped "Menaged 0001-3956"	Scott Menaged	Simon Consulting, LLC	Bates Stamp Menaged 0001-3956
137	Document production from Bank of America-Easy Investments, Copies of checks over \$1,000 for 2010 and 2011	Subpoena requests to Bank of America	Simon Consulting, LLC	Bates Stamp DIC0056083-0057145
137	Wells Fargo- All Menaged account statements, debit and credit items Wells Fargo-Easy Investments account statements, debit and credit items; Savings #1712, Checking #3296 US Bank-Account #6416-Yomtov Menaged, #4457-Easy Investments, #4440-Furniture King; Copies of cashier's checks and offsets from counter withdrawals	Subpoena requests to Wells Fargo and US Bank	Simon Consulting, LLC	Bates Stamp DIC0070481-0070840
138	Checks and deposit slips for Short Term Finance, LLC's BofA account ending in 0078; Checks, deposit slips, and endorsement stamp for Easy Investments, LLC's BofA account ending in 5496; Deposit slips and endorsement stamp for Divine Design Home Interiors, LLC's BofA account ending in 8986; Checks for Yomtov S. Menaged's Merrill Lynch account ending in 5181; ADP Earnings Statements issued to Yomtov S. Menaged; Miscellaneous mail addressed to Yomtov S. Menaged, Michelle Menaged, Jess Menaged, Valerie Bambulas, Salvatore & Josephine Baratto, and Furniture King; Business cards for Scott Menaged/Furniture King; Business cards for Luigi Amoroso/Easy Investments, LLC/buyzauctionhomes.com; 2011 Form 1040 income tax return for Yomtov S. Menaged; Statements for Yomtov S. Menaged's BofA account ending in 1289, Sep-Oct 2012; Blank GE Capital credit applications; Miscellaneous documents, including 1099 forms, and other documents from ~2011-2012; Miscellaneous items, including Brandon Menaged's schoolwork, Flat Stanley book, greeting cards, post-it notes, etc.; The Yomtov Scott Menaged Living Trust binder	Furniture King	Simon Consulting, LLC	

	prepared by LegalZoom.com; QuickBooks Pro 2012 software; VeriFone PIN pad model 1000SE; VeriFone credit card machine model VX 520; VeriFone credit card machine model VX 510; Numerous Form W-2G forms reporting 2007 gambling winnings by Scott Menaged; Scott Menaged's Arizona Driver's License; Numerous credit cards in the name of Yomtov S. Menaged; Miscellaneous membership cards; Miscellaneous knickknacks			
139	Gomen Furniture, Inc. binder containing passwords for various merchant accounts; AFLAC benefit information materials; Furniture Wizard user guide; Layaway receipt book; Wells Fargo Retail Services paperwork; Furniture of America sales materials; Miscellaneous employee paperwork; Miscellaneous invoices for inventory purchased from various vendors; Miscellaneous furniture sales invoices, sales reports,; Miscellaneous unlabeled files; Files titled: Furniture King, New Hire Paperwork, Delivery & Assembly Fee Contracts, Master Copy, Wells Fargo Disclosure 2013, Closeout Report, Bills, Terrell, Guardian West, Application for Credit, Computer, Crypton, Bank Account Verification Form, Layaway Form, Up Sheet, Supply List, Break Sheet, X Employee File, Layaway File, Mesa, Weekly Sale Sheet for Salesperson	Furniture King	Simon Consulting, LLC	
140	Correspondence, Documents, Etc.; 4 CD-ROMs from Clark Hill for counsel at Osborn Maledon containing copies of original production	Clark Hill production for counsel at Osborn Maledon	Simon Consulting, LLC	Bates Stamp DIC0057201-0070480
141	Correspondence, Documents, Etc.	Clark Hill production for counsel at Osborn Maledon	Simon Consulting, LLC	Bates Stamp DIC0057201-0070480
142	Correspondence, Documents, Etc.	Clark Hill production for counsel at Osborn Maledon	Simon Consulting, LLC	Bates Stamp DIC0057201-0070480
143	Correspondence, Documents, Etc.	Clark Hill production for counsel at Osborn Maledon	Simon Consulting, LLC	Bates Stamp DIC0057201-0070480
144	Investor Proof of Claim forms [Receiver_002518-004487]; Change of Ownership Request forms and other correspondence received from Mainstar Trust	Documents received from claimants in response to DenSco claims process	Simon Consulting, LLC	Bates Stamp RECEIVER_002518-004487
145	Original document production from Bank of America for Easy Investments account #5496-copies of checks; Copies of withdrawals for Yomtov Menaged related accounts: #2190, #1994, #5052, #2208,	Subpoena requests to Wells Fargo and Bank of America	Simon Consulting, LLC	Bates Stamp DIC0053951-0056082; DIC0057146-0057200; DIC0070481-0070870; DIC0070871-0070882;

	#5410, #6814, #1434; Opening account documents at Chase bank; White envelope containing Original document production and Bates Stamped version on CD of: Easy Investments-Transfer reports #5496; Manilla envelope containing Original document production and Bates Stamped version on CD of: Signature Cards and Corporate Resolutions for: Keg Inspections #3572, DenSco Investment Corp. #7509 and #8555, Shinning City Project, LLC #8162; Signature cards for Melinda Renee Morgan #0917, Charles G. Darling #4632 and #0904, Hope H Kopp #0715, Tam M Bui Minh Pham #3302; Manilla envelope containing BofA opening account documents for #1289, #1977, #0078(Yomtov S. Menaged & Francine Lipari, Short Term Finance); 1 CD ROM from Osborn Maledon RE: DenSco Investment/Clark Hill produced documents which are supplemental documents Clark Hill produced; CD (PHX007640) containing copies of B of A checks			DIC0070883 -0070928; DIC0070929 -0070949; CH0013281-0013330
146	Vendor invoices for furniture purchases, miscellaneous receipts, and other miscellaneous documents.	Furniture King	Simon Consulting, LLC	
147	Vendor invoices for furniture purchases, miscellaneous receipts, and other miscellaneous documents.	Furniture King	Simon Consulting, LLC	
148	Cover letter from the Arizona Corporation Commission dated 02/13/18 and copies of email correspondence requested by Guttilla Murphy Anderson [ACC005458-AC005519]; USB drive containing emails from Scott Menaged's AOL account (excluding privileged items) extracted by Forensic Consulting Solutions and corresponding privilege log; CD containing documents supporting Receiver's solvency analysis, including miscellaneous spreadsheets and recorded documents extracted from public records; Correspondence from Scott Menaged to Ryan Anderson dated 12/22/17; Correspondence from Scott Menaged to Ryan Anderson and Peter Davis dated 01/31/18; Correspondence from Scott Menaged to Jack Edwards dated 03/01/18; Correspondence from Scott Menaged to Ryan Anderson and Peter Davis dated 03/01/18; Correspondence from Scott Menaged to Ryan Anderson and Peter Davis dated 04/09/18; Correspondence from Scott Menaged to Steve Nemecek dated 04/26/18; Correspondence from Scott Menaged to Jack Edwards dated 05/18/18;	Bryan Cave, LLP; Arizona Corporation Commission; Simon Consulting, LLC	Simon Consulting, LLC	Bates Stamp BC_000001-003052; ACC005458-005519; BC_003189; RECEIVER_000001-001497; RECEIVER_001498-001548

Correspondence from Scott Menaged to Ryan Anderson dated 07/01/18; Correspondence from Scott Menaged to Ryan Anderson dated 07/12/18; Correspondence from Scott Menaged to Ryan Anderson dated 07/26/18; Correspondence from Scott Menaged to Ryan Anderson dated 08/07/18; Cover letter from Osborn Maledon dated 01/25/18 and disc containing documents produced by Bryan Cave [BC_000001-003052]; Cover letter from Osborn Maledon dated 03/09/18 and disc containing a voicemail message file produced by Bryan Cave [BC_003189]; Cover letter from Osborn Maledon dated 06/19/18 and disc containing documents produced by Clark Hill [CH_0013387-0013616], Sell Wholesale Funding [SELL000001-000766], Azben Limited [AZBEN000001-005248], Geared Equity [GE000001-000257], and Active Funding Group [AF000001-002448]; Cover letter from Osborn Maledon dated 06/26/18 and disc containing documents produced by Clark Hill [CH_0013617-0013946]; Cover letter from Osborn Maledon dated 07/17/18 and discs containing documents produced by Clark Hill [CH_0000001-0013386, CH_0013947-0017996], and documents produced by the Receiver [RECEIVER_000001-001497]; Cover letter from Osborn Maledon dated 08/07/18 and disc containing transcripts and exhibits from the depositions of Daniel Schenk, Robert Anderson, and David Beauchamp; Complaint dated 10/16/17; Answer dated 01/08/18; Declaration of Mark T. Hiraide dated 03/08/18; Defendants' Initial Rule 26.1 Disclosure Statement dated 03/09/18; Plaintiff's Initial Disclosure Statement dated 03/09/18; Plaintiff's Objections and Responses to Defendants' First Set of Non-Uniform Interrogatories dated 03/09/18; Plaintiff's Objections and Responses to Defendants' First Set of Requests for Production of Documents dated 03/09/18; Defendants' First Supplemental Rule 26.1 Disclosure Statement dated 03/16/18; Defendants' Second Supplemental Rule 26.1 Disclosure Statement dated 03/20/18; Plaintiff's Second Disclosure Statement dated 03/27/18; Plaintiff's Third Disclosure Statement dated 05/15/18; Defendants' Notice of Non-Parties at Fault dated 06/07/18; Defendants' Third Supplemental

	<p>Rule 26.1 Disclosure Statement dated 06/13/18; Defendant Clark Hill's Responses to Plaintiff's First Set of Requests for Production of Documents dated 06/21/18; Defendant David Beauchamp's Responses to Plaintiff's First Set of Requests for Production of Documents dated 06/21/18; Defendant David Beauchamp's Responses to Plaintiff's First Set of Non-Uniform Interrogatories dated 06/21/18; Defendants' Fourth Supplemental Rule 26.1 Disclosure Statement dated 07/11/18; Plaintiff's Fourth Disclosure Statement dated 07/11/18 including attachments [RECEIVER_001498-001548]; Defendant Clark Hill's Responses to Plaintiff's Second Set of Requests for Production of Documents dated 07/16/18; Plaintiff's Third Set of Requests for Production of Documents to Defendant Clark Hill dated 08/01/18; Folder containing manila envelope containing: Letter from John Edwards to Scott Menaged dated May 8, 2018 requesting a meeting to discuss Active Funding Group's role in the fraud committed against DenSco; Original letter from Scott Menaged to Ryan Anderson dated May 26, 2018; Original receipt from US DOJ Fed Bureau of Prisons of package of legal docs for Scott Menaged; Original receipt from US DOJ Fed Bureau of Prisons returning April 12, 2018 Scott Menaged letter and enclosures including USB flash drive which contains: Folder containing emails redacted for privilege, Final Settlement Agreement between the Receiver and the Menageds dated 7/7/17, Letter from Nathan Mitchler to Ryan Anderson dated October 4, 2017, Menaged Privilege Log, Menaged Sources & Uses Analysis-Updated Summary 3/7/18, smena98754@aol_PRIVILEGED EMAILS.pst, Letter to Scott Menaged from Ryan Anderson dated June 14, 2018 sending requested documents(416 pages)</p>			
149	<p>CD (PHX009498) containing Bank of America production of bank records for Keg Inspections, Inc. account #3572, Kelly & Richelle Griffin account #5398, Richelle Griffin account #7268, Richelle & Haley Griffin account #8625, Richelle & Kaleb Griffin account #8639, Kelly & Richelle Griffin account #6114; CD (PHX009823) containing Bank of America production of cashier's checks and withdrawals for Keg Inspections, Inc. account #3572; CD</p>	<p>Subpoena requests to Chase, Bank of America, and The Rocket Science Group LLC dba MailChimp; Clark Hill PLC; Simon Consulting LLC</p>	<p>Simon Consulting, LLC</p>	<p>Bates Stamp DIC0070950-0073060; DIC0073061-0073112; DIC0073113-0073588; DIC0073589-0073954; DIC0073955-0073980; CH_017997-018011; CH_018012-018013; 50780LLC000001-000065; GEAR000001-000203; DIC0073981-0080604; DIC0080605-0080616;</p>

(PHX009972) containing Bank of America account opening documents and statements for Lorien and Kirk Fischer #9430, Fischer Family Holdings #4748, Lori L. Fischer #0552 7/2014-12/2015 & 6/2018, Nesta Capital #5514 7/2014-12/2015 & 12/2017, Chase account opening documents and statements for American Furniture LLC account #9052 7/2016-3/2017; CD (PHX010063) containing Chase Bank production of bank records for American Furniture, LLC account #9052; 2 original CDs produced by Bank of America of bank records for Kirk Fischer, et al.; Original hard copy production of CD (PHX009972); Letter from the Receiver to Bank of America re: pre-receivership accounts dated 08/19/16; Letter from the Receiver to FirstBank re: pre-receivership accounts dated 08/19/16; Letter from the Receiver to FirstBank re: pre-receivership accounts dated 08/22/16; Letter from Ryan Anderson to David Beauchamp re: turnover of legal files dated 08/29/16; Letter from Patrick Murphy to Jess Menaged re: Raintree Unit 1020 dated 09/16/16; Letter from Patrick Murphy to Nationstar re: Raintree Unit 1020 dated 09/16/16; Letter from James Polese re: Receiver's Report dated 09/23/16; Letter from GMA to Chase Bank re: Notice of Account Freeze dated 09/27/16; Letter from Kevin Merritt to the Receiver re: DenSco corporate records dated 09/29/16; Letter from Ryan Anderson to Arizona Attorney General re: Justin Wingrove dated 10/12/16; Letter from Ryan Anderson to Arizona Attorney General re: Paige Walker dated 10/12/16; Letter from Ryan Anderson to Arizona Business Bureau re: Robert Barr dated 10/12/16; Letter from Patrick Murphy to Michelle Menaged re: Charter Oak dated 10/18/16; Letter from Patrick Murphy to Ocwen re: Raintree Unit 1004 dated 10/18/16; Letter from Patrick Murphy to US Bank re: Charter Oak dated 11/03/16; Letter from Patrick Murphy to Western Progressive re: Raintree Unit 1004 dated 11/16/16; Letter from James Polese re: Defined Benefit Plan dated 12/02/16; Receiver's 12/23/16 Status Report (DIC0073955-0073980); Letter from Patrick Murphy to Ocwen re: Raintree Unit 1004 dated 12/29/16; Letter from Patrick Murphy to Wells Fargo re: Charter Oak dated 01/12/17; Letter from Cody Jess re:

DIC0080617-0080774;
RECEIVER_001549-002517;
PAJ000001-000031
RECEIVER_004488-004896

Settlement Offer dated 03/02/17; Letter from James Polese re: Tax Issues dated 03/07/17; Letter from Kevin Merritt re: Tax Issues dated 03/10/17; Letter from Pension Strategies re: DenSco Defined Benefit Plan dated 03/14/17; Letter from Patrick Murphy to Courtyards HOA re: Winter Dr dated 03/23/17; Letter from Cody Jess to Ryan Anderson re: AFG & Settlement Offer dated 03/30/17; Letter from Patrick Murphy to Quality Loan Svc re: Charter Oak dated 06/09/17; Letter from the Receiver to Carsyn Smith Trust re: Ponzi profits claim dated 06/19/17; Letter from the Receiver Chris Harvey re: Ponzi profits claim dated 06/19/17; Letter from the Receiver Fischer Family Holdings re: Ponzi profits claim dated 06/19/17; Letter from the Receiver Four Futures Corp re: Ponzi profits claim dated 06/19/17; Letter from the Receiver Karen Quigley re: Ponzi profits claim dated 06/19/17; Letter from the Receiver Marrion Minchuk Trust re: Ponzi profits claim dated 06/19/17; Letter from the Receiver McKenna Smith Trust re: Ponzi profits claim dated 06/19/17; Letter from the Receiver Nesta Capital re: Ponzi profits claim dated 06/19/17; Letter from the Receiver Nishel Badiani re: Ponzi profits claim dated 06/19/17; Letter from the Receiver Princeville Investment Group re: Ponzi profits claim dated 06/19/17; Letter from the Receiver Sundance Debt Partners re: Ponzi profits claim dated 06/19/17; Letter from the Receiver Thomas Stevenson re: Ponzi profits claim dated 06/19/17; Letter from the Receiver Donald Kimble IRA re: Ponzi profits claim dated 06/27/17; Letter from the Marrion Minchuk Trust re: Ponzi profits claim dated 07/13/17; Letter from Randy Udelman re: Chittick Insurance dated 07/16/17; Letter from Sundance Partners re: Ponzi profits claim dated 08/07/17; Letter from Ryan Anderson to Judge Teresa Sanders re: case background dated 08/08/17; Letter from counsel for Four Futures, et al. re: Ponzi profits claim dated 08/09/17; Letter from Patrick Murphy to Quality Loan Svc re: Charter Oak dated 08/15/17; Letter from John DeWulf to Geoffrey Sturr re: Clark Hill litigation dated 09/12/17; Letter from Ryan Anderson to James Valletta re: Ponzi profits claim dated 09/21/17; Letter from Ryan Anderson to Stewart Gross re: Ponzi profits claim dated 09/21/17; Letter from Ryan Anderson to

Karen Quigley re: Ponzi profits claim dated 09/26/17; Letter from Ryan Anderson to Kevin Potempa re: Ponzi profits claim dated 09/26/17; Letter from Ryan Anderson to Christopher Harvey re: Ponzi profits claim dated 09/27/17; Letter from Ryan Anderson to Thomas Stevenson re: Ponzi profits claim dated 09/27/17; Letter from Ryan Anderson to Mark Pugsley re: Ponzi profits claim dated 10/03/17; Letter from Ryan Anderson to Louis Silverman re: Ponzi profits claim dated 10/10/17; Letter from Ryan Anderson to Stewart Gross re: Ponzi profits claim dated 10/26/17; Letter from the Receiver to Mainstar Trust re: DenSco status dated 11/30/17; Letter from Receiver to Court re: Scott Menaged dated 12/14/17; Letter from Gammage & Burnham to Geoffrey Sturr re: Clark Hill litigation dated 12/18/17; Letter from James Polese to Geoffrey Sturr re: Clark Hill litigation dated 12/18/17; Subpoena Duces Tecum to Preston CPA, PC dated 12/29/17; Letter from Lisa Reilly to David Preston re: tax issues dated 01/12/18; Letter from Geoffrey Sturr to Vidula Patki re: Clark Hill litigation dated 01/16/18; Letter from Geoffrey Sturr to John DeWulf re: Clark Hill litigation dated 01/17/18; Letter from Geoffrey Sturr to Vidula Patki re: Clark Hill litigation dated 01/17/18; Letter to Sturr re: Document Depository dated 01/19/18; Letter from Marvin Ruth to Geoffrey Sturr re: Clark Hill litigation dated 01/25/18; Letter from Geoffrey Sturr to Marvin Ruth re: Clark Hill litigation dated 01/30/18; Letter from Marvin Ruth to Geoffrey Sturr re: Clark Hill litigation dated 02/15/18; Letter to from Ryan Anderson to Justin Henderson re: DenSco Defined Benefit Plan dated 03/08/18; Letter from Ryan Anderson to Scott Menaged re: A Jamie, emails, & accounting dated 04/12/18; Letter from Kevin Merritt to Ryan Anderson withdrawing claim dated 05/07/18; Letter from Jack Edward to Scott Menaged re: Visitation Dates dated 05/08/18; Letter from Jack Edwards to Scott Menaged re: meeting schedule dated 06/13/18; Letter from Ken Frakes to Joseph Booz of JP Morgan Chase dated 08/21/18 and attachments; Letter from John DeWulf to Geoffrey Sturr RE: Firm intake for the business wind down dated 08/29/18 at attached documents [CH_017997-018010]; Email from Ken Frakes to James Meredith

and Ryan Anderson dated 08/30/18 Re: Chase matter; Email correspondence between Sara Beretta and Gary Thompson RE: Questions regarding Chittick investors and preferential withdrawals; Letter from Christine Gray to James Valletta re: Fischer BofA production dated 09/24/18; Subpoena issued to Rocket Science Group, LLC dba Mail Chimp dated 09/30/18; Folder containing various email communications between Ryan Anderson and Robert Koehler including attachments; Folder containing Mark S. Sifferman time entries [CH_0018012-0018013]; Settlement Agreement between the Receiver and Ponzi winner Christopher Harvey; Settlement Agreement between the Receiver and Estate of Denny Chittick; Settlement Agreement between the Receiver and Ponzi winner Donald Kimble; Settlement Agreement between the Receiver and Ponzi winner Karen Quigley; Settlement Agreement between the Receiver and Ponzi winner Nishel Badiani; Settlement Agreement between the Receiver and Scott Menaged; Tolling Agreement between the Receiver and Thomas Smith, et al.; Undated Letter from Harold Campbell re: Fraudulent Mortgage (OLD Loan 5370); Folder containing Victim Impact Statements received from DenSco investors Anthony & Eva Burdett, Bill & Judy Hughes, Brad & Amy Dirks, Carol Wellman, Coralee Thompson, Eileen Cohen, Gary Thompson, Jemma Kopel, Jim McArdle, JoAnn Sanders, Jolene Page, Kennen Burkhardt, Laurie Weiskopf, Marlene Pearce, Mike Scroggin, Pat Miller, Robert Lawson, Tom Weiskopf, Valerie Paxton, Wade Underwood, Wayne Ledet, and Yusuf Yildiz; Defendants' Fifth Supplemental Rule 26.1 Disclosure Statement dated 08/10/18 including attachments [50780LLC_000001-000065 and GEAR000001-000203]; Defendant Clark Hill's Responses to Plaintiff's Third Set of Requests for Production of Documents dated 08/31/18; Defendants' Disclosure of Areas of Expert Testimony dated 09/07/18; Plaintiff's Disclosure of Areas of Expert Testimony dated 09/07/18; Notice of Videotaped Deposition of Peter S. Davis dated 10/04/18; Change of Ownership Request forms and other correspondence from Mainstar Trust for the following investors: Kennen Burkhardt IRA, Stacy Grant IRA, Robert Z. Koehler IRA, LeRoy Kopel IRA,

Wayne J. Ledet IRA, Wayne J. Ledet Roth IRA, Annette Scroggin IRA, Annette Scroggin Roth IRA, Michael Scroggin IRA, Michael Scroggin Roth IRA, Branson Smith IRA, Laurie A. Weiskopf IRA, Thomas D. Weiskopf IRA, and Leslie Jones IRA; Email correspondence between Sara Beretta and Gary Thompson RE: A Few Questions on DenSco Status; CD (PHX010239) containing records produced by The Rocket Science Group dba MailChimp in response to the Receiver's subpoena; Original hard copies of the MailChimp documents contained on CD (PHX010239) including USB drive with spreadsheet; CD (PHX010254) containing Bank of America production of miscellaneous bank records for American Furniture account #9052; Original hard copies of the American Furniture bank records contained on CD (PHX010254); CD (PHX010307) containing Bank of America production of miscellaneous bank records for Four Futures Corp. account 3185 [DIC0080617-0080774]; Original hard copies of the Four Futures Corp. bank records contained on CD (PHX010307); Plaintiff's Fifth Disclosure Statement dated 09/14/18 including disc containing documents produced by the Receiver [RECEIVER_001549-002517]; Email dated 11/30/18 from John DeWulf regarding deposition of Steve Bunger including selected DenSco statements issued to Steve Bunger and related entities; Emails between Ken Frakes and James Meredith of Chase Bank dated 08/28/18, 09/18/18, and 10/12/18; Documents to be used in the deposition of Brian Imdieke including annual letters from Denny Chittick to his children; Letter dated 12/27/16 from Carlos Arboleda, Esq. to Patrick Murphy, Esq. regarding PAJ Fund I, LLC, including documents related to the loan on the Winter property [PAJ000001-000031]; Transcript from the 12/08/17 interview of Scott Menaged by Kenneth Frakes; Transcripts from the depositions of Daniel Schenk (06/19/18), Robert Anderson (06/21/18), David Beauchamp (Volume 1: 07/19/18, Volume 2: 07/20/18), Shawna Heuer (08/22/18), Mark Sifferman (08/31/18), and Peter Davis (11/16/18); Exhibits from the deposition of Shawna Heuer; Letter from Kenneth Frakes to Scott Menaged dated 12/27/18 and attached USDOJ Visitor Information Application;

	<p>Letter from Scott Menaged to Kenneth Frakes dated 01/02/19; Change of Ownership Request forms and other correspondence from Mainstar Trust for investors Jeff Phalen and Russ Griswold; Letter from Patrick Murphy to Quality Loan Service Corp. re: 707 East Potter Drive dated 02/14/19; Transcripts from the depositions of Steven Bunger (12/03/18), Brian Imdieke (12/12/18), Robert Koehler (12/17/18), Victor Gojcaj (12/17/18), and David Preston (01/25/19); Transcripts and exhibits from the Rule 2004 Examinations of Kelly Griffin (12/13/18) and Richelle Lee Moore (12/13/18); Cover letter from Osborn Maledon dated 01/28/19 and USB drive containing electronic transcripts from the depositions of Mark Sifferman (08/31/18) and Peter Davis (11/16/18), and electronic transcripts and exhibits from the depositions of Steven Bunger (12/03/18), Brian Imdieke (12/12/18), Robert Koehler (12/17/18), and Victor Gojcaj (12/17/18); Cover letter from Osborn Maledon dated 02/18/19 and USB drive containing electronic transcripts from the depositions of Mark Sifferman (08/31/18) and Peter Davis (11/16/18), and electronic transcripts and exhibits Steven Bunger (12/03/18), Brian Imdieke (12/12/18), Robert Koehler (12/17/18), Victor Gojcaj (12/17/18), David Preston (01/25/19), and Edward Hood (02/08/19); Declaration of Yomtov Scott Menaged dated 02/04/19 regarding US Bank's role in the fraud against DenSco; Correspondence from Scott Menaged to Ryan Anderson dated 03/20/19; Defendants' Sixth Supplemental Rule 26.1 Disclosure Statement dated 03/13/19</p>			
150	<p>Spreadsheet of investor transactions supporting investor analysis set forth at Exhibit 2 to the Receiver's 12/23/16 Status Report [RECEIVER_004897-005132]; Spreadsheet of cashier's checks issued and redeposited supporting Section 2.6.2 of the Receiver's 12/22/17 Status Report [RECEIVER_005133-005186]; Cover letter from Osborn Maledon dated 03/20/19, including Defendants' Sixth Supplemental Rule 26.1 Disclosure Statement and disk containing documents produced by Clark Hill [AF002449-002644, AZBEN005249-005318, DIETHELM0001-0211, HOEBING0001-0057, SELL000767-001636]; Cover letter from Osborn Maledon dated 03/27/19 and USB drive containing</p>			<p>Bates Stamp RECEIVER_004897-005132; RECEIVER_005133-005186; AF002449-002644; AZBEN005249-005318; DIETHELM0001-0211; HOEBING0001-0057; SELL000767-001636; RECEIVER_005187-005188; RECEIVER_005189-005195; RECEIVER_005196</p>

electronic transcripts and exhibits from the depositions of Russ Dupper (02/20/19) and Dori Ann Davis (03/09/19), and exhibits from the deposition of Barry Luchtel (03/07/19); Printed transcript from the deposition of Barry Luchtel (03/07/19); Cover letter from Osborn Maledon dated 04/05/19 and disk containing electronic transcripts and exhibits from the depositions of Paul Kent (03/19/19), William Swirtz (03/19/19), and Warren Bush (03/20/19); Tolling Agreement between the Receiver and Active Funding Group, LLC, et al. [RECEIVER_005187-005188]; Plaintiff's Disclosure of Expert Witness Report Re Standard of Care dated 04/03/19, including report of Neil J. Wertlieb; Plaintiff's Disclosure of Expert Witness Report Re Damages dated 04/04/19, including report of David Weekly; Letter from John DeWulf to Colin Campbell and Geoffrey Sturr dated 04/05/19 including the following attachments: Defendants' Disclosure of Expert Witness David Perry dated 04/05/19 and attached report, Defendants' Disclosure of Expert Witness Dr. Erin Nelson dated 04/05/19 and attached report, Defendants' Disclosure of Expert Witness Kevin Olson dated 04/05/19 and attached report, Defendants' Disclosure of Expert Witness Enrique "Rick" Rodriguez dated 04/05/19 and attached report, Defendants' Disclosure of Expert Witness J. Scott Rhodes dated 04/05/19 and attached report; Disk containing the following documents: Defendants' Motion to Compel Chase Bank to Comply with Subpoena Duces Tecum dated 03/04/19, Good Faith Consultation Certificate of Marvin C. Ruth in Support of Motion to Compel Production of Documents by JPMorgan Chase Bank, NA dated 03/04/19, Non-Party JPMorgan Chase Bank, NA's Response to Defendants' Motion to Compel to Comply with Subpoena Duces Tecum dated 03/25/19, Defendants' Reply in Support of Motion to Compel Chase Bank to Comply with Subpoena Duces Tecum dated 04/08/19, Motion for Determination that Plaintiff Has Made a Prima Facie Case for Punitive Damages for Aiding and Abetting Breach of Fiduciary Duty dated 04/12/19, and Statement of Facts in Support of Motion for Determination that Plaintiff Has Made a Prima Facie Case for Punitive Damages for

Aiding and Abetting Breach of Fiduciary Duty dated 04/12/19 including attached exhibits; CD containing Receiver's work product: (a) Analysis of Menaged Loans-Per F3 Request.xlsx [RECEIVER_005189], (b) DenSco Receivership P&L by Class.pdf [RECEIVER_005190-005192], (c) Densco-Menaged Cash Disbursements & Receipts 03 05 19.xlsx [RECEIVER_005193], (d) Menaged Loans 10.02.13-01.21.14.xlsx [RECEIVER_005194], (e) Receivership Fees & Costs Allocable to Scott Menaged.pdf [RECEIVER_005195]; CD containing Receiver's work product: Densco-Menaged Cash Disbursements & Receipts.xlsx [RECEIVER_005196]; Electronic transcripts and exhibits from the depositions of Anthony Burdett (03/22/19), Stephen Tuttle (04/12/19), and Judith Siegford (04/16/19); Cover letter from Osborn Maledon dated 05/09/19 and disc containing redacted transcripts and exhibits from several investor depositions; CD containing transcripts and exhibits from the depositions of Anthony Burdett (03/22/19), Stephen Tuttle (04/12/19), and Judith Siegford (04/16/19, and signature/errata sheets from Paul Kent and William Swirtz; Letter dated 05/13/19 from Colin Campbell to SoJin Bae re: Rule 408 Policy Limits Demand; Transcript and exhibits from the depositions of Patricia Miller (04/04/19) and Gregg Reichman (04/23/19); [Defendants'] Response to Motion for Determination that Plaintiff has Made a Prima Facie Case for Punitive Damages for Aiding and Abetting Breach of Fiduciary Duty dated 05/13/19; Defendants' Response to Plaintiffs' Statement of Facts in Support of Motion for Determination that Plaintiff has Made a Prima Facie Case for Punitive Damages and Separate Statement of Facts dated 05/13/19 including attached exhibits; Transcript and exhibits from the depositions of J. Scott Rhodes (05/15/19) and Kevin L. Olson (05/17/19); Plaintiff's Disclosure of Rebuttal Expert Witness Report Re Damages dated 06/07/19; Plaintiff's Disclosure of Rebuttal Expert Witness Report Re Standard of Care dated 06/07/19; Defendants' Rebuttal Disclosure of Expert Witness J. Scott Rhodes dated 06/07/19; Defendants' Rebuttal Disclosure of Expert Witness David Perry dated 06/07/19

Exhibit G

1 [Colin F. Campbell](#), No. 004955
Geoffrey ~~M.M. T. Sturr~~, No. 014063
2 [Joseph N. Roth](#), No. 025725
Joshua M. Whitaker, No. 032724
3 Osborn Maledon, P.A.
2929 N. Central Avenue, Suite 2100
4 Phoenix, Arizona 85012-2793
(602) 640-9000
5 ccampbell@omlaw.com
gsturr@omlaw.com
6 [jroth@omlaw.com](#)
[jwhitaker@omlaw.com](#)

7 Attorneys for ~~Plaintiff~~[Plaintiff](#)

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

12 Peter S. Davis, as Receiver of DenSco
Investment Corporation, an Arizona
13 corporation,

14 Plaintiff,

15 ~~v~~vs.

16 Clark Hill PLC, a Michigan limited
liability company; David G. Beauchamp
17 and Jane Doe Beauchamp, husband and
wife,

18 Defendants.
19

No. CV2017-013832

**PLAINTIFF'S ~~FIFTH~~[SIXTH](#)
DISCLOSURE STATEMENT**

(Assigned to the
Honorable Daniel Martin)

20 Pursuant to Rule 26.1(a), Plaintiff Peter S. Davis, as the court-appointed receiver
21 of DenSco Investment Corporation (the "Receiver"), makes the following disclosures.
22 Changes from the Receiver's ~~Fourth~~[Fifth](#) Disclosure Statement are identified in the
23 mark-up attached as **Appendix ~~F~~[G](#)**.

24 On August 18, 2016, the Receiver was appointed to serve as the Receiver for
25 DenSco Investment Corporation ("DenSco") under an order entered by the Maricopa
26 County Superior Court in *Arizona Corporation Commission v. DenSco Investment*
27 *Corporation*, CV2016-014142 (the "Receivership Court"). After the Receiver and his
28

1 staff had reviewed DenSco's books and records and files maintained by DenSco's
2 former legal counsel, Clark Hill PLC and Clark Hill partner David Beauchamp, the
3 Receiver concluded that DenSco might have claims against Clark Hill and Beauchamp.
4 On March 31, 2017, the Receiver filed a petition with the Receivership Court seeking
5 permission to retain special counsel to investigate those potential claims. The petition
6 was granted on April 27, 2017. After special counsel completed its investigation, the
7 Receiver filed a petition asking the Receivership Court to authorize the Receiver to file,
8 through special counsel, a complaint against Clark Hill and Beauchamp. That petition
9 was granted on October 9, 2017. The Receiver, through special counsel, initiated this
10 lawsuit on October 16, 2017 by filing a complaint which asserted claims against Clark
11 Hill and Beauchamp for legal malpractice and aiding and abetting breach of fiduciary
12 duty.

13 The Receiver has relied on special counsel to pursue those claims against Clark
14 Hill and Beauchamp and to prepare this and previous disclosure statements.

15 **I. FACTUAL BASIS OF CLAIMS**

16 The following numbered paragraphs disclose the primary facts on which the
17 Receiver's claims against Clark Hill and Beauchamp are based. At trial, the Receiver
18 may also rely on facts disclosed through depositions that have been taken in this action,
19 the defendants' disclosure statements and discovery responses, and facts contained in
20 the documents that have been identified in Sections VIII (anticipated trial exhibits) and
21 IX (documents that may be relevant) of this disclosure statement. [The Receiver has also](#)
22 [filed substantive and evidentiary pleadings in the case which set forth facts and](#)
23 [circumstantial inferences from facts which are also incorporated by reference into this](#)
24 [Rule 26.1 disclosure.](#)

25 **A. Background Facts for the Period April 2001 to September 2011**

26 **1. DenSco's Formation and Operations Through 2003**

27 1. DenSco was established in April 2001 as an Arizona corporation.
28

1 2. Denny Chittick formed DenSco to make short-term loans to companies
2 buying or investing in real estate. DenSco used money raised from investors to make
3 those loans.

4 3. Chittick was DenSco's sole shareholder, president and director, and its
5 only employee.

6 4. When DenSco was formed, Chittick retained Scott Gould to serve as a
7 consultant to DenSco and a mentor to Chittick.

8 **2. Beauchamp Was DenSco's Securities Lawyer**

9 **a. DenSco First Hired Beauchamp in 2003 to Advise the**
10 **Company on Securities Law Issues.**

11 5. 4. David Beauchamp is an attorney. He describes himself as practicing
12 primarily in the areas of corporate law, securities, venture capital and private equity
13 transactions.

14 6. Beauchamp has experience in representing companies that make real
15 estate loans. Among others, he has represented DenSco, Real Estate Equity Lending,
16 Inc., and RLS Capital, Inc.

17 7. 5. Beauchamp began representing DenSco in 2003, when he was a partner
18 of the law firm Quarles & Brady LLP.

19 8. 6. In 2004, Beauchamp left Quarles & Brady to join the law firm
20 Gammage & Burnham, PLLC, where he continued to represent DenSco.

21 9. 7. In 2008, Beauchamp left Gammage & Burnham to join the law firm
22 Bryan Cave LLP, where he continued to represent DenSco.

23 10. 8. Beauchamp has testified that DenSco relied on him to prepare private
24 offering memoranda for distribution "to investors of DenSco in compliance with
25 Arizona and federal security [sic] laws" and to provide DenSco with "recommendations
26 for amended or additional [private offering memoranda] in keeping with the
27 investments being made or contemplated by DenSco."
28

1 Company's securities attorney who helped prepare those POMs. For example, Chittick
2 distributed a POM in 2011 to DenSco's investors through a July 19, 2011 email. The
3 email was sent to all of DenSco's investors and Beauchamp. Chittick's transmittal
4 email stated, in part: "I update this memorandum every two years. I work with David
5 Beauchamp (securities attorney) to review all the statues [sic] and laws in Arizona as it
6 pertains to my business and all the states that I have investors in. This is to ensure that
7 I'm filing all the forms and following all the rules"

8 **c. The Terms of the POMs Beauchamp Prepared**

9 **(1) DenSco Sold Promissory Notes**

10 15. ~~13.~~In the POMs it issued in 2007, 2009 and 2011, DenSco offered to sell
11 investors promissory notes of \$50,000 or more with the following durations and interest
12 rates: six months at 8%; one year at 10%; and two to five years at 12%. The notes were
13 "paid 'interest only' during the terms, with principal payable only at maturity."
14 Investors had the ability to "have interest paid monthly, quarterly, or at maturity."

15 16. ~~14.~~Each POM stated that "[a]lthough the Company intends to use its good
16 faith efforts to accommodate written requests from an investor to prepay any Note prior
17 to maturity and the Company has in fact been able to satisfy such requests in a timely
18 manner with interest paid in full, the Company has no obligation to do so and the
19 investor has no right to require the Company to redeem the Note prior to maturity."

20 17. ~~15.~~By completing and signing a Subscription Agreement, investors
21 specified the amount of the promissory note they wished to purchase, the term of the
22 note, and how they wished to be paid interest.

23 18. ~~16.~~The files that Beauchamp maintained, and the billing statements Bryan
24 Cave issued to DenSco, reflect that Beauchamp prepared a form of Subscription
25 Agreement in 2007 and 2009, but did not do so when he prepared a POM for DenSco in
26 2011. There is no reference in those files and billing statements to any actions that
27 Beauchamp took when DenSco issued a POM in 2011, or at any time thereafter, to
28

1 ensure that DenSco was using an appropriate Subscription Agreement for the
2 promissory notes DenSco sold during and after July 2011.

3 19. ~~17.~~ DenSco's investor files reflect that during the two years the 2011 POM
4 was in effect, Chittick used a Subscription Agreement that Beauchamp had prepared in
5 2009 and which referenced the 2009 POM. Those files also reflect that Chittick
6 continued to use the 2009 Subscription Agreement to sell promissory notes after the
7 2011 POM expired in July 2013.

8 20. ~~18.~~ Beauchamp knew that the vast majority of DenSco's investors
9 purchased two-year promissory notes. For example, Beauchamp's notes reflect that
10 Chittick told him during a May 3, 2007 meeting that 90% of the promissory notes
11 DenSco had issued to investors were two-year notes.

12 21. ~~19.~~ Beauchamp also knew that the vast majority of DenSco's investors did
13 not redeem their promissory notes when those notes matured, and instead "rolled over"
14 their investments by executing a subscription agreement and buying a new promissory
15 note when a previous promissory note matured. As Beauchamp wrote in a June 15,
16 2007 e-mail to Richard Carney, who was then doing "Blue Sky" work for DenSco,
17 "DenSco has regular sales of roll-over investments" and an "ongoing roll-over of the
18 existing investors every 6 months or so."

19 **(2) The Promissory Notes Were Represented to Be**
20 **Safe, Secure Investments**

21 22. ~~20.~~ In the POMs it issued in 2007, 2009 and 2011, DenSco made a number
22 of representations about its business practices that were intended to give existing and
23 potential investors the impression that the promissory notes sold by DenSco were safe,
24 secure investments.

25 23. ~~21.~~ For example, the POM that DenSco issued in 2011 stated that:

26 a. DenSco had sold promissory notes worth \$25.9 million to
27 new and existing investors since 2001, and "ha[d] never defaulted on either
28 interest or principal" on any of those notes.

1 b. “All real estate loans funded by [DenSco] have been and are
2 intended to be secured through first position trust deeds.”

3 c. DenSco would “attempt to maintain a diverse [loan]
4 portfolio . . . by seeking a large borrowing base” and by “attempting to ensure
5 that one borrower will not comprise more than 10 to 15 percent of the total
6 portfolio.”

7 d. DenSco “intend[ed] to maintain general loan-to-value
8 guidelines that currently range from 50 percent to 65 percent, (but it is not
9 intended to exceed 70%), to help protect the Company’s portfolio of loans.”

10 e. “Because of these varying degrees of diversification, the
11 relatively short duration of each of the loans, and management’s knowledge of
12 the Phoenix metropolitan market, [DenSco’s] management anticipates that it will
13 not experience a significant amount of losses.”

14 f. DenSco’s “objective is to have sufficient cash coming in
15 from Trust Deed payoffs to be able to redeem all Notes as they come due and
16 maintain reserves without any need to sell assets or issue new Notes to repay the
17 earlier maturing Notes.”

18 24. ~~22.~~The POMs DenSco issued to existing and potential investors in 2007,
19 2009 and 2011 each included a “Prior Performance” section which summarized the
20 dollar value of promissory notes sold in preceding years, the number of loans made in
21 each year, the value of those loans, the value of the property securing those loans, and
22 losses incurred in each of those years.

23 25. ~~23.~~The Prior Performance section in each POM concluded with a
24 statement that was intended to give existing and potential investors the impression that
25 the promissory notes sold by DenSco were safe, secure investments: “Each and every
26 Noteholder has been paid the interest and principle due to that Noteholder in accordance
27 with the respective terms of the Noteholder’s Notes. Despite any losses incurred by the
28

1 Company from its borrowers, no Noteholder has sustained any diminished return or loss
2 on their investment in a Note from [DenSco].”

3 (3) **The 2007, 2009 and 2011 POMs Were Each in**
4 **Effect for Two Years, But Were Never Updated**
5 **by DenSco, And Beauchamp Did Not Advise**
6 **DenSco To Do So.**

7 26. ~~24.~~ Each POM that DenSco issued to existing and potential investors in
8 2007, 2009 and 2011 stated that DenSco “intends to offer [promissory notes for sale] on
9 a continuous basis until the earlier of (a) the sale of the maximum offering,” which was
10 \$50 million, “or (b) two years from the date of this memorandum.” They went on to
11 state that DenSco “reserves the right to amend, modify and/or terminate this offering.”

12 27. ~~25.~~ DenSco’s records do not reflect that it ever told existing and potential
13 investors that “the maximum offering proceeds” offered through the 2007, 2009 and
14 2011 POMs had been raised, or that it had terminated any of those offerings.

15 28. ~~26.~~ As a result, the POM that was dated June 1, 2007 expired on June 1,
16 2009; the POM that was dated July 1, 2009 expired on July 1, 2011; and the POM that
17 was dated July 1, 2011 expired on July 1, 2013.

18 29. ~~27.~~ The POMs DenSco issued to existing and potential investors in 2007,
19 2009 and 2011 each stated that “[i]n order to continue offering the Notes during this
20 [two-year] period, [DenSco] will need to update this Memorandum from time to time.”
21 Each POM went on to state that

22 Keeping the information in the Memorandum current will cause the Company
23 to incur additional costs. *A failure to update this Memorandum as required*
24 *could result in the Company being subject to a claim under Section 10b-5*
25 *of the Security Act for employing a manipulative or deceptive practice in*
26 *the sale of securities, subjecting [DenSco], and possibly the management of*
27 *[DenSco], to claims from regulators and investors. In addition, an investor*
28 *might seek to have the sale of the Notes hereunder rescinded which would*
have a serious adverse effect on [DenSco’s] operations. (Emphasis added.)

29 30. ~~28.~~ DenSco’s records do not reflect that DenSco ever took steps to
30 “[k]eep[] the information in the [POMs DenSco issued in 2007, 2009 and 2011]

1 current” by issuing updates to those POMs during the two-year period each of those
2 POMs was in effect.

3 31. ~~29.~~ The files that Beauchamp maintained, and the billing statements issued
4 to DenSco by his respective law firms, do not reflect that Beauchamp ever advised
5 DenSco to “[k]eep[] the information in the [POMs DenSco issued in 2007, 2009 and
6 2011] current” by issuing updates to those POMs during the two-year period each of
7 those POMs was in effect.

8 32. ~~30.~~ Each POM that DenSco issued in 2007, 2009 and 2011 prominently
9 warned potential purchasers of DenSco’s promissory notes that “NO PERSON HAS
10 BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY
11 REPRESENTATIONS CONCERNING THE COMPANY OTHER THAN AS
12 CONTAINED IN THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM,
13 AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR
14 REPRESENTATIONS MUST NOT BE RELIED UPON.”

15 **(4) In Preparing the 2011 POM, Beauchamp Failed to**
16 **Investigate a “Red Flag” About DenSco’s Lending**
Practices.

17 33. ~~31.~~ The Prior Performance section of the POM DenSco issued in 2011
18 concluded with the same positive statement about DenSco’s lending activities and the
19 absence of losses on promissory notes that was made in earlier POMs:

20 Since inception through June 30, 2011, [DenSco] has participated in
21 2622 loans, with an average amount of \$116,000, with the highest loan being
22 \$800,000 and lowest being \$12,000. The aggregate amount of loans funded is
23 \$306,786,893 with property valued totaling \$470,411,170. . . These loans have
24 borne interest rates of 18% per annum. The interest rate paid to noteholders
25 has ranged from 8% to 12% per annum through such date. Each and every
26 Noteholder has been paid the interest and principle due to that Noteholder in
27 accordance with the respective terms of the Noteholder’s Notes. Despite any
28 losses incurred by the Company from its borrowers, no Noteholder has
sustained any diminished return or loss on their investment in a Note from
[DenSco].”

1 34. ~~32.~~ But the information disclosed in the 2011 POM's Prior Performance
2 section clearly raised a "red flag" about DenSco's lending activities. Among the
3 information disclosed in that section was the following.

<i>Year</i>	<i>Notes Sold</i>	<i>Loans Made</i>	<i>Yearly Loan Amount</i>
2001	\$500,000	37	\$8,378,000
2002	\$930,000	69	\$5,685,000
2003	\$1,550,000	124	\$11,673,000
2004	\$2,450,000	185	\$19,907,000
2005	\$2,670,000	236	\$34,955,700
2006	\$2,800,000	215	\$34,468,100
2007	\$2,400,000	272	\$42,579,634
2008	\$3,000,000	304	\$38,864,660
2009	\$2,100,000	412	\$41,114,707
2010	\$2,800,000	390	\$37,973,097
2011 (to 6/30/11)	\$4,700,000	378	\$36,187,995

12 35. ~~33.~~ This information raised a red flag because Chittick was DenSco's sole
13 employee. Chittick had previously retained Scott Gould as a consultant to DenSco and
14 personal mentor, but by 2011 had unilaterally terminated DenSco's relationship with
15 Gould. In addition to selling promissory notes, making interest payments, and issuing
16 statements to investors, Chittick was the only person who was conducting due diligence
17 and underwriting and documenting DenSco's loans. He was also responsible for
18 collecting loan payments and ensuring compliance with loan agreements.

19 36. ~~34.~~ Since 2009, when the previous POM had been issued, Chittick made
20 more than one loan a day: 412 in 2009; 390 in 2010; and 378 in just the first six months
21 of 2011.

22 37. ~~35.~~ A reasonable securities lawyer would have questioned whether
23 Chittick could humanly make so many loans, and whether he was competently
24 managing DenSco's lending activities.

25 38. ~~36.~~ A reasonable securities lawyer would have conducted a due diligence
26 inquiry about DenSco's lending practices and the 2011 POM's representations that
27 "[a]ll real estate loans funded by [DenSco] have been and are intended to be secured
28

1 through first position trust deeds,” and that DenSco was, in fact, “attempting to ensure
2 that one borrower will not comprise more than 10 to 15 percent of the total portfolio,”
3 among other representations.

4 39. ~~37.~~ Any concerns about DenSco’s lending practices would have been
5 heightened by the increased amount of money Chittick had raised in the first half of
6 2011 (\$1.9 million more than the \$2.8 million that had been raised in all of 2010), and
7 the overall amount of money DenSco had raised since 2001 through the sale of
8 promissory notes (\$26.9 million as of June 30, 2011).

9 40. ~~38.~~ Bryan Cave had a mandatory due diligence procedure in place at the
10 time Beauchamp was working on the 2011 POM. As Beauchamp told Chittick in a June
11 11, 2011 email, he was required by Bryan Cave’s “internal compliance procedures to
12 comply with the new regulations and requirements” to “set up a due diligence file” that
13 would “support each of the statements in the POM.”

14 41. ~~39.~~ But the files that Beauchamp maintained, and the billing statements
15 Bryan Cave issued to DenSco, do not reflect that Beauchamp ever conducted any due
16 diligence on DenSco’s lending practices in 2011.

17 42. ~~40.~~ Beauchamp overlooked this red flag and would later overlook other red
18 flags.

19 **3. Beauchamp Also Advised DenSco About Its Lending Practices.**

20 43. ~~41.~~ In addition to preparing DenSco’s POMs and advising DenSco on
21 securities law matters, Beauchamp advised DenSco about its lending practices.

22 44. ~~42.~~ As Beauchamp wrote in a June 15, 2007 email to Richard Carney, he
23 and others at Gammage & Burnham had “updated DenSco’s . . . loan documents to be
24 used with borrowers.”

25 45. ~~43.~~ The files that Beauchamp maintained from his time at Gammage &
26 Burnham reflect that he had a meeting with Chittick on May 3, 2007, during which
27
28

1 Chittick asked Beauchamp to review and revise the documents DenSco used to make
2 and secure its loans.

3 46. ~~44.~~At Beauchamp's request, Gammage & Burnham attorney Kevin
4 Merritt took the lead in making those revisions, but Beauchamp remained involved in
5 reviewing the revisions and discussing them with Chittick.

6 47. ~~45.~~Chittick told Beauchamp and Merritt that DenSco used a Receipt and
7 Mortgage, which only the borrower signed, to serve as evidence that DenSco had paid
8 directly to a Trustee the proceeds of a loan a borrower had obtained from DenSco to buy
9 property from the Trustee at a Trustee's sale.

10 48. ~~46.~~Chittick told Beauchamp and Merritt that because there was often a
11 delay in a Trustee recording a Trustee's deed after a trustee's sale, DenSco recorded its
12 Receipt and Mortgage immediately after a Trustee's sale had been completed to
13 establish its lien rights. Once a Trustee's deed was recorded, DenSco would record its
14 Deed of Trust and Assignment of Rents.

15 49. ~~47.~~In May and June 2007, Merritt prepared for DenSco's use revised
16 forms of a Receipt and Mortgage, Note Secured by Deed of Trust, Deed of Trust and
17 Assignment of Rents, and a Continuing Personal Guaranty, which Beauchamp received.

18 50. ~~48.~~The revised Receipt and Mortgage, like the previous form, was to be
19 signed by the borrower only, and not the Trustee. The operative language included the
20 following terms:

21 The undersigned borrower ("Borrower") acknowledges receipt of the proceeds of
22 a loan from DenSco Investment Corporation ("Lender") in the sum of \$ ___, *as*
23 *evidenced by check payable to _____ ("Trustee").* The loan was made to
24 Borrower to purchase the Real Property legally described as: Lot ___,
25 Subdivision ___, according to Book ___ of Maps, Page ___, in the plat record
26 in the Recorder's Office of Maricopa County. Address: _____. *At a*
27 *trustee's sale conducted by Trustee, which took place on ___, 200_, Borrower*
28 *became the successful purchaser with the highest bid, and the loan is intended to*
fund all or a part of the purchase price bid by Borrower at such trustee's sale.
(Emphasis added.)

26 51. ~~49.~~As revised by Merritt, the Receipt and Mortgage contemplated that
27 DenSco would: (1) issue a check payable to the Trustee; and (2) employ some means to
28

1 confirm that the check had been used by the borrower to purchase the property from the
2 Trustee at a Trustee's sale.

3 52. ~~50.~~ Beauchamp has testified in an interrogatory answer that he "prepared
4 all of DenSco's offering documents" and "reviewed and commented on" DenSco's loan
5 documents, including the Receipt and Mortgage."

6 53. ~~51.~~ Beauchamp also testified that he "set out the proper method and
7 procedures for funding a loan" in the POMs, which he said were "disclosed to DenSco's
8 investors [as] the processes and procedures DenSco used to protect the investments
9 made in the company." He identified two specific representations made in the POMs
10 that DenSco issued in 2007, 2009 and 2011. According to Beauchamp, those POMs

11 a. "describe that DenSco 'intends to directly . . . or indirectly . . .
12 perform due diligence to verify certain information in connection with funding a
13 Trust Deed'" and

14 b. "explain that '[p]rior to purchasing a Trust Deed or funding a direct
15 loan, the Company intends to have an officer, employee or an authorized
16 representative conduct a due diligence review by interviewing its owners,
17 verifying the documentation and performing limited credit investigations as are
18 deemed appropriate by the Company and visiting the subject property in a timely
19 manner.'"

20 54. ~~52.~~ After identifying those representations, Beauchamp linked them to the
21 Receipt and Mortgage, testifying: "Further, every mortgage evidencing a property
22 purchase made with a DenSco loan stated that the check purchasing the property was
23 made to the Trustee."

24 **4. In 2009 and 2010, Beauchamp Advised DenSco About Whether**
25 **DenSco Should be Regulated by the Arizona Department of**
26 **Financial Institutions, and in 2010 and 2011 Worked to Prevent**
the Department from Regulating DenSco.

27 55. ~~53.~~ Beauchamp also advised DenSco about whether it was subject to
28 regulation by the Arizona Department of Financial Institutions ("ADFI"); such

1 regulation would have included periodic audits of DenSco's lending practices. He then
2 represented DenSco in fending off the ADFI's efforts to regulate DenSco.

3 56. ~~54.~~ During April 2009, when Beauchamp was a partner of Bryan Cave,
4 Beauchamp and Bryan Cave attorney Ray Burgan reviewed DenSco's lending
5 procedures and advised DenSco as to whether DenSco was subject to ADFI supervision
6 and required to be licensed.

7 57. ~~55.~~ Beauchamp and Burgan advised Chittick by email that "DenSco's
8 operations as we understand them can be shown to exclude DenSco and you from being
9 subject to [the ADFI's] current licensing requirements."

10 58. ~~56.~~ Chittick accepted their advice and followed it.

11 59. ~~57.~~ In May 2010, Beauchamp reviewed and analyzed proposed new
12 licensing regulations and conferred with Chittick about them.

13 60. ~~58.~~ In June 2010, Beauchamp and Bryan Cave attorneys Logan Miller and
14 Michael Dvoren further analyzed those proposed regulations.

15 61. ~~59.~~ Chittick stated by email that he was prepared to have DenSco and
16 himself subject to regulation by the ADFI.

17 62. ~~60.~~ But based on Beauchamp's advice, Chittick did not cause DenSco to
18 be regulated by the ADFI and took active steps to resist such regulation.

19 63. ~~61.~~ At Beauchamp's direction, in June 2010, Dvoren presented arguments
20 to a representative of the ADFI as to why DenSco was not subject to the Department's
21 regulation and oversight. Those arguments were memorialized in emails that Dvoren
22 sent to representatives of the ADFI and the Arizona Attorney General's Office.

23 64. ~~62.~~ Beauchamp's and Dvoren's arguments were apparently successful, as
24 the ADFI did not take further steps in 2010 to regulate DenSco.

25 65. ~~63.~~ On August 12, 2011, Chittick sent Beauchamp a letter DenSco had
26 received from the ADFI regarding an investigation by the Department as to whether
27 DenSco was subject to mortgage broker regulations and required to be licensed and
28 supervised by the Department.

1 66. ~~64.~~ On August 22, 2011, Beauchamp sent a letter to the Department which
2 asserted that DenSco was not subject to regulation by the ADFI.

3 67. ~~65.~~ Those arguments were apparently successful, as the ADFI did not take
4 further steps in 2011 to regulate DenSco.

5 **5. Beauchamp Consistently Identified DenSco As His Client**

6 68. ~~66.~~ Files maintained by DenSco, Gammage & Burnham and Bryan Cave
7 reflect that while Beauchamp was affiliated with Gammage & Burnham and Bryan
8 Cave he consistently identified DenSco as his client, and never stated in an engagement
9 letter that he represented Chittick individually.

10 69. ~~67.~~ For example, on May 7, 2007, Beauchamp sent Chittick a letter to
11 confirm that DenSco had retained Gammage & Burnham to prepare the 2007 POM
12 which stated, in part, “As we have previously done, DenSco Investment Corporation
13 (“DenSco”) will continue to be the client for this matter. If that is not consistent with
14 your understanding, please advise me immediately.”

15 70. ~~68.~~ On April 10, 2008, Beauchamp sent Chittick a letter to confirm that
16 Bryan Cave had been retained “to provide legal services to DenSco Investment
17 Corporation in connection with [its] general business matters and such future matters
18 that we mutually agree to undertake.”

19 71. ~~69.~~ On April 14, 2009, Beauchamp sent Chittick a letter to confirm that
20 Bryan Cave had been retained “to provide legal services to DenSco Investment
21 Corporation in connection with updating [its] Confidential Private Offering
22 Memorandum for 2009.”

23 72. ~~70.~~ During 2010, Beauchamp caused a “Blue Sky Issues” matter to be
24 established in Bryan Cave’s accounting and filing system which identified DenSco as
25 the firm’s client.

26 73. ~~71.~~ On May 3, 2011, Beauchamp sent Chittick a letter to confirm that
27 Bryan Cave had been retained “to provide legal services to DenSco Investment
28

1 Corporation in connection with the updating of [its] Confidential Private Offering
2 Memorandum for 2011.”

3 74. ~~72.~~In May and June 2011, Beauchamp discussed with Chittick his or
4 DenSco’s possible participation in a to-be-formed title insurance company. Beauchamp
5 established a new matter in Bryan Cave’s accounting and filing systems for DenSco,
6 described as “Formation of affiliate entity with partners.” DenSco was identified as
7 Bryan Cave’s client.

8 75. ~~73.~~In August 2011, Beauchamp caused a new matter in Bryan Cave’s
9 accounting and filing systems to be opened, captioned AZ Practice Review, which
10 identified DenSco as the firm’s client.

11 **B. Events That Occurred in the Four Months Before Beauchamp Joined**
12 **Clark Hill in September 2013.**

13 76. ~~74.~~The POM that DenSco issued in July 2011 expired on July 1, 2013.
14 DenSco did not issue a POM in July 2013, or at any time after July 2013, to replace the
15 POM that expired on July 1, 2013.

16 77. ~~75.~~Between May 9 and July 1, 2013, Beauchamp took some preliminary
17 steps to prepare a new POM but did not begin drafting a new POM. He also failed to
18 conduct the due diligence that a reasonable securities lawyer would have undertaken.
19 He failed to investigate red flags about DenSco’s lending practices when they were
20 brought to his attention.

21 **1. Beauchamp Was Asked to Leave Bryan Cave in June 2013 and**
22 **Left the Firm in August 2013.**

23 78. ~~76.~~One apparent reason for Beauchamp’s inattention to DenSco’s need for
24 a new POM was that he spent the summer months looking for a new job.

25 79. ~~77.~~Information the Receiver has received in response to a subpoena served
26 on Bryan Cave suggests that on or shortly after June 4, 2013, Beauchamp was informed
27 by Bryan Cave’s management committee that the firm wanted to end its relationship
28

1 with Beauchamp and that he would need to find a new law firm where he could practice
2 law.

3 80. ~~78.~~ Bryan Cave's decision understandably was not well received by
4 Beauchamp. As he wrote in a January 15, 2014 email to his former partner Bob Miller
5 explaining why he did not wish to attend a meeting at Bryan Cave's offices, "[m]y last
6 few months [at Bryan Cave] were more than a little difficult and I do not want to go
7 back to that."

8 81. ~~79.~~ Beauchamp finalized the terms of his employment by Clark Hill by
9 mid- to late-August 2013.

10 82. ~~80.~~ Beauchamp's notes reflect that he spoke to Chittick on August 26,
11 2013 and told him that "BC will be sending a letter to Denny & letting Denny decide if
12 he wants files kept at BC or moved to CH."

13 83. ~~81.~~ On August 30, 2013, Beauchamp sent Chittick by email a letter that he
14 and Jay Zweig, the managing partner of Bryan Cave's Phoenix office, both signed,
15 informing DenSco that Beauchamp would be leaving Bryan Cave effective August 31,
16 2013, and that Beauchamp would be joining Clark Hill.

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1 **2. During the Month of May 2013, Beauchamp Performed**
2 **Minimal Work to Prepare a New POM.**

3 84. ~~82.~~The files that Beauchamp maintained at Bryan Cave and Bryan Cave’s
4 billing statements reflect that Chittick had to prompt Beauchamp to start working on a
5 new POM in 2013.

6 a. On March 17, 2013, Chittick sent Beauchamp an email proposing
7 to meet in April to begin working on an updated private offering memorandum.

8 b. On May 1, 2013, Chittick sent another email to Beauchamp which
9 stated: “it’s the year we have to do the update on the memorandum, when do you
10 want to start?”

11 c. Beauchamp responded by email that day and scheduled a meeting
12 for May 9, 2013.

13 85. ~~83.~~Despite those documents, Beauchamp claims in Defendants’ initial
14 disclosure statement (at 5) that he, rather than Chittick, was the one who started the
15 process of preparing a new POM in 2013 when he “advised DenSco that it needed to
16 update its 2011 POM given the passage of time and changes in the scope of DenSco’s
17 fund raising.”

18 86. ~~84.~~Beauchamp caused a new matter to be established in Bryan Cave’s
19 accounting and filing systems for the preparation of a 2013 POM which identified
20 DenSco as Bryan Cave’s client.

21 87. ~~85.~~When the matter was opened, Bryan Cave established a “due
22 diligence” file for a 2013 POM.

23 88. ~~86.~~Before the May 9, 2013 meeting, Beauchamp prepared or caused to be
24 prepared a draft private offering memorandum dated “May __, 2013” (the “draft 2013
25 POM”).

26 89. ~~87.~~With the exception of the title page, the draft 2013 POM was a
27 duplicate of a preliminary draft of the 2011 POM, which Bryan Cave attorney Gus
28

1 Schneider had sent to Chittick on June 15, 2011 at Beauchamp's direction, when
2 Schneider and Beauchamp were working on the 2011 POM.

3 90. ~~88.~~ During the May 9 meeting, Beauchamp took a few notes and
4 apparently underlined or circled a few passages in the draft 2013 POM.

5 91. ~~89.~~ Beauchamp's notes reflect that Chittick told him during the meeting
6 that DenSco had as of that date raised over \$50 million from 75 to 80 investors who
7 collectively held 114 accounts.

8 92. ~~90.~~ Beauchamp stopped working on the draft 2013 POM after learning
9 how much money DenSco had raised since the 2011 POM. As he would later tell Bryan
10 Cave partner Elizabeth Sipes through a June 25, 2013 email: "We stopped the updating
11 when we were told that the investments from the investors had jumped to approximately
12 \$47.5 million. Given that significant increase, I have been asking for help to determine
13 what other federal or state laws might be applicable."

14 93. ~~91.~~ According to Bryan Cave's billing statement, the only work
15 Beauchamp performed during May 2013 on the draft 2013 POM was for less than thirty
16 minutes of "[w]ork on issues and follow-up" on May 10 and less than thirty minutes of
17 "[w]ork on issues and information for Private Offering Memorandum" on May 31,
18 2013.

19 **3. During June 2013, Beauchamp Learned From Another Bryan**
20 **Cave Lawyer That DenSco's Website Violated Federal**
Securities Laws.

21 94. ~~92.~~ Although Beauchamp learned on May 9, 2013 that DenSco had nearly
22 \$50 million of investor loans and told his Bryan Cave colleagues that he stopped
23 working on the draft 2013 POM when he learned of that fact so that he could investigate
24 what federal or state laws were implicated by the substantial increase in DenSco's sales
25 of promissory notes, Beauchamp waited until June 10, 2013 before seeking assistance
26 from other Bryan Cave attorneys.

1 a. On June 10, 2013, Beauchamp sent an email to Ken Henderson, an
2 attorney in Bryan Cave’s New York City office, copied to William Seabaugh, an
3 attorney in Bryan Cave’s St. Louis office.

4 b. His email stated, in part: DenSco “is a client which makes high
5 interest loans (18% with no other fees) secured by first lien position against real
6 estate. . . . DenSco has previously had aggregate investor loans outstanding at
7 approximately \$16 to \$18 million from its investors. We are starting the process
8 to update and renew DenSco’s private offering memo (renew it every two years)
9 and we have now been advised that DenSco now has almost \$47 million in
10 aggregate investor loans outstanding.”

11 c. Beauchamp said he was seeking “guidance or direction” as to
12 whether DenSco, with close to \$50 million of investor funds, was subject to
13 certain federal securities acts and regulations.

14 d. Henderson suggested by email that Beauchamp confer with Robert
15 Pedersen, an attorney in Bryan Cave’s New York City office, and Elizabeth
16 Sipes, an attorney in Bryan Cave’s Denver office.

17 95. ~~93.~~ On June 11, 2013, Beauchamp sent an email to Chittick which stated:
18 “How many investors hold notes from DenSco? We are trying to determine what
19 exclusions DenSco could qualify for with respect to the other applicable federal statutes.
20 I do not have that number in my notes.”

21 96. ~~94.~~ Chittick responded by email that day, telling Beauchamp DenSco had
22 114 individual accounts, held by approximately 80 families.

23 97. ~~95.~~ On June 17, 2013, Beauchamp received an email from Pedersen.
24 Pedersen noted that he had reviewed DenSco’s website, and had asked Randy Wang, an
25 attorney in Bryan Cave’s St. Louis office, whether DenSco was in compliance with the
26 Securities Act of 1933. Pedersen wrote: “Randy questioned whether in the DenSco
27 Investment Corp. case, the existence of, and/or statements made on, the DenSco
28

1 [website] which I had brought to his attention, made the transaction exemption
2 unavailable to DenSco. In any event you may wish to discuss further with Randy.”

3 98. ~~96.~~Beauchamp then printed information from DenSco’s website, which
4 included a section captioned “Investor Requirements” that purported to provide an
5 “abbreviated description” of “legal definitions” found in the 2011 POM and related
6 subscription agreement, including a definition of accredited investor.

7 99. ~~97.~~Although Beauchamp had been representing DenSco since 2003, and
8 his files reflect that he regularly reviewed DenSco’s website, it was another Bryan Cave
9 lawyer, with no prior involvement in Bryan Cave’s representation, who immediately
10 identified this significant issue.

11 100. ~~98.~~Beauchamp wrote an email to Wang on June 17, 2013, which stated:
12 “With respect to the client’s statements on its website, I was not aware that the client
13 had added his personal description of what is an eligible ‘accredited investor’ to the
14 DenSco website. **I will have him take it down.** (Emphasis added.) I also have a call
15 into him to ask when he added that language. Previously, his website was just for
16 potential borrowers and for existing investors. It included his view of the real estate
17 lending market and explained the status of the properties that DenSco had commenced
18 or might have to commence a Trustee Sale to take ownership of the security for a loan.
19 Given his ‘layman’s description of an accredited investor’ on the website, does that
20 constitute general solicitation, which will cause the offering to no longer qualify under
21 Regulation D? If so, can we discuss what we need to tell him that he needs to do to
22 resolve the loss of his exempt security status?”

23 101. ~~99.~~Beauchamp’s notes reflect that he spoke to Wang on June 17, 2013.

24 102. ~~100.~~Beauchamp’s notes also reflect that he spoke to Chittick on June 17,
25 2013.

26 103. ~~101.~~After talking to Chittick, Beauchamp sent an email to Wang on June
27 17, 2013, which stated, in part: “**I talked to Denny Chittick, the owner of DenSco.**
28 **Denny has already had the website modified.** (Emphasis added.) Denny also

1 reviewed the list of his investors (there are only 114 individual investors from approx 80
2 families). All of his investors were either family or friends (or verified referrals from
3 family or friends). . . . According to his note schedule, Denny has approximately 60
4 investor notes that are scheduled to expire in the next six months, **so he would prefer to
5 not be shut down and have to return all of that investment money to his investors
6 until he could commence operations again.** [\(Emphasis added.\)](#)

7 [104.](#) ~~102.~~ Beauchamp received an email from Chittick late in the day on June
8 17, 2013, through which Chittick forwarded his email exchange with a vendor
9 confirming that information regarding interest rates offered for promissory notes and the
10 entire “Investor Requirements” section had been removed from DenSco’s website.

11 [105.](#) ~~103.~~ Beauchamp spoke to Wang on June 18, 2013. His notes reflect that
12 Wang “does not have a clean path for the private placement” and that he and
13 Beauchamp discussed a number of “judgment calls” which were described in
14 Beauchamp’s notes as follows: (i) “whether website constitutes ‘General Solicitation’ –
15 probably yes”; (ii) “would a waiver of Right of Rescission be helpful – probably not →
16 that just resolves the individual claim + not the offering itself”; (iii) “would starting a
17 new company be helpful – probably not – still would be integrated offering.”
18 Beauchamp’s notes concluded by stating “Randy does not have a solution” and a list of
19 the names of other Bryan Cave attorneys Beauchamp should contact.

20 [106.](#) ~~104.~~ On June 20, 2013, Beauchamp sent an email to Bryan Cave attorneys
21 Henderson, Wang, Robert Endicott in the firm’s St. Louis office, and Garth Jensen in
22 the firm’s Denver office. Beauchamp’s email stated, in part:

23 “[DenSco-“] is a client which makes high interest loans (18% with no other fees)
24 secured by first lien position against Arizona real estate. . . . As part of our due
25 diligence for this offering, we reviewed the client’s website. On its website, the
26 client lists several pieces of information concerning Arizona real estate, but the
27 client has also added Denny Chittick’s personal description of who or what is an
28 eligible ‘accredited investor.’ In addition, the website also referenced the interest
rate paid by DenSco to its investors. *After we advised the client that this could*
be deemed to be “general solicitation” in violation of Regulation D, the client
immediately took down these references from its website. . . . Randy and I are
concerned that if this information on the website is deemed to constitute ‘general
solicitation’ then the offering will no longer qualify under Regulation D. . . .

1 *According to his note schedule, Denny has approximately 60 investor notes*
2 *that are scheduled to expire in the next 6 months (and to probably be rolled*
3 *over into new notes), so he would prefer to not be shut down and to have to*
4 *return all of that investment money to his investors until he could commence*
5 *operations again.* Issue: Does anyone have any suggestion or thoughts that we
6 can advise the client (short of closing down its business for six months) that he
7 needs to do to resolve the loss of his exempt security status?" (Emphasis added.)

8 107. ~~105.~~Henderson and Wang responded to Beauchamp's email on June 20,
9 2013, discussing when the "'JOBS Act' requirement that the SEC eliminate the general
10 solicitation requirement for all accredited investors offerings [would] become
11 effective[.]"

12 108. ~~106.~~On June 25, 2013, Beauchamp sent an email to Sipes which stated, in
13 part: "Attached is the previous POM for the client which has only had the date
14 changed. We stopped the updating when we were told that the investments from the
15 investors had jumped to approximately \$47.5 million. Given that significant increase, I
16 have been asking for help to determine what other federal or state laws might be
17 applicable. Bob Pederson of NY has said that the Trust Indenture Act will not be
18 applicable so long as the client is under the Regulation D, Rule 506 exemption. The
19 other big issues [that] have waited for your help to discern [is] if we need to comply
20 with the Investment Advisors Act of 1940 and the Registered Investment Advisors
21 requirements."

22 109. ~~107.~~Beauchamp spoke to Sipes on June 27, 2013. Beauchamp's notes
23 reflect that Sipes told him the 2011 POM had incorrectly referenced an exemption under
24 the Investment Company Act, that she was considering other issues, and that she would
25 follow up by email.

26 110. ~~108.~~Beauchamp spoke to Chittick on June 27, 2013. Beauchamp's notes
27 reflect that he shared with Chittick the information he had received from Sipes.

28 111. ~~109.~~Chittick sent Beauchamp an email on June 27, 2013 to again confirm
29 that the requested changes to the website had been completed. He added, "Oh ya I just
30 took in another 1.1 million yesterday."

1 4. **During June 2013, Beauchamp Learned That Representations**
2 **Made In the 2011 POM About DenSco's Lending Practices**
3 **Were Materially Misleading But Failed to Conduct any**
4 **Investigation Of DenSco's Lending Practices.**

5 112. ~~110.~~ Beauchamp received an email from Chittick on June 14, 2013.

6 113. ~~111.~~ Chittick's email, which was copied to Yomtov "Scott" Menaged,
7 said, in part: "I have a borrower, to which I've done a ton of business with, million[s]
8 in loans and hundreds of loans for several years[.] [H]e's getting sued along with me. . .
9 . Easy Investments[] has his attorney working on it[.] [I]'m okay to piggy back with his
10 attorney to fight it[.] Easy Investments [is] willing to pay the legal fees to fight it. I just
11 wanted you to be aware of it, and talk to his attorney, [whose] contact info is below."

12 114. ~~112.~~ Chittick's email included a forwarded email from Menaged which
13 provided contact information for his attorney, Jeffrey J. Goulder.

14 115. ~~113.~~ Copies of a summons, the first four pages of a complaint, a certificate
15 of compulsory arbitration, and a lis pendens were attached to the email.

16 116. ~~114.~~ Menaged responded to the email by telling Beauchamp in an email to
17 "bill me for your services and utilize my attorney for anything you may need."

18 117. ~~115.~~ The complaint and other documents Beauchamp received identified
19 by street address and legal description of the foreclosed home at issue in the lawsuit;
20 they also identified the names of the former owners.

21 118. ~~116.~~ After reviewing these documents, Beauchamp sent an email to
22 Chittick on June 14, 2013 which said "***We will need to disclose this in POM.***"
23 (Emphasis added.)

24 119. ~~117.~~ Bryan Cave's billing records reflect that Beauchamp billed DenSco
25 for 30 minutes of time on June 14, 2013 devoted to "[e]mail to D. Chittick regarding
26 need to disclose pending litigation in Private Offering Memorandum; review email from
27 D. Chittick; review requirements."
28

1 120. ~~118.~~ The complaint had been filed in Maricopa County Superior Court by
2 Freo Arizona, LLC against DenSco; Easy Investments, LLC; Active Funding Group,
3 LLC; Ocwen Loan Servicing, LLC; and another defendant.

4 121. ~~119.~~ According to the excerpt of the complaint that Beauchamp received,

5 a. A home in Peoria, Arizona was to be sold at a trustee's sale.

6 b. Freo claimed to have purchased the home on March 18, 2013,
7 before the date of the scheduled trustee's sale, by paying Ocwen Loan Servicing
8 the payoff amount for the mortgage, and that the sale was documented in a
9 warranty deed that had been recorded with the Maricopa County Recorder's
10 Office.

11 c. Ocwen failed to timely instruct the trustee to cancel the trustee's
12 sale.

13 d. On March 22, 2013, *Easy Investments* acquired the property at a
14 trustee's sale, and then "*attempted to encumber the property with deeds of trust*
15 *to Active [Funding Group] and DenSco.*" (Emphasis added.)

16 e. Freo filed its lawsuit to establish that it owned the property free and
17 clear of liens asserted by Active Funding Group and DenSco.

18 122. ~~120.~~ The *Freo* complaint put Beauchamp on notice that DenSco's ~~2011~~
19 POM was materially misleading because DenSco was not following the "proper method
20 and procedures for funding a loan" which, according to Beauchamp's interrogatory
21 answers, were described in the 2011 POM as including "'due diligence to verify certain
22 information in connection with funding a Trust Deed'" and "'conduct[ing] a due
23 diligence review by . . . verifying the documentation.'"

24 123. ~~121.~~ It was apparent from the *Freo* complaint that Chittick had not
25 conducted any due diligence before loaning money to Easy Investments to acquire this
26 particular home, since the property had been sold, according to public records, five days
27 before a trustee's sale. Under such circumstances, the loan funded by DenSco could not
28

1 have been a loan “intended to be secured through [a] first position trust deed[],” as
2 DenSco had represented in the 2011 POM.

3 124. ~~122.~~ It was also apparent from the *Freo* complaint that Chittick had not
4 exercised appropriate care in loaning money to Easy Investments, since *Freo* alleged
5 that Easy Investments had “attempted to encumber the property with deeds of trust to
6 Active [Funding Group] and DenSco.” That allegation called into question both the due
7 diligence Chittick had employed in selecting Easy Investments as a borrower and the
8 practices Chittick followed in funding loans made by DenSco.

9 125. ~~123.~~ Although the files Beauchamp maintained and Bryan Cave’s billing
10 records reflect that the only actions Beauchamp took after receiving Chittick’s June 14,
11 2013 email were to spend 30 minutes to “review email from D. Chittick” and to send
12 “[e]mail to D. Chittick regarding need to disclose pending litigation in Private Offering
13 Memorandum,” Beauchamp claims in Defendants’ initial disclosure statement (at 6-7)
14 that he did more than that.

15 126. ~~124.~~ Beauchamp claims that after reviewing the *Freo* complaint, he
16 “advised Mr. Chittick . . . that Mr. Chittick needed to fund DenSco’s loans directly to
17 the trustee or escrow company conducting the sale, rather than provide loan funds
18 directly to the borrower, to ensure that DenSco’s deed of trust was protected.” This is
19 an admission by Beauchamp that he knew in June 2013 that the 2011 POM was
20 materially misleading.

21 127. ~~125.~~ Beauchamp goes on to say in Defendants’ initial disclosure statement
22 that “Mr. Chittick explained to Mr. Beauchamp that this was an isolated incident with a
23 borrower, Menaged, whom Mr. Chittick described in his email as someone he had ‘done
24 a ton of business with . . . hundreds of loans for several years”

25 128. ~~126.~~ If a jury believes that Beauchamp actually had this discussion with
26 Chittick, despite the absence of any email, note or billing record to support
27 Beauchamp’s claim, it should conclude that Beauchamp decided not to take *any* steps to
28 investigate Chittick’s admission that DenSco had lax lending practices, ~~or~~. The jury

1 may also conclude that Beauchamp was preoccupied with his efforts to find a new law
2 firm and did not take the time to do so.

3 129. ~~127.~~An investigation into DenSco's lending practices was needed
4 because:

5 a. ~~a.~~the volume of DenSco's lending that Chittick was managing by
6 himself (a missed red flag when the 2011 POM was prepared), had significantly
7 increased, with the total amount of funds DenSco had received from investors
8 approaching \$50 million; since 2011;

9 b. as Beauchamp had noted in his email exchanges with Bryan Cave
10 attorneys, DenSco had gone from \$16 to \$18 million of investor funds in 2011 to
11 approximately \$47 million in 2013, and Beauchamp knew that the additional
12 investor funds would be utilized to make new loans;

13 ~~b.c.~~ the allegations in the *Freo* lawsuit evidenced a lack of due
14 diligence on DenSco's part in deciding to fund the loan in question;

15 ~~ed.~~ the allegations in the *Freo* lawsuit called into question whether
16 Menaged, whom Chittick described as one of DenSco's major borrowers, was a
17 reliable and trustworthy person.

18 ~~de.~~ Chittick's admission that he had given funds directly to Easy
19 Investments necessarily meant DenSco was not complying with the terms of the
20 Receipt and Mortgage which, as Beauchamp has noted in his interrogatory
21 answers, "stated that the check purchasing the property was made to the
22 Trustee."

23 ~~ef.~~ Beauchamp knew on June 17, 2013, when he downloaded and
24 reviewed DenSco's website, that DenSco was representing to existing and
25 potential investors that it followed "Lending Guidelines" under which it would
26 be in "First Position ONLY!"

27 g. ~~f.~~Beauchamp knew that DenSco would be actively selling
28 promissory notes in the latter half of 2013, since he knew, and told his Bryan

1 Cave colleagues on June 20, 2013, that “[a]ccording to [Chittick’s] note
2 schedule, [DenSco] has approximately 60 investor notes that are scheduled to
3 expire in the next 6 months (and to probably be rolled over into new notes).”

4 h. ~~g.~~ Beauchamp knew that DenSco was actively selling promissory
5 notes based on the 2011 POM. On June 27, 2013, for example, Chittick told him
6 by email “Oh ya I just took in another 1.1 million yesterday.”

7 130. ~~128.~~ Beauchamp did not conduct an investigation of the allegations in the
8 *Freo* lawsuit regarding DenSco’s lending practices, or of DenSco’s lending practices
9 generally, in June 2013 (before the 2011 POM expired on July 1, 2013) or at any time
10 thereafter.

11 131. ~~129.~~ If Beauchamp had investigated the allegations in the *Freo* complaint,
12 he would have found within minutes, by reviewing records available through the
13 Maricopa County Recorder’s website relating to the property described in the *Freo*
14 lawsuit: (i) a Deed of Trust and Security Agreement With Assignment of Rents given by
15 Easy Investments in favor of Active Funding Group, ~~that~~ which Menaged had signed on
16 March 25, 2013; and (ii) a Deed of Trust and Assignment of Rents given by Easy
17 Investments in favor of DenSco, ~~that~~ which Menaged had signed on April 2, 2013.
18 Both signatures were witnessed by the same notary public.

19 132. ~~130.~~ Those documents confirmed the allegation in the *Freo* complaint that
20 DenSco was not in first position on a loan it had made to Easy Investments.

21 133. ~~131.~~ Those documents also showed that Menaged had purposefully
22 borrowed money, first from Active Funding and then from DenSco, using the same
23 property as security, since he had personally signed both the Active Funding deed of
24 trust and the DenSco deed of trust before a notary.

25 **5. During July and August 2013, Beauchamp Took Minimal Steps**
26 **to Prepare a New POM.**

1 134. ~~132.~~ After failing to do any investigation of the allegations in the *Freo*
2 lawsuit or of DenSco's lending practices generally, an apparently distracted Beauchamp
3 took minimal steps in July and August 2013 to prepare a new POM.

4 135. ~~133.~~ On July 1, 2013, Beauchamp received an email from Sipes which
5 stated, in part, that she didn't believe DenSco would be considered an investment
6 advisor under the Investment Company Act or the Investment Advisers Act and did not
7 believe DenSco needed to limit the number of accredited investors to whom it offered
8 promissory notes.

9 136. ~~134.~~ On July 10, 2013, Beauchamp forwarded to Chittick a news report
10 that the SEC had just decided to end the ban on general solicitation.

11 137. ~~135.~~ Bryan Cave's billing statements reflect that between July 12, 2013
12 and July 31, 2013, Beauchamp recorded time to "revise disclosure in Private Offering
13 Memorandum" and "[w]ork on and revise Private Offering Memorandum" and had
14 additional time entries to "[w]ork on revisions to Private Offering Memorandum" or
15 "[w]ork on issues for Private Offering Memorandum."

16 138. ~~136.~~ But the only document in Bryan Cave's file that reflects any revisions
17 Beauchamp made to the draft of a 2013 POM is a draft containing several of his
18 handwritten edits. They included a note on the cover of the draft to "revise to new
19 version for B/L purposes," but no blacklined draft of a 2013 POM exists in Bryan
20 Cave's file.

21 139. ~~137.~~ Bryan Cave's billing records reflect that the only work Beauchamp
22 performed on the draft 2013 POM during August 2013 was to exchange emails on
23 August 6, 2013 with Jensen asking for a form subscription agreement to comply with
24 changes to Rule 506.

25 140. ~~138.~~ When Beauchamp left Bryan Cave in August 2013, the "due
26 diligence" file for the draft 2013 POM contained only three documents: (1) a June 18,
27 2013 article captioned "Determining whether a company is an investment company";
28 (2) a printout from DenSco's website dated June 17, 2013; and (3) a July 28, 2010

1 article captioned “Private Fund Investors Advisors Registration Act of 2010: New Law
2 Changes Regulatory Framework for Alternative Investment Advisors.”

3 141. ~~139.~~Beauchamp’s notes reflect that he left a voicemail message for
4 Chittick on August 26, 2013 regarding “need to work on the latest version of POM that
5 Denny has w/ the prior experience charts. Need to discuss timing and update.”

6 142. ~~140.~~His-Beauchamp’s notes go on to reflect that he spoke to Chittick on
7 August 26, 2013 – four days before Beauchamp and Bryan Cave sent a letter to Chittick
8 announcing Beauchamp’s August 31 departure from Bryan Cave – and that he
9 “explained delay w/ POM,” discussed the “need to get copy of Denny’s latest POM &
10 make changes to it,” and discussed that “BC will be sending a letter to Denny & letting
11 Denny decide if he wants files kept at BC or moved to CH.”

12 **6. Beauchamp Now Claims That Chittick Was Responsible for**
13 **His Failure to Prepare a New POM Before He Left Bryan**
14 **Cave, But His Claim is at Odds With the Documentary Record.**

15 143. ~~141.~~In Defendants’ initial disclosure statement (at 5), Beauchamp claims
16 that he “was never able to finalize the 2013 POM” because of Chittick. He says that
17 “[a]lthough [he] asked for updated investment, loan and financial information regarding
18 DenSco, Mr. Chittick stalled on providing the information, preferring to wait until after
19 he scaled down the amount outstanding to investors.”

20 144. ~~142.~~But Beauchamp’s claim has absolutely no support in the documentary
21 record, and is at odds with that record. Not only is there nothing in Bryan Cave’s files
22 reflecting that Beauchamp asked Chittick for information that was not provided or that
23 Chittick engaged in “stalling” tactics ~~by Chittick~~, but the files reflect that Chittick
24 promptly gave Beauchamp the information he requested, and followed Beauchamp’s
25 advice, such as when Chittick promptly changed DenSco’s website after Beauchamp
26 told him to do so.
27
28

1 145. ~~143.~~ Moreover, the corporate journal Chittick maintained for 2013 (the
2 “2013 Corporate Journal”) does not reflect any entries by Chittick about requests from
3 Beauchamp for information or his declination to provide that information.

4 146. ~~144.~~ The only reference in the 2013 Corporate Journal to the preparation of
5 the 2013 POM is a June 17, 2013 entry which stated: “I am going back and forth with
6 David about how to circumvent this 50 million issue on size.” That entry is consistent
7 with Beauchamp’s communications of the same date as to whether DenSco had engaged
8 in general solicitation, an issue which, as noted above, was resolved on July 10, 2013.

9 7. **A Distracted Beauchamp, After Failing to Prepare a New POM
10 by July 1, 2013, Did Not Advise DenSco to Stop Selling
 Promissory Notes Until a New POM Was Issued.**

11 147. ~~145.~~ By its terms, the 2011 POM expired on July 1, 2013.

12 148. ~~146.~~ There is no evidence in the documentary record that Beauchamp, with
13 one foot out Bryan Cave’s door, ever advised DenSco that it could not sell any new
14 promissory notes after July 1, 2013 until it issued a new POM, and Beauchamp does not
15 claim that he did so.

16 149. ~~147.~~ Beauchamp, preoccupied with finding a new law firm where he could
17 continue to practice law, failed to give that advice, even though he knew, as he told his
18 Bryan Cave colleagues in a June 20, 2013 email, that DenSco had “approximately 60
19 investor notes that are scheduled to expire in the next 6 months (and to probably be
20 rolled over into new notes).”

21 150. ~~148.~~ And while Beauchamp claims in Defendants’ initial disclosure
22 statement (at 7) that “[p]rior to his departure” from Bryan Cave, he “repeatedly made
23 clear to DenSco and Mr. Chittick that they needed to update DenSco’s POM,” there is
24 no documentary support for that claim.

25 151. ~~149.~~ Even if a jury believes that Beauchamp actually gave that advice,
26 despite the absence of any supporting documents, the advice fell short of an explicit
27 instruction that no sales could be made until a new POM was prepared. Without that
28

1 instruction, Chittick was effectively told that DenSco could indefinitely delay
2 “updating” its POM while continuing to sell promissory notes.

3 **8. Because of Beauchamp’s Inattention, Chittick Caused DenSco**
4 **to Sell Approximately \$3.3 Million of Promissory Notes Before**
5 **Beauchamp Left Bryan Cave.**

6 152. ~~150.~~ Because Beauchamp failed to prepare a new POM by July 1, 2013
7 and failed to tell Chittick that DenSco could not sell promissory notes until a new POM
8 was issued, Chittick caused DenSco, during July and August 2013, to sell promissory
9 notes to some of the “approximately 60 investor[s]” whose notes Beauchamp knew
10 were “scheduled to expire in the next 6 months (and to probably be rolled over into new
11 notes).”

12 153. ~~151.~~ In each case, an investor who had purchased a two-year promissory
13 note in 2011, which expired in July or August 2013, purchased a new two-year
14 promissory note. Those sales, which total \$2,337,653.47, are summarized in the
15 following chart.

Investor	Amount	Date
Jeff Phalen	\$100,000	7/1/13
Gary Thompson	\$250,000	7/3/13
Kaylene Moss	\$10,000	7/12/13
Branson & Sandra Smith	\$250,000	7/13/13
Ralph Kaiser IRA	\$170,653.47	7/17/13
Jimmy Trainor	\$122,000	7/22/13
Russ Grisswold IRA	\$50,000	7/24/13
William Alber	\$60,000	7/28/13
Carol Wellman	\$50,000	7/28/13
Tom Smith	\$400,000	8/2/13
GE Seigford	\$70,000	8/2/13

GE Seigford	\$40,000	8/2/13
Carysn Smith	\$10,000	8/2/13
McKenna Smith	\$10,000	8/3/13
Gary Thompson	\$145,000	8/3/13
Carol & Mike Wellman	\$25,000	8/5/13
Stacy Grant IRA	\$75,000	8/8/15
GE Seigford	\$50,000	8/18/15
Tom Smith	\$400,000	8/24/15
Dale Hickman	\$50,000	8/30/15

154. ~~152.~~In addition to these “rollover” promissory note sales, Chittick caused DenSco to sell \$926,567 of new promissory notes to existing and new investors during July and August 2013. Those sales are summarized in the following chart.

Investor	Amount	Date	Maturity
Laurie Weiskopf	\$100,000	7/10/13	7/10/15
Carol McDowell	\$100,000	7/3/13	7/3/15
Kevin Potempa	\$100,000	7/29/13	1/26/16
Wayne Ledet	\$30,567	8/23/13	8/23/15
Tom Smith	\$500,000	8/26/13	2/26/15
Kirk Fischer	\$70,000	8/26/13	8/26/18
Carsyn Smith	\$8,000	8/26/13	8/26/15
McKenna Smith	\$8,000	8/26/13	8/26/15
Averill Cate	\$10,000	8/29/13	8/29/14

1 **C. Facts Regarding Clark Hill's Representation of DenSco in 2013**

2 **1. In September 2013, Beauchamp Brought DenSco to Clark Hill**
3 **as a New Client and Clark Hill Agreed to Prepare a New POM.**

4 155. ~~153.~~ On September 11 and 12, 2013, Beauchamp exchanged emails with
5 Chittick about taking steps to have certain DenSco files transferred from Bryan Cave to
6 Clark Hill: "AZ Practice Review"; "Blue Sky Issues"; "Garnishments"; "General
7 Corporate"; and "2011 and 2013 Private Offering."

8 156. ~~154.~~ On September 12, 2013, Beauchamp sent Chittick an engagement
9 letter, which Chittick signed and returned that day.

10 157. ~~155.~~ The letter, which was captioned "Representation of DenSco
11 Investment Corporation," stated that it would "serve[] to record the terms of [Clark
12 Hill's] engagement to represent DenSco Investment Corporation (the 'Client'), with
13 regard to the legal matters transferred to Clark Hill PLC from Bryan Cave LLP."

14 158. ~~156.~~ Clark Hill's engagement letter, like those Beauchamp had sent
15 DenSco when he was at Gammage & Burnham and Bryan Cave, identified DenSco as
16 Clark Hill's client.

17 159. ~~157.~~ But Clark Hill's engagement letter went further, and expressly stated
18 that Clark Hill was representing only DenSco, and was not representing Chittick in any
19 capacity.

20 a. The letter stated that it was "supplemented by our Standard Terms
21 of Engagement for Legal Services, attached, which are incorporated in this letter
22 and apply to this matter and the other matter(s) for which you engage us."

23 b. The "Standard Terms of Engagement for Legal Services" included
24 a section called "Whom We Represent." That section stated: "The . . . entity
25 whom we represent is the . . . entity identified in our engagement letter and does
26 not include any . . . employees, officers, directors, shareholders of a corporation
27 . . . unless our engagement letter expressly provides otherwise."
28

1 160. ~~158.~~ Even though this engagement letter clearly and expressly stated that
2 Clark Hill represented only DenSco and was not also representing Chittick, Clark Hill
3 and Beauchamp say in their initial disclosure statement (at 3) that “Chittick understood
4 that Mr. Beauchamp, as an incident to Mr. Beauchamp’s representation of DenSco, was
5 also representing Mr. Chittick in his capacity as president of DenSco.”

6 161. ~~159.~~ On September 13, 2013, Beauchamp took steps to open a new matter
7 for DenSco in Clark Hill’s accounting and filing systems that was mis-identified as
8 “2003 Private Offering Memorandum.” Beauchamp’s notes stated that the file was
9 being opened to “[f]inish 2013 POM for client. Started POM update at Bryan Cave.”

10 162. ~~160.~~ Beauchamp opened this file, obligating Clark Hill to provide
11 securities advice to DenSco and to diligently and promptly “finish [the] 2013 POM,”
12 knowing that the 2011 POM had expired on July 1, 2013, no new POM had been issued,
13 and that as of June 20, 2013, “[a]ccording to [Chittick’s] note schedule, [DenSco] ha[d]
14 approximately 60 investor notes that are scheduled to expire in the next 6 months (and
15 to probably be rolled over into new notes).”

16 **2. According to Clark Hill’s Records the Firm Did No Work**
17 **Whatsoever on a New POM During the Months of September,**
 October, November and December 2013.

18 163. ~~161.~~ Clark Hill’s records show that neither Beauchamp nor any other Clark
19 Hill attorney performed *any* work on a new POM during September, October, or
20 November 2013.

21 164. ~~162.~~ The records also show that neither Beauchamp nor any other Clark
22 Hill attorney even attempted to contact Chittick about the new POM.

23 **a. On December 18, 2013, Chittick Asked Beauchamp By**
24 **Email Why the New POM Had Not Been Finished.**

25 165. ~~163.~~ The first time entry in Clark Hill’s billing records relating to a new
26 POM is a twelve-minute entry by Beauchamp on December 18, 2013 to “review email;
27 telephone conversation with D. Chittick; review POM.”
28

1 166. ~~164.~~The email referenced in that time entry is an email that Chittick sent
2 to Beauchamp on December 18, 2013, saying “since you’ve moved, we’ve never
3 finished the update on the memorandum. Warren is asking where it is.”¹

4 167. ~~165.~~Beauchamp did not send Chittick a response to that email.

5 168. ~~166.~~There are not any notes in Clark Hill’s files made by Beauchamp that
6 summarized his December 18, 2013 call with Chittick.

7 169. ~~167.~~Beauchamp apparently asked Chittick during that call to send him a
8 copy of the 2011 POM, since Chittick emailed Beauchamp an electronic copy of the
9 final 2011 POM during the late morning of December 18, 2013. Beauchamp promptly
10 responded, saying simply “[t]hank you. Have a wonderful holiday season.”

11 170. ~~168.~~Beauchamp forward Chittick’s e-mail to his secretary that afternoon,
12 asking her to “put this on our system for DenSco Investment Corporation/2013 POM.”

13 **b. Clark Hill Claims That Beauchamp Learned During the**
14 **December 18, ~~2018~~-2013 Call With Chittick About**
15 **Problems in DenSco’ Loan Portfolio but Clark Hill Did**
 Nothing to Investigate Those Problems Nor Did It Begin
 Preparing a New POM.

16 171. ~~169.~~In their initial disclosure statement (at 7), Clark Hill and Beauchamp
17 make claims about Beauchamp’s December 18, 2013 telephone call with Chittick that
18 are at odds with Clark Hill’s file, including its billing statement. They allege that
19 Chittick told Beauchamp “he had run into an issue with some of his loans with
20 Menaged, and specifically, that properties securing a few DenSco loans were each
21 subject to a second deed of trust competing for priority with DenSco’s deed of trust.”

22 172. ~~170.~~Clark Hill and Beauchamp claim that, “[a]fter briefly discussing the
23 allegedly limited double lien issue, Mr. Chittick emphasized to Mr. Beauchamp that Mr.
24 Chittick wanted to avoid litigation with other lenders. Mr. Chittick, however, did not
25 request any advice or help. Accordingly, Mr. Beauchamp suggested that Mr. Chittick
26 _____

27 ¹ Chittick was apparently referring to Warren Bush, an investor who had reviewed
28 and commented on a draft of the 2011 POM, and had communicated with Beauchamp
about that draft.

1 develop and document a plan to resolve the double liens, and nothing more came of the
2 conversation.”

3 173. ~~171.~~ Lastly, Clark Hill and Beauchamp claim that during the telephone
4 conversation “Mr. Beauchamp reminded Mr. Chittick that he still needed to update
5 DenSco’s private offering memorandum.”

6 174. ~~172.~~ No document in Clark Hill’s file, such as the handwritten notes that
7 Beauchamp consistently and regularly kept to record his telephone conversations and
8 meetings with Chittick, exists.

9 175. ~~173.~~ The 2013 Corporate Journal does not have any entries by Chittick
10 reflecting that he had such a conversation with Beauchamp in December 2013.

11 176. ~~174.~~ If a jury were to believe Beauchamp’s claim that he had such a
12 conversation with Chittick on December 18, 2013, despite the lack of evidence, it could
13 only conclude that Clark Hill and Beauchamp were negligent by:

14 a. Failing to immediately investigate the information Beauchamp
15 received about the Menaged loan problem, since Clark Hill had an affirmative
16 duty to diligently and timely prepare a new POM, having agreed to do so in
17 September 2013; and

18 b. Failing to expressly instruct Chittick that DenSco could not sell
19 *any* promissory notes, since the 2011 POM had expired and a new POM had not
20 yet been issued.

21 i. By merely “reminding” Chittick that DenSco needed to
22 “update” the 2011 POM, knowing that one-half of its investors would be
23 “rolling over” promissory notes during the last six months of 2013,
24 Beauchamp effectively advised Chittick that DenSco could indefinitely
25 delay “updating” the 2011 POM while continuing to sell promissory
26 notes.

1 **3. Although Clark Hill Did Nothing in December 2013 to Prepare**
2 **a New POM and Investigate Problems in DenSco's Loan**
3 **Portfolio, It Devoted Time That Month to Advising DenSco**
4 **About Possibly Expanding its Business to Florida.**

5 177. ~~175.~~In Chittick's December 18, 2013 email to Beauchamp, Chittick wrote,
6 after asking about the status of Clark Hill's work on a new POM, about his plans to
7 expand DenSco's business to Florida. He wrote: "[I]'ve got two of my best borrowers
8 moving to F[L][.]. [T]hey are begging me to look at lending in FL. [I] don't know
9 anything about the market there, but [I] trust these guys. [I]'ve done 20 million with
10 them over the past 5 yrs. [I]s it easy to find out the challenges, issues, etc with me
11 lending there?"

12 178. ~~176.~~While Beauchamp did nothing in response to Chittick's question
13 about the status of a new POM, he immediately forwarded Chittick's e-mail to Clark
14 Hill attorney Daniel Schenck, asking "[w]ill you have time to do the research for
15 Florida or should I find someone else?"

16 179. ~~177.~~Beauchamp also made an 18-minute time entry on December 18,
17 2013 to "[r]eview email and outline Florida research."

18 180. ~~178.~~Between December 20, 2013 and December 23, 2013, both
19 Beauchamp and Schenck recorded time to conducting research and analysis on "Florida
20 broker issues," "hard money regulatory lender requirements in Florida," and "Florida
21 lending licenses."

22 181. ~~179.~~On December 23, 2013, Beauchamp recorded 42 minutes of time to
23 "[r]eview Florida research from D. Schenck; discuss research and follow up with D.
24 Schenck; email to D. Chittick."

25 182. ~~180.~~On Christmas Eve, December 24, 2013, Beauchamp sent Chittick an
26 email which stated: "Happy Holidays! Quick Status: Based on a review of the Florida
27 statutes, you would be considered a 'Mortgage Lender' which requires a license in
28 Florida. The Florida government office that regulates 'Mortgage Lender' [sic] has been
difficult to reach, but we will try again on Thursday. I want to confirm if you might be

1 able to qualify for a limited license to operate in Florida and check a few other
2 questions.”

3 183. ~~181.~~ On December 26 and 30, 2013, Beauchamp and Schenck recorded
4 time to obtaining information from the Florida Office of Financial Regulation and other
5 information relevant to Chittick’s December 18, 2013 inquiry about expanding
6 DenSco’s lending operations to Florida.

7 **4. Clark Hill Blames Chittick for Its Failure to Prepare a New**
8 **POM in 2013.**

9 184. ~~182.~~ In their initial disclosure statement (at 7), Clark Hill and Beauchamp
10 blame Chittick for their failure to do anything to prepare a new POM, which Clark Hill
11 agreed to undertake in early September 2013. They say that after Chittick signed Clark
12 Hill’s engagement letter on September 12, 2013 and directed Bryan Cave to transfer
13 certain files to Clark Hill, “Mr. Beauchamp never heard from Mr. Chittick regarding the
14 unfinished 2013 POM, or any other matter, until December 2013.”

15 185. ~~183.~~ When he was deposed, Beauchamp offered a new excuse for Clark
16 Hill’s failure to do any work on a new POM. He testified that Clark Hill did nothing to
17 prepare a new POM for DenSco because Chittick instructed him, as a condition of
18 signing Clark Hill’s engagement letter, that Clark Hill not do any work on a new POM
19 ““until I’m ready to go,”” and Beauchamp agreed.

20 186. ~~184.~~ Beauchamp did not include this material limitation on Clark Hill’s
21 representation in the engagement letter he asked DenSco to sign.

22 187. ~~185.~~ When Clark Hill agreed to abide by Chittick’s request, neither
23 Beauchamp nor any other Clark Hill attorney separately advised Chittick that DenSco
24 could not sell any promissory notes until it authorized Clark Hill to prepare a new POM
25 and DenSco had issued the POM.

1 5. **Clark Hill Was Negligent By Failing to Instruct DenSco That ~~it~~**
2 **It Could Not Sell Any Promissory Notes Until a New POM Was**
3 **Issued, and Aided and Abetted Chittick to Breach Fiduciary**
4 **Duties He Owed DenSco by Following Chittick’s Instructions**
 to Not Prepare a New POM for DenSco, Knowing DenSco Was
 Continuing its Business Operations and Selling Rollover
 Promissory Notes.

5 188. ~~186.~~ Clark Hill was negligent by never advising Chittick that DenSco
6 could not sell any promissory notes until it had issued a new POM.

7 189. ~~187.~~ The evidence that will be presented to a jury will establish that if
8 Clark Hill had done so when DenSco first retained Clark Hill in September 2013,
9 DenSco would have followed that advice and worked diligently with Clark Hill to
10 ~~prepare~~ begin the process of preparing a new POM so that it could resume selling
11 promissory notes. In the course of conducting due diligence to prepare a new POM, it
12 would have been evident to Clark Hill that DenSco could not, given Chittick’s previous
13 mismanagement of the Company, and its financial condition, sell any new securities.
14 As the Receiver’s standard-of-care expert Neil Wertlieb has stated in his report, if Clark
15 Hill had properly advised DenSco when the firm first began representing the Company
16 in September 2013, Clark Hill would have advised DenSco to conduct an orderly
17 liquidation (presumably through a Chapter 7 bankruptcy) for the benefit of its
18 Noteholders, and withdrawn from representing DenSco if Chittick failed to follow that
19 advice. The evidence to be presented at trial will establish that if Clark Hill had
20 properly advised DenSco, Chittick would have followed Clark Hill’s advice.

21 a. Among other evidence is Clark Hill and Beauchamp’s admission in
22 their initial disclosure statement (at 4), that “[o]ver the years, Mr. Chittick
23 showed himself to be a trustworthy and savvy businessman, and a good client.
24 . . . Despite complaining about the cost of legal services, Mr. Chittick appeared
25 to follow Mr. Beauchamp’s advice and provided information when asked for it.”

26 b. Moreover, approximately six weeks before Clark Hill was retained,
27 DenSco had immediately followed Bryan Cave’s advice to modify its website,
28 and Bryan Cave’s files reflect that Chittick was prepared to cause DenSco to

1 refund all investor loans if that was necessary to correct the “general solicitation”
2 problem Bryan Cave had identified.

3 c. Chittick’s writings immediately before his death provide further
4 evidence that he would have followed the advice that Clark Hill should have
5 given, but failed to give.

6 190. ~~188.~~Beauchamp, by testifying that Clark Hill did not work on a new POM
7 in 2013 because Chittick conditioned DenSco’s execution of the firm’s engagement
8 letter on Clark Hill’s agreement to not perform any work on a new POM until Chittick
9 was “ready to go” ~~—~~ — when he and Clark Hill knew that one-half of DenSco’s investors
10 would “roll over” their investments and purchase new promissory notes during the last
11 six months of 2013 ~~—~~ — has admitted that from the moment DenSco retained Clark Hill
12 in September 2013, Clark Hill aided and abetted Chittick in breaching fiduciary duties
13 Chittick owed DenSco.

14 191. ~~189.~~Between September and December 2013, Clark Hill substantially
15 assisted Chittick in breaching his fiduciary duties to DenSco by:

16 a. accepting DenSco as a client for purposes of preparing a new
17 POM, and then abiding by Chittick’s instruction to not do any work on that
18 POM, knowing DenSco was continuing its business operations, including the
19 sale of promissory notes;

20 b. failing to appropriately advise DenSco about, and investigate facts
21 regarding, DenSco’s loan portfolio because Chittick was allegedly “dealing” with
22 those problems; and

23 c. advising Chittick that DenSco could indefinitely delay the issuance
24 of an “update” to the 2011 POM,

25 192. ~~190.~~The ongoing sale of “roll over” and new promissory notes was
26 necessary for DenSco to continue its business operations, and Clark Hill enabled
27 DenSco to obtain investor funds for a four-month period without making adequate
28 disclosures to those investors, exposing DenSco to substantial liability to its investors.

1 6. **During the First Four Months of Clark Hill’s Representation of**
2 **DenSco, the Firm Aided and Abetted Chittick’s Breach of**
3 **Fiduciary Duty to DenSco When He Caused DenSco to Sell**
4 **Approximately \$8.5- Million of Promissory Notes in Violation**
5 **of the Securities Laws**

6 193. ~~191.~~As a result of Clark Hill’s and Beauchamp’s conduct, Chittick caused
7 DenSco between September and December 2013 to sell promissory notes to some of the
8 “approximately 60 investor[s]” whose promissory notes Beauchamp knew were
9 “scheduled to expire [during the last six months of 2013] (and to probably be rolled
10 over into new notes).”

11 194. ~~192.~~In each case, an investor who had purchased a two-year promissory
12 note in 2011, which expired in September, October, November or December 2013,
13 purchased a new two-year promissory note. Those sales, which total \$4,148,162.79, are
14 summarized in the following chart.

Investor	Amount	Date
Van Butler	\$50,000	9/1/13
Arden & Nina Chittick	\$100,000	9/1/13
Carysn Smith	\$10,000	9/2/13
Michael & Diana Gumbert	\$100,000	9/8/13
Kaylene Moss	\$10,000	9/8/13
McKenna Smith	\$10,000	9/8/13
Glen Davis	\$20,000	9/12/13
Averill Cate, Jr.	\$10,000	9/13/13
Craig Brown	\$25,000	9/20/13
Judy & Gary Siegford	\$40,000	9/20/13
Bill & Jean Locke	\$15,000	9/25/13
Bill & Jean Locke	\$30,000	9/25/13
Ralph Hey	\$60,000	9/29/13
Michael & Diana Gumbert	\$100,000	9/30/13

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Mary Kent	\$100,000	10/1/13
Jim McArdle	\$100,000	10/3/13
Caro McDowell	\$100,000	10/7/13
Jeff Phalen	\$20,000	10/14/13
Jeff Phalen	\$20,000	10/14/13
Jeff Phalen – IRA	\$200,000	10/18/13
Brian Imdieke	\$250,000	10/19/13
Bill Hughes – IRA	\$314,700	10/24/13
Judy Hughes – IRA	\$14,300	10/24/13
Manual A. Lent – IRA	\$40,000	10/25/13
Dave Preston	\$60,000	10/26/13
Michael & Diana Gumbert	\$100,000	11/1/13
Jolene Page	\$50,000	11/1/13
Stanley Scholz – IRA	\$50,000	11/5/13
Wade Underwood	\$50,000	11/5/13
Paul A. Kent	\$112,161.79	11/9/13
Scott D. Detota	\$50,000	11/14/13
Tom Smith	\$800,000	11/21/13
Mary Kent	\$100,000	11/21/13
Les Jones	\$100,000	11/21/13
Vince & Sharry Muscat	\$200,000	11/23/13
Lillian Lent – IRA	\$17,000	11/25/13
Jolene Page	\$50,000	12/1/13
Gary Thompson	\$20,000	12/4/13
Kennen Burkhart	\$150,000	12/15/13
Mo & Sam Chittick	\$50,000	12/20/13
Jolene Page	\$200,000	12/22/13

Brian Imdieke	\$250,000	12/23/13
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195. ~~193.~~In addition to these “rollover” promissory note sales, Chittick caused DenSco to sell \$4,029,066.71 of new promissory notes to existing and new investors during September, October, November and December 2013. Those sales are summarized in the following chart.²

Investor	Amount	Date
Ralph Hey	\$15,000	9/6/13
Marvin & Pat Miller	\$900,000	9/9/13
Marvin & Pat Miller	\$100,000	9/9/13
Marvin & Pat Miller	\$706,000	9/10/13
Ross Dupper	\$800,000	9/13/13
Jeff Phalen – IRA	\$150,000	9/17/13
Michael Zones	\$500,000	9/24/13
Erin Carrick – Trust	\$200,066.71	9/27/13
Averill Cate	\$10,000	10/15/13
Jemma Kopel	\$100,000	11/14/13
Averill Cate	\$10,000	11/15/13*
Brian Odenthal – IRA	\$8,000	12/1/13
Averill Cate	\$10,000	12/15/13*
Brian & Janice Odenthal	\$20,000	12/19/13
Steven Bunger	\$500,000	12/20/13**

² Each note was a two-year note, except those marked with an *, which were one-year notes, and the note marked with **, which matured on 3/31/14.

1 **D. Facts Regarding Clark Hill's Representation of DenSco During 2014**

2 **1. Clark Hill Learned During the First Week of January 2014**
3 **That DenSco Had Suffered a Substantial Loan Loss Because of**
4 **Chittick's Mismanagement and Failure to Follow the Lending**
5 **Procedures DenSco Had Told Its Investors It Would Follow.**

6 196. ~~194.~~ On Sunday, January 5, 2014, Beauchamp received an email from
7 Chittick asking if he had time to meet with him during the coming week.

8 **a. On January 6, 2014, Beauchamp Received a Demand**
9 **Letter That Called into Question 52 Loans DenSco Had**
10 **Made to Menaged.**

11 197. ~~195.~~ On Monday, January 6, 2014, Beauchamp received an email from
12 Chittick which stated: "read the first two pages, then give me a call." Attached to the
13 email was a three-page demand letter from Bryan Cave attorney Robert J. Miller;
14 Exhibit A, a list of 52 properties; and two subordination agreements.

15 198. ~~196.~~ The letter was written on behalf of Azben Limited, LLC; Geared
16 Equity, LLC; and 50780, LLC (the "Lienholders"). It asserted that Geared Equity,
17 50780, and Sell Wholesale Funding, LLC (the "Lenders") had each loaned money to
18 Arizona Home Foreclosures, LLC and Easy Investments, LLC, and that the loans Sell
19 Wholesale Funding had made were subsequently assigned to Azben.

20 199. ~~197.~~ Exhibit A to the letter identified, with reference to specific loan
21 numbers and street addresses, 52 loans that the Lenders had made to Easy Investments
22 and Arizona Home Foreclosures to acquire 52 homes at trustee sales.

23 200. ~~198.~~ The letter asserted that the Lenders' loans had been made by
24 "certified funds delivered directly to the trustee" and secured by "promptly recorded
25 deeds of trust confirming a senior lien position on each of the Properties."

26 201. ~~199.~~ The letter went on to assert that DenSco had "engaged in a practice of
27 recording a 'mortgage' on each of the [52 properties] on around the same time as the
28 Lenders were recording their senior deeds of trust" and that *each such mortgage falsely*
29 *stated that DenSco had "provided purchase money funding" and that its "loans are*

1 *'evidenced by a check payable' to the trustee for each of the Properties.*" (Emphasis
2 added.)

3 202. ~~200.~~ The letter asserted that DenSco could not claim to be in a senior lien
4 position on those properties "since in each and every instance, only the Lenders
5 provided the applicable trustee with certified funds supporting the Borrower's purchase
6 money acquisition for each of the Properties."

7 203. ~~201.~~ The letter demanded that DenSco sign subordination agreements
8 acknowledging that it did not have a first position lien on any of the 52 properties, and
9 said that if DenSco refused to do so, the Lienholders would assert claims against
10 DenSco for fraud and conspiracy to defraud; negligent misrepresentation; and wrongful
11 recordation pursuant to A.R.S. § 33-420.

12 204. ~~202.~~ The letter included "two forms of subordination agreement – one
13 form document applies to the Azben loans and the other form applies to the loans of
14 Geared Equity, LLC and 50780, LLC." A footnote stated that "[p]roperty addresses and
15 other 'form' information will need to be included in each subordination agreement. My
16 firm will only commence preparing a subordination agreement for each loan when
17 written confirmation is provided that DenSco has unconditionally agreed to execute
18 each subordination agreement in the form enclosed herein."

19 **b. On January 6, 2014, Beauchamp Reviewed the Demand**
20 **Letter, Which Provided Clear Evidence That Chittick**
21 **Had Breached His Fiduciary Duties to DenSco and**
22 **Exposed DenSco to Substantial Financial Loss.**

23 205. ~~203.~~ Beauchamp spoke to Chittick by telephone ~~that day~~ on January 6,
24 2014, after receiving the letter. Beauchamp's notes from that call state that Chittick told
25 him DenSco's "largest borrower" – who Beauchamp knew or should have known from
26 the *Freo* lawsuit he had received in June 2013 was Menaged – "had a guy working in
27 his office and was getting 2 loans on each property," and that Chittick and Menaged
28 "had already fixed about 6 loans." The notes reflect that Beauchamp planned to meet
with Chittick on Thursday, January 9, 2014.

1 206. ~~204.~~ Clark Hill's billing records reflect that Beauchamp billed 2.4 hours on
2 January 6, 2014 to "[r]eview, work on and respond to several emails; review statutory
3 references; telephone conversation with office of D. Chittick [a reference to having left
4 a voice-mail message for Chittick, since he worked alone from his home office];
5 telephone conversation with D. Chittick regarding demand letter, issues, background
6 information and requirements; review notes and statute requirements; review
7 documents."

8 207. ~~205.~~ From the demand letter alone, Beauchamp knew that:

9 a. Chittick had failed to follow the lending procedures called for by
10 the Receipt and Mortgage document Beauchamp had approved in 2007. That
11 document called for DenSco's borrower to present a "check payable to _____
12 ('Trustee')" to the Trustee. It was evident from the demand letter that DenSco
13 had not done so. DenSco could not have issued 52 checks payable to Trustees,
14 since the letter asserted that the Lenders had issued checks to the Trustees when
15 they acquired those 52 properties.

16 b. DenSco's borrowers, Arizona Home Foreclosures and Easy
17 Investments – which were both owned by Menaged – had obtained 52 loans from
18 the Lenders and 52 loans from DenSco, that were to be secured by the same 52
19 properties. If, as the Lenders claimed, they had actually paid a Trustee for each
20 property, DenSco had effectively made 52 unsecured loans and the disposition of
21 those monies was unknown.

22 c. The potential financial impact on DenSco was substantial.
23 Beauchamp knew from the 2011 POM that DenSco's average loan amount was
24 \$116,000, so that DenSco's potential losses from the 52 loans, if the loan
25 proceeds could not be traced and recovered, was \$6 million or more, or
26 approximately 13% of the \$47 million that Beauchamp understood DenSco had
27 raised from investors as of June 2013.
28

1 ~~206.~~ 208. Beauchamp could have easily conducted a limited investigation to
2 evaluate the claims in the demand letter that the Lenders were in first position on each
3 of the 52 properties, or to assess the information he had received during his telephone
4 call with Chittick that “a guy working in [Menaged’s] office . . . was getting 2 loans on
5 each property.”

6 ~~207.~~ 209. Beauchamp could have done so by searching for publicly recorded
7 documents that were identified in the two subordination agreements attached to the
8 demand letter.

9 a. The first of those subordination agreements identified, by reference
10 to the instrument number assigned by the Maricopa County Recorder (2013-
11 0832534), the Mortgage DenSco had recorded on September 16, 2013 on the
12 property at issue. The subordination agreement also identified, by reference to a
13 recorded instrument number (2013-0833010), the deed of trust that Sell
14 Wholesale Funding, LLC had recorded on September 16, 2013 for the same
15 property.

16 b. In January 2014, the Maricopa County Recorder’s Office had a free
17 “Recorded Document Search” function. The same tool is available today.

18 c. If Beauchamp had used that tool, two brief searches would have
19 shown that the DenSco Mortgage (2013-0832534) was signed by Menaged
20 before a notary on September 16, 2013, and that Menaged also signed the Sell
21 Wholesale Funding deed of trust (2013-0833010) before a notary on
22 September 16, 2013. Those searches would also have identified the property in
23 question as 977 S. Colonial Drive in Gilbert, Arizona.

24 d. Those two documents show that Menaged, not “a guy in his
25 office,” had secured both loans.

26 e. The second of the subordination agreements attached to the
27 demand letter identified, by reference to a recorded instrument number (2013-
28 0717135), the Mortgage DenSco had recorded on August 6, 2013 on the property

1 at issue. The subordination agreement also identified, by reference to a recorded
2 instrument number (2013-0721399), the deed of trust that Geared Equity, LLC
3 had recorded on August 7, 2013 for the same property.

4 f. If Beauchamp had used the Recorded Document Search tool, two
5 brief searches would have shown that the DenSco Mortgage (2013-0717135) was
6 signed by Menaged before a notary on August 6, 2013, and that Menaged also
7 signed the Sell Wholesale Funding deed of trust (2013-0721399) before a notary
8 on August 6, 2013. Those searches would have identified the property in
9 question as 39817 Messner Way in Anthem, Arizona.

10 g. Those two documents show that Menaged, not “a guy in his
11 office,” had secured both loans.

12 210. ~~208.~~ As for the remaining 49 properties on Exhibit A to the demand letter,
13 Beauchamp could have, either by himself, or through a paralegal, quickly discovered
14 that in each case, Menaged, and not “a guy in his office,” had signed the documents at
15 issue.

16 a. This could have been done by using a free search function on the
17 Maricopa County Assessor’s Office website that allows anyone to search for
18 property records using a street address (such as those given in Exhibit A to the
19 demand letter), or other means of customary due diligence. The Assessor’s
20 website provides a link to a recorded instrument on the Maricopa County
21 Recorder’s Office website for each property, and that information could have in
22 turn been used to quickly locate both the deed of trust recorded by the Lenders
23 and DenSco’s competing Mortgage by using the Recorded Document Search
24 tool.

25 b. Such a search, which would take less than five minutes for each
26 property, would produce records showing that for each of the 49 properties,
27 Menaged had signed both a DenSco Mortgage and another lender’s deed of trust
28 before a notary, providing further evidence that Menaged, not “some guy in his

1 office,” had secured all of the loans in question, and had purposefully defrauded
2 DenSco.

3 **c. On January 7, 2014, Clark Hill Received an Email From**
4 **Chittick in Which He Admitted That He Had Grossly**
5 **Mismanaged DenSco’s Loan Portfolio, Failed to Comply**
6 **With the Lending Practices Disclosed in the 2011 POM,**
7 **and Caused DenSco to Suffer Substantial Losses.**

8 211. ~~209.~~ On Tuesday, January 7, 2014, Beauchamp received an email from
9 Chittick, copied to Menaged, which contained information relevant to the demand letter
10 and said that Chittick was bringing Menaged to the planned January 9, 2014 meeting.

11 212. ~~210.~~ Chittick’s email said that DenSco had, since 2007, loaned \$50 million
12 to “a few different LLC’s” controlled by Menaged. Beauchamp knew or should have
13 known that those companies included the two entities identified in the demand letter:
14 Easy Investments (a defendant in the June 2013 *Freo* lawsuit) and Arizona Home
15 Foreclosures.

16 213. ~~211.~~ Chittick’s email said that “[b]ecause of our long term relationship,
17 *when [Menaged] needed money, [I] would wire the money to his account and he*
18 *would pay the trustee*” (emphasis added), Menaged would sign a Mortgage that
19 referenced the payment to the trustee, and Chittick would cause the Mortgage to be
20 recorded.

21 214. ~~212.~~ Chittick attached to his email a form of Mortgage, Deed of Trust, and
22 Note Secured by Deed of Trust that he routinely used in making loans to Menaged,
23 which Chittick described as “docs you have reviewed and have been reviewed by a guy
24 at your last law firm, maybe two firms ago in 2007.”

25 215. ~~213.~~ Chittick’s email confirmed what was evident from the demand letter,
26 and brought home the red flags Beauchamp had missed when he prepared the 2011
27 POM and when he reviewed the *Freo* lawsuit six months earlier:

28 a. Chittick had been grossly negligent in managing DenSco’s loan
portfolio, by not complying with the terms of the Mortgage, which called for

1 DenSco to issue a check payable to the Trustee, and instead wiring money to
2 Menaged, trusting Menaged to actually use those funds to pay a Trustee.

3 b. Chittick's admitted practice of giving DenSco's funds directly to
4 Menaged, rather than paying them directly to a Trustee through a check made
5 payable to the Trustee, made the statements in the 2011 POM about DenSco's
6 lending practices materially misleading.

7 216. ~~214.~~Chittick's reference to "docs you have reviewed and have been
8 reviewed by a guy at your last law firm, maybe two firms ago in 2007" suggested that
9 Chittick might blame Beauchamp for the problems DenSco now faced because of
10 DenSco's use of those documents.

11 217. ~~215.~~Chittick's email went on to say that Menaged had told him in
12 November 2013 that DenSco had been defrauded by Menaged's "cousin," who
13 allegedly worked with Menaged in managing Easy Investments and Arizona Home
14 Foreclosures. Menaged claimed that his "cousin" had "receiv[ed] the funds from
15 [DenSco], then request[ed] them from . . . other lenders [who] cut a cashiers check for
16 the agreed upon loan amount . . . [took] it to the trustee and . . . then record[ed] a [deed
17 of trust] immediately."

18 218. ~~216.~~Chittick explained that "sometimes" DenSco had recorded its
19 mortgage before another lender's deed of trust was recorded, but in other cases it had
20 not.

21 219. ~~217.~~According to Chittick, "[t]he cousin absconded with the funds.
22 [Menaged] figured this out in mid November. He came to me and told me what was
23 happening. He said he talked to the other lenders and they agreed that this was a mess,
24 and as long as they got their interest and were being paid off they wouldn't foreclose,
25 sue or anything else."

26 220. ~~218.~~Chittick went on to describe the "plan" that he and Menaged had been
27 executing since November: to "sell off the properties and pay off both liens with
28 interest and make everyone whole." He acknowledged that there were "short falls" on

1 each property, representing the difference between the value of the property and the
2 combined amount of the two loans, and that “[c]oming up with the short fall on all these
3 houses is a challenge, but we believe it is doable. Our plan is a combination of injecting
4 capital and extending cheaper money.”

5 221. ~~219.~~ Chittick described the basic terms of the agreement with the “other
6 lenders” as including the following: (1) “all lenders will be paid their interest, except
7 [DenSco], I’m allowing [its] interest to accrue”; and (2) DenSco is “extending
8 [Menaged] a million dollars against a home at 3%.”

9 222. ~~220.~~ Chittick claimed that he and Menaged had “already cleared up about
10 10% of the total \$’s in question” with the “other lenders.”

11 223. ~~221.~~ As for the “gentleman who handed me the paperwork” – a reference
12 to a person affiliated with one of the three entities identified in the demand letter –
13 Chittick wrote that he “believes because he physically paid the trustee that he is in first
14 position, but agrees it’s messy. [H]e wants me to subordinate to him, no matter who
15 recorded first. [W]e have paid off one of his loans, you’ll see on this list Pratt – paid in
16 full, I’ve attached the hud-1 and you can see that it shows me in first position versus his
17 belief. [N]ow that’s one title agent[’]s opinion, [I] understand that’s not settling [a]
18 legal dispute on who’s in first or second.”

19 224. ~~222.~~ Chittick went on to state: ***“I know that [I] can’t sign the***
20 ***subordination [agreement] because that goes against everything that [I] tell***
21 ***[DenSco’s] investors.”*** (Emphasis added.)

22 225. ~~223.~~ He also wrote that “there are several other lenders waiting to see what
23 [I] do[.] [I]f I sign with this group, they want to have me sign for them too.”

24 226. ~~224.~~ Chittick concluded his email by stating “[w]hat we need is an
25 agreement that as long as the other lenders are being paid their interest and payoffs
26 continue to come . . . that no one initiates foreclosure for obvious reasons, which will
27 give us time to execute our plan.”

28

1 d. **On January 7 and 8, 2014, Beauchamp Reviewed the**
2 **Demand Letter and Chittick’s January 6, 2014 Email,**
3 **Including a Review of “Lien Dispute Information.”**

4 227. ~~225.~~Clark Hill’s billing records reflect that Beauchamp billed 1.8 hours on
5 January 7, 2014 to “[r]eview legislative history for purchase money security interest;
6 review documents and follow-up information” and “telephone conversation with office
7 of D. Chittick,” which was a reference to having left a voicemail message for Chittick.

8 228. ~~226.~~Clark Hill’s billing records reflect that Beauchamp billed 1.7 hours on
9 January 8, 2014 to “[r]eview information from D. Chittick; review and outline follow-
10 up questions; prepare for meeting; review lien dispute information.”

11 229. ~~227.~~As of January 8, 2014, Beauchamp knew that:

12 a. Chittick had breached fiduciary duties he owed DenSco by causing
13 it to sell promissory notes to investors during the four months that had passed
14 since DenSco’s September 2013 retention of Clark Hill without first issuing the
15 new POM that Clark Hill had been retained to prepare, but had not prepared at
16 Chittick’s instruction;

17 b. Chittick had breached fiduciary duties he owed DenSco through
18 grossly negligent lending practices;

19 c. the scope of DenSco’s financial exposure was greater than the 52
20 properties identified in the demand letter, since it included the “other lenders”
21 with whom Menaged had reached an informal agreement in November 2013;

22 d. Investors who had purchased promissory notes since Clark Hill’s
23 September 2013 retention had not been told of the *Freo* lawsuit; DenSco’s
24 grossly deficient lending practices; DenSco’s concentration of loans made to one
25 borrower, Menaged; DenSco’s November 2013 discovery of the fraud allegedly
26 perpetrated by Menaged’s “cousin”; and Chittick’s plan to help Menaged by
27 “injecting capital” to pay off the loans of other lenders on properties that
28 Menaged’s companies had allegedly purchased with DenSco’s funds, allowing

1 interest on DenSco's loans to accrue, and lending Menaged \$1 million at 3%
2 interest.

3 e. Chittick was unwilling to cause DenSco to accept the losses his
4 gross negligence had caused by signing the subordination agreements attached to
5 the demand letter, "because that goes against everything that [he] tell[s]
6 [DenSco's] investors," or to make any disclosure to DenSco's investors while he
7 and Menaged pursued their plan.

8 230. ~~228.~~Beauchamp also knew from his January 6 review of the demand letter
9 and the hours he had devoted on January 7 and 8 to analyzing Chittick's email and other
10 information he had received from Chittick, that Menaged's "cousin" story was
11 implausible and that by accepting the story without investigation and planning to
12 continue DenSco's lending relationship with Menaged, Chittick was breaching his
13 fiduciary duties to DenSco.

14 231. ~~229.~~In addition to the information provided in the subordination
15 agreements and the list of the other 52 properties identified in the demand letter,
16 Beauchamp should have also reviewed the information attached to Chittick's January 6,
17 2014 email regarding a loan for which Chittick claimed DenSco was in first position.

18 232. ~~230.~~If Beauchamp had used the information in the settlement statement
19 attached to Chittick's email to investigate Chittick's claim that DenSco was in first
20 position with respect to the "Pratt" property, he could have used the Recorded
21 Document Search tool on the website maintained by Maricopa County Recorder's
22 Office.

23 233. ~~231.~~A few brief searches would have confirmed Chittick's claim that
24 DenSco was the first to record: DenSco's Mortgage was recorded on September 18,
25 2013 as instrument number 2013-0837513, while Geared Equity's deed of trust was
26 recorded on September 19, 2013 as instrument number 2013-0842640.

1 234. ~~232.~~ But those two documents would also have shown that Menaged
2 signed each document before a notary on September 17, 2013, making clear that
3 Menaged, not his “cousin,” had secured both loans.

4 235. ~~233.~~ Moreover, because the demand letter claimed that Geared Equity had
5 delivered funds to the Trustee, and Chittick had admitted he had not, the question
6 remained as to where DenSco’s funds had gone and whether they could be recovered.

7 **2. Clark Hill Failed to Properly Advise DenSco.**

8 a. **After Receiving the Demand Letter and Chittick’s**
9 **January 6 Email, Beauchamp Should Have Insisted on**
10 **Meeting with Chittick Alone So That He Could Advise**
11 **Chittick of the Actions He Was Required to Take to**
12 **Protect DenSco From Further Harm, But Beauchamp**
13 **Failed to Do So.**

14 236. ~~234.~~ Beauchamp, as DenSco’s attorney, should have recognized that he
15 had an obligation to meet privately with Chittick, without Menaged present, to confirm
16 relevant facts, and advise Chittick, as DenSco’s President, of the actions DenSco needed
17 to take and the consequences to DenSco if it failed to do so.

18 ~~235. — While the specific actions Beauchamp should have taken on January 8,~~
19 ~~2014 is the subject of expert testimony, which will be disclosed in accordance with the~~
20 ~~scheduling order that has been entered in this case, the Receiver anticipates that those~~
21 ~~actions would have included the following:~~

22 237. Beauchamp failed to do the following:

- 23 a. ~~Telling~~ Tell Chittick he should not bring Menaged to their
24 scheduled January 9, 2014 meeting;
- 25 b. ~~Telling~~ Tell Chittick that DenSco’s sale of promissory notes since
26 July 1, 2013 to investors exposed DenSco and Chittick to civil and criminal
27 liability;
- 28 c. ~~Telling~~ Tell Chittick that DenSco should not have sold any notes
 without first issuing a new POM and should not use the proceeds of sales made

1 since July 1, 2013 until the investors who bought those notes had been given a
2 new POM and afforded an opportunity to rescind those transactions;

3 d. ~~Telling~~Tell Chittick that DenSco could not sell any new
4 promissory notes until Clark Hill was able to conduct an adequate investigation
5 of DenSco's lending practices and other material information and a new POM
6 had been issued;

7 e. ~~Telling~~Tell Chittick that DenSco should immediately cease doing
8 business with Menaged based on the implausibility of the "cousin" story and the
9 readily available public records discussed above;

10 f. ~~Telling~~Tell Chittick that, at a minimum, DenSco should not have
11 any further business dealings with Menaged until it had investigated the true
12 facts of the alleged fraud by Menaged's "cousin";

13 g. ~~Telling~~Tell Chittick that after discovering the true facts about
14 Menaged's dealings with DenSco (whether through a review of public records or
15 some other investigation), DenSco should rescind all lending agreements it had
16 made with Menaged since November 2013 on the grounds of fraud in the
17 inducement, and seek to enforce its remedies for all other loans that Menaged
18 had obtained through fraud; and

19 h. ~~Telling~~Tell Chittick that DenSco had to assess the impact of the
20 fraud on DenSco's financial position, and if that assessment resulted in a finding
21 that DenSco was insolvent, DenSco had to consider duties owed to its investors
22 and other creditors in making all business decisions.³

23 238. ~~236.~~ This advice should have been documented in writing.
24
25

26
27 ³ DenSco was indisputably insolvent in January 2014, as Chittick's statements to
28 Beauchamp at the time made clear and as the Receiver was able to determine after
reviewing DenSco's QuickBooks records.

1 ~~239.~~ ~~237.~~ If Chittick declined to follow the advice, Beauchamp should have
2 threatened to withdraw from representing DenSco, which may have caused Chittick to
3 relent and follow the advice.

4 ~~240.~~ ~~238.~~ Beauchamp did not tell Chittick he should not bring Menaged to the
5 planned January 9, 2014 meeting and did not give the advice described above.

6 ~~241.~~ ~~239.~~ The Receiver intends to offer evidence at trial establishing that if
7 Beauchamp had taken these actions, Chittick would have caused DenSco to follow that
8 advice.

9 ~~242.~~ ~~240.~~ Evidence of Chittick's long professional relationship with Beauchamp
10 and numerous instances of Chittick following Beauchamp's legal advice establish that if
11 Beauchamp had properly advised DenSco during the first week of January 2014,
12 Chittick would have caused DenSco to: (i) stop selling promissory notes; (ii) terminate
13 its relationship with Menaged and his companies; (iii) pursue its remedies against
14 Menaged and his companies; and (iv) explore whether DenSco could survive as a going
15 concern or would have to liquidate. Such evidence includes:

16 a. Clark Hill and Beauchamp's admission in their initial disclosure
17 statement (at 4), that "[o]ver the years, Mr. Chittick showed himself to be a
18 trustworthy and savvy businessman, and a good client. . . . Despite complaining
19 about the cost of legal services, Mr. Chittick appeared to follow Mr.
20 Beauchamp's advice and provided information when asked for it."

21 b. Moreover, only six months earlier, DenSco had immediately
22 followed Bryan Cave's June 2013 advice to modify its website, and Bryan
23 Cave's files reflect that Chittick was prepared to cause DenSco to refund all
24 investor loans if that was necessary to correct the "general solicitation" problem
25 Bryan Cave had identified.

26 c. Chittick's writings shortly before his death.

27 **3. During the January 9, 2014 Meeting with Chittick and**
28 **Menaged, Beauchamp Learned That DenSco Faced an Even**
 Larger Financial Exposure as a Result of Chittick's

1 **Mismanagement Than the Exposure Presented by the Demand**
2 **Letter, And Chittick Wanted to Try to Cover Up His**
3 **Mismanagement By Pursuing a “Work Out” Plan With**
4 **Menaged.**

5 243. ~~241.~~ Clark Hill’s billing records reflect that Beauchamp billed 4.3 hours on
6 January 9, 2014 to “[p]repare for and meeting with D. Chittick and S. Menages [sic];
7 review and work on notes from meeting and outline follow-up; review and respond to
8 several emails; review documents and information.”

9 244. ~~242.~~ Beauchamp’s notes from the January 9, 2014 meeting reflect that
10 Chittick and Menaged confirmed that DenSco faced exposure from both the Lienholders
11 identified in the January 6, 2014 demand letter and other lenders, including Active
12 Funding Group.

13 245. ~~243.~~ According to Beauchamp’s notes, the number of loans made by
14 DenSco that were not in first position and were either unsecured or under-secured was
15 between 100 and 125. Based on that information and the 2011 POM’s average loan
16 amount of \$116,000, Beauchamp knew or should have known that DenSco’s loans to
17 Menaged represented a potential loss of between \$11.6 and \$14.5 million, or between
18 25% and 30% of the \$47 million that Beauchamp understood DenSco had raised as of
19 June 2013.

20 246. ~~244.~~ Beauchamp’s notes from the January 9, 2014 meeting also reflect that
21 Chittick did not know what had happened to as much as \$14.5 million that DenSco had
22 loaned to Menaged, and that Chittick was not taking any meaningful steps to investigate
23 the loss and seek to recover those funds. The notes state: “What happened to the
24 money? -- Will pursue something or his cousin → but trying to determine where the
25 money has gone.”

26 247. ~~245.~~ Beauchamp’s notes from the January 9, 2014 meeting also reflect
27 that, although the money DenSco previously loaned Menaged was missing and Chittick
28 had taken no steps to investigate the circumstances under which the loan losses had
occurred and their impact on DenSco, Chittick and Menaged had agreed to pursue a

1 “work out” of the loan losses caused by Chittick’s gross mismanagement of DenSco’s
2 lending practices.

3 **4. After the January 9, 2014 Meeting, Clark Hill Helped Chittick**
4 **Breach Fiduciary Duties He Owed to DenSco and Negligently**
5 **Advised DenSco About the Practices It Should Follow in**
6 **Continuing to Loan Money to Menaged.**

7 248. ~~246.~~ After the January 9, 2014 meeting, Clark Hill helped Chittick breach
8 fiduciary duties he owed DenSco by negotiating a “Forbearance Agreement” that was
9 not in DenSco’s interest and was instead intended to cover up Chittick’s
10 mismanagement of DenSco’s lending practices and protect Chittick from potential
11 claims by DenSco’s investors.

12 249. ~~247.~~ Clark Hill also helped Chittick breach fiduciary duties by advising
13 Chittick that DenSco could continue to raise money from investors while Chittick was
14 implementing his “work out” plan, and that DenSco could indefinitely delay issuing a
15 new POM until Chittick felt comfortable doing so.

16 250. ~~248.~~ These actions served Chittick’s interests, who hoped to “fix” the
17 problem created by his mismanagement and delay telling his investors about the
18 problem until he had minimized the financial harm and delay or avoid making
19 disclosures to DenSco’s investors about the Forbearance Agreement and how it came to
20 be put in place.

21 251. ~~249.~~ Clark Hill and Beauchamp, on the other hand, having failed to
22 properly advise Chittick in September 2013 that it could not sell promissory notes
23 without first issuing a new POM, and having agreed with Chittick to indefinitely delay
24 work on the POM, similarly saw the Forbearance Agreement as an opportunity to cover
25 up their negligence and potentially ~~mitigage~~ mitigate their exposure.

26 252. ~~250.~~ At the same time that it was drafting the Forbearance Agreement,
27 which obligated DenSco to continue loaning money to Menaged, Clark Hill failed to
28 properly advise DenSco about how the loans should be made.

1 **5. Clark Hill Aided and Abetted Chittick's Breach of Fiduciary**
2 **Duties Owed DenSco by Negotiating and Documenting a**
3 **Forbearance Agreement Between January and April 2014 That**
4 **Was Not in DenSco's Interests and Was Intended by Clark Hill**
5 **to Cover Up Chittick's Mismanagement of DenSco's Lending**
6 **Practices and Protect Chittick From Claims by DenSco's**
7 **Investors.**

8 253. ~~251.~~ On January 10, 2014, Beauchamp opened a "new matter" for DenSco
9 in Clark Hill's accounting and filing systems that was called "work-out of lien issue" to
10 enable and implement the "work out" plan Chittick and Menaged had developed.⁴

11 254. ~~252.~~ Over the next three months, Beauchamp helped negotiate and finalize
12 a Forbearance Agreement that was not in DenSco's interests and was, as Beauchamp
13 said multiple times in writing, intended to protect Chittick from potential claims by his
14 investors by making it appear that the loan losses DenSco faced were caused by
15 Menaged, rather than by Chittick's gross mismanagement of DenSco's lending
16 practices, and that Chittick had taken appropriate steps to protect DenSco's interests.

17 **a. In January 2014, Beauchamp Negotiated the Terms of a**
18 **Nondisclosure Agreement and Term Sheet.**

19 255. ~~253.~~ During the week of January 12, 2014, Beauchamp prepared a
20 nondisclosure agreement and a term sheet. Beauchamp negotiated with Menaged's
21 attorney, Jeff Goulder, over the term sheet.

22 256. ~~254.~~ Beauchamp also communicated with Bryan Cave attorney Bob
23 Miller, who withdrew from representing his clients on January 16, 2014 because of a
24 conflict issue raised by Beauchamp and the scope of the consent DenSco would give
25 Bryan Cave.

26 257. ~~255.~~ Chittick (for DenSco) and Menaged signed the nondisclosure
27 agreement and term sheet on Friday, January 17, 2014. The term sheet contemplated
28 that DenSco would advance additional funds to Menaged, some of which would be used

⁴ A few days later, on January 14, 2014, Beauchamp opened a "new matter" for DenSco in Clark Hill's accounting and file systems that was called "business matters."

1 to pay off (by February 28, 2014) the loans held by the lenders represented by Bryan
2 Cave. The term sheet also outlined the elements of a Forbearance Agreement and a
3 process to resolve the claims of the other competing lenders.

4 **b. During February 2014, Beauchamp Negotiated the**
5 **Terms of the Forbearance Agreement With Menaged's**
6 **Counsel, Repeatedly Stating That the Agreement Was**
7 **Needed to Protect Chittick's, Rather Than DenSco's,**
8 **Interests.**

9 258. ~~256.~~ During the first week of February, Beauchamp began negotiating with
10 Goulder over the terms of a Forbearance Agreement.

11 259. ~~257.~~ It is evident from Beauchamp's communications with Chittick and
12 Goulder during February 2014 that Clark Hill was looking out for Chittick's interests,
13 rather than the interests of DenSco and its investors.

14 260. ~~258.~~ One example of Clark Hill's misplaced loyalty to Chittick is a
15 February 4, 2014 email that Beauchamp sent to Chittick, which said:

16 a. "Before we all get into a room, you and I need to make sure we
17 have a clear understanding of what you can do and what you cannot do without
18 going to all of your investors for approval. We have a deal that works for you
19 and your investors and is fair to [Menaged]. Now [Goulder] is trying to better
20 the deal for [Menaged]. But you already have been more than generous trying to
21 help [Menaged] out of [Menaged's] problem. Again, *this goes back to*
22 *[Goulder] not acknowledging that this is [Menaged's] problem and instead*
23 *insisting that this is your problem because you did not make sure that*
24 *[Menaged] handled the loans properly and that you did not take the necessary*
25 *actions so that DenSco had a first lien on each property. . . . [Goulder] is trying*
26 *to have you think that you have significant responsibility for creating this*
27 *problem as opposed to this being created by [Menaged's] cousin working for*
28 *[Menaged]. . . . [Goulder] is trying to make you feel that you are guilty so you*
have to assume a significant responsibility in the agreement to share [Menaged's]

1 problem, but nobody stole the money from you. You can help and have helped
2 [Menaged], but you cannot OBLIGATE DenSco to further help [Menaged],
3 because that would breach your fiduciary duty to your investors.” (Emphasis
4 added.)

5 261. ~~259.~~ And in an email Beauchamp sent to Goulder on Friday, February 7,
6 2014 Beauchamp wrote: “*Based on your previous changes, the Forbearance*
7 *Agreement would be prima facia evidence that Denny Chittick had committed*
8 *securities fraud because the loan documents he had [Menaged] sign did not comply*
9 *with DenSco’s representations to DenSco’s investors in its securities offering*
10 *documents.* Unfortunately, this agreement needs to not only protect [Menaged] from
11 having this agreement used as evidence of fraud against him in litigation, *the agreement*
12 *needs to* comply with Denny’s fiduciary obligation to his investors as well as *not*
13 *become evidence to be used against Denny for securities fraud.* . . . We wanted the
14 document to set forth the necessary facts for Denny to satisfy his securities obligations
15 to his investors (including that the original loans had to have been written and secured
16 by a first lien on real property and that the workout agreed to by Denny complied with
17 his workout authorization) without having [Menaged] admit to facts that could cause
18 trouble to him. . . .To try to balance the respective interests, I have inserted sections
19 from the loan documents into the Forbearance Agreement. Referencing the language of
20 the Loan Documents is needed to satisfy Denny’s fiduciary obligations, but I have also
21 modified the other provisions so that the Borrower is not admitting that it was required
22 to provide first lien position in connection with the loans.” (Emphasis added.)

23 262. ~~260.~~ In an email exchange on Sunday, February 9, 2014 Beauchamp told
24 Chittick “[p]lease understand that you are limited in what risk or liability you can
25 assume. Your fiduciary duty to your investors makes this a difficult balancing act.”

26 263. ~~261.~~ Chittick’s response was that he “trusts that we are in balance and I
27 have even more confidence that [Menaged] and I can solve this problem without issue
28

1 and we never have to use the document that we've worked so long on getting
2 completed.”

3 264. ~~262.~~Beauchamp responded: “Your point is understood. If possible,
4 please recognize and understand that *you will ‘use’ the document even if you and*
5 *[Menaged] never refer to it again. It has to have the necessary and essential terms to*
6 *protect you from potential litigation from investors and third parties.”* (Emphasis
7 added.)

8 265. ~~263.~~In his notes from a February 11, 2014 call with Chittick, which
9 touched on the status of Chittick’s and Menaged’s plan to pay off loans on the double-
10 escrowed properties, Beauchamp wrote “‘Material Disclosure’ – exceeds 10% of the
11 overall portfolio.” But in his discussions with Chittick about requests from Goulder for
12 further concessions, including an agreement not to pursue civil claims for fraud,
13 Beauchamp’s focus was on protecting Chittick’s interests, including protecting him
14 from a potential investor claim.

15 266. ~~264.~~In a February 14, 2014 email to Chittick, Beauchamp wrote:
16 “[Goulder] clearly thinks he can force you to agree to accept a watered down agreement
17 and give up substantial rights that you should not have to give up. Unfortunately, it is
18 not your money. It is your investors’ money. So you have a fiduciary duty. . . .
19 *[Menaged] is the one responsible for this and not you.* (Emphasis added.) He failed to
20 put out the proper protection systems in place so his cousin could not do what his cousin
21 did. . . . *[Menaged’s] actions to comply with the terms of this agreement will have a*
22 *big effect on whether or not you have to deal with a third party lawsuit filed against*
23 *you in court.* (Emphasis added.) In this situation, you can have an action brought
24 against you by any of the other lenders, and/or by any of your investors. . . . In addition,
25 *you could also face an action by the SEC or by the Securities Division of the ACC if*
26 *an investor is able to convince someone in a prosecutor’s office that you somehow*
27 *assisted [Menaged] to cover up this fraud or you were guilty of gross negligence by*
28 *failing to perform adequate due diligence (on behalf of your investors’ money) to*

1 *determine what was going on. . . .* (Emphasis added.) [Y]our duty and obligation is not
2 to be fair to [Menaged], but to completely protect the rights of your investors. I am
3 sorry if [Menaged] is hurt through this, but [Menaged's] hurt will give [Menaged] the
4 necessary incentive to go after his cousin. Your job is to protect the money that your
5 investors have loaned to DenSco.”

6 267. ~~265.~~Beauchamp advised Chittick not to make any further concessions.
7 Beauchamp then sought input from bankruptcy lawyers within Clark Hill about the risks
8 DenSco faced if Chittick were to agree to the concessions Goulder sought with respect
9 to a potential civil fraud claim.

10 268. ~~266.~~Chittick ultimately followed Beauchamp's advice, and the
11 concessions sought by Goulder were not included in the final Forbearance Agreement.

12 269. ~~267.~~On February 20, 2014, Beauchamp met with Chittick, Menaged and
13 Goulder to discuss the Forbearance Agreement. As Chittick described the meeting in
14 the DenSco journal, Beauchamp and Goulder “were no better in person then they were
15 in email. David lost his temper more than once. We went back and forth for 3 hours. We
16 broke up and came together, finally we are down to one point about the release. The
17 lawyers are trying to word it to make each other happy.”

18 270. ~~268.~~It appears from Chittick's February 20, 2014 entry in ~~the~~ [a corporate](#)
19 [journal Chittick maintained \(the “2014 Corporate Journal-”\)](#) that this meeting was the
20 first time Beauchamp learned of the full extent of DenSco's exposure to Menaged.
21 Chittick wrote: “I told David the dollars today, he about shit a brick. I explained to him
22 how I got there and how far we have come and how much better we are today then in
23 November. Though I'm not sure he understands that. My balance sheet isn't looking
24 much better, but it will start to swing in the right direction in the next 30 days. *I'm more*
25 *concerned about telling my investors and their reaction to the problem. I have to tell*
26 *them and hope they stick with me. If I get a run on the bank I'm in deep shit. I won't*
27 *be able to fund new deals, I won't be able to payoff investors and won't be able to*
28 *support [Menaged]. The whole thing crators.*” (Emphasis added.)

1 271. ~~269.~~ Beauchamp's notes from that day contain a summary of DenSco's
2 exposure to Menaged. They state: "Approx. \$31 MM outstanding to [Menaged's]
3 entities – total fund up to \$62-63 MM. Problem loans down to about \$17 MM for 122
4 loans."

5 272. ~~270.~~ Chittick's February 21, 2014 entry in the 2014 Corporate Journal has
6 a consistent summary of the advice he received from Beauchamp: "I talked to Dave, he
7 found out what we already suspected; there is no way we can give what [Menaged]
8 wants. I'm not sure where this will lead us. *We talked about telling my investors; we*
9 *are going to put that off as long as possible so that we can improve the situation as*
10 *much as possible. (Emphasis added.)* We've got another 15 more that are closing next
11 few weeks. We could be close to under a 100 problem loans within a month. I just have
12 to keep telling myself I'm doing the right thing to fix it, no matter how much anxiety I
13 have over this issue."

14 273. ~~271.~~ During the last week of February 2014, discussions with Goulder on
15 the Forbearance Agreement ended after Goulder sent Beauchamp a revised draft on
16 February 25, 2014.

17 274. ~~272.~~ Chittick sent Beauchamp an email that day describing his ongoing
18 discussions with Menaged about taking a different approach to the double encumbrance
19 problem by having DenSco advance additional monies to Menaged so that Menaged
20 could sell homes more quickly: "[H]e's throwing out all sorts of ideas in how this can
21 be done. [I] would be willing to release the UCC if he was able to secure the funds and
22 use them to pay some of these loans. [W]e've got about 3 more ideas, *but what both of*
23 *us are really concerned about is that when [I] tell my investors the situation, they*
24 *request their money back. [I] want to be able to say, this was the problem, we've*
25 *eliminated this much of the problem and this is what is left. [I] want to be able to say*
26 *what is left is as small as possible.*" (Emphasis added.)

1 275. ~~273.~~Beauchamp responded by saying “[g]ood ideas and probably
2 something we need to work on” in light of the breakdown of discussions on the
3 Forbearance Agreement. (Emphasis added.)

4 276. ~~274.~~Chittick sent Beauchamp an email the following day, February 26,
5 2014 describing his continuing discussions with Menaged. He wrote: “[W]hat if
6 [Menaged] just starts selling everything [I] take losses[.] [A]long with the several
7 million that [Menaged’s] going to bring in from outside sources, we wipe the whole
8 thing out in, name a time frame, 90 days. [T]o secure the loss, [Menaged] signs a
9 promissory note with terms of repayment. [W]hat happens? [I] take a huge hit to my
10 books, but [I] get the money back in my hands. [I]’m no longer in violation of anything
11 with my investors. [I]’m in possession of money that now [I] can put to work with new
12 loans that are actually paying me interest versus right now that [I]’m having no interest
13 coming in. [O]r I can return the money to investors if I can’t put it to work. [F]rom a
14 P/L standpoint it looks horrible, but at least [I] have the majority of the money back
15 except maybe 2-4 million. [Menaged] agrees to pay me interest and principle [sic] back
16 every month for whatever I write off[,] which fills in that hole. [I] put the money I get
17 back to work and make money on it, that fills the hole. **[I] [would] rather take the loss
18 short term now, and get working on trying to make the money work th[a]n drag this
19 thing out over a year or more. . . . [I] don’t have anything in my docs that say I have
20 to be profitable. [I] see this is a negative year obviously, but [I]’ll be profitable next
21 year; the problem is gone[.]** [Menaged] will be paying me back interest and principle
22 [sic] for the loss that I took. [N]ow I know there are 100 legal things here, **but now I’m
23 thinking this is the best way to get the problem solved from a fiduciary standpoint. . . .**
24 [I] know this may sound crazy, but [I] can’t come up with anything else that will bring
25 an end to this situation quickly. [T]ime is crucial. [L]et me know your thoughts.”
26 (Emphasis added.)

27 277. ~~275.~~Beauchamp’s email response was: “**Good ideas.** Can we talk later
28 today to clarify a few things?” (Emphasis added.) Beauchamp also told Clark Hill

1 attorney Bill Price, who emailed him to say that the release provision in Goulder's latest
2 draft of the Forbearance Agreement was unacceptable, that "[t]here is another
3 possibility to resolve this," on which Beauchamp would be focusing his attention.

4 278. ~~276.~~Chittick's ~~DenSco~~-entry in the 2014 Corporate Journal for February
5 26, 2014 contains a consistent summary of his discussions with Menaged and
6 Beauchamp: "We've decided it's better to sell these properties as quickly as possible,
7 take the losses and move on. [Menaged] will sign a promissory note, it frees up from
8 paying interest, I take a big hit, . . . and we move on. *It will take me 2 years to get back*
9 *to profitability I'm guessing. This may allow me not to do what David wants me to do,*
10 *I don't know. I never got to talk to him. But what we are doing isn't going to work*
11 *fast enough and we'll have a big hill to climb in the end.* (Emphasis added.) I'm just so
12 sick over this I can't function."

13 279. ~~277.~~Beauchamp's notes reflect that he discussed the proposed new plan
14 with Chittick the following day, February 27, 2014. They state, in part: "Denny
15 explained procedure and Denny is taking all of the shortfall. [Menaged] wants this
16 resolved. *Denny wants this resolved because Denny is losing money to make*
17 *payments to his investors* if DenSco is not getting paid interest from [Menaged].
18 Denny willing to take loss this year -- so DenSco can return cash to investors and reduce
19 interest obligation. (Emphasis added.) *How to write this up for investors -- discussed.*
20 *Do we still need Forbearance Agmt. - yes but will be less problematic. Will need*
21 *Forbearance Agmt. to explain procedures and protect Denny for future revisions.*
22 (Emphasis ~~add~~added.) Will need multiple advance not (unsecured) so DenSco can
23 advance cash on house w/ double loans to be sold."

24 280. ~~278.~~Chittick's entry in the 2014 Corporate Journal for that day is
25 consistent with Beauchamp's notes. It states, in part: "I talked to [Menaged] again, he
26 agreed to everything this morning on how to work this out. *I talked to David, he thinks*
27 *its fine.* (Emphasis added.) So we are done. . . . [N]ow we just need to get this signed
28 and start working towards selling these houses."

1 c. **During March 2014, Beauchamp Continued to Negotiate**
2 **the Terms of the Forbearance Agreement But Did So**
3 **With Menaged, Communicating With Him Through**
4 **Chittick.**

5 281. ~~279.~~ Beauchamp had a telephone conversation with Chittick on March 3,
6 2014. Chittick's entry in the 2014 Corporate Journal that day says, in part: "David
7 called me telling me of ad lib info to scare me about dealing with [Menaged]. I can't
8 control what others are saying in the lawyer community. I have to get this done so that I
9 have something in writing and do the best deal that I can do."

10 282. ~~280.~~ Chittick sent Beauchamp an email on March 4, 2014 in apparent
11 response to that conversation. It stated, in part: "About what you said, I have no idea of
12 the timing of that person you [mentioned] as to when he spoke to [Goulder] about our
13 situation. I don't doubt perhaps that he was positioning himself in some way; seems
14 logical for him to think that way. However, *now that [Menaged] has agreed to sign the*
15 *terms sheet that we originally agreed to, allowing you to write it, he says he's not*
16 *going to have [Goulder] review because [Goulder] already told him not to sign*
17 *anything.* Plus he's signing the promissory note which also confirms the situation . . .
18 in not so many words. But the fraud occurred and he's taking responsibility for it. . . .
19 *You probably have the only chance in your career to write an agreement without*
20 *conflicting counsel.* You can write it to our liking and in our best interests. *We CYA as*
21 *broad as the Grand Canyon.* I think that is pretty advantageous." (Emphasis added.)

22 283. ~~281.~~ Beauchamp's response was: "*Your thoughts make sense,* but we still
23 need an agreement that works." (Emphasis added.)

24 284. ~~282.~~ Beauchamp sent Chittick a draft of the Forbearance Agreement on
25 March 10, 2014.

26 285. ~~283.~~ Chittick gave him comments that day, one of which reflected
27 Chittick's and Menaged's request to modify the draft's confidentiality provision. As
28 Chittick described it in an email to Beauchamp: "*Only time I can disclose info is if I'm*
legally required by investors. He wants me to not say a word unless I'm legally

1 **required to**, because the reputation with his investors and buyers, clients etc. could be
2 harmed.” (Emphasis added.)

3 286. ~~284.~~In his email response, Beauchamp wrote: “The confidentiality change
4 is a problem, because who makes the decision if the disclosure is required? ***I had***
5 ***language that you could disclose if such disclosure is reasonably needed to be***
6 ***disclosed to your investors or if a governmental agency requires such disclosure (after***
7 ***you give [Menaged] notice and an opportunity to get the agency to change its mind).***
8 Those are standard confidentiality exceptions. ***I will look at them again to see if there***
9 ***is anything we can do to make it tighter.***” (Emphasis added.)

10 287. ~~285.~~Beauchamp’s notes reflect that he had a telephone conference with
11 both Chittick and Menaged on March 11, 2014 to discuss the release and confidentiality
12 provisions of the Forbearance Agreement, as well as the terms of a \$ 1 million “workout
13 loan.”

14 288. ~~286.~~Beauchamp’s notes reflect that he had a telephone conference with
15 both Chittick and Menaged on March 12, 2014 to discuss the release and confidentiality
16 provisions of the Forbearance Agreement.

17 289. ~~287.~~On March 13, 2014, Beauchamp conferred with Chittick about the
18 security for the loans DenSco would be advancing to Menaged. He also revised the
19 confidentiality section of the Forbearance Agreement, sending the section to Chittick in
20 an email which stated, in part: “***I have done a complete re-write of the Confidentiality***
21 ***section. . . . In order to comply with the specific securities disclosure requirements, I***
22 ***left ____ (blank) the amount of time for [Menaged] to be able to review and comment***
23 ***upon the proposed disclosure (suggest 48 hours)*** and I did not give him the right to
24 disapprove and block what you can or cannot disclose. DenSco and you as the promoter
25 of DenSco’s offering have to make the decisions as to what is to be disclosed or not.”
26 (Emphasis added.)

1 290. ~~288.~~ Between March 14 and March 20, 2014, Beauchamp communicated
2 with Chittick about revisions to the Forbearance Agreement, relying on Chittick to
3 convey drafts to Menaged and communicating with Menaged through Chittick.

4 291. ~~289.~~ One of the topics Beauchamp discussed with Chittick was his plans to
5 loan funds to Menaged and the impact of those loans, including loans up to 120% of
6 value. Beauchamp stated that he “*completely agree[s] that [the proposed lending plan]
7 makes a lot of sense, but I am concerned about the disclosure to your investors.*”
8 (Emphasis added.)

9 292. ~~290.~~ Chittick’s entry in the 2014 Corporate Journal for March 20, 2014
10 stated, in part: “[Menaged] finally agreed to [the] agreement. That’s done. I have to do
11 some numbers to fill in the blanks, but otherwise it’s ready to be signed. *I have no idea
12 if it will ever be used, but David assured me I’m in a good position.*” (Emphasis
13 added.)

14 d. The Forbearance Agreement Was Signed in April 2014.

15 293. ~~291.~~ The Forbearance Agreement was signed by Chittick (for DenSco) and
16 Menaged (for himself and his entities) on April 16, 2014.

17 294. ~~292.~~ Under the Forbearance Agreement, Menaged agreed to pay off the
18 loans of DenSco and other lenders by, inter alia, (i) liquidating various assets_{7.2};
19 (ii) renting or selling real estate assets_{7.2}; (iii) attempting to recover the missing funds
20 that his cousin allegedly stole_{7.2}; and (iv) obtaining \$4.2 million in outside financing.

21 295. ~~293.~~ In turn, *DenSco agreed to, inter alia, (i) increase its loans to
22 Menaged on certain properties up to 120% of the loan-to-value ratio_{7.2}; (ii) loan
23 Menaged up to \$5 million more, at 18% interest_{7.2}; (iii) loan Menaged up to \$1 million
24 more, at 3% interest_{7.2}; and (iv) defer the collection of interest on loans that Menaged
25 had already defaulted on.*

26 296. ~~294.~~ The Forbearance Agreement included a schedule of the loans DenSco
27 had made to Menaged, members of his family, Easy Investments, and Arizona Home
28

1 Foreclosures, including loans DenSco made between December 2013 and April 15,
2 2014. *Those loans totaled \$37,456,620.47, well over half of the aggregate amounts*
3 *DenSco had raised from investors.*

4 297. ~~295.~~The confidentiality provision in the Forbearance Agreement permitted
5 DenSco to disclose information “as may be necessary for [DenSco] to disclose to
6 [DenSco’s] current or future investors” subject to the following limitations:

7 [DenSco] agrees to use its good faith efforts *to limit such disclosure as much as*
8 *legally possible* pursuant to the applicable SEC Regulation D disclosure rules,
9 *which limitation is intended to have [DenSco] only describe:* 1. the multiple
10 Loans secured by the same Properties which created the Loans Defaults; 2. the
11 work-out plan pursuant to this Agreement in connection with the steps to be
12 taken to resolve the Loans Defaults; 3. the work-out plan shall also include
13 disclosing the previous additional advances that [DenSco] has made and the
14 additional advances that are intended to be made by [DenSco] to Borrower
15 pursuant to this Agreement in connection with increases in the loan amount of
16 certain specific Loans (up to 120% of the LTV of the applicable Property being
17 used as security for that Loan), the additional advances pursuant to both the
18 Additional Loan and the Additional Funds Loan; and 4. the cumulative effect
19 that all of such additional advances to Borrower will have on [DenSco’s]
20 business plan that [DenSco] has previously disclosed to its investors in
21 [DenSco’s] private offering documents and which [DenSco] committed to
22 follow, including the overall LTV loan ratios for all of [DenSco’s] outstanding
23 loans to its borrowers in the aggregate and the concentration of all of [DenSco’s]
24 outstanding loans among all of its borrowers. Further, [DenSco] will use its good
25 faith efforts not to include the names of Borrower, Guarantor, or New Guarantor
26 in [DenSco’s] disclosure material. [DenSco] will also provide Borrower with a
27 copy of the applicable disclosure prior to dissemination to [DenSco’s] investors
28 and allow Borrower to have 48 hours to review and comment upon such
disclosure. (Emphasis added.)

6. **Clark Hill Advised Chittick That DenSco Could Continue
Selling Promissory Notes Without First Issuing a New POM,
and that DenSco Could Indefinitely Delay Issuing a New POM.**

21 298. ~~296.~~Clark Hill and Beauchamp claim in their initial disclosure statement
22 (at 10-11) that Beauchamp advised Chittick “during his January 9, 2014 meeting with
23 Mr. Chittick” and repeatedly thereafter that: (a) DenSco was not permitted to take new
24 money without full disclosure to the investor lending the money; (b) DenSco was not
25 permitted to roll over existing investments without full disclosure to the investor rolling
26 over the money; and (c) DenSco needed to update its POM and make full disclosure to
27 all its investors.

1 299. ~~297.~~A jury will be asked to find that this claim is an after-the-fact untruth.
2 300. ~~298.~~There are *no documents*, such as notes, emails or letters, which
3 reflect that Beauchamp *ever* gave that advice.

4 301. ~~299.~~The documents in the file instead show that Beauchamp told Chittick
5 that DenSco could sell promissory notes, and that DenSco could put off preparing a new
6 POM while Chittick pursued his “work out” plan.

7 302. ~~300.~~Moreover, Beauchamp admitted in his deposition that he knew
8 Chittick had caused DenSco to sell promissory notes but claims that he understood
9 Chittick did so only after making disclosures to each investor who purchased a
10 promissory note.

11 303. ~~301.~~Clark Hill and Beauchamp make a similar claim in their initial
12 disclosure statement (at 11) that “Mr. Chittick assured Mr. Beauchamp repeatedly that
13 he was making the requisite disclosures to investors on an as needed basis, and that he
14 had informed a select group of investors as to the double lien issue and the proposed
15 workout.”

16 a. **In early January 2014, Clark Hill Advised DenSco It**
17 **Could Sell Promissory Notes Without First Issuing a**
 New POM

18 304. ~~302.~~Chittick’s entry for January 9, 2014 in a corporate journal he
19 maintained during 2014 (the “2014 Corporate Journal”) says nothing about having been
20 instructed by Beauchamp that DenSco could not sell promissory notes. The entry states,
21 in part: “Scott and I met with David. He never read my email. We spent two hours. . . .
22 He’s going to contact the lawyer tomorrow and let us know.”

23 305. ~~303.~~Beauchamp’s handwritten notes from a call with Chittick on Friday,
24 January 10, 2014 state, in part, “Need to get back up plan in place. *Denny does not*
25 *want to talk to his investors until he is ready* – will not take long.” (Emphasis added.)

26 306. ~~304.~~Chittick’s entry for that date in the 2014 Corporate Journal states, in
27 part, “at 5pm Dave called, said *they would give us time to clean it up*. I talked to Scott;
28

1 he is going to try to bring in money. *I can raise money according to Dave.*” (Emphasis
2 added.)

3 307. ~~305.~~ On Sunday, January 12, 2014, Chittick sent Beauchamp an email
4 which stated, in part, “*I’ve spent the day contacting every investor that has told me*
5 *they want to give me more money. I don’t have an answer on specifically how much I*
6 *can raise; I’ll know that in a day or two.*” (Emphasis added.) He went on to say that
7 between new money, current cash on hand, and pending real estate closings, he would
8 have *between \$5 and \$10 million in the next ten days*. His email summarized the
9 outline of the plan he and Menaged had discussed the previous Friday, which included,
10 for the group of lenders represented by Bryan Cave: (i) identifying all properties in
11 which another party claimed an interest; (ii) providing that information to an escrow
12 agent; (iii) buying out the other parties as cash was put into escrow; and (iv)
13 memorializing the arrangement through a term sheet and a written contract. “*[I]f both*
14 *Scott and I can raise enough money*, we should be able to have this all done in 30 days
15 easy, less than three weeks would be my goal.” (Emphasis added.) As for the other
16 lenders, Chittick stated that the plan was to pay them off as Menaged was able to raise
17 additional capital. Chittick concluded the email by stating, “*that’s my plan, shoot holes*
18 *in it.*” (Emphasis added.)

19 308. ~~306.~~ Beauchamp responded in an email sent later that day which stated, in
20 part, “[y]ou should feel very honored that you could raise that amount of money that
21 quickly. I will outline a few thoughts tomorrow and get back to you.” (Emphasis
22 added.)

23 309. ~~307.~~ The “few thoughts” that Beauchamp conveyed the next day were
24 questions about the sources from whom Menaged would raise money. Beauchamp did
25 not tell Chittick that DenSco could not raise new money by selling promissory notes
26 without first issuing a new POM.
27
28

1 b. **During February, March and April 2014, While the**
2 **Forbearance Agreement Was Negotiated, Clark Hill**
3 **Advised Chittick That DenSco Could Delay Issuing a**
4 **New POM.**

5 310. ~~308.~~After telling Chittick that DenSco could continue selling promissory
6 notes without first issuing a new POM, Beauchamp would periodically tell Chittick that
7 a new POM had to be issued to reveal information about DenSco's operations, but let
8 Chittick believe the issuance of the POM could be delayed.

9 311. ~~309.~~In a February 4, 2014 email that Beauchamp sent to Chittick,
10 Beauchamp wrote that the Forbearance Agreement would need to be described in a
11 document "that you HAVE to provide to your investors."

12 312. ~~310.~~Chittick's February 7, 2014 entry in the 2014 Corporate Journal
13 states, in part, "I was on the phone with David and [Menaged] off and on trying to find
14 middle ground in this crap to make this agreement final. *Now [D]avid is telling me I*
15 *have to tell my investors.*"

16 313. ~~311.~~Beauchamp's notes reflect that he discussed with Chittick on
17 February 21, 2014 DenSco's upcoming annual meeting, which was scheduled for March
18 8. He wrote: "*cannot be ready to tell everything.*" (Emphasis added.)

19 314. ~~312.~~Beauchamp's notes went on to reflect his thoughts about what might
20 eventually be disclosed to investors. He wrote: "What to put into notice to the
21 investors. [E]xplain concentration to Scott to help Scott package homes to sell to a
22 Hedge Fund in \$5M groups. [T]he problem was discovered but to resolve the loans with
23 double leverage came up with a plan, but that required DenSco to make higher
24 leveraged loans. DenSco also made advances on new homes purchased."

25 315. Notably, Beauchamp notes reflect that he did not intend to advise Chittick
26 to disclose to investors that the "double leverage" problem was the result of Chittick's
27 grossly negligent lending practices.

28 316. ~~313.~~Beauchamp's notes also show that he knew the workout plan was
increasing the loan-to-value ratios on many of DenSco's loans far above what DenSco

1 had disclosed to investors in any previous POM. For example, he wrote: “30 loans are
2 now at 95% LTV.”

3 317. ~~314.~~The entry Chittick made in the 2014 Corporate Journal for March 11,
4 2014 states, in part: “*David changed and said now I have to tell my investors.*
5 (Emphasis added.) [Menaged] and I are going to try to fix this mess in 30 days and that
6 way it will be a minor issue.”

7 318. ~~315.~~In a March 13, 2014 email to Chittick regarding the inclusion in the
8 Forbearance Agreement of a confidentiality provision that Menaged had sought,
9 Beauchamp wrote: With respect to timing, we are already very late in providing
10 information to your investors about this problem and the resulting material changes
11 to your business plan. We cannot give [Menaged] and his attorney any time to
12 cause further delay in getting this Forbearance Agreement finished and the
13 necessary disclosure prepared and circulated.” (Emphasis in original.)

14 c. **In May 2014, Clark Hill Made a Half-Hearted Effort to**
15 **Prepare a New POM and Then, at Chittick’s Request,**
16 **Stopped Working on the New POM and Advised**
17 **Chittick That DenSco Could Continue to Put Off Issuing**
18 **a New POM While Chittick Pursued His “Work Out”**
19 **Plan.**

20 319. ~~316.~~Chittick’s entry in the 2014 Corporate Journal for April 16, 2014
21 reflected the signing of the Forbearance Agreement and concludes: “I’ll send it up to
22 David and then he and I can start on the memorandum.”

23 320. ~~317.~~Beauchamp’s notes show that he had a call with Chittick on April 24,
24 2014. Those notes reflect that Beauchamp knew that DenSco’s total loans to Menaged
25 were approximately \$36 million in principal, with a \$5 million note (of which
26 approximately \$1.78 million was principal), and a \$1 million note (of which
27 approximately \$915,000 was principal).

28 321. ~~318.~~Under the heading “POM update” he noted that 186 loans were
double-encumbered when the workout started, which was down to 94 loans,

1 representing \$12.3 million of principal, as of that date, which was down from a previous
2 balance of approximately \$25 million.

3 322. ~~319.~~ That same day, Chittick sent Beauchamp by email another copy of the
4 2011 private offering memorandum.

5 323. ~~320.~~ It appears from the Clark Hill file that Beauchamp gave a printed
6 copy of the memorandum to Schenck with a handwritten note asking him to mark up the
7 memorandum and add “updates/forbearance, etc.”

8 324. ~~321.~~ Beauchamp’s handwritten notes and documents in the file reflect that
9 some research was done on May 13, 2014 on “Dodd Frank and regulation.”

10 325. ~~322.~~ On May 14, 2014, Schenck sent Beauchamp by email a redline of a
11 draft private offering memorandum and a separate document with comments, some of
12 which were for Beauchamp’s attention. Schenck’s email concluded by asking
13 Beauchamp to “let me know what changes you prefer *before this draft is sent to*
14 *Denny.*” (Emphasis added.) His time entry describes the document as a “first draft”
15 which he had “finish[ed].”

16 326. ~~323.~~ The document with comments contained, in the “Prior Performance”
17 section, a discussion of the terms of the Forbearance Agreement, with limited
18 information about the circumstances that gave rise to it and a narrative that accepted, as
19 accurate and reliable, Menaged’s “cousin” story: “According to the Foreclosure
20 Debtors, an agent of the Foreclosure Debtors had secured the Outside Loans without the
21 Foreclosure Debtors’ knowledge.” The draft said nothing about Chittick’s gross
22 negligence in managing DenSco’s lending practices by giving funds directly to
23 Menaged, rather than to a Trustee.

24 327. ~~324.~~ Clark Hill’s time records reflect that Beauchamp billed 30 minutes of
25 time on May 14, 2014 to “review revisions to POM and work on same.”

26 328. ~~325.~~ But there is nothing in the Clark Hill file to reflect that Beauchamp
27 actually made any revisions to this first draft.

28

1 329. ~~326.~~ Neither the Clark Hill file nor Clark Hill’s billing statement reflect
2 that Beauchamp ever sent the draft POM to Chittick or discussed it with him.

3 330. ~~327.~~ Clark Hill’s files show that the firm simply stopped work on a new
4 POM in mid-May 2014. The last time entries referencing the draft POM were made on
5 May 14.

6 331. On May 15, 2014, Beauchamp sent Chittick e-mails with instructions on
7 making revisions to the Forbearance Agreement.

8 332. On May 23, 2014, Beauchamp sent Chittick a letter with billing
9 statements which said nothing about a termination of the representation and instead
10 offered to “assist [DenSco] with any other matter(s).”

11 333. On June 12, 2014, Beauchamp and Chittick exchanged emails about
12 revising the Forbearance Agreement.

13 334. ~~328.~~ Entries by Chittick in the 2014 Corporate Journal shortly thereafter
14 reflect that Chittick had decided not to issue a new POM at that time, and to continue
15 selling promissory notes while he pursued his “work out” plan in the hope of
16 minimizing DenSco’s losses before making a disclosure to investors. Clark Hill
17 decided to abide by Chittick’s instruction, just as the firm had agreed in September 2013
18 to prepare a new POM and then followed Chittick’s instruction not to work on the new
19 POM until Chittick was ready to issue it.

20 a. The July 2, 2014 entry states, in part: “We are making progress,
21 just too damn slow, *but I’m sure much quicker than David expected us to do.*”
22 (Emphasis added.)

23 b. The July 25, 2014 entry states, in part: “My time is running out on
24 updating my private placement memorandum and notifying my investors.”

25 c. The July 31, 2014 entry states, in part: “It’s all going in the right
26 direction, just not sure if it’s going fast enough. *As long as David doesn’t bug*
27 *me, I feel like we are doing the right thing.*” (Emphasis added.)
28

1 335. ~~329.~~ Clark Hill's blessing of Chittick's plan to continue pursuing a work
2 out plan without telling DenSco's investors is reflected in ~~Beuchamp's~~ Beauchamp's
3 dealings with Chittick the following March.

4 336. ~~330.~~ On March 13, 2015, Beauchamp sent Chittick an email which stated,
5 in part: "I would like to meet for coffee or lunch (at no charge to you) so we can sit
6 down and talk about how things have progressed for you since last year. I would also
7 like to listen to you about your concerns, and frustration with how the forbearance
8 settlement and the documentation process was handled. I have thought back to it a lot
9 and I have second guessed myself concerning several steps in the overall process, *but I*
10 *wanted to protect you as much as I could.* (Emphasis added.) *When I felt that your*
11 *frustration had reached a very high level, I stopped calling you about how things were*
12 *going so that you did not feel I was just trying to add more attorney's fees.* (Emphasis
13 added.) I planned to call you after about 30 days, but then I let it slip all of last year
14 because I kept putting it off. I even have tried to write you several different emails, but
15 I kept erasing them before I could send them. I acknowledge that you were justifiably
16 frustrated and upset with the expense and how the other lenders (and [Menaged] at
17 times) seemed to go against you as you were trying to get things resolved last year for
18 [Menaged]. I have tried to let time pass so that we can discuss if you are willing to
19 move beyond everything that happened and still work with me. If not, I would like you
20 to know that I still respect you, what you have done and would still like to consider you
21 a friend. You stood up for [Menaged] when he needed it and I truly believe it was more
22 than just a business decision on your part. Hopefully, you will respond to this email and
23 we can try to talk and catch up."

24 337. ~~331.~~ Chittick responded "[s]ure, give me some options on when to meet."

25 338. ~~332.~~ Chittick forwarded Beauchamp's email to Menaged, who wrote,
26 "[s]chedule coffee in 18 months when our balance is close to nothing."

27 339. ~~333.~~ Chittick responded: "*I figure it's a miracle he left me alone this*
28 *long!*" (Emphasis added.)

1 340. Chittick went on to write: “I have some legal reporting obligations that
2 are the real rub, *I will see what he has to say.*” (Emphasis added.) And when Menaged
3 wrote that Chittick should “delay the reporting a bit,” Chittick said: “That’s *what I*
4 *have to find out is the timing needed to report and stay in compliance* and be able to
5 show something that isn’t scary enough [t]o start a stampede on the bank!” (Emphasis
6 added.) Those statements reflect that Chittick did not believe Clark Hill’s
7 representation had been terminated in May of 2014, as Clark Hill now claims, and that
8 he continued to look to Beauchamp for advice about DenSco’s obligations under the
9 securities laws.

10 341. ~~334.~~In his entry that day in the corporate journal Chittick maintained for
11 2015 (the “2015 Corporate Journal”), Chittick wrote: “*I got an email from Dave my*
12 *attorney wanting to meet. He gave me a year to straighten stuff out. We’ll see what*
13 *pressure I’m under to report now.*” (Emphasis added.)

14 342. ~~335.~~Chittick had lunch with Beauchamp on March 24, 2015.

15 343. ~~336.~~Chittick’s entry in the 2015 Corporate Journal for that date states: “I
16 had lunch with Dave Beauchamp. I was nervous he was going to put a lot of pressure
17 on me. However, *he was thrilled to know where we were at and I told him by April*
18 *15th, we’ll be down to 16 properties with seconds on them, and by the end of June we*
19 *hope to have all the retail houses sold by then and just doing wholesale. He said he*
20 *would give me 90 days.* (Emphasis added.) I just hope we can sell them all by then and
21 darn near be done with it. *I’m going to slow down the whole memorandum process*
22 *too. Give us as much time as possible to get things in better order.*” (Emphasis added.)

23 344. ~~337.~~Chittick’s entry in the 2015 Corporate Journal for June 18, 2015
24 states, in part: “[Menaged] tried to enlarge the wholesale number saying, well I’m
25 paying down the workout, I can use that for the wholesale. I’m not letting him. That
26 number needs to start dropping! *I have to get his number falling, or it’s going to be*
27 *hell with Dave.*” (Emphasis added.)
28

d. **With Clark Hill's Assistance, Chittick Caused DenSco to Sell Approximately \$5 Million of Promissory Notes Between January and May 2014 Without First Issuing a New POM.**

345. ~~338.~~ During the months of January through May 2014, DenSco sold \$5,000,008.00 of new promissory notes to the following investors, which were all two-year notes unless otherwise indicated.

Investor	Amount	Date
Brian & Carla Wenig	\$15,000	1/3/14
Dale Hickman	\$150,000	1/13/14
Carol & Mike Wellman	\$30,000	1/14/14
Carol Wellman	\$10,000	1/14/14
Jolene Page	\$150,000	1/14/14
Marvin & Pat Miller	\$200,000	1/15/14
Marvin & Pat Miller	\$100,000	1/15/14
Mark & Debbie Wenig	\$50,000	1/24/14
Kirk Fischer	\$600,000	1/29/14 ⁵
Brian Imdieke	\$500,000	2/11/14 ⁶
Ryan Baughman	\$300,000	2/11/14
Kaylene Moss	\$10,000	3/5/14
Ryan Baughman	\$300,000	4/1/14 ⁷
Wayne Ledet	\$30,000	4/7/14
Alexandra Bunger	\$850,000	5/1/14
Cassidy Bunger	\$850,000	5/1/14
Connor Bunger	\$850,000	5/1/14

⁵ Five-year note.

⁶ Six-month note.

⁷ Three-month note.

1	Bill Hughes	\$6,500	5/1/14
2	Bill Hughes -- IRA	\$6,500	5/1/14

3
4 346. ~~339.~~ DenSco's sale of those promissory notes was necessary for DenSco to
5 continue its business operations, and Clark Hill enabled DenSco to obtain investor funds
6 during that five-month period without making adequate disclosures to those investors,
7 exposing DenSco to substantial liability for those sales.

8 347. ~~340.~~ The Receiver will update this disclosure statement to identify
9 additional promissory note sales after May 2014.

10 **7. In Addition to Aiding and Abetting Chittick's Breach of**
11 **~~Fiduciary~~ Fiduciary Duties, Clark Hill Also Negligently**
12 **Advised Chittick That DenSco Could Continue Giving Loan**
13 **Proceeds to Menaged, Rather Than Paying Them Directly to a**
14 **Trustee.**

15 348. ~~341.~~ As of January 9, 2014, Clark Hill knew that Chittick had been grossly
16 negligent in managing DenSco's lending operations by giving tens of millions of loan
17 proceeds to Menaged, rather than paying them directly to a Trustee.

18 349. ~~342.~~ Clark Hill knew that this practice violated the terms of the Mortgage
19 document Clark Hill knew DenSco routinely employed to document loans, which stated
20 that ~~the~~ "The undersigned borrower ("Borrower") acknowledges receipt of the proceeds
21 of a loan from DenSco Investment Corporation ("Lender") in the sum of \$_____, *as*
22 *evidenced by check payable to: _____ ("Trustee").* (Emphasis added.)

23 350. ~~343.~~ Clark Hill also knew that this practice was an extraordinary breach of
24 the representations in DenSco's POMs. As Beauchamp has admitted in interrogatory
25 answers, DenSco's POMs represented that DenSco employed appropriate due diligence
26 and loan procedures in making loans. An essential part of those loan procedures was
27 that "every mortgage evidencing a property purchase made with a DenSco loan stated
28 that the check purchasing the property was made to the Trustee."

351. ~~344.~~ Clark Hill also knew, from Beauchamp's January 9, 2014 meeting
with Chittick and Menaged, that Chittick's failure to follow those loan procedures had

1 exposed DenSco to a substantial potential loss of between \$11.6 and \$14.5 million, or
2 between 25% and 30% of the \$47 million that Beauchamp understood DenSco had
3 raised as of June 2013.

4 352. ~~345.~~ And Clark Hill knew that those potential losses resulted from
5 Chittick's dealings with one borrower, Scott Menaged.

6 353. ~~346.~~ After Clark Hill learned, through Beauchamp's January 9, 2014
7 meeting with Chittick and Menaged, that Chittick intended to cause DenSco to continue
8 loaning money to Menaged, Clark Hill should have issued immediate, clear written
9 advice to Chittick that: (1) DenSco must adhere to the lending practices identified in its
10 POMs and referenced in the Mortgage – i.e., disbursing loan proceeds directly to a
11 Trustee, through a check (as the Mortgage contemplated) or a wire transfer; and (2)
12 never disbursing loan proceeds directly to Menaged (or any other borrower) under any
13 circumstances.

14 354. ~~347.~~ Clark Hill had the opportunity to give that advice when Beauchamp
15 received an email from Chittick during the evening of January 9, 2014, in which
16 Chittick posed the following question:

17 If [I] [obtain] a cashier's check and take it to the trustee myself, [I] don[']t get a
18 receipt that DenSco [p]aid for it. [I] get a receipt saying that X property was paid
19 for, for X \$'s vested in borrower's name. [DenSco's] name doesn't appear on it.
20 [O]ther than having a cashier's check receipt saying [DenSco] made a check out
21 for it, there isn't anything from the trustee saying that it was [DenSco's] check.
22 ***[I] could wire [Menaged] the money, he could produce a cashier's check that
says remitter is DenSco and it would have the exact same [e]ffect as if [I] got
[a] cashier's check that said [DenSco's] the remitter. . . . [P]ut aside the
logistics for a second, what proof or what guarantee is there by me cutting the
check and handing it to [S]uzy at the trustee[']s office rather than my borrowers?
[I] know [I] must be missing something. (Emphasis added.)***

23 355. ~~348.~~ Clark Hill failed to tell Chittick that he could not "wire Menaged the
24 money" because: (1) doing so was contrary to representations in the POM and the terms
25 of the Mortgage; (2) doing so had previously exposed DenSco to a potential loss of
26 between \$11.6 and \$14.5 million; and (3) Menaged could not, given obvious questions
27 about the veracity of his "cousin" story, be trusted.
28

1 356. ~~349.~~Beauchamp instead responded in an email that night in which he said:
2 “*Let me see what the other lenders got from the Trustee and we can make a better*
3 *decision.* There is either another way to do it or someone described a procedure that
4 does not work.” (Emphasis added.)

5 357. ~~350.~~On January 17, 2014, Beauchamp told two other lawyers at Clark
6 Hill, Dan Schenck and Bob Anderson, who specialized in real estate lending, that the
7 firm needed to review “the demand letter from Bryan Cave asserting the claim from the
8 other lenders” – i.e., that DenSco had fraudulently filed 52 Mortgage documents
9 claiming that 52 Trustees had been paid to purchase properties at a Trustee’s sale when
10 no such payment had occurred -- and “[i]f this claim has any merit, [Clark Hill]
11 need[ed] to advise DenSco to change its internal procedures.” But neither
12 Beauchamp, Schenck, nor Anderson undertook that analysis.

13 358. ~~351.~~Beauchamp later advised Chittick that DenSco could continue wiring
14 money to Menaged, trusting Menaged to pay the loan proceeds to a Trustee, so long as
15 Menaged provided written confirmation that he had done so. As Chittick wrote in July
16 2016:

17 a. “Going back to December of 2013, . . . [Menaged] knew he had to
18 make money to help cover the deficit [that] would be created by the double
19 encumbered properties and shortage that would be created at the time of
20 disposition. He wanted time to still fund him buying properties at auction and
21 flipping them, wholesaling them, etc. *I talked to Dave about this in January*
22 *[2014] and he was in agreement with it as long as I received copies of checks*
23 *and receipts showing that I was paying the trustee.*” (Emphasis added.)

24 b. “Dave, my lawyer, negotiated the work out agreement and
25 endorsed the plan. Then when [Menaged] said hey, let me buy some
26 foreclosures, flip them, wholesale them, etc. so I can make money. *All the other*
27 *lenders wouldn’t lend to him. I needed him to make money now more than*
28 *ever before. We went to Dave, and he gave some constraints on how we were*

1 *to operate.* I have all the documentation. I received copies of checks made out
2 to trustees, receipts from the trustees. I had all my docs signed. I recorded my
3 mortgages. I had evidence of insurance, and I did everything.” (Emphasis
4 added.)

5 359. ~~352.~~ Clark Hill and Beauchamp claim in their initial disclosure statement,
6 and Beauchamp claimed when he was deposed, that Clark Hill had advised Chittick in
7 January 2014 that it should not give loan proceeds to Menaged and should instead give
8 them to a Trustee. But a jury will find that this is yet another after-the-fact untruth. No
9 documents in Clark Hill’s file – not a letter, email, note or time entry – reflect that the
10 advice was ever given. Moreover, Beauchamp’s deposition testimony that he relied on
11 Anderson to give that advice to Chittick and understood it had been given is belied by
12 Anderson’s deposition testimony, who said he had not done so.

13 360. ~~353.~~ A jury will reject Clark Hill’s claim and find that DenSco followed
14 Beauchamp’s negligent advice to Chittick that DenSco could continue its long-standing
15 practice of giving loan proceeds directly to Menaged, trusting him to use those funds
16 only to pay a Trustee for property that would be fully secured, with DenSco in first
17 position. As a result, Menaged continued to have direct access to DenSco’s funds,
18 despite the tens of millions of dollars of losses that practice had caused DenSco, which
19 put Menaged in a position to misappropriate those funds, just as he had misappropriated
20 the loan proceeds DenSco had given him in previous years.

21 361. ~~354.~~ As a direct consequence of Clark Hill’s negligence, DenSco suffered
22 substantial losses.

23 362. ~~355.~~ If Clark Hill had instead advised Chittick that DenSco could never
24 give loan proceeds to Menaged and must instead independently cause those funds to be
25 delivered to a Trustee, Chittick would have followed that advice. Indeed, Chittick
26 acknowledged in his January 9, 2014 email that he “must be missing something.”

27 **E. Response to 2016 ADFI Investigation**

1 363. ~~356.~~In March 2016, Chittick asked Beauchamp to help DenSco respond to
2 another investigation by the Arizona Department of Financial Institutions. Beauchamp
3 worked on the matter during March, April, May and June 2016, billing his time to a
4 “General” matter he had established in January 2013. As with previous inquiries by
5 ADFI, Clark Hill argued that DenSco should not be licensed and regulated by ADFI,
6 which would have included a review of DenSco’s lending procedures.

7 **F. Chittick’s Suicide**

8 364. ~~357.~~Chittick committed suicide on July 28, 2016.

9 365. ~~358.~~Shortly before his death, Chittick wrote an “Investor” letter that was
10 never sent to DenSco’s investors but was among the business records obtained by the
11 Receiver. Among the statements in that letter are the following: “Why didn’t I let all of
12 you know what was going on at any point? It was pure fear. . . . I have 100 investors. I
13 had no idea what everyone would do or want to do or how many would just sue,
14 justifiably. *I also feared that there would be a classic run on the bank. . . I truly*
15 *believe we had a plan that would allow me to continue to operate, my investors would*
16 *receive their interest and redemptions as a normal course of business, and the rest of*
17 *my portfolio was performing. Dave blessed this course of action.* (Emphasis added.)
18 We signed this workout agreement and began executing it.”

19 366. ~~359.~~The letter also stated: “Going back to December of 2013, . . .
20 [Menaged] knew he had to make money to help cover the deficit [that] would be created
21 by the double encumbered properties and shortage that would be created at the time of
22 disposition. He wanted time to still fund him buying properties at auction and flipping
23 them, wholesaling them, etc. *I talked to Dave about this in January [2014] and he was*
24 *in agreement with it as long as I received copies of checks and receipts showing that I*
25 *was paying the trustee.*” (Emphasis added.)

26 367. ~~360.~~Chittick also wrote a detailed letter to his sister, Shawna Heuer (aka
27 Iggy), shortly before his death. He wrote: “[Beauchamp] let me get the workout
28

1 *signed[,] not tell the investors[,] and try to fix the problem. That was a huge mistake.*
2 . . . Dave did a workout agreement with [Menaged], we were executing to it and making
3 headway, *yet Dave never made me tell the investors. . . . I talked Dave my attorney*
4 *into allowing me to continue without notifying my investors. Shame on him. He*
5 *shouldn't have allowed me. He even told me once I was doing the right thing."*

6 (Emphasis added.)

7 368. ~~361.~~The letter also stated: "*Dave, my lawyer, negotiated the work out*
8 *agreement and endorsed the plan.* (Emphasis added.) Then when [Menaged] said hey,
9 let me buy some foreclosures, flip them, wholesale them, etc. so I can make money. All
10 the other lenders wouldn't lend to him. I needed him to make money now more than
11 ever before. *We went to Dave, and he gave some constraints on how we were to*
12 *operate.* I have all the documentation. I received copies of checks made out to trustees,
13 receipts from the trustees. I had all my docs signed. I recorded my mortgages. I had
14 evidence of insurance, and I did everything." (Emphasis added.)

15 369. ~~362.~~This "Iggy Letter" contained detailed information about actions
16 Chittick had taken in managing DenSco's affairs, including the location of funds and
17 how he had transferred funds.

18 **G. After Chittick's Death, Clark Hill Agreed to Represent Both DenSco**
19 **and Chittick's Estate, Despite an Unconsentable Conflict.**

20 370. ~~363.~~According to Clark Hill's billing records, Beauchamp learned of
21 Chittick's suicide on Saturday, July 30, 2016 through a telephone call with Robert
22 Koehler and Shawna Heuer. Beauchamp billed his time for that call to the "Business
23 Matters" file he had caused to be established on January 14, 2014.

24 371. ~~364.~~Robert Koehler was identified in the 2011 POM, under the heading
25 "Contingency Plan in the Event of Death or Disability of Mr. Chittick," as the person
26 with whom Chittick had entered into a written agreement "to provide or arrange for any
27 necessary services for the Company" upon Chittick's death or disability.
28

1 372. ~~365.~~According to Beauchamp’s notes from his July 30, 2016 telephone
2 conversation with Koehler and Heuer, he was told that Chittick had sent him a letter
3 with instructions and a detailed letter to Koehler. Beauchamp wrote that he needed “to
4 get both letters & discuss how to deal w/ this.”

5 373. ~~366.~~On Sunday, July 31, 2016, Beauchamp exchanged emails with
6 Koehler about scheduling a meeting with Koehler and Heuer the following afternoon.

7 374. ~~367.~~Later that day, Beauchamp exchanged emails with Heuer in which
8 Beauchamp approved an email Heuer had drafted to send to DenSco’s investors which
9 stated, in part, “[a] meeting with Denny’s attorney is planned for Monday, August 1st,
10 to form a course of action.”

11 375. ~~368.~~Heuer sent the e-mail to DenSco investors during the evening of July
12 31, 2016, forwarding a copy to Beauchamp, who thanked her for doing so.

13 376. ~~369.~~Heuer sent Beauchamp before their August 1 meeting a copy of
14 Chittick’s Investor Letter and gave him at the meeting or in a meeting the following day
15 a copy of the Iggy Letter.

16 377. ~~370.~~During the August 1st meeting, Beauchamp agreed that Clark Hill
17 would represent DenSco, reporting to Heuer, and also represent Heuer in her capacity as
18 the personal representative of the Estate of Denny Chittick.

19 378. ~~371.~~On August 2, 2016, Beauchamp and ~~other~~ Clark Hill ~~attorneys~~
20 attorney Michelle Tran met with Heuer.

21 379. ~~372.~~On August 4, 2016, Clark Hill initiated a probate proceeding and
22 continued to act as counsel for the Estate of Chittick until August 12, 2016.

23 380. ~~373.~~Clark Hill should not have agreed to represent DenSco after
24 Chittick’s death and should have instead terminated the representation because Clark
25 Hill knew, based on its own conduct since September 2013 and knowledge of Chittick’s
26 conduct, that DenSco had potential claims against the firm.

27 381. ~~374.~~Clark Hill should not have agreed to represent the Estate of Chittick
28 because Clark Hill knew, based on its knowledge of Chittick’s conduct, that DenSco

1 had substantial claims against Chittick's Estate for Chittick's gross negligence in
2 managing DenSco's affairs. Indeed, in this litigation Clark Hill has identified the Estate
3 as a non-party at fault and seeks to blame Chittick for DenSco's losses. Moreover, soon
4 after his appointment, the Receiver filed a Notice of Claim in Probate Court against the
5 Estate, based in part on Chittick's gross mismanagement of DenSco and multiple
6 breaches of fiduciary duties Chittick owed DenSco.

7 382. ~~375.~~A jury can assume that Clark Hill agreed to continue representing
8 DenSco and jointly represent the Estate of Chittick because it saw those representations
9 as a means to protect itself from liability. The firm's conduct during the months of
10 August, September and October 2016 provides further evidence that this was Clark
11 Hill's objective.

12 **H. Between August 1 and August 18, 2016, Clark Hill Effectively Ran**
13 **DenSco's Day-to-Day Affairs.**

14 383. ~~376.~~After Chittick's death, Beauchamp, in coordination with Heuer,
15 managed the day-to-day operations of DenSco until the Receiver was appointed on
16 August 18, 2016.

17 384. ~~377.~~Beauchamp opened a "Business Wind Down" file to which he
18 charged his time.

19 385. ~~378.~~During that time period, Beauchamp communicated with investors
20 and representatives of the Securities Division of the Arizona Corporation Commission
21 (the "ACC"), which investigated securities law violations by DenSco and initiated on
22 August 17, 2016 a lawsuit alleging that DenSco had violated securities laws and sought
23 the appointment of a receiver.

24 386. ~~379.~~Although Clark Hill knew that as securities counsel to DenSco it
25 faced potential claims by the ACC, DenSco's receiver, and/or DenSco's investors, it
26 continued to represent DenSco.

27 387. ~~380.~~Clark Hill authored several communications to DenSco's investors
28 between August 1 and August 12, 2016 which failed to disclose information in Clark

1 Hill's possession about Clark Hill's role as DenSco's securities counsel; Chittick's
2 mismanagement of DenSco's lending practices; Chittick's decision to postpone the
3 issuance of a new POM while still selling promissory notes; Chittick's goals in
4 documenting the Forbearance Agreement; the actions Clark Hill had taken to assist
5 Chittick; and Clark Hill's negligent advice to Chittick about DenSco's continued
6 lending to Menaged.

7 388. ~~381.~~ Clark Hill also failed to provide that information to the ACC.

8 389. ~~382.~~ The investor communications Clark Hill drafted also suggested that
9 DenSco and its investors would not be well served if a receiver were appointed. For
10 example, in the first email Beauchamp sent to DenSco investors on August 3, 2016, he
11 wrote:

12 [T]he problem with DenSco's Troubled Loans developed over time and it will
13 take some time to understand those Troubled Loans [and] how those loans came
14 into existence. . . . If whoever is in charge of DenSco does not work with the
15 Investors, then DenSco will either be put into bankruptcy or have a Receiver
16 appointed, which will incur costs on behalf of the Investors and that will
17 significantly reduce what will be available to return to the Investors. For
18 example, *one of the recent reports concerning liquidation of companies owing*
19 *money to investors indicated that the costs associated with a bankruptcy or a*
20 *Receiver can reduce the amount to be paid to investors by almost half or even a*
21 *much more significant reduction. . . . [W]e would like to keep DenSco out of a*
22 *protracted bankruptcy or a contentious Receivership proceeding.* As indicated
23 above, various studies have shown that the third party costs and legal and other
24 professional fees and costs and the inherent delays in bankruptcy and/or
25 Receivership proceedings can consume more than 35% of the available money
26 that should or would otherwise be available to be returned to Investors.
27 (Emphasis added.)

20 **I. Beginning on August 15, 2016, Clark Hill Sought to Conceal Its**
21 **Negligence and the Assistance It Gave Chittick in His Breach of**
22 **Fiduciary Duties by Falsely Claiming It Had Terminated Its**
23 **Representation of DenSco, and Continues to Claim, Without Any**
24 **Supporting Records, That It Did So.**

23 390. ~~383.~~ During its investigation of potential securities law violations by
24 DenSco, the ACC sought documents from Clark Hill about the firm's work for DenSco.

25 391. ~~384.~~ It was during that investigation that Clark Hill claimed for the first
26 time that it had terminated its representation of DenSco because Chittick allegedly
27 refused to follow the firm's advice.
28

1 392. ~~385.~~ Clark Hill has made inconsistent claims about the alleged termination
2 of its representation of DenSco since August 2016 and continues to claim that the
3 termination occurred despite the absence of any records to support the claim, and
4 records that are inconsistent with the claim.

5 393. ~~386.~~ The claim was first made on August 15, 2016, when ACC
6 investigator Gary Clapper sent Beauchamp an email which stated, in part: “Can you
7 please get a copy of the forbearance agreement. Since the offering document is updated
8 every two years can you please get copies of all of them.”

9 394. ~~387.~~ Beauchamp responded: “I only have access to some of DenSco’s
10 files. Despite my requests, Denny Chittick did not request for all of DenSco’s previous
11 files to be transferred to me. In addition, *Denny stopped our efforts to do an updated
12 offering memorandum in 2013*, so the initial work on that was never finished. Denny
13 also *did not engage us to prepare an amendment to the offering document or to
14 prepare a new disclosure document despite several conversations about that issue.*”
15 (Emphasis added.)

16 395. ~~388.~~ In an August 17, 2016 declaration, Beauchamp stated that “[i]n late
17 2014 or 2015, I ended my formal relationship with Mr. Chittick and DenSco.”

18 396. ~~389.~~ In an August 21, 2016 email to DenSco investor Rob Brinkman,
19 Beauchamp first wrote that “*my law firm started preparing the 2013 POM, but we
20 were put on hold.* After the Forbearance Agreement was signed by Scott Menaged, *we
21 started to amend the 2013 draft POM, but we stopped and withdrew as securities
22 counsel for DenSco. Denny was supposed to get other counsel and finish the POM in
23 2014, but I do not know if that did happen.*” (Emphasis added.) In a follow-up email to
24 Brinkman, he wrote that “[t]he 2013 POM was never finalized due to attorney client
25 protected issues that I have been instructed not to discuss.” (Emphasis added.)

26 397. ~~390.~~ In a February 8, 2017 email to the Receiver’s counsel, Beauchamp
27 made the following unsolicited statement: “Please note that my previous reference to
28 ‘securities work’ was for work done PRIOR to when *my firm terminated doing any*

1 *securities or other legal work for DenSco when Denny Chittick refused to send the*
2 *amended Private Offering Memorandum to his investors.* The amended Private
3 Offering Memorandum that we wanted to be sent described the Forbearance Agreement
4 and the changes to the lending criteria and security ratios that DenSco was to follow
5 when making its loans to Borrowers. *I believe that we terminated our representation*
6 *in approximately July 2014.”* (Emphasis added.)

7 398. ~~391.~~ Clark Hill now claims that the firm terminated the representation in
8 May 2014, stating in Defendants’ initial disclosure statement (at 15) that

9 Mr. Chittick . . . refused to provide the necessary information to complete the
10 POM and refused to approve the description of the workout or the double lien
11 issue. . . .

12 *In May 2014, Mr. Beauchamp handed Mr. Chittick a physical copy of the draft*
13 *POM and asked him what Mr. Chittick’s specific issues were with the disclosure.*
14 *Mr. Chittick responded that there was nothing wrong with the disclosure, he was*
15 *simply not ready to make any kind of disclosures to his investors at this stage.*
16 *Mr. Beauchamp again explained that Mr. Chittick had no choice in the matter*
17 *and that he had a fiduciary duty to his investors to make these disclosures. Mr.*
18 *Chittick would not budge. **Faced with an intransigent client who was now***
19 ***acting contrary to the advice Mr. Beauchamp was providing, and with***
20 ***concerns that Mr. Chittick may not have been providing any disclosures to***
21 ***anyone since January 2014, Mr. Beauchamp informed Mr. Chittick that***
22 ***Beauchamp and Clark Hill could not and would not represent DenSco any***
23 ***longer.*** Mr. Beauchamp also told Chittick that he would need to retain new
24 securities counsel, not only to provide the proper disclosure to DenSco’s
25 investors, but to protect DenSco’s rights under the forbearance agreement. Mr.
26 Chittick suggested that he has already started that process and was speaking with
27 someone else.

28 399. ~~392.~~ But there is not a single document in Clark Hill’s file to support this
claim, such as a termination letter that law firms commonly send when ending a client
relationship and especially when a law firm believes a client is disregarding advice
given by the firm.

400. The absence of *any* handwritten notes by Beauchamp about the alleged
termination of the representation is particularly telling, since by Beauchamp’s own
admission, his consistent practice was to “write up” notes after every meeting or call
with Chittick. The evidence of that practice is in a March 12, 2014 email to Chittick, in
which Beauchamp wrote: “Since I was driving to a meeting with another client, I did

1 not get a chance to write up my notes after our call, as I usually do.” (Emphasis
2 added.)

3 401. ~~393.~~ Moreover, Clark Hill makes this claim despite numerous documents
4 in its files reflecting that Clark Hill never terminated the representation and continued to
5 represent DenSco after May 2014. Those documents include:

6 a. Documents generated in June 2014 which reflected work Clark Hill
7 performed to amend the Forbearance Agreement and correct errors the firm had
8 made when the Forbearance Agreement was signed in April 2014. Chittick and
9 Menaged signed those documents on June 18, 2014.

10 b. In May, June, July and August 2014, Beauchamp sent Chittick
11 billing statements for work performed for DenSco through transmittal letters that
12 stated: “Thank you again for allowing Clark Hill and me to provide legal
13 services to DenSco Investment Corporation. If you have any question or if we
14 can assist you with any other matter(s), please let me know.”

15 c. As noted above, when Chittick asked Clark Hill to respond to the
16 ADFI inquiry in March 2016, Beauchamp billed his time to the “General” matter
17 Clark Hill had established in January 2014.

18 d. As noted above, after Chittick’s death, Beauchamp billed his time
19 to the “Business Matters” file Clark Hill had established in January 2014.

20 e. On June 22, 2017, approximately six months before this lawsuit
21 was filed, Clark Hill submitted two proofs of claim to the Receiver, seeking
22 \$53,820.00 for work performed between June 1, 2016 and August 17, 2016, and
23 \$23,046.00 for work performed between August 18, 2016 and September 30,
24 2016. Clark Hill claimed in an accompanying affidavit that “*in 2016 and*
25 *earlier, the Firm represented DenSco Investment Corporation,*” providing
26 “general business advice and representation,” and that “[a]fter the death of
27 DenSco’s principal, in July 2016, the Firm transitioned the subject matter of its
28 work to advice and guidance to DenSco to assist in winding down its business.”

1 (Emphasis added.) Clark Hill did not claim then that it had terminated its
2 representation of DenSco at any previous time.

3 402. ~~394.~~In claiming that Clark Hill had, in fact, terminated its representation
4 of DenSco in May 2014 – a claim verified by Clark Hill’s General Counsel – Clark Hill
5 concealed material information it should have disclosed pursuant to Rule 26.1. It was
6 only after the Receiver’s counsel served written discovery on Clark Hill that Clark Hill
7 ~~disclosed~~ admitted that it ~~did~~ was not ~~close~~ until May 2018 – *after* receiving the
8 Receiver’s written discovery – ~~the files that~~ Clark Hill closed the files it had opened in
9 September 2013 to prepare a new POM and in January 2014 for the “lien workout.”
10 The files established for DenSco’s “General” and “Business Matters” were never closed
11 and remain open.

12 **J. Clark Hill Colluded With the Estate of Chittick to Prevent the**
13 **Receiver From Obtaining Material Information.**

14 403. ~~395.~~Clark Hill did not internally consider the conflicts created by its joint
15 representation of DenSco and the Chittick Estate until an investor raised the issue on
16 August 10, 2016.

17 404. ~~396.~~Clark Hill then referred Heuer to lawyers whom Clark Hill believed
18 would aggressively protect the Estate from potential claims by investors and the
19 Receiver – Beauchamp’s former colleagues at Gammage & Burnham: James Polese and
20 Kevin Merritt.

21 405. ~~397.~~Clark Hill then began colluding with Gammage & Burnham to protect
22 the Chittick Estate and Clark Hill from the Receiver.

23 406. ~~398.~~Among other evidence of such collusion are emails exchanged
24 between Polese, ~~Merriek-~~Merritt and Beauchamp about seeking the appointment of a
25 receiver other than the Receiver.

26 407. ~~399.~~Moreover, shortly before the August 18, 2016 hearing at which the
27 Receiver was appointed, Beauchamp, with the assistance and approval of Clark Hill’s
28 Assistant General Counsel, prepared a declaration for the Estate to submit to the

1 Receivership Court which Beauchamp has since acknowledged falsely stated that Clark
2 Hill had jointly represented DenSco and Chittick individually.

3 408. ~~400.~~ During the August 18, 2016 hearing, neither Beauchamp nor Clark
4 Hill's Assistant General Counsel corrected false statements by the Estate's counsel to
5 the effect that Clark Hill had jointly represented DenSco and Chittick personally.

6 409. ~~401.~~ That claim was integral to the Estate's successful effort to obtain
7 language in the Order appointing the Receiver which recognized the existence of the
8 spurious joint representation claim and materially limited the Receiver's ability to
9 promptly and efficiently obtain relevant records from Clark Hill's files.

10 410. ~~402.~~ The Estate and Clark Hill used the Order as an excuse to decline to
11 provide the Receiver with immediate access to relevant records, such as the Iggy Letter,
12 and to "slow walk" Clark Hill's production of its files to the Receiver.

13 411. ~~403.~~ The Receiver's counsel sent a letter demanding the immediate
14 production of the files on August 29, 2016. Clark Hill did not produce them until
15 October 13, 2016, and only after making multiple demands. During this time period,
16 Clark Hill's Office of General Counsel was actively involved and directed the firm's
17 response to the Receiver's demands.

18 412. ~~404.~~ In the interim, Clark Hill and the Estate continued using the false
19 claim that Clark Hill had jointly represented DenSco and Chittick personally to delay
20 providing relevant information to the Receiver.

21 413. ~~405.~~ The Estate also proposed, with Clark Hill's implicit consent, a
22 "common interest" agreement between the Estate, DenSco (represented by Clark Hill)
23 and the Receiver, which falsely stated that because of the alleged joint representation by
24 Clark Hill of DenSco and Chittick personally, the Estate, DenSco and the Receiver had
25 a common interest in defending lawsuits that investors might pursue.

26 414. ~~406.~~ After finally receiving Clark Hill's files in October 2016, the
27 Receiver discovered critical documents, such as the Iggy Letter, that the Estate had
28 sought to prevent the Receiver from obtaining under a claim of personal privilege. That

1 document contained information that was material to claims the Receiver later brought
2 against the Estate of Chittick. Without the document, the Receiver had been required to
3 devote substantial resources to independently discovering information contained in the
4 Iggy Letter.

5 **K. Actions Taken by the Receiver**

6 415. ~~407.~~ After his appointment, the Receiver took possession of and analyzed
7 DenSco's books and records, issuing a preliminary report on September 19, 2016,
8 which the Receiver incorporates by reference in this disclosure statement.

9 416. ~~408.~~ On December 9, 2016, the Receiver filed a notice of claim in the
10 probate court against the Estate of Denny Chittick, asserting, inter alia, claims that
11 Chittick had breached fiduciary duties owed DenSco.

12 417. ~~409.~~ The Estate issued a notice of disallowance of the claim on February 3,
13 2017.

14 418. ~~410.~~ On December 23, 2016, the Receiver issued a status report, which the
15 Receiver incorporates by reference in this disclosure statement. That report contains,
16 among other things, the Receiver's conclusion that DenSco was insolvent in January
17 2014.

18 419. ~~411.~~ The Receiver monitored and took part in a bankruptcy proceeding that
19 Menaged initiated. Among other things, the Receiver's counsel conducted an
20 examination of Menaged, and the Receiver filed an adversary complaint and a
21 complaint to determine nondischargeability, and obtained a judgment against Menaged.

22 420. ~~412.~~ On June 22, 2017, Clark Hill submitted two proofs of claim to the
23 Receiver, which are discussed above.

24 421. ~~413.~~ On September 14, 2017, the Receiver filed a petition with the
25 Receivership Court seeking to file this action. The petition was granted on October 10,
26 2017.

1 ~~422.~~ ~~414.~~ On September 25, 2017, the Receiver filed in the Receivership Court
2 Petition No. 37 – Petition for Approval of Receiver’s Final Recommendations
3 Approving Claims in DenSco Receivership, in which the Receiver recommended that
4 Clark Hill’s claims be denied “because the Receiver has determined that Clark Hill had
5 a conflict of interest that precluded it from performing the legal services without
6 violating fiduciary duties to DenSco. Despite providing Clark Hill with notice of the
7 Receiver’s recommendation of the denial of its two claims and a copy of the Claims
8 Report, Clark Hill failed to object or respond to the Receiver’s recommendation that
9 their two non-investor claims submitted by Clark Hill be denied.” The Petition was
10 granted on October 27, 2017.

11 ~~423.~~ ~~415.~~ This action was filed on October 16, 2017.

12 ~~424.~~ ~~416.~~ On December 22, 2017, the Receiver issued a status report describing
13 the status of the receivership, which the Receiver incorporates by reference in this
14 disclosure statement.

15 ~~425.~~ On March 15, 2019, the Receiver issued a status report describing the
16 status of the receivership, which the Receiver incorporates by reference in this
17 disclosure statement.

18 **II. LEGAL BASIS FOR CLAIMS**

19 The Receiver has filed substantive motions in the case. The Receiver
20 incorporates by this reference all substantive pleadings filed by the Receiver including
21 pleadings on a prima facie case for punitive damages, pleadings on the common law
22 defense of in pari delicto, and pleadings on matters of evidence.

23 **A. Count One (Legal Malpractice)**

24 The Receiver asserts that Defendants were negligent. To sustain that claim, the
25 Receiver “must prove the existence of a duty, breach of duty, that the defendant’s
26 negligence was the actual and proximate cause of injury, and the ‘nature and extent’ of
27
28

1 damages.” *Glaze v. Larsen*, 207 Ariz. 26, 29, ¶ 12, 83 P.3d 26, 29 (2004) (citing
2 *Phillips v. Clancy*, 152 Ariz. 415, 418, 733 P.2d 300, 303 (App. 1986)).

3 That Defendants owed a duty to DenSco is undisputed, established by, *inter alia*,
4 the engagement letter Clark Hill issued in September 2013.

5 The Receiver ~~anticipates establishing~~will establish, through expert testimony,
6 that Clark Hill fell below the standard of care by, *inter alia*, (i) failing to advise DenSco
7 at the outset of ~~the~~ representation of DenSco in September 2013 that DenSco could not
8 sell any promissory notes without first issuing a new POM; (ii) failing to advise DenSco
9 of the consequences of having previously sold promissory notes without an adequate
10 disclosure document; (iii) accepting the responsibility of preparing a new POM and then
11 following Chittick’s instruction not to perform work on the new POM until Chittick
12 wished to do so, knowing that DenSco was continuing its business operations and
13 selling promissory notes to rollover investors and others; (iv) failing to properly advise
14 DenSco during the first week of January 2014 about the actions DenSco was required to
15 take in light of the loan losses caused by Chittick’s gross mismanagement of DenSco’s
16 lending practices and Chittick’s intent to pursue a “work out” with Menaged; (v)
17 advising DenSco in January 2014 and thereafter that it could sell promissory notes
18 without first issuing a new POM and could continue its business operations, including
19 the sale of promissory notes, while indefinitely delaying the issuance of a new POM;
20 (vi) negligently advising DenSco during January 2014 about the procedures DenSco
21 should employ in loaning monies to Menaged; and (vii) failing to withdraw from the
22 representation of DenSco in September 2013 and at later points in time when it was
23 apparent that Chittick intended to take actions that were harmful to the interests of
24 DenSco and its creditors, including its investors.

25 The Receiver will establish that, but for Defendants’ negligence, DenSco would
26 not have ~~sold more than \$8 million of promissory notes between September and~~
27 ~~December 2013, and more than \$5 million of promissory notes between January and~~
28

1 ~~May 2014. Without such sales, and Chittick's decision to cause DenSco to pursue the~~
2 ~~Forbearance Agreement, rather than to seek to recover from Menaged the losses caused~~
3 ~~by Chittick's gross mismanagement of DenSco's lending practices, DenSco would not~~
4 ~~have suffered losses on the loans DenSco made to Menaged through the Forbearance~~
5 ~~Agreement as well as the "non-workout" loans that DenSco made to Menaged~~ the losses
6 described in the expert report of David Weekly. Those losses were reasonably
7 foreseeable to Beauchamp and others at Clark Hill.

8 The Receiver alternatively asserts that Clark Hill and Beauchamp breached
9 fiduciary duties they owed DenSco. "[T]he essential elements of legal malpractice
10 based on breach of fiduciary duty include the following: (1) an attorney-client
11 relationship; (2) breach of the attorney's fiduciary duty to the client; (3) causation, both
12 actual and proximate; and (4) damages suffered by the client." *Cecala v. Newman*, 532
13 F. Supp. 2d 1118, 1135 (D. Ariz. 2007) (internal citations omitted).

14 The Receiver will establish through expert testimony that Defendants breached
15 their duty of loyalty to their only client, DenSco, by taking actions after ~~January~~
16 ~~9 September 12, 2014~~ 2013 that were intended to advance Chittick's rather than
17 DenSco's interests, and by failing to take actions that would have advanced DenSco's
18 interests. The Receiver will establish that, but for Defendants' breach of fiduciary duty,
19 DenSco would not have suffered ~~losses on the loans DenSco made to Menaged through~~
20 ~~the Forbearance Agreement as well as the "non-workout" loans that DenSco made to~~
21 ~~Menaged,~~ the losses described in the expert report of David Weekly and that those
22 losses were reasonably foreseeable to Beauchamp and others at Clark Hill.

23 In addition to the ~~loan~~ losses DenSco suffered as a result of Defendants' breach
24 of fiduciary duty, DenSco also seeks an order requiring Clark Hill to disgorge fees it
25 received from DenSco for work performed after Clark Hill breached its fiduciary duties.
26 DenSco relies on Restatement (Third) of the Law Governing Lawyers § 37, which
27 states: "A lawyer engaging in clear and serious violation of duty to a client may be
28

1 required to forfeit some or all of the lawyer’s compensation for the matter.

2 Considerations relevant to the question of forfeiture include the gravity and timing of
3 the violation, its willfulness, its effect on the value of the lawyer’s work for the client,
4 any other threatened or actual harm to the client, and the adequacy of other remedies.”

5 The Receiver relied on § 37 in denying Clark Hill’s proofs of claim.

6 **B. Count Two (Aiding and Abetting Breach of Fiduciary Duty)**

7 The Receiver asserts that Clark Hill and Beauchamp aided and abetted Chittick
8 in breaching fiduciary duties Chittick owed DenSco. Arizona recognizes that “lawyers
9 have no special privilege against civil suit” and are “subject to liability to a client or
10 nonclient when a nonlawyer would be in similar circumstances” including claims for
11 aiding and abetting. *Chalpin v. Snyder*, 220 Ariz. 413, 424, ¶¶ 44-45, 207 P.3d 666, 677
12 (2008) (internal citations omitted). It is also generally recognized that “a corporate
13 attorney may be liable . . . for aiding and assisting the directors and officers in breaching
14 their fiduciary duties.” 3 William Fletcher, *Cyclopedia of the Law of Private*
15 *Corporations* § 839.10 (Apr. 2018 update).

16 To sustain this claim, the Receiver must establish that: “(1) [Chittick breached a
17 fiduciary duty he owed DenSco] causing injury to [DenSco]; (2) [Defendants] knew
18 [Chittick] breached a duty; (3) [Defendants] substantially assisted or encouraged
19 [Chittick] in the breach; and (4) a causal relationship exists between the assistance or
20 encouragement and [Chittick’s] breach.” *Security Title Agency, Inc. v. Pope*, 219 Ariz.
21 480, 491, ¶ 44, 200 P. 3d 977, 988 (App. 2008).

22 Chittick, as DenSco’s only director and officer, owed fiduciary duties to DenSco.
23 “In Arizona a director of a corporation owes a fiduciary duty to the corporation and its
24 stockholders. This duty is in the nature of a trust relationship” *Atkinson v.*
25 *Marquart*, 112 Ariz. 304, 306, 541 P.2d 556, 558 (1975) (citations omitted). These
26 fiduciary duties are both “implied by law,” *Dooley v. O’Brian*, 226 Ariz. 149, 154, ¶ 18,
27 244 P.3d 586, 591 (App. 2010), and codified by statute. *See* A.R.S. § 10-830 (duties of
28

1 directors); A.R.S. § 10-842 (duties of officers).

2 Chittick also owed fiduciary duties to DenSco's creditors, including its investors.
3 Under Arizona law, a director's fiduciary duties "can apply even to creditors when a
4 corporation enters the zone of insolvency, without regard to the terms of the underlying
5 contracts." *Dooley*, 226 Ariz. at 154, ¶ 18, 244 P.3d at 591. "Once a corporation
6 becomes insolvent, the creditors join the class of persons to whom directors owe a
7 fiduciary duty to maximize the economic value of the firm for *all* of the firm's
8 creditors." *Dawson v. Withycombe*, 216 Ariz. 84, 107, ¶71, 163 P.3d 1034, 1057
9 (2008).

10 Among Chittick's duties was the duty of loyalty. He was required to act in
11 "good faith" and in the manner he "reasonably believe[d] to be in the best interests of
12 the corporation." A.R.S. § 10-830(A)(1), (3); A.R.S. § 10-842(A)(1), (3). "The duty of
13 loyalty mandates that the best interest of the corporation . . . take precedence over any
14 interest possessed by a director." Fletcher, *supra*, at § 837.60; *see also AMERCO v.*
15 *Shoen*, 184 Ariz. 150, 160, 907 P.2d 536, 546 (App. 1995) (approving jury instruction
16 to the effect that "defendants were obliged to place the corporation's interest before
17 their own"). Loyalty therefore includes "a duty to disclose information to those who
18 have a right to know the facts." Fletcher, *supra*, at § 837.50.

19 Chittick also owed a separate duty of care. He was required to exercise a "high
20 degree of care," *Atkinson*, 112 Ariz. at 306, 541 P.2d at 558, including "the care an
21 ordinarily prudent person in a like position would exercise under similar
22 circumstances." A.R.S. §§ 10-830(A)(2), 10-842(A)(2). Care includes ensuring that
23 the corporation complies with the law. *See, e.g., Big 4 Advert. Co. of Phx. v. Clingan*,
24 15 Ariz. 34, 38, 135 P. 713, 715 (1913) ("It is the duty of the board of directors to see
25 that the law's ~~requirements~~ requirements are observed.").

26 Care also includes investigation. For example, "[t]he existence of a 'red flag'
27 that might cause suspicion may require a director to make reasonable inquiries."
28 Fletcher, *supra*, at § 1034.80. While the business judgment rule sometimes calls for

1 judicial deference to a director's decision, that rule does not apply when, for instance,
2 the director fails to gather "all material information reasonably available" or is
3 "personally interested" in the decision. *Resolution Trust Corp. v. Dean*, 854 F. Supp.
4 626, 636, 644 (first quoting *Blumenthal v. Teets*, 155 Ariz. 123, 128, 745 P.2d 181, 186
5 (App. 1987); then citing *Shoen v. Shoen*, 167 Ariz. 58, 65, 804 P.2d 787, 794 (App.
6 1990)); *see also* Fletcher, *supra*, at § 1040 ("To gain the protection of the business
7 judgment rule, a director must have been disinterested, independent, and informed.").
8 Even under the business judgment rule, a director still is liable for "gross negligence."
9 *Resolution Trust Corp.*, 854 F. Supp. at 635; *see also* Fletcher, *supra*, at § 1040 ("[T]he
10 presumptions arising from the business judgment rule may be overcome by showing
11 irrationality or inattention on the part of corporate officers or directors.").

12 Clark Hill knew that Chittick owed fiduciary duties to DenSco and its investors,
13 as is evidenced by numerous emails Beauchamp authored. *See, e.g.*, Feb. 4, 2014 Email
14 from Beauchamp to Chittick, at DIC0006673 ("you cannot obligate DenSco to further
15 help Scott, because that would breach your fiduciary duty to your investors."); Feb. 9,
16 2014 Email from Beauchamp to Chittick, at DIC0006703 ("Denny: Please understand
17 that you are limited in what risk or liability you can assume. Your fiduciary duty to
18 your investors makes this a difficult balancing act."); Feb. 14, 2014 Email from
19 Beauchamp to Chittick, at DIC0006698 ("Unfortunately, it is not your money. It is
20 your investors' money. So you have a fiduciary duty.").

21 Clark Hill continues to acknowledge that Chittick owed these duties. *See*
22 Defendants' Fifth Supplemental Rule 26.1 Disclosure Statement at 12-13, 15 (referring
23 to Chittick's "fiduciary duty" to DenSco's investors); *see also* Deposition of David
24 George Beauchamp, 7/19/2018, at 135:8-10 (stating that Chittick's "fiduciary duty was
25 to DenSco and the investors"), 157:19-21 ("Q. Mr. Beauchamp, DenSco owed
26 fiduciary duties to its investors. True? A. Correct."), 162:17-20 ("Q. You understand
27 that DenSco owed a duty of loyalty to its investors. That's part of a fiduciary duty,
28 correct? A. Correct."), 172:22-173:1 ("Q. . . . DenSco has a fiduciary duty to disclose

1 material facts to its investor. True? A. That is correct.”), 330:24-331:3 (“Q. . . .
2 DenSco had a fiduciary duty of loyalty and disclosure to its investors. True? A.
3 Correct.”); 337:11-15 (“Q. DenSco had a fiduciary duty of diligence to its investors.
4 True? [Objection to form.] A. It had a fiduciary duty to use sound business judgment
5 in doing the loans, yes.”).

6 Chittick breached these fiduciary duties by, *inter alia*,

- 7 • failing to acquire the manpower and resources necessary to effectively
8 manage DenSco’s ever-increasing loan volume;
- 9 • using lax and grossly negligent lending practices that violated the terms of
10 DenSco’s loan documents and representations made to investors in
11 DenSco’s POMs;
- 12 • instructing Clark Hill not to do any work on a new POM while causing
13 DenSco to continue selling promissory notes between September and
14 December 2013;
- 15 • failing to acknowledge that the loan losses evident from Bryan Cave’s
16 January 6, 2014 demand letter and the claims of other hard money lenders
17 were the result of his own grossly negligent practice of disbursing loan
18 proceeds to Menaged, contrary to the terms of the Mortgage form and
19 representations made to investors in DenSco’s POMs;
- 20 • failing to question, much less investigate, the veracity of Menaged’s claim
21 that his “cousin” had caused those losses;
- 22 • failing to investigate where the funds supposedly taken by Menaged’s
23 “cousin” had gone;
- 24 • pursuing a work out plan with Menaged that was not in the best interests
25 of DenSco and its investors and other creditors, instead of pursuing legal
26 remedies against Menaged;
- 27 • deciding to continue giving loan proceeds directly to Menaged, rather than
28 a Trustee, contrary to the terms of the Mortgage form and representations

1 made to investors in DenSco's POMs;

- 2 • causing DenSco to sell promissory notes between January and May 2014
- 3 without first issuing a new POM;
- 4 • instructing Clark Hill to not do more work on a new POM other than the
- 5 limited work that Clark Hill performed in May 2014 to prepare a new
- 6 POM; and
- 7 • causing DenSco to sell promissory notes between June 2014 and June
- 8 2016 without first issuing a new POM;

9 Defendants' knowledge of Chittick's breaches of fiduciary duty can be inferred
10 from the circumstances. *Pope*, 219 Ariz. at 491, ¶ 45, 200 P. 3d at 988. Indeed, some
11 courts have held that "[c]onstructive knowledge is adequate when the aider and abettor
12 has maintained a long-term or in-depth relationship with the fiduciary." *Chem-Age*
13 *Industries, Inc. v. Glover*, 652 N.W. 2d 756, 775 (S.D. 2002) (internal citation omitted).
14 The facts set forth above demonstrate Clark Hill's intimate knowledge of, and
15 participation in, Chittick's breaches of fiduciary duty.

16 Causation "requires proof of a causal connection between the defendant's
17 assistance or encouragement and the primary tortfeasor's commission of the tort,
18 although 'but for' causation is not required." *Pope*, 219 Ariz. at 491, ¶ 47, 200 P.3d
19 at 988. "The test is whether the assistance makes it 'easier' for the violation to occur,
20 not whether the assistance was necessary." *Wells Fargo Bank v. Ariz. Laborers,*
21 *Teamsters & Cement Masons Local No. 395 Pension Trust Fund*, 201 Ariz. 474, 485, ¶
22 31, 38 P.3d 12, 23 (2002). *Cf. Granewich v. Harding*, 329 Or. 47, 59, 985 P.2d 788,
23 800 (1999) (allegation that lawyer for corporate client took actions "outside the scope of
24 any legitimate employment on behalf of the corporation" sufficient to allege substantial
25 assistance in aiding and abetting non-client corporate constituent's breach of fiduciary
26 duties).

27 The facts set forth above demonstrate that Clark Hill provided substantial
28 assistance to Chittick's breaches of fiduciary duty over an extended period of time.

1 **C. Punitive Damages**

2 The Receiver seeks punitive damages. To recover punitive damages, the
3 Receiver must “prove by clear and convincing evidence that the defendant engaged in
4 aggravated and outrageous conduct with an ‘evil mind.’ A defendant acts with the
5 requisite evil mind when he intends to injure or defraud, or deliberately interferes with
6 rights of others, ‘consciously disregarding the unjustifiable substantial risk of significant
7 harm to them.’ Important factors to consider when deciding whether a defendant acted
8 with an evil mind include (1) the reprehensibility of defendant’s conduct and the
9 severity of the harm likely to result, (2) any harm that has occurred, (3) the duration of
10 the misconduct, (4) the defendant’s awareness of the harm or risk of harm, and (5) any
11 concealment of it.” *Hyatt Regency Phoenix Hotel Co. v. Winston & Strawn*, 184 Ariz.
12 120, 132, 907 P.2d 506 (App. 1995) (citations omitted).

13 Punitive damages are appropriately awarded when, as here, an attorney breaches
14 fiduciary duties, acts out of self-interest, and attempts to conceal his misconduct. *See*,
15 *e.g., Elliott v. Videan*, 164 Ariz. 113, 791 P.2d 639 (App. 1989) (punitive damages were
16 appropriate where attorney had conflict of interest, concealed it from client, and acted to
17 benefit at client’s expense); *Asphalt Engineers v. Galusha*, 160 Ariz. 134, 770 P.2d
18 1180 (App. 1989) (affirming award of punitive damages against attorney who breached
19 ethical duties to his client and concealed his misconduct).

20 “[Clark Hill] can be vicariously liable in punitive damages for acts that its
21 partner [Beauchamp] performed in the ordinary course of the partnership’s business.”
22 *Hyatt Regency*, 184 Ariz. at 130, 907 P.2d at 130.

23 The Receiver has established a prima facie case for punitive damages based on
24 Beauchamp’s and Clark Hill’s: (i) aiding and abetting Denny Chittick’s breaches of
25 fiduciary duty to DenSco and investors of DenSco, which in turn breached duties they
26 owed DenSco; (ii) conflicts of interest; and (iii) actions taken to conceal their
27 misconduct.

28

1 Evidence of that prima facie case is drawn from the documents produced by
2 Clark Hill to date, Clark Hill's Rule 26.1 Initial Disclosure Statement, Beauchamp's
3 answers to interrogatories, ~~and~~ the depositions and exhibits thereto of Beauchamp,
4 Daniel Schenck, and Robert Anderson, and the evidence supporting the Receiver's
5 motion that it has made a prima facie case for punitive damages, which are incorporated
6 herein by reference. Without limiting the evidence on which the Receiver may rely, the
7 evidence developed to date includes the following facts or inferences drawn therefrom:

8 a. When Clark Hill undertook the representation of DenSco in
9 September 2013, it knew through Beauchamp that DenSco's 2011 POM had expired on
10 July 1, 2013 and that DenSco had not issued a new POM, even though one-half of
11 DenSco's investors held promissory notes that were due to expire, and would almost
12 certainly be renewed through the sale of new promissory notes between July and
13 December 2013. Despite that knowledge, Clark Hill and Beauchamp agreed with
14 Chittick, as a condition of opening a file to prepare a new POM, that the firm would do
15 no work on a new POM until Chittick instructed Clark Hill to do so.

16 b. As a result of Clark Hill's and Beauchamp's knowing participation
17 in this breach of fiduciary duty by Chittick, DenSco sold more than \$8 million of
18 promissory notes between September and December 2013 to investors who did not
19 receive a new POM, and were unaware of DenSco's perilous financial condition and
20 Chittick's gross mismanagement of DenSco's loan portfolio. Those investors would not
21 have purchased promissory notes if they had known those facts. Without those funds,
22 and funds DenSco raised thereafter through Clark Hill's and Beauchamp's assistance,
23 DenSco could not have continued operating.

24 c. In January 2014, Clark Hill and Beauchamp received clear,
25 unequivocal evidence that Chittick's mismanagement of DenSco's loan portfolio,
26 specifically his decision to give loaned funds directly to borrowers, rather than to a
27 Trustee, as DenSco's loan documents required and as DenSco's POMs had represented,
28 had resulted in a potential loss to DenSco of between \$11.6 and \$14.5 million, or

1 between 25% and 30% of the \$47 million that Clark Hill understood DenSco had raised
2 as of June 2013.

3 d. Clark Hill and Beauchamp knew that DenSco's interests and
4 Chittick's interests were then in conflict, and that DenSco was their only client.

5 e. Clark Hill and Beauchamp nevertheless advised Chittick that:
6 (1) he could pursue a "work out" with Menaged that was eventually documented in the
7 Forbearance Agreement which was not in DenSco's interests and was intended to
8 protect Chittick from claims by DenSco's investors; (2) DenSco could continue to sell
9 promissory notes without issuing a new POM; and (3) DenSco could continually delay
10 the issuance of a new POM while Chittick pursued this workout plan.

11 f. Clark Hill and Beauchamp acted out of their own self-interest,
12 knowing that if DenSco instead terminated its relationship with Menaged and informed
13 its investors of ~~the~~ Chittick's mismanagement, Clark Hill and Beauchamp faced
14 potential claims by investors who had purchased \$8 million of promissory notes from
15 DenSco without adequate disclosure during the four-month period that Clark Hill and
16 Beauchamp had been advising the firm on securities law matters, but failed to advise
17 Chittick that DenSco could not sell those notes without first issuing a new POM and had
18 abided by Chittick's instruction not to prepare the new POM the firm had been retained
19 to prepare.

20 g. In January 2014, Clark Hill knew that Menaged was an unreliable
21 creditor, that Chittick had flagrantly disregarded DenSco's lending documents and
22 representations made to investors through DenSco's previous POMs by giving millions
23 of loaned funds directly to Menaged, rather than to a Trustee. Clark Hill also knew that
24 Chittick needed to continue loaning money to fund the planned "work out" and wanted
25 to continue his past practice of giving loaned funds directly to Menaged. Rather than
26 tell Chittick that his past practices were a breach of fiduciary duty and could not
27 continue, Clark Hill acquiesced in Chittick's plan to continue giving loaned funds
28

1 directly to Menaged, thereby exposing DenSco and its investors to even greater losses
2 than those caused by Chittick's gross mismanagement before that date.

3 h. With Clark Hill's knowing assistance, Chittick caused DenSco to
4 sell more than \$5 million of promissory notes between January and May 2014 to
5 investors who did not receive a new POM, and were unaware of DenSco's perilous
6 financial condition, Chittick's gross mismanagement of DenSco's loan portfolio, and his
7 pursuit of a "work out" with Menaged that was not in DenSco's interests and exposed
8 the company and its investors to additional financial loss. Those investors would not
9 have purchased promissory notes if they had known those facts. Without those funds,
10 and funds DenSco raised thereafter through Clark Hill's assistance, DenSco could not
11 have continued operating.

12 i. In May 2014, at Chittick's request, Clark Hill agreed to stop the
13 minimal steps it had taken to prepare a new POM and assured Chittick that DenSco
14 could continue its operations, including the sale of promissory notes, while indefinitely
15 delaying the issuance of a new POM.

16 j. Clark Hill continued to represent DenSco, awaiting his decision to
17 finally direct the firm to finish preparing a new POM. Chittick ~~continue~~ continued to
18 operate DenSco, selling still more promissory notes to investors who did not receive a
19 new POM and were not given information about DenSco's financial condition and
20 Chittick's management of the company.

21 k. After Chittick's death, Clark Hill and Beauchamp failed to
22 withdraw from representing DenSco despite their knowledge of Chittick's
23 mismanagement of DenSco and evidence that Chittick blamed Clark Hill and
24 Beauchamp for having negligently represented DenSco.

25 l. In addition to undertaking that conflicted representation, Clark Hill
26 and Beauchamp agreed to also represent the Estate of Denny Chittick, despite knowing
27 that the interests of DenSco and the Estate were adverse, because DenSco had
28

1 substantial claims against the Estate arising from Chittick’s multiple breaches of
2 fiduciary duty he owed DenSco.

3 m. Clark Hill and Beauchamp sought to represent DenSco and the
4 Estate because it hoped to cover up evidence of its own misconduct and deter the ACC,
5 investors, or the Receiver from pursuing claims against them.

6 n. As part of their plan to protect themselves from liability, Clark Hill
7 and Beauchamp began stating, during their representation of DenSco, that they had
8 terminated their representation of DenSco because of Chittick’s alleged failure to follow
9 their advice. They continued to make that claim and have done so in this litigation. The
10 Receiver believes the claims are untrue, as they are: (1) contrary to Clark Hill’s and
11 Beauchamp’s actual course of conduct; (2) not evidenced by any document; (3) in
12 conflict with certain documents in Clark Hill’s possession, some of which Clark Hill
13 failed to disclose; and (4) inconsistent with what a reasonable law firm would have done
14 if it had, in fact, terminated the representation of a client who failed to follow the firm’s
15 advice and was engaging in violations of law.

16 o. Clark Hill and Beauchamp also colluded with the Estate and its
17 counsel to conceal material information from the Receiver and/or delay his receipt of
18 that information by, among other things, making knowing false statements to the
19 Receivership Court. Clark Hill did so with the knowledge and participation of its Office
20 of General Counsel.

21 **D. Joint and Several Liability**

22 Arizona law provides that a defendant is “responsible for the fault of another
23 person,” including non-parties, if both the defendant and the other person at fault acted
24 in concert. Ariz. Rev. Stat. § 12-2506(D)(1). That is, Clark Hill will be jointly and
25 severally liable if it “enter[ed] into a conscious agreement to pursue a common plan or
26 design to commit an intentional tort.” § 12-2506(F)(1).

1 Clark Hill has admitted that DenSco owed fiduciary duties to its investors, and
2 that Clark Hill was aware that DenSco owed these fiduciary duties. Aiding and abetting
3 a breach of fiduciary duty is an intentional tort. Part of Plaintiff's theory of the case is
4 that Clark Hill initially advised DenSco that it did not need to disclose material facts to
5 investors while a forbearance agreement was drawn up. Then, Clark Hill negotiated and
6 recommended a forbearance agreement between DenSco and Menaged that itself was a
7 breach of fiduciary duty to DenSco's investors. The forbearance agreement violated the
8 terms of the 2011 Private Offering Memorandum by subordinating DenSco's debt to
9 other hard money lenders and was a fig leaf to fool investors that DenSco was working
10 itself out of an overwhelming debt. Then, Clark Hill sat quietly by and allowed DenSco
11 over a year to work itself out of the Menaged fraud problem – telling Chittick that
12 DenSco could do so without disclosing a thing to investors.

13 Plaintiff will argue that by its multiple acts of aiding and abetting a breach of
14 fiduciary duty that DenSco owed to its investors, Clark Hill is jointly and severally
15 liable with both Chittick and Menaged for damages. There were three parties who
16 negotiated and agreed to the forbearance agreement, Clark Hill, Menaged and Chittick.
17 They acted in concert to create an agreement that on its face and in practice
18 subordinated DenSco's notes into junior positions.

19 **III. ANTICIPATED TRIAL WITNESSES**

20 The Receiver presently anticipates calling the following witnesses:

21 1. **David Beauchamp** (c/o John DeWulf, Coppersmith Brockelman,
22 PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr.
23 Beauchamp will testify about the facts set forth above in a manner consistent with the
24 deposition testimony he has given in this matter.

25 2. **Robert Anderson** (c/o John DeWulf, Coppersmith Brockelman,
26 PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999):
27 Consistent with his deposition testimony, Mr. Anderson will testify that he did not
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1 undertake any effort to advise DenSco about deficiencies in its lending practices during
2 January 2014, as Mr. Beauchamp claimed in his deposition. Mr. Anderson may testify
3 on other matters addressed during his deposition.

4 3. **Daniel Schenck** (c/o John DeWulf, Coppersmith Brockelman,
5 PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr.
6 Schenck will testify that he did not undertake any effort to advice DenSco about
7 ~~defiencies~~ deficiencies in its lending practices during January 2014, as Mr. Beauchamp
8 claimed in his deposition. Mr. Schenck may testify about other matters addressed
9 during his deposition.

10 4. **Mark Sifferman** (c/o John DeWulf, Coppersmith Brockelman,
11 PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr.
12 Sifferman, Clark Hill's former Assistant General Counsel, will testify about his actions
13 in reviewing and revising Beauchamp's declaration that was submitted to the
14 Receivership Court, his attendance at the August 18, 2016 hearing, and other matters
15 addressed during his deposition.

16 5. **Ed Hood** (c/o John DeWulf, Coppersmith Brockelman, PLC, 2800
17 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr. Hood, Clark
18 Hill's General Counsel, will testify about matters addressed during his deposition.

19 6. **6.Ryan Lorenz** (c/o John DeWulf, Coppersmith Brockelman, PLC,
20 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr. Lorenz
21 will testify about the proofs of claim he submitted to the Receiver in June 2017, his
22 accompanying affidavit, and the information contained therein.

23 7. **Michelle M. Tran** (c/o John DeWulf, Coppersmith Brockelman,
24 PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Ms.
25 Tran will testify about her meeting with David Beauchamp and Shawna Heuer in
26 August 2016, the conflict check conducted by Clark Hill at that time, and her work as
27 counsel to Ms. Heuer and the Estate of Denny Chittick.
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1 8. [Shawna Chittick Heuer](#) (c/o James Polese, Gammage &
2 [Burnham, PLC, Two N. Central Avenue, 15th Floor, Phoenix, AZ 85004; \(602\) 256-](#)
3 [0566](#)): Plaintiff anticipates offering portions of Ms. Heuer's deposition testimony.

4 9. [Robert Koehler](#) (RLS Capital, Inc., 4455 E Camelback Road,
5 [Suite D135, Phoenix, AZ 85018; \(480\) 945-2799](#)): Mr. Koehler is expected to testify
6 consistent with his deposition testimony in this matter.

7 10. [Scott Gould](#) (contact information to be supplemented): Mr. Gould
8 is expected to testify consistent with his deposition testimony in this matter.

9 11. [Robert Brinkman](#) (15001 S. 5th Avenue, Phoenix, AZ 85045;
10 [rbrinkman@cox.net; \(480\) 460-8646](#)): Mr. Brinkman is expected to testify about his
11 communications with David Beauchamp in August 2016.

12 12. [Steven G. Bunger](#) (6134 W. Trovita Place, Chandler, AZ 85226;
13 [steve@bunger.me; \(480\) 961-4002](#)): Mr. Bunger is expected to testify consistent with
14 his deposition testimony in this matter.

15 13. [Brian Imdieke](#) (6173 W. Victoria Place, Chandler, AZ 85226;
16 [b-imdieke@cox.net; bji6173@gmail.com; \(480\) 694-7850](#)): Mr. Imdieke is expected to
17 testify consistent with his deposition testimony in this matter.

18 14. [Warren Bush](#) (P.O. Box 92080, Albuquerque, NM 87199-2080;
19 [wbush1120@comcast.net; \(505\) 856-7398; \(505\) 264-0773](#)): Mr. Bush is expected to
20 testify consistent with his deposition testimony in this matter.

21 15. [Paul A. Kent](#) (23 E. 15th Street, Tempe, AZ 85281;
22 [paul_a_kent@yahoo.com; \(480\) 213-7231](#)): Mr. Kent is expected to testify consistent
23 with his deposition testimony in this matter.

24 16. [Patricia S. Miller](#) (701 E. Front Street #602, Coeur d'Alene, ID
25 [83814; patsmiller@verizon.net; \(208\) 818-6735 Marvin; \(208\) 818-6734 Pat](#)): Mrs.
26 Miller is expected to testify consistent with her deposition testimony in this matter.

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17. Coralee Thompson (23233 N. Pima Road #113-240, Scottsdale, AZ 85255; thompsc2@cox.net; (480) 993-8080): Ms. Thompson is expected to testify consistent with her deposition testimony in this matter.

18. Bill Swirtz (6054 W. Trovita Place, Chandler, AZ 85226; Bill.Swirtz@apollogrp.edu; (602) 315-8080): Mr. Swirtz is expected to testify consistent with his deposition testimony in this matter

19. Barry Luchtel (c/o Ryan Murphy, Esq., Fredrikson & Byron, P.A., Suite 4000, 200 South Sixth Street, Minneapolis, MN 55402; (612) 492-7310): Mr. Luchtel is expected to testify consistent with his deposition testimony in this matter.

20. Kevin R. Merritt (Gammage & Burnham, PLC, Two N. Central Avenue, 15th Floor, Phoenix, AZ 85004; (602) 256-0566): Mr. Merritt is expected to testify about work he performed in 2007 for DenSco regarding its loan agreements, and his interactions with David Beauchamp in August, September and October 2016, and the securing and retention of DenSco corporate records and computer equipment.

21. James F. Polese (Gammage & Burnham, PLC, Two N. Central Avenue, 15th Floor, Phoenix, AZ 85004; (602) 256-0566): Mr. Polese is expected to testify about actions he took in August, September and October 2016 as counsel to the Estate of Denny Chittick and Shawna Chittick Heuer in her capacity as the Personal Representative of Denny Chittick's Estate, his interactions with David Beauchamp, the August 18, 2016 receivership hearing, and the securing and retention of DenSco corporate records and computer equipment.

22. Gary Clapper (1300 W. Washington, Third Floor, Phoenix, AZ 85007; (602) 542-0152): Mr. Clapper is expected to testify about the ACC's investigation of DenSco in August 2016, events leading to the ACC's filing of an application for a preliminary injunction and the appointment of a receiver, and his communications with Mr. Beauchamp in connection with the ACC's investigation.

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23. Peter S. Davis (c/o Colin Campbell and Geoffrey Sturr, Osborn Maledon, P.A., 2929 N. Central Avenue, Suite 2100, Phoenix, AZ 85012; (602) 640-9377): Mr. Davis will testify consistent with his deposition testimony.

24. Ryan W. Anderson (Guttilla Murphy Anderson, 5415 E. High Street, Suite 200, Phoenix, AZ 85054; (480) 304-8300): Mr. Anderson may be called to testify about his interactions with David Beauchamp, Mark Sifferman, Kevin Merritt, and James Polese between August 2016 and February 2017. He has knowledge of the Receiver's attempts to obtain records and complications raised by Mr. Beauchamp's assertion of the attorney-client privilege for Mr. Chittick individually and the late disclosure by Clark Hill of such matters as the investor and Iggy letters and the forbearance agreement.

25. Sara Beretta (c/o Colin Campbell and Geoffrey Sturr, Osborn Maledon, P.A., 2929 N. Central Avenue, Suite 2100, Phoenix, AZ 85012; (602) 640-9377): Ms. Beretta may be called to lay foundation for certain DenSco corporate records.

26. Custodian of Records for Bryan Cave (contact information to be supplemented): Plaintiff anticipates calling a representative of Bryan Cave to authenticate records produced by Bryan Cave in response to a subpoena.

27. Person to Authenticate Electronically Stored Information (contact information to be supplemented): Plaintiff anticipates calling a forensic computer expert as a witness to authenticate documents maintained on computer devices used by Denny Chittick in order to lay foundation for business records and contemporaneous recording of information.

28. Persons Who Have Been Deposed: Plaintiff reserves the right to call any witness, in addition to those listed above, who has been deposed in this matter.

1 29. Witnesses Identified by Defendants: Defendants reserve the right
2 to call at trial any witness Defendants have identified as a trial witness, even if such
3 designation has been withdrawn.

4 **IV. PERSONS WHO MAY HAVE RELEVANT KNOWLEDGE OR**
5 **INFORMATION**

6 **A. Persons Affiliated With DenSco**

7 1. **Shawna Chittick Heuer** (c/o James Polese, Gammage &
8 Burnham, PLC, Two N. Central Avenue, 15th Floor, Phoenix, AZ 85004; (602) 256-
9 0566): Ms. Heuer is Denny Chittick's sister. She has knowledge of certain facts set
10 forth above and matters addressed during her deposition.

11 2. **Kurt Johnson** (3317 E. Bell Road, Suite 101-265, Phoenix, AZ
12 85032; (602) 505-8117): Mr. Johnson is an attorney who provided certain legal services
13 to DenSco and is believed to have knowledge of those services.

14 3. **Robert Koehler** (RLS Capital, Inc., 4455 E Camelback Road,
15 Suite D135, Phoenix, AZ 85018; (480) 945-2799): Mr. Koehler was described in the
16 July 2011 POM as having entered into a written agreement with Chittick pursuant to
17 which he was a signatory on DenSco's bank account, was to have received on a weekly
18 basis "an updated spreadsheet of all properties currently being used as collateral for a
19 loan" and, on a monthly basis, "a spreadsheet of all the investors and what is owed to
20 them, and receives the monthly statements for all investors." Mr. Koehler was an
21 investor in DenSco. After Mr. Chittick's death and at the request of Ms. Heuer, Mr.
22 Koehler conducted a preliminary analysis of DenSco's loan portfolio. He is believed to
23 have knowledge of DenSco's business operations, books and records, and written
24 communications he received from Mr. Chittick at or around the time of his death.

25 4. **David Preston:** (Preston CPA, P.C., 1949 E. Broadway Road,
26 Suite 101, Tempe, AZ 85282; (480) 820-4419): Mr. Preston is a Certified Public
27 Accountant and an investor in DenSco. He provided professional services to DenSco.
28 He commented on the 2007 POM. He communicated with David Beauchamp after

1 Chittick's death in 2016. He is believed to have knowledge of his dealings with Denny
2 Chittick, the professional services he provided to DenSco, his investment in DenSco, his
3 participation in the preparation of the 2007 POM, and his dealings with Mr.
4 Beauchamp.

5 **B. DenSco Investors**

6 1. **William and Helene Alber** (1551 W. Grand Canyon Drive,
7 Chandler, AZ 85248; wkalber@cox.net; (480) 200-8045): Mr. and Mrs. Alber are
8 believed to have knowledge of their communications with Mr. Chittick, investments in
9 DenSco through the Alber Family Trust, and their communications with Mr.
10 Beauchamp after Mr. Chittick's death.

11 2. **Angels Investments, LLC** c/o Yusuf Yildiz (1609 W. 17th Street,
12 Tempe, AZ 85281; yusif@comsiscomputer.com; 480-258-8171): Mr. Yildiz is believed
13 to have knowledge of his communications with Mr. Chittick, the company's
14 investments in DenSco, and his communications with Mr. Beauchamp after Mr.
15 Chittick's death.

16 3. **BLL Capital, LLC** c/o Barry Luchtel (5550 Wild Rose Lane,
17 Suite 400, West Des Moines, IA 50266; (480)256-2274; (515) 225-0300): Mr. Luchtel
18 is believed to have knowledge of his communications with Mr. Chittick, the company's
19 investments in DenSco, and his communications with Mr. Beauchamp after Mr.
20 Chittick's death.

21 4. **Robert Brinkman** (15001 S. 5th Avenue, Phoenix, AZ 85045;
22 rbrinkman@cox.net; (480) 460-8646): Mr. Brinkman is believed to have knowledge of
23 his communications with Mr. Chittick, investments in DenSco individually and through
24 the Brinkman Family Trust, and his communications with Mr. Beauchamp after Mr.
25 Chittick's death.

26 5. **Craig and Tomie Brown** (6135 W. Trovita Place, Chandler, AZ
27 85226; Trovita@gmail.com; (480)287-4622): Mr. and Mrs. Brown are believed to have
28 knowledge of their communications with Mr. Chittick, their investments in DenSco

1 individually and through their trust, and their communications with Mr. Beauchamp
2 after Mr. Chittick's death.

3 6. **Steven G. and Mary E. Bunger** (6134 W. Trovita Place,
4 Chandler, AZ 85226; steve@bunger.me; (480) 961-4002): Mr. and Mrs. Bunger are
5 believed to have knowledge of their communications with Mr. Chittick, investments in
6 DenSco through the Bunger Estate, and their communications with Mr. Beauchamp
7 after Mr. Chittick's death.

8 7. **Anthony Burdett** (1623 Common Drive, El Paso, TX 79936-5235;
9 Burdett.anthony@gmail.com; (915) 373-1850): Mr. Burdett is believed to have
10 knowledge of his communications with Mr. Chittick, his investments in DenSco
11 through his IRA, and his communications with Mr. Beauchamp after Mr. Chittick's
12 death.

13 8. **Kennen Burkhardt** (2030 S. Minnewawa Avenue, Fresno, CA
14 93727; KennenL@yahoo.com; (515) 537-5494; (949) 361-4335): Mr. Burkhardt is
15 believed to have knowledge of his communications with Mr. Chittick, his investments
16 in DenSco individually and through his IRA, and his communications with Mr.
17 Beauchamp after Mr. Chittick's death.

18 9. **Warren V. and Fay L. Bush** (P.O. Box 92080, Albuquerque, NM
19 87199-2080; wbush1120@comcast.net; (505) 856-7398; (505) 264-0773): Mr. and
20 Mrs. Bush are believed to have knowledge of their communications with Mr. Chittick,
21 their investments in DenSco, their involvement in the preparation of the 2011 POM, and
22 their communications with Mr. Beauchamp after Mr. Chittick's death.

23 10. **Mary L. Butler** (62 Cypress Court, Durango, CO 81301): Ms.
24 Butler is believed to have knowledge of her communications with Mr. Chittick, her
25 investments in DenSco through her IRA, and her communications with Mr. Beauchamp
26 after Mr. Chittick's death.

1 11. **Van H. Butler** (62 Cypress Court, Durango, CO 81301;
2 butlerv@yahoo.com; (970) 749-9025): Mr. Butler is believed to have knowledge of his
3 communications with Mr. Chittick, his investments in DenSco individually and through
4 his IRA, and his communications with Mr. Beauchamp after Mr. Chittick's death.

5 12. **Thomas and Sara Byrne** (72 Commonwealth Avenue, San
6 Francisco, CA 94118; thomasbyrne11@gmail.com; (415) 990-4676): Mr. and Mrs.
7 Byrne are believed to have knowledge of their communications with Mr. Chittick, their
8 investments in DenSco through their trust, and their communications with Mr.
9 Beauchamp after Mr. Chittick's death.

10 13. **Erin P. Carrick Trust** c/o Gretchen P. Carrick (1404 W.
11 Lakeshore Drive, Whitefish, MT 59937; epcarrick@gmail.com; (541) 729-1990): Ms.
12 Carrick is believed to have knowledge of her communications with Mr. Chittick, her
13 investments in DenSco through the Trust, and her communications with Mr.
14 Beauchamp after Mr. Chittick's death.

15 14. **Gretchen P. Carrick** (P.O. Box 773656, Eagle River, AK 99577;
16 carricks3@ak.net; (541) 729-6878): Ms. Carrick is believed to have knowledge of her
17 communications with Mr. Chittick, her investments in DenSco through her Trust, and
18 her communications with Mr. Beauchamp after Mr. Chittick's death.

19 15. **Averill Cate, Jr. and Mary Kris McIlwaine** (3661 N. Campbell
20 Avenue, Suite 372, Tucson, AZ 85719; acatejr@gmail.com; (520) 370-6997): Mr. Cate
21 and Ms. McIlwaine are believed to have knowledge of their communications with Mr.
22 Chittick, their investments in DenSco, and their communications with Mr. Beauchamp
23 after Mr. Chittick's death.

24 16. **Arden and Nina Chittick** (8028 F 53rd Avenue West, Mukilteo,
25 WA 98275; artnina@hotmail.com; (425) 205-8997): Mr. and Mrs. Chittick are believed
26 to have knowledge of their communications with Denny Chittick, their investments in
27 DenSco, and their communications with Mr. Beauchamp after Mr. Chittick's death.
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17. **Eldon and Charlene Chittick** (5869 W. Heine Road, Coeur d'Alene, ID 83814; moandsam@yahoo.com; (208) 765-2702): Mr. and Mrs. Chittick are believed to have knowledge of their communications with Denny Chittick, their investments in DenSco through the Chittick Family Trust, and their communications with Mr. Beauchamp after Mr. Chittick's death.

18. **Eileen Cohen** (1419 Peerless Place, Apt. 116, Los Angeles, CA 90035): Ms. Cohen is believed to have knowledge of her communications with Mr. Chittick, her investments in DenSco, and her communications with Mr. Beauchamp after Mr. Chittick's death.

19. **Herbert I. Cohen** (1419 Peerless Place, Apt. 116, Los Angeles, CA 90035; (623) 866-3221): Mr. Cohen is believed to have knowledge of his communications with Mr. Chittick, his investments in DenSco through his Trust, and his communications with Mr. Beauchamp after Mr. Chittick's death.

20. **Dori Ann Davis** (5346 E. Herrera Road, Phoenix, AZ 85054; doriann@cox.net; (602) 300-9740): Ms. Davis is believed to have knowledge of her communications with Mr. Chittick, investments in DenSco through her Trust, and her communications with Mr. Beauchamp after Mr. Chittick's death.

21. **Glen P. Davis** (5346 E. Herrera Road, Phoenix, AZ 85054; glenbo@cox.net; (602) 692-5862): Mr. Davis is believed to have knowledge of his communications with Mr. Chittick, his investments in DenSco through his IRA, and his communications with Mr. Beauchamp after Mr. Chittick's death.

22. **Jack J. Davis** (543 West Avenue, Rifle, CO 81650; jackdavisdds@hotmail.com; (970) 625-1391): Mr. Davis is believed to have knowledge of his communications with Mr. Chittick, his investments in DenSco, and his communications with Mr. Beauchamp after Mr. Chittick's death.

23. **Samantha Davis** c/o Jack J. Davis (543 West Avenue, Rifle, CO 81650; jackdavisdds@hotmail.com; (970) 625-1391): Ms. Davis is believed to have

1 knowledge of her communications with Mr. Chittick, her investments in DenSco, and
2 her communications with Mr. Beauchamp after Mr. Chittick's death.

3 24. **Desert Classic Investments, LLC** c/o Steven G. Bunger (6134 W.
4 Trovita Place, Chandler, AZ 85226; steve@bunger.me; (602) 531-3100): Mr. Bunger is
5 believed to have knowledge of his communications with Mr. Chittick, the company's
6 investments in DenSco, and his communications with Mr. Beauchamp after Mr.
7 Chittick's death.

8 25. **Scott D. Detota** (1220 Ridgewood Land, Lake Villa, IL 60046
9 sdetota99@yahoo.com; (847) 736-0160): Mr. Detota is believed to have knowledge of
10 his communications with Mr. Chittick, his investments in DenSco, and his
11 communications with Mr. Beauchamp after Mr. Chittick's death.

12 26. **Amy Lee Dirks** (82 N. Acacia Drive, Gilbert, AZ 85233;
13 amydirks@hotmail.com; (480) 414-5552): Ms. Dirks is believed to have knowledge of
14 her communications with Mr. Chittick, her investments in DenSco through her IRA, and
15 her communications with Mr. Beauchamp after Mr. Chittick's death.

16 27. **Bradley Mark Dirks** (82 N. Acacia Drive, Gilbert, AZ 85233;
17 (602) 206-3041): Mr. Dirks is believed to have knowledge of his communications with
18 Mr. Chittick, his investments in DenSco through his IRA, and his communications with
19 Mr. Beauchamp after Mr. Chittick's death.

20 28. **Dave DuBay** (6921 Trevett Lane, Casper, WY 82604; (307) 262-
21 7708; davedubay@gmail.com): Mr. DuBay is believed to have knowledge of his
22 communications with Mr. Chittick, his investments in DenSco, and his communications
23 with Mr. Beauchamp after Mr. Chittick's death.

24 29. **Ross H. Dupper** (6133 W. Victoria Place, Chandler, AZ 85261;
25 rdupper@rhdupper.com; (602) 768-8515): Mr. Dupper is believed to have knowledge
26 of his communications with Mr. Chittick, his investments in DenSco through his Trust,
27 and his communications with Mr. Beauchamp after Mr. Chittick's death.
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1 30. **Todd F. Einick** (4757 E. Greenway Road, Suite 107B-107,
2 Phoenix, AZ 85032; switchback62@hotmail.com; (480) 202-6752): Mr. Einick is
3 believed to have knowledge of his communications with Mr. Chittick, investments in
4 DenSco through the Trust, and his communications with Mr. Beauchamp after Mr.
5 Chittick's death.

6 31. **Yusef Fielding** (1609 W. 17th Street, Tempe, AZ 85281; (480)
7 612-0666; yusef@comsiscomputer.com): Mr. Fielding is believed to have knowledge
8 of his communications with Mr. Chittick, his investments in DenSco, and his
9 communications with Mr. Beauchamp after Mr. Chittick's death.

10 32. **Fischer Family Holdings** (2011 N. 51st Avenue, B-240, Glendale,
11 AZ 85308; (480) 200-8730; kirkjfischer@yahoo.com): Mr. or Mrs. Fischer is believed
12 to have knowledge of their communications with Mr. Chittick, their investments in
13 DenSco, and their communications with Mr. Beauchamp after Mr. Chittick's death.

14 33. **GB 12, LLC** c/o Stanley Schloz (10050 E. Sonoran Vista Circle,
15 Scottsdale, AZ 85255; smschloz@msn.com; (480) 694-8868): Mr. Schloz is believed to
16 have knowledge of his communications with Mr. Chittick, the company's investments
17 in DenSco, and his communications with Mr. Beauchamp after Mr. Chittick's death.

18 34. **Stacy B. Grant** (2601 La Frontera Blvd., Round Rock, TX 78681;
19 (602) 499-9966): Ms. Grant is believed to have knowledge of her communications with
20 Mr. Chittick, her investments in DenSco through her IRA, and her communications with
21 Mr. Beauchamp after Mr. Chittick's death.

22 35. **Russell T. Griswold** (10 Suncrest Terrace, Onenta, NY 13820;
23 rgriswold3@stny.rr.com; (607) 437-3882): Mr. Griswold is believed to have
24 knowledge of his communications with Mr. Chittick, his investments in DenSco
25 through his IRA, and his communications with Mr. Beauchamp after Mr. Chittick's
26 death.

1 36. **Michael and Diana Gumbert** (607 Hurst Creek Road, Lakeview,
2 TX 78734; anthjen@yahoo.com (480) 250-6063): Mr. and Mrs. Gumbert are believed
3 to have knowledge of their communications with Mr. Chittick, their investments in
4 DenSco through their Trust, and their communications with Mr. Beauchamp after Mr.
5 Chittick's death.

6 37. **Nihad Hafiz** (23 Rae's Creek Lane, Coto de Caza, CA 92679;
7 nihad@yahoo.com; (949) 246-8135): Mr. Hafiz is believed to have knowledge of his
8 communications with Mr. Chittick, his investments in DenSco, and his communications
9 with Mr. Beauchamp after Mr. Chittick's death.

10 38. **Robert B. and Elizabeth A. Hahn** (15239 E. Redrock Drive,
11 Fountain Hills, AZ 85268; hahnaz2@cox.net; (602) 769-8385): Mr. and Mrs. Hahn are
12 believed to have knowledge of their communications with Mr. Chittick, their
13 investments in DenSco through the Trust, and their communications with Mr.
14 Beauchamp after Mr. Chittick's death.

15 39. **Ralph L. Hey** (P.O. Box 62, Westcliffe, CO 82152;
16 hey.ralph01@gmail.com; (719) 207-1313): Mr. Hey is believed to have knowledge of
17 his communications with Mr. Chittick, his investments in DenSco, and his
18 communications with Mr. Beauchamp after Mr. Chittick's death.

19 40. **Dale W. and Kathy L. Hickman** (5477 W. Heine Road, Coeur
20 d'Alene, ID 83814; hikthestik@aol.com; (208) 215-6378): Mr. and Mrs. Hickman are
21 believed to have knowledge of their communications with Mr. Chittick, their
22 investments in DenSco, and their communications with Mr. Beauchamp after Mr.
23 Chittick's death.

24 41. **Craig and Samantha Hood** (8420 E. Cactus Wren Road,
25 Scottsdale, AZ 85250; greeraz@gmail.com; (602)317-3753): Mr. and Mrs. Hood are
26 believed to have knowledge of their communications with Mr. Chittick, their
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1 investments in DenSco, and their communications with Mr. Beauchamp after Mr.
2 Chittick's death.

3 42. **Doris and Levester Howze** (2864 E. Preston Street, Mesa, AZ
4 85213; dhowze@cox.net; (602) 568-0119): Ms. Howze and Mr. Howze are believed to
5 have knowledge of their communications with Mr. Chittick, their investments in
6 DenSco, and their communications with Mr. Beauchamp after Mr. Chittick's death.

7 43. **Bill Bryan Hughes** (23114 N. Pedregosa Drive, Sun City West,
8 AZ 85375; jbhok@yahoo.com; (480) 244-8863): Mr. Hughes is believed to have
9 knowledge of his communications with Mr. Chittick, his investments in DenSco
10 through his IRA, and his communications with Mr. Beauchamp after Mr. Chittick's
11 death.

12 44. **Judy Kay Hughes** (23114 N. Pedregosa Drive, Sun City West, AZ
13 85375; jbhok@yahoo.com; (480) 244-8864): Ms. Hughes is believed to have
14 knowledge of her communications with Mr. Chittick, her investments in DenSco
15 through her IRA, and her communications with Mr. Beauchamp after Mr. Chittick's
16 death.

17 45. **Brian Imdieke** (6173 W. Victoria Place, Chandler, AZ 85226;
18 b-imdieke@cox.net; bji6173@gmail.com; (480) 694-7850): Mr. Imdieke is believed to
19 have knowledge of his communications with Mr. Chittick, his investments in DenSco
20 through his Trust, and his communications with Mr. Beauchamp after Mr. Chittick's
21 death.

22 46. **James K. Jetton and Debora I. Pekker-Jetton** (9213 SW 21st
23 Street, Oklahoma City, OK 73128; jkjetto@yahoo.com; (904) 610-4213): Mr. and Mrs.
24 Jetton are believed to have knowledge of their communications with Mr. Chittick, their
25 investments in DenSco, and their communications with Mr. Beauchamp after Mr.
26 Chittick's death.

1 47. **Leslie W. Jones** (2176 E. Gazania Lane, Tucson, AZ 85719): Ms.
2 Jones is believed to have knowledge of her communications with Mr. Chittick, her
3 investments in DenSco through her IRA, and her communications with Mr. Beauchamp
4 after Mr. Chittick's death.

5 48. **Ralph Kaiser** (3319 E. Piro Street, Phoenix, AZ 85044;
6 ralph@kaisertile.com; (602) 697-3189): Mr. Kaiser is believed to have knowledge of
7 his communications with Mr. Chittick, his investments in DenSco through his IRA, and
8 his communications with Mr. Beauchamp after Mr. Chittick's death.

9 49. **Mary Kent** (30 Laurel Court, Paramus, NJ 07652;
10 mbencekent@yahoo.com; (201) 845-6147): Ms. Kent is believed to have knowledge of
11 her communications with Mr. Chittick, her investments in DenSco, and her
12 communications with Mr. Beauchamp after Mr. Chittick's death.

13 50. **Paul A. Kent** (23 E. 15th Street, Tempe, AZ 85281;
14 paul_a_kent@yahoo.com; (480) 213-7231): Mr. Kent is believed to have knowledge of
15 his communications with Mr. Chittick, investments in DenSco through the Family
16 Trust, and his communications with Mr. Beauchamp after Mr. Chittick's death.

17 51. **Robert Z. Koehler** (5433 E. Osborn Road, Phoenix, AZ 85018;
18 rzkoehler@yahoo.com; (602) 330-4624): Mr. Koehler is believed to have knowledge of
19 his communications with Mr. Chittick, his investments in DenSco through his IRA, and
20 his communications with Mr. Beauchamp after Mr. Chittick's death.

21 52. **Jemma Kopel** (5304 S. Marine Drive, Tempe, AZ 85283;
22 jemmakopel@hotmail.com; (480) 696-0888): Ms. Kopel is believed to have knowledge
23 of her communications with Mr. Chittick, her investments in DenSco, and her
24 communications with Mr. Beauchamp after Mr. Chittick's death.

25 53. **LeRoy Kopel** (5304 S. Marine Drive, Tempe, AZ 85283;
26 lkopel22@hotmail.com; (480) 839-3787): Mr. Kopel is believed to have knowledge of
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1 his communications with Mr. Chittick, his investments in DenSco through his IRA and
2 his Trust, and his communications with Mr. Beauchamp after Mr. Chittick's death.

3 54. **Robert F. Lawson** (400 Alta Vista Court, Danville, CA 94506;
4 robertflawson@gmail.com; (480) 221-9893): Mr. Lawson is believed to have
5 knowledge of his communications with Mr. Chittick, his investments in DenSco, and
6 his communications with Mr. Beauchamp after Mr. Chittick's death.

7 55. **Wayne J. Ledet** (16751 SW 23rd Street, El Reno, OK 73036;
8 uaaflyor767@yahoo.com; (405) 824-3754): Mr. Ledet is believed to have knowledge of
9 his communications with Mr. Chittick, investments in DenSco through the Family
10 Trust, his IRA and his Roth IRA, and his communications with Mr. Beauchamp after
11 Mr. Chittick's death.

12 56. **The Lee Group, Inc.** c/o Terry and Lil Lee (6541 N. Paseo
13 Tamayo, Tucson, AZ 85750; terryleeaz@comcast.net; (520) 907-3828): Mr. and Mrs.
14 Lee are believed to have knowledge of their communications with Mr. Chittick, the
15 company's investments in DenSco, and their communications with Mr. Beauchamp
16 after Mr. Chittick's death.

17 57. **Terry and Lil Lee** (6541 N. Paseo Tamayo, Tucson, AZ 85750;
18 terryleeaz@comcast.net; (520) 907-3828): Mr. and Mrs. Lee are believed to have
19 knowledge of their communications with Mr. Chittick, their investments in DenSco, and
20 their communications with Mr. Beauchamp after Mr. Chittick's death.

21 58. **Lillian Lent** (4145 E. Blue Ridge Place, Chandler, AZ 85249;
22 (480) 813-7151): Ms. Lent is believed to have knowledge of her communications with
23 Mr. Chittick, her investments in DenSco through her Roth IRA, and her
24 communications with Mr. Beauchamp after Mr. Chittick's death.

25 59. **Manual A. Lent** (4145 E. Blue Ridge Place, Chandler, AZ 85249;
26 (480) 225-9538): Mr. Lent is believed to have knowledge of his communications with
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1 Mr. Chittick, his investments in DenSco through ~~her~~his IRA, and his communications
2 with Mr. Beauchamp after Mr. Chittick's death.

3 **60. William Lent** (contact information to be added): Mr. Lent is
4 believed to have knowledge of his communications with Mr. Chittick, his investments
5 in DenSco through his IRA, and his communications with Mr. Beauchamp after Mr.
6 Chittick's death

7 **61. LJL Capital, LLC** c/o Landon Luchtel (5550 Wild Rose Lane,
8 Suite 400, West Des Moines, IA 50266; (515) 225-2800): Mr. Luchtel is believed to
9 have knowledge of his communications with Mr. Chittick, the company's investments
10 in DenSco, and his communications with Mr. Beauchamp after Mr. Chittick's death.

11 **62. W. Jean Locke** (12163 Country Meadows Lane, Silverdale, WA
12 98383; billandjean54@centurytel.net; (360) 638-1002): Ms. Locke is believed to have
13 knowledge of her communications with Mr. Chittick, her investments in DenSco, and
14 her communications with Mr. Beauchamp after Mr. Chittick's death.

15 **63. Long Time Holdings, LLC** c/o William Swirtz (6054 W. Trovita
16 Place, Chandler, AZ 85226; Bill.Swirtz@apollogrp.edu; (602) 315-8080): Mr. Swirtz is
17 believed to have knowledge of his communications with Mr. Chittick, the company's
18 investments in DenSco, and his communications with Mr. Beauchamp after Mr.
19 Chittick's death.

20 **64. Jim P. McArdle** (750 E. McLellan, Phoenix, AZ 85014;
21 jim@abdc-az.com; (602) 509-8635): Mr. McArdle is believed to have knowledge of his
22 communications with Mr. Chittick, his investments in DenSco, and his communications
23 with Mr. Beauchamp after Mr. Chittick's death.

24 **65. James and Lesley McCoy** (727 E. Verde Lane, Tempe, AZ 85284;
25 (602) 390-2506): Mr. and Mrs. McCoy are believed to have knowledge of their
26 communications with Mr. Chittick, investments in DenSco through the Trust, and their
27 communications with Mr. Beauchamp after Mr. Chittick's death.
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1 66. **Caro McDowell** (9010 E. Range Ride Trail, Mesa, AZ 85207;
2 kayell121@cs.com; (480) 380-2062): Ms. McDowell is believed to have knowledge of
3 her communications with Mr. Chittick, her investments in DenSco through her Trust,
4 and her communications with Mr. Beauchamp after Mr. Chittick's death.

5 67. **Marvin G. Miller and Patricia S. Miller** (701 E. Front Street
6 #602, Coeur d'Alene, ID 83814; patsmiller@verizon.net; (208) 818-6735 Marvin; (208)
7 818-6734 Pat): Mr. and Mrs. Miller are believed to have knowledge of their
8 communications with Mr. Chittick, investments in DenSco through the Family Trust,
9 and their communications with Mr. Beauchamp after Mr. Chittick's death.

10 68. **Marian Minchuck** (contact information to be added): Ms.
11 Minchuck is believed to have knowledge of her communications with Mr. Chittick, her
12 investments in DenSco, and her communications with Mr. Beauchamp after Mr.
13 Chittick's death.

14 69. **Kaylene Moss** (2524 E. Silverwood Drive, Phoenix, AZ 85048;
15 kayleen.moss@avnet.com; (602) 692-6934; (480) 759-7811): Ms. Moss is believed to
16 have knowledge of her communications with Mr. Chittick, her investments in DenSco
17 through her IRA, and her communications with Mr. Beauchamp after Mr. Chittick's
18 death.

19 70. **Moss Family Trust** (2524 E. Silverwood Drive, Phoenix, AZ
20 85048; kayleen.moss@avnet.com; (602) 692-6934; (480) 759-7811): Mr. or Mrs. Moss
21 is believed to have knowledge of their communications with Mr. Chittick, investments
22 in DenSco through the Trust, and their communications with Mr. Beauchamp after Mr.
23 Chittick's death.

24 71. **Muscat Family** c/o Vince I. Muscat (14827 S. 20th Street,
25 Phoenix, AZ 85048; vimusat@gmail.com; (480) 460-5007): Mr. or Mrs. Muscat is
26 believed to have knowledge of their communications with Mr. Chittick, investments in
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1 DenSco through the Trust, and their communications with Mr. Beauchamp after Mr.
2 Chittick's death.

3 72. **Non Lethal Defense, Inc.** c/o Dave Dubay (6921 Trevett Lane,
4 Casper, WY 82604): Mr. Dubay is believed to have knowledge of his communications
5 with Mr. Chittick, the company's investments in DenSco, and his communications with
6 Mr. Beauchamp after Mr. Chittick's death.

7 73. **Brian and Janice Odenthal** (1929 Canyon Drive, Coeur d'Alene,
8 ID 83815; bjodenthal@frontier.com; (208) 755-5499): Mr. and Mrs. Odenthal are
9 believed to have knowledge of their communications with Mr. Chittick, their
10 investments in DenSco through their IRA, and their communications with Mr.
11 Beauchamp after Mr. Chittick's death.

12 74. **Valerie J. Paxton** (1243 E. Glenhaven Drive, Phoenix, AZ 85048;
13 vpaxto@q.com; (602) 999-4339): Ms. Paxton is believed to have knowledge of her
14 communications with Mr. Chittick, her investments in DenSco, and her communications
15 with Mr. Beauchamp after Mr. Chittick's death.

16 75. **Marlene Pearce** (94 Acacia Drive, Gilbert, AZ 85233;
17 pearces@mailhaven.com; (480) 600-0955): Ms. Pearce is believed to have knowledge
18 of her communications with Mr. Chittick, her investments in DenSco through her IRA,
19 and her communications with Mr. Beauchamp after Mr. Chittick's death.

20 76. **Jeff Phalen** (11764 N. Adobe Village Place, Marana, AZ 85658;
21 jphalen00@aol.com; (520) 909-1018): Mr. Phalen is believed to have knowledge of his
22 communications with Mr. Chittick, his investments in DenSco individually and through
23 the Phalen Family Trust and his IRA, and his communications with Mr. Beauchamp
24 after Mr. Chittick's death.

25 77. **Kevin Potempa** (P.O. Box 5156, Scottsdale, AZ 85261; (480)
26 5120-0362): Mr. Potempa is believed to have knowledge of his communications with
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1 Mr. Chittick, his investments in DenSco, and his communications with Mr. Beauchamp
2 after Mr. Chittick's death.

3 **78. Preston Revocable Living Trust** c/o David M. Preston (9010 E.
4 Range Rider Trail, Mesa, AZ 85207; dave@prestoncpa.biz; (602) 369-4418): The
5 Trustee is believed to have knowledge of his or her communications with Denny
6 Chittick, the Trust's investments in DenSco, and his or her communications with Mr.
7 Beauchamp after Mr. Chittick's death.

8 **79. Peter and Kay Rzonca** (140 E. Rio Salado Parkway #603, Tempe,
9 AZ 85281; krzonca1@cox.net; (602) 743-1801): Mr. and Mrs. Rzonca are believed to
10 have knowledge of their communications with Mr. Chittick, their investments in
11 DenSco, and their communications with Mr. Beauchamp after Mr. Chittick's death.

12 **80. Saltire, LLC** c/o William Stewart Sheriff (155 108th Avenue,
13 Suite 400, Bellevue, WA 98004; stewart.sherriff@cox.net; (602) 330-7776): Mr.
14 Sheriff is believed to have knowledge of his communications with Mr. Chittick, the
15 company's investments in DenSco, and his communications with Mr. Beauchamp after
16 Mr. Chittick's death.

17 **81. JoAnn Sanders** (780 E. Gregory Lane, Coeur d'Alene, ID 83815;
18 (406) 461-4462): Ms. Sanders is believed to have knowledge of her communications
19 with Mr. Chittick, her investments in DenSco, and her communications with Mr.
20 Beauchamp after Mr. Chittick's death.

21 **82. Satellite LLC** (contact information to be added): A Member of
22 Satellite LLC is believed to have knowledge of its communications with Mr. Chittick,
23 its investments in DenSco, and its communications with Mr. Beauchamp after Mr.
24 Chittick's death.

25 **83. Mary I. Schloz** (10050 E. Sonoran Vista Circle, Scottsdale, AZ
26 85255; smschloz@msn.com; (480) 694-8868): Ms Schloz is believed to have
27 knowledge of her communications with Mr. Chittick, her investments in DenSco
28

1 individually and through the Family Trust, and her communications with Mr.
2 Beauchamp after Mr. Chittick's death.

3 84. **Stanley Schloz** (10050 E. Sonoran Vista Circle, Scottsdale, AZ
4 85255; smschloz@msn.com; (480) 694-8868): Mr. Schloz is believed to have
5 knowledge of his communications with Mr. Chittick, his investments in DenSco
6 individually, through his IRA, and the Family Trust, and his communications with Mr.
7 Beauchamp after Mr. Chittick's death.

8 85. **Annette M. Scroggin** (124 Abby Lane, LaPorte, IN 46350;
9 mscroggin@me.com; (219) 608-2552): Ms. Scroggin is believed to have knowledge of
10 her communications with Mr. Chittick, her investments in DenSco through her IRAs,
11 and her communications with Mr. Beauchamp after Mr. Chittick's death.

12 86. **Michael Scroggin** (124 Abby Lane, LaPorte, IN 46350;
13 mscroggin@me.com; (219) 608-2552): Mr. Scroggin is believed to have knowledge of
14 his communications with Mr. Chittick, his investments in DenSco through his IRAs,
15 and his communications with Mr. Beauchamp after Mr. Chittick's death.

16 87. **William Stewart Sheriff** (155 108th Avenue, Suite 400, Bellevue,
17 WA 98004; stewart.sherriff@cox.net; (602) 330-7776): Mr. Sheriff is believed to have
18 knowledge of his communications with Mr. Chittick, his investments in DenSco, and
19 his communications with Mr. Beauchamp after Mr. Chittick's death.

20 88. **Gary E Siegford and Corrina C. Esvelt-Siegford** (11917 Hidden
21 Valley Road, Rathdrum, ID 83858; gsiegford@msn.com; (208) 661-1842): Mr. and
22 Mrs. Siegford are believed to have knowledge of their communications with Mr.
23 Chittick, their investments in DenSco, and their communications with Mr. Beauchamp
24 after Mr. Chittick's death.

25 89. **Gary D. and Judith Siegford** (212 Ironwood Drive, Suite D, PMB
26 #313, Coeur d'Alene, ID 83814): Mr. and Mrs. Siegford are believed to have
27 knowledge of their communications with Mr. Chittick, their investments in DenSco
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1 through the Trust, and their communications with Mr. Beauchamp after Mr. Chittick's
2 death.

3 90. **Carsyn P. Smith** c/o Deanna M. Smith (4901 E. Tomahawk Trail,
4 Paradise Valley, AZ 85253; dmsmith99@me.com; (602) 432-4227): Ms. Smith is
5 believed to have knowledge of her communications with Mr. Chittick, her investments
6 in DenSco, and her communications with Mr. Beauchamp after Mr. Chittick's death.

7 91. **McKenna Smith** c/o Deanna M. Smith (4901 E. Tomahawk Trail,
8 Paradise Valley, AZ 85253): Ms. Smith is believed to have knowledge of her
9 communications with Mr. Chittick, her investments in DenSco, and her communications
10 with Mr. Beauchamp after Mr. Chittick's death.

11 92. **Branson and Sandra Smith** (9261 E. Northview Court, Tucson,
12 AZ 85749; aztonysmith@aol.com; (520) 299-9791): Mr. or Mrs. Smith is believed to
13 have knowledge of their communications with Mr. Chittick, their investments in
14 DenSco through the Trust and their IRA, and their communications with Mr.
15 Beauchamp after Mr. Chittick's death.

16 93. **Tom Smith** (4901 E. Tomahawk Trial, Paradise Valley, AZ
17 85253): Mr. Smith is believed to have knowledge of his communications with Mr.
18 Chittick, his investments in DenSco individually and through his IRA, and his
19 communications with Mr. Beauchamp after Mr. Chittick's death.

20 94. **Tony Smith** (9261 E. Northview Court, Tucson, AZ 85749): Mr.
21 Smith is believed to have knowledge of his communications with Mr. Chittick, his
22 investments in DenSco, and his communications with Mr. Beauchamp after Mr.
23 Chittick's death.

24 95. **Donald E. and Lucinda Sterling** (2101 Bonnie Drive, Payette, ID
25 83661; don-cindy@cableone.net; (208) 401-6156): Mr. and Mrs. Sterling are believed
26 to have knowledge of their communications with Mr. Chittick, their investments in
27 DenSco, and their communications with Mr. Beauchamp after Mr. Chittick's death.
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1 96. **Bill Swirtz** (6054 W. Trovita Place, Chandler, AZ 85226;
2 Bill.Swirtz@apollogrp.edu; (602) 315-8080): Mr. Swirtz is believed to have knowledge
3 of his communications with Mr. Chittick, his investments in DenSco, and his
4 communications with Mr. Beauchamp after Mr. Chittick's death.

5 97. **Nancy Swirtz** (6054 W. Trovita Place, Chandler, AZ 85226): Ms.
6 Swirtz is believed to have knowledge of her communications with Mr. Chittick, her
7 investments in DenSco, and her communications with Mr. Beauchamp after Mr.
8 Chittick's death.

9 98. **Coralee Thompson** (23233 N. Pima Road #113-240, Scottsdale,
10 AZ 85255; thompscg2@cox.net; (480) 993-8080): Ms. Thompson is believed to have
11 knowledge of her communications with Mr. Chittick, her investments in DenSco, and
12 her communications with Mr. Beauchamp after Mr. Chittick's death.

13 99. **Gary L. Thompson** (23233 N. Pima Road #113-240, Scottsdale,
14 AZ 85255; thompscg2@cox.net; (480) 993-8080): Mr. Thompson is believed to have
15 knowledge of his communications with Mr. Chittick, his investments in DenSco, and
16 his communications with Mr. Beauchamp after Mr. Chittick's death.

17 100. **James A. Trainor** (6113 S. Greensferry Road, Coeur d'Alene, ID
18 83814; jimmy@flytrapproductions.com; (208) 676-8072): Mr. Trainor is believed to
19 have knowledge of his communications with Mr. Chittick, his investments in DenSco,
20 and his communications with Mr. Beauchamp after Mr. Chittick's death.

21 101. **Stephen Tuttle** (6428 E. Evans Drive, Scottsdale, AZ 85254;
22 steve@taser.com; (602) 451-8529): Mr. Tuttle is believed to have knowledge of his
23 communications with Mr. Chittick, his investments in DenSco, and his communications
24 with Mr. Beauchamp after Mr. Chittick's death.

25 102. **Wade A. Underwood** (P.O. Box 1311, Sisters, OR 97759;
26 wunderwood@boxer.com; (480) 227-4658): Mr. Underwood is believed to have
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28

1 knowledge of his communications with Mr. Chittick, his investments in DenSco, and
2 his communications with Mr. Beauchamp after Mr. Chittick's death.

3 103. **Jolene Page Walker** (8620 N. 52nd Street, Paradise Valley, AZ
4 85253; jwalker113@cox.net; (480) 220-5200): Ms. Walker is believed to have
5 knowledge of her communications with Mr. Chittick, her investments in DenSco, and
6 her communications with Mr. Beauchamp after Mr. Chittick's death.

7 104. **Laurie A. Weiskopf** (P.O. Box 161097, Big Sky, MT 59716-
8 1000): Ms. Weiskopf is believed to have knowledge of her communications with Mr.
9 Chittick, her investments in DenSco through her IRA, and her communications with Mr.
10 Beauchamp after Mr. Chittick's death.

11 105. **Thomas D. Weiskopf** (P.O. Box 161097, Big Sky, MT 59716-
12 1000): Mr. Weiskopf is believed to have knowledge of his communications with Mr.
13 Chittick, his investments in DenSco through his IRA, and his communications with Mr.
14 Beauchamp after Mr. Chittick's death.

15 106. **Carol J. Wellman** (12119 Whitley Manor Drive, Chesterfield, VA
16 23838; mikewellman1@comcast.net; (804) 338-3006): Ms. Wellman is believed to
17 have knowledge of her communications with Mr. Chittick, her investments in DenSco
18 through her IRAs, and her communications with Mr. Beauchamp after Mr. Chittick's
19 death.

20 107. **Wellman Family Trust** (12119 Whitley Manor Drive,
21 Chesterfield, VA 23838; mikewellman1@comcast.net; (804) 338-3006): A Trustee of
22 the Wellman Family Trust is believed to have knowledge of its communications with
23 Mr. Chittick, its investments in DenSco, and its communications with Mr. Beauchamp
24 after Mr. Chittick's death.

25 108. **Brian and Carla Wenig** (19 E. Canterbury Court, Phoenix, AZ
26 85022; bwenig@cox.net; (602) 300-5665 Brian; (602) 703-7313 Carla): Mr. and Mrs.
27 Wenig are believed to have knowledge of their communications with Mr. Chittick, their
28

1 investments in DenSco through the Trust, and their communications with Mr.
2 Beauchamp after Mr. Chittick's death.

3 109. **Mark and Debbie Wenig** (4445 E. Desert Willow Drive, Phoenix,
4 AZ 85044; mwenig@insight.com; (480) 227-7777): Mr. and Mrs. Wenig are believed
5 to have knowledge of their communications with Mr. Chittick, their investments in
6 DenSco, and their communications with Mr. Beauchamp after Mr. Chittick's death.

7 110. **Yusuf Yuldiz** (1609 W. 17th Street, Tempe, AZ 85281; (480) 258-
8 8171): Mr. Yuldiz is believed to have knowledge of his communications with Mr.
9 Chittick, his investments in DenSco, and his communications with Mr. Beauchamp after
10 Mr. Chittick's death.

11 111. **Leslie Jones** c/o Michael Zones (8 Briarcliff Drive, Huntington,
12 WV 25704; czj528@hotmail.com; (304) 429-6741 ext. 2712): Mr. Zones is believed to
13 have knowledge of his communications with Mr. Chittick, his investments in DenSco,
14 and his communications with Mr. Beauchamp after Mr. Chittick's death.

15 112. **Michael Zones** (8 Briarcliff Drive, Huntington, WV 25704;
16 czj528@hotmail.com; (304) 429-6741 ext. 2712): Mr. Zones is believed to have
17 knowledge of his communications with Mr. Chittick, his investments in DenSco, and
18 his communications with Mr. Beauchamp after Mr. Chittick's death.

19 **C. DenSco Borrowers and Persons Affiliated With Them**

20 1. **Luigi Amoroso** (contact information to be added): Mr. Amoroso
21 worked with Menaged in bidding on and acquiring properties subject to foreclosure.

22 2. **Veronica Castro** (contact information to be added): Ms. Castro
23 was Scott Menaged's assistant and has knowledge of deeds, mortgages and other
24 instruments signed by Menaged during 2013 that she notarized.

25 3. **Jeffrey C. Goulder** (Stinson Leonard Street LLP, 1850 N. Central
26 Avenue, Suite 1200, Phoenix, AZ 85004; (602) 212-8531): Mr. Goulder is an attorney
27 who represented Scott Menaged in connection with the Term Sheet and Forbearance
28

1 Agreement. He is believed to have knowledge of those agreements and his
2 communications with Mr. Beauchamp regarding them.

3 4. **Cody Jess** (Schian Walker PLC, 1850 N. Central Avenue,
4 Suite 900, Phoenix, AZ 85004; (602) 277-1501): Mr. Jess is an attorney who
5 represented Scott Menaged in a bankruptcy proceeding. He is believed to have
6 knowledge of that proceeding and of his communications with Mr. Beauchamp relating
7 to that proceeding.

8 5. **Scott Menaged** (c/o Molly Patricia Brizgys, 2210 S. Mill Avenue,
9 Suite 7A, Tempe, AZ 85282; (602) 460-9013): Mr. Menaged has knowledge of his
10 dealings with Mr. Chittick and Mr. Beauchamp.

11 **D. Current or Former Clark Hill Attorneys and Employees**

12 1. **Robert Anderson** (c/o John DeWulf, Coppersmith Brockelman,
13 PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr.
14 Anderson is an attorney who was involved in Clark Hill's representation of DenSco.

15 2. **David Beauchamp** (c/o John DeWulf, Coppersmith Brockelman,
16 PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr.
17 Beauchamp is an attorney who was involved in Clark Hill's representation of DenSco.

18 3. **Lindsay Grove** (c/o John DeWulf, Coppersmith Brockelman,
19 PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Ms.
20 Grove is a legal assistant who worked with David Beauchamp during the relevant time
21 period and is believed to have knowledge of certain documents received or sent by Mr.
22 Beauchamp.

23 4. **Ryan Lorenz** (c/o John DeWulf, Coppersmith Brockelman, PLC,
24 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr. Lorenz
25 submitted proofs of claim to the Receiver in June 2017 and gave an affidavit in support
26 of those proofs of claim which summarized certain work Clark Hill performed during its
27 representation of DenSco.
28

1 5. **Darra Lynn Rayndon** (c/o John DeWulf, Coppersmith
2 Brockelman, PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-
3 0999): Ms. Rayndon is an attorney who initiated a probate proceeding on August 4,
4 2016 in which she and Clark Hill represented Shawna Chittick Heuer in her capacity as
5 the Personal Representative of Denny Chittick's Estate. She is believed to have
6 knowledge of any discussions within Clark Hill that may have occurred regarding
7 conflicts of interest arising from the firm's separate representation of DenSco.

8 6. **Daniel Schenck** (c/o John DeWulf, Coppersmith Brockelman,
9 PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr.
10 Schenck is an attorney who was involved in Clark Hill's representation of DenSco.

11 7. **Michelle M. Tran** (c/o John DeWulf, Coppersmith Brockelman,
12 PLC, 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Ms.
13 Tran is an attorney who initiated a probate proceeding on August 4, 2016 in which she
14 and Clark Hill represented Shawna Chittick Heuer in her capacity as the Personal
15 Representative of Denny Chittick's Estate. She is believed to have knowledge of any
16 discussions within Clark Hill that may have occurred regarding conflicts of interest
17 arising from the firm's separate representation of DenSco.

18 **E. Current or Former Bryan Cave Attorneys**

19 1. **Ray Burgan** (Zenfinity Capital LLC, 14850 N. Scottsdale Road,
20 No. 295, Scottsdale, Arizona, 85254; (480) 292-8111): Mr. Burgan is an attorney who
21 was formerly associated with Bryan Cave and is believed to have knowledge of work he
22 performed for DenSco and David Beauchamp's representation of DenSco while
23 Beauchamp was affiliated with Bryan Cave.

24 2. **Michael Dvoren** (Jaburg & Wilk PC, 3200 N. Central Avenue,
25 Suite 2000, Phoenix, Arizona 85012; (602) 248-1000): Mr. Dvoren is an attorney who
26 was formerly associated with Bryan Cave and is believed to have knowledge of work he
27

1 performed for DenSco and David Beauchamp's representation of DenSco while
2 Beauchamp was affiliated with Bryan Cave.

3 3. **Robert Endicott** (Bryan Cave LLP, One Metropolitan Square, 211
4 North Broadway, Suite 3600, St. Louis, MO 63102; (314) 259-2000): Mr. Endicott is
5 an attorney who is believed to have knowledge of his communications with David
6 Beauchamp in the summer of 2013 regarding DenSco.

7 4. **Kenneth L. Henderson** (Bryan Cave LLP, 1290 Avenue of the
8 Americas, New York, NY, 10104; (212) 541-2000): Mr. Henderson is an attorney who
9 is believed to have knowledge of his communications with David Beauchamp in the
10 summer of 2013 regarding DenSco.

11 5. **Garth Jensen** (Sherman & Howard L.L.C., 633 Seventeenth
12 Street, Suite 3000, Denver, CO 80202; (303) 297-2900): Mr. Jensen is an attorney who
13 was formerly associated with Bryan Cave and is believed to have knowledge of his
14 communications with David Beauchamp in the summer of 2013 regarding DenSco.

15 6. **Logan Miller** (Apollo Education Group, Inc., 4025 S. Riverpoint
16 Parkway, Phoenix, AZ 85040; (800) 990-2765): Mr. Miller is an attorney who was
17 formerly associated with Bryan Cave and is believed to have knowledge of work he
18 performed for DenSco and David Beauchamp's representation of DenSco while
19 Beauchamp was affiliated with Bryan Cave.

20 7. **Robert Miller:** (Bryan Cave LLP, Two N. Central, Suite 2100,
21 Phoenix, Arizona 85004; (602) 364-7099): Mr. Miller is an attorney who
22 communicated with David Beauchamp in January 2014 in connection with the demand
23 letter described above and is believed to have knowledge of those communications.

24 8. **Robert Pedersen** (Bryan Cave LLP, 1290 Avenue of the
25 Americas, New York, NY, 10104; (212) 541-2000): Mr. Pedersen is an attorney who is
26 believed to have knowledge of his communications with David Beauchamp in the
27 summer of 2013 regarding DenSco.
28

1 9. **Nancy Pohl** (Gallagher & Kennedy PA, 2575 E. Camelback Road,
2 Suite 1100, Phoenix, Arizona 85016; (602) 530-8052): Ms. Pohl is an attorney who was
3 formerly associated with Bryan Cave and is believed to have knowledge of work she
4 performed for DenSco and David Beauchamp's representation of DenSco while
5 Beauchamp was affiliated with Bryan Cave.

6 10. **Gus Schneider** (Bryan Cave LLP, Two N. Central, Suite 2100,
7 Phoenix, AZ 85004; (602) 364-7099): Mr. Schneider is an attorney who is associated
8 with Bryan Cave and is believed to have knowledge of work he performed for DenSco
9 and David Beauchamp's representation of DenSco while Beauchamp was affiliated with
10 Bryan Cave.

11 11. **Elizabeth Sipes** (Bryan Cave LLP, 1700 Lincoln Street,
12 Suite 4100, Denver, CO 80203; (303) 861-7000): Ms. Sipes is an attorney who is
13 believed to have knowledge of her communications with David Beauchamp in the
14 summer of 2013 regarding DenSco.

15 12. **Jonathan Stern** (contact information not known): Mr. Stern is an
16 attorney who is associated with Bryan Cave and is believed to have knowledge of work
17 he performed for DenSco and David Beauchamp's representation of DenSco while
18 Beauchamp was affiliated with Bryan Cave.

19 13. **Randy Wang** (Bryan Cave LLP, One Metropolitan Square, 211 N.
20 Broadway, Suite 3600, St. Louis, MO 63102; (314) 259-2000): Mr. Wang is an
21 attorney who is believed to have knowledge of his communications with David
22 Beauchamp in the summer of 2013 regarding DenSco.

23 14. **Mark Weakley** (Bryan Cave LLP, One Boulder Plaza, 1801 13th
24 Street, Suite 300, Boulder, CO 80302; (303) 444-5955): Mr. Weakley is an attorney
25 who is believed to have knowledge of his communications with David Beauchamp in
26 the summer of 2013 regarding DenSco.

1 **F. Current or Former Gammage & Burnham Attorneys**

2 1. **Christopher L. Raddatz** (Gammage & Burnham, PLC, Two N.
3 Central Avenue, 15th Floor, Phoenix, AZ 85004; (602) 256-0566): Mr. Raddatz is an
4 attorney who represented the Estate of Denny Chittick and Shawna Chittick Heuer in
5 her capacity as the Personal Representative of Denny Chittick's Estate.

6 2. **Kevin R. Merritt** (Gammage & Burnham, PLC, Two N. Central
7 Avenue, 15th Floor, Phoenix, AZ 85004; (602) 256-0566): Mr. Merritt is an attorney
8 who in 2007 advised DenSco regarding its loan agreements. Beginning in August 2016,
9 he represented the Estate of Denny Chittick and Shawna Chittick Heuer in her capacity
10 as the Personal Representative of Denny Chittick's Estate.

11 3. **James F. Polese** (Gammage & Burnham, PLC, Two N. Central
12 Avenue, 15th Floor, Phoenix, AZ 85004; (602) 256-0566): Mr. Polese is an attorney
13 who represented the Estate of Denny Chittick and Shawna Chittick Heuer in her
14 capacity as the Personal Representative of Denny Chittick's Estate.

15 **G. Persons Affiliated With the Arizona Corporation Commission,
16 Securities Division**

17 1. **Gary Clapper** (1300 W. Washington, Third Floor, Phoenix, AZ
18 85007; (602) 542-0152): Mr. Clapper is Chief Investigator, Arizona Corporation
19 Commission, Securities Division. He is believed to have knowledge of the ACC's
20 investigation of DenSco in August 2016, events leading to the ACC's filing of an
21 application for a preliminary injunction and the appointment of a receiver, and his
22 communications with Mr. Beauchamp.

23 2. **Wendy Coy** (1300 W. Washington, Third Floor, Phoenix, AZ
24 85007; (602) 542-0633): Ms. Coy is Director of Enforcement, Arizona Corporation
25 Commission, Securities Division. She is believed to have knowledge of the ACC's
26 investigation of DenSco in August 2016, events leading to the ACC's filing of an
27 application for a preliminary injunction and the appointment of a receiver, her
28 communications with Mr. Beauchamp.

1 **H. The Receiver, His Employees and Attorneys**

2 1. **Peter S. Davis** (c/o Colin Campbell and Geoffrey Sturr, Osborn
3 Maledon, P.A., 2929 N. Central Avenue, Suite 2100, Phoenix, AZ 85012; (602) 640-
4 9377): Mr. Davis has knowledge of work he has performed as DenSco's Receiver, as
5 set forth in reports he has issued in the course of his work.

6 2. **Ryan W. Anderson** (Guttilla Murphy Anderson, 5415 E. High
7 Street, Suite 200, Phoenix, AZ 85054; (480) 304-8300): Mr. Anderson is an attorney
8 who represents the Receiver. He has knowledge of the receivership proceeding and his
9 communications with participants in that proceeding.

10 3. **Sara Beretta** (c/o Colin Campbell and Geoffrey Sturr, Osborn
11 Maledon, P.A., 2929 N. Central Avenue, Suite 2100, Phoenix, AZ 85012; (602) 640-
12 9377): Ms. Beretta is a Director of Simon Consulting and has knowledge of DenSco's
13 books and records and work performed by the Receiver, as set forth in reports he has
14 issued in the course of his work.

15 **I. Lenders Who Negotiated With Chittick and Menaged During**
16 **January 2014**

17 1. **Craig Cardon** (contact information to be added): Mr. Cardon is a
18 member of Azben Limited, LLC and is believed to have knowledge of his
19 communications with Chittick and Menaged regarding the January 6, 2014 demand
20 letter discussed above.

21 2. **Daniel Diethelm** (contact information to be added): Mr. Diethelm
22 is a manager of Geared Equity, LLC and is believed to have knowledge of his
23 communications with Chittick and Menaged regarding the January 6, 2014 demand
24 letter discussed above

25 3. **Lynn Hoebing** (contact information to be added): Mr. Hoebing is
26 a manager of 50780, LLC and is believed to have knowledge of his communications
27 with Chittick and Menaged regarding the January 6, 2014 demand letter discussed
28 above.

1 **J. Other Persons**

2 1. **Rick Carney** (contact information to be added): Mr. Carney was
3 formerly affiliated with Quarles & Brady and provided legal services to DenSco as
4 described above. He is believed to have knowledge of those services and his
5 communications with Denny Chittick and David Beauchamp relating to those services.

6 2. **Gregg Reichman** (believed to be c/o Andrew Abraham, Burch &
7 Cracchiolo, P.A., 702 E. Osborn Road, Suite 200, Phoenix, AZ 85014; (602) 234-9917):
8 Mr. Reichman is a current or former member of Active Funding Group, LLC. He is
9 believed to have knowledge of dealings between Active Funding Group, LLC and
10 Menagcd.

11 **V. PERSONS WHO HAVE GIVEN STATEMENTS**

12 1. **Luigi Amoroso** (contact information to be added): Mr. Amoroso gave a
13 deposition in the receivership proceeding on December 14, 2016. The Receiver's
14 counsel is the custodian of the transcript of that deposition.

15 2. **Robert Anderson** (c/o John DeWulf, Coppersmith Brockelman, PLC,
16 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr.
17 Anderson gave a deposition in this case, the original transcript of which is in the
18 possession of the Receiver's counsel.

19 3. **David Beauchamp** (c/o John DeWulf, Coppersmith Brockelman, PLC,
20 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr.
21 Beauchamp executed a declaration dated August 17, 2016 that was submitted to the
22 court in the Receivership Proceeding in support of the Estate's Recommendations re
23 Receiver and Attorney/Client Privilege. The Estate's counsel, Gammage & Burnham, is
24 believed to be the custodian of the original declaration. Mr. Beauchamp has also given
25 a deposition in this case, the original transcript of which is in the possession of the
26 Receiver's counsel.

27 4. **Shawna Chittick Heuer** (c/o ~~James Pelese~~[Greg Fairbourne](#), ~~Gammage~~
28 [Bonnett Fairbourn Friedman & Burnham, PLC, Two N Balint PC 2325 E. Central](#)

1 ~~Avenue, 15th Floor Camelback Rd., Suite 300~~, Phoenix, AZ ~~85004; (602) 256-0566~~;
2 ~~85016~~): Ms. Heuer gave a deposition in this case. Clark Hill's counsel is believed to be
3 the custodian of the original transcript of that deposition.

4 5. **Scott Menaged** (c/o Molly Patricia Brizgys, 2210 S. Mill Avenue,
5 Suite 7A, Tempe, AZ 85282; (602) 460-9013): On October 20, 2016, Mr. Menaged
6 gave ~~a deposition in his~~ testimony during a Rule 2004 Examination that was taken in
7 connection with Mr. Menaged's bankruptcy proceeding. The Receiver's counsel is the
8 custodian of the transcript of that deposition.

9 ~~6.Scott Menaged (c/o Molly Patricia Brizgys, 2210 S. Mill Avenue, Suite 7A,~~
10 ~~Tempe, AZ 85282; (602) 460-9013)~~: On December 8, 2017, Mr. Menaged was
11 interviewed by Ken Frakes, Special Counsel to the Receiver, before a court reporter.
12 Mr. Frakes is believed to be the custodian of the transcript of that interview.

13 6. ~~7.~~ **Ryan Lorenz** (c/o John DeWulf, Coppersmith Brockelman, PLC,
14 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr. Lorenz
15 gave an affidavit in support of notices of claim Clark Hill submitted to the Receiver. He
16 is believed to be the custodian of the original affidavit.

17 7. ~~8.~~ **Daniel Schenck** (c/o John DeWulf, Coppersmith Brockelman, PLC,
18 2800 N. Central Avenue, Suite 1200, Phoenix, AZ 85004; (602) 224-0999): Mr.
19 Schenck gave a deposition in this case, the original transcript of which is in the
20 possession of the Receiver's counsel.

21 8. **Steve Bunger** (6134 W. Trovita Place, Chandler, AZ 85226): Mr.
22 Bunger gave a deposition in this case, the original transcript of which is in the
23 possession of Clark Hill's counsel.

24 9. **Anthony Burdett**: Mr. Burdett gave a deposition in this case, the
25 original transcript of which is in the possession of Clark Hill's counsel.

26 10. **Warren Bush**: Mr. Bush gave a deposition in this case, the original
27 transcript of which is in the possession of Clark Hill's counsel.

28

- 1 11. **Ranasha Chittick:** Ms. Chittick gave a deposition in this case, the
2 original transcript of which is in the possession of Clark Hill's counsel.
- 3 12. **Tony Crabill:** Mr. Crabill gave a deposition in this case, the original
4 transcript of which is in the possession of Clark Hill's counsel.
- 5 13. **Dori Ann Davis:** Ms. Davis gave a deposition in this case, the original
6 transcript of which is in the possession of Clark Hill's counsel.
- 7 14. **Peter Davis:** Mr. Davis gave a deposition in this case, the original
8 transcript of which is in the possession of Clark Hill's counsel.
- 9 15. **Russell Dupper:** Mr. Duper gave a deposition in this case, the original
10 transcript of which is in the possession of Clark Hill's counsel.
- 11 16. **Victor Gojcaj:** Mr. Gojcaj gave a deposition in this case, the original
12 transcript of which is in the possession of Clark Hill's counsel.
- 13 17. **Scott Gould:** Mr. Gould gave a deposition in this case, the original
14 transcript of which is in the possession of Clark Hill's counsel.
- 15 18. **Ralph Hey:** Mr. Hey gave a deposition in this case, the original
16 transcript of which is in the possession of Clark Hill's counsel.
- 17 19. **Dale Hickman:** Mr. Hickman gave a deposition in this case, the original
18 transcript of which is in the possession of Clark Hill's counsel.
- 19 20. **Ed Hood:** Mr. Hood gave a deposition in this case, the original
20 transcript of which is in the possession of the Receiver's counsel.
- 21 21. **Chris Hughes:** Mr. Hughes gave a deposition in this case, the original
22 transcript of which is in the possession of Clark Hill's counsel.
- 23 22. **Brian Imdieke:** Mr. Imdieke gave a deposition in this case, the original
24 transcript of which is in the possession of Clark Hill's counsel.
- 25 23. **Paul Kent:** Mr. Kent gave a deposition in this case, the original
26 transcript of which is in the possession of Clark Hill's counsel.
- 27 24. **Robert Koehler:** Mr. Koehler gave a deposition in this case, the original
28 transcript of which is in the possession of Clark Hill's counsel.

- 1 25. **Barry Luchtel:** Mr. Luchtel gave a deposition in this case, the original
2 transcript of which is in the possession of Clark Hill's counsel.
- 3 26. **Patricia Miller:** Ms. Miller gave a deposition in this case, the original
4 transcript of which is in the possession of Clark Hill's counsel.
- 5 27. **Kevin Olson:** Mr. Crabill gave a deposition in this case, the original
6 transcript of which is in the possession of Clark Hill's counsel.
- 7 28. **John Ray:** Mr. Ray gave a deposition in this case, the original transcript
8 of which is in the possession of Clark Hill's counsel.
- 9 29. **Gregg Reichman:** Mr. Reichman gave a deposition in this case, the
10 original transcript of which is in the possession of Clark Hill's counsel.
- 11 30. **Scott Rhodes:** Mr. Rhodes gave a deposition in this case, the original
12 transcript of which is in the possession of Clark Hill's counsel.
- 13 31. **GE Siegford:** Mr. Siegford gave a deposition in this case, the original
14 transcript of which is in the possession of Clark Hill's counsel.
- 15 32. **Mark Sifferman:** Mr. Sifferman gave a deposition in this case, the
16 original transcript of which is in the possession of the Receiver's counsel.
- 17 33. **Thomas Smith:** Mr. Smith gave a deposition in this case, the original
18 transcript of which is in the possession of Clark Hill's counsel.
- 19 34. **William Swirtz:** Mr. Swirtz gave a deposition in this case, the original
20 transcript of which is in the possession of Clark Hill's counsel.
- 21 35. **Coralee Thompson:** Ms. Thompson gave a deposition in this case, the
22 original transcript of which is in the possession of Clark Hill's counsel.
- 23 36. **Steven Tuttle:** Mr. Tuttle gave a deposition in this case, the original
24 transcript of which is in the possession of Clark Hill's counsel.

1 VI. EXPERT WITNESSES EXPECTED TO BE CALLED AT TRIAL

2 ~~The Receiver will disclose the identity and opinions of expert witnesses it plans~~
3 ~~to call at trial in accordance with the scheduling order that will be entered in this matter.~~

4 Certain fact witnesses in the case have expert credentials. For example, the
5 Receiver is an accountant and is certified in fraud investigations. The Receiver has
6 prepared various reports in the case which have been identified as trial exhibits. These
7 reports contain conclusions as to the frauds involved in the case, and the impact and loss
8 created by these frauds. In an excess of caution, the Receiver's counsel discloses that
9 certain fact witnesses in the case such as the Receiver also, by reason of their training
10 and experience, have expert opinions in the case by reason of the work they performed.

11 Densco's business records consist in large part on computer hard drives that have
12 been secured through discovery. Densco was a one-man shop, and that one man is now
13 deceased. For purposes of evidentiary foundation for records, the Receiver has retained
14 a computer data expert who can testify as to data characteristics of the business records
15 that were retained on the hard drive.

16 The Defendants have retained and disclosed expert witnesses. Some opinions of
17 the Defendants' expert witnesses support Plaintiff's case. For example, the mandatory
18 nature of Clark Hill's duty to withdraw in May 2014, or the ability to do a "noisy"
19 withdrawal, or how a reasonable and prudent risk manager in a law firm would act
20 under the circumstances of this case all support the Plaintiff's claim. In an excess of
21 caution, the Receiver discloses that it may play parts of the Defendants' expert witness
22 deposition testimony in its case in chief.

23 Experts hired for purposes of testimony in this case are:

24 1. Neil Wertlieb: See report dated March 26, 2019, a copy of which is
25 attached as Appendix A, and rebuttal report dated June 4, 2019, a copy of which is
26 attached as Appendix B.

1 2. David Weekly: See report dated April 4, 2019, a copy of which is
2 attached as Appendix C, and rebuttal report dated June 5, 2019, a copy of which is
3 attached as Appendix D.

4 **VII. COMPUTATION AND MEASURE OF DAMAGES**

5 ~~The Receiver will rely on expert testimony to testify about damages DenSeco~~
6 ~~suffered as a result of Defendants' conduct.~~

7 ~~The Receiver has previously disclosed to Defendants' counsel the following~~
8 ~~preliminary information relating to damages and prejudgment interest:~~

9 The computation and measure of damages sought by the Receiver is set forth in
10 Mr. Weekly's reports attached as Appendices C & D. Those reports will be
11 supplemented to address the Receiver's claim for punitive damages when Clark Hill
12 discloses financial information the Receiver has sought through written discovery.

13 Although the Receiver in his reports calculated damages in a different conceptual
14 way, the Receiver's calculation of damages is corroborative of Mr. Weekly's reports.

15 ~~Prejudgment interest is sought on three different types of loans that were~~
16 ~~outstanding on Chittick's death, as summarized in the Receiver's December 23, 2016~~
17 ~~report: (i) a \$5 million workout loan made to Menaged as part of the Forbearance~~
18 ~~Agreement; (ii) a \$1 million workout loan made to Menaged as part of the Forbearance~~
19 ~~Agreement; and (iii) non-workout loans that DenSeco made to Menaged after DenSeco~~
20 ~~learned of Menaged's fraud in November 2013. As alleged in the complaint, the losses~~
21 ~~DenSeco suffered on those loans were the proximate result of Clark Hill's conduct.~~
22 ~~Prejudgment interest is also sought on Clark Hill legal fees paid by DenSeco.~~

23 **A. — \$5 million "workout loan" to Menaged**

24 ~~Under the Forbearance Agreement that Clark Hill drafted and advised DenSeco to~~
25 ~~sign, DenSeco agreed to loan Menaged up to \$5 million for use in connection with the~~
26 ~~sale or refinancing of any property listed in Exhibit A to the Agreement. The principal~~
27 ~~balance of that loan as of December 23, 2016 was \$13,336,807.24. See Receiver's~~
28

1 Report, December 23, 2016, at page 9. **Appendix A** is a schedule (numbered
2 RECEIVER_001332-001336) showing how that balance was calculated. The schedule
3 reflects that Menaged drew on this loan as early as February 2014, and made a last draw
4 on August 18, 2015. As of October 5, 2015, the principal balance of the line of credit
5 was \$13,656,807.24, and remained at this amount until Chittick's death in July 2016.

6 The rate of prejudgment interest in this case is 10%. A.R.S. § 44-1201(A), (F).
7 Thus, a yearly calculation of prejudgment interest on DenSeo's \$13,656,807.24 loss is
8 \$1,365,680.72.

9 **B. — \$1 million “workout loan” to Menaged**

10 The Forbearance Agreement also obligated DenSeo to make a “new loan” to
11 Menaged of up to \$1 million as part of the “workout” that Clark Hill blessed and
12 documented. The principal balance of that loan as of December 23, 2016 was
13 \$1,002,532.55. See Receiver's Report, December 23, 2016, at page 9. **Appendix B** is a
14 schedule (numbered RECEIVER_001337) showing how that balance was calculated.
15 The schedule reflects that Menaged drew on this loan as early as December 13, 2013
16 and last drew on this loan on April 30, 2014, when the principal balance was
17 \$1,002,532.55. It remained at that amount until Chittick's July 2016 death.

18 A yearly calculation of prejudgment interest on DenSeo's \$1,002,532.55 loss is
19 \$100,253.25.

20 **C. — Non-workout loans**

21 As set forth in the Receiver's December 23, 2016 report (at page 10), as of
22 August 2016, when the Receiver was appointed, DenSeo suffered losses of at least
23 \$28,332,300 because of loans made to Menaged outside of the “work-out” loans
24 contemplated by the Forbearance Agreement that were not secured. **Appendix C** is a
25 schedule (numbered RECEIVER_001338-001339) showing how that amount was
26 calculated. The schedule includes two loans made on the Lobo property, one on
27
28

1 ~~August 14, 2013 and another on January 22, 2014. They are included in this schedule~~
2 ~~because DenSco categorized them as non-workout loans.~~

3 ~~Had Clark Hill properly advised DenSco during the first week of January 2014,~~
4 ~~DenSco would have severed its relationship with Menaged, not made any new loans to~~
5 ~~Menaged, sought to rescind the initial Lobo losses, and not suffered the losses set forth~~
6 ~~in the attached schedule. Alternatively, had Clark Hill properly advised DenSco about~~
7 ~~documenting the non-workout loans, DenSco would not have suffered losses on the~~
8 ~~loans made after the second Lobo loan.~~

9 ~~A yearly calculation of prejudgment interest on DenSco's \$28,332,300.00 loss is~~
10 ~~\$2,833,230.00.~~

11 ~~D. — Payments to Clark Hill for Attorneys' Fees~~

12 ~~As of June 24, 2016, Clark Hill received payment from DenSco for legal fees in~~
13 ~~the amount of \$163,702.45. The Receiver seeks in the complaint the return of all those~~
14 ~~fees on the grounds that they were received after Clark Hill had committed a serious~~
15 ~~breach of fiduciary duty. The last fee payment was on June 24, 2016.~~

16 ~~A yearly calculation of prejudgment interest on the Receiver's attorney fee~~
17 ~~disgorgement claim is \$16,370.25.~~

18 **VIII. ANTICIPATED TRIAL EXHIBITS**

19 A list of exhibits the Receiver presently anticipates using at trial is attached as
20 **Appendix DE**.

21 The Receiver notes that any document, whether marked as a trial exhibit or not,
22 may be used to refresh a witnesses' recollection. Any relevant document listed below
23 or disclosed in discovery may be used for that purpose. For example, investor witnesses
24 wrote victim impact letters to Judge Snow for the Managed sentencing. Such letters can
25 be used to refresh investor recollectons as to what impact the loss of their funds had
26 upon them or their families.

1 Under the rules of evidence, a learned treatise may be introduced by a witness
2 reading the relevant part of a learned treatise into the record. The Receiver notes that it
3 may utilize learned treatises in examination of expert witnesses and read sections into
4 the record. For example, see learned treatises marked as exhibits in the deposition of
5 Scott Rhodes.

6 **IX. DOCUMENTS THAT MAY BE RELEVANT**

7 1. Documents maintained in the Document Depository established by the
8 Receiver pursuant to an underlying Court Order dated January 1, 2017 in the matter
9 entitled *Ariz. Corp. Comm'n v. DenSco Investment Corp.*, Maricopa County Superior
10 Court CV2016-014142. The most recent index is attached as **Appendix EF**. Certain
11 documents relevant to the receivership are also publicly available on a website
12 maintained by the Receiver: <http://denscoreceiver1.godaddysites.com/>.

13 a. The Receiver's counsel has caused to be deposited into the
14 Depository documents received from Defendants' counsel and third parties, and
15 will continue to do so as this matter proceeds.

16 b. The Receiver's counsel will provide Defendants' counsel with
17 updated indices of documents maintained in the Document Depository as they
18 become available. To update the index attached to Plaintiff's Fifth Disclosure
19 Statement, updated indices were sent to Clark Hill's counsel on January 10,
20 2019, March 12, 2019, and April 17, 2019.

21 c. The Receiver also updates the website periodically.

22 2. The Receiver will rely on documents maintained in the Document
23 Depository and on the Receiver's website to support his claims in this action, as well as
24 publicly available documents such as the recorded instruments referenced in the factual
25 narrative above.

26 3. The Receiver's counsel plans to compile, number, and produce to
27 Defendants' counsel certain documents it has obtained from the Depository, the
28

1 Receiver's website, and other publicly available documents that the Receiver may
2 designate as trial exhibits.

3 a. The Receiver's March 27, 2018 production (Second Disclosure
4 Statement) included documents numbered RECEIVER_000001- 001345.

5 i. The March 27, 2018 production included copies of the
6 DenSco Corporate Journals for 2013, 2014, 2015 and 2016, which have
7 been numbered RECEIVER_000001-000164. They replaced copies of
8 those documents that were produced on September 5, 2017 and which
9 were incorrectly numbered DIC0011918-0012081.

10 ii. The March 27, 2018 production included publicly available
11 documents, such as the recorded instruments referenced in the factual
12 narrative above (RECEIVER_000165-RECEIVER_001345).

13 b. The Receiver's May 15, 2018 production (Third Disclosure
14 Statement) included Clark Hill's documents numbered RECEIVER_001325-
15 RECEIVER_001497.

16 c. The Receiver's July 11, 2018 production (Fourth Disclosure
17 Statement) included Clark Hill's notices of claim, which were numbered
18 RECEIVER_001498-RECEIVER_001538, and publicly recorded documents,
19 which were numbered RECEIVER_001539-RECEIVER_001548.

20 d. ~~This~~ The November 14, 2018 production (Fifth Disclosure
21 Statement) ~~includes~~ included documents obtained from the Document Depository
22 numbered RECEIVER_001549-RECEIVER_001711, ~~which are provided on~~
23 ~~the accompanying disc.~~

24 e. Other documents from the Document Depository, the Receiver's
25 website, or publicly available sources that the Receiver may designate as trial
26 exhibits will be numbered and produced through one or more supplemental
27 disclosure statements.

28 4. In addition to the documents set forth above,

1 a. on October 30, 2018, the Receiver's counsel produced to
2 Defendants' counsel documents evidencing ~~communications~~
3 communications between the Receiver and the Estate of Chittick, which
4 were numbered RECEIVER_ 001712-002517.

5 b. on March 15, 2019, the Receiver's counsel produced to
6 Defendants' counsel documents numbered RECEIVER_ 002518-004487.

7 c. on March 15, 2019, the Receiver's counsel produced to
8 Defendants' counsel documents numbered RECEIVER_ 004488-004896.

9 d. on April 4, 2019, the Receiver's counsel produced to
10 Defendants' counsel documents numbered RECEIVER_ 004897-005186.

11 e. on April 16, 2019, the Receiver's counsel produced to
12 Defendants' documents numbered RECEIVER_ 005187-005188.

13 f. on May 2, 2019, the Receiver's counsel produced to
14 Defendants' counsel documents numbered RECEIVER_ 005189-005195.

15 g. on May 8, 2019, the Receiver's counsel produced to
16 Defendants' counsel a document numbered RECEIVER_ 005196.

17 h. on June 4, 2019, the Receiver's counsel produced to
18 Defendants' counsel documents numbered RECEIVER_ 005197-005542.

19 DATED this ____ day of ~~November~~June, ~~2018~~ 2019.

20 OSBORN MALEDON, P.A.

21
22 By _____

Colin F. Campbell

Geoffrey ~~M.~~M. T. Sturr

Joseph N. Roth

Joshua M. Whitaker

2929 N. Central Avenue, Suite 2100

Phoenix, Arizona 85012-2793

26 *Attorneys for Plaintiff*
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COPY of the foregoing ~~hand delivered~~served by
hand delivery this _____ day of ~~November~~June,
~~2018~~2019, to:

John E. DeWulf
Marvin C. Ruth
Vidula U. Patki
Coppersmith Brockelman PLC
2800 N Central Ave., Suite 1900
Phoenix, AZ 85004
jdewulf@cblawyers.com
mruth@cblawyers.com
vpatki@cblawyers.com

Attorneys for Defendants

~~7836486~~
8123385

Comparison Details	
Title	compareDocs Comparison Results
Date & Time	6/28/2019 3:30:22 PM
Comparison Time	2.74 seconds
compareDocs version	v4.3.200.37

Sources	
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Modified Document	[Active][#8123385] [v1] 2019-06-28 15698-3 Plaintiff Sixth Disclosure Statement - final.docx

Comparison Statistics	
Insertions	136
Deletions	26
Changes	491
Moves	0
Font Changes	0
Paragraph Style Changes	0
Character Style Changes	0
TOTAL CHANGES	653

Word Rendering Set Markup Options	
Name	Standard
<u>Insertions</u>	
Deletions	
<u>Moves / Moves</u>	
Font Changes	
Paragraph Style Changes	
Character Style Changes	
Inserted cells	
Deleted cells	
Merged cells	
Changed lines	Mark left border.
Comments color	By Author.
Balloons	False

compareDocs Settings Used	Category	Option Selected
Open Comparison Report after Saving	General	Always
Report Type	Word	TrackChanges
Character Level	Word	False
Include Headers / Footers	Word	True
Include Footnotes / Endnotes	Word	True
Include List Numbers	Word	True
Include Tables	Word	True
Include Field Codes	Word	True
Include Moves	Word	True
Show Track Changes Toolbar	Word	True
Show Reviewing Pane	Word	False
Update Automatic Links at Open	Word	False
Summary Report	Word	End
Include Change Detail Report	Word	End
Document View	Word	Print
Remove Personal Information	Word	False
Flatten Field Codes	Word	False