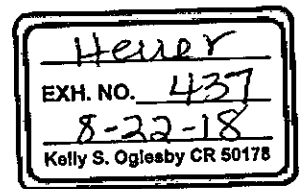


To: Shawna Heuer[2chittickboys2@gmail.com]
From: Beauchamp, David G
Sent: Wed 8/3/2016 3:31:17 PM
Subject: RE: Densco



Shawna:

Please call me when you can be alone so we can talk. I just spent an hour on the phone with the enforcement people from the Arizona Corporation Commission –Securities Division. They have talked to several investors and we need to discuss the stories being circulated and what they are planning to do.

Best regards, David

David G. Beauchamp

CLARK HILL PLC

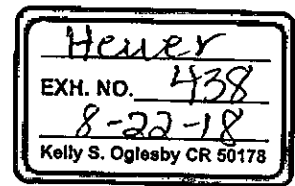
14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254
480.684.1126 (direct) | 480.684.1166 (fax) | 602.319.5602 (cell)
dbeauchamp@clarkhill.com | www.clarkhill.com

From: Shawna Heuer [mailto:2chittickboys2@gmail.com]
Sent: Wednesday, August 03, 2016 2:42 PM
To: Beauchamp, David G.
Subject: Densco

Found this as a recently viewed document on his computer.

Not sure if any importance, other then it was recently notarized.

To: rzkoehler@yahoo.com[]
Bcc: Beauchamp, David G.[DBeauchamp@ClarkHill.com]
From: Beauchamp, David G.
Sent: Wed 8/3/2016 5:40:12 PM
Subject: FW: Draft Email to Investors of DenSCO Investment Corporation ("DenSCO")



Robert:

Attached is the draft of the proposed email to investors. I did not include your telephone number or an email address for either you or Shawna.

Best regards, David
David G. Beauchamp

CLARK HILL PLC
14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254
480.684.1126 (direct) | 480.684.1166 (fax) | 602.319.5602 (cell)
dbeauchamp@clarkhill.com | www.clarkhill.com

From: Beauchamp, David G.
Sent: Wednesday, August 03, 2016 5:37 PM
To: Heuer.Shawna@gmail.com
Subject: Draft Email to Investors of DenSCO Investment Corporation ("DenSCO")

Dear DenSCO Investors:

As a follow up to the email from Denny Chittick's Family that was distributed on Sunday, I met late Monday with Shawna Chittick Heuer (Denny's sister) and Robert Koehler to discuss Denny's unfortunate and untimely passing and the steps to resolve the obligations of DenSCO to each of you. Robert was the "successor person" designated in the Confidential Private Offering Memorandum ("POM") that you were provided in connection with your investment into DenSCO. If Denny ever became unable to perform his duties for DenSCO, Robert was designated as the successor person to assist with the close down of DenSCO's business by collecting and distributing all of the monies due DenSCO.

For your reference, Robert Koehler is a well respected member of the real estate investment community. He is an Investor in DenSCO and he is also an owner of RLS Capital, Inc., so he knows and understands the real estate investment business. Robert has agreed with Shawna Heuer and me that he will do a quick and basic analysis of DenSCO's loans to its borrowers. This analysis will be to determine which of DenSCO's loans are fully secured and timely paying so that we can consider these to be "Good Loans." Robert will also identify the anticipated time frame for each of these Good Loans to be liquidated in a timely fashion, which should provide some cash back to each of the Investors. Robert will also try to identify the "Troubled Loans," which are loans that are either unsecured, or have not been paying interest or the principal back on a timely basis, or are owed by an entity in bankruptcy or with the guarantor of the loan in personal bankruptcy. Unfortunately, there are also claims that DenSCO has against either Auction.com or Scott Menaged (or some other parties) that we need to better understand. Robert anticipates having his initial analysis done by Friday of this week and we will share that with you. At the same time, we are also trying to get a good estimate of the balance of the principal amounts owed to Investors and any unpaid and accrued interest that is owed.

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. Shawna is an accountant and she has both the experience and the skill set from her every day position to work with the necessary people to attack DenSCO's problem, understand the extent of the problem and to come up with the best plan available to resolve the issues in the best way possible to maximize the return of the Investor's money. The probate filing is necessary so that Shawna will have the authority to control DenSCO and to have the necessary authority to make decisions on behalf of DenSCO, with the input of Investors as we propose below.

This problem with DenSCO's Troubled Loans developed over time and it will take some time to understand those Troubled Loans, how those loans came into existence as well as how to maximize the return on those loans to maximize the return of capital to the Investors. 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 all of 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 like the situation with Mortgages Ltd. That is why Denny had taken every step available to him to try to enable DenSCO to meet its obligations to the Investors since the Troubled Loans stopped paying

CH_0015071

interest last October, which caused an immediate problem with DenSco's cash-flow. Specifically, Denny previously liquidated or mortgaged all of his personal assets to loan money to DenSco to allow DenSco to continue to make its interest payments to its Investors until he had nothing left to put into DenSco.

As indicated above, the initial plan that we are trying to follow is intended for us to determine (and share with you) what does DenSco own. What cash is currently available, what loans are timely paying and when such loans are to be liquidated with the balance paid to DenSco. Initially, we believe that all of the Good Loans should be paid off within 6 months. We hope to have more specific information by Friday of this week.

There are also significant unsecured and secured loans that are subject to the personal bankruptcy of Yomtov "Scott" Menaged. These unsecured and secured loans to Scott Menaged need to be analyzed as well as the bankruptcy case so that we can determine what is likely to be paid to resolve these loans. In addition, to these loans, we also need to determine the status of the life insurance policy and other collateral that were to secure certain of the unsecured loans. Unfortunately, this will take more time than a couple days, but this information will be provided as soon as we can obtain and confirm it. This information should be available in a couple of weeks if third parties involved in the bankruptcy case timely provide the information that we have requested.

We also understand that there is a significant amount of money that is currently tied up with Auction.com that involve certain transactions involving Scott Menaged. Given the lack of initial information available concerning these transactions in Denny's office, it will take more time to understand these transactions and to determine what can be done to recover this amount of money. We will hopefully be able to have an understanding of these transactions, who has the money and what can be done to collect the money owed. So this will likely take at least 45 days to obtain and confirm this information so that it can be shared with you.

In order to maximize the available return to all of the Investors, which is what Denny urged us to do in his last instructions, 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. As we proceed, it may be necessary to have the final distribution and allocation to Investors approved by a court to satisfy any fiduciary duties for some Investors and that can be accommodated by a judicial review and approval of a settlement plan without a full bankruptcy proceeding.

If we are going to proceed informally to keep costs down, we understand that we need to communicate with you on a regular basis and we need to be able to receive communication from you as the Investors. To have good and open communication, 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 best be used to cost-effectively help DenSco to recover funds that are owed to DenSco. 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 would be the situation if these Investors were appointed to the Board of Directors. If you would be interested in participating in this Advisory Board, please let me know by return email and confirm that you would have the availability and willingness to participate in the necessary meetings (in person or by phone). Ideally, we would like to have a "cross-section of Investors" on this Advisory Board to help DenSco evaluate the information as it becomes available and to assist analyzing various decisions and the effect that such decisions would have on the Investors.

As indicated above, we hope to have a more detailed analysis of the Good Loans by the end of this week.

Sincerely, David

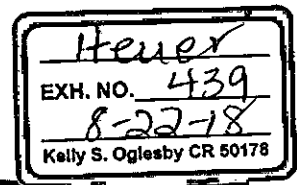
David G. Beauchamp

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CH_0015072



Beauchamp, David G.

From: Beauchamp, David G.
Sent: Wednesday, August 03, 2016 5:52 PM
To: Shawna Heuer
Subject: RE: Draft Email to Investors of DenSCO Investment Corporation ("DenSCO")

Have a safe flight!

David G. Beauchamp

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dbeauchamp@clarkhill.com | www.clarkhill.com

From: Shawna Heuer [mailto:heuer.shawna@gmail.com]
Sent: Wednesday, August 03, 2016 5:51 PM
To: Beauchamp, David G.
Subject: Re: Draft Email to Investors of DenSCO Investment Corporation ("DenSCO")

Perfect. I agree and we can only hope this gives us more time. Thanks David, headed to airport.

Sent from my iPhone

On Aug 3, 2016, at 5:37 PM, Beauchamp, David G. <DBeauchamp@ClarkHill.com> wrote:

Dear DenSCO Investors:

As a follow up to the email from Denny Chittick's Family that was distributed on Sunday, I met late Monday with Shawna Chittick Heuer (Denny's sister) and Robert Koehler to discuss Denny's unfortunate and untimely passing and the steps to resolve the obligations of DenSCO to each of you. Robert was the "successor person" designated in the Confidential Private Offering Memorandum ("POM") that you were provided in connection with your investment into DenSCO. If Denny ever became unable to perform his duties for DenSCO, Robert was designated as the successor person to assist with the close down of DenSCO's business by collecting and distributing all of the monies due DenSCO.

For your reference, Robert Koehler is a well respected member of the real estate investment community. He is an Investor in DenSCO and he is also an owner of RLS Capital, Inc., so he knows and understands the real estate investment business. Robert has agreed with Shawna Heuer and me that he will do a quick and basic analysis of DenSCO's loans to its borrowers. This analysis will be to determine which of DenSCO's loans are fully secured and timely paying so that we can consider these to be "Good Loans." Robert will also identify the anticipated time frame for each of these Good Loans to be liquidated in a timely fashion, which should provide some cash back to each of the Investors. Robert will also try to identify the "Troubled Loans," which are loans that are either unsecured, or have not been paying interest or the principal back on a timely basis, or are owed by an entity in bankruptcy or with the guarantor of the loan in personal bankruptcy. Unfortunately, there are also claims that DenSCO has against either Auction.com or Scott Menaged (or some other parties) that we need to better understand. Robert anticipates having his initial analysis done by Friday of this week and we will share that with you. At the same time, we are also trying to get a good estimate of the balance of the principal amounts owed to Investors and any unpaid and accrued interest that is owed.

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. Shawna is an accountant and she has both the experience and the skill set from her every day position to work with the necessary people to attack DenSco's problem, understand the extent of the problem and to come up with the best plan available to resolve the issues in the best way possible to maximize the return of the Investor's money. The probate filing is necessary so that Shawna will have the authority to control DenSco and to have the necessary authority to make decisions on behalf of DenSco, with the input of Investors as we propose below.

This problem with DenSco's Troubled Loans developed over time and it will take some time to understand those Troubled Loans, how those loans came into existence as well as how to maximize the return on those loans to maximize the return of capital to the Investors. 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 all of 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 like the situation with Mortgages Ltd. That is why Denny had taken every step available to him to try to enable DenSco to meet its obligations to the Investors since the Troubled Loans stopped paying interest last October, which caused an immediate problem with DenSco's cash-flow. Specifically, Denny previously liquidated or mortgaged all of his personal assets to loan money to DenSco to allow DenSco to continue to make its interest payments to its Investors until he had nothing left to put into DenSco.

As indicated above, the initial plan that we are trying to follow is intended for us to determine (and share with you) what does DenSco own. What cash is currently available, what loans are timely paying and when such loans are to be liquidated with the balance paid to DenSco. Initially, we believe that all of the Good Loans should be paid off within 6 months. We hope to have more specific information by Friday of this week.

There are also significant unsecured and secured loans that are subject to the personal bankruptcy of Yomtov "Scott" Menaged. These unsecured and secured loans to Scott Menaged need to be analyzed as well as the bankruptcy case so that we can determine what is likely to be paid to resolve these loans. In addition, to these loans, we also need to determine the status of the life insurance policy and other collateral that were to secure certain of the unsecured loans. Unfortunately, this will take more time than a couple days, but this information will be provided as soon as we can obtain and confirm it. This information should be available in a couple of weeks if third parties involved in the bankruptcy case timely provide the information that we have requested.

We also understand that there is a significant amount of money that is currently tied up with Auction.com that involve certain transactions involving Scott Menaged. Given the lack of initial information available concerning these transactions in Denny's office, it will take more time to understand these transactions and to determine what can be done to recover this amount of money. We will hopefully be able to have an understanding of these transactions, who has the money and what can be done to collect the money owed. So this will likely take at least 45 days to obtain and confirm this information so that it can be shared with you.

In order to maximize the available return to all of the Investors, which is what Denny urged us to do in his last instructions, 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. As we proceed, it may be necessary to have the final distribution and allocation to Investors approved by a court to satisfy any fiduciary duties for some Investors and that can be accommodated by a judicial review and approval of a settlement plan without a full bankruptcy proceeding.

If we are going to proceed informally to keep costs down, we understand that we need to communicate with you on a regular basis and we need to be able to receive communication from you as the Investors. To have good and open communication, 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 best be used to cost-effectively help DenSco to recover funds that are owed to DenSco. 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 would be the situation if these Investors were appointed to the Board of Directors. If you would be interested in participating in this Advisory Board, please let me know by return email and confirm that you would have the availability and willingness to participate in the necessary meetings (in person or by phone). Ideally, we would like to have a "cross-section of Investors" on this Advisory Board to help DenSco evaluate the information as it becomes available and to assist analyzing various decisions and the effect that such decisions would have on the Investors.

As indicated above, we hope to have a more detailed analysis of the Good Loans by the end of this week.

Sincerely, David

David G. Beauchamp

CLARK HILL PLC

14850 N Scottsdale Rd | Suite 500 | Scottsdale, Arizona 85254
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Heuer
EXH. NO. 440
8-22-18
Kelly S. Oglesby CR 50178

Beauchamp, David G.

From: Beauchamp, David G.
Sent: Wednesday, August 03, 2016 10:10 PM
To: Heuer.Shawna@gmail.com
Subject: RE: Email to Investors of DenSCO Investment Corporation ("DenSCO")

Shawna:

Robert just called after I sent several text messages to tell me that he wants his name completely out of the email. It is so late and I know you are on the plane, but I will go ahead and review the email again and delete Robert's name despite what he previously had agreed with Denny.

Thanks, David

David G. Beauchamp

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dbeauchamp@clarkhill.com | www.clarkhill.com

From: Beauchamp, David G.
Sent: Wednesday, August 03, 2016 8:20 PM
To: Heuer.Shawna@gmail.com
Subject: FW: Email to Investors of DenSCO Investment Corporation ("DenSCO")

Shawna:

As revised for you and Robert.

Hopefully, this covers the issues we discussed.

Best regards, David

David G. Beauchamp

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dbeauchamp@clarkhill.com | www.clarkhill.com

From: Beauchamp, David G.
Sent: Wednesday, August 03, 2016 8:19 PM
To: rzkoebler@yahoo.com
Subject: Email to Investors of DenSCO Investment Corporation ("DenSCO")

Dear DenSCO Investors:

As a follow up to the email from Denny Chittick's Family that was distributed on Sunday, I met late Monday with Shawna Chittick Heuer (Denny's sister) and Robert Koehler to discuss Denny's unfortunate and untimely passing and the steps to resolve the obligations of DenSCO to each of you. Robert was referenced as a possible resource in the Confidential Private Offering Memorandum ("POM") that you were provided in connection with your investment into DenSCO. The intent was that if Denny ever became unable to perform his duties for DenSCO, that Robert was a person who might be

able to assist with the close down of DenSco's business. Unfortunately, Robert would have a conflict of interest in performing the anticipated wind-down duties for DenSco due to his fiduciary obligations to his current business. So we have asked Robert to suggest someone to help collect the monies due DenSco if we are to proceed with the wind-down of DenSco.

For your reference, Robert Koehler is an Investor in DenSco and he is familiar with certain aspects of the real estate investment business. After much discussion with Robert, he agreed to review certain of DenScos' loan files and to do a very preliminary review of DenSco's loans to its borrowers. This preliminary review will simply be to determine which of DenSco's loans seem to be fully secured and that DenSco's records show timely payment of the past payments so that we can consider these to be "Good Loans." Robert will also try to identify the date due as specified in the respective promissory note for each of these Good Loans to try to determine when such loan is to be paid off, which will hopefully add to DenSco's money that is anticipated to be returned to the Investors as part of each Investor's invested capital. Robert will also try to identify the "Troubled Loans," by reviewing the loan files and DenSco's payment records to determine which loans are either unsecured, or the respective borrower is not current with its payments of interest or the principal, or if Denny's notes indicate that these loans are owed by an entity currently in bankruptcy or are guaranteed by someone who is in personal bankruptcy. Unfortunately, there are also claims that DenSco has against either Auction.com or Scott Menaged (or some other parties) that we need to better understand. Robert anticipates having his preliminary review of the Good Loans to be done by Friday of this week and we will share that information with you. At the same time, we are also trying to get a good estimate of the balance of the principal amounts owed to Investors and any unpaid and accrued interest that is owed.

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. Shawna is an accountant and she has both the experience and the skill set from her every day position to work with the necessary people to recover proceeds owed to DenSco and to return the recovered proceeds to the Investors. The probate filing is necessary so that Shawna could have the necessary authority to control DenSco and to have the authority to make decisions on behalf of DenSco, with the input of Investors as we propose below. However, if we determine that DenSco's recoverable proceeds are likely to be significantly or materially insufficient to return the Investors' capital to the Investors, then Shawna is unlikely to assume the control of DenSco and we will work with the various state authorities to have a Receiver named for DenSco, and such Receiver will be responsible to come up with an acceptable plan to collect the proceeds owed to DenSco and to return as much of the Investor's money as possible.

This problem with DenSco's Troubled Loans developed over time and it will take some time to understand those Troubled Loans, how those loans came into existence as well as how to maximize the return on those loans to maximize the return of capital to the Investors. 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 like the situation with Mortgages Ltd. Since the Troubled Loans stopped paying interest last October, which caused an immediate problem with DenSco's cash-flow, Denny has taken every step available to him to try to enable DenSco to meet its obligations to Investors until he could find another solution to avoid significant losses to DenSco's Investors. Specifically, Denny previously liquidated or mortgaged all of his personal assets to loan money to DenSco to allow DenSco to continue to make its interest payments to its Investors until he had nothing left to put into DenSco.

As indicated above, the initial plan that we are trying to follow is intended for us to determine (and share with you): what does DenSco own; what is the current balance in DenSco's bank account; what loans are timely paying and when such loans are anticipated to be liquidated with the balance paid to DenSco. Initially, we believe that all of the Good Loans should be paid off within 6 months. We hope to have more specific information by Friday of this week.

There are also significant unsecured and secured loans that are subject to the personal bankruptcy of Yomtov "Scott" Menaged. These unsecured and secured loans to Scott Menaged need to be analyzed as well as the bankruptcy case so that we can determine what is likely to be paid to resolve these loans. In addition, to these loans, we also need to determine the status of the life insurance policy and other collateral that were to secure certain of the unsecured loans. Unfortunately, this will take more time than a couple days, but this information will be provided as soon as we can obtain and confirm it. This information should be available in a couple of weeks if third parties involved in the bankruptcy case timely provide the information that we have requested.

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As indicated above, we hope to have a more detailed analysis of the Good Loans by the end of this week.

Sincerely, David

David G. Beauchamp

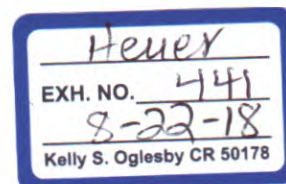
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To: Beauchamp, David G. [DBeauchamp@ClarkHill.com]
From: Shawna Heuer
Sent: Wed 8/3/2016 11:01:49 PM
Subject: Re: Email to Investors of Densco Investment Corporation ("DenSco")



I am fine with it, if he doesn't want his name attached I doubt I can convince him otherwise. I just landed. Let me read the final.

Sent from my iPhone

On Aug 3, 2016, at 10:52 PM, Beauchamp, David G. <DBeauchamp@ClarkHill.com> wrote:

What about my follow up message concerning Robert and removing all references to him?

David G. Beauchamp

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480.684.1126 (direct) | 480.684.1166 (fax) | 602.319.5602 (cell)
dbeauchamp@clarkhill.com | www.clarkhill.com

From: Shawna Heuer [<mailto:heuer.shawna@gmail.com>]
Sent: Wednesday, August 03, 2016 10:51 PM
To: Beauchamp, David G.
Subject: Re: Email to Investors of Densco Investment Corporation ("DenSco")

I read it and am okay with it. Thank you. Even though I am not going to do what you describe. Thanks David!!

Sent from my iPhone

On Aug 3, 2016, at 8:20 PM, Beauchamp, David G. <DBeauchamp@ClarkHill.com> wrote:

Shawna:

As revised for you and Robert.

Hopefully, this covers the issues we discussed.

Best regards, David

David G. Beauchamp

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From: Beauchamp, David G.
Sent: Wednesday, August 03, 2016 8:19 PM
To: rzkoebler@yahoo.com
Subject: Email to Investors of Densco Investment Corporation ("DenSco")

Dear DenSco Investors:

As a follow up to the email from Denny Chittick's Family that was distributed on Sunday, I met late Monday with Shawna Chittick Heuer (Denny's sister) and Robert Koehler to discuss Denny's unfortunate and untimely passing and the steps to resolve the obligations of DenSco to each of you. Robert was referenced as a possible resource in the Confidential Private Offering Memorandum ("POM") that you were provided in connection with your investment into DenSco. The intent was that if Denny ever became unable to perform his duties for DenSco, that Robert was a person who might be able to assist with the close down of DenSco's business. Unfortunately, Robert would have a conflict of interest in performing the anticipated wind-down duties for DenSco due to his fiduciary obligations to his current

business. So we have asked Robert to suggest someone to help collect the monies due DenSco if we are to proceed with the wind-down of DenSco.

For your reference, Robert Koehler is an Investor in DenSco and he is familiar with certain aspects of the real estate investment business. After much discussion with Robert, he agreed to review certain of DenScos' loan files and to do a very preliminary review of DenSco's loans to its borrowers. This preliminary review will simply be to determine which of DenSco's loans seem to be fully secured and that DenSco's records show timely payment of the past payments so that we can consider these to be "Good Loans." Robert will also try to identify the date due as specified in the respective promissory note for each of these Good Loans to try to determine when such loan is to be paid off, which will hopefully add to DenSco's money that is anticipated to be returned to the Investors as part of each Investor's invested capital. Robert will also try to identify the "Troubled Loans," by reviewing the loan files and DenSco's payment records to determine which loans are either unsecured, or the respective borrower is not current with its payments of interest or the principal, or if Denny's notes indicate that these loans are owed by an entity currently in bankruptcy or are guaranteed by someone who is in personal bankruptcy. Unfortunately, there are also claims that DenSco has against either Auction.com or Scott Menaged (or some other parties) that we need to better understand. Robert anticipates having his preliminary review of the Good Loans to be done by Friday of this week and we will share that information with you. At the same time, we are also trying to get a good estimate of the balance of the principal amounts owed to investors and any unpaid and accrued interest that is owed.

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. Shawna is an accountant and she has both the experience and the skill set from her every day position to work with the necessary people to recover proceeds owed to DenSco and to return the recovered proceeds to the Investors. The probate filing is necessary so that Shawna could have the necessary authority to control DenSco and to have the authority to make decisions on behalf of DenSco, with the input of Investors as we propose below. However, if we determine that DenSco's recoverable proceeds are likely to be significantly or materially insufficient to return the Investors' capital to the Investors, then Shawna is unlikely to assume the control of DenSco and we will work with the various state authorities to have a Receiver named for DenSco, and such Receiver will be responsible to come up with an acceptable plan to collect the proceeds owed to DenSco and to return as much of the Investor's money as possible.

This problem with DenSco's Troubled Loans developed over time and it will take some time to understand those Troubled Loans, how those loans came into existence as well as how to maximize the return on those loans to maximize the return of capital to the Investors. 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 like the situation with Mortgages Ltd. Since the Troubled Loans stopped paying interest last October, which caused an immediate problem with DenSco's cash-flow, Denny has taken every step available to him to try to enable DenSco to meet its obligations to Investors until he could find another solution to avoid significant losses to DenSco's Investors. Specifically, Denny previously liquidated or mortgaged all of his personal assets to loan money to DenSco to allow DenSco to continue to make its interest payments to its Investors until he had nothing left to put into DenSco.

As indicated above, the initial plan that we are trying to follow is intended for us to determine (and share with you): what does DenSco own; what is the current balance in DenSco's bank account; what loans are timely paying and when such loans are anticipated to be liquidated with the balance paid to DenSco. Initially, we believe that all of the Good Loans should be paid off within 6 months. We hope to have more specific information by Friday of this week.

There are also significant unsecured and secured loans that are subject to the personal bankruptcy of Yomtov "Scott" Menaged. These unsecured and secured loans to Scott Menaged need to be analyzed as well as the bankruptcy case so that we can determine what is likely to be paid to resolve these loans. In

addition, to these loans, we also need to determine the status of the life insurance policy and other collateral that were to secure certain of the unsecured loans. Unfortunately, this will take more time than a couple days, but this information will be provided as soon as we can obtain and confirm it. This information should be available in a couple of weeks if third parties involved in the bankruptcy case timely provide the information that we have requested.

We also understand that there is a significant amount of money that is currently tied up with Auction.com that involves certain transactions involving Scott Menaged. Given the lack of initial information available concerning these transactions in Denny's office, it will take more time to understand these transactions and to determine what can be done to recover this amount of money. We will hopefully be able to have an understanding of these transactions, who has the money and what can be done to collect the money owed to DenSco. So this will likely take at least 45 days to obtain and confirm this information so that it can be shared with you.

In order to maximize the available return to all of the Investors, which is what Denny urged us to do in his last instructions, 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. As we proceed, it may be necessary to have the final distribution and allocation to Investors approved by a court to satisfy any fiduciary duties for some Investors and that can be accommodated by a judicial review and approval of a settlement plan without a full bankruptcy proceeding. Again, if we determine that DenSco's recoverable proceeds are likely to be significantly or materially insufficient to return the Investors' capital to the Investors, then Shawna is unlikely to assume the control of DenSco and we will work with the various state authorities to have a Receiver named for DenSco, which Receiver will come up with an acceptable plan to collect the proceeds owed to DenSco and to return as much of the Investor's money as possible.

If we are going to proceed informally to keep costs down, we understand that we need to communicate with you on a regular basis and we need to be able to receive communication from you as the Investors. To have good and open communication, 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 best be used to cost-effectively help DenSco to recover funds that are owed to DenSco. 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. If you would be interested in participating in this Advisory Board, please let me know by return email and confirm that you would have the availability and willingness to participate in the necessary meetings (in person or by phone). Ideally, we would like to have a "cross-section of Investors" on this Advisory Board to help DenSco evaluate the information as it becomes available and to assist analyzing various decisions and the effect that such decisions would have on the Investors.

As indicated above, we hope to have a more detailed analysis of the Good Loans by the end of this week.

Sincerely, David

David G. Beauchamp

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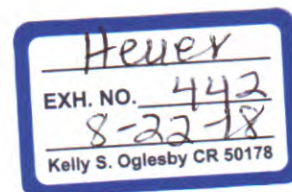
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To: Beauchamp, David G.[DBeauchamp@ClarkHill.com]
Cc: rzkoehler@gmail.com[rzkoehler@gmail.com]; rzkoehler@yahoo.com[rzkoehler@yahoo.com]
From: Shawna Heuer
Sent: Fri 8/5/2016 1:12:56 PM
Subject: Re: DENSCO PAYOFF OUTSTANDING LOANS



Hi, I'm not having a good day today. Not that this is an excuse, just struggling with my family.

I sort of understand what is being discussed here, so as long as Robert can tell me what I need to do, then I can follow his direction. Thank you Robert.

I have a new reliable forensic accountant lead that I am going to contact right now. I'll let you know their response, and what time frame and cost I have to look forward to.

Thank you both.

On Fri, Aug 5, 2016 at 11:56 AM, Beauchamp, David G. <DBeauchamp@clarkhill.com> wrote:

Robert:

Thank you. I have a call into the Enforcement Office of the AZ Securities Division to ask them how do they want us to proceed with these pay-offs.

The Notice from the Bankruptcy Court in the Scott Menaged matter was for the abandonment of the real property at 10510 E. Sunnyside Drive, Scottsdale, which terminates the Bankruptcy Court's automatic stay for that property. I believe that address is security for a portion of Denny's loans. I will also ask Enforcement for how do they want to proceed with starting the foreclosure sale process on that property.

Best regards, David

David G. Beauchamp

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From: rzkoehler@gmail.com [mailto:rzkoehler@gmail.com]
Sent: Friday, August 05, 2016 11:30 AM
To: Beauchamp, David G.
Cc: rzkoehler@yahoo.com; Shawna Heuer (2chittickboys2@gmail.com)
Subject: Re: DENSCO PAYOFF OUTSTANDING LOANS

I can help Shawna with this. I am not sure if Densco should use Denny's old releases as opposed to just having Shawna sign new ones when she has that ability?

Sent from my iPhone

CH_0014572

On Aug 4, 2016, at 6:31 PM, Beauchamp, David G. <DBeauchamp@ClarkHill.com> wrote:

Robert and Shawna:

I am forwarding this email to both of you, because it asks about the process for a pay-off calculation and to obtain Deeds of Release and Reconveyance. I know that that you both briefly discussed that there are some signed releases in Denny's files, but I do not know if there are releases for the loans to Barry Luchtel's company. I also do not have the information to calculate the pay-off amounts. As is shown in the email to Barry, I did ask for the time-frame for the pay-offs. I will forward his response to you when I receive it.

Thank you.

Best regards, David

David G. Beauchamp

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From: Beauchamp, David G.
Sent: Thursday, August 04, 2016 6:21 PM
To: Barry@KayakCapital.com
Subject: RE: DENSCO PAYOFF OUTSTANDING LOANS

Hi Barry:

Thank you for your email and for raising good questions. I had raised a similar question about the on-going operations. Basically, Denny signed the Deeds of Release and Reconveyance for the loans that he expected pay off within a short period of time. Those are in the files. Yours are probably part of those signed documents. I will ask for someone to look for them after we talk to the AZ Securities Division to clarify the directions we have received. What is your time-frame for the calculation of the pay-off amount and to obtain the releases?

Your other question concerns the process to convert previous interest payments to the recapture of principal to reduce the applicable taxes. In previous work-outs of investments, this adjustment is normally done as the first part of an approved final plan (to recapture as many years of interest as possible), which cannot be approved until after the fact-finding process is completed. In most cases that step is necessary, but we will not know until we have better information.

We will get back to you as soon as we have some more information.

Best regards, David

David G. Beauchamp

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dbeauchamp@clarkhill.com | www.clarkhill.com

From: barryluchtel@gmail.com [<mailto:barryluchtel@gmail.com>] **On Behalf Of** Barry@KayakCapital.com
Sent: Thursday, August 04, 2016 10:08 AM
To: Beauchamp, David G.
Subject: DENSCO PAYOFF OUTSTANDING LOANS

HI David,

I'm sorry to be contacting you under these circumstances. You have the unenviable task of winding this down, which quite frankly may be impossible to do w/out sending this mess into bankruptcy.

My company has two loans with DENSCO that we would like to payoff, what its he process for that?

Also, we have IRA funds invested in DENSCO.

- 1) If this goes into receivership or bankruptcy will there possibly be a clawback of interest payments that have been made to investors. I think something like that, beginning from the time the fraud began would be fair and equitable to the investors. I think the goal should be to get back interest payments made since the fraud began and look to make all investors whole from a principal standpoint.
- 2) Denny took our investment six months ago on an accrual basis so we haven't seen a penny of interest.

Thank you

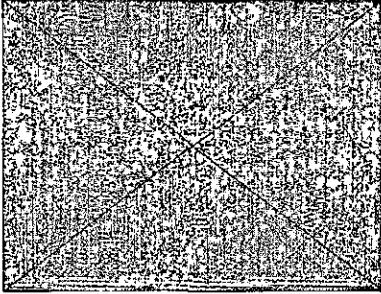
--

Barry Luchtel

CH_0014574

Office: 480.256.2274

Fax: 480.522.1852



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Heuer
EXH. NO. 443
8-22-18
Kelly S. Oglesby CR 50178

Beauchamp, David G.

From: Beauchamp, David G.
Sent: Friday, August 05, 2016 8:30 PM
To: Shawna Heuer (2chittickboys2@gmail.com)
Subject: FW: Additional DenSco Information

Shawna:

This is what I just sent.

All the best, David

David G. Beauchamp

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dbeauchamp@clarkhill.com | www.clarkhill.com

From: Beauchamp, David G.
Sent: Friday, August 05, 2016 8:29 PM
To: acatejr@gmail.com; amydirks@hotmail.com; anthjen@yahoo.com; artnina@hotmail.com; Aztonysmith@aol.com; aztonysmith@gmail.com; barryluchtel@gmail.com; bdirks5@cox.net; bji@cox.net; bjlocke64@yahoo.com; bjodenthal@frontier.com; brian.wenig@honeywell.com; burdett.anthony@gmail.com; butlerv@yahoo.com; carricks3@ak.net; czj528@hotmail.com; dariosdad@gmail.com; dave@prestoncpa.biz; davedubay@gmail.com; dhowze@cox.net; don-cindy@cableone.net; Doriann@cox.net; eileencohen@me.com; epcarrick@gmail.com; glenpdavis@gmail.com; greeraz@gmail.com; gsiegford@msn.com; hahnaz2@cox.net; hey.ralph01@gmail.com; hikthestik@aol.com; jackdds@myway.com; jamccoy32@gmail.com; jbhok@yahoo.com; jemmakopel@hotmail.com; jgsiegford@yahoo.com; jimmy@flytrapproductions.com; jimpatmc44@gmail.com; jkjetto@yahoo.com; Jphalen00@aol.com; jwalker113@cox.net; kayell121@cs.com; kaylene.moss@avnet.com; kennel@yahoo.com; landonluchtel@gmail.com; lanka2000@yahoo.com; Laurieweiskopf@gmail.com; lkopel22@hotmail.com; mark.wenig@gmail.com; mbencekent@yahoo.com; mliminvestor@gmail.com; mrsbeasley68@verizon.net; mscroggin@me.com; nihad@yahoo.com; nswirtz@me.com; patsmiller21@gmail.com; Paul_a_kent@yahoo.com; pearces@mailhaven.com; Peter.Rzonca@Avnet.com; pldupper@gmail.com; quelalively@yahoo.com; ralph@kaisertile.net; rbrinkman@yahoo.com; rgriswold3@stny.rr.com; robertflawson@gmail.com; rzkoehler@yahoo.com; sdetota@yahoo.com; sdetota99@yahoo.com; sdtuttle@gmail.com; smschloz@msn.com; steve@bunger.me; stewart.sherriff@gmail.com; switchback62@hotmail.com; terryleeAZ@comcast.net; thomasbyrne11@gmail.com; thompscg2@cox.net; trovita@gmail.com; uaflyor767@gmail.com; valeriepaxton@gmail.com; vimuscat@gmail.com; wadeunderwood@hotmail.com; wbush1120@comcast.net; wjswirtz@me.com; wka@caribbeanpoolsaz.com; yusuf@comsiscomputer.com
Subject: Additional DenSco Information

DenSco Investors:

As I indicated in my email that was sent out to each of you late Wednesday, we have been working as fast as possible to go through DenSco's paper files and computer records. We are continuing our efforts to obtain as much information as possible concerning DenSco's outstanding loans to its borrowers and what assets might be available to recover on loans in default. Unfortunately, the information is not good. Accordingly, we have been in communication with the AZ Corporation Commission – Securities Division to work with that office to discuss the best plan to maximize the recovery of funds owed to DenSco. We will be meeting with the Director of Enforcement next Wednesday to work through the necessary steps so that the State of Arizona can lend its oversight, if not its direct assistance, in this effort to recover the money that is owed to DenSco and its Investors. We will be able to provide more information after that meeting.

In the interim, we have had someone quickly go through the boxes of files and other information in DenSco's office to help determine the exact status. Please understand that this is very preliminary information and it will be subject to further review and supplemental information that we hope to obtain. The following estimates are derived from the information that was found after Denny's passing. These estimates were compiled in a very short period of time and all information provided will need to be revisited, reviewed and confirmed at a later date preferably by a third party, but this is what we now believe to be the case. Obviously, further information will also need to be obtained concerning the bankruptcy of Scott Menaged and the various claims that he supposedly owes to DenSco.

DenSco has in excess of one million dollars in its bank accounts. As additional interest is collected on the paying loans, this amount should increase.

There are approximately 138 loans listed in the DenSco portfolio.

50 of these 138 loans appear to be secured by first position deeds of trust and the documents indicate that these loans should be available for liquidity within 0-6 months through normal business or the accelerated sale of notes. These 50 loans (secured by first position deeds of trust) represent roughly \$4,981,736.00 of principal and accrued interest (*principal \$4,925,614.31 interest \$56,121.69*) and continue to earn interest at the rate of 18% per annum.

An additional 5 of these 138 loans appear to be first position deeds of trust which will require collection via foreclosure or collection through bankruptcy court and appear to be related to Scott Menaged in some form. (One property with a deed of trust to secure one of these loans was supposedly released from the protections of the automatic stay of the bankruptcy court earlier this week.) These 5 loans represent roughly \$2,533,000 of principal and interest (*principal \$1,980,000 and estimated collectable accrued interest \$553,000*).

The 83 remaining loans do not appear to be secured via first position Deed of Trust recordings. While they all do appear to have signed promissory notes and deeds of trust in each file, there is no evidence of recording and involve Arizona Home Foreclosures, LLC and Scott Menaged and represent approximately \$28,178,600.

Additionally, there appears to be an unsecured note (accounts receivable) from Scott Menaged to DenSco in an approximate amount of \$14,339,339.79.

Summary:

\$4,981,736 notes that are believed to be secured by deeds of trust and should be liquidated in the near future;
\$2,533,000 notes that are supposedly secured but require collection/involve Scott Menaged;
\$28,178,600 that involve Scott Menaged but we are unsure of security, will require collection via courts;
\$14,339,339 supposedly unsecured note from Scott Menaged, will require collection via courts, and
\$1,000,000 (*Estimated in DenSco bank accounts*)

\$51,032,675.00

Last stated investor balance per Denny's spreadsheet as of June 2016
\$51,184,005.27

As noted above and in my previous email to each of you, Scott Menaged is in personal bankruptcy and he claimed in his bankruptcy filing that he does not have any assets. According to third parties involved in Scott's bankruptcy, we have obtained the following information that we believe to be reliable. Scott filed his personal bankruptcy in April 2016 (pro per, which means without legal counsel) and he failed to provide the necessary schedules of creditors and notices to the creditors as the bankruptcy law requires. The US Trustee appointed for this bankruptcy case, Jill H. Ford, took action to

require that Scott's bankruptcy estate retain legal counsel and comply with the bankruptcy requirements. The bankruptcy estate has now retained Cody Jess of Schian Walker, PLC as Debtor's legal counsel. Cody Jess informed me that he was retained in early July and that the notice to DenSco was mailed either late last Monday / early Tuesday, so Denny likely received the notice on Wednesday, which was Denny's first notice of the bankruptcy filing. Supposedly, Denny talked to Scott on Wednesday and Scott confirmed the information in the notice. Unfortunately, that probably led to Denny taking his life the next day on Thursday.

Cody Jess also claimed that both of Scott's other entities that are on the \$14,000,000 (+) unsecured note (or guaranteed that note) are not in the bankruptcy, but Arizona Home Foreclosure has conveyed all of its homes and it no longer has any assets. However, that is contrary to the information in DenSco's files. Further, Cody Jess also claimed that Furniture King is not in the bankruptcy, but it does not matter because it has no value due to the several liens already filed against it. Cody said that DenSco never filed a UCC-1 to secure its security interest in the assets of Furniture King. That UCC-1 was part of the forbearance package that we prepared in 2014. That package was supposed to be signed in my office, but Scott convinced Denny to not do the signing in my office. I gave all of the documents to Denny and told Denny to get them all signed (where the stickers were) and to have certain documents notarized and to have the UCC-1 filed with the Arizona Secretary of State. Denny subsequently told me that the UCC-1 had been filed. However, I checked today and that UCC-1 was never filed and made of record against Furniture King.

Based upon all of the new information set forth above, please understand that we now believe that a different strategy might be more effective with respect to the collection of the money owed to DenSco, the liquidation of DenSco and the return of funds to DenSco's Investors. That is why we have reached out to the State of Arizona to determine if the Securities Division can lend assistance in the collection of the money owed to DenSco.

We will keep you informed as we obtain more information.

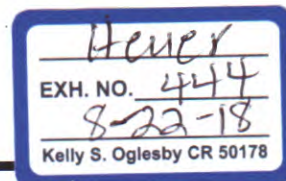
Sincerely, David

David G. Beauchamp

CLARK HILL PLC

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Beauchamp, David G.

From: Beauchamp, David G.
Sent: Sunday, August 07, 2016 3:50 PM
To: Brian Imdieke
Cc: Shawna Heuer
Subject: Re: DenSco - Scott Menaged Chapter 7

Brian:

That would've great, but I defer to Shawna.

Thanks, David

Sent from my iPhone. Please excuse any typos.

On Aug 7, 2016, at 3:44 PM, **Brian Imdieke** <bj16173@gmail.com> wrote:

As for the backup, do you want to wait until you get here on Wednesday, or do you want me to do a backup and stash it in a safe place?

From: Shawna Heuer [<mailto:2chittickboys2@gmail.com>]
Sent: Sunday, August 07, 2016 2:44 PM
To: Beauchamp, David G.
Cc: Brian Imdieke
Subject: Re: DenSco - Scott Menaged Chapter 7

Actually the idea of moving the boxes from Denny's basement to Brian's would be smart. Most of his DenSco files have been put on dropbox for Robert and I to view and access, so I am not too concerned about those. All the letters he sent to people, Robert, me and my "iggy list" of what I needed to do is all on dropbox.

But, yes a backup would be smart.

The power went out twice today just for a short period of time at Denny's house, Sean was looking around to see if anything was tampered with, but it concerned him. Unless it was simply just a power company outage. Brian, did you have one?

What do you think?

On Sun, Aug 7, 2016 at 2:16 PM, Beauchamp, David G. <DBeauchamp@clarkhill.com> wrote:
Brian:

That is the plan as soon as Shawna gets here. Maybe Shawna has made already made plans.

Thanks,
David Beauchamp

Sent from my iPhone. Please excuse any typos.

On Aug 7, 2016, at 2:00 PM, Brian Imdieke <bjj6173@gmail.com> wrote:

I think it would be wise to make a backup with that computer onto a USB hard drive. It's quick it's easy and it's inexpensive. I don't know if Denny kept regular backups, but I don't think he did.

Brian Imdieke,
Sent from my iPhone

On Aug 7, 2016, at 1:18 PM, Shawna Heuer <2chittickboys2@gmail.com> wrote:

Hi Brian,

Sean O'Connor, my cousin, is still at the house, knows of the concern and isn't leaving until I arrive to get the computer to take it to David or remove records from it.

I just booked a ticket to arrive in Phoenix Tuesday night at 10pm. So I will be at the house before midnight. Wednesday we plan to remove records and files from the house, as well as the computer so that "threat" is gone.

Denny's files, in the basement are my concern as well, so Sean won't leave until we resolve this. Sean is more than prepared to deal with any issue. Sorry to alarm you, but the more we know about this idiot the more serious this all becomes.

On Sun, Aug 7, 2016 at 11:52 AM, Beauchamp, David G.
<DBeauchamp@clarkhill.com> wrote:

Brian:

Sorry to bother you again on a Sunday, but Scott Menaged's attorney made a couple comments on the phone on Friday that really concern me. He said that he knows Denny's computer has all of DenSco's evidence against Scott. Further, that computer is still at Denny's house. When (not if) that computer disappears, all of DenSco's investors will be out of luck. I asked if that was a threat and he simply said that it was just common sense. However, Shawna agreed with me that we should let you know about these comments to keep an eye open.

Best regards, David

Sent from my iPhone. Please excuse any typos.

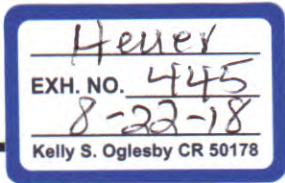
> On Aug 7, 2016, at 9:25 AM, Brian Imdieke
> <bjj6173@gmail.com> wrote:

>

> See attached.

>

> David,
> I'm collecting DenSco mail and forwarding to Robert Koehler
daily. However, Robert has been out of town for a couple days and
I
> thought you should get this document right away. I have also
sent it to Robert along with the other mail....
>
>
> You've heard from.
> Brian Imdieke <bjj6173@gmail.com>
>
>
>
> <Notice of motion for relief - Scott Menaged chapter 7.pdf>
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and then delete this message from your system. Please do not copy
it or use it for any purposes, or disclose its contents to any other
person. Thank you for your cooperation.



Beauchamp, David G.

From: Beauchamp, David G.
Sent: Monday, August 08, 2016 6:11 PM
To: Shawna Heuer
Cc: perbland@lclattorneys.com
Subject: RE: Investor List

Shawna:

With respect to your presence at Wednesday's meeting, Wendy Coy was most interested that you be available to review documents and to sign to set up the Receivership if the documents and terms are acceptable to you. We can arrange for you to be in another conference room or in another part of the City. Sorry for making this suggestion, but the viewing of Denny's body could be too much for you to be able to come to the meeting. I know that has been the case for other people in far less stressing times.

See notes below.

David G. Beauchamp

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From: Shawna Heuer [<mailto:2chittickboys2@gmail.com>]
Sent: Monday, August 08, 2016 5:28 PM
To: Beauchamp, David G.
Cc: perbland@lclattorneys.com
Subject: Re: Investor List

Hi David,

Thank you for the reference of Kevin Merritt. I'll talk with Peter and we will figure out who I should contact right away.

Peter Erbland - Phone #[208.664.8115](tel:208.664.8115) - email is perbland@lclattorneys.com - I know I gave you this earlier but wanted you to have his phone number too. I'm tired, sorry if I repeat myself.

Chris Gorman - phone #[602.845.1416](tel:602.845.1416) or chris@gcgaz.com - Cell is [602.850.5111](tel:602.850.5111) - Forensic Accountant
**** Thank you for the names., email addresses and telephone numbers. I will call Chris Gorman.

So yes, the extensive subpoena was concerning. I guess I'll have to read it to clarify what exactly is required and what isn't. I would hate to lose his computer, being so personal with all his photos, journals etc on it. But I didn't follow Denny's directions and destroy it, so it's still here.**** Under the circumstances, you would have been in significant trouble if you had destroyed it, which is why I had not to destroy it. Thank you for listening to me, and hopefully it will not cause too much trouble later. You cannot be liable for things you did not do or did not cause.

I would love to bring the file boxes in Denny's basement to your office to get them away from the house. Once Sean leaves on Thursday, I don't want to stay at the house by myself. My team of support had to return to their lives. **** If possible, can you or someone please tell me how many boxes are there and what amount of

space would be needed. Even with all of the efforts to reduce the amount of paper in our office files, it is a constant struggle to have enough storage room for files that have to be kept until certain events finally happen.

Does the request include all history - so all boxes? Or just from the fraud forward? I'll take an inventory once I arrive Tuesday night, I am sure Denny has shredded whatever years he was legally allowed to, he had Dave Preston, CPA tell him what to keep and what to shred. **** We will have to produce what we have. We cannot provide information that Denny did not keep.

Do you assume people want my address to send me lawsuit paperwork? I know many of the investors want to talk to me, but I feel confident that you should be the connection. I don't know enough about this process to be helpful. **** I am very concerned that your address is either to send you lawsuit paperwork, a subpoena or to track down how to reach you and have someone corner you at home or work and try to talk to you without anyone there to help guide you and avoid any improper questioning. Bottom line: You have the right to NOT be questioned unless your attorney is present and you are prepared for it. This whole situation is so emotional that we need to make sure that you can be as calm as possible so that your answers are thoughtful and protect you and Denny's Estate.

I had a thought that came over me yesterday. Denny's records will provide the answers or clues to the answers that he couldn't figure out. I know time is not on our side, but I think eventually we'll know the truth behind how the fraud was perpetuated and continued without Denny knowing. I am starting to think Scott had a partner/girlfriend at an escrow office, title company that received money to file false documents, etc. It just seems too inconceivable to have happened under Denny's nose, without him catching it. These are just my thoughts. **** I agree with your thoughts. In fact, with this amount of money there might be even more than one person who was acting to help Scott.

So, from your email, do I assume I am to be in another room on the phone, or I should be in this meeting with Wendy? You told me you before I shouldn't be? Peter thought I shouldn't be unless I had a representative with me. Please explain. **** Wendy indicated today that she has an agenda for this meeting that she was provided by her superiors. She also added that she does not have time to send it out in advance. Procedures that were discussed last week are changing without discussion. Her tone and level of cooperation that was very willing to work together last week seems to have changed from last Wednesday to last Friday and again to today. Obviously there are other factors at play and we need to protect you.

Do you have a tech savvy young person in your office that could look at Denny's computer, take off the Audio Dropvox file and all the other Dropbox records that he has for Robert? I'm technically challenged when it comes to that, I might have already told you. **** I do not have someone in my office here who can do that. All of our firm's tech people are in Detroit, Chicago or Pittsburgh. However, I do know several tech people who are very skilled with computers. When we have a list of what needs to be done, I can send an email to a couple and get quick estimates.

I think I answered your questions. I'll call you Wed morning. We (my parents & nephews) plan to view Denny's body on Wed morning, they released his body today. Death certificate pending. *** Good luck to you and your parents. I know how hard that will probably be.

I think that is all for now, I'll email tomorrow after I read the subpoena.

Thanks David!

On Mon, Aug 8, 2016 at 3:31 PM, Beauchamp, David G. <DBeauchamp@clarkhill.com> wrote:

Shawna:

Your email came as I was sending the other email with the questions and update. Please see my notes below to answer your questions.

David G. Beauchamp

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dbeauchamp@clarkhill.com | www.clarkhill.com

From: Shawna Heuer [mailto:2chittickboys2@gmail.com]
Sent: Monday, August 08, 2016 3:06 PM
To: Beauchamp, David G.
Subject: Investor List

You asked me to send you the spreadsheet, I don't have it. It was in Roberts dropbox, and Denny's computer is at his house, so I don't have access to Denny's records right now. **** I understand. You had already explained that to me. If possible, we might want Robert to attend the first part of the meeting with Wendy Coy (or to be on the phone) to explain what is in the DenSco files and what we will have copied for us and provide the originals to them. (We can try to provide copies to them, but I do not think they will accept that.)

I met with an attorney here in town this morning, he is going to refer me to someone in Phoenix that can be my personal attorney and hold my hand thru this all. He was shocked to hear the story. I didn't even tell him all of it, if you could imagine. **** I talked to Kevin Merritt at Gammage & Burnham over the weekend to possibly represent you. His telephone # is 602-256-4481. He has an excellent reputation as a business finance and workout attorney. I think he would be able to provide very good representation for you. You can pass along his name to Peter or I give his contact information when I talk to Peter.

He may be calling you. His name is Peter Erbland, Lake City Law - he has your business card and I asked him to reach out to you if needed. I hope that is okay. **** Yes, that is okay. You will need legal counsel to keep the aggressive attorneys at bay, which is why I talked to Kevin Merritt..

Also, I wanted to know if you could contact Chris Gorman at Gorman Consulting LLC? He was the forensic accountant I spoke to on Friday. I told him you may reach out to communicate the situation we are faced with. **** I asked for his telephone number and I thought you were going to send it to me for me to call him. If you can send that, it would help.

I am on a plane tomorrow afternoon, won't get there until 11pm tomorrow night, but will be at my brothers with Sean soon after. **** Have a safe flight and let me know when we can talk

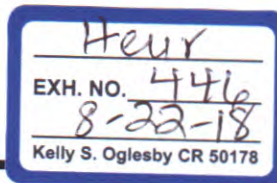
Email or call me with what we should do next about the records and computer. **** Just let me know what can be readily downloaded (or printed) and provided to the Securities Division. The rest will need to be provided as we can reasonably locate it, verify it and provide copies of it.

Did you receive the dropbox link I sent? It has that audio file Denny left us. **** Yes, I did receive it, but I had to get a new password for some reason. The password in my file did not work. So we did not get into it until today.

Okay, thank you.

Best regards, David

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Beauchamp, David G.

From: Beauchamp, David G.
Sent: Wednesday, August 10, 2016 7:28 PM
To: Shawna Heur (2chittickboys2@gmail.com)
Subject: FW: Additional DenSco Information

Shawna:

Here is the email that I just sent to the DenSco Investors after reading another 45 to 50 emails.

If you feel I should revise or correct anything, please let me know and I will do a quick supplement.

Best regards, David

David G. Beauchamp

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dbeauchamp@clarkhill.com | www.clarkhill.com

From: Beauchamp, David G.

Sent: Wednesday, August 10, 2016 7:26 PM

To: acatejr@gmail.com; amydirks@hotmail.com; anthjen@yahoo.com; artnina@hotmail.com; Aztonysmith@aol.com; aztonysmith@gmail.com; barryluchtel@gmail.com; bdirks5@cox.net; bji@cox.net; bjlocke64@yahoo.com; bjodenthal@frontier.com; brian.wenig@honeywell.com; burdett.anthony@gmail.com; butlerv@yahoo.com; carricks3@ak.net; czj528@hotmail.com; dariosdad@gmail.com; dave@prestoncpa.biz; davedubay@gmail.com; dhowze@cox.net; don-cindy@cableone.net; Doriann@cox.net; eileencohen@me.com; epcarrick@gmail.com; glenpdavis@gmail.com; greeraz@gmail.com; gsiegford@msn.com; hahnaz2@cox.net; hey.ralph01@gmail.com; hikthestik@aol.com; jackdds@myway.com; jamccoy32@gmail.com; jbhok@yahoo.com; jemmakopel@hotmail.com; jgsiegford@yahoo.com; jimmy@flytrapproductions.com; jimpatmc44@gmail.com; jkjetto@yahoo.com; Jphalen00@aol.com; jwalker113@cox.net; kayell121@cs.com; kaylene.moss@avnet.com; kenneni@yahoo.com; landonluchtel@gmail.com; lanka2000@yahoo.com; Laurieweiskopf@gmail.com; lkopel22@hotmail.com; mark.wenig@gmail.com; mbencekent@yahoo.com; mlminvestor@gmail.com; mrsbeasley68@verizon.net; mscroggin@me.com; nihad@yahoo.com; nswirtz@me.com; patsmiller21@gmail.com; Paul_a_kent@yahoo.com; pearces@mailhaven.com; Peter.Rzonca@Avnet.com; pldupper@gmail.com; quelalively@yahoo.com; ralph@kaisertile.net; rbrinkman@yahoo.com; rgriswold3@stny.rr.com; robertflawson@gmail.com; rzkoehler@yahoo.com; sdetota@yahoo.com; sdetota99@yahoo.com; sdtuttle@gmail.com; smschloz@msn.com; steve@bunger.me; stewart.sherriff@gmail.com; switchback62@hotmail.com; terryleeAZ@comcast.net; thomasbyrne11@gmail.com; thompscog2@cox.net; trovita@gmail.com; uaflyor767@gmail.com; valeriepaxton@gmail.com; vimuscat@gmail.com; wadeunderwood@hotmail.com; wbush1120@comcast.net; wjswirtz@me.com; wka@caribbeanpoolsaz.com; yusuf@comsiscomputer.com

Subject: RE: Additional DenSco Information

DenSco Investors:

I am sorry that I will not be able to separately answer each of the emails that I have received in the last 24 hours. I appreciate your interest and the difficulty that this situation is causing each of you. You have clearly expressed that in the many emails that I have received (well over a hundred) in the last 24 hours. I am trying to provide answers to the most common questions in this email.

!. **Today's Meeting with the Securities Division:** Today's meeting ran much longer than was expected. There was a lot of discussion concerning what loan records, investor records and other financial records were available to satisfy

DenSco's obligation pursuant to the Subpoena that the Securities Division served on DenSco. Since there are more than 51 boxes of records from Denny's house, we agreed upon a procedure and process to make these records available for the Securities Division. We also discussed the other records requested and how those records (i.e tax records and current loan files) will be obtained for the Securities Division from other sources.

Based on information from Denny's notes and files, we were able to provide the Securities Division a preliminary assessment of how the perceived fraud occurred and the timing of such fraud. We believe this information will help the Securities Division as it works to sort out all of the necessary information. This outline and the information in DenSco's files will hopefully provide some direction to the Securities Division as to which transactions and which third parties are suspect and who we believe should be reviewed by the Securities Division or other investigators. The information we provided supplemented the information that many of the DenSco Investors have already shared with the investigators for the Securities Division. Given the high volume of calls being received, the investigators did ask for your understanding and patience as they go through all of the messages and get back to you as quickly as they can. The Securities Division suggested that anyone who might have some valuable information to help their investigation, please call Gary Clapper at 602-542-0152.

We also discussed the various options to proceed. As I was concerned might be the case, the Securities Division is likely to take charge of this matter under its statutory authorization given the high level of interest and concern that has been expressed by the DenSco Investors and by the representatives of the Investors. Although nothing conclusive was decided in today's meeting, the representatives from the Securities Division will take the information from today's meeting and discuss all of the information obtained with the Director of the Securities Division. However, the amount of concern that has been expressed was referenced several times in our meeting, which is likely to cause the Securities Division to unilaterally file an action with the AZ Superior Court to have a Receiver appointed to collect the money owed to DenSco and oversee the distribution of the money to the Investors. That will take this matter out of our hands, but we (with the Investors) might have some input into the final decision of the court or in the instructions given to the Receiver by the court. I will analyze last night's and today's emails from several of the DenSco Investors to determine which suggestions might be compatible with the plans of the Securities Division to collect the assets and money owed to DenSco while keeping the professional costs to a minimum. We will then try to introduce those suggestions into the process for the Receiver.

2. **Tax Issues.** As many of the Investors have noted, there are some potential tax savings that can offset the losses that the Investors are likely to incur. We have discussed with certain tax advisors those suggestions as well as other ideas that I have used for other clients to use losses to offset other income. If any Receiver is appointed, we will try to make sure that the Receiver understands these potential tax benefits and the decisions that need to be made to help the Investors use these tax savings as soon as possible.

3. **Early Distribution of Assets to some Investors.** Some Investors have indicated that they cannot wait the expected time frame (possible 3 to 5 years) for the Receiver to do a full investigation and to pursue legal action to collect the money owed to DenSco. Some have even expressed a willingness to take a discount of the total amount owed to them in exchange for an early distribution to them. Although this concept will be very difficult to structure and probably even more difficult to obtain the consent of most of the Investors to this approach, we will relay this information to the Receiver, if one is appointed.

Sincerely,

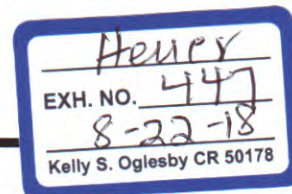
David Beauchamp

David G. Beauchamp

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Beauchamp, David G.

From: Beauchamp, David G.
Sent: Tuesday, August 16, 2016 7:02 PM
To: Kevin R. Merritt; 'Shawna Heuer'
Cc: Trinity Osborne; Patti Meloserdoff
Subject: RE: PAYOFF REQUEST: 6713 E PALM LN.

Shawna and Kevin:

I have sent two emails to Robert to ask about the payoff amounts, but I have not heard from him. I do not have access to the accounting records in Dropbox, so I cannot calculate the payoff amounts. I do have the Deeds of Release, but I need someone else to provide the payoff amounts.

Best regards, David

David G. Beauchamp

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From: Kevin R. Merritt [<mailto:KMerritt@gblaw.com>]
Sent: Tuesday, August 16, 2016 5:47 PM
To: 'Shawna Heuer'
Cc: Trinity Osborne; Patti Meloserdoff; Beauchamp, David G.
Subject: RE: PAYOFF REQUEST: 6713 E PALM LN.

Proposed response as follows:

Barry,

I'm told that counsel for Densco has possession of the necessary release documents for this property, to be recorded upon a payoff of the loan. He was supposed to coordinate obtaining a payoff amount for you. Have you received that information?

We will need to know the title company/escrow agent that is handling your sale, so that we can deliver the release to them. Please provide the company's name and address, the name of your contact person, and your escrow number.

I also understand that you have a second property, 2448 W. Kiva Ave. in Mesa, that may also need a payoff, but which is not in the context of a sale – is that right? Did you receive any information as to a payoff amount for this property?

I'm told that we also have a signed deed of release for this property. Is there an escrow involved with this location? If so, we'll need the same information as requested above. If there is not an escrow agent involved, then we may need to pause shortly until we get a receiver in place, as I don't have visibility to the bank accounts yet, so I'm not in a position to verify receipt of funds. If you need to move sooner than that, we can make arrangements to involve a title company to handle the receipt of funds and delivery of releases.

I look forward to hearing from you.

Best regards,



Shawna

Kevin R. Merritt

602.256.4481 Direct | KMerritt@gblaw.com

From: Shawna Heuer [<mailto:2chittickboys2@gmail.com>]

Sent: Tuesday, August 16, 2016 7:37 AM

To: Kevin R. Merritt

Subject: Fwd: PAYOFF REQUEST: 6713 E PALM LN.

Or this ? Robert?

----- Forwarded message -----

From: Barry Luchtel <barryluchtel@gmail.com>

Date: Tue, Aug 16, 2016 at 7:35 AM

Subject: PAYOFF REQUEST: 6713 E PALM LN.

To: Shawna <2chittickboys2@gmail.com>

Hello Shawna,

I have a loan with DENSCO on the above referenced property and I would like to get a payoff today or tomorrow if possible. The property is scheduled to sell this coming Monday.

Can you help me facilitate this timeline?

Thank you

--

Barry Luchtel

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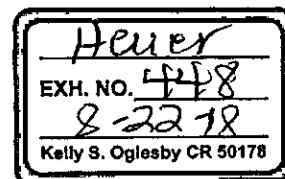
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To: Beauchamp, David G. [DBeauchamp@ClarkHill.com]
From: Shawna Heuer
Sent: Mon 8/1/2016 10:16:25 AM
Subject: Densco and Denny
Investors.docx



Hi, I doubt you'll receive anything in the mail today. we have found items that have not been mailed

Here is the investor letter he wrote, edited, wanted sent out, changed his mind and asked me not to give it to anyone but you. Emails didn't go out, his wife was down, so in case Robert didn't forward t his to you it is attached

Can you read before we meet you today? Sorry for short notice, but realizing not everyone he intended to receive info got it.

Thanks,

Investors:

I owe you an explanation as well as a lot of money. This is going to get blown up and the truth will be hard to find. This is what happened. Please don't contact or create notification that would reach my x-wife. She needs to get my boys off to school. You have had all give me unwavering support of confidence; I accepted that confidence with pride, appreciation and humility, knowing I could perform to your expectations. I started the business in 2001. Not a great year to start one. I learned the business and it grew and grew. It was working perfectly until 2008. We had the great recession and phoenix was the epicenter of the housing crash. I was always impressed and surprised that nearly everyone stuck with me through it. I didn't come out of it unscathed, but I survived it which is more than I can say for many other lenders. I took millions of dollars in losses over a few years. I remained profitable every year. I was able to talk to a few of you to help me make decisions on what I should do. Should I sell these house I was getting back and take huge losses or keep them, rent them hope the market comes back? Gladly after consultations from several of you, you agreed with my strategy, it was smarter to rent them at cash flow neutral my interest costs and wait it out. I ended up with a 12 plex and 15-20 homes at one point. Slowly over the years, 2011, 2012, 2013, I sold them. Instead of selling them for 80% loss (which would have been worst case at the point I took some of them back), sometimes as little as 10% on loss of principle at the time of sale in 11-13'. Again because the rest of the business was thriving, the capital I had in the business, these losses had no impact on your interest earnings and even though it severely dented my profitability, but I was profitable every year. For over a dozen years, I ran this business as good as you could. Everything reconciled to the penny, the business was extremely profitable, sometimes annoyingly so. In 2012 I was saying that I would quit accepting money soon and figured the portfolio would start shrinking. Going in to 2013 I was starting to get larger idle cash positions on a regular basis. Scott Menaged, (480-261-7385 10510 E Sunnyside Dr., PV, 85259), a long time borrower, he was probably one of my largest borrowers by dollars over the years. He was also ran a bidding company and sent me many borrowers over the years. He at the time had a few million of loans with me on his rentals and was still doing flips on a regular basis. Scott contacted me and asked if would be interested in funding a bank of rentals to which a hedge fund friend of his out of New York would buy once it reached 7-10 million. He would put down 15-20%, fix them up and rent them and then when he acquired the total dollar amount he would sell out to this guy. That amount of money would take me over me 10-15% threshold to any one borrower. Again I talked to a few of you investors and got a positive response, based on his track record, the down payments etc, the comfort level was there. I agreed. He would buy anywhere between one and three properties a week at auction. Now when I have someone buy at auction, funds have to produce the next day in a cashier's check to the trustee. A majority of the time my repeat borrowers are buying through bidding companies that I have relationships with. For efficiency sake, I would normally wire the funds I'm lending to, the bidding company they would get the check and give it to the trustee. Send me receipts. Sometimes I would even wire the full amount and my borrower would bring me their down payment check and bidding fee because they lived here in the East valley versus running across town. I've operated this way ever since I was given the ability to wire on line in 2003. Many of you knew this and I told you this is how I operated. Some of you that were also borrowers and investors have experienced

1

this way of doing business and know it's common. As Scott was buying these properties he would email me the info on the address the buy price and what he wanted to borrow, net of his down payment. I would do my due diligence and would wire the funds. He would sign all my docs and then I would record the Mortgage receipt and then once I saw the trustee's deed was recorded, which sometimes took a few weeks, I would then record my deed of trust. This was to cloud title until the trustee's deed was recorded. Some lenders record a Deed of Trust the day the property is paid for and re-record the Deed of Trust. Again this is the way the auction process works. It's the way I have operated from the beginning and many have copied my process. I've spoken with attorneys, title officers and trustees and it's been agreed upon that it's a good process. I felt comfortable lending him more money, I was keeping money at work and I had started to discuss with many of you telling you that by the end of the year I would probably start returning some of my larger investors some of their money. Everyone I spoke to was willing to accept some money back. I had also stated that I might force everyone to take their interest that way it would eat up my build up in cash that I was forecasting to have once this portfolio paid off at the end of the year. Mid way through the year, Scott contacted me asking if we could raise the bar even higher. He already had a few million of his own rentals and was still doing a few flips. Now he wanted to add to the hedge fund portfolio. I was concerned because of the concentration with him; the portfolio was around \$50 million. It was only going to be for a few more months and he had been spotless with payments of interest and I checked all the values of the properties, visited some of them, everything seemed to be in order. I agreed to the increase. We talked again in the fall and he was telling me I would be cashed out of these by year end. I again spoke with a few of you saying that I might be returning some funds. The plan was all working out fine, the rest of the business was doing fantastic and I wasn't concerned. Then in November something came up that made it look like I was in second position one of the properties I had a loan with Scott. I called him; he didn't know anything about it and said he would get back to me. The day before thanksgiving he came to my office and explained that his wife had come down with cancer and he was dealing with her most of the year and wasn't watching his business as closely as he normally does. He had turned over the day to day operations to his cousin that had been working with him for awhile. His cousin took advantage of the relationship that we had and he would request funds from other lenders on properties and Scott not knowing this would then request funds from me for the same property. Because I wired directly to him he would receive the funds, his cousin would have the other lenders pay for the property to the trustee. I believed I was in first position when in fact I was in second, not all the time but majority of the time based on recording first. Where all this extra money went is a great question. I know a lot of it was spent on fixing up the homes and down payments. The cousin lost some in Vegas, he sent some out of the country, surely spent it. I never got an accounting of it all. His cousin left the country. Scott contacted the other borrowers involved and the plan was to suspend interest and start selling the properties and work through the issues. Scott was going to sell other assets and bring in more money to help right the upside down position we were in. his hedge fund friend had no interest in getting the middle of this, so Scott had to sell each property individually. It's extremely difficult to do this with a tenant was in place. The goal was to get full or close to retail price which would maximize the money out of the property. We couldn't just kick out all these people because of the lease agreements. Once the properties became vacant or they were a day late, evictions were started

and then rehab and sell the property. A typical situation would be, he bought it for 84k, it was worth 110k, and I would lend 70k. The problem was another lender would lend the same amount. The total debt on the property is 140k now the value of the property is 120k. Now the issue on who's in first isn't simple as the recording time stamp of our docs. When I went through the whole portfolio I was in second by recording in a majority of them. The other lenders took the stance that they had actually issued and check directly to the trustee and it didn't matter when the recording was done. They too were doing double recording at the time they paid and when the trustee's deed was recorded. You would have four recordings on one property with two different lenders. Do you go by the first recording when it was paid for, or do you go by who was first after the trustee's deed was recorded, or is it who paid the trustee? I bounced this off several title agents and I got several different answers. When asked directly about this whole issue Greg from AFG said he didn't know it was going on the whole year. Scott believes he was in on it with the cousin. But we had no proof. The other lenders involved as far as I know had no knowledge of what the cousin was doing. Now the first thing is how do we figure out who is in first, I know the rules, but when you have two docs and one check to a trustee, it's in dispute. In January, a group of five of the other lenders met me in my office. They had loans on about 60 of the houses. They said unless they were paid off in full, they would take this to court. They had a different set of investors behind them and they were willing to fight this in court even if it took a year. They were confident in their position. I couldn't afford to have that many loans and dollars be in suspense for who knows how long, 6 months a year? We all get lawyers and it would take forever to get a ruling. Yes, by this time I'm talking with my lawyer David Beauchamp 480-684-1100. He's aware of all that I know. He agreed it would be the worst situation to sue each other and try to figure it out. With some negotiating with the other lenders, they agreed not to sue if their positions were paid off despite if houses were sold. Scott and I put a plan in place to which I would start paying off their debts as my cash flow allowed and have lien in first position, all done through title one after another. Even though I would be upside down in loan to value. My position was I rather have 140k lien on a house worth 120k, than 70k in second position. Greg in AFG said as long as he received his interest from Scott he wouldn't do anything and allow for the houses to be sold off as they became vacant. Scott and I worked for months on an agreement that was pounded out between our lawyers. It was a work out agreement with outline of what we were doing and how it was to happen. Why I didn't let all of you know what was going on at any point? It was pure fear. I had seen what one of my investors had done to a bidding company when they had a deal gone wrong. I have 100 investors, I had no idea what everyone would do or want to do or how many would just sue, justifiably. I also feared that there would be a classic run on the bank. Even though I had done nothing wrong. Everyone would be scared and start requesting their money back, I wouldn't be able to meet redemptions and then I would be in violation of my covenants and then I couldn't pay off the loans of the other lenders and they would sue, my investors would sue and the whole thing would implode. I truly believe we had a plan that would allow me to continue to operate, my investor would receive their interest and redemptions as a normal course of business, and the rest of my portfolio was performing. Dave blessed this course of action. We signed this workout agreement and began executing it. It took several months to get all the loans paid off by the disgruntled lenders group. We were also starting to sell the houses at a pretty good clip. In April the last of the disgruntled lenders deals were paid off. Now we just had

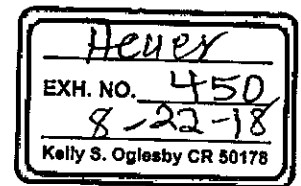
the AFG properties that I was in second position. Every time we sold a property there was a shortfall owed to me. Instead of taking this as a loss, I booked it as an A/R and Scott was paying down on it and reducing the A/R. It was of course going up faster than he was able to pay it down. Going back to December of 2013, when we were still trying to work all this that I just explained, Scott knew he had to make money to help cover the deficit to which would be created by the double encumbered properties and shortage that would be created at the time of disposition. He wanted time to still fund him buying properties at the auction and flipping them, wholesaling them etc. I talked to Dave about this January and he was in agreement with it as long as I received copies of checks and receipts showing that I was the one paying the trustee. I have copies of these in scan files. Robert has access to all of this. We agreed to the operation and allowed him to still buy things. He was buying again one to three a week; he would pay me back with interest on these most times within 10 -15 days, sometimes longer. He would wholesale it to one of his investors, put it on his website or sell it directly retail. Once again, I would do my recordings. However, he would nearly always sell it before the trustee's deed was getting recorded, so I was getting paid back before I ever recorded the deed of trust. A few of them he would keep and flip, but an overwhelming majority of these were wholesaled. Now I know that you would think, why the hell would I lend more money to guy that just put me in this situation? Scott came to me and said he was going to do everything he could to make this right. He could have at anytime just throw up his hands and walked away, filed BK and left me with a massive mess. He didn't. He helped negotiate with the other lenders. He sat with his attorney and mine and signed a very one sided agreement in my favor to work this out. I had UCC's on his furniture business and a life insurance policy. In fact his attorney advised him not to sign it. No one else was going to lend him money and I needed him to make money so that I could be paid back. Because of what and how we were operating, Dave blessed it, I felt comfortable and everything he said he was going to do, he was doing. We got the disgruntled lenders taken care of, he signed the workout agreement, and was selling the homes, he was making payments to me and sometimes when a close happened he would wire in the money to cover the difference when he was able to do it. We were making headway on the whole problem slowly but surely. Now in to the middle of year, the amount of money he was borrowing for wholesaling was rising. He would buy more than he was paying off. I would get calls asking me why I had a recording on a property that didn't go to auction. I would check with Scott and he said it was rescinded sale. This happens on a fairly regular basis. I started to check on other properties that I had been paid off and found things weren't adding up. I confronted Scott. Besides buying at auction, he admitted that he had an agreement with Auction.com to send in offers on properties that were postponed, cxled etc and try to get the trustee's to agree on the short sale and give him the property. Auction.com would take the property and sell it and give Scott a cut on it. This whole agreement bothered me and wasn't sure it was right. Over time I was getting more and more uncomfortable with this arrangement and kept asking more questions. I told him that I wasn't comfortable with this arrangement, and I wanted it stopped and he need to return the funds to me and I would no longer fund any more deals. He said Auction.com was threatening if I cut him off they wouldn't return the checks to him that he had sent and I would be stuck with no money coming back in to me. We are now in the late 2014. I was adamant that I wanted to stop this transaction. I wasn't sure what the truth was as far as arrangement how or who was getting paid etc. they were using leverage against him saying he

had an agreement with them and he had no way of complaining to anyone. His position was, they were putting pressure on him to continue, they both were making money, and I was getting paid down. If I stopped he had no viable way to pay down the debt that had accrued from selling all the double encumbered properties and he would just file BK and I would be back to the same situation as I was before with a huge problem, no way to solve it, poised to go to the investors, the redemptions would come in and down spiral would occur. Now compounded with the knowledge that all along I had been an unwittingly accomplice in some kind of fraud in my estimation. I felt like I was between a rock and hard place, with no out. In December I said no more. We have to stop this. I can put the money back to work with other borrowers, return it to my investors whatever was best. I would run the business profitably for years, making the up the deficit by the profits of the company and eliminate the negative capital position I was in. In January we agreed to a plan through the first quarter and scale down by 2nd quarter by him finding someone to replace I and auction.com had a guy out of Las Vegas that would do the same Scott was doing. I agreed because he was still paying me the interest and principle, we were selling the homes off we were down to the last 30-40 homes that were double encumbered and now that all the leases, some were two years were now coming to an end, that by June all the 2nd positions loans would be paid off. Typing this and looking back at it, it sounds insane and stupid, I'll admit it. The business was still operating, I was profitable, this huge issue of second positions was almost gone and we had a plan to end this wholesale program and I would be able to do continue running the business profitably and slowly regain a positive capital position. Scott also decided to start a used car lot in 2015 to help make more money and pay down the outstanding debt. He opened it Easter Sunday. It started slow and grew and became profitable and doing really well by the fall. I had no affiliation with this at all. In the summer, he had surgery; he put his wife on his bank accounts allow her to get cashier's checks and other transactions to help operate his many business when he was home recovering. He also owns Furniture King. Scott by this time had a plan and agreement with auction.com to allow this guy from Las Vegas start taking over for him by fall. The balance hadn't gone up and I was looking forward to being done with this. In mid October his wife, whom I learned was bi polar, decided to divorce Scott. She went to the bank and cleared out all the money out of all his accounts personal and business. This destroyed his used car business because he was unable to operate without the capital and his flooring companies cut off his credit, he had to sell the cars at auction for losses and close the place by the end of the year. With the divorce going through its phases of discovery and motions etc, this put a stop to all the transactions that he could do through his entities and bank accounts. The way we were operating had to stop. He couldn't send me money and I couldn't send him money. His wife was acting irrational and ended up in a mental health hospital at one point. The problem that his caused put a huge strain on auction.com relationship with Scott and the plans to end the relationship and return the money were all put on hold. Now the money going back and forth one daily basis was sometimes over a million to 1.5 a day. The bank didn't like this back in the spring, so instead we would wire the difference to each other and just do the reconciling. If he purchased (at this point they were all offers to purchase) a million worth of properties for 6 different addresses, he would pay me off on 1.05 million. So he would wire me 50k. Some days I would wire him some days he would wire me. In October we had to stop this because of the divorce and instead we would just do reconciliation each day of who owed who how much. All

the second positions houses have been sold by now. I just had a handful of loans with him which was all first position left over from his original group of loans he had me. The real issue was his inability to pay down the debt he owed me for the loss I had taken on the 2nd position houses and this wholesale deal was supposed to come to an end. Here we are at the end of the year and the divorce issues brought it all to a stop. Coming in to 2016, he finally got the divorce canceled and then she filed again. Then several months later is canceled again. His landlord from the car company was suing him. At one point in February under all the stress he decided he would file BK thinking he could get a filing number, which would put him in a bargaining position with his landlord and fighting the divorce. This of course was the stupidest thing for him to do. He didn't realize the laws and procedures in doing this. I didn't find out about it until May when I was contacted by a trustee asking for a payoff amount for a home. He then explained it to me what his thinking was and why he did it. By now auction.com had enough of this nightmare. By June it all stopped. However because of the BK they won't return the money to Scott or me that is owed. Scott's wife at point had gone in to their office and threatened to bring in her lawyers because she saw all the ins/outs in the bank accounts and wanted to know if he was hiding money from her. Auction.com said they wouldn't return the money to me until she signed an agreement with them and then Scott and I had to sign something between us, I've never seen this agreement. I'm not even sure what they would say or the intent of them would be. I never had contact with auction.com; they wanted to pretend I wasn't even involved. When that's all done they would return the money to him then to me or just to me. The whole BK filing stopped anything from happening. Here I am in July. I've got a small lending base the rest of the money is on the A/R that he owes me and 28.1 million plus interest (500k) sitting at auction.com. Plus 3 million in the reconciliation part that they owed me when they were paying me off on more than they were borrowing each day. There were profits made on these transactions. Scott and auction.com were splitting the profits, not sure how or where the funds came and went to, his portion he used to pay down on the workout agreement. However, none has been paid to me since October. The amount is insignificant in the big picture because I believe they were ill-gotten gains. Plus the 1.7 mil Scott's wife took out of his account. You can see that the 14 million (that's principle and interest from the 2nd's positions workout agreement) owed to DenSco by Scott would be about 9 million. I could make another 2 million this year. The net difference is getting smaller and it would be attainable to make all the investors whole at that point in another couple of years of business. That's why I kept working towards doing what I was doing. Scott is now knee deep into his BK procedure and you can imagine when they are looking at all of this they are having issue with it and my fear and belief is that it's criminal and auction.com has propagated a fraud, Scott was someone knowledgeable or conspiring in it, and because I was the money behind it I'm guilty by association. Now typing this it sounds like some obscene twilight show. It's embarrassing and humiliating reading this thinking how could I have made such wrong decisions got wrapped up in to this. But the only answer I can tell you is, in the beginning I was defrauded by Scott's cousin, I didn't realize what Scott was doing with auction.com. From all aspects it was legit, I get copies of checks, receipts, I would be paid back, etc. and I believed it was the best way to return your money to you. That was always my goal. I know I accepted some funds from some of you over the last three years. I believed that I was going to get this all fixed. I returned many more millions to some of you and turn down even more millions from others. I wasn't trying to keep myself afloat by taking more money and

investors and making things worse. I put all non-retirement personal available funds in to DenSco over the last few years trying to help solve this. I was doing everything I could and believed to fix this issue. No I wasn't forthright to you. I had convinced myself no matter what relationship I had with anyone of you individually, I couldn't go to just one or two of you without telling all of you and at no point throughout this nightmare did I believe that you would be accepting and trusting to allow me to notify you and would still trust me, assist me on how to work through this without starting massive withdrawals and lawsuits. That would be the natural reaction for a few, some or most of you? I didn't know. The loss that would have happened day one when I was first made aware of the fraud, might be smaller than today. However, with all the lawsuits and lawyers involved I know that it would have exasperated the loss. I know I made wrong decisions. I did consult my lawyer for the first year on each step of the way. He's unaware of the situation I'm in today and the information I now know regarding the relationship between auction.com and Scott's arrangement with them. I'm not privy to the details of it. The guilt, embarrassment, and humility any other adjective you can add in there is over whelming. I can't face my parents, which yes, they are going to be severely hurt, more than all of you by this, going through the legal process is unbearably thought. I have no idea where that would lead, jail? Possibly. Years spent in courts and lawyers trying to settle this all out. Mean while having to face all of you. I can't do it. I love my family and my boys as much as any of you do your families. I can't put them through this face to face. I've decided to be my own judge and jury and I decided the death penalty. I am never going to see my amazing boys grow up. My divorce which I spent more effort than anyone would believe to mitigate the negative effect on my boys, is now in vain because my death is going to be overwhelming to them. As I'm sitting here typing this I'm crying because of the thought of the sadness, angry, confusion, I am going to bring to their lives. As bad as it is, I feel it's a better option than me living, having them see what you and courts would do to me, justifiably too. I'm sorry for everything that I've done. I believe that you can recover a substantial amount of your principle. I believe with me dead there is no change in the chance of that happening. I don't know how to end this other than I'm not asking for forgiveness I'm just sorry I wasn't forthcoming in the beginning maybe it would have had a better ending or process than I feared would happen. I know this all sounds nearly incoherent but my mind isn't exactly clear.

To: Shawna Heuer (2chittickboys2@gmail.com)[2chittickboys2@gmail.com]
From: Beauchamp, David G.
Sent: Mon 8/8/2016 4:20 04 PM
Subject: Subpoena
ACC Subpoena.PDF



Shawna:

Attached is the very comprehensive subpoena from the AZ Securities Division of the AZ Corporation Commission that was served on me for DenSco. It also asks for Denny's financial records and I will advise them that I am only authorized to accept a subpoena on behalf of DenSco and not Denny's Estate. Obviously, this subpoena goes far beyond what I would have expected for the initial inquiry.

Best regards, David

David G. Beauchamp

CLARK HILL PLC

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BOB BURNS
TOM FORESE
ANDY TOBIN

JODI JERICH
EXECUTIVE DIRECTOR



MATTHEW J. NEUBERT
DIRECTOR

SECURITIES DIVISION
1300 West Washington, Third Floor
Phoenix, AZ 85007
TELEPHONE: (602) 542-4242
FAX: (602) 594-7470
E-MAIL: securitiesdiv@azcc.gov

ARIZONA CORPORATION COMMISSION

Hand delivered

Custodian of Records
DenSco Investment Corporation
6132 W. Victoria Place
Chandler, AZ 85226

Re: DenSco Investment Corporation

/File No. 8604

Dear Custodian of Records:

Enclosed you will find a Subpoena Duces Tecum which requires your appearance before the Securities Division on **August 10th, 2016 at 10:00 AM**. In lieu of personal appearance, you may provide the requested documents along with the enclosed Affidavit of Custodian of Records by the due date by mailing them to **Gary Clapper**, Securities Division, Arizona Corporation Commission, 1300 West Washington Street, Third Floor, Phoenix, Arizona 85007. Testimony concerning the documents will be scheduled at a later time, if necessary.

Should your company not have any documents responsive to the subpoena, please provide written confirmation to that effect.

Should you have any questions regarding this subpoena, please feel free to contact me at (602) 542-0152 or gclapper@azcc.gov.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Gary Clapper".

Gary Clapper
Chief Investigator

6

SUBPOENA

SECURITIES DIVISION
ARIZONA CORPORATION COMMISSION

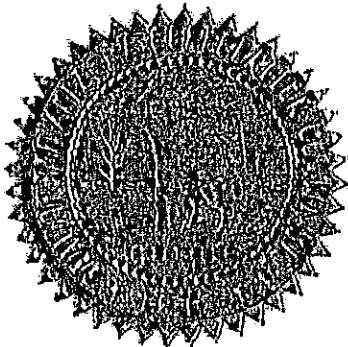
TO **DenSco Investment Corporation**
Custodian of Records
6132 W. Victoria Place
Chandler, AZ 85226

In the matter of

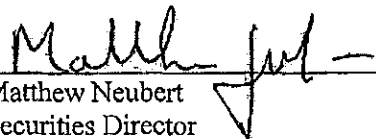
DenSco Investment Coproration file number 8604

**involving possible violations of the Securities Act
and/or Investment Management Act of Arizona.**

PURSUANT TO A.R.S. § 44-1823 AND A.R.S. § 44-3133, YOU ARE HEREBY REQUIRED to appear before **Gary Clapper** of the Securities Division of the Arizona Corporation Commission at 1300 West Washington, Third Floor, Phoenix, Arizona 85007, on the 10th day of **August, 2016** at **10:00 AM**, to PRODUCE THE DOCUMENTS SPECIFIED IN EXHIBIT "A", which is attached and incorporated by reference.



The seal of the Arizona Corporation Commission is affixed hereto, and the undersigned, a member of said Arizona Corporation Commission, or an officer designated by it, has set his hand at Phoenix, Arizona this 8th day of August, 2016.


Matthew Neubert
Securities Director
Securities Division

Information and documents obtained by the Securities Division in the course of an investigation are confidential, unless made a matter of public record. The Securities Division may disclose the information or documents to a county attorney, the attorney general, a United States Attorney, or to law enforcement or regulatory officials to be used in any administrative, civil, or criminal proceeding. You may, in accordance with the rights guaranteed to you by the Fifth Amendment of the Constitution of the United States, refuse to give any information that might establish a direct link in a chain of evidence leading to your criminal conviction.

Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting Shaylin A. Bernal, Executive Assistant to the Executive Director, voice phone number 602/542-3931, e-mail sabernal@azcc.gov. Requests should be made as early as possible to allow time to arrange the accommodation.

Pursuant to A.R.S. § 44-1825 and A.R.S. § 44-3134, failure to comply with this subpoena may result in the application for a finding of contempt.

Pursuant to A.A.C. R14-4-304, any person required to appear at a formal interview may be represented by legal counsel.

Exhibit "A"

From the period beginning January 1, 2007 to the present, all documents, records, books, and any other papers, whether stored on electronic media or otherwise, incident or relating to DENSCO INVESTMENT CORPORATION including, but not limited to:

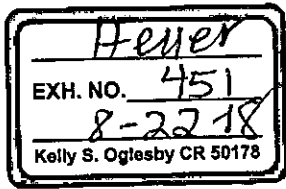
1. Records of all pre-organization or corporate meetings, committee meetings, shareholder or member meetings, board of director meetings, or other business meetings, including minutes, resolutions adopted or proposed, agendas, and all information used or presented at these meetings;
2. All financial statements, annual and quarterly financial reports, whether audited or unaudited, with accompanying footnotes and any auditor's reports including any amendments;
3. All assets and liabilities currently held by or for the benefit of DENSCO INVESTMENT CORPORATION and/or DENNY J. CHITTICK;
4. All documents filed with any governmental agency related to the conduct of business, the formation of affiliated businesses, the renewal or maintenance of status as a legal entity, or the dissolution of the business;
5. All documents submitted for the purpose of compliance, reporting, or seeking exemptions from registration with any state or federal securities agency;
6. All state and federal tax returns, including any applications, forms, or correspondence;
7. All accounting records and books of original entry including but not limited to, cash receipts journal, cash disbursements journal, sales journals, general journal, subsidiary journals, general ledger, subsidiary ledgers, and chart of accounts;
8. All bank or other depository institution accounts in the name of, or for the benefit of, DENSCO INVESTMENT CORPORATION, whether open or closed, including:
 - (a) the name of the bank or depository institution and address of the branch at which the account is located;
 - (b) the name and number of each account; and
 - (c) the names of all signatories on each account;
9. All account statements, deposit receipts, canceled checks (both front and back), and wire transfers for all accounts requested in paragraph 8 above;

10. All advertisements, correspondence, circulars, offering memoranda, newsletters, prospectuses, tax opinions, legal opinions, reports, brochures, flyers, handouts, or any other records made available to potential or actual investors;
11. All advertisements, announcements, infomercials, or press releases that appeared in any media including, but not limited to, newspapers, trade journals, magazines, radio, television, or the internet;
12. All information provided through the internet including, but not limited to, copies of all web pages, addresses of web sites, news groups, and email addresses;
13. Names, addresses, and telephone numbers of all individuals or entities that have been offered or sold investments in DENSCO INVESTMENT CORPORATION;
14. Documents relating to each individual or entity listed in paragraph 13 including any contracts, forms, subscriptions, agreements, notes, questionnaires, records of investment status, checks, wire transfers, receipts, account statements, tax information, and any correspondence, updates, or other communications;
15. The amounts and dates of each investment for each individual or entity listed in paragraph 13;
16. The amounts and dates of any interest, earnings, distributions, dividends, stock splits, spin-offs, rescission, refund, or any other form of returns to each individual or entity listed in paragraph 13;
17. Records of all securities held, issued, purchased, or traded, including any brokers, underwriters, market makers, clearing firm, or other entities used in each transaction; and
18. All internal reports and any reports provided to shareholders, members, investors or partners.

From:
To:

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CC: kmerritt@gblaw.com; jpolese@gblaw.com
Sent: 8/13/2016 12:27 34 AM
Subject: Shawna Chittick Heuer Letter
Attachments: 1028484_2.pdf



MEMORANDUM

TO: Investors
FROM: Shawna Heuer
DATE: August 12, 2016
RE: DenSco Investment Corporation

As some of you know, I am the sister of Denny Chittick. I reside in Idaho. This Memorandum is being sent to the known current investors of the Corporation. Its purpose is to open a line of communication and let you know what has been happening since the death of Denny Chittick. Needless to say, the last two weeks have been extremely trying for all. Regrettably, it will take time to sort through the problems that face the Corporation and maximize the return to investors of their capital. While investors no doubt would like closure sooner than later, the simple truth is that patience will be required.

While I was never an investor in DenSco, many family members and friends were and face the specter of substantial financial loss – a fact to which I am most sensitive on a number of levels. From all that I have seen, it appears to me that DenSco and my brother were victims of a fraud.

The Estate

Pursuant to Denny's last will and testament, I have been appointed as the personal representative of his estate. I had originally retained Clark Hill, PLC to represent the estate – the same firm that Denny had used as counsel for the business. In light of recent developments, Clark Hill resigned as the estate's counsel and today I have retained new counsel. They are:

Kevin Merritt
James Polese
Gammage & Burnham PLC
Two N. Central Avenue, 15th Floor
Phoenix Arizona 85004
Telephone: (602) 256-0566
kmerritt@gblaw.com
jpolese@gblaw.com

DenSco Operations

As personal representative, I need to be involved in DenSco because the estate is now the sole owner of the Corporation. As explained below, we are in the process of

responding to a subpoena for records issued by the Arizona Securities Division. David Beauchamp of Clark Hill has been Denny's corporate counsel for many years. While he was not involved in the day-to-day operations of the business, he is generally knowledgeable of the structure of the business and has been helpful in getting a handle on what issues are of primary importance. The primary focus now is to do nothing that impedes the continued receipt of interest payments and payoffs on outstanding loans. To that end, we are in the process of reviewing files and compiling original documents that we understand were pre-signed by Denny to allow the release of deeds of trust that are required to be recorded when loans are paid off.

Arizona Securities Division Subpoena

The Arizona Securities Division, apparently in response to complaints by investors, has commenced an investigation of DenSco. It has served a broad subpoena for documents and other records and things. I have instructed the attorneys for both the estate and the business to cooperate with the Division in complying with the subpoena and its investigation.

However, I have been advised that before any documents can be turned over to the Securities Division, they must be reviewed to preserve any attorney/client privileged communications. Accordingly, the attorneys for the estate will, during the next week, be going through the records in order to protect the privileged documents, create a log of those documents, and then supervising the reproduction and delivery of non-privileged documents to the Securities Division in compliance with the subpoena. The task is not going to be easy; there are approximately 50 banker boxes of responsive documents that have to be first reviewed and then scanned onto CDs for delivery to the Securities Division. I anticipate that the process will take a couple of weeks to complete.

Court-Appointed Receiver.

I know a number of investors desire the appointment of a receiver to take over operations of the Corporation. The estate will not oppose the appointment of a receiver. I have neither the time, inclination nor experience to take over the active management of the business and effect a wind-down of its operations, and there is no employee of the company to do so. I recognize that there are too many ongoing activities for these duties to simply be handled by a "caretaker." Thus, I have instructed the estate's counsel and Mr. Beauchamp to work with the Arizona Securities Division in coming up with an acceptable list of receivers and stipulate to the receiver's appointment as soon as possible. One negative consequence of the appointment of a receiver is the added expense involved, as we are all attempting to maximize for each of you the return on your investment, but in these circumstances I have agreed that it is a necessary step.

If any of you would like to communicate directly with me you can do so via email at the address of this message.

DenSio /

Taw Shawna Heuer (8/3/16)

3

- discussed info from Robert
- cannot understand how Denny could have thought that DenSio could return 80% to investors
- status of letter to investors
 - cannot focus on defending Denny - just need to lay out the facts
- DGB to work on the email to Investors & send to Shawna
 - Shawna has 8:00 pm flight - so will go to airport before 6:00